

# Bangladesh woos Sri Lankan investors; new sectors opened, investor protection assured

August, 2018  
Economynext



**Abstract: Bangladesh is hoping to attract Sri Lankan investments by opening up new sectors and providing fast-tracked approvals, incentives and guaranteeing protections against expropriation**

Bangladesh is hoping to attract Sri Lankan investments by opening up new sectors and providing fast-tracked approvals, incentives and guaranteeing protections against expropriation, officials said.

Bangladesh will open education, energy, healthcare, insurance, maritime services, processed foods, pharmaceuticals and tourism for Sri Lankan investors.

"We hope to encourage a second wave of investments from Sri Lanka," Bangladesh Investment Development Authority Executive Chairman Kazi Aminul Islam said.

Sri Lanka has already invested over 260 million US dollars in Bangladesh in 2017, a market of 160 million people, up from 90 million US dollars in 2011. These were in areas of apparel manufacturing, banking, agriculture, consumer goods and energy in Bangladesh.

"I have to thank Sri Lankan companies for having faith in us and being the first to come and invest in Bangladesh. Many countries have confidence in us now, but Sri Lanka was the first and for that, we are grateful," said Bangladesh Investment Development Authority Executive Chairman Kazi Aminul Islam.

Aminul Islam was addressing an investment forum 'Ayubowan Bangladesh' in Colombo organised by Sri Lanka's NDB Capital Holdings and NDB Investment Bank which have offices in Bangladesh.

"Foreign investments are secured by laws against nationalisation and expropriation, and local and foreign investors are treated equally," Bangladesh Investment Development Authority Director Ariful Hoque said.

Bangladesh also allows 100 percent foreign equity holdings with no restrictions on exiting. Investors can also enter into joint venture partnerships with locals, which will make land acquisitions easier.

Investors will receive tax holidays from five to ten years and tariff concessions to import machinery and raw materials, or accelerated depreciation for sectors that tax holidays don't apply.

An export development fund and equity

entrepreneurship fund have been set up to facilitate funding for foreign ventures, he said. In 2018, Bangladesh government passed the One Stop Service Act to fast-track approvals to attract FDI.

Over 150 approvals from 34 agencies have been identified for simplification, Hoque said. Bangladesh's growing middle class, young population are compelling reasons to invest in the domestic market.

Cheap labour and market access makes Bangladesh attractive for export investments. The Bay of Bengal nation's exports are also growing, reaching 37 billion US dollars in 2017, up from 16 billion US dollars in 2010. Exports are expected to nearly double to 70 billion US dollars by 2021.

"For every 1 US dollar invested in Bangladesh, foreign investors have generated exports of 14 US dollars," Hoque said.

The country has signed investment treaties with 31 countries and double-tax agreements with 28, including Sri Lanka. The two countries are also discussing a free trade agreement.

Bangladesh attracted FDI worth 2.1 billion US dollars in 2017. Its per capita GDP was 1,754 US dollars that year.

"We have a target to reach a per capita GDP of 2,000 US dollars by 2021 and 12,600 US dollars in 2041. For this, we will need FDI worth 9.6 billion US dollars in 2021 and 350 billion US dollars in 2041," Hoque said.

"That's why we made a conscious decision to improve the investment climate for everyone," he said. (COLOMBO, 17 August 2018)



Preferred Partner in Investment Banking

**EQUITY & DEBT CAPITAL MARKETS | MERGERS & ACQUISITIONS | ADVISORY**

T: +94 112 300 385 E: info@ndbib.com W: www.ndbib.com