



## Doing Business in Bangladesh: 2013 Country

### Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business In Bangladesh

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### Market Overview

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- Bangladesh, a densely-populated country of 155 million people in an area the size of Iowa, has registered steady annual GDP growth of 5-7 percent since 1990 driven by a booming garment industry and rising remittance flows.
- A stable macroeconomic environment and dynamic private sector have helped increase GDP to nearly \$120 billion in Fiscal Year 2012 (from July 1, 2011 – June 30, 2012) with \$33.3 billion in imports and \$24 billion in exports.
- The IMF estimated that real GDP growth declined slightly from 6.7 percent in FY 2011 to 6.3 percent in FY 2011 while inflation fell from 10.2 percent to 8.7 percent for the same periods.
- U.S. exports to Bangladesh increased by 2% from \$864 million in FY 2011 to \$887 million in FY 2012, while U.S. imports from Bangladesh rose 1% from \$4.86 billion to \$4.9 billion in the same periods.
- Nearly ten million Bangladeshis, concentrated mainly in Dhaka and Chittagong, have annual incomes well in excess of \$10,000, offering a sizable market for a wide range of goods and services.
- Bangladesh's garment industry currently produces roughly 80 percent of the country's exports. Garment exports have expanded steadily since 1990 despite chronic energy shortages, infrastructure constraints, occasional labor unrest and periods of weakening global demand.
- With a workforce growing by roughly 2 million per year and one of the world's lowest wage rates, Bangladesh has an opportunity to replicate its success in ready-made garment production by developing other labor-intensive industries.
- The rapid growth of Bangladesh's garment industry and increasing investment in energy sector projects have created growing opportunities for U.S. exports of machinery and raw materials.
- Bangladesh is one of the top 10 remittance earning countries in the world and remittance growth remained buoyant through the world economic downturn, slowed in 2011 but regained strength in 2012.

## Market Challenges

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- Despite a relatively good economic growth performance in the last decade, investment climate constraints, notably deficiencies in energy and transportation infrastructure, have prevented Bangladesh from achieving higher growth.
- Election year political unrest including frequent disruptive general strikes have heightened political uncertainty and dampened investment in 2013, but projections of continued 6% GDP growth show the resilience of Bangladesh's economy in weathering these short-term challenges.
- A series of garment industry accidents including the death of 1,127 workers in the collapse of Rana Plaza in April 2013 have highlighted the urgent need for Bangladesh to improve worker rights and develop durable mechanisms for ensuring workplace safety in order to preserve and expand its existing markets.
- Economic weaknesses include an undeveloped and undercapitalized financial sector, an inefficient and chronically loss-making public sector, and a decision-averse bureaucracy that often resists measures to improve the investment climate.
- While Bangladesh made some progress in reducing corruption during the last decade, corruption is still widely perceived to be endemic at all levels of society. Bangladesh fell to 144th out of 176 countries in Transparency International's 2012 Corruption Perception Index after ranking 120th among 183 countries in 2011.
- Shortages of land, gas and power are also major impediments to investment. Bangladesh's long-term energy security could benefit from rapid and efficient extraction of domestic coal reserves. Five good quality coal deposits, with proven reserves of more than 2.5bn MT have been discovered in Bangladesh.

## Market Opportunities

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The leading commercial sectors for U.S. exports and investment include:

- Electrical Power Systems
- Textile Machinery/Equipment
- Oil, Gas and Mineral Exploration/Production Services
- Computers/Peripherals and Computer Software
- Architectural, Construction and Engineering Services
- Pharmaceutical Machinery/ Equipment

Leading agricultural sectors for U.S. exports include:

- Cotton
- Wheat
- Soybeans
- Animal Feed
- Dairy Products

- Personal relationships are important when selling products in Bangladesh. Many companies identify distributors or local agents to sell their products on an exclusive or non-exclusive basis. U.S. companies can evaluate potential business partners based on technical capacity, market experience and other factors. (The U.S. Trade Center at the U.S. Embassy can offer services to help identify and assess Bangladesh companies as potential business partners.)
- Many firms service Bangladesh from their offices in India, Singapore and other offices in South or Southeast Asia.
- As companies become more established in the market, they may choose to open a branch or subsidiary office.
- Some consumer goods companies have established manufacturing facilities in Bangladesh.
- Some companies have begun granting franchise licenses in Bangladesh, including casual theme restaurants, clothing, health spas and specialty goods.
- Successful companies adapt their products to the demands of the local marketplace. This may include smaller packaging to reduce retail pricing and marketing strategies that appeal to local consumer preferences.

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## COUNTRY FACT SHEET: BANGLADESH

### PROFILE

Population in 2011 (Millions): 148  
 Capital: Dhaka  
 Government: Republic

### ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	94.9	106	114
Nominal GDP Per Capita (Current \$US)	653	723	767
Real GDP Growth Rate (% change)	5.9	6.4	6.5
Real GDP Growth Rate Per Capita (% change)	4.8	5.2	5.4
Consumer Prices (% change)	5.4	8.1	10.7
Unemployment (% of labor force)			
Economic Mix in 2011: 28.6% All Industries; 18.2% Manufactures; 53% Services; 18.4% Agriculture			

### FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Bangladesh Exports to World	0	0	0
Bangladesh Imports from World	0	0	0
U.S. Exports to Bangladesh	435	578	1,144
U.S. Imports from Bangladesh	3,699	4,294	4,877
U.S. Trade Balance with Bangladesh	-3,264	-3,716	-3,733
<b>Position in U.S. Trade:</b>			
Rank of Bangladesh in U.S. Exports	90	88	78
Rank of Bangladesh in U.S. Imports	47	46	46
Bangladesh Share (%) of U.S. Exports	0.04	0.05	0.08
Bangladesh Share (%) of U.S. Imports	0.24	0.22	0.22

#### Principal U.S. Exports to Bangladesh in 2011:

1. Agricultural Products (31.7%)
2. Transportation Equipment (29.6%)
3. Machinery, Except Electrical (8.1%)
4. Chemicals (5.2%)
5. Electrical Equipment, Appliances & Components (4.5%)

#### Principal U.S. Imports from Bangladesh in 2011:

1. Apparel & Accessories (92.5%)
2. Textile Mill Products (3.9%)
3. Fish, Fresh/Chilled/Frozen & Other Marine Products (1.4%)

### FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Bangladesh (US \$Millions)		197	227
FDI in U.S. by Bangladesh (US \$Millions)	2.0	3.0	4.0

### DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 129 of 185  
 Heritage/WSJ 2012 Index of Freedom Rank: 130 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Bangladesh Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

[Country Background Notes for Bangladesh](#)

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### Using an Agent or Distributor

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U.S. companies may appoint a Bangladeshi firm or individual as an exclusive or nonexclusive agent or distributor. The local agent should be reputable, imaginative, active, politically astute, well connected, and technically competent. A local agent may be authorized to service industrial consumers, to bid on government tenders, to place orders or book indent orders for his own account.

Given the level of corruption that pervades Bangladesh, exporters are cautioned to screen carefully any potential agents working on their behalf. The U.S. Embassy's experience suggests that a significant proportion of local agents do not adhere to U.S. standards of business ethics. Many local agents admit to having paid bribes and using undue influence to get a contract awarded in public procurement. Although local agents routinely sign documents agreeing to comply with the Foreign Corrupt Practices Act, many of them continue to conduct under-the-table deals without the U.S. companies' knowledge or approval. Companies need to exercise caution when hiring local agents and thoroughly educate the agent about acceptable business practices. Companies also should monitor local agents' activities as closely as possible. Personal interviews are useful in discussing a business proposal with a potential agent or distributor. Close political ties with the current government do not automatically guarantee success, as new governments have delayed or re-tendered deals from their predecessors.

American firms looking for agents or distributors in Bangladesh may wish to contact a district Department of Commerce office or the U.S. Trade Center in Dhaka ([ustc-dhaka@state.gov](mailto:ustc-dhaka@state.gov)) to discuss commercial services that can assist identifying and evaluating potential business partners. These services include: the International Partner

Search (IPS) service providing a list of pre-screened companies with experience in different fields; the International Company Profile (ICP) service providing background information on a specific company, including sales and after-sales capabilities, as well as bank and trade references; and the Gold Key Service (GKS) providing full-service support to U.S. companies including U.S. Embassy briefings, scheduling of meetings with local firms and logistical support to visiting U.S. companies. Details on these services are available at: [dhaka.usembassy.gov/doing\\_business](http://dhaka.usembassy.gov/doing_business) .

## **Establishing an Office**

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Any foreign firm with its corporate head office outside Bangladesh wishing to open a branch or liaison office must submit an application to [the Board of Investment \(BOI\)](#) where they can also confirm whether other Government approvals would be necessary depending on the nature of the investment. More details on registration forms, requirements and investment rules can be found on the BOI website: [boi.gov.bd](http://boi.gov.bd) Under the provisions of the Companies Act of 1994, companies can fulfill registration requirements by filing a registration form with the [Registrar of Joint Stock Companies and Firms \(www.roc.gov.bd\)](#)

A business in Bangladesh may be organized as a sole proprietorship, a partnership, or as an incorporated or unincorporated association. Foreign investors normally form corporations in Bangladesh. Two broad categories of corporations exist: public and private. Companies of either type may be limited or unlimited. The liability of the shareholders of a limited company is restricted to the amount of share capital subscribed by them or held in their name. The liability of the shareholders of an unlimited company is not limited. A minimum of seven shareholders is required to establish a public limited company; there is no limit on the number of shareholders. A private company requires a minimum of two shareholders, and its total number of shareholders may not exceed fifty.

## **Franchising**

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Although less common than agent or distributorship agreements, there are a growing number of franchised businesses in Bangladesh, including: Pizza Hut, Kentucky Fried Chicken, Gold's Gym, Movènpick, Baskin Robbins, Andersen's of Denmark, Nandos, Wimpy, A&W, and Pizza Inn. There are no regulations to restrict the establishment of franchises in Bangladesh.

## **Direct Marketing**

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While there are no laws in Bangladesh regulating or prohibiting the direct marketing model of product distribution, the Embassy is not aware of any companies using direct marketing distribution in Bangladesh.

## **Joint Ventures/Licensing**

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Bangladeshi businesses are eager to collaborate with foreign partners, and the government encourages joint ventures. Local businessmen are particularly receptive to joint ventures in which the foreign partner provides the foreign exchange capital, equipment, technology and expertise, while the local partner provides land, building(s), labor and knowledge of the local market. The Industrial Policy of 2010 available on the [Ministry of Industries website \(www.moind.gov.bd\)](#) ensures equal treatment for local

investment, joint ventures, and 100% foreign investment. According to the policy, no special permission of the government is required to set up a joint venture project, although normal commercial licensing requirements may apply.

## **Selling to the Government**

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The government is the country's largest importer. Most government agencies, autonomous organizations, and public sector corporations import directly through public tenders, which are publicly announced or issued to registered suppliers. The principal government organizations issuing public tenders include:

- [Bangladesh Chemical Industries Corporation \(BCIC\)](#)
- [Bangladesh Oil, Gas and Mineral Corporation \(BOGMC or Petrobangla\)](#)
- [Bangladesh Power Development Board \(BPDB\)](#)
- [Bangladesh Steel & Engineering Corporation \(BSEC\)](#)
- [Bangladesh Sugar & Food Industries Corporation \(BSFIC\)](#)
- [Bangladesh Telecommunications Regulatory Commission \(BTRC\)](#)
- [Civil Aviation Authority of Bangladesh \(CAAB\)](#)
- [Dhaka Electric Supply Company Limited \(DESCO\)](#)
- [Directorate General of Defense Purchase \(DGDP\)](#)
- [Rural Electrification Board \(REB\)](#)
- [Trading Corporation of Bangladesh \(TCB\)](#)
- [Water and Sewage Authority \(WASA\)](#)

A large number of public tenders are published in the local media and posted on the Central Procurement Technical Unit (CPTU) website ([www.cptu.gov.bd](http://www.cptu.gov.bd)). The U.S. Embassy's Commercial Section monitors procurement notices and reports the significant opportunities as "Trade Leads" through the Department of Commerce. These trade leads can be found at [www.export.gov/eac/trade\\_leads](http://www.export.gov/eac/trade_leads).

Notwithstanding efforts to increase transparency, the public procurement process is often highly contentious and widely perceived as subject to manipulation. Delays, reversals and retendering are quite common as competing firms often trade allegations of technical deficiencies and corruption in the tender process. While local agents can sometimes help to navigate the challenging procurement process, it is important for firms to be particularly proactive with local partners and vigilant to ensure compliance with the Foreign Corrupt Practices Act.

## **Distribution and Sales Channels**

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The primary channels for distribution and sales of U.S. goods in Bangladesh are through resident agents, representatives and licensed distributors. A substantial share of Bangladesh's imports is purchased through tender or direct purchase by public sector corporations, autonomous bodies, and government-controlled corporations. These agencies often prefer to deal with local firms acting as exclusive agents or licensed distributors of foreign manufacturers and suppliers. In the private sector, too, businesses prefer to deal with agents to ensure after sales service and continuous supply of spare parts, and to resolve any future technical problems. Non-exclusive arrangements are common for commodities such as cotton, wheat, edible oil, chemicals, and metals, where brand names are not as important.

Although there are some large commercial groups in Bangladesh that purchase in bulk for distribution through their own retail outlets, direct sales to retailers are not common. A typical retail shop specializes in a single commodity type, such as tires, cooking utensils, or jewelry. It is frequently located in a crowded bazaar area near other shops carrying similar goods and is likely to be small. While many retail stores carry general merchandise, few carry a wide enough range to be considered small department stores. Urban and rural retailers purchase their inventories from wholesalers located in the major urban areas.

### **Selling Factors/Techniques**

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Consumer goods are marketed primarily through distributors based in Dhaka to a price-sensitive market with a gradually growing appetite for higher-priced branded goods. Suppliers of capital goods, agricultural products and raw materials for garment and other export industries frequently market their products through local agents experienced in working with government and industrial buyers. U.S. firms may also consider promoting their products/services through the annual U.S. Trade Show usually held in February in Dhaka and cosponsored by the U.S. Embassy and the [American Chamber of Commerce in Bangladesh](#).

### **Electronic Commerce**

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Electronic commerce is very limited in Bangladesh due to the low rate of internet penetration, low per capita income levels and limited development of e-commerce services. Business-to-Business e-commerce is practiced on a limited scale in the export sector of Bangladesh and a few international and private banks offer online banking services. Due to low internet penetration and widespread availability of cell phones, government and private companies have developed diverse applications for cell phone payments. The government is developing legislation to authorize electronic payments and encourage greater e-commerce applications. In 2009, Bangladesh Central Bank introduced online payment systems facilitating fund transfers and online payment of utility bills by credit card.

According to [Bangladesh Telecommunication Regulatory Commission](#), Bangladesh now has more than 100 registered Internet Service Providers (ISPs). Bangladesh is connected to the SEA-ME-WE4 submarine fiber cable. The Government owned Bangladesh Telecommunications Company Ltd. (BTCL) is in charge of the distribution of the undersea fiber capacity. Most ISPs rely on SEA-ME-WE4 bandwidth from the submarine cable but most keep a satellite backup in case of fiber outage. Bandwidth is expensive compared to rates in the region and in developed countries. Standard consumer "broadband" (an always-on WAN connection) speeds ranges from 128 kbps to 2 mbps or more for residential and corporate users at various price levels. ISP backbone bandwidth is generally inadequate for peak demand, which can result in degraded connection speeds. Under the Digital Bangladesh initiative, the government is working to expand internet connectivity, develop a network of shared internet access points and expand e-services by government agencies.

### **Trade Promotion and Advertising**

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Bangladesh has a small but growing advertising and market research industry. Product

and trade advertisements are the most commonly used sales promotion vehicle in Bangladesh, and are carried through the range of advertising media, including newspapers, magazines, radio, television, billboards, and exhibitions. Television is widely accessible in urban and rural areas, with print media and radio targeting a more limited audience.

Bangladesh has a large and vigorous newspaper and magazine sector, with over 200 English and Bengali newspapers and magazines, including over 100 dailies. The principal English-language dailies published in Dhaka include [The Daily Star](#), [The Dhaka Tribune](#), [BDNews24](#), [The Financial Express](#), [The Independent](#) and [New Age](#). The primary Bangla dailies are [Jugantor](#), [Ittefaq](#), [Prothom Alo](#), [Janakantha](#), [Manabzamin](#), and [Naya Diganta](#).

Bangladesh has several private satellite television stations: [Channel i](#), [ATN Bangla](#), [NTV](#), [RTV](#), Bangla Vision, Boishakhi, [Channel I](#), Ekushey TV (ETV) and Islamic TV. The government-run [Bangladesh Betar](#) (Radio) offers commercial advertisements, generally in Bangla, while government-run Bangladesh Television (BTV) carries advertisements in English and Bangla. In the private sector, Bangladesh has four FM radio stations: Radio Furti, Radio Today, [Ekushey Radio](#), and ABC Radio. Broadcast hours of public and private stations vary, with some offering 24 hour coverage.

Satellite television is increasingly popular in urban areas, with most programs beamed from Hong Kong (Star TV) and India. CNN, BBC, ESPN, Cartoon Network, Discovery, National Geography, MTV and other channels from the U.S. and Europe are also available through local or regional distributors and may carry local advertising. Local cable TV companies, which have sprung up in Dhaka and Chittagong during the last three years, offer a relatively wide selection of foreign programming. The [Export Promotion Bureau](#) is the local authority that arranges trade fairs both in country and outside of the country.

## Pricing

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Other than a few essential pharmaceutical products and petroleum products, the government does not impose price controls and market pricing prevails. Due to inefficiencies in the market, the price level for most products is often higher in Bangladesh than in more developed markets. VAT and excise taxes are imposed at various rates, depending on the class of goods, but are not uniformly collected from all sellers in the marketplace. Enforcement sometimes discriminates against foreign suppliers.

## Sales Service/Customer Support

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Sales service and customer support are critical, particularly for private sector customers. Marketing consumer durables such as electric generators, capital machinery, and large air conditioning plants requires sound technical support for installation as well as maintenance needs. Agents of U.S. firms dealing with these products should maintain sufficient technical staff and spare parts stock to support their customers.

Bangladesh has been a member of the World Intellectual Property Organization (WIPO) in Geneva since 1985. Bangladesh is a signatory of the Uruguay Round agreements, including the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). As a least-developed country, Bangladesh has been given until July 1, 2013 to provide protection for trademarks, copyrights, patents and other intellectual property under the WTO agreement, following a decision by WTO members in December 2005 in Hong Kong. The government has made incremental progress in bringing its legislative framework for IPR protection into compliance with TRIPS. Notwithstanding these efforts, the Government of Bangladesh has limited institutional capacity for IPR enforcement and, as a result, IPR infringements are common.

Several general principles are important for effective management of intellectual property ("IP") rights in Bangladesh. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Bangladesh than in the U.S. Third, rights must be registered and enforced in Bangladesh, under local laws. Your U.S. trademark and patent registrations will not protect you in Bangladesh. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Bangladesh market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Bangladesh. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Bangladesh law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Bangladesh require constant attention. Work with legal counsel familiar with Bangladesh laws to create a

solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Bangladesh or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Intellectual Property Association of Bangladesh (IPAB)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking

imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Bangladesh at: [kalpana.reddy@trade.gov](mailto:kalpana.reddy@trade.gov)

## Due Diligence

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Traditional commercial instruments, like letters of credit, may be used to protect buyers and sellers from basic transactional risks. When considering a more extensive commercial relationship, however, U.S. businesses are advised to exercise due diligence appropriate to the relationship. To check the bona fides of a bank, agent, or customer, U.S. firms can contact one of several Bangladeshi chambers of commerce or business associations. The U.S. Embassy's Commercial Section may also be able to provide some useful information. No fee is charged for primary information about firms. For a more detailed check, the U.S. Embassy offers the International Company Profile (ICP) service. An ICP is a confidential business report providing background information on individual Bangladeshi firms. Each report includes information on product lines, value and size of business, volume of operations, business reputation, and trade references.

U.S. firms may request an ICP by contacting the U.S. Department of Commerce or the nearest Export Assistance Center in the United States or by directly contacting us at [US Trade Center - Dhaka](#).

The fee for an ICP ranges from U.S. \$ 350 to \$900 and it is prepared within 30 working days from the date of request. For more information on services, fees and modes of payment, please contact the [US Trade Center - Dhaka](#).

## Local Professional Services

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We suggest the following web links for the principal professional associations and business chambers in Bangladesh:

[American Chamber of Commerce in Bangladesh \(AmCham\)](#)  
[Association for Economic and Development Studies on Bangladesh](#)  
[Dhaka Chamber of Commerce](#)  
[Bangladesh Chamber of Industry \(BCI\)](#)  
[Federation of Bangladesh Chambers of Commerce and Industry \(FBCCI\)](#)  
[Foreign Investors' Chambers of Commerce & Industry \(FICCI\)](#)

[Metropolitan Chamber of Commerce and Industry, Dhaka \(MCCI\)](#)  
[The Institute of Chartered Accountants of Bangladesh](#)  
[The Institute of Cost and Management Accountants of Bangladesh](#)  
[Bangladesh Association of International Recruiting Agencies \(BAIRA\)](#)

## Web Resources

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### Business Chambers

[American Chamber of Commerce in Bangladesh \(AmCham\)](#)  
[Bangladesh Chamber of Industry \(BCI\)](#)  
[Dhaka Chamber of Commerce and Industry \(DCCI\)](#)

Federation of Bangladesh Chambers of Commerce & Industry (FBCCI)  
Foreign Investors' Chambers of Commerce & Industry (FICCI)  
Metropolitan Chamber of Commerce & Industry (MCCI)

**Media – Electronic**

ATN Bangla  
Bangladesh Betar  
Bangladesh Television (BTV)  
Channel i TV  
Ekushey Radio  
NTV Bangla  
RTV

**Media – Print**

Daily Ittefaq  
Daily Janakantha  
Daily Naya Diganta  
Daily Prothom Alo  
Daily Star  
Manabzamin  
Financial Express  
Independent  
Jugantor  
Daily New Age

**Associations**

Association for Economic and Development Studies on Bangladesh  
Center for Policy Dialogue (CPD)  
Development Design Consultants Ltd. (DDC)  
Bangladesh Association of International Recruiting Agencies (BAIRA)  
Survey Research Group of Bangladesh [SRGB]  
The Institute of Chartered Accountant of Bangladesh  
The Institute of Cost and Management Accountants of Bangladesh

**Bangladesh Government**

Bangladesh Bureau of Statistics  
Bangladesh Chemical Industries Corporation (BCIC)  
Bangladesh Oil, Gas and Mineral Corporation (BOGMC or Petrobangla)  
Bangladesh Power Development Board (BPDB)  
Bangladesh Steel & Engineering Corporation (BSEC)  
Bangladesh Sugar & Food Industries Corporation (BSFIC)  
Board of Investment -Bangladesh  
Export Promotion Bureau  
Industrial Policy of 2005  
Registrar of Joint Stock Companies and Firms  
Rural Electrification Board (REB)  
Trading Corporation of Bangladesh (TCB)

**US Government**

Department of Commerce Trade Leads  
U.S. Export Assistance Center

[U.S. Trade Center - Dhaka](#)

**Additional Sites**

[Bangladesh Net Information Portal](#)

[Bangladesh Yellow pages](#)

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

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### **Agricultural Sectors**

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## Electrical Power Systems

### Overview

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With widespread consensus that energy shortages are Bangladesh's biggest economic constraint, the government regards efforts to expand energy supplies as a top priority. After nearly a decade of limited investment resulted in worsening power shortages by 2010, the government loosened public procurement rules for energy projects in order to expedite a wide range of short-term rental power projects and longer-term projects.

While the Government of Bangladesh has made progress in increasing generation capacity through rental power projects, supply has not kept pace with energy demand growing at 12% annually. Since 2010, the Bangladesh Power Development Board has approved 20 rental power projects to provide roughly 2,000 megawatts (MW) of additional capacity. Bangladesh currently possesses an installed capacity of roughly 8,000 megawatts (MW). With much of the installed generating base nearing the end of its useful life, frequent breakdowns reduce generation capacity by nearly 2,000 MW and gas shortages render an additional 1,100 MW idle. The Government is developing a gas pipeline to reduce gas shortages while pursuing ambitious plans to develop medium and long-term projects to develop gas-fired, dual fuel and coal power plants to double generation capacity by 2015. Financing constraints, fuel shortages and bureaucracy have historically slowed the development of energy projects and these challenges are likely to continue.

Several multilateral development banks are involved in supporting energy policy reforms and financing power plant construction. The Asia Development Bank and Islamic Development Bank have approved loans of \$300 million and \$200 million respectively for projects to upgrade several gas generation plants to more efficient turbines with higher output. Under the \$290 million Rural Electrification and Renewable Energy Development Project, the World Bank and other donors are providing technical assistance to support the distribution of solar panels in substantial areas outside the electricity grid.

Though natural gas has long served as the dominant energy source in Bangladesh, gas transmission constraints have contributed to idle generation capacity and power shortages. As a result, the government is seeking to diversify energy resources through dual fuel, coal-fired and renewable energy projects. Bangladesh has estimated reserves of about 14-16 trillion cubic feet (tcf), but low gas prices and legal disputes have limited new investment in gas exploration. While renewable energy technologies struggle to compete with gas-fired generators and other low-cost energy sources, the government is seeking to expand renewable energy, particularly through the use of solar panels in rural areas.

Bangladesh has substantial high-quality coal reserves, an estimated 2 billion tons, enough to power the country for 50 years, in two adjacent fields in northwestern Bangladesh. While a Chinese firm has conducted small-scale shaft mining in one coal field, public controversy over environmental risks and displacement of people has delayed proposals to undertake open-pit mining. The government has acknowledged that open-pit mining is the most economically viable means of developing these coal deposits and it is currently crafting a new coal policy that will govern foreign involvement in the coal sector.

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Generators, turbines, substations, transmission cables and power plants

## **Opportunities**

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By 2015, Bangladesh plans to generate an additional 7,000 MW of power

## **Web Resources**

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[Bangladesh Power Development Board](#)  
[Ministry of Power, Energy and Mineral Resources](#)

## **Textile machinery and equipment**

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The steady growth of textile and garment industry is providing opportunities for exporters of machinery and supplies for the textile and garment industries. Bangladesh exported nearly \$20 billion worth of ready-made garments in 2012, including more than \$4 billion to the U.S., the largest single export market. The European Union, Canada, Japan, and Australia are also important export markets. During the last decade, Bangladesh has increased the level of local content in its garment industry as producers have increased linkages with the textile industry and diversified into higher-value products. Most raw materials for knitwear products are now produced domestically, while a smaller but increasing share of woven materials are produced domestically.

Existing companies continue to invest in new machinery to improve efficiency and remain competitive in the market. The market for textile machinery and components is expected to grow steadily over the next several years, and U.S. suppliers of sophisticated weaving, spinning, finishing and dyeing machinery should find a ready market. New machinery from Japan, Korea, Britain, Switzerland, and Germany also competes in this market. There have been signs of increased interest in used and reconditioned equipment from the U.S., which often offers better value. Suppliers should take care to clarify expectations from Bangladeshi firms, as some buyers have complained about communication and responsiveness of U.S. suppliers of used and reconditioned equipment. Bangladeshi buyers typically prefer to see a demonstration of the machinery they intend to purchase.

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Textile machinery and equipment

### **Opportunities**

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Bangladesh continues to increase production capacity to meet rapidly growing demand for knitwear and woven garment exports while expanding linkages to domestic yarn and fabric suppliers.

### **Web Resources**

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[Bangladesh Garment Manufacturers and Exporters Association \(BGMEA\)](#)  
[Bangladesh Knitwear Manufacturer & Exporters Association \(BKMEA\)](#)  
[Bangladesh Textile Mills association \(BTMA\)](#)

## **Oil, Gas, and Mineral Exploration/Production Services**

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While Bangladesh has substantial proven gas reserves (estimated at more than 15 trillion cubic feet), rising demand and inadequate gas transmission infrastructure have led to increasing shortages, estimated in 2012 at roughly 500 million cubic feet per day or 20 percent of peak demand. Subsidiaries of the national petroleum company, Petrobangla and several International Oil Companies (IOCs) produce an average of 2,200 million cubic feet per day (mmcf), supplying roughly 80% of Bangladesh's commercial energy consumption. Chevron has expanded its production over the past five years to become the largest gas producer responsible for roughly half of total gas supply. Chevron is expanding its Bibiyana gas field to increase production by 300 mmcf in 2014.

The expansion of compressed natural gas vehicles, fertilizer production and electricity demand has boosted demand for natural gas. With rising demand exceeding gas supply, Petrobangla plans to build an offshore Liquefied Natural Gas (LNG) terminal to supplement domestic gas supply. After decades with very little exploration, the GOB signed an agreement for Conoco-Phillips to commence offshore exploration in 2012. The GOB held tenders for several offshore blocks in 2013 and has indicated plans to improve. While artificially low, regulated gas prices have long reduced incentives for further exploration and development of gas resources, the government allowed one producer to sell gas to private buyers at market rates.

In order to address gas transmission constraints, the government has taken steps to build a new pipeline and develop new gas compression stations with donor and private sector support. Chevron built the Muchai compression project that increased transmission capacity and recoverable reserves. The Asian Development Bank (ADB) is financing the construction of two additional compression projects. Petrobangla and its subsidiaries regularly publish bid notices for pipeline and facilities construction. U.S. firms have won such contracts in the past.

## Best Prospects/Services

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Oil and gas exploration services, equipment and transmission pipes

## Opportunities

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Companies include Chevron, Conoco-Phillips, Santos and state-owned Petrobangla.

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[Bangladesh Oil, Gas and Mineral Corp \(PetroBangla\)](#)  
[South Asia Regional Initiative for Energy Cooperation and Development \(SARI/Energy\)](#)

## Computers/Peripherals and Computer Software

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Bangladesh has a steadily growing market for computer hardware, peripherals and software. Under the Digital Bangladesh initiative, the Government of Bangladesh is

expanding internet connectivity through Bangladesh while increasing the use of information technology to improve access to information and government services. As part of this effort to encourage the use of information technology, the government removed tariffs on most information technology products.

There are more than 2 million desktop PCs in Bangladesh, with sales dominated by locally assembled clones (80%). A large number of computer assemblers import motherboards and other components from Taiwan, China, and South Korea; however, the software and peripherals market is largely dominated by U.S. brands. Most vendors target small offices and home users. A growing number of computer training schools, including one sponsored by Microsoft, will increase skilled computer personnel. Since the introduction of internet services in 1997, a growing number of businesses are using information technology. U.S. suppliers are well-placed to access this market, given widespread consumer preference for U.S.-made information technology.

### **Best Prospects/Services**

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Computer hardware, software and peripherals

### **Opportunities**

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Bangladesh computer market is increasing 15% -20% every year.

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[Bangladesh Assoc. of Software & Info Services \(BASIS\)](#)  
[Bangladesh Computer Samity](#)  
[Bangladesh Computer Council \(BCC\)](#)

## Architectural, Construction and Engineering Services

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### Overview

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U.S. architectural, construction, and engineering services are competitive in Bangladesh. Most donor-funded infrastructure projects require consultant services. While Asian firms are usually more cost-competitive in construction work, the government seems to prefer U.S. or European consultants to do project design and supervision. Government and private firms have also turned to U.S. consultants for specialized engineering and construction oversight for major infrastructure projects including an oil refinery and grain silo projects. With new road and bridge construction projects in the works, the demand for engineering consultants is likely to increase.

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Consulting services

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The Bangladesh construction industry is growing with funding from the government, World Bank and other different agencies.

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[Government of the People's Republic of Bangladesh](#)  
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### Agricultural Sectors

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### Cotton

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Until the 2011 spike in cotton prices, Bangladesh's raw cotton imports were increasing on an average at about 10% per year since 1995 driven by steady growth of the textile and garment industry. The United States share in the imported raw cotton market in Bangladesh declined from 20 percent in 2004 to less than ten percent in 2008 before recovering to 12 percent in 2011. While Central Asian countries and India have emerged as major competitors, Bangladesh importers recognize the advantages of more consistent quality standards from U.S. suppliers. U.S. raw cotton exports to Bangladesh increased from \$145 million in FY2010 to \$352 million in FY2011 with much of the increase due to high cotton prices in early 2011. However, U.S. cotton exports to Bangladesh declined to \$87 million in FY 2012, as many Bangladesh companies defaulted on contracts with U.S. suppliers following a sharp fall in cotton prices in 2011.

**Table: U. S. Cotton Export to Bangladesh**

Years*	2008	2009	2010	2011	2012
--------	------	------	------	------	------

Quantities (in Tons)	39,388	101,474	79,531	107,659	33,645
Values (in thousand US\$)	63,304	144,334	142,892	365,956	87,081

\*Cotton Marketing Years (August-July)

Bangladesh is a growing market for ELS and superior quality cotton. Approximately 40% of cotton imports are destined for export oriented spinning mills. These mills regularly import U.S. Pima and Upland cottons. They appreciate U.S. quality, consistency and better ginning out turn, and are willing to pay reasonably higher prices. However, high freight costs and longer delivery periods often lead Bangladeshi importers to source their cotton from non-American suppliers. In addition to price competitiveness, export credit programs and direct contacts between U.S. suppliers and Bangladeshi buyers, through exchange visits, training and trade shows, could contribute to the further growth of U.S. raw cotton exports to Bangladesh.

In the early 1990s, export-oriented woven, hosiery and knitwear garments were entirely dependent on imported fabrics and yarns. Export bonuses at a rate of 25% for locally manufactured garments played a key role in enhancing the private textile mills' ability to supply yarns and fabrics for export garments. Recently, however, the government reduced cash incentives for the export oriented textile sector to 5 percent. The country produces only about 350 million kilograms (kg) of yarn, and there is additional domestic demand for 500 million kg. While 40% of yarn requirements for garment exports are met from domestic production, the shortfall is typically met through bonded imports. Most of the bonded yarns are imported from India, which supports domestic producers by ensuring low raw cotton prices for domestic mills.

Currently Bangladesh has 350 spinning mills, 400 weaving mills, and 310 dyeing/finishing mills, 800 knitting, knit dyeing and finishing plants, and 4,500 ready-made garments plants. This industrial base is capable of supplying around 90% of the knitwear fabrics and 40-45% of the woven fabrics for the country's export oriented ready-made garment sector. Despite a remarkable growth in backward linkage industries, the country's current demand-supply gap of fabric is about 50 percent in terms of cotton-based uses and around 25 percent in terms of non-cotton based uses in RMG sector.

## Wheat

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Bangladesh meets 75 percent of its wheat consumption needs through imports as annual wheat production of more than 1 million tons falls well short of the 4.5 million tons of demand. The country traditionally sources lower quality wheat from India, Russia and Ukraine, and higher quality wheat from Canada, Australia and the United States. Bangladesh has a price sensitive market and typically prefers imports of lower cost wheat. While India's geographic proximity offers a clear competitive advantage, India's occasional restriction of wheat exports has compelled importers to seek alternative suppliers including the European Union, Argentina and Brazil. Bangladeshi buyers are usually willing to pay a premium of around \$10-15 per metric ton for U.S. wheat. However, it is difficult to import sufficient volumes to offset the high freight costs.

While wheat production has increased in response to higher prices, limited land availability and significant competition from other remunerative crops like rice, corn, potato, and winter vegetables limits the expansion of wheat cultivation. The absence of suitable high-yielding varieties (HYVs) and strong competition from imports will further limit the growth of wheat production in Bangladesh. However, wheat cultivation remains a preferred option for non-irrigated land with low farm input-use (fertilizer, insecticides, and labor). Government wheat distribution has been scaled down in recent years, with focus on rural areas. However, wheat consumption by the medium to higher income urban

population is growing steadily due to changes in food habits prompted by health consciousness and lifestyle changes. The organized bakery and biscuit industries as well as the emerging hotel, restaurant, and institutional sector are also contributing to the consumption of an additional 200,000 tons of higher quality wheat every year.

Wheat stocks have fluctuated as imports and production have diverged from consumption trends. Wheat stocks declined in 2011 as private stocks fell by 1 million tons and government stocks rose to 371,000 tons. This followed a rise in wheat stocks the previous year when imports and production exceeded market demands. There are some signs that private wheat imports are gaining momentum and predictions that wheat stocks may exceed 2 million tons by the end of 2012.

Wheat imports are currently duty free and face no quantitative restrictions. However, the public wheat tendering process does not encourage wide participation. Many government tenders are never finalized as bidders often quote high prices to cover various risk factors. The government has recently taken some steps to bring specifications more in line with international practices. These include reducing of the performance guarantee from 10 to 5 percent, increasing the maximum shipment period from 30 to 60 days, and increasing the minimum quantity offered from 25,000 to 30,000 tons. These changes have not increased participation, however, in part because unfavorable provisions remain in the tender specifications such as "weight and quality at final discharge."

## **Vegetable Oil**

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Vegetable oils are normally imported in crude form (primarily soybean oil and palm oil) and refined in the local refineries before they are marketed for local consumptions. Total edible oil imports in FY 2011 were estimated at 1.2 million tons. Following the increase in domestic oilseed production and in soybean imports for crushing, the current share of domestically produced oils in the total edible oil consumption is about 18 percent. The sustained price competitiveness versus soybean oil resulted in imports of an estimated 850,000 tons of palm oil, the rest being soybean oil. Bangladesh imports crude soybean oils mainly from Argentina and Brazil, and crude palm oils from Malaysia. Bangladesh also imports small quantities (around 25,000 tons per year) of refined edible oils.

A large majority of the refiners dilute soybean oil with palm oil to exploit overwhelming consumer preference for soybean oil and soybean oil blends, especially for summer season selling. The blending proportions tilt towards palm oil when price difference between these two kinds of oils and their transportation costs widen. Under normal conditions, the consumption of edible oil in Bangladesh grows at 3-4 percent in a year. Though most edible oils are marketed without branded packaging, some refiners market their product in packaged condition with brand names.

Imports of soybean and palm oils enjoy zero tariff, though other edible oils (sunflower, canola, groundnut ect) are subject 12% or 25% tariff. Additional border charges include a 15% VAT (value added tax) and 3% AIT (advance income tax).

## **Fruits**

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Bangladesh is a net importer of apples, grapes and pears. California grapes and Washington apples have a limited market in Bangladesh. Supplies of these fruits have to compete with those from India (the dominant and cheapest source due to its proximity), Bhutan, South Africa, Australia, and China. Out of about \$139.5 million imports of fresh fruits in FY 2011, Bangladesh imported over \$ 10.3 million worth of U.S. fresh fruits as compared to \$ 5 million in FY 2010. The growing number of middle-class consumers prefers U.S. fruits for their higher quality and are willing to pay a small price premium. Despite high tariffs, apple imports and consumption have been growing at about 2-3% a

year.

### Imports of Fresh Fruits into Bangladesh (in thousand US\$)

Years*	Total Imports	Imports from the U. S
2009-2010	105,236	5,039
2010-2011	139,500	10,300
2011-2012	161,400	3,014

\*Fiscal years from July 1 – June 30

### Current Tariffs for imports of citrus fruits, grapes, apples, and pears

Import Tariff and Border Charges	Canned Fruits (Up to 2.5 kg)	NES (Others)	Remarks
Custom Duty (CD)	25%	25%	On C&F Value
Supplementary Duty (SD)	20%	20%	On C&F Value
Regulatory Duty (RD)	5%	5%	On C&F Value
Value added tax (VAT)	15%	-	-
Advance Income Tax (AIT)	5%	5%	-
Advance Trade VAT (ATV)	3%	-	-
Total Tax Incidence (TTI)	89.42%	61%	On C&F Value

Source: National Board of Revenue, Bangladesh

### Dairy Products

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Despite being an agrarian country, Bangladesh is very poor in its cattle resources both in numbers and productivity. Bangladesh imported \$161 million worth of dairy products in fiscal year 2011 (July –June). Major dairy products come from India, China, New Zealand, Australia and Denmark. Few foreign companies have established dairy processing and packaging industries targeting the growing demand from middle class population of the county. U. S. dairy product exports to Bangladesh were roughly \$19 million in 2011 and there is high potential for increased trade. With 25% customs duty and other border charges, imports of dairy products end up with a total tariff of about 56%.

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## Chapter 5: Trade Regulations and Standards

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## Import Tariffs

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Although Bangladesh has reduced tariffs over the past twenty years, they remain high due in part to their importance as a source of government revenue. Bangladesh currently has no tariff quotas on imports. Customs duties are levied on all imports except capital machinery, raw materials of medicine, poultry medicine, feed & machinery, defense stores, chemicals of leather and leather goods, private power generation unit, textile raw materials and machinery, solar power equipment, relief supplies, and goods for disabled people. Bangladesh allows duty-free (bonded) imports of certain raw materials to be used for producing finished goods for export. Additional information on customs duties is available on the [National Board of Revenue](#) website.

Duty rates fall primarily within three tiers:

Certain machineries and basic raw materials	0.0% & 6%
Intermediate Products	6% & 13%
Finished products	25%

Bangladesh allows 1,491 and 1,861 products to enter into the local market through lower and mid level duty tiers while some 3,148 come in through the highest tier. The Customs Service also collects variety of additional border charges, including a 4% infrastructure development surcharge levied on almost all imports, excepting some commodities like rice and cotton. (Details are available online: [National Board of revenue Tariff Database](#).) An advance income tax is levied on importers; the advance tax payments can be claimed as a tax credit at the end of the tax year. A trade neutral value added tax (VAT) of 15% is levied on all imports and domestically produced goods, with some exceptions, although uneven enforcement may favor domestically produced goods. The Government developed a new VAT law that, once implemented, aims to broaden coverage and increase VAT revenues. Supplementary duties of 20%, 35%, 65%, 100% and higher are levied on certain products with the highest duties on beer (250%) and alcohol & cigarettes (350%). Excise duties have been abolished on all items except bank accounts and airline tickets. Certain products are exempt from VAT. Other export-oriented industries and indirect exporters can claim a duty-drawback at stated rates.

## Trade Barriers

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In addition to high tariff rates and supplementary duties, Bangladesh has registration procedures and other regulatory requirements that often impede market access. Bangladesh is a member of the [Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation \(BIMSTEC\)](#) that was formed in 1997 with the key goal of a tariff free zone by 2017. The members of the cooperation are: Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. The BIMSTEC free trade agreement in goods took effect on July 1, 2006. Bangladesh is also a member of the [South Asia Association for Regional Cooperation \(SAARC\)](#), along with Bhutan, India, Pakistan, the Maldives, Nepal, and Sri Lanka. SAARC members have agreed to pursue tariff reductions under the [South Asia Free Trade Agreement \(SAFTA\)](#).

## Import Requirements and Documentation

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Unless otherwise specified, all imports must be made by opening an irrevocable letter of credit (L/C) which requires an approved Letter of Credit Authorization (LCA) form from Bangladesh Bank (the central bank). As a safety cushion against currency fluctuations, banks prefer to source foreign currency for letters of credit (L/Cs) over \$500,000 from the central bank. Typically, 1-2 days are required to obtain registration from the central bank. Even in those cases where an L/C is not mandated, the Embassy strongly recommends U.S. exporters use them. Despite its name, the LCA is required whether or not the transaction involves a letter of credit. Import against an LCA may be made without opening an L/C in the following areas:

- Books, journals, magazines, and periodicals on sight draft of issuance bill basis
- Any permissible item for an amount not exceeding \$25,000 in any one local fiscal year (July 1 - June 30) against remittances made from Bangladesh
- Commodity aid, grant or such other loan for which there are specified procurement procedures for import of goods without an L/C
- "International Chemical References" through bank drafts by recognized pharmaceutical (allopathic) firms on the approval of the Director, Drug Administration, for the purpose of quality control of their products

Importers must submit to their nominated banks the following documents with the LCA:

- L/C application form duly signed by the importer
- Indents for goods issued by indenter or a pro forma invoice obtained from the foreign supplier
- Insurance cover note

Foreign firms are allowed to import permissible commercial items with prior permission from the Chief Controller of Import and Export and need to provide the following documents:

- Photocopy of the valid Import Registration Certificate
- Photocopies of invoices, bill of lading, and import permit duly certified by the bank
- Original or copy of the General Index Register (GIR) certificate from the Income Tax Authority
- Certified copy of the last income tax assessment order
- Name and description of each item to be imported with quantity and approximate CIF value

Public sector importers also need to provide the following documentation:

- Attested photocopy of allocation letter issued by the allocating authority in favor of the concerned public sector agency specifying the source, amount, purpose, validity, and the terms and conditions
- Attested photocopy of sub-allocation letter, if any, issued in favor of the importing agency or unit
- Attested photocopy of sanction letter from the administrative ministry or authority, where applicable
- A declaration by the authorized officer of the importing agency indicating the amount of utilized/unutilized government funds and that imported raw materials will not be sold

Private sector importers need to furnish the following documents:

- Valid membership certificate from the registered local chamber of commerce and industry or any trade association, established on an all-Bangladesh basis,

- representing any special trade or business
- Proof of payment of renewal fees for the Import Registration Certificate (IRC) for the concerned fiscal year
- Copy of a “TIN Certificate” issued by the tax authority. The TIN (Tax Identification Number) Certificate is intended to ensure collection of income tax, VAT and other revenues from importers
- A declaration, in triplicate, that the importer has paid income tax or submitted an income tax return for the preceding year
- Any such documents as may be required by import policy order or public notice, or instruction issued by the Chief Controller of Imports and Exports

In the following case, neither an LCA nor the opening of an L/C will be necessary, but an import permit (IP) or clearance permit (CP) will have to be obtained by the importer:

- Books, magazines, journals, periodicals and scientific and laboratory equipment against surrender of UNESCO coupons
- Pay-as-you-earn scheme for a limited number of cars, fishing vessels, cargo or passenger vessels, and new machinery on the basis of clearance from the Bangladesh Bank
- Items by passengers coming from abroad in excess of the permissible limits as per permitted allowance
- Free samples, advertising materials, and gift items above prescribed ceilings

## **U.S. Export Controls**

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Exports of goods and services to Bangladesh are generally permitted, subject to U.S. laws and regulations governing export of certain goods generally. Information and guidance on the application of U.S. export controls to a company's products is available from [US Export Controls and Licenses](#) and the [Bureau of Industry and Security](#) .

## **Temporary Entry**

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Agents and representatives of foreign manufacturers are allowed to import machinery and equipment from their principals for purposes of demonstration or exhibition, subject to the following conditions:

- The goods brought into Bangladesh will be re-exported within a period of one year
- The importer executes a bond and furnishes a bank guarantee or understanding or a legal instrument to the satisfaction of Customs at the time of clearance indicating that the goods will be re-exported in a timely manner
- If the goods include any banned or restricted items, prior permission is required from the Chief Controller of Imports and Exports

Equipment or machinery imported on a temporary basis can be exempt from duty if the importer obtains an import/export permit.

## **Labeling and Marking Requirements**

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Imported goods (including their containers) must not bear any words or inscriptions of a religious connotation, the use or disposal of which may injure the religious beliefs of any class of the citizens of Bangladesh. In addition, imported goods should not bear any obscene pictures, writing, inscription, or visible representation. Milk and any products containing milk may be imported in cans and in bulk. The container must indicate the

ingredients in Bangla as well as the manufacturing and expiration dates in Bangla or English. A measuring spoon must be supplied in all containers of dehydrated baby food. Non-fat dried milk is importable only in airtight containers with the date of manufacture and expiration noted in Bangla or English. Pesticide containers must be able to withstand "handling by sea," be labeled with the chemical contents, and meet other specifications.

## Prohibited and Restricted Imports

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Bangladesh's places controls on imports of some items currently listed in the [Import Policy Order 2012-2015](#). Items banned on either religious, social, health, or economic policy grounds include illegal drugs, materials that would offend religious sensitivities, certain agricultural products and several types of reconditioned equipment. In addition, the import of goods from Israel and shipment of goods on vessels operating under the Israeli flag is prohibited. Additional items are restricted, but not banned, from import for religious, social, health, security or trade reasons. Of the restricted items, some may be imported with prior permission, while other items may be imported only by authorized industrial users, (e.g., pharmaceutical enterprises) or government agencies (e.g., arms and ammunition).

## Customs Regulations and Contact Information

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Bangladesh Customs operates under the National Board of Revenue (NBR), which is the lead tax collection agency in Bangladesh. The NBR is part of the Internal Resources Division (IRD) under the Ministry of Finance. The Customs wing of the NBR formulates policy concerning the levy and collection of customs duties and related taxes. For more information, please visit the [National Board of Revenue](#).

The two main customs offices in Bangladesh are:

Dhaka Custom House

Kurmitola, Dhaka.

Phone: +880-2-8914890 - 5(PABX)

Fax : +880-2 - 8911132

Contact Person:

Commissioner Customs House (Dhaka) Phone: +880-2-8911101

Chittagong Custom House

Chittagong

Phone: +880-31 - 723101 - 7 (PABX)

Fax : +880-31 - 713988

## Standards

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## Overview

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The [Bangladesh Standards and Testing Institution \(BSTI\)](#) is responsible for monitoring product quality and acceptability. The institute inspects products for conformity with applicable product standards and safety regulations and issues product certifications.

## Standards Organizations

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Quality standards are set and monitored by the [Bangladesh Standards and Testing Institution \(BSTI\)](#). Quality standards are set following international standards, such as those established by the International Standards Organization. Bangladesh also recognizes and accepts goods bearing certifications from standards institutions of other countries. The Department of Drugs Administration under the Ministry of Health and Family Welfare controls the standards for pharmaceuticals. The Bangladesh Atomic Energy Commission tests imported food items to ensure that the prescribed standard for radioactivity is maintained.

## NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Conformity Assessment

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Product conformity with applicable standards is monitored by the applicable standards organization, as described above.

## Product Certification

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When required, products are certified by the standards organizations identified above. There are no mutual recognition agreements (MRAs) between the U.S. and Bangladesh. Bangladesh is developing MRAs with India.

## Accreditation

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Accreditation, when required, is done through the applicable standards organization, as described above.

## Publication of Technical Regulations

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The Bangladesh Government Press, the government printing office, publishes the weekly "Bangladesh Gazette" every Thursday. The gazette provides official notice of

government actions, including the issuance of government rules and regulations and the transfer and promotion of government employees.

## **Labeling and Marking**

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Imported goods (including their containers) must not bear any words or inscriptions of a religious connotation, the use or disposal of which may injure the religious feelings and beliefs of any class of the citizens of Bangladesh. In addition, imported goods should not bear any obscene pictures, writing, inscription, or visible representation. Milk and any products containing milk may be imported in cans and in bulk. The container must indicate the ingredients in Bangla as well as the manufacturing and expiration dates in Bangla or English. A measuring spoon must be supplied in all containers of dehydrated baby food. Non-fat dried milk is importable only in airtight containers with the date of manufacture and expiration noted in Bangla or English. Pesticide containers must be able to withstand "handling by sea," be labeled with the chemical contents, and meet other specifications.

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[The Bangladesh Standards and Testing Institution \(BSTI\)](#)

## **Trade Agreements**

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Bangladesh is a founding member of the World Trade Organization, where it has been active in promoting the interests of the least developed countries. Bangladesh is a member of the South Asia Preferential Trade Agreement (SAPTA) and the South Asia Free Trade Agreement (SAFTA), both under the umbrella of the South Asia Association for Regional Cooperation (SAARC). Bangladesh is also a signatory to the Bangkok agreement, which aims at trade liberalization between LDCs in Asia. Bangladesh is a member of BIMSTEC, an organization that seeks to promote economic cooperation among its members: Bangladesh, India, Burma, Sri Lanka, Thailand, Bhutan and Nepal.

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[South Asia Association for Regional Cooperation \(SAARC\)](#)

[Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation \(BIMSTEC\)](#)

[South Asia Free Trade Agreement \(SAFTA\)](#)

[SAARC Preferential Trading Arrangement \(SAPTA\)](#)

[Bangladesh Standards and Testing Institution \(BSTI\)](#)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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With a highly competitive labor force, an entrepreneurial business community and a resilient and steadily growing economy, Bangladesh offers promising opportunities for investment, especially in the energy, pharmaceutical and information technology sectors and in labor-intensive industries. The Government of Bangladesh actively seeks foreign investment, particularly in energy and infrastructure projects. It offers a range of investment incentives under its industrial policy and export-oriented growth strategy, with few formal distinctions between foreign and domestic private investors. Although Bangladesh is facing some near term balance of payments and fiscal pressures, its long-term economic outlook is bright.

According to 2011 World Investment Report, Bangladesh received \$ 913.0 million in foreign direct investment in FY11. This is a 24% increase from the previous financial year, but a nominal amount compared to the \$31.95 billion in foreign investment that the entire South Asia region attracted. Bangladesh is well positioned to attract increased investment by expanding its success in ready-made garment exports to other sectors, especially those that are labor-intensive. Bangladesh has made gradual progress in reducing some constraints on investment but inadequate infrastructure, financial constraints, bureaucratic delays and corruption continue to hinder foreign investment. The lack of effective judiciary or alternative dispute resolution mechanisms impedes the enforcement of contracts and the resolution of business disputes.

Bangladesh's successful election in December, 2008 set the stage for greater political stability after several years of political uncertainty. From 2006-2009, the country experienced three different governments, leading to discontinuity in dealing with

investment proposals. The installment of the current elected government in 2009 brought greater stability for investors, who were previously reluctant to pursue projects due to risks that decisions might be reversed. The approach of national elections in 2013/2014 has raised concern that political uncertainty may hinder investments as continuing disagreement over the institutional mechanism for elections increases the risk of general strikes and street demonstrations that are disruptive to businesses.

### *Energy and Infrastructure Development*

The Government of Bangladesh (GOB) has ambitious plans for infrastructure development, particularly in the power sector, where it pledged to increase generation capacity from 5,000 MW to 7,000 MW by 2013. In 2009-2010, Bangladesh conducted three “road shows” for investors in London, Singapore and New York to encourage investment in energy and infrastructure projects. In 2009, the government launched an initiative with modest funding for public private partnerships (PPP) and began to develop a legal and regulatory framework to implement this initiative. In 2010, due to critical power shortages and chronic delays in implementing power projects, the GOB amended procurement requirements to allow unsolicited bids to expedite the approval of power generation projects. It also aims to formulate a coal policy to encourage investment in developing coal resources and coal-based power projects. Administrative approval of the production plan of a foreign-owned, open-cast coal mine in northwest Bangladesh has remained pending since November 2005 due to local opposition and political pressure from civil society groups. The government has improved the efficiency of the main seaport in Chittagong and begun to build a four-lane highway to connect Chittagong with the capital city of Dhaka. Prolonged and contentious public procurement processes, however, continue to challenge GOB efforts to develop infrastructure projects. The landmark \$2.9 billion Padma Bridge project, which will substantially improve interregional connectivity, has been delayed due to the World Bank’s concern about transparency in the procurement process.

### *Legal Framework*

Major laws affecting foreign investment include: the Foreign Private Investment (Promotion and Protection) Act of 1980; the Industrial Policy Act of 2005; the Bangladesh Export Processing Zones Authority Act of 1980; the Companies Act of 1994; and the Telecommunications Act of 2001. Legislation offers incentives for investors, including: 100% foreign ownership in most sectors; tax holidays; reduced import duties on capital machinery and spare parts; duty-free imports for 100% exporters of ready-made garments; and tax exemptions. The Government of Bangladesh extended a tax holiday scheme for start-up industries through June 30, 2012. Beneficiary industries include agro-processing; steel production; jute industries; some textile units; and telecom infrastructure except for mobile phones. A tax rebate facility to non-resident Bangladeshi investors was also extended to induce investment from abroad. Import duties and supplemental taxes remain high and constitute an important source of government revenue. Customs bonded warehouses enable companies located in EPZs to avoid duty payments on inputs for goods that will be exported. There are few performance requirements, and these do not generally impede investment. Land registration has historically been prone to disputes over competing titles, and scarcity of land is a significant investment constraint.

While discrimination against foreign investors is not widespread, the government frequently promotes local industries and some discriminatory policies and regulations exist. For example, the government has withheld approvals for imported medicines that

compete with local producers and it has required majority local ownership of new shipping companies, albeit with exemptions for existing foreign-owned firms.

#### *Investment Promotion Agencies*

The Board of Investment (BOI) and the Bangladesh Export Processing Zones Authority (BEPZA) are the primary investment promotion agencies in Bangladesh. Companies must register with the BOI to obtain benefits such as tax incentives or preferential duties for imported equipment. The BOI also administers the approval of some foreign loans and payments on behalf of the Bangladesh Bank. Though the BOI is frequently touted as a one-stop shop for all investors, authority for managing foreign investment remains fragmented. The BOI can register investors in industrial projects outside the Export Processing Zones (EPZs) and assist them with tax inquiries, land acquisition, utility hook-ups, and incorporation. The BEPZA performs the same functions for companies investing in the EPZs. Investors in infrastructure and natural resource sectors, including power, mineral resources and telecommunications must seek approval from the corresponding government ministries. Although the BOI is housed organizationally in the Prime Minister's Office, regulatory and administrative powers remain vested in the line ministries. Companies often complain that ministries require unnecessary licenses and permissions.

#### *Currency Convertibility*

Free repatriation of profits is allowed and profits are almost fully convertible on the current account; however, companies report that the procedures for repatriation of foreign currency are lengthy and cumbersome. After rising fuel imports helped swing balance of payments from surplus to deficit in 2010-2011, scarcity of foreign exchange and currency depreciation have increased convertibility risks.

#### *Privatization*

The Government of Bangladesh privatized some state-owned enterprises (SOEs) during the past twenty years, but many SOEs retain an important role in the economy, particularly in the financial and energy sectors. The current government has taken steps to restructure several SOEs to improve their competitiveness. Biman Bangladesh Airline was converted into a public limited company that initiated a rebranding and fleet renewal program, including the purchase of 10 aircraft from Boeing. Three nationalized commercial banks (NCBs) -- Sonali, Janata and Agrani -- have been converted to public limited companies. Bangladesh allows private investment in power generation and natural gas exploration, but efforts to allow full foreign participation in petroleum marketing and gas distribution have stalled.

The telecommunications sector was liberalized during the last decade, leading to the development of a competitive cellular phone market. The Government has been slow to allow greater competition for international connectivity, and internet telephony is still restricted. In 2007, the Caretaker Government revised the International Long Distance Telecommunication Services Policy of 2007 to legalize VoIP, but the government has not yet implemented this policy.

#### *Business Environment Indices*

<b>Measure</b>	<b>Year</b>	<b>Index/Ranking</b>
Transparency International Corruption Index	2011	120 of 183 countries

Heritage Economic Freedom	2012	130 of 179 countries
World Bank Doing Business	2012	122 of 183 countries
MCC Government Effectiveness	2011	42nd percentile
MCC Rule of Law	2011	63rd percentile
MCC Control of Corruption	2011	42nd percentile
MCC Fiscal Policy	2011	25th percentile
MCC Trade Policy	2011	8th percentile
MCC Regulatory Quality	2011	42nd percentile
MCC Business Start Up	2011	78th percentile
MCC Land Rights Access	2011	21st percentile
MCC Natural Resource Management	2011	42nd percentile

### Conversion and Transfer Policies

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Bangladesh Bank, the central bank of Bangladesh, does not fix the exchange rate against foreign currencies, but it regulates conversion. The Bangladesh Taka is almost fully convertible for current account transactions, such as import trade and travel needs, but not for capital account transactions, such as investing or currency speculation. The Foreign Investment Act guarantees the right of repatriation of invested capital, profits, capital gains, post-tax dividends, and approved royalties and fees. The central bank's exchange control regulations and the U.S.-Bangladesh Bilateral Investment Treaty (in force since 1989) provide similar investment transfer guarantees. In practice, foreign firms are able to repatriate funds but companies report that the repatriation process is onerous and cumbersome. As balance of payment deficits contributed to foreign exchange shortages in 2011, companies have reported increasing challenges in conversion and transfer of funds. The Board of Investment may need to approve repatriation of royalties and other fees. The Bangladesh Taka depreciated more than 15 percent against the U.S. dollar in 2011 and further depreciation is likely in 2012.

### Expropriation and Compensation

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Since the Foreign Investment Act of 1980 banned nationalization or expropriation without adequate compensation, the Government of Bangladesh has not nationalized or expropriated property from foreign investors. In the years immediately following independence in 1971, widespread nationalization resulted in government ownership of over 90% of fixed assets in the modern manufacturing sector, as well as all banking and insurance interests, except those in foreign (but non-Pakistani) hands. Domestically owned cotton textiles, jute, and sugar manufacturing units, none of which were owned by foreigners, were placed under government control.

### Dispute Settlement

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A fundamental impediment to investment in Bangladesh is a weak and slow legal system in which the enforceability of contracts is uncertain. The judicial system does not provide for interest to be charged in tort judgments, which implies there is no penalty for delaying proceedings. In a significant milestone, the Caretaker Government in 2007 separated the country's judiciary from the executive, but the executive has retained strong influence over the judiciary with control of judicial appointments. Reforms of other pillars of the justice system including the police, courts, and legal profession are also necessary. In

lower courts, corruption is widely perceived as a serious problem. The High Court's previous reputation for impartiality has also been brought into question in recent years. Bangladeshi law allows contracts to refer dispute settlement to third country forums for resolution.

Bangladesh is a signatory to the International Convention for the Settlement of Disputes (ICSID) and it acceded (on May 6, 1992) to the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards. Bangladesh is also a party to the South Asia Association for Regional Cooperation (SAARC) Agreement for the Establishment of an Arbitration Council, signed November 13, 2005, which aims to establish a permanent alternative dispute resolution center in one of the SAARC member countries. A provision of the U.S.-Bangladesh Bilateral Investment Treaty permits submission of investment disputes to ICSID for third-party settlement.

The ability of the Bangladeshi judicial system to enforce its own awards is weak, and there is no reason to believe that enforcement of foreign judgments would be stronger. The Bangladesh Export Promotion Bureau is sometimes helpful in facilitating dispute settlement for export-related transactions. Major Bangladeshi trade and business associations can also help to resolve transaction disputes.

Many laws affecting investment in Bangladesh are old and outdated. Bankruptcy laws, which apply mainly to individual insolvency, are not being used because of a web of falsified assets and uncollectible cross-indebtedness supporting insolvent banks and companies. A Bankruptcy Act was enacted in 1997 but has been ineffective in addressing the insolvency and cross-indebtedness problems of borrowers.

Dispute settlement is also hampered by shortcomings in accounting practices and in the registration of real property. With the exception of those conducted by a few internationally affiliated accounting firms, audits of balance sheets and profit and loss statements often follow clients' instructions and fail to conform to international standards. Documents affecting title to real property are often not registered, complicating transfer of ownership and collateral agreements.

## **Performance Requirements and Incentives**

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The GOB's industrial policies favor manufacturing and labor-intensive industries that use local inputs. A variety of subsidies and other incentives are available to different industrial ventures, primarily in export sectors and, to a certain extent, import substitution sectors. The Government also provides loans at concessionary rates through state banks and government-owned development banks for exports, cottage industries, and agriculture. These incentives are available to both domestic and foreign investors.

In order to simplify the tariff structure and generate more revenue through import duties, the government developed a four-tier duty structure with higher duties on finished products but reduced duties on industrial inputs such as capital machinery, spare parts, basic raw materials, and intermediate raw materials.

The government also offers a variety of tax incentives to selected sectors of the economy, including:

-- A 50% rebate for taxable income generated from export earnings;

- An income tax exemption on export earnings from handicrafts and cottage industries;
- Tax holidays of four to six years, depending on location, for new industrial enterprises in the textile, pharmaceuticals, plastic, ceramics, sanitary ware, iron, steel, fertilizer, insecticide, computer hardware, petrochemicals, pharmaceutical raw materials, agricultural equipment, and industrial machinery. (Note: This provision has been extended annually, with the current extension allowing business to begin claiming this incentive by June 2012.)
- A 10-year tax holiday for enterprises in the EPZs;
- Accelerated depreciation for enterprises not eligible for a tax holiday; and,
- Income tax exemptions for up to 15 years for power projects.

### **Right to Private Ownership and Establishment**

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Foreign and domestic private entities can establish and own, operate, and dispose of interests in most types of business enterprises. Four sectors, however, are reserved for government investment:

- arms and ammunition and other defense equipment and machinery
- forest plantation and mechanized extraction within the bounds of reserved forests
- production of nuclear energy
- security printing

### **Protection of Property Rights**

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Although land, whether for purchase or lease, is often critical for investment and as security for loans, antiquated real property laws and poor record-keeping systems can complicate land and property transactions. Land registration records have been historically prone to competing claims. Instruments take effect from the date of execution, not the date of registration, so a bona fide purchaser can never be certain of title. Property owners can obtain mortgages, but parties avoid registering mortgages, liens, and encumbrances due to the high cost of stamp duties (i.e., transaction taxes based on the value of the property) and other charges.

Bangladesh has slowly made progress bringing its legislative framework into compliance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The GOB enacted a Copyright Law in July 2000 (later amended in 2005) and a Trademarks Act in 2009, and it is preparing a draft Patent and Design law to modernize its current Patent and Design legislation dating from 1911. These amendments are intended to bring the country's intellectual property laws into full compliance with WTO TRIPS requirements. Implementing regulations, however, must also be drafted.

The government has limited resources for IPR protection. Enforcement actions against IPR violators are rare despite widespread availability of pirated goods. The government also sets a poor example by failing to account fully for software in its tenders. A number of American firms, including film studios, manufacturers of consumer goods, and

software firms, have reported violations of their intellectual property rights. Bangladesh is a member of the World Intellectual Property Organization (WIPO); and acceded to the Paris Convention on Intellectual Property in 1991.

## **Transparency of Regulatory System**

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Starting from a position of extreme over-regulation, the government has gradually moved since 1989 to decrease regulatory obstruction of private business. Although some officials have shown genuine commitment to these reforms, in general, changes encountered broad-based resistance from many groups in the economy, including influential members of the business community. The official chambers of commerce include manufacturers in protected industries and well-connected commission agents pursuing government contracts. Chamber members have called for a greater voice for the private sector in government decisions and for privatization, but at the same time many support protectionism and subsidies for their own industries.

Policy and regulations in Bangladesh are often not clear, consistent, or publicized. Generally, the civil service, businesses, professionals, trade unions, and political parties have vested interests in a system in which confidentiality is used as an excuse for lack of transparency and in which patron-client relationships are the norm. Businesses must always turn to civil servants to get action, yet may not receive any action, even with the support of higher political levels. Traditionally, the country's poorly paid civil servants have regarded business people with suspicion and often used registration and regulatory processes as rent-seeking opportunities.

In practice, government laws, regulations and their implementation do not reduce distortions or impediments to investment, but create them. Unhelpful treatment of businesses by some government officials, coupled with other investment climate constraints, raise startup and operational costs, add to risk, and counteract the government's praiseworthy investment incentives. The government has historically limited opportunities for the private sector to comment on proposed regulations but several agencies, including the Commerce Ministry and telecommunications regulator have posted draft legislation online and solicited input from the business community.

## **Efficient Capital Markets and Portfolio Investment**

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While Bangladesh has made gradual progress in developing capital markets, the markets have relied primarily on domestic investors with limited participation from international portfolio investors. A 2010-2011 stock market bubble and correction underscored weaknesses in capital markets and regulatory oversight. The Dhaka Stock Exchange (DSE) market capitalization rose to a peak of \$48 billion in December 2010 before declining to roughly \$30 billion in January 2012. A sharp increase in retail investors combined with loose monetary policy and lax regulatory oversight fueled inflation of share prices in 2010.

As steady economic growth has fueled rising domestic investment, Bangladeshi firms have increasingly relied on capital markets to finance investment projects. The DSE has attracted some foreign portfolio investors to the country's capital market; however the volume of foreign investment in Bangladesh has remained a small fraction of total market capitalization. As a result, foreign portfolio investment has had limited influence on market trends and Bangladesh's capital markets have been largely insulated from

volatility of international financial markets. The government offloaded its shares of a number of State-owned Enterprises (SOEs) and government shares of various private companies in order to increase the supply of shares in the capital market.

Foreign investors have access to local credit markets, but many seek offshore financing. If they finance locally, it is usually with a foreign bank branch. Three state-owned banks, known as nationalized commercial banks (NCBs), comprise a significant portion of the banking sector's total assets. The largest NCB has assets totaling approximately \$4.6 billion. Financial analysts estimate that a significant share of the country's total asset base is non-performing based on their long-outstanding debts to the NCBs. The share of non-performing assets for private commercial banks ranges from two to eleven percent. The World Bank has approved a \$250 million International Development Association (IDA) soft loan to Bangladesh for an ongoing enterprise growth and bank modernization project that will provide technical assistance to four NCBs.

The Securities and Exchange Commission (SEC) was formed in 1993 to regulate the DSE and CSE and protect investors. In 1997, the SEC imposed new restrictions on the involvement of foreign investors in the Bangladesh capital market. The guidelines stipulate that 10 percent of primary issues are reserved for non-resident Bangladeshis. Major foreign investors have protested these measures. Foreign investors point out that this measure exacerbates a significant market drawback: the difficulty of buying or selling in volume over a reasonably short period. The SEC and the Institute of Chartered Accountants of Bangladesh have the task of enforcing reporting and audit requirements and bringing those requirements up to international standards.

### **Competition from State Owned Enterprises**

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SOEs are active in banking, energy, transportation and agricultural sectors. SOEs usually report to line Ministries, though the government has allowed some increased autonomy for certain SOEs such as Biman Bangladesh Airline. State-owned banks generally maintain a wider network of branches and depositors than private banks, but private banks have gradually increased their role. Private energy companies can invest in power generation through Independent Power Purchase (IPP) agreements with the Bangladesh Power Development Board. Oil and gas firms can pursue exploration and production ventures through Production Sharing Agreements with the state-owned oil and gas company, Petrobangla. SOEs maintain control of rail transportation, but private companies compete freely in air and road transportation.

### **Corporate Social Responsibility (CSR)**

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The business community is increasingly aware and engaged in CSR activities with multinational firms and local business conglomerates leading the way. Consumers are generally less aware of CSR and there is little pressure from consumers or shareholders for companies to engage in CSR activities. While many international firms are aware of OECD guidelines and international best practices in CSR, most local firms have limited familiarity with international standards.

### **Political Violence**

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Incidents of violence targeting foreign projects or installations have generally been isolated and criminal, rather than political, in nature. Extortion of money from businesses

by thugs claiming political backing is common. Clashes between supporters of rival political parties and their student and youth wings and even factions within the same party are frequent occurrences. General strikes and blockades called by political parties mostly affect businesses by keeping workers away with the threat of violence and blocking transport, resulting in productivity losses. Vehicles and other property are at risk from vandalism or arson during such programs, and looting of shops has occurred.

Responding to public concern over law and order, the government in March 2004 created a special elite force, known as the Rapid Action Battalion (RAB) as part of its anti-crime initiative. The RAB is comprised of members of the armed forces, the police, and the Bangladesh Rifles and Ansars, both paramilitary groups. The RAB became operational in June 2004 and has been credited by many Bangladeshis with improving domestic law and order. Soon after its formation, however, the local media began reporting on "cross-fires", a euphemism for extrajudicial killings, particularly by the RAB.

In February 2005 the government banned two extremist groups: Jama'atul Mujahedin Bangladesh (JMB) and Jagroto Muslim Janata Bangladesh (JMJB). On August 17, 2005, JMB, with the assistance of JMJB, set off over four hundred small, improvised explosive devices (IEDs) in a coordinated attack in 63 of the 64 districts of Bangladesh. The devices were accompanied by leaflets demanding the establishment of Islamic law in Bangladesh. From September to early December 2005, JMB conducted several suicide attacks targeting local judges, courts and district government facilities. The government responded vigorously, arresting several high-ranking leaders of JMB and recovering detonators, explosives and related materials used to construct IEDs. As of January 2012, there had been no attacks by extremist groups on foreign diplomatic, commercial or social interests in Bangladesh; the current Awami League government has demonstrated a strong commitment to combating terrorism.

## **Corruption**

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Bangladesh has made some progress in reducing corruption during the last decade but it remains a serious impediment to investment and economic growth in Bangladesh. While the Government has established legislation to combat bribery, embezzlement and other forms of corruption, enforcement is inconsistent. The Caretaker Government attempted to address the culture of impunity that existed in Bangladesh by prosecuting corruption cases, implementing systemic reforms, and strengthening the Anti-Corruption Commission (ACC) as the main institutional anti-corruption watchdog. The Caretaker Government also took steps to improve administrative efficiency in public services such as law enforcement agencies, power generation and distribution, ports, and customs. The current Awami League-led government has publicly underscored its commitment to anti-corruption efforts and reaffirmed the need for a strong ACC. However, efforts to ease public procurement rules and proposals to curb the independence of the ACC may undermine institutional safeguards against corruption. Bangladesh is a party to the UN Anticorruption Convention, but has not joined the OECD Convention on Combating Bribery of Public Officials.

Corruption is widely perceived to be common in public procurement, tax and customs collection, and regulatory authorities. Corruption, including bribery, raises the costs and risks of doing business. By some estimates, off-the-record payments by firms may result in annual losses of 2%–3% of GDP. Corruption has a corrosive impact on the broader business climate market and opportunities for U.S. companies in Bangladesh. It also

deters investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

### Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- **UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, ranging from basic forms of corruption such as bribery and solicitation, embezzlement and trading in influence to the concealment and laundering of the proceeds of corruption.
- Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/departement/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Anti-bribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.

### Bilateral Investment Agreements

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The U.S.-Bangladesh Bilateral Investment Treaty, signed on March 12, 1986, entered into force on July 23, 1989. Bangladesh has also signed investment treaties with Austria,

Belgium, Canada, China, Democratic People's Republic of Korea, France, Germany, Indonesia, Iran, Italy, Japan, Malaysia, Pakistan, Philippines, Poland, Republic of Korea, Romania, Switzerland, Thailand, The Netherlands, Turkey, Uzbekistan and the United Kingdom. The Foreign Investment Act includes a guarantee of national treatment.

A bilateral treaty between the United States and Bangladesh for the avoidance of double taxation was signed on September 26, 2004 and ratified by the United States on March 31, 2006. The parties exchanged Instruments of ratification on August 7, 2006. The treaty has been effective for most taxpayers beginning in their 2007 tax year.

From 2001-2010, Bangladesh has successfully negotiated several regional trade and economic agreements, including the South Asian Free Trade Area (SAFTA), the Asia-Pacific Trade Agreement (APTA), and the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC). Bangladesh has taken steps to strengthen bilateral economic relations with India. As a founding member of the WTO and as a Least-Developed Country (LDC), Bangladesh has been an active advocate for LDC interests in WTO negotiations.

### **OPIC and Other Investment Insurance Programs**

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The U.S. Overseas Private Investment Corporation (OPIC) provides insurance coverage for some U.S. firms currently doing business in Bangladesh. OPIC and the GOB signed an updated bilateral agreement in May 1998. Bangladesh is a member of the Multilateral Investment Guarantee Agency.

### **Labor**

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Bangladesh has a population of about 155 million people and a labor force of 70 million people, with 63% working in the agricultural sector, 11% in industry, and the remaining 26% in the services sector. Low official unemployment statistics obscure a huge and growing under-employment problem in Bangladesh. Bangladesh's comparative advantage in cheap labor for manufacturing is partially offset by low productivity due to low skills, poor management, and inefficient infrastructure and machinery.

Bangladesh has labor laws that specify employment conditions, working hours, minimum wage levels, leave policies, health and sanitary conditions, and compensation for injured workers. Freedom of association and the right to join unions are guaranteed in the Bangladesh Constitution. There are over 6,400 registered trade unions in Bangladesh, with over 1.9 million union members. In practice, compliance and enforcement of labor laws is inconsistent and companies frequently discourage the formation of active labor unions. Historically, unions are heavily politicized, and labor-management relations are often contentious, particularly in the ready-made garment sector.

In July 2004, the Bangladesh parliament enacted a law granting limited freedom of association rights in the export processing zones. Workers of the industrial units are allowed to form a welfare council to develop and grow into organizations, defending their welfare through collective bargains, according to the law which was renewed and updated in 2010. The implementation of workers' welfare councils in the export processing zones is uneven with many larger factories ignoring the provision altogether. Labor disputes do not necessarily need to be heard before a court. Many companies have found it effective to resolve issues before a Labor Tribunal.

### *Child Labor*

Bangladeshi laws do not uniformly prohibit the employment of children or set a minimum age for employment. Numerous laws prohibit child labor in certain sectors, ranging from transport workers to tea plantation labor, but these have not addressed the informal sectors, such as agriculture and domestic work, where the majority of children are employed. As a result, child labor in Bangladesh has historically been a fact of life. On July 4, 1995, Bangladesh's garment exporters association signed a memorandum of understanding (MOU) with the United Nations Children's Fund (UNICEF) and the International Labor Organization (ILO) under which child laborers in the EPZ textile factories were removed and enrolled in education programs. ILO-assisted monitoring teams, which found child laborers in 43% of EPZ factories in 1996, found them in fewer than 5% in 2001. The MOU program has been phased out, and the U.S. Embassy considers the project a success, with most child labor now eradicated from the EPZs. Child labor laws outside of the EPZs are not effectively enforced. Bangladesh, however, is working to improve compliance with ILO conventions on child labor.

In response to a petition from U.S. labor groups, the office of the U.S. Trade Representative (USTR) is reviewing labor practices in Bangladesh to determine whether insufficient enforcement of labor rights could disqualify Bangladesh from eligibility for preferential U.S. market access under the Generalized System of Preferences (GSP).

The International Labor Organization, in partnership with the International Finance Corporation, will begin a Better Work program in Bangladesh in late-2012. The program will be similar to Better Factories Cambodia, which was established in 2001, but on a much larger scale to include Bangladesh's entire ready-made garment sector.

### **Foreign-Trade Zones/Free Ports**

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Under the Bangladesh Export Processing Zones Authority Act of 1980, the government established an EPZ in Chittagong in 1983. Additional EPZs now operate in Dhaka (Savar), Mongla, Ishwardi, Comilla, and Uttara. In addition, two new EPZs are being established in Karnaphuli (Chittagong) and Adamjee (Dhaka). Korean investors are developing a private EPZ in Chittagong. Investments that are 100% foreign-owned, joint ventures and 100% Bangladeshi-owned companies are all permitted to operate and enjoy equal treatment in the EPZs. Approximately a dozen U.S. firms - mostly textile producers - are currently operating in Bangladesh EPZs. Investors are generally satisfied with the operation of Bangladesh's EPZs, which have played a significant role in the success of Bangladesh's ready-made garment industry.

In 2010, Bangladesh enacted a Special Economic Zone law that allows the creation of privately-owned Special Economic Zones (SEZs) that can produce for export and domestic markets. The International Finance Corporation is assisting the government to establish a Special Economic Zone Authority, modeled after BEPZA, to implement the new law and oversee the establishment of SEZs.

### **Foreign Direct Investment Statistics**

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According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2011, total inward foreign direct investment to Bangladesh was \$913 million in 2010, a 24% increase from \$700 million in 2009. Outward foreign direct

investment flows were negligible. UNCTAD estimated the stock of inward foreign direct investment was \$6.0 billion in 2010. Major sources of investment include the U.S., the United Kingdom., South Korea, Japan, Norway and India.

*Foreign Direct Investment Inflows:*

Year	Amount in US \$ million
2010	913
2009	700
2008	1,086
2007	666
2006	792
2005	845

Sources: UNCTAD, *World Investment Report 2011*

**Web Resources**

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[Bangladesh Bank](#)  
[Bangladesh Export Processing Zones Authority \(BEPZA\)](#)  
[Board of Investment - Bangladesh](#)  
[Chittagong Stock Exchange \(CSE\)](#)  
[Dhaka Stock Exchange \(DSE\)](#)  
[Export-Import Bank of the United States \(EX-IM\)](#)  
[Foreign Private Investment \(Promotion and Protection\) Act 1980](#)  
[Industrial Policy Act of 2005,](#)  
[Overseas Private Investment Corp. \(OPIC\)](#)  
[Privatization Commission Bangladesh \(PCB\)](#)  
[Ministry of Finance-Government of Bangladesh](#)

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### **How Do I Get Paid (Methods of Payment)**

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Unless the importer is a multinational company operating in Bangladesh or a reliable, long-standing Bangladeshi customer, the Embassy strongly recommends all U.S. exporters require their local buyers to present irrevocable, confirmed letters of credit to secure payment, preferably from a U.S. bank. This is true whether the importer is a private firm or part of the government and whether or not the importer is being financed by a multilateral institution or bilateral donor agency or government. U.S. exporters should also be aware that it is a normal business practice for government procurement agencies to require exporters to post performance bonds. Performance bonds can be arranged with a bank operating in Bangladesh, including several international banks.

### **How Does the Banking System Operate**

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The Bangladesh banking sector includes four nationalized commercial banks (NCBs), five state-owned specialized banks, 30 domestic private banks, 28 non-bank financial institutions and nine foreign banks. Collectively, these banks make up the "scheduled" banking system. Among the four NCBs, three are fully owned by the government while a fourth bank, Rupali Bank is partially privatized. The government banks are weak because of an historic pattern of directed lending to money-losing state-owned enterprises and to unsecured private borrowers. The U.S. Government and donor institutions are assisting with financial sector reforms. Part of the reform effort is to upgrade regulations and accounting standards to international standards.

Bangladesh Bank (the central bank) regulates all banking institutions with influence from the Ministry of Finance. The Bangladesh Bank Governor and other senior officials are appointed by the Prime Minister and coordinate monetary policy and banking regulations with the Finance Ministry and other Executive Branch Ministries. The central bank has taken several steps to improve bank oversight, including expanded use of core-risk analysis in its bank audits and establishment of an anti-money laundering unit.

### **Foreign-Exchange Controls**

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The Bangladesh Bank maintains an approval process for foreign currency transfers, including transfers relating to trade and investment transactions. While the approval process can be cumbersome, currency convertibility has historically not been a major

impediment to trade and investment. In 2011, balance of payments deficits contributed to temporary foreign currency shortages that delayed some import transactions, but strong remittances helped restore a balance of payments surplus in 2012.

## **U.S. Banks and Local Correspondent Banks**

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All scheduled banks have arrangements with U.S. correspondent banks for their U.S. dollar clearing requirements. Additional information is available from the U.S. Embassy's Trade Center: phone: 880-2-885-5500; email: [ustc-dhaka@state.gov](mailto:ustc-dhaka@state.gov).

## **Project Financing**

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The government procurement market encompasses a wide range of projects that are usually financed by donors, although from time to time the government may finance its own projects or ask bidders to propose financing. The U.S. Agency for International Development (USAID), the Japanese government's development aid program (JICA), the World Bank, and the Asian Development Bank (ADB) are important sources of development project financing in Bangladesh.

The U.S. Foreign Commercial Services maintains liaison offices at the World Bank and the ADB to assist U.S. suppliers and consultants in competing for projects and activities funded by these organizations. The commercial liaison office works closely with ADB's U.S. Executive Director who represents the U.S. on the bank's board of directors.

## **Web Resources**

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

Overseas Private Investment Corporation (OPIC): <http://www.opic.gov>

U.S. Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Bangladesh Government Web Portal: [www.bangladeshgov.org/](http://www.bangladeshgov.org/)

Asian Development Bank: [www.adb.org](http://www.adb.org)

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## Chapter 8: Business Travel

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- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
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### Business Customs

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Personal contact is an important element in building business relationships in Bangladesh. Bangladeshi business executives are usually very courteous, and try to make their foreign guests feel at ease. Business visitors should be aware that in Bangladesh, men and women do not usually shake hands with each other, and may avoid doing so with a visitor of the opposite sex. Foreign visitors often find that hosting meals for their Bangladeshi agents or business contacts helps to smooth business negotiations. Visitors may also be invited to share meals as guests of their Bangladeshi hosts. Attire for social functions is often "informal," meaning business attire as opposed to formal wear. Women should dress conservatively but are not expected to cover their heads. While meetings generally start on time, conferences and social functions often start significantly later than their announced time.

### Travel Advisory

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Updated travel advisory information on Bangladesh is available from the State Department's Bureau of Consular Affairs in several formats. For recorded information, call (202) 647-5225. For information by fax, call (202) 647-3000. Travel advisory information for Bangladesh can also be found on the U.S. Embassy website:

[http://dhaka.usembassy.gov/acs\\_tips\\_travelers.html](http://dhaka.usembassy.gov/acs_tips_travelers.html)

<http://dhaka.usembassy.gov/msg-for-us-citizens.html>

For further details on entry requirements for Bangladesh, travelers can contact:

**Bangladesh Embassy in Washington:** <http://www.bdembassyusa.org/> 3510 International Drive Washington, D.C. 20008 Telephone: (202) 244-0183, fax: (202) 244-5366

**Consulate General of the People's Republic of Bangladesh, New York** 211 East 43<sup>rd</sup> St., Suite 502 New York, NY 10017 Telephone: (212) 599-6767/599-6850, fax (212) 682-9211

**Consulate General of the People's Republic of Bangladesh, Los Angeles**

10850 Wilshire Blvd., Suite 1250 Los Angeles, CA, 90024 Telephone: (310) 441-9399, (310) 441-5983, fax: (310) 441-4458.

Foreign nationals staying on regular or temporary visits longer than 90 days are required to show a Submission of Income Tax Clearance Certificate or Income Tax Exemption Certificate when departing Bangladesh. For additional information on these forms, travelers may contact:

[National Board of Revenue \(NBR\): www.nbr-bd.org](http://www.nbr-bd.org)

Rajasha Bhaban, Segunbagicha Dhaka Telephone: +880-2 933-3444.

The International Certificate of Vaccination is no longer required for travel to Bangladesh, but typhoid and hepatitis immunizations are required. Malaria suppressants are recommended for those traveling outside Dhaka.

## Visa Requirements

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Travelers are encouraged to contact the Bangladesh Embassy in Washington or the nearest Bangladesh consulate to obtain a visa before traveling to Bangladesh. Travelers can also apply for visas upon arrival, but the rules and fees governing visas on arrival are subject to change. For visa extensions, travelers may contact the Department of Immigration and Passport Office, Agargaon, Sher-e-Bangla Nagar, Dhaka, telephone (880-2) 911-3318, fax: (880-2) 912-3399. Generally, extensions are granted for 3-6 months (short-term) with a single entry. A one year or more (long-term) extension for an expatriate working on a government project may require a letter from the relevant ministry and a security clearance from the Home Ministry through the related ministry, along with the prescribed visa extension application form. This process can be long and complicated. Travelers expecting to visit Bangladesh for extended periods are recommended to apply for a long-term multiple entry visa from a Bangladeshi embassy or consulate in the U.S.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that visa processing times may vary and travelers are encouraged to submit visa applications well in advance of their travel dates. Travelers may consult the following websites for more information on U.S. visas:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Embassy Dhaka's Consular Section: [http://dhaka.usembassy.gov/visa\\_services.html](http://dhaka.usembassy.gov/visa_services.html)

## Telecommunications

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Bangladesh has made steady progress in developing telecommunications services, particularly mobile telephone and internet services. While the government-run telephone service has been slow to expand land lines, six mobile phone operators have rapidly expanded mobile phone networks to cover nearly 100 percent of Bangladesh territory. At the same time, mobile phone providers expanded their subscriber base from less than 1 million subscribers in 2010 to more than 80 million subscribers by the end of 2012.

The expansion of mobile networks has also contributed to the increase in internet connectivity in Bangladesh. As a growing number of internet service providers have offered broadband internet connections through DSL, fiber optic and WIMAX connections, mobile phone operators offer more limited connectivity through over a wider area through mobile phone networks. Bangladesh relies on the SEA-ME-WE-4 submarine fiber-optics cable system for international connectivity and the Government is seeking to expand broadband connectivity through additional connections.

## **Transportation**

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Bangladesh's main international airport, Shahjalal International Airport, is located at Kurmitola, about 12 kilometers north of Dhaka city. The national air carrier, Biman Airlines, is the major domestic carrier. Private airlines GMG, Regent and United Airways have flights from Dhaka to Chittagong, Cox's Bazaar, Jessore, and Sylhet. GMG and United have also offered international routes to Kolkata, New Delhi, Bangkok, Kathmandu, Kuala Lumpur, Singapore, Dubai and London. Public transportation is limited in Dhaka but business travelers can use rental car services and hotel transportation in Dhaka and other metropolitan areas.

## **Language**

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Although Bangla (Bengali) is the official language of Bangladesh, English is widely spoken and used in official and business circles. U.S. business people may greet their Bangladeshi counterparts with normal English salutations. The usual greeting among Bangladeshis is the Arabic phrase "as-salaam-alaikum" (meaning "peace be with you"). The cordial response is "walaikum salaam" ("peace to you as well"). A polite parting phrase is "Khoda haafez" ("God preserve").

## **Health**

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Visitors should exercise care in what they eat and drink since water-borne intestinal illnesses are common in Bangladesh. Travelers are advised to drink bottled/boiled water and eat only fruits and vegetables that have been cooked or peeled. Undercooked meat should be avoided. Travelers should also avoid eating uncooked dairy products and food sold on the streets. There are periodic outbreaks of dengue fever, which is transmitted by a day-biting mosquito. Travelers may bring insect repellent as a precautionary measure. Visitors who take medication on a regular basis should bring enough for the duration of their visit. It is not always possible to find equivalents for American prescriptions on the local market. In general, local medical facilities are substandard, except for a few outpatient clinics. Some modern hospital facilities Apollo Hospital, Square Hospital and United Hospital opened since 2005. Travelers are strongly encouraged to obtain medical insurance including medevac insurance before traveling to Bangladesh.

## **Local Time, Business Hours, and Holidays**

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Bangladesh observes a Sunday-Thursday workweek. Business hours are 9:00 am –

5:00 pm. The Embassy observes a two-day weekend (Friday and Saturday). Muslim religious holidays vary with the appearance of the moon.

Local & American holidays will be observed by the U.S. Embassy in 2013 are as follows:

<b>HOLIDAYS DATES</b>		<b>MISSION CLOSED</b>	
New Year's Day	American	January 1	Tuesday
Martin Luther King's Birthday	American	January 15	Sunday+
President's Day	American	February 17	Sunday+
Martyr's Day (Int'l Language Day)	Bangladeshi	February 21	Thursday
Independence Day (Bangladesh)	Bangladeshi	March 26	Tuesday
Bengali New Year	Bangladeshi	April 14	Sunday
Buddha Purnima#	Bangladeshi	May 23	Thursday#
Memorial Day	American	May 27	Sunday+
Shab-e-Barat	Bangladeshi	June 25	Tuesday*
Independence Day (U.S.)	American	July 4	Thursday
Shab-e-Quadr*	Bangladeshi	August 6	Tuesday*
Eid-ul-Fitr*	Bangladeshi	August 8	Thursday.*
Labor Day	American	September 1	Sunday+
Columbus Day	American	October 13	Sunday+
Durga Puja#	Bangladeshi	October 14	Monday#
Eid-ul-Azha*	Bangladeshi	October 16	Wednesday*
Veterans Day	American	November 11	Monday
Thanksgiving Day	American	November 28	Thursday
Victory Day	Bangladeshi	December 16	Monday
Christmas Day	American	December 26	Wednesday+

There are additional local holidays that are not observed by the Embassy.

### **Temporary Entry of Materials and Personal Belongings**

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Agents and representatives of foreign manufacturers are allowed to import machinery and equipment from their principals for purposes of demonstration or exhibition, subject to the following conditions:

- The goods brought into Bangladesh will be re-exported within a period of one year
- The importer shall execute a bond and furnish a bank guarantee or understanding or a legal instrument to the satisfaction of Customs at the time of clearance indicating that the goods will be re-exported in a timely manner
- If the goods include any banned or restricted items, prior permission is required from the Chief Controller of Imports and Exports Equipment or machinery imported on a temporary basis is exempt from duty if the importer obtains an import/export permit.

### **Web Resources**

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[American Chamber of Commerce in Bangladesh \(AmCham\)](#)  
[Bangladesh Export Processing Zones Authority \(BEPZA\)](#)

[Bangladesh Government Portal](#)  
[Board of Investment](#)  
[Business Info Bangladesh](#)  
[Central Bank of Bangladesh](#)  
[Dhaka Chamber of Commerce & Industry](#)  
[Bangladesh Chamber of Industry \(BCI\)](#)  
[Foreign Investors' Chambers of Commerce & Industry \(FICCI\)](#)  
[Export Promotion Bureau](#)  
[Federation of Bangladesh Chamber of Commerce & Industry \(FBCCI\)](#)  
[Metropolitan Chamber of Commerce and Industry \(MCCI\)](#)  
[National Board of Revenue](#)  
[Securities & Exchange Commission](#)

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## Chapter 9: Contacts, Market Research, and Trade Events

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### Contacts

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#### Business Chambers

[American Chamber of Commerce in Bangladesh \(AmCham\)](#)  
[Dhaka Chamber of Commerce & Industry](#)  
[Bangladesh Chamber of Industry \(BCI\)](#)  
[Foreign Investors' Chambers of Commerce & Industry \(FICCI\)](#)  
[Federation of Bangladesh Chamber of Commerce & Industry \(FBCCI\)](#)  
[Metropolitan Chamber of Commerce and Industry \(MCCI\)](#)

#### Bangladesh Government Offices

[Bangladesh Government Portal](#)  
[Bangladesh Export Processing Zones Authority \(BEPZA\)](#)  
[Board of Investment](#)  
[Bangladesh Bank \(the Central Bank\)](#)  
[Export Promotion Bureau](#)  
[National Board of Revenue](#)  
[Securities & Exchange Commission](#)

#### U.S. Trade Center at the U.S. Embassy in Dhaka:

U.S. Embassy Phone Number: +880-2-885-5500 ext. 2712  
U.S. Embassy Fax Number: +880-2-882-3744, 988-7826  
U.S. Embassy Website: [US Embassy - Bangladesh](#)  
U.S. Trade Center Email Address: [US Trade Center - Dhaka](#)

### Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

### Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>  
[Export.Gov - Trade Events US Embassy Dhaka - Trade](#)

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.