

Ladies and gentlemen,

I have a lesser thing to offer you....that is I lack a power point presentation and I do have an excuse for that.

Mine is possibly the most common voice you will have heard during the last two days. Reason being simple, I represent the garment sector in Bangladesh and am nothing more than a poor exporter who has literally no voice in policy making and am not part of the illustrious process where most of the decisions are taken .

However, as a manufacturer, why would Bangladesh be able to attract any investment and how can we somehow go about it, is my area.

Starting way back in 1979 with 129 factories and, in 1984-85 reaching to a number of 384 factories with an export figure of 116.2 million, which was 12.4% of the national revenue....today Bangladesh has 3760 factories with 4.912 billion export worth, contributing 75% to the national economy.

Closest to garments is frozen food with an export of 321 million dollars and next in line is; 82 million dollar worth of export from raw jute which, 15 years ago was a “numero uno” export of Bangladesh.

Just to stress on how important we are : the ready made garment sector pays remuneration worth 302 million dollars today!

So, do we need a special attention in garments....YES!!

Reality however stares us in the face...infrastructure such as power supply, an efficient port, inland transportation, telecommunications are still very inadequate .

Therefore what do we need to do?

We do need to get geared towards improving our infrastructure through greater private sector investments.

Our existing export processing zone has had profitable rmg and textile investments,..the rmg investment figure is almost USD 82 million, representing almost 27% of the total, while investments in textiles have reached USD 56 million.

However, majority of our investments come from other Asian countries , with 38% from south korea,19% from Japan, and 14% from Hongkong and only minor investments from Europe. Frustrated by quotas imposed upon by many importing nations, and lured by the very inexpensive labor costs, firms from other Asian countries had started setting up factories in Bangladesh.

Paddock Jeans , a European firm was identified as a European investment in the ready made garments sub-sector. Amongst others Tootal and Coats groups have been the joint investors in the country. As far as financing is concerned, foreign institutional investors like CDC capital partners and FMO from Netherlands have provided substantial financing for textiles.

Even machinery sellers like Barudan and Tajima have been receiving finances from them.

Point being, there are partners who are willing to come to our land, question is: how do we lay the red carpet for them?

How do we change the threat of post 2004 December scenario from a challenge to an opportunity?

The only way we can do it is through preferential treatments being offered to the RMG sector?

As far as textiles is concerned, it is too late to cry over the spilt milk, to cry over a scene that has not taken place in the last 10 years of our time.

RMG has to march without adequate backward linkage and has to swallow the bile with grace .

We simply have to maximize our existing infrastructure and all the weapons we have got and usher in more investments from all corners , from home and abroad.

In brief, the doors have to be open.

Whether it is through the existing EPZ or fully functional SEZ's with maximum opportunities, or even preferential development zones, the doors must be opened.

While opening these fronts, policy makers may have reason to marginally shy away and refer back to the famous lines of one of the Chinese premiers, Mr. Deng Xiao Ping who said:

“Opening the windows lets in fresh air but at the same time allows flies and insects to come in”.

This he said when he took his first policy initiative to establish the several large EPZ's along the southern coastal region.

Despite his fears , china still moved on with more local autonomy, reduced tariffs on imported raw materials, tax holidays, simplified entry and exits for foreign nationals and allocated funds from central governments to improve basic infrastructure in SEZ's.

As a result, during the first half of 2001, they used usd 286.5 billion foreign funds , witnessing a year on year increase of 56.22%, twice as much as that of the nation's average.

What we need , basically is a quality infrastructure, facilities, support services, besides the duty free import of capital goods and materials, carefully planned spaces on underprivileged areas, targeting regions to turn them into a growth pole, relieving the pressure on land, resources and infrastructure of too great a concentration of people and production in too few urban centers.

Additionally fiscal incentives, simpler customs, that is, ease of processing export paper work, single point clearance system, minimum inspection, fast track banking for the tenants, ease of repatriation of profits or generous inducements to reinvesting profits will all help.

Referring back to a conversation I had with a colleague of mine who has a factory in the Dhaka EPZ, I myself have become an aspiring tenant , simply because he stressed a couple of points to me ...for instance, customers love coming in to the EPZ just to look at the carefully planned spaces which spell out compliance. These industrial units definitely look better and appear more efficient with the factories closing sharp at 5:00 pm..

EPZ simply inspires confidence..with no security hazards to be taken care of, no UD (utilization declaration) required, no BGMEA formalities to go through(my apologies, Annis), quick customs, no labor tensions ..so far (let's keep our fingers crossed).

Does this mean, that we are dreaming of a utopia?

No...what we are looking at is simply sequencing reforms (as Dmitris put it yesterday) with whatever institutional designs we currently have with modifications.

As RMG is a sector which has made Bangladeshi economy vibrant, we want further growth and this growth must come from manufacturing (quote unquote Mr. Menon from yesterday). For this, of course upfront funds and capital subsidies may be needed from all the stakeholders concerned.

This cluster of growth and activity of the special zone may be monitored through a detailed regulatory frame work, this special zone may allow specific industries to grow together (garment village, for instance ), this zone may even promote mega-ism . But what this zone needs to have is serious private partnership growth and may also be regulated by outside civil service, as one of the speakers rightly pointed out yesterday. This I say, only because we are the children of the third world which is still experimenting with different political models and through trial and error , the responsibility of finding the best governance with the best intent is naturally thrust upon us, who are the survivors and us , who have no option besides survival to resort to. So, we in Bangladesh need to attract all to our SEZ's or EPZ's mostly with the pledge of offering rich human resources, efficient manufacturing practices (besides the fiscal and non fiscal advantages that have already been spoken about) and then we perhaps need to excite our decision makers with the fact that while shanghai already has the stage set to combat the post MFA phase out scenario, we are still at a very initial phase. But let it still begin.

However I will not be doing justice to my trade if I do not stress the need for a level playing field. With all the shareholders, investors or inducers coming in our great land , we will definitely proudly flaunt : 'Open for business' placard and we hope to achieve the paperless customs just like Jebel Ali, but above all, our government and all the other enthusiasts must carefully ensure that the price mechanism of the already existing manufacturers and the domestic investors are not hurt.

Please have faith in the capabilities and good intent.  
After all, faith is known to move mountains!!

Till date, they enjoy the fruit and till date, Bangladesh has been a happy zone for them!

We not only simply need a policy approval on this , we also need whole hearted support from all the major stake holders who would lead us through this absolute necessity