

A Guide to Doing Business in Bangladesh

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Limitations of Scope:

This guide contains a general introduction to the subject. The information in this guide is meant for the purposes of reference and should not be used as legal advice.

Sources of Information:

The information provided in this guide has been obtained from various sources, namely the Bangladesh Board of Investment (BOI) and the Bangladesh Bank.

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I. BANGLADESH AT A GLANCE

I.A. Key Facts			
Geography	Geographically located in South Asia; between 20'34 and 26'38 north latitude and between 88'01 and 92'41 east longitude consists of flat fertile alluvial land. Neighbouring India to the north, east and west; Burma to the south-east and the Bay of Bengal to the south. Bangladesh, on the northern coast of the Bay of Bengal, is surrounded by India, with a small common border with Myanmar in the southeast.		
Area	147,570 km ²		
Climate	Sub-tropical monsoon Winter (December - February) (29°C Maximum; 11°C Minimum) Summer (April - June) (32°C Maximum; 21°C) Heavy rainfall during the monsoons (July-October)		
Standard Time	GMT + 6 hours		
Population	Population (2006 est.): 147,365,352		
Languages	Official language Bangla (Bengali) English is widely used in government, business and universities		
Religion	Muslim (88.3 %) Hindu (10.5 %) Buddhist (0.6%) Christian (0.3%) Other (0.3%)		
Government	Bangladesh is a developing democratic polity based on the Westminster model; secular, but not a theocratic state.		
Money and Currency	Currency Bangladeshi Taka (Tk) Exchange rates (As on 26th September, 2006)		
	Currency	Buying	Selling
	USD	66.70	67.50
	GBP	126.72	128.28
	EUR	85.02	86.06
Economic Summary	GDP/PPP (2005 est.): \$301.4 billion; per capita \$2,100 Real growth rate: 5.4% Inflation: 6.7% Industries: cotton textiles, jute, garments, tea processing, paper newsprint, cement, chemical fertilizer, light engineering, sugar Natural resources: natural gas, arable land, timber, coal Exports: \$9.372 billion (2005 est.): garments, jute and jute goods, leather, frozen fish and seafood (2001) Imports: \$12.97 billion (2005 est.): machinery and equipment, chemicals, iron and steel, textiles, foodstuffs, petroleum products, cement (2000)		

I.B. Infrastructure

I.B.1. Telecommunications

Situated in the heart of South Asia, there has been considerable development in the telecommunications system in Bangladesh with 125 telephone exchanges enabling direct nationwide dialling facilities, international calls connected by trunk exchanges, satellite earth stations providing international communication link and international direct dialling offered to subscribers. The internet is easily accessible in cities and most businesses and government organisations have their own websites and are able to correspond through email.

I.B.2. Transport

I.B.2.a) Land

A road network connects most parts of Bangladesh, even the remote ones. The railway system is being upgraded through management contracts with private operators. Biman, the state-owned airline as well as other international airlines fly regularly to and from international destinations in Asia, Europe, the Middle East and North America. In addition to the main international airport, Zia International in the capital city of Dhaka, there are two other International Airports at Sylhet and Chittagong and a few domestic airports.

I.B.2.b) Water

Bangladesh has perhaps the best water transport system in the region which accounts for two-thirds of cargo transport within the country. Hundreds of rivers criss-cross the land connecting all parts of the country. The major rivers run to the Bay of Bengal in the south where the major seaport of Chittagong plays the most significant role in the country's international trade.

INFRASTRUCTURE AT A GLANCE			
Telecommunications		Transport	
Telephones (main lines in use)	831,000 (2004)	Railways	2,706 km (2004)
Mobile Cellular	2,781,600 (2004)	Highways	239,226 km paved: 22,726 km; unpaved: 216,500 km (2003)
Radio broadcast stations	AM 15, FM 13, short-wave 2 (2006)	Waterways	8,372 km; note: includes 2,635 km main cargo routes (2005)
Television broadcast stations	15 (1999)	Ports and harbours	Chittagong, Mongla Port
Internet hosts	266 (2005)	Airports	16 (2005)
Internet users	300,000 (2005)		

II. INVESTMENT OPPORTUNITIES IN BANGLADESH

II.A. Bangladesh Investment Climate

"Bangladesh is the third easiest country in which to do business in South Asia," reported a World Bank-International Financial Corporation report of 6th September 2006. The report further observed that Bangladesh has undertaken steps to improve its business climate and one notable reform made recently was the introduction of a new land registration act to improve security and reduce corruption in land transactions.

Among South Asian FDI regimes, a World Bank report (*Foreign Direct Investment in Bangladesh: Issues of Long-run Sustainability*, 1999) judged the Bangladeshi regime to be the most liberal, with no prior approval requirements or limits on equity participation or on the repatriation of profits and income. According to the report, not only has Foreign Direct Investment (FDI) in Bangladesh been growing but it may be significantly underreported, on account in part of the more open regime.

II.B. Economic Overview

Although the transition process from an agrarian economy to a manufacturing and service based economy has only begun, the common consensus between all political parties is that the market-oriented economic policy must be promoted. The private sector is now the major source of investment in the country and this is further accentuated by Bangladesh's liberal economic approach.

Policies of liberalisation, deregulation and reforms have been combined together to bring about changes in almost all sectors of the economy in tune with globalisation challenges. By removing all barriers to investment and business, Bangladesh has opened up its economy. Bangladesh is currently one of the top exporters of Readymade garments (RMG) to the USA and Europe. Fisheries (shrimp mainly) and leather products are also being exported at an increasing rate.

The Government has decided to make no new investment in the manufacturing sector, except for its reserved areas (defence, forestry, nuclear power and security printing). The population reaching nearly 148 million, Bangladesh is one of the most populous countries of the world and potentially a sizeable market due to relatively high growth rates and an expanding middle class with increasing purchasing power.

II.C. Investment Opportunities

Investment opportunities in Bangladesh can be seen as falling into two broad categories:

II.C.1. Resource Advantages

Areas in which Bangladesh offers substantial resource advantages
Example: Natural gas, fisheries and low-cost labour

II.C.2. Development Opportunities

Areas in which Bangladesh needs to develop.
Example: Upgrading of infrastructure (power, telecommunications, ports, roads and railways) Note: For this category, financing available through multilateral and bilateral sources.

II.D. Foreign Investors

Bangladesh offers important investment opportunities which is reflected in the inflows of foreign direct investment which increased from virtually zero in the 1980s to over \$300 million in the late 1990s. Bangladesh has adopted a liberal approach to foreign investment with schemes such as no restrictions on equity participation, repatriation of profits or income and no prior approval requirements.

Investment Climate: Key Points for Foreign Investors
1. A largely homogeneous society with no major internal or external tensions and a population with great resilience in the face of adversity (e.g., floods).
2. Broad non-partisan political support for market-oriented reform and perhaps the most investor-friendly regulatory regime in South Asia.
3. Trainable, enthusiastic, hardworking and low-cost (even by regional standards) labour force.
4. Potentially significant market, especially with easy access to South Asia.

II.E. Sectors with Investment Opportunities

The following table provides an overview of the sectors in which the government is seeking foreign direct investment for both domestic and export market oriented industries to make up for the deficient economic investment resources.

Sectors with Investment Opportunities	
1. Natural Gas Exploration (Electricity, Fertilizer and Petrochemicals)	<ul style="list-style-type: none">• Bangladesh has a substantial gas reserve of about 20 trillion cubic feet (tcf)• Opportunities exist in developing new plants (barge-mounted and other, large, small and mini), constructing transmission and distribution system, rehabilitating or upgrading existing plants and supplying a variety of support services. Investment opportunities are available on a build-operate-transfer (BOT) basis.

<p>2. Textile</p>	<ul style="list-style-type: none"> • The fastest growing industry in Bangladesh with Ready-made Garments (RMG) accounting for more than 75% of total exports. • Bangladesh is best placed in the region for textiles and garments because of cheap labour and trade status with the EU. • Government incentives for the spinning and weaving industries include a 15% cash subsidy of the fabric cost to exporters sourcing fabrics locally.
<p>3. Electronics (Semi-Conductor, Cell Phone Assembly and other Electronics)</p>	<ul style="list-style-type: none"> • Manufacturing of semi-conductors could be established as a potential cottage industry. • Bangladesh is going to be the largest cell-phone market in South Asia.
<p>4. Information Technology (Data Processing and Software Development)</p>	<ul style="list-style-type: none"> • Investment is mostly confined to information processing. • Bangladesh has a cheaper and rapidly growing IT workforce.
<p>5. Frozen Foods (Shrimp Farming; shrimp and prawn exports)</p>	<ul style="list-style-type: none"> • Fish and prawn exports grew at an average 20% in the past decade. • Shrimp processing and export industry is largely dominated by the smaller unorganised sector. • The frozen foods export is the second largest export sector of the country. The average annual growth rate is about 28%. This export-oriented industry includes the following sub-sectors which need proper attention for augmentation of production and export earnings: <ul style="list-style-type: none"> ○ Hatcheries ○ Sustainable aqua-culture technology ○ Feed meals plants ○ Processing unit for value-added products
<p>6. Leather (Finished Leather and Leather Goods)</p>	<ul style="list-style-type: none"> • Bangladesh has a domestic supply of good quality raw material, as hide and skins are a by-product of large livestock industry. • Adequate government support in the form of tax holidays, duty free imports of raw materials and machinery for

	<p>export-oriented leather market</p> <ul style="list-style-type: none"> • Presently Bangladesh produces between 2 and 3 percent of the world's leather market. • Most of the livestock base for this production is domestic which is estimated as comprising 1.8 percent of the world's cattle stock and 3.7 percent of the goat stock.
7. Ceramics (Tableware, Sanitary ware and Insulator)	<ul style="list-style-type: none"> • Tableware industry is labour-intensive and even after spending billions of dollars on automation, developed countries could not reduce the number of workforce. • Bangladesh has a skilled manpower in ceramic industry and the clean gas reserve required for firing is a great competitive advantage for Bangladesh. • Bangladesh, being a gas-rich and low-labour-cost economy, offers to be strategic partners in production and supply of ceramic products.
8. Light Engineering (Machinery Parts and Consumer Items)	<ul style="list-style-type: none"> • A growing and increasingly affluent middle class indicates demand for consumer durables. • There is a significant sector of cottage industries engaged in simple electronic goods. • Export-oriented production in light industries has gained momentum in the past few years.
9. Agro-Based Industry (Canned Juice / Fruit and Dairy and Poultry)	<ul style="list-style-type: none"> • Bangladesh has the basic attributes for successful agro-based industries, namely, rich alluvial soil, a year-round frost-free environment, an adequate water supply and an abundance of cheap labour. • Increased cultivation of vegetables, spices and tropical fruits now grown in Bangladesh could supply raw materials to local agro-processing industries for both domestic and export markets.

III. GENERAL CONSIDERATIONS

III.A. Diplomatic Relations

Bangladesh is a member of various international trade and business agreements.

- III.A.1.** Member of Commonwealth of Nations.
- III.A.2.** Founding member of the World Trade Organization.
- III.A.3.** Member of the Multilateral Investment Guarantee Agency (MIGA), an arm of the World Bank that insures foreign investors against political risks such as expropriation,

inconvertibility and war damage.

- III.A.4.** Party to the World Bank Convention on the Settlement of Investment Disputes between States and Nationals of Other States which enables international arbitration of disputes with foreign investors.
- III.A.5.** Member of the World Intellectual Property Organization's permanent committee on development co-operation related to industrial property.
- III.A.6.** Bangladesh is a member of several regional organizations, one of which, SAARC and its off shoot SAPTA
- III.A.7.** In addition, Bangladesh has joined BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation) and D-8 (involving Bangladesh, Pakistan, Egypt, Malaysia, Indonesia, Turkey, Nigeria, and Iran).
- III.A.8.** Bangladesh has also entered into a number of investment and taxation agreements, as indicated in the table below:

<u>Bilateral Investment Treaties (BITs)</u> <i>(Bilateral treaties on investment promotion and protection)</i>	<u>Avoidance of Double Taxation Treaties (DTTs)</u> <i>(Bilateral treaties for the avoidance of double taxation)</i>
Belgium	Belgium
China	Canada
France	China
Germany	Denmark
Indonesia	France
Iran	Germany
Italy	India
Japan	Italy
Republic of Korea	Japan
Malaysia	Republic of Korea
Netherlands	Malaysia
Pakistan	Netherlands
Philippines	Pakistan
Poland	Poland
Romania	Romania
Switzerland	Singapore
Thailand	Sri Lanka
Turkey	Sweden
UK	Thailand
USA	UK
Source: Board of Investment of Bangladesh	

III.B. Bangladesh's History and Government

III.B.1. History

On the political partition of the Indian subcontinent in 1947, the eastern part of the province of Bengal became East Pakistan. East Pakistan was governed by West Pakistan although separated from it by a considerable stretch of Indian territory. Differences in culture and language led to a movement of independence by East Pakistan and it resulted in the creation of the Republic of Bangladesh on 16th December 1971, after a 9 month long liberation war.

III.B.2 Government

Under the constitution of Bangladesh, the Prime Minister, as the executive power, is the head of the government. A cabinet of ministers assists the Prime Minister. The head of state is the President, who is chosen by parliament for a five-year term. The tenure of the national parliament, known as the *Jatiya Sangsad*, is also for a five-year period. It is a unicameral body vested with legislative powers and has 300 elected members.

III.C. LEGAL SYSTEM

III.C.1. Common Law System

The legal system of Bangladesh is based on a common law system. However, unlike other common law jurisdictions, Bangladesh's Supreme court has the power to not only interpret laws made by the Parliament but to also declare them null and void and enforce fundamental rights of the citizens. Although founded on the English common law system, the laws of Bangladesh take a statutory form which are enacted by the legislature and interpreted by the higher courts.

III.C.2. Supreme Court

The Constitution of Bangladesh created the Supreme Court of Bangladesh with two divisions, the High Court Division and the Appellate Division. As the apex court, the High Court division has been vested with the power to hear appeals and revisions from subordinate courts and also to issue orders and directives in the nature of writs to enforce fundamental rights and to grant other relief available under the writ jurisdiction.

III.C.3. Special Courts

- III.C.3.a)** Labour Courts decide labour disputes.
- III.C.3.b)** Administrative Tribunals decide service disputes of public servants.

- III.C.3.c)** Income Tax Appellate Tribunals decide income tax disputes, custom and excise matters. VAT Appellate Tribunals decide disputes regarding custom and excise duties and VAT.
- III.C.3.d)** Court of Settlement decides disputes relating to abandoned properties.
- III.C.3.e)** Artha Rin Adalats decide money claims of banks and other financial institutions.
- III.C.3.f)** Insolvency Courts declare defaulting borrowers as insolvent.

III.C.4. Alternative Dispute Resolution

III.C.4.a) Civil Procedure Code (Amendment) 2002

The Civil Procedure Code (Amendment) Act 2002 has been enacted to introduce Alternative Dispute Resolution (ADR) system for early and consensual disposal of civil suits. Section 89A and 89B have been inserted to allow parties to settle their disputes in suits through mediation or arbitration.

III.C.4.b) Arbitration

Arbitration is increasingly being employed as a means of getting around the judiciary and the length of time it can take to resolve cases. Arbitration in Bangladesh has proved to be a successful and efficient means of resolving disputes arising out of commercial matters. Businesses, especially those with foreign concerns, have now begun to write arbitration clauses into their standard contracts.

III.D. Environmental Considerations

Investors need to conform to certain environmental safety standards to get clearance certificates from the Department of the Environment (DOE).

III.D.1. Environmental Clearance Required for:

III.D.1.a) Appropriate water-treatment plants

III.D.1.b) Air-pollution-controlling devices

III.D.1.c) Noise-pollution

III.D.1.d) Safety measures

III.D.2. Project Proposals Must Contain:

III.D.2.a) Appropriate environmental impact assessment

III.D.2.b) Pollution-control measures

III.D.3. Corrective Measures

Existing industries with possibly negative implications for the environment or public health will be required to take corrective measures.

III.E. Intellectual Property Rights

The Government recognizes the importance of intellectual property rights (IPRs) for attracting foreign investment and is currently in the process of updating legislation in order to ensure better enforcement of such rights.

III.E.1. International Obligations

III.E.1.a) Member of the World Intellectual Property Organization (WIPO) since 1985.

III.E.1.b) Signatory to the Paris Convention on Intellectual Property from 1991.

III.E.2. Legislation

The existing Bangladeshi legislation in this area, however, dates mostly from the period of British rule. The legislation in force are as follows:

III.E.2.a) Patent and Design Act of 1911

III.E.2.b) Patent and Design Rule of 1933

III.E.2.c) Trademark Act of 1940

III.E.2.d) Copyright Act of 1999

III.E.3. Reform

Draft legislation is currently awaiting cabinet approval which will ensure compliance with WTO's Agreement on Trade related Aspects of Intellectual Property (TRIPs).

III.E.4. Permission for Royalties

No prior permission is required for entering into agreements for remitting fees for royalties, technical know-how and technical assistance.

IV. FOREIGN INVESTMENT INCENTIVES

IV.A. General Incentives for Foreign Investment

The government has been keen in promoting foreign investment and continues in its efforts to attract such investment as a means of alleviating the economy. Furthermore, the government has liberalised the industrial and investment policies in recent years by reducing bureaucratic control over private investment.

Investment Incentives	
1. Tax Exemptions :	Generally 5 to 7 years. However, for power generation exemption is allowed for 15 years.
2. Duty :	No import duty for export oriented industry. For other industry it is at 5% ad valorem.
3. Tax Law :	i. Double taxation can be avoided in case of foreign investors on the basis of bilateral agreements. ii. Exemption of income tax up to 3 years for the expatriate employees in industries specified in the relevant schedule of Income Tax ordinance.
4. Remittance :	Facilities for full repatriation of invested capital, profit and dividend.
5. Exit :	An investor can wind up an investment either through a decision of the AGM or EGM. Once a foreign investor completes the formalities to exit the country, he or she can repatriate the sales proceeds after securing proper authorization from the

	Central Bank.
6. Ownership :	Foreign investors can set up ventures which are either wholly owned or in collaboration with a local partner.

IV.B. Incentives for Export Oriented Businesses

Bangladesh has enabled Export Processing Zones (EPZ) to encourage and facilitate the functioning of export-oriented enterprises. Industries which fall within an EPZ benefit from fiscal, non-fiscal and infrastructure facilities. Bangladesh Export Processing Zones Authority (BEPZA) approves all projects to be located in the EPZs.

Incentives to Join EPZ		
Fiscal	Non – Fiscal	Financial
• Tax holiday for 10 years	• Project expansion and product diversification without permission,	• Secured and protected industrial area
• Exemption of income tax on interest from borrowed capital	• Off-shore, local and international banking facilities	• Land and factory buildings for rent
• Relief from double taxation subject to bilateral agreements	• Freedom from national import policy restrictions	• Electricity, telecommunication, gas and water facilities
• Complete exemption from dividend tax for 3 years subject to certain conditions	• Expeditious import of raw materials on Documentary Acceptance (DA) basis	• Export and import permits issued in one day
• Exemption of income tax on salaries of foreign technicians for 3 years subject to certain conditions	• Back-to-back L/C for the import of raw materials in certain industries	• Work permits organised for foreign nationals
• Duty-free import of machinery, equipment and raw materials	• Import of goods from the Domestic Tariff Area (DTA)	• Recreational facilities for foreign nationals
• Duty-free import of three motor vehicles under certain conditions	• Option to sell 10 per cent of output to the DTA under certain conditions	• Contact only required with BEPZA for all operational purposes
• Duty-free import of materials for constructing factory buildings	• Option to relocate existing industries from abroad	
• Duty-free export of goods produced in the zones	• Option to relocate from one zone to another	
	• Option to sub-contract within the zone	

	• Inter-zone and intra-zone export	
	• Customs formalities carried out at enterprise site	
	• Liberal allowance of expatriate employment (technicians/experts)	
	• No unions or strikes	
	• Equal rights with Bangladeshi nationals for foreign employees	

IV.C. Access to Foreign Investors

IV.C.1. Access to the Sectors and Industries

Foreign investment is encouraged in all industrial activities. Such investment may be undertaken either independently or through joint ventures with the local private or public sector.

IV.C.1.a) Reserved Industries

Foreign direct investment is not encouraged in the following four industries:

- IV.C.1.a)** Readymade garments
- IV.C.1.b)** Banks
- IV.C.1.c)** Insurance companies
- IV.C.1.d)** Other financial institutions

If foreign investment is aimed at one of these sectors, then Pre- Registration Clearance would need to be obtained (see para VII.B.4.)

IV.C.2. Acquisition

There is no barrier to the acquisition of local enterprises by foreign investors. Foreign investors may also buy enterprises reserved for privatisation.

IV.D. Ownership, Property and Management Control

There is no general restriction on equity participation, acquisition of property or management control for a foreign firm.

IV.D.1. Ownership

Bangladesh welcomes foreign investors in all forms and types.

IV.D.1.a) Equity Participation

There is no limitation on equity participation for foreign investment in Bangladesh.

IV.D.1.b) Foreign Participation

Foreign Participation is allowed up to 100 per cent under the existing laws in all areas except the four reserved ones.

IV.D.2. Shares and Securities

Foreign investors may invest in shares and securities quoted on the stock exchange with foreign exchange sent or brought into Bangladesh.

IV.D.2.a) Easy Access

IV.D.2.a)1. Foreign investors may invest in new private allocation of shares of industrial enterprises.

IV.D.2.a)ii. Foreign investors are not required to carry out such transactions through registered brokers or members of the stock exchange.

IV.D.2.a)iii. There are no restrictions on the transfer of shares to other non-residents.

IV.D.2.b) Restrictions

IV.D.2.b)i. Foreign investors may not buy national savings bonds.

IV.D.2.b)ii. They cannot sell their shares, irrespective of their percentage of equity and

paid-up capital through public issues.

IV.D.3. Management Control

Anyone who is chosen to hold the position of a Director or managerial role based on relevant qualifications and skills will be able to succeed to that position and his/her nationality will not be a bar as such. However, Israeli citizens will not be able to serve as directors or managers because Bangladesh does not have any diplomatic relations with the state of Israel.

IV.E. Investment Protection for Foreign Investors

The Foreign Private Investment (Promotion and Protection) Act of 1980 guarantees protection against expropriation. If a foreign investor becomes subject to a legal measure that has the effect of expropriation, adequate compensation will be paid and it will be freely repatriable. The amount of the compensation will be determined in accordance to the market value of the investment immediately before the measure went into effect. (As noted earlier, Bangladesh is also a signatory in good standing of the Multilateral Guarantee Agency insures investors against political risk. There has been no instance of expropriation of foreign property since the Foreign Investment Act was passed in 1980.

V. FINANCIAL FACILITIES

V.A. Banking/Financial Facilities

Bangladesh offers adequate banking facilities to the investors, both domestic and foreign, for establishment of industries and to facilitate their business transactions.

V.A.1. The Role of Bangladesh Bank

Bangladesh Bank, as the central bank, has legal authority to supervise and regulate commercial banks and banking institutions. It performs the traditional central banking role of note issuance and as banker to the government and banks. It formulates and implements monetary policies, manages foreign exchange reserves and supervises banks and non-bank financial institutions.

V.A.2. The Local Banks of Bangladesh:

V.A.2.a) State-owned Commercial Banks (4)

- V. A.2.b)** Specialised Banks for agricultural and industrial sector (5)
- V. A.2.c)** Financing Institutions: Government owned (1); Locally owned (15) and Joint-venture with foreign participation (12)
- V.1 A.2.d)** Leasing and Finance Companies (18)

V.B. Foreign Investors and Loans

V.B.1. Local Borrowings

Foreign investors have full access to local capital sources. Banks in Bangladesh may extend working capital loans or term loans in local currency to foreign-controlled or foreign-owned firms/companies (manufacturing or non-manufacturing) operating in Bangladesh on the basis of normal banker-customer relationship, without reference to Bangladesh Bank. Interest rates vary from 9 to 16 per cent.

V.B.2. Foreign Loans

Industrial enterprises in Bangladesh (local, foreign or joint venture) may borrow abroad with prior BOI approval. Remittances towards payment of interest and repayment of principal as per terms of BOI approved borrowing may be made through ADs without prior Bangladesh Bank approval.

VI. STRUCTURES FOR DOING BUSINESS

VI.A. Registered Companies

Any company with unlimited liability, liability limited by shares or by guarantee may register as a company under the Companies Act 1994 provided it consists of 7 members or more. Forms for incorporation and registration are available with the office of the Registrar of Joint Stock Companies and Firms. Nominal fees are charged for registering the Memorandum and Articles of Association of a proposed company.

VI.B. Limited liability- Companies Limited by Shares

There are two types of companies limited by shares, the public and the private.

VI.B.1. Private Limited Companies

A private limited company is restricted in its rights to transfer its shares and it is also limited in the number of its members. The following are the essential features of a private limited company:

- VI.B.1.a)** Its members will have restricted rights to transfer shares.
- VI.B.1.b)** It will consist of a minimum of 2 and a maximum of 50 members. Members do not include persons employed in the company.
- VI.B.1.c)** It will prohibit any invitation to the public to subscribe to its shares or debentures.
- VI.B.1.d)** Trading and business may commence from the date of its incorporation.

VI.B.2. Public Limited Companies

A public limited company offers shares and debentures to the public through a prospectus which complies with the requirements of the Companies Act 1994 and the Securities and Exchange Commission Act 1993. The features of a public limited company are as follows:

- VI.B.2.a)** A public limited company may issue invitation to the members of the public to subscribe to the shares and debentures of the company.
- VI.B.2.b)** It will consist of a minimum of 7 members. There is no limit as to the maximum number of its members.
- VI.B.2.c)** It must have at least 3 Directors.
- VI.B.2.d)** A public limited company may be formed after conversion of a private company.
- VI.B.2.e)** Publicly traded companies pay a lower rate of corporate tax – 35 per cent rather than 40 per cent.

VI.C. Companies Limited by Guarantees

When a company is incorporated with the liability of the shareholders limited by guarantee, the shareholder will only be required to pay capital when the company commences its winding up.

VI.C.1. Features of a Guarantee Company

VI.C.1.a) Guarantee company will be wound up if it is unable to discharge its liabilities due to inadequate funds.

VI.C.1.b) Each member who is a shareholder at the time of commencement of winding up is liable to pay an amount prescribed in the memorandum of association.

VII. REQUIREMENTS FOR THE ESTABLISHMENT OF A BUSINESS

VII.A. Place of Business

Foreign companies not registered in Bangladesh can set up a place of business in Bangladesh in the form of a Branch Office or a Liaison Office. Permission will be required from the Bangladesh Bank and the BOI in order to open up a Branch Office or a Liaison Office.

VII.B. Foreign Investment

As mentioned earlier, foreign investors may set up an industrial entity which is wholly owned or set up in collaboration with local investors. There is no requirement to obtain prior permission to set up such enterprises if the entrepreneurs use their own funds.

VII.C. Registration of Foreign Direct Investment

Although prior permission is not required, it is advised that a business entity is registered in order to benefit from various facilities and institutional support provided by the government, entrepreneurs and sponsors.

VII.C.1. EPZ or Industrial Estate

If the business is to be set up in an EPZ or industrial estate (see para IV.B), registration must take place with BEPZA or Bangladesh Small Cottage and Industry Corporation (BSCIC).

VII.C.2. Any other Businesses

If the business is to be set up elsewhere, it must register with the BOI.

VII.C.3. Manufacturing Firm

A manufacturing firm employing ten or more workers must also register with the Chief Inspector of Factories and Establishments.

VII.C.4. Businesses Requiring Pre-Registration Clearance

A Pre- Registration Clearance is required for investment in the following areas as FDIs are discouraged in these areas:

- VII.B.4.a)** Ready-made garments
- VII.B.4.b)** Banks
- VII.B.4.c)** Insurance companies
- VII.B.4.d)** Other financial institutions

VII.D. Environmental Regulations

All industrial and other projects that may be potentially polluting are required, in accordance with the Environment Conservation Act 1995, to undertake some form of environmental impact assessment.

VII.D.1. Environmental Clearance

Environmental clearance must be obtained from the Department of Environment. The process takes 15 days for projects with low levels of potentially adverse impact and 30 days for projects with significant impact.

VII.E. Zonal Restrictions

There are no regional or zonal restrictions on investment.

VII.E.1. Investors can set up businesses in any part of the country except in the areas reserved for the armed forces or declared environmental preserves (e.g., the mangrove forests in the Sunderbans).

VII.E.1. The availability of investment incentives including tariff concessions and tax-holiday periods varies according to location, with the less developed regions providing the best offers.

VII.F. Building and Related Permits

A foreign investor will receive assistance to acquire buildings and industrial plots depending on the nature of the business.

VII.F.1. Businesses in the Export Processing Zones (EPZ)

VII.F.1.a) Investors can rent custom-made premises within the EPZs.

VII.F.1.b) Investors need to have the designs of their buildings approved by the city development authorities.

VII.F.2. Businesses outside the EPZs

Investors requiring industrial plots to set up factories in areas outside of the BEPZA zones and BSCIC estates may approach the BOI for assistance. BOI requirements for providing assistance are as follows:

VII.F.2.a) The company must be registered

VII.F.2.b) The Company must have an industrial layout plan to justify actual requirements.

VIII. TERMINATION OF BUSINESS

A company can wind up on its own initiative or the court may intervene to wind up the company.

VIII.A. Investor's Decision to Wind up

VIII.A.1. The decision must be made at the annual general meeting or the extraordinary general meeting

VIII.A.2. The company must inform the public through the Government gazette or a newspaper within 10 days of taking such a decision.

VIII.A.3. The directors of the company must agree to pay off any liabilities of the enterprise within 3 years of the winding up and this agreement must be backed by an auditor's report.

VIII.A.4. The company can appoint liquidators to pay off its liabilities. After completing the task, the liquidator must prepare a report on the liquidation process and explain how liabilities have been paid off. This report should be submitted to the Registrar of Joint Stock Companies.

VIII.B. Court's Initiative to Wind up

The Court may, by its own initiative wind up a company if it is satisfied that the company has failed to pay off its liabilities.

VIII.C. Repatriation of Capital

Foreign investors have the right to sell their concerns to local entrepreneurs. Once a foreign investor has completed the formalities to exit the country, (s)he can repatriate the sales proceeds or the balance after securing proper authorisation from the Bangladesh Bank. Fully documented applications are disposed of promptly. No approval by the Bank is required for the repatriation of portfolio investment.

IX. LABOUR LEGISLATION, RELATION AND SUPPLY

IX.A. Workforce

Bangladesh offers an abundant supply of disciplined, easily trainable and low-cost work force suitable for any labour-intensive industry. Furthermore, there is an increasing supply of professionals, technologists and other middle and low level skilled workers who have received technical training from universities, colleges, technical training centres and polytechnic institutions.

IX.B. Employment Conditions

IX.B.1. Minimum Age

The minimum age for workers in Bangladesh is 16 years in factories and establishments.

IX.B.2. Contracts

Contracts are made in the form of a letter of offer but workers may also be engaged on verbal agreements.

IX.B.3. ILO Convention

Bangladesh is a member to ILO and both the private and public sectors are encouraged to observe the principles so enunciated in the ILO Convention and Recommendations.

IX.C. Labour Laws

Bangladesh currently has 47 labour laws in force relating to wages and employment, trade union & industrial disputes, working environment and labour administration. The main labour laws are stated below:

- IX.C.1.** Workmen's Compensation Act 1923,
- IX.C.2.** Payment of Wages Act 1936
- IX.C.3.** Maternity Benefit Act 1936
- IX.C.4.** Employment of Labour (Standing Orders) Act 1965
- IX.C.5.** Shops & Establishments Act 1965
- IX.C.6.** Factories Act 1965
- IX.C.7.** Industrial Relations Ordinance 1969

IX.D. Settlement of Labour Disputes

IX.D.1. The First Step

Industrial disputes are to be settled and agreed between management and the Collective Bargaining Agent.

IX.D.2. The Second Step

If the Agreement is unsuccessful, the government may intervene on the request of the aggrieved party to start a conciliation process.

IX.D.3. The Third Step

If the conciliation fails, the party who has raised the dispute may opt for strike or lock-out. Such an action may be prohibited by the government if it relates to essential services such as electricity, gas, emergency services, airports and ports.

IX.E. Wages and Fringe Benefits

Wages and fringe benefits are determined in accordance with the nature of the work and whether it is in the private or the public sector.

IX.E.1. Public Sector

In the public sector, wages and fringe benefits of the workers are determined by the government on the recommendation of the National Wages Commission.

IX.E.2. Private Sector

In the private sector, wages and fringe benefits of the workers and employees are determined through collective bargaining process. Sometimes private industries follow the public sector wages and salary structure for their employees.

IX.F. Leave & Holidays

Leave and holidays of the workers & employees are regulated by the Factories Act 1965 and Shops Establishment Act 1965.

IX.G. Social Security

Workmen Compensation, Maternity Benefit (Tea Estate) Act 1950, Maternity Benefit Act 1939, Employment of Labour (standing orders) Act 1965 deal with provident fund and gratuity.

IX.H. Labour Union

Industrial Relations Ordinance 1969 deals with trade unions in Bangladesh.

IX.H.1. Right to Form an Association

Industrial Relations Ordinance 1969 provides that any worker has the right to form an association/union without previous authorisation. However, such an association/union can only function as a trade union if registered under the law.

IX.H.2. Formation

In any industrial and commercial establishment, a trade union may be formed with 30% of the total number of workers employed.

IX.H.3. Disputes

Only the Collective Bargaining Agent is authorized to raise industrial disputes and negotiate with management (see para IX.D).

IX.I. Working Hours

IX.I.1. Hours

48 hour working week (8 ½ hours daily) and Friday as weekly holiday.

IX.I.2. Overtime

Work in excess of 48 hours is paid as overtime. The rate of overtime is double so an hour of overtime work would require the pay of 2 hours work.

X. TAXATION

Similar to other countries in South Asia, Bangladesh has a narrow tax base and the revenue is generated mainly from indirect taxes.

X.A Income Tax

There are three income-tax rates, applicable to income above Tk 100,000 (\$1,481) p.a.:

IV.I.1.a) 0% on the first TK 100,000

IV.I.1.b) 10% on the next TK 50,000

IV.I.1.c) 18% on the next Tk 125,000;

IV.I.1.d) 25% on the balance

X.B. Corporate Tax

The corporate tax rate is 35 per cent for publicly traded companies and 40 per cent for all other companies. Corporate tax rates are competitive within the region.

X.C. Capital Gains Tax

Capital Gains from the transfer of shares of public limited companies listed with a stock exchange are tax-exempt. In computing capital gain, deductions are made from the full value or sales proceeds or the fair market price (whichever is higher) of the capital assets.

X.D. Dividend Income

The dividend income which is received by shareholders (other than companies) is tax-exempt. However, this benefit is not available to shareholders of private limited companies.

X.E. Royalties

Royalties and technical know-how fees received by any foreign collaborator, firm, company or expert are also tax-exempt.

X.F. VAT

Bangladesh has replaced the sales and excise tax by the more modern value added tax (VAT). The VAT is imposed at a flat rate of 15 per cent. Excise duties do exist on a few items and a turnover tax may be imposed on small-scale activities which cannot be taxed through the VAT.

X.G. Salaries of foreign technicians

Salaries of foreign technicians are tax exempt for a period of 3 years from the date of their arrival in Bangladesh provided their salaries are for services stipulated under a contract approved by the National Board of Revenue. A technician in this context is a person with specialised knowledge and experience in the industrial arts and sciences.

XI. EXCHANGE and REMITTING FUNDS

XI. Current Transactions

The Bangladesh Taka was declared convertible for current account transactions in March 1994. As a result, payment settlements against trade in goods and services have been freely permitted.

XI.A. The Role of Authorised Dealers (AD)

XI.A.1. ADs can settle payments for all imports in conformity with the Import Policy.

XI.A.2. ADs can settle payments abroad for freights and passages, technical service fees and royalties and issue foreign exchange for travel abroad by residents.

XI.B. Remittances

Before effecting remittances, ADs must scrutinize the remittance request to be satisfied that these represent *bona fide* current transactions and are not disguised attempts to circumvent capital transfer restrictions.

XI.B.1. Remittance of Profits

Branches of foreign firms/companies including foreign banks, insurance companies and financial institutions are free to remit their post-tax profits to their head offices without prior approval of Bangladesh Bank.

XI.B.2. Remittance of Salaries and Savings by Expatriates

Expatriates working in Bangladesh with the approval of the Government may remit through an AD up to 50 per cent of their salaries and 100% of leave salaries including actual savings and admissible pension benefits. No prior Bangladesh Bank approval is necessary for such remittances.

XI.C. Convertibility on Trade Accounts

Bangladesh Taka is fully convertible for settlements of trade related transactions. Import licence is not required for import of items not in the control list. An importer has automatic access to foreign exchange for import of all items outside the control list and also for import of control list items as per general or specific authorisation of the office of the Chief Controller of Imports and Exports.

XI.D. Exchange Facilities for Exporters

IX.D.1. Merchandise Exporters

Merchandise exporters may retain up to 50 per cent of the realized FOB value of their exports in foreign-currency accounts.

IX.D.2. Exporters with High Import Items

For export items with high import contents (such as naptha, furnace oil, bitumen, readymade garments etc.), the retention quota is 10%.

IX.D.3. Service Exporters

Service exporters may retain 5% of their repatriated income in foreign currency accounts. Funds may be drawn from these accounts to meet expenses for bonafide business expenses abroad. This quota may also be kept in interest bearing renewable term deposit accounts.

XII. IMMIGRATION

XII.A. Immigration Procedure

Business visitors to Bangladesh will require a visa. The visa has to be obtained from the Bangladeshi diplomatic mission in the visa applicant's country. Bangladesh issues the following categories of business visas:

- XII.A.1.** Single-entry for three months
- XII.A.2.** Multiple-entry for three months
- XII.A.3.** Multiple-entry for six months
- XII.A.4.** Multiple-entry for one year

XII.B. Landing Permit / Visa on Arrival (LP/VOA)

Foreign investors and businesspersons can apply for a LP/VOA on arrival at the Zia International Airport for a duration of 30 days provided:

- XII.B.1.** The foreign investor is identified by a certificate issued by BOI, BEPZA or the Ministry of Industries
- XII.B.2.** The foreign businessperson who is directly associated with import of Bangladeshi products is identified by a certificate from the relevant associations of export-oriented commercial/industrial organizations (ie- Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) or the Bangladesh Garment Manufacture and Export Association (BGMEA)).
- XII.B.3.** LP/VOA cannot be extended under any circumstances.

XII.B.4. The LP/VOA applicant must have \$500 endorsed in his/her passport or in cash.

XII.B.5. The LP/VOA applicant must have a return ticket.

XII.C. Work Permits

In order to employ a foreign national, it is imperative that the employer obtain a work permit. The following are the conditions need to be fulfilled before applying for a work permit:

XII.C.1. Nationality of Employee

All nationalities, except for Israeli citizens will be permitted to undertake employment in Bangladesh.

XII.C.2. Registered Industrial Establishments

Employment of expatriate personnel should only be considered in industrial establishments which are sanctioned/registered by the appropriate authority.

XII.C.3. Minimum Age of Foreign Employee

Persons below 18 years of age are not eligible for employment.

XII.C.4. Local Experts not Available

Employment of foreign nationals is normally considered for jobs in which local experts/technicians are not available.

XII.C.5. Decision made by the Board of Directors

The work permit application must include the decision of the Board of Directors to take on new employees.

XII.C.6. Maximum number of Foreign Employees

Number of foreign employees should not exceed 15% of the total employees including top management personnel.

XII.C.7. Duration of Employment

Initially employment of any foreign national is considered for a term of 2 years which could then be extended on the basis of merit of the case.

XII.C.8. Security Clearance

Security clearance must be obtained from the Ministry of Home Affairs.

XIII. CONTACT DETAILS

XIII.A. Embassies and Consulates

XIII.A.1. Embassy of the Islamic State of Afghanistan

House CWN (c)2A, Road 24, Gulshan, Dhaka-1212

Telephone : 603232, 601770

Fax : (880-2) 9884767

XIII.A.2. Australian High Commission

184 Gulshan Avenue, Dhaka-1212

Telephone : 8813101-5

Fax : (880-2) 8811125

XIII.A.3. Royal Bhutanese Embassy

House F5 (SE), Gulshan Avenue, Dhaka-1212

Telephone : 886863, 887160

Fax : (880-2) 8813939

XIII.A.4. Canadian High Commission

House 16/A, Road 48, Gulshan, Dhaka G.P.O Box 569

Telephone : 9887091-7, 883639

Fax : (880-2) 8813043

XIII.A.5. Embassy of the People's Republic of China

Plot 2 & 4, Road 3, Block 1, Baridhara, Dhaka

Telephone : 8814862, 8814164

Fax : (880-2) 8813004

XIII.A.6. Royal Danish Embassy

House 1, Road 51, Gulshan, Dhaka

Telephone : 8811799, 8812499, 8812599, 8812699

Fax : (880-2) 8813638

XIII.A.7. Embassy of the Arab Republic of Egypt

House NE (N) 9, Road 90, Gulshan Model Town, Dhaka-1212

Telephone : 8812766-7

Fax : (880-2) 8814883

- XIII.A.8. Embassy of the Republic of France**
House 18, Road 108, Gulshan, Dhaka-1212
Telephone : 607083, 605890
Fax : (880-2) 8813612
- XIII.A.9. Embassy of the Federal Republic of Germany**
178, Gulshan Avenue, Gulshan, G.P.O Box 108, Dhaka-1212
Telephone : 8814735-37
Fax : (880-2) 8813141
- XIII.A.10. Embassy of the Holy See (Vatican)**
United Nation Road 2, Baridhara Diplomatic Enclave P.O. Box
6003 Gulshan, Dhaka-1212
Telephone : 8812018, 8812143
Fax : (880-2) 8813574
- XIII.A.11. High Commission of India**
House 120, Road 2, Dhanmondi R/A, Dhaka-1205
Telephone : 8615373, 8615966, 8616171
Fax : (880-2) 8613662, 8617186
- XIII.A.12. Embassy of the Republic of Indonesia**
75, Gulshan Avenue, Gulshan Dhaka-1212
Telephone : 9881640, 9881641
Fax : (880-2) 8815391
- XIII.A.13. Embassy of the Islamic Republic of Iran**
House 7, Road 6, Baridhara, Dhaka-1212
Telephone : 8815948, 8815896, 603948
Fax : (880-2) 8818780
- XIII.A.14. Embassy of the Republic of Iraq**
House 8, Road 59, Gulshan-2, Dhaka-1212
Telephone : 600298-9
Fax : (880-2) 8813277
- XIII.A.15. Embassy of the Republic of Italy**
Plot 2/3, Road 74/79 Gulshan Model Town, Dhaka
Telephone : 8812781/3 PABX
Fax : (880-2) 8812578
- XIII.A.16. Embassy of Japan**
Plot 5 & 7, Dutabash Road, Diplomatic Enclave, Baridhara,
Dhaka-1212
Telephone : 8810087
Fax : (880-2) 8816737
- XIII.A.17. Embassy of the Democratic People's Republic of Korea**
House 6, Road 7, Baridhara, Dhaka

Telephone : 8811893
Fax : (880-2) 8810813

- XIII.A.18. Embassy of the Republic of Korea**
4 Madani Avenue, Baridhara, Dhaka
Telephone : 8812088-90, 8812041
Fax : (880-2) 8813871
- XIII.A.19. Embassy of the State of Kuwait**
SE(D)-5,26, South Link Road, Gulshan, Dhaka-1212
Telephone : 8812700-03 PABX
Fax : (880-2) 8813753
- XIII.A.20. People's Bureau of the Great Socialist People's Libyan Arab Jamahiriya**
4- CWN (C) Gulshan Avenue, Dhaka-1212
Telephone : 600148, 600149 PABX
Fax : (880-2) 8813417
- XIII.A.21. High Commission of Malaysia**
House 19, Road 6, Baridhara, Dhaka
Telephone : 8817760, 8817759
Fax : (880-2) 8813115, 8817761
- XIII.A.22. Embassy of the Kingdom of Morocco**
House 44, United Nations Road, Baridhara, Dhaka
Telephone : 8813176, 9880329
Fax : (880-2) 8810018
- XIII.A.23. Embassy of the Union of Myanmar**
House 106, Gulshan Avenue, Gulshan, Dhaka
Telephone : 601461, 601915
Fax :
- XIII.A.24. Royal Nepalese Embassy**
United Nations Road, Road 2, Baridhara Diplomatic Enclave,
Dhaka
Telephone : 601890, 602091, 601790
Fax : (880-2) 8816401
- XIII.A.25. Royal Netherlands Embassy**
House 49, Road 90, Gulshan, Dhaka
Telephone : 8812715
Fax : (880-2) 8813326
- XIII.A.26. Royal Norwegian Embassy**
House 9, Road 111, Gulshan, Dhaka
Telephone : 8813065, 8813880, 8810563
Fax : (880-2) 8813661

- XIII.A.27. High Commission for the Islamic Republic of Pakistan**
House NEO 2, Road 71, Gulshan Avenue, Dhaka-1212
Telephone : 8815388-89 PABX
Fax : (880-2) 8813677
- XIII.A.28. Embassy of the State of Palestine**
CES(C)-4, Road 118, Gulshan Model Town, Dhaka
Telephone : 603016, 603308
Fax : (880-2) 8813517
- XIII.A.29. Embassy of the Republic of the Philippines**
House 6, Road 101, Gulshan 2, Dhaka
Telephone : 605945, 600077, 8813686
Fax : (880-2) 8813097
- XIII.A.30. Embassy of the Republic of Poland**
House 111, Road 4, Banani, Dhaka
Telephone : 608503, 8815895
Fax : (880-2) 8817568
- XIII.A.31. Embassy of the State of Qatar**
House 23, Road 108, Gulshan, Dhaka
Telephone : 604477-78
Fax : 8813950
- XIII.A.32. Embassy of Romania**
House 33, Road 74, Gulshan, Dhaka-1212
Telephone : 8812502, 600128
Fax : (880-2) 8812502
- XIII.A.33. Embassy of the Russian Federation**
House NE(J)9, Road 79, Gulshan, Dhaka-1212
Telephone : 8818147, 601050, 8818142
Fax : (880-2) 8813735
- XIII.A.34. Royal Embassy of Saudi Arabia**
House 12 (NE)N, Road 92, Gulshan North Avenue, Dhaka-1212
Telephone : 8819124-31, 8816989
Fax : (880-2) 8813616
- XIII.A.35. Consulate of the Republic of Singapore**
House 15, Road 68/A, Gulshan-2, Dhaka-1212
Telephone : 9880404, 9880337
Fax : (880-2) 9883666
- XIII.A.36. The High Commission of the Democratic Socialist Republic of Sri Lanka**
House 15, Road 50, Gulshan-2, Dhaka

Telephone : 870779, 603048, 8812790
Fax : 8813971

- XIII.A.37. Embassy of Sweden**
House-1, Road 51, Gulshan, Dhaka
Telephone : 8814761-64, 8810220
Fax : (880-2) 8813948
- XIII.A.38. Embassy of Switzerland**
House 31-B, Road 18, Banani, Dhaka-1213
Telephone : 872874-6
Fax : (880-2) 8813872
- XIII.A.39. Royal Thai Embassy**
H-NW(D)-4, Road 58/62, Gulshan Model Town, Dhaka
Telephone : 872795-96, 873260
Fax : (880-2) 8813588
- XIII.A.40. Embassy of the Republic of Turkey**
House 7, Road 62, Gulshan, Dhaka
Telephone : 8812198, 8813536, 8813297
Fax : (880-2) 8813873
- XIII.A.41. Embassy of the United Arab Emirates**
House CEN (H) 41, Road 113, Gulshan, Dhaka-1212
Telephone : 9882244, 9882255
Fax :
- XIII.A.42. British High Commission**
United Nations Road, P.O. Box 6079, Baridhara, Dhaka-1212
Telephone : 8812705-9
Fax : (880-2) 8813437, 8813474
- XIII.A.43. Embassy of the United States of America**
Madani Avenue, P.O. Box 323, Baridhara, Dhaka
Telephone : 8814700-22
Fax : (880-2) 8813744
- XIII.A.44. Consular Agency of the Republic of Uzbekistan**
Wali Centre, 3rd floor, House 74, Gulshan Avenue, Dhaka-1212
Telephone : 601022
Fax : (880-2) 8813452
- XIII.A.45. Delegation of the European Commission**
House 7, Road 84, Gulshan, Dhaka
Telephone : 8814730-2, 607016, 871464
Fax : (880-2) 8813118

XIV. TERMS AND DEFINITIONS

XIV.A. Board of Investment

The Board of Investment (BOI) was established by the Investment Board Act of 1989 to promote and facilitate investment in the private sector both from domestic and overseas sources with a view to contribute to the socio-economic development of Bangladesh. It is headed by the Prime Minister and is a part of the Prime Minister's Office.

Major Functions of BOI include:

- Providing necessary facilities and assistance in the establishment of industries.
- Implementing investment related GOB policies.
- Preparing investment schedule.
- Registering private sector industrial projects; and
- identifying competitive investment sectors and facilitating investment by providing information and services.

XIV.B. Bangladesh Small Cottage and Industry Corporation (BSCIC)

BSCIC is a promotional organisation. It fosters the promotion and extension of Small and Cottage Industries (SCI) in the private sector in Bangladesh and is a Government statutory body.

BSCIC Provides the following:

- Pre investment counselling
- In plant advisory services
- Post investment extension services,
- Developed Industrial plots for investors

XIV.C. Foreign Direct Investment (FDI)

The World Investment Report 2002 (UNCTAD:2002:291) has detailed the FDI as following:

FDI is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an

enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. FDI may be undertaken by individuals as well as business entities.

XIV.D. Export Processing Zone (EPZ)

EPZs provide necessary fiscal, non-fiscal and infrastructure facilities for export-oriented enterprises. There are various benefits enjoyed by businesses within an EPZ namely, tax holidays, ready-made factory buildings and industrial plots are available for rental, and duty free imports of supplies. Bangladesh Export Processing Zone Authority approves all projects to be located in the EPZs.