

Bangladesh
Private Sector Development
Support Project



Workshop
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Dhaka Sheraton Hotel

Enhancing Economic Zones

Export Processing Zones in Bangladesh: Past, Present, and Future

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- An export processing zone is defined as a territorial or economic enclave in which goods may be imported and manufactured and reshipped with a reduction in duties / and/or minimal intervention by custom officials (World Bank 1999)

Background of BEPZA

- BRAIN CHILD OF SHAHEED PRESIDENT ZIAUR RAHMAN
- SHAHEED PRESIDENT ZIAUR RAHMAN DISCUSSED WITH THE THEN WORLD BANK PRESIDENT MR. ROBERT MCNAMARA IN 1976 IN THIS REGARD
- BEPZA ACT 1980
- FOREIGN PRIVATE INVESTMENT (PROMOTION AND PROTECTION) ACT, 1980
- CONSTRUCTION WORK OF 1st EPZ IN CHITTAGONG STARTED IN 1978 & BECAME OPERATIONAL IN 1983

Background of BEPZA

- 2nd EPZ STARTS IN 1993 IN DHAKA & FURTHER EXTENSION IN 1997
- 4 MORE EPZs STARTED : MONGLA, COMILLA, ISHWARDI & UTTARA (NILPHAMARI)
- 2 MORE EPZs, ONE IS NEAR DHAKA AND ANOTHER IS IN CHITTAGONG NEAR PORT ARE UNDER IMPLEMENT STAGE

Mission of BEPZA

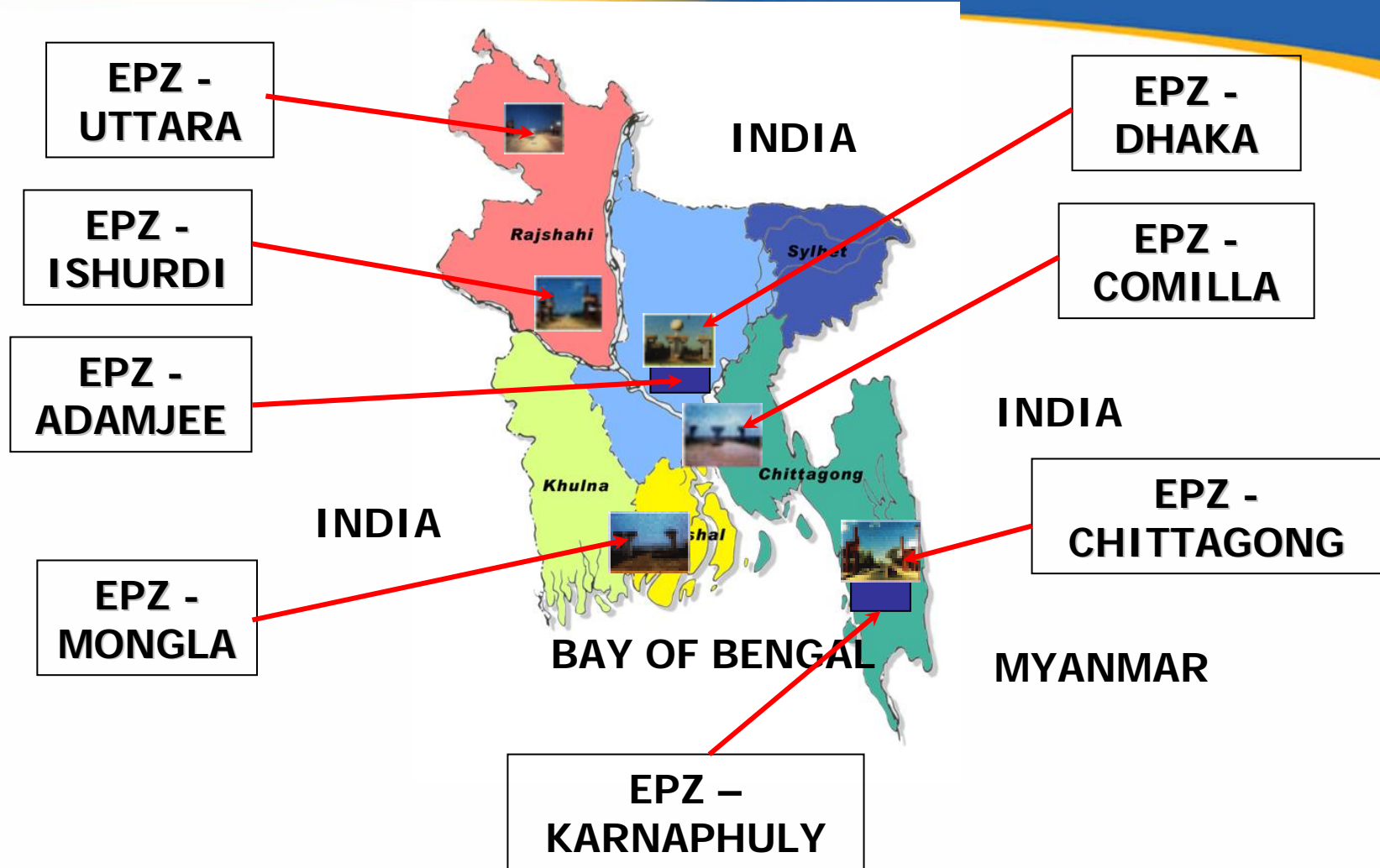


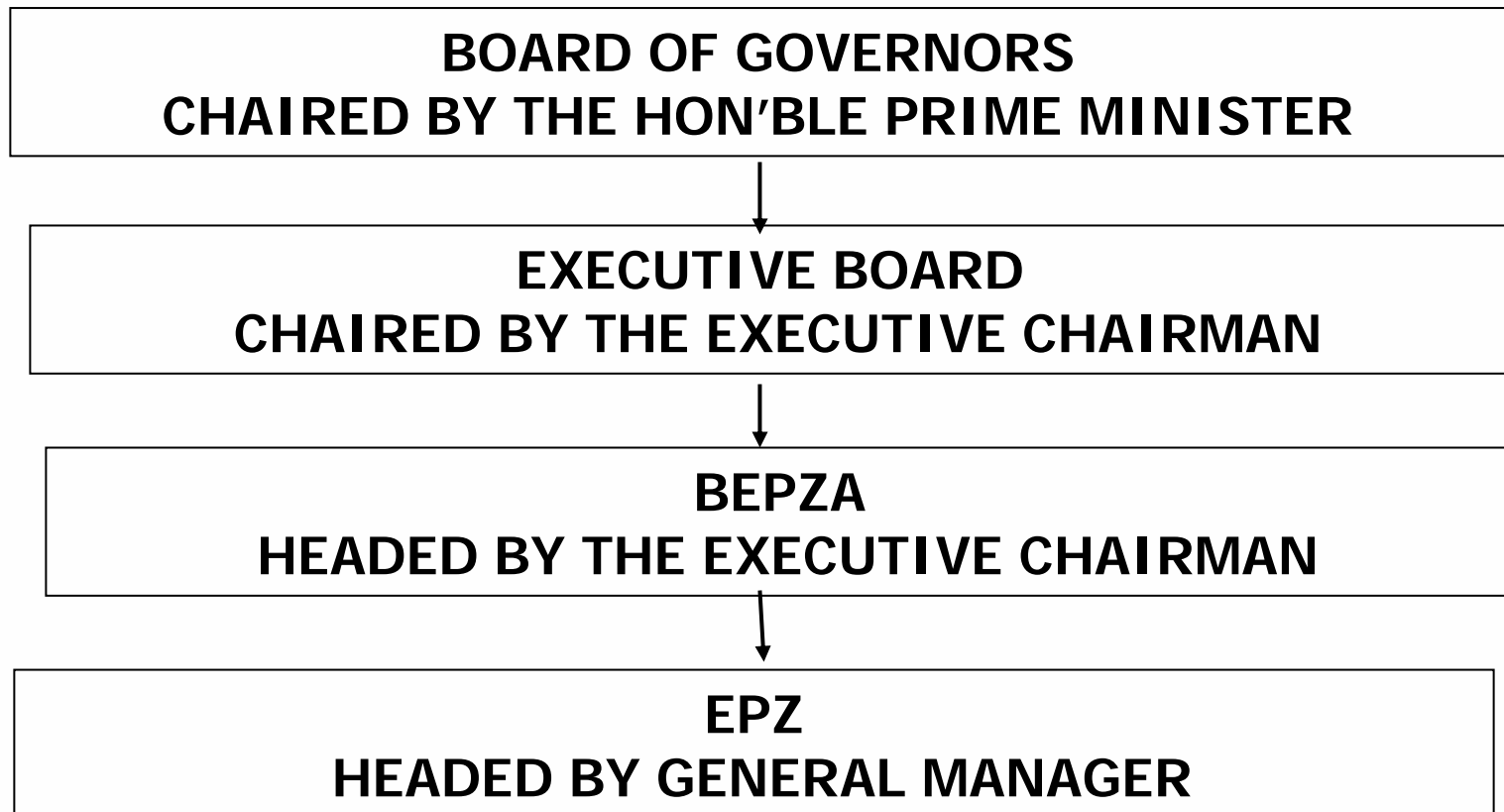
**TO STRENGTHEN THE ECONOMIC
BASE OF BANGLADESH BY
PROMOTING INVESTMENT &
GENERATION OF EMPLOYMENT**

1. PROMOTION OF FOREIGN (FDI) & LOCAL INVESTMENT
2. PROMOTION OF EXPORT
3. DIVERSIFICATION OF EXPORT
4. DEV. OF BACKWARD & FORWARD LINKAGES
5. PROVERTY ALLEIVATION THROUGH EMPLOYMENT GENERATION
6. TRANSFER OF TECHNOLOGY
7. DEVELOPMENT OF MANAGEMENT
8. PROMOTION OF INT'L MARKETING SKILL / ACCESS

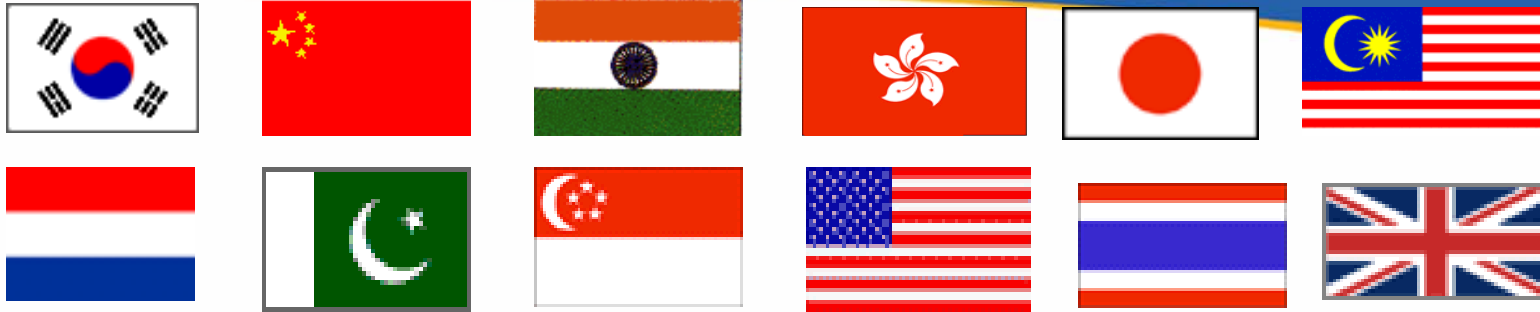
PERFORMANCE OF EPZs (PAST AND PRESENT)

EPZs of Bangladesh





Investors from 30 countries...



TYPES OF INVESTMENT (UPTO NOV, 2005)

A - 100% FOREIGN OWNERSHIP	142	61%
B - JOINT VENTURE	35	15%
C - 100% LOCAL VENTURE	<u>56</u>	<u>24%</u>
TOTAL IN OP.	233	100%
U/IMP WITH LA	<u>69</u>	
SANCTIONED IND.	48	
	350	

Investment (upto nov 05)

YEAR	INV. (\$m)
1994-1995	35.93
1995-1996	30.58
1996-1997	53.90
1997-1998	68.83
1998-1999	71.61
1999-2000	34.98
2000-2001	48.40

YEAR	INV. (\$m)
2001-2002	55.70
2002-2003	102.63
2003-2004	115.05
2004-2005	118.52
2005-2006 (upto NOV)	23.38

TOTAL INVESTMENT = \$ 890.39 m

Comparison of investment

YEAR	INVESTMENT (\$m)
1983-1994	130.96
1994-2005	736.04

GROWTH RATE: 462%

Export (upto nov 05)

YEAR	EXP. (\$m)
1994-1995	228.26
1995-1996	337.02
1996-1997	462.77
1997-1998	636.05
1998-1999	711.69
1999-2000	890.81
2000-2001	1067.87

YEAR	EXP. (\$m)
2001-2002	1077.02
2002-2003	1200.00
2003-2004	1354.00
2004-2005	1548.68
2005-2006 (upto NOV)	720.25

TOTAL EXPORT: \$10723.88 m

Comparison of export

YEAR	EXPORT (\$m)
1983–1994	489.32
1994–2005	9514.31

GROWTH RATE: 1844%

Bepza's contribution towards total national export (value in million US\$)

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YEAR	TOTAL EXPORT OF BANGLADESH	TOTAL EXPORT OF EPZs	% OF BEPZA's CONTRIBUTION
1994-1995	3473	228	6.56
1995-1996	3882	337	8.68
1996-1997	4418	463	10.48
1997-1998	5161	636	12.32
1998-1999	5313	712	13.40
1999-2000	5752	891	15.49
2000-2001	6467	1068	16.51
2001-2002	5986	1077	18.00
2002-2003	6548	1200	18.33
2003-2004	7603	1354	17.80
2004-2005	8655	1549	17.90

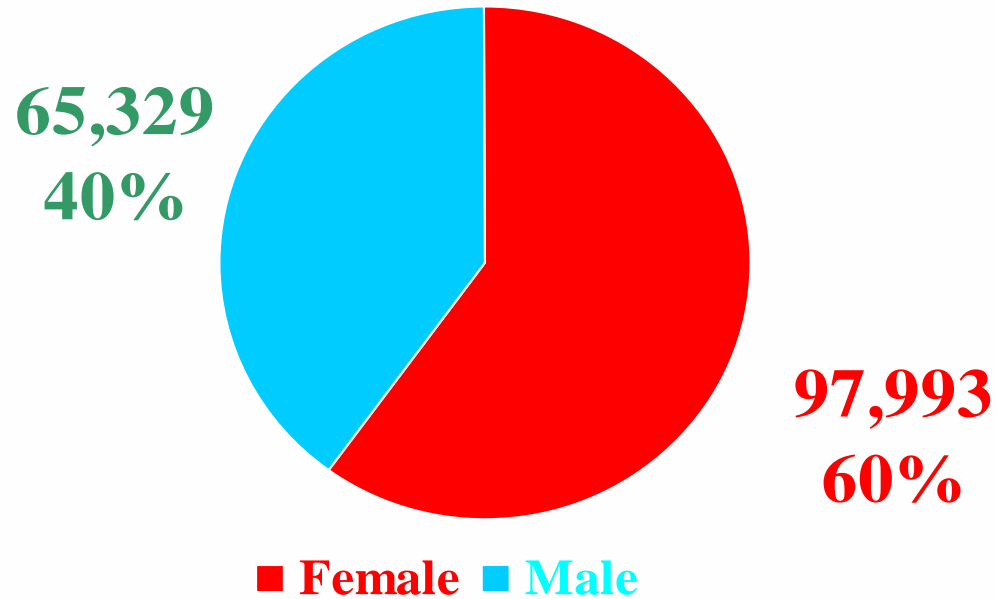
Employment (upto Nov 05)

YEAR	No. of EMPL.
1994-1995	6,141
1995-1996	10,706
1996-1997	12,773
1997-1998	14,049
1998-1999	14,059
1999-2000	9,890

YEAR	No. of EMPL.
2000-2001	16,020
2001-2002	8,764
2002-2003	10,167
2003-2004	10,071
2004-2005	15,802
2005-2006 (upto NOV)	8,534

TOTAL : 1,63,322

Ratio of employment

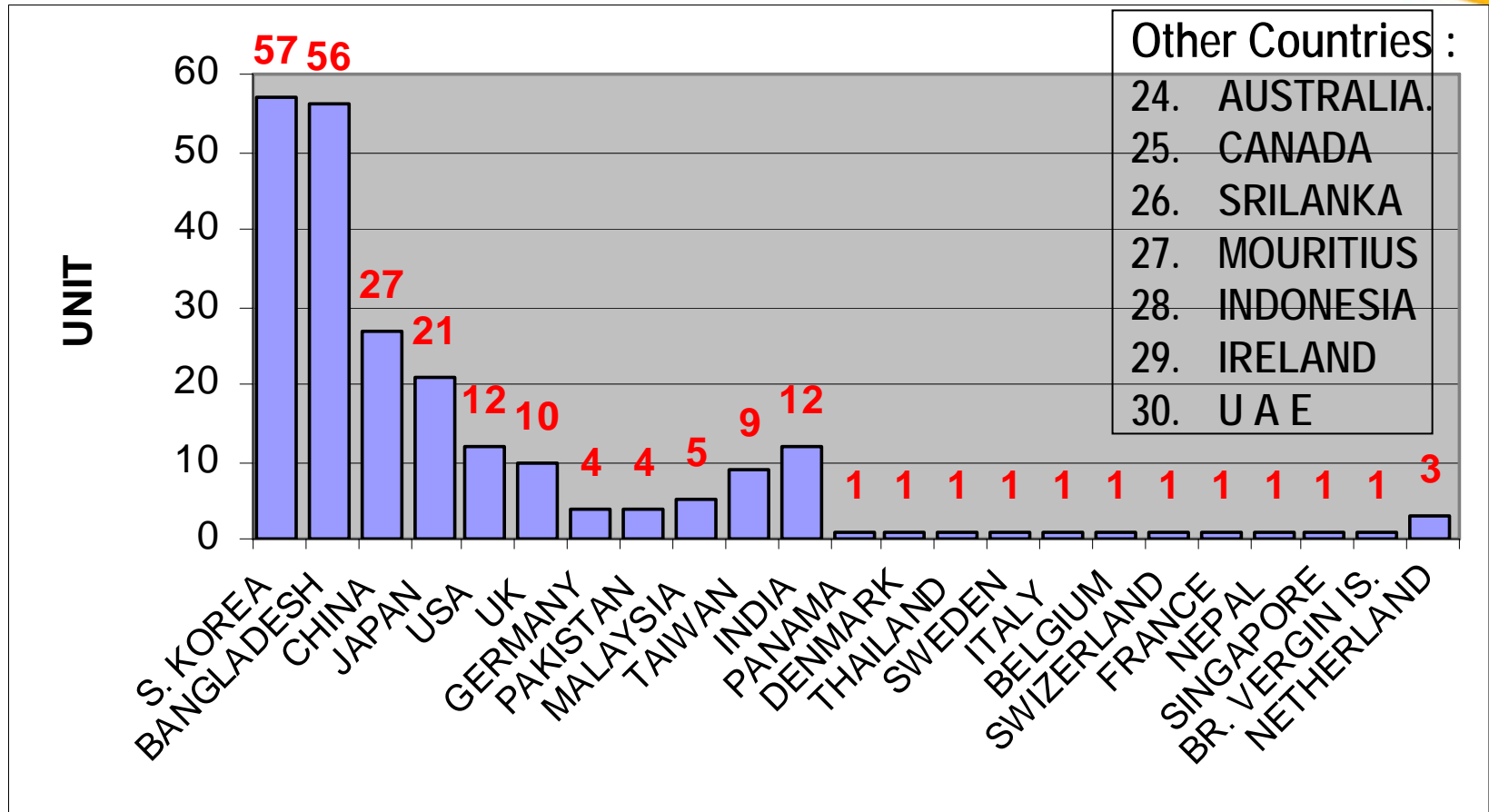


Comparison of employment

YEAR	NO. OF EMPLOYEES
1983-1994	26,336
1994-2005	1,28,452

GROWTH RATE: 388%

Country wise no. of industries (upto Nov 05)



NO. OF UNIT IN OPERATION: 233 U/IMPL: 117 TOTAL INVESTING COUNTRY: 30

Zone wise statistics (up to 2005)

ZONE WISE STATISTICS (UP TO NOV 2005)					
EPZ	Industry		Investment (US \$ in M)	Export (US \$ in M)	Employment (No.)
	In Op. (No.)	U/Impl. (No.)			
Chittagong	127	32	478.07	6389.58	96,472
Dhaka	81	26	374.93	4286.08	61,872
Comilla	11	20	32.32	27.74	3,514
Mongla	11	15	2.87	18.90	394
Uttara	01	06	1.50	0.00	1,050
Ishwardi	02	13	0.70	1.58	20
Adamjee	-	04	-	-	-
Karnaphuli	-	02	-	-	-
Total	233	117	890.39	10723.88	1,63,322

Comparison of no. of zones

YEAR	NO. OF ZONES
1983–1994	2
1994–2005	8

Countrywise enterprises (upto Nov 05)

SL	COUNTRY	UNIT (NOs.)	INVEST. (M US\$)	EMPLOY (NOs.)
1	S. KOREA	57	268.895	64,839
2	BANGLADESH	57	174.250	28,236
3	JAPAN	21	124.487	5,439
4	CHINA *	27	112.605	25,534
5	USA	12	37.684	8,690
6	UK	10	24.445	6,221
7	GERMANY	4	12.955	4,357
8	PAKISTAN	4	3.299	378
9	MALAYSIA	6	58.829	6,277
10	TAIWAN	9	35.741	4,141
11	INDIA	12	3.437	341
12	PANAMA	1	2.638	2,357

Countrywise enterprises (upto Nov 05)

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SL	COUNTRY	UNIT (NOs.)	INVEST. (M US\$)	EMPLOY (NOs.)
13	DENMARK	1	1.019	182
14	THAILAND	1	0.513	-
15	SWEDEN	1	6.763	4,564
16	ITALY	1	10.389	149
17	BELGIUM	1	0.980	135
18	SWITZERLAND	1	0.527	10
19	NETHERLAND	3	5.092	414
20	FRANCE	1	0.530	25
21	NEPAL	1	0.050	45
22	SINGAPORE	1	4.141	41
23	BR. VERGIN IS.	1	0.708	936
	OTHERS	-	-	11
	TOTAL	233	890.386	1,63,322

OTHER COUNTRIES: -

- 24. AUSTRALIA.
- 25. CANADA
- 26. SRILANKA
- 27. MOURITIUS
- 28. INDONESIA
- 29. IRELAND
- 30. U A E

Comparison of no. of enterprise in operation

YEAR	NO. OF ENTERPRISE
1983-1994	47
1994-2005	173

GROWTH RATE: 268%

Productwise enterprises (upto Nov 05)

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SL	PRODUCT	UNIT	INVEST M US\$	EMPLOY (NOS.)
1	GARMENTS	45	228.084	87,933
2	TEXTILE	27	219.795	19,991
3	TERRY TOWEL	16	28.019	4,553
4	KNIT & OTHER TEXTILE	20	75.975	15,734
5	GARMENTS ACCS.	28	63.728	4,529
6	CAPS	7	39.117	10,267
7	TENT	4	21.722	5,288
8	ELEC & ELECTRONICS	14	48.858	2,890
9	FOOTWARE & LEATHER	12	50.287	4,994

Productwise enterprises (upto Nov 05)

SL	PRODUCT	UNIT	INVEST (M US\$)	EMPLOY (NOS.)
10	METAL PRODUCT	12	18.721	782
11	PLASTIC GOODS	12	20.183	984
12	PAPER PRODUCT	2	0.776	95
13	FISHING REEL & GOLF	1	31.111	615
14	ROPE	2	6.049	442
15	SERVICE ORIENTED INDUSTRIES	4	4.653	441
16	AGRO PRODUCT	10	2.786	365
17	MISCELLANEOUS	17	30.522	3,419
	Gr. Total	233	890.386	1,63,322

NIKE, REEBOK, LAFUMA, H & M (SWEDEN), GAP, J.C. PENNY, WALMART, KMART, OSPIG (GERMANY), MOTHER CARE (UK), LEE, WRANGLER, DOCKERS, NBA, TOMMY HILFIGER, OUT DOOR, ADIDAS, FALCON (USA), EDIE BAUYER, EAGLE, RELEIGH (UK), EMMILEE, FREE SPIRIL (UK), MILES (GERMANY), BROUKS, AMERICAN EAGLE, HI-TECH (UK), DECATHLON, PHILLIP- MAURICE (UK), FEDERATED, STYLES CO, SAG HARBOUR (USA), WINS MORE, H & M (SWEDEN), MOTHER CARE (UK), LL BEAN, TARGET, AUTICA, DISLEY, VANS, VFTNF

CAMERA LENS (IO PARTS) → KONIKA, MINOLTA

GOLF SHAFTS → ABU GARCIA

MOBILE PARTS → SONY

AUTOMOBILE PARTS → NISSAN, MITSUBISHI, HINO.

Annual economic benefit from EPZs 2002-03, 2003-04 & 2004-05

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TA/IN/CR/02

PERFORMANCE	2002-03		2003-2004		2004-2005	
Export (Equ. Bdt)	6601.21		7821.73		9245.86	
Particulars of Exp.	AMOUNT	% EXP.	AMOUNT	% EXP.	AMOUNT	% EXP.
Wages	421	6.38	450	5.75	544	5.88
Rental	65	0.98	70	0.89	79	0.85
Utility	120	1.82	139	1.78	145	1.57
Sv. Charge	288	4.36	321	4.10	390	4.22
Dta Goods	1732	26.24	2162	27.64	2353	25.45
Admn. Exp.	180	2.73	200	2.56	252	2.73
Tele Com.	50	0.76	60	0.77	70	0.76
Surplus Retained by Local Investors	95	1.44	110	1.41	212	2.29
TOTAL	2951	44.70	3512	44.90	4045	43.75

Payment to national exchequer (Upto oct 2005)

TAKA IN CRORE

HEAD OF ACCOUNT	AMOUNT
DSL	39.49
INCOME TAX	54.92
DIVIDEND	10.38
TOTAL	104.79

FUTURE OF BEPZA

Future expansion of Dhaka, Chittagong and Comilla EPZ

1. CHITTAGONG EPZ MAY BE EXPANDED TOWARDS NORTH AND SOUTH WITH ADDITIONAL 500 ACRES OF LAND.
2. DHAKA EPZ MAY BE EXPANDED WITH ADDITIONAL 500 ACRES OF LAND IN THE ADJOINING AREA.
3. COMILLA EPZ MAY BE EXPANDED TOWARDS SOUTH UPTO DHAKA CHITTAGONG HIGHWAY.
4. SETTING UP SEPARATE EXCLUSIVE EPZ FOR CHINESE INVESTORS.

Future infrastructure development in different EPZs...

1. INSTALLATION OF CENTRAL EFFLUENT TREATMENT PLANT, WATER TREATMENT PLANT, CAPTIVE POWER GENERATION PLANT AND ELECTRIC SUB-STATION, TRAINING INSTITUTE.
2. PROCUREMENT OF DIGITAL ID CARD & SECURITY SYSTEM, OVERPASS AND UNDERPASS FOR PEDESTRIAN VEHICLE MOVEMENT, FEMALE WORKER DORMITORY IN ALL EPZS.

1. APPOINTMENT OF 25 ARBITRATOR, 50 CONCILIATOR AND 150 COUNSELLOR FOR 6 (SIX) YEARS TERMS UPTO 2012.
2. NETWORK, INTERNET GATEWAY CONNECTIVITY, OTHER SOFTWARE & HARDWARE.
3. INSTALLATION OF ERP SOFTWARE & CONSULLANCY, E-GOVERNANCE
4. SPECIALISED TRAINING ON HI-TECH INFRASTRUCTURE MANAGEMENT.

5. HIGHER TRAINING ON REGULAR OFFICE ACTIVITIES.
6. INVESTMENT PROMOTION SEMINAR IN HOME & ABROAD.
7. CONSULTANCY FOR MONITORING AND IMPROVEMENT OF INVESTMENT PROMOTIONAL ACTIVITIES.
8. CONSULLANCY FOR MARKET DEVELOPMENT AND PRODUCT DIVERSIFICATION.

9. AUTOMATION AND ONLINE ARRANGEMENT FOR –
 - REGISTRATION INVESTMENT, EXECUTION OF AGREEMENT, ISSUANCE OF IMPORT AND EXPORT PERMIT, SUB-CONTRACTING, INTER ZONE EXPORT./IMPORT, BOND TO BOND TRANSFER, WASTE DISPOSAL
 - BILLING, COLLECTION OF RENT & UTILITY BILLS AND MONITORING OF OUTSTANDING DUES.

- APPLICATION AND APPROVAL OF BUILDING DESIGN.
- GATE MANAGEMENT IN REGARD TO IMPORT AND EXPORT CARGO
- RECORD KEEPING BY CUSTOM DEPARTMENT AND EPZ COMMERCIAL OPERATION DEPARTMENT.

10. ON LINE ARRANGEMENT WITH –

- EU, USA, CANADA, FAR EAST AND OTHER IMPORTING COUNTRIES REGARDING PRODUCT DEMAND, MARKETING AND DIVERSIFICATION.
- BOI, EPB, MOFA, MOHA, BANGLADESH BANK, NBR, REGARDING INVESTMENT, EXPORT MARKET, VISA, FE RULES, CUSTOMS & IT RULES.
- LABOUR AND EMPLOYMENT BUREAU FOR SKILLED MANPOWER, CHITTAGONG & MONGLA PORT FOR SHIPPING RECORD.

11. OPERATION OF TRAINING INSTITUTE AND APPOINTMENT OF TRAINER.