

# EXPORT RÅDDET

SWEDISH TRADE COUNCIL

# BANGLADESH

## COUNTRY FACT PACK



Swedish Trade Council India

March 17<sup>th</sup>, 2009

## BANGLADESH QUICK FACTS

	Bangladesh	Sweden
<b>Area:</b>	144 000 sq km	450 295 sq km
<b>Population:</b>	153 mn	9.1 mn
<b>Population growth:</b>	2.03%	0.157%
<b>Adult literacy rate:</b>	43.1%	99%
<b>GDP total:</b>	USD 83.04 bn	USD 358.4 bn
<b>GDP per capita:</b>	USD 543	USD 39 384
<b>GDP per capita in PPP (USA = 100):</b>	3	82.5
<b>GDP growth:</b>	5.9% (2008)	0.9% (2008)
<b>Internet penetration</b>	0.35%, 0.5 mn	77%, 7.0 mn



**Capital:** Dhaka

**Form of State:** Federal republic,  
Parliamentary Democracy

**Official language:** Bengali (Bangla),  
English

**Currency:** 09/02/2009, 1 SEK= 8.5 BDT

**Number of bordering countries:** 2

**Time zone:** GMT+ 6:00h

# OVERVIEW OF THE POLITICAL FRAMEWORK OF BANGLADESH



## Head of State

- President Zillur Rahman

## Political Structure

- Bangladesh has been a parliamentary democracy since 1991.
- The president appoints the prime minister, who then constitutes the cabinet.
- The most recent election was held in 2008.
- The parliament is a unicameral parliament, consisting of 300 members directly elected from geographical constituencies for five-year terms.

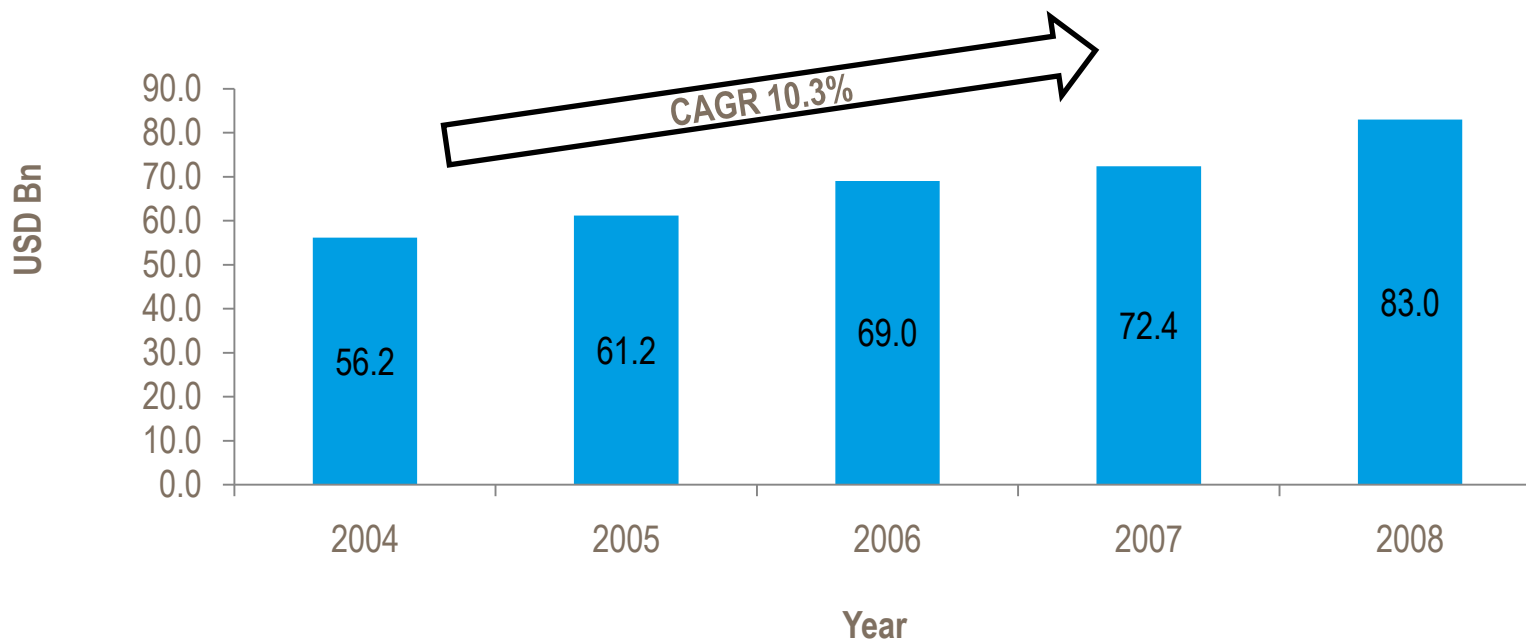


## Head of Government

- Prime Minister Sheikh Hasina Wajed (2008)
- The Awami League heads the current Government

# HIGH & STEADY GDP GROWTH IN RECENT YEARS

Real GDP in USD Billion, 2003-2008



**More than 5% average GDP growth in last 5 years, well in line with other South Asian countries**

# SERVICES & MANUFACTURING THE FASTEST GROWING SECTORS IN BANGLADESH

GDP composition, %

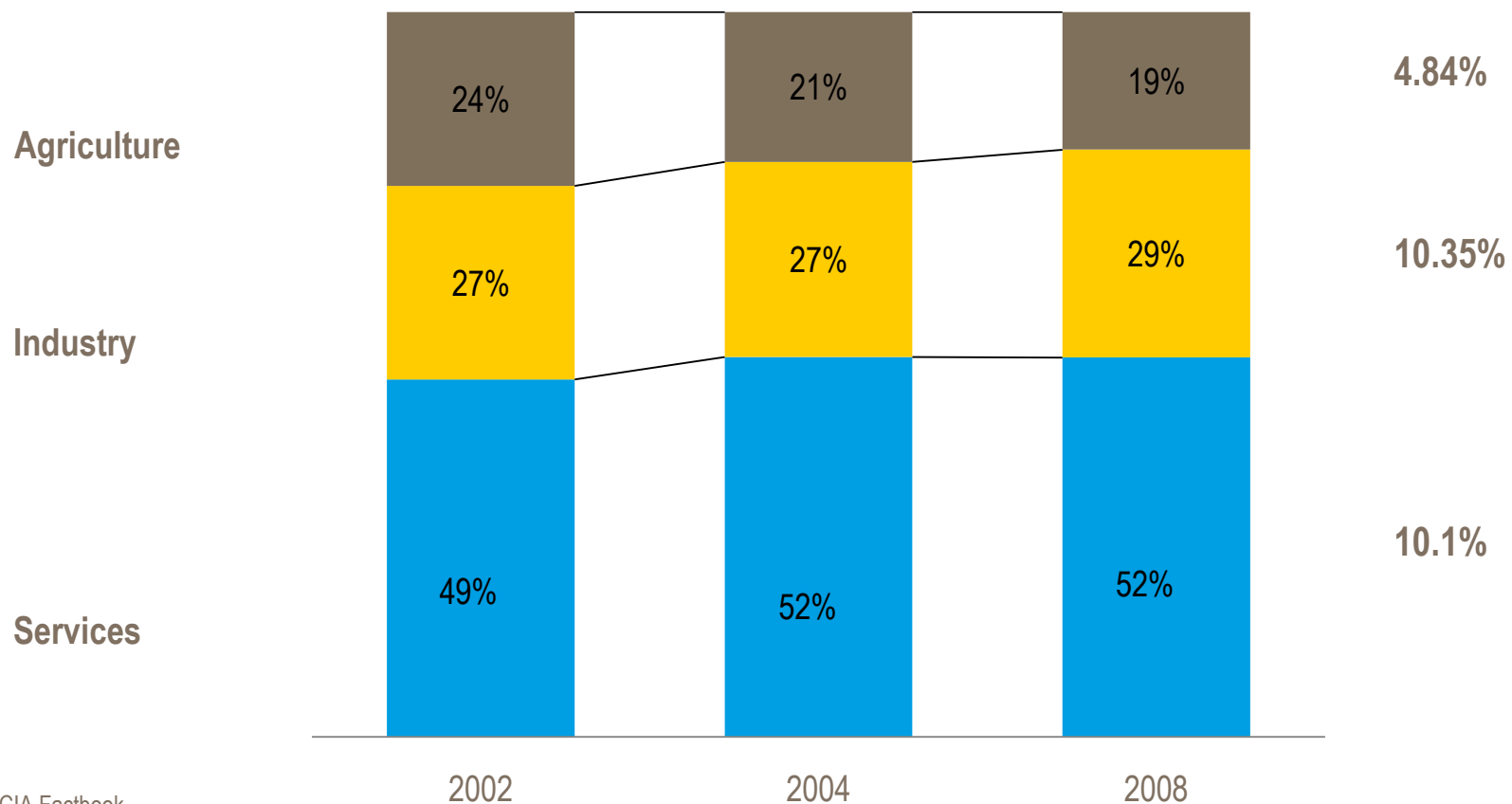
CAGR 2002 - 2008, %

Total GDP = 100%

USD 49.55 bn

USD 56.15 bn

USD 83.04 bn



# MANY INVESTMENT OPPORTUNITIES IN BANGLADESH [1/2]

## Telecom

- As of January 2009, Bangladesh has 44.4 million mobile phone subscribers
- The country added more than 10 million subscribers in 2008
- Ranked as one of the top 10 emerging telecom markets in 2007
- Scope for investments in networks, services & as an operator



## Textile

- Export of textiles account for more than 50% of total exports
- Competitive manufacturing cost structure makes country attractive for production
- Total export market exceeds USD 8 billion
- Scope for import of raw material for garment manufacturing



## Power

- Only 30% of population has access to electricity, network being expanded continuously
- Sector is being liberalized and efforts are on to make the system more efficient. Distribution losses are high
- Swedish exports in the sector increased by 67% in the last 2 years



## Leather

- Abundant domestic supply of raw materials
- Tax holidays, duty free import incentives available
- Special leather zones being set up; FDI welcome



Source: NMSS Communications, Statistics Sweden, Embassy of Bangladesh, Ministry of Power, Energy & Mineral Resources, BRTC

## MANY INVESTMENT OPPORTUNITIES IN BANGLADESH [2/2]

### Light Engineering

- Bangladesh has a competitive manufacturing cost structure
- Country is suitable for labor intensive manufacturing for exports or sale domestically
- Example: Toys, paper articles, consumer goods



### Natural Gas Sector

- Including natural gas for industries such as electricity production, fertilizers and petro-chemicals
- From 1996 onwards private power companies have a 15 years tax holiday
- Scope in building, modernizing plants, building distribution networks, etc.



### Frozen Food

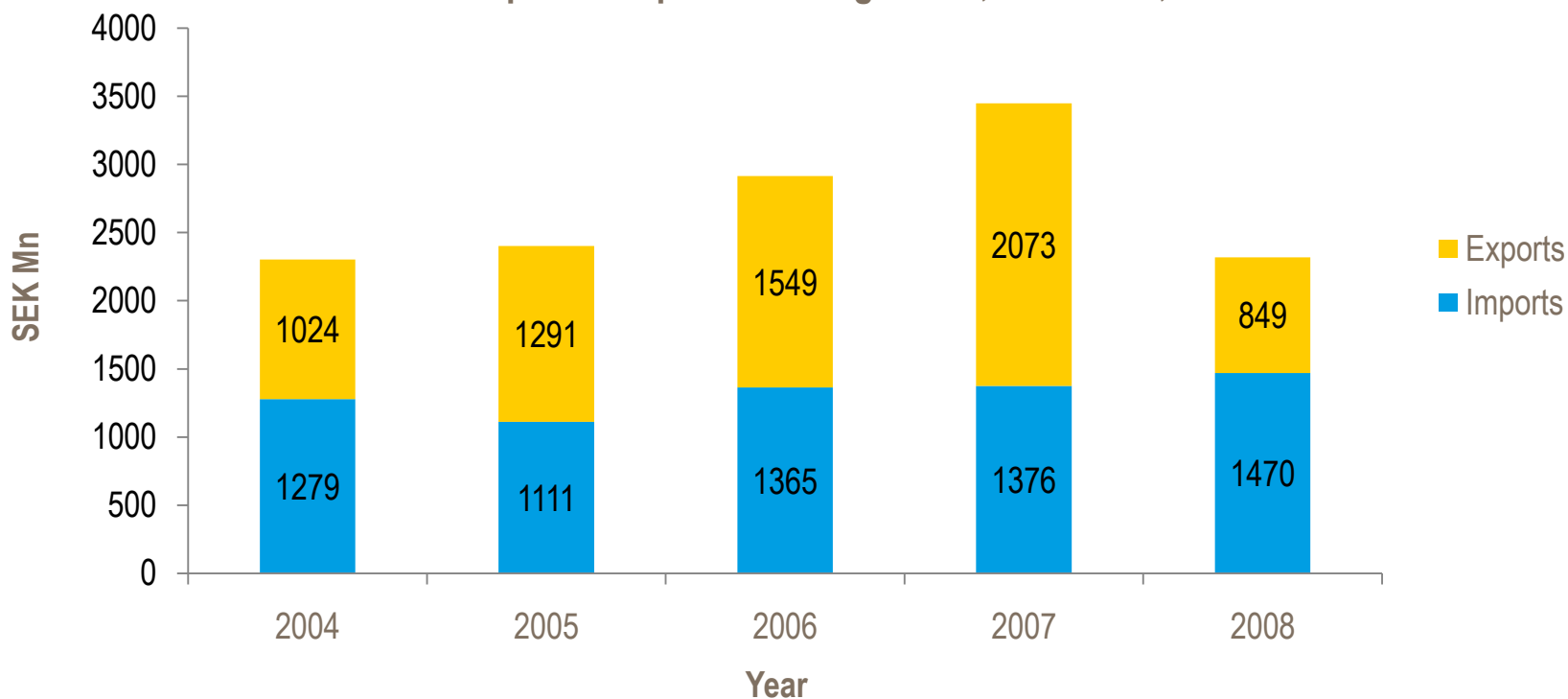
- The 2<sup>nd</sup> biggest export sector of the economy
- Growing at an annual rate of 28%
- Export of shrimps, prawns lucrative



## SWEDISH EXPORTS TO BANGLADESH ARE GROWING

- The heavy influence of telecom equipment makes the relationship sensitive to fluctuations

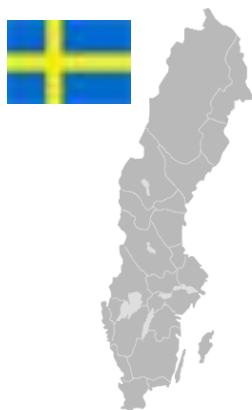
Swedish Exports / Imports to Bangladesh, 2002-2008, SEK Million



Source: Statistics Sweden,  
Swedish Trade Council,  
Swedish Embassy (Dhaka)

**Despite recent growth in trade between Sweden and Bangladesh,  
the country only accounts for 0.18% of total Swedish trade**

# MORE THAN 40 % OF SWEDEN'S EXPORT TO BANGLADESH ARE WITHIN TELECOM



## Top ten Swedish export products to Bangladesh

SEK 000's

1	Telecommunications apparatus	335 091
2	Equipment for distributing electricity	30 857
3	Paper & board Products	30 624
4	Mechanical handling equipment	17 783
5	Paper pulp	15 885
6	Scientific instruments	10 284
7	Iron & steel	8 608
8	Non electrical machinery	4 295
9	Machines for specific industries	3 651
10	Power generating machinery	2 889
	<b>Total Export to Bangladesh 2008</b>	<b>848 944</b>



# BANGLADESH IS THE THIRD EASIEST MAJOR COUNTRY TO DO BUSINESS WITH IN SOUTH ASIA

- World bank report ranks Bangladesh ahead of India

## Ease of doing business in 2009

Country	Rank (rank in 2008)
Pakistan	77 (74)
Sri Lanka	102 (103)
Bangladesh	110 (104)
Nepal	121 (111)
India	122 (120)
Bhutan	124 (122)

- During the past decade, Bangladesh has conducted a large number of reforms to become investor friendly, especially in the areas of:
  - Streamlining procedures for opening up a new business
  - Speeding up the process for registering new properties
  - Enhancing access to credit facilities
  - Enforcement of investor protection legislation

# MANY INCENTIVES FOR FOREIGN INVESTORS IN BANGLADESH

## Some of the incentives offered by the Bangladeshi Government are:

- Tax holidays ranging from 5-15 years depending on location of industries
- Facilities for repatriation of invested capital, profit and dividend
- Exemption of tax on interest on foreign loan
- Tax exemption on royalties, technical know-how and technical assistance fees
- Avoidance of double taxation on the basis of bilateral agreement
- Six months multiple entry visa for the investors
- TAKA, the nation's currency, is convertible for international payments in the current account
- Re-investment of repatriable dividend treated as new investment
- Working capital loan, as well as term loan, from local commercial banks allowed to the industries set up with foreign capital
- Citizenship by investing a minimum of USD 500 000 or by transferring USD 1 000 000 to any recognized financial institution (non repatriable)

# MORE THAN 50 SWEDISH COMPANIES HAVE A PRESENCE IN BANGLADESH

- Alfa Laval
- Arla Foods
- Asea Brown Boveri
- Calator
- Crane
- C Jahn
- Ekman & Co.
- Ellos
- Elof Hansson
- SAAB Bofors
- SAAB (SAAB Tank Control)
- Tetra Pak
- Valendor
- Veridata
- Volvo Car International
- Volvo Penta
- Volvo Truck Co
- Volvo Bus



- Eltel Network
- Ericsson Microwave
- Ericsson
- ESAB
- Filip Holm
- Getinge
- GW Trading
- Hemtex
- Hennes & Mauritz
- Hifab International
- Hop Lun
- IFO Sanitär
- IKEA
- K-Investkonsult International Trading
- KappAhl
- Lindex
- Metso Dynapac
- New Wave Group
- RCCA



## DID YOU KNOW THESE FACTS ABOUT BANGLADESH?

- The country was earlier known as East Pakistan until independence was gained from Pakistan in 1972.
- Bangladesh's neighbor India was the first country to acknowledge Bangladesh as an independent new born country.
- The name Bangladesh means "Country of Bengalis".
- Bangladesh is home to one of the largest coastal mangrove forests in the world. It forms part of the Sundarbans National Park.
- The red sun of freedom in Bangladesh's national flag symbolizes the blood shed to independence. The lush countryside is represented by the green field. Green also represents the traditional color of Islam.

# SWEDISH TRADE COUNCIL INDIA

## - Helps Swedish companies to do business in Bangladesh

- At New Delhi, Mumbai & Bangalore offices 20 consultants support Swedish companies to:
  - **Prepare** for entrance
    - e.g. Market studies, Business Culture Trainings
  - **Enter** the market
    - e.g. Partner/Distributor Search, Incorporation, Recruitments, Premise Search
  - **Perform** at the market
    - e.g. Queries, Credibility Checks, Tenders, Disputes
  - **Grow** the business
    - e.g. Growth strategies, Partner/Distributor Search, Recruitments
- STC India are:
  - Handling about 5 queries per day
  - Performing about 100 projects per year
  - Incorporating on average two (2) companies per month

