

# Bangladesh could be a Happy Hunting Ground for Lankan Entrepreneurs

By P.K Balachandran  
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**Abstract: Negotiations on the proposed Sri Lanka-Bangladesh Free Trade Agreement are likely to commence by the end of next month. The agreement could be much wider than initially anticipated, which could potentially become an economic partnership agreement.**

Bangladesh has traditionally been hospitable to Sri Lankan entrepreneurs and fortunately, the traditional friendliness has not given way to arrogance with the country's growing prosperity. This was acknowledged at a meeting of Sri Lankan entrepreneurs, who have set up shop in Bangladesh, with top Bangladeshi officials, in Colombo on Thursday.

Sri Lankan speakers at the 'Ayubowan Bangladesh' (Long Live Bangladesh) event held under the aegis of the NDB Investment Banking Quarter of Sri Lanka and the Bangladesh High Commission gushed about Bangladesh's friendly Government; its pleasant and eager-to-help bureaucrats; its techno-savvy white collar workers; and its cooperative and reasonably-priced labour.

The Sri Lankan speakers pointed out that since Sri Lanka is a small market of 20 million people in comparison with Bangladesh with its 160 million, Lankan entrepreneurs would do well to look at Bangladesh to expand their operations.

W.K.H. Wegapitiya, Chairman of LAUGFS Holdings Ltd., who has investments in the energy sector in Bangladesh, said that Bangladesh officials go out of the way to iron out issues or remove any obstacles that might arise.

U. Gamini Sarath, General Manager Offshore Operations of LTL Group, which has invested in power generation, said that Bangladeshi institutions and bureaucrats were much friendlier than their counterparts in Sri Lanka. Sarath said he had walked into the offices of the top functionaries in Bangladesh departments without a prior appointment and got his work done, while here in Sri Lanka bureaucrats would stonewall him.

Wegapitiya had a special word of praise for Kazi M. Aminul Islam, Executive Chairman of

the Bangladesh Investment Development Authority (BIDA). "Aminul Islam personifies the one-stop-shop concept by himself becoming the one-stop-shop," Wegapitiya said.

Love for Sri Lankans is widespread in the general population of Bangladesh, which is a major factor, they noted. Wegapitiya attributed this to the ancient linkage between Bengal and Sri Lanka. Prince Vijaya, the progenitor of the Sinhala race, came from Bengal.

Gamini Sarath attributed it to similarity in the culture, physique and language. Both Bengali and Sinhala are derived from Sanskrit.

M. Riaz Hamidulla, the Bangladesh High Commissioner in Sri Lanka, said that the four things which bind Bangladesh and Sri Lanka are rice, fish, saris and music.

BIDA Chairman Kazi Aminul Islam recalled that when Bangladesh was poor, Sri Lankan entrepreneurs believed in its potential and became the first to invest in it in the 1980s. Wegapitiya and Sarath pointed out that Bangladeshis were "grateful" to Sri Lanka for recognising their country's potential in the 1980s when it was written off as a "basket case".

Some daring Sri Lankans set aside such negative motions and invested in Bangladesh. They were garment manufactures who had gathered experience in supplying the sophisticated Western markets. Sri Lankan investors and technical experts helped the Bangladeshi garment manufacturing sector grow to be a major factor in world of garments.

In this context the Bangladesh envoy Riaz Hamidullah pointed out that a locally-manufactured Sri Lankan hair oil,

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Komarika, has captured the market from Marico, imported from India. Komarika should lead the way for the entry of a wide range of consumer products of daily use. Hamidullah also referred to the gherkin pickle made by the Lankan firm Hayleys, which is selling in Japan at \$ 17 a bottle.

BIDA Chairman Kazi Aminul Islam said that when Bangladesh got freedom in 1971, its per capita GDP was only \$ 129. But by 2017 it had risen to \$ 1093. Therefore, entrepreneurs would have to look not only at the present but the future too, Islam said.

The BIDA Chairman said that US President Trump would not be able to stop the free movement of goods and services. Expertise and knowledge are “portable” and cannot be prevented from moving across borders, Islam averred.

Noting that multilateralism was hampered by a lack of trust, countries could strike bilateral deals, he suggested, urging Bangla-Lanka deals. Among the areas listed by Islam for possible Lankan investment in Bangladesh are ICT, health and pharmaceuticals.

Bangladesh Investment Development Authority (BIDA) Director Md. Ariful Hoque said that Bangladesh was now the 44th largest economy in the world with a GDP of \$ 286 billion. It is expected to be the 23rd largest economy in 2041. In 2021, Bangladesh’s GDP is expected to be \$ 335 billion. FDI is expected to be \$ 9.6 billion and exports would touch \$ 70 billion.

Hoque said that Bangladesh had the most liberal economy in South Asia; 100% foreign investment is allowed in 70 sectors. Bangladesh ensures that local and foreign investors have a level playing field. Rules relating to repatriation profits are also very liberal. Commenting on this, BIDA Chairman Aminul Islam said: “So far nobody has complained to me about any issues in repatriation.”

Land acquisition is not a problem in Bangladesh. Tax holidays range from five to 10 years. Export Promotion Zones with all the

utilities exist and industries there can import duty free, said Kanti Kumar Saha, CEO, NDB Capital, Bangladesh.

Bangladesh has got \$ 276 million in FDI. Among the investors are Sri Lankan companies like NDB, Commercial Bank, Brandix and Hirdiramani, LTL, People’s Leasing, etc.

Stating the areas in which Sri Lankans can invest, the Bangladeshi speakers said that energy was a sector Sri Lankans could consider as Bangladesh was rich in natural gas. There is much room in the power sector because electrification covers only 50% of the population. The power sector in Bangladesh is open to private investment as 57% of the generation comes from the private sector.

Food and beverages and other consumables are another vast area because, with rising incomes, an average family spends 97% of its income on consumption. As compared to Lanka, the health sector is poor in Bangladesh. The country needs hospitals and clinics. Thus there is room for investment to serve a potential health market of \$ 2 billion.

Banking and financial sectors are yet undeveloped in Bangladesh as is the Life insurance sector. Only 10% of the population uses banks while the South Asian average is 33%. The small and medium industries sector is crying for funds. Life insurance is an unexploited area, as today, only 0.5% of the population is covered by Life insurance.

Even the garment sector has scope for growth. Garment exports are expected to grow to \$ 50 billion by 2021. There is a huge market for lingerie waiting to be catered to. Sri Lankans are well-equipped to enter the garment sector and succeed, the Bangladeshi officials said.

Bangladesh is self-sufficient in food, but food production is still not efficient enough to generate surpluses for export.

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Tourism, in which Sri Lanka is streets ahead, is still undeveloped in Bangladesh, partly because of lack of publicity and partly because there are very few hotels, lodges and restaurants outside Dhaka.

## Need to look at future

Wegapitiya advised potential investors in Bangladesh not to look at the country with “myopic eyes” and urged them to look at the future of Bangladesh. It is surrounded by Eastern India and therefore the market is much more than 160 million.

Sri Lanka, which is on the main East-West shipping route, is planning to be shipping and logistic hub. When this happens, Bangladesh, which is aiming to be a manufacturing hub, could tie up with Sri Lanka for logistic purposes, he said.

High Commissioner Hamidullah added that Bangladesh and India were already linked through trade with 14 outlets. Trade is

burgeoning. Discussions are going on to link Kolkata with Kunming via Myanmar. “There may be political barriers to such schemes. There could be questions of sovereignty but economic necessity tends to override political considerations,” he averred.

Bangladesh and Sri Lanka could be part of the international value chain stretching across Asia, Hamidulla said, appealing to entrepreneurs to think regionally and globally if they wanted to make use of the emerging opportunities.



High Commissioner of Bangladesh in Sri Lanka Riaz Hamidullah



LAUGFS Holdings Chairman W.K.H. Wegapitiya, Sri Lankan investor in Bangladesh



Bangladesh Investment Development Authority Chairman Kazi M. Aminul Islam

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