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Investment Environment in Bangladesh

a. General Features

Bangladesh offers an unparalleled conducive investment climate compared to the other South Asian economies.

- Bangladesh is a largely homogenous society with no major internal or external tensions and a population with great resilience in the face of adversity (e.g. natural calamities).
- Bangladesh is a liberal democracy and mostly a one race and one religion country. The population of this country irrespective of race and religion have been living in total harmony and understanding for thousands of years.
- It enjoys broad non-partisan political support for market-oriented reform and offers the most investor-friendly regulatory regime in South Asia.
- Bangladesh owns a trainable, enthusiastic, hardworking and low-cost (even by regional standards) labor force suitable for any labor-intensive industry.
- Geographical location of the country is ideal for global trades with very convenient access to international sea and air route. Bangladesh is the bridge between ASEAN and SAARC nations.
- Bangladesh is endowed with abundant supply of natural gas, water and very fertile soil.
- Although Bengali is the official language, English is widely spoken as second language. Majority of even moderately educated population can read, write and speak in English.
- As a result of low per capita GDP of only US\$ 430, present domestic consumption is not significant. However, it may be considered that there exists a middle class with significant purchasing power. As economic growth picks up, the purchasing power will also grow substantially. And in a country of more than 133.4 million people, even a small middle class may constitute a significant market.
- Bangladeshi products other than armaments enjoy complete duty and quota free access to EU, Japan, Canada, Australia, Norway and most of the developed countries. However, for apparel export to USA, Bangladesh has a quota regime which is generally favorable.

b. Regulatory and Legal Framework

Investment in Bangladesh is well protected by law and by practice. Major laws related to foreign investment are:

- The Foreign Private Investment (Promotion and Protection) Act of 1980
- The Bangladesh Export Processing Zones Authority Act of 1980
- The Investment Board Act of 1989



Traditional craftsmanship and contemporary designs blend to produce exquisite jewellery

- The Companies Act 1994
- The Bangladesh Private Export Processing Zones Act of 1996
- The Industrial Policy 1999
- The Import Policy Order 2003-2006

In addition, foreign investors are also required to follow the regulations of the Bangladesh Bank - central bank of the country and the National Board of Revenue for taxation and customs matters.

Important legislations and their highlights have been cited at Appendix II.

c. Bilateral Investment Agreements

The Foreign Private Investment (Promotion and Protection) Act 1980 includes a guarantee of fair and equitable treatment to foreign private investment. Such national treatment is also provided in bilateral investment treaties (BITs) for the promotion and protection of foreign investment which was concluded with 24 countries listed below:



Quality finished leather from Bangladesh



Hilsa from the Padma, a prized item in Bangladesh cuisine

BITs Concluded with

- | | | |
|--------------|------------------------|---------------------|
| 1. Austria | 9. Italy | 17. Switzerland |
| 2. Belgium | 10. Japan | 18. The Netherlands |
| 3. Canada | 11. Korea, DPR | 19. The Philippines |
| 4. China | 12. Korea, Republic of | 20. Turkey |
| 5. France | 13. Malaysia | 21. Thailand |
| 6. Germany | 14. Pakistan | 22. UK |
| 7. Indonesia | 15. Poland | 23. USA |
| 8. Iran | 16. Romania | 24. Uzbekistan |

Negotiations on concluding BITs have also been going on with other 17 countries i.e. India, Hungary, Oman, Moldova, Egypt, Mauritius, Ukraine, Australia, Romania, Byelorussia, Bahrain, Spain, Finland, Nigeria, Saudi Arabia and Vietnam.

Separate bilateral agreements for avoidance of double taxation (DTTs) were also signed with 20 countries as listed below:

DTTs Concluded with

- | | | |
|------------|---------------|-----------------------|
| 1. Belgium | 8. Italy | 15. Republic of Korea |
| 2. Canada | 9. Japan | 16. Sri Lanka |
| 3. China | 10. Malaysia | 17. Sweden |
| 4. Denmark | 11. Pakistan | 18. Thailand |
| 5. France | 12. Poland | 19. The Netherlands |
| 6. Germany | 13. Romania | 20. UK |
| 7. India | 14. Singapore | |

Negotiations on DTTs are also progressing with the following 21 countries :

DTTs Under Negotiation

- | | | |
|----------------|------------------|--------------------|
| 1. Austria | 8. Indonesia | 15. Norway |
| 2. Australia | 9. Iran | 16. South Africa |
| 3. Byelorussia | 10. Saudi Arabia | 17. Spain |
| 4. Cyprus | 11. Myanmar | 18. Switzerland |
| 5. Finland | 12. Morocco | 19. The Philippine |
| 6. Greece | 13. Nepal | 20. Tunisia |

7. Hong Kong



Garment's workers are working in a factory

14. Nigeria

21. Uzbekistan



The spread of fresh winter vegetables for export

In addition, Bangladesh is a signatory to Multilateral Investment Guarantee Agency (MIGA), Overseas Private Investment Corporation (OPIC) of USA, International Center for Settlement of Investment Disputes (ICSID) and a member of World Intellectual Property Organization (WIPO) permanent committee on development cooperation related to industrial proper Bangladesh ensures adequate protection for intellectual property rights, such as patents, designs & trademarks and copyright.

d. Credit Rating of Bangladesh

Bangladesh does not have any sovereign credit rating till date. However, the creditworthiness of Bangladesh is regularly quantified on monthly basis by the various export Credit Rating Agencies (ECAs). This ECAs are members of the Berne Union. Detail activity profiles are available at Berne Union website www.berneunion.org.uk/members.html .



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