

INVEST IN BANGLADESH

A QUARTERLY NEWSLETTER OF BANGLADESH INVESTMENT DEVELOPMENT AUTHORITY (BIDA)

AGRICULTURE AND
AGRO-PROCESSING
SECTORS OF
BANGLADESH:
SURE SUCCESS
FOR NOW AND
THE FUTURE

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Bangladesh Investment
Development Authority

BIDA

Engage with new Bangladesh - Chief Adviser



By prioritizing education, healthcare, technological innovation, and sustainability, Bangladesh is not just opening its doors to business - it is offering a blueprint for a more equitable global economy



The Chief Adviser addressing the UNGA

As Bangladesh enters a new era of state reconstruction with the primary aim of economic and policy refurbishment, Chief Adviser Muhammad Yunus steers the movement with a powerful call for greater international investment that transcends traditional metrics, unveiling a new Bangladesh in the global arena. He has reiterated the economic vision of the current interim government through his speeches to the nation as well as to the international forums on various occasions.

"I call on the international community to continue and deepen engagements with Bangladesh," he said, in his address at the 79th UNGA in New York on Sept 27. The

Interim Government is prioritizing investments in critical sectors such as education and healthcare, rather than focusing solely on large infrastructure projects, he said differentiating Bangladesh's new development approach and underscoring his commitment to build human capital.

International investment in technology, especially in agriculture, water management, and public health, could have a transformative impact on the country, he said. "I believe the world needs to engage on a shared vision of 'three zeroes' that we can materialize together, targeting zero poverty, zero unemployment, and zero net carbon emissions."

Driving reforms in key sectors

To create a conducive environment for business and foreign investment, the current government has emphasized reforms in prioritized sectors that have been historically constrained by inefficiency and corruption. "We have rolled out extensive reforms in banking and financial sectors. We affirm not to let any foreign business interest be affected", the Chief Adviser said.

Rapid measures have been implemented to bolster foreign exchange reserves, restoring stability to the foreign exchange market. An influx of approximately USD 6 billion in new funding is anticipated from global lenders. Remittance receipts have hit USD 2 billion mark for the second straight month in September - showing 80%

year-on-year increase. The Chief Adviser had urged expatriate Bangladeshis to send their earned money through official banking channels during his Aug 25 address to the nation. As an indicator of real time changes, Real Effective Exchange Rate (REER) of the Taka climbed over 100 in September, from 99.53 in June.

Bangladesh Bank continues to enhance the repo and interest rates further in an attempt to shrink money supply to the market and tame inflation following classic economic principles. Inflation has been above 9% for over two years and is starting to come down. Inflation was at 9.92% in September, down from 10.49% in August - declining for a second consecutive month. Policy measures of Bangladesh Bank has particularly lauded by the International Monetary Fund.

As part of the steps in repairing and re-energizing the banking sectors of the country, particular attention has been given in ensuring liquidity adequacy of the problematic banks as well as driving general provisions for controlling non-performing loans.

Growing international interest

Recent developments highlight the increasing international interest in supporting Bangladesh's growth and stability. During a meeting with Chief Adviser Muhammad Yunus on Sept 25, US President Joe Biden pledged his full support for Bangladesh's interim government. As the largest importer of Bangladeshi goods and the top source of foreign direct investment (FDI) into the country, the US aims to further strengthen cooperation in key sectors such as health, education, and agriculture.

Canada has also expressed a strong commitment to enhancing Bangladesh's food security by providing essential commodities and fertilizers. Meanwhile, Chief Adviser Yunus has underscored the importance of green technology for sustainable development, urging China to relocate some of its solar panel factories to Bangladesh. This appeal has sparked significant Chinese investment interest, positioning Bangladesh as a potential leader in renewable energy production and export.

Proceeding forward

Chief Adviser particularly stated that, "as we enter a crucial phase in Bangladesh's economic development, our support for investors will define our global reputation. It is essential

that we internalize the notion that our investors are not merely stakeholders but our global ambassadors".

The primary focus of the current government is to create a pipeline of success stories—genuine examples of support that resonate in key markets. These stories will highlight the tangible benefits of investing in Bangladesh. With the high-growth economy attracting significant interest, Bangladesh must transform this potential into reality through a clear narrative and standardized facilitation services.

Under the leadership of the current government, Bangladesh retains a clear understanding of the necessary reforms needed to improve the business climate. The real challenge, however, lies in effective execution. Establishing robust institutional processes demands strong conviction and commitment. To address this, BIDA and other agencies are adopting an impact-based reform model that prioritizes the most pressing pain points, ensuring that our efforts yield meaningful results.

Current goal now is to improve the overall business and investment ecosystem and attract sustainable and resilient projects to leverage benefits of the encouraging environment. Bangladesh has a unique opportunity to tap into high-potential areas like environmental, social, and governance (ESG) investments. As a climate-vulnerable country, Bangladesh can engage the ESG community while aligning with the Hon'ble Chief Adviser's Three Zero Theory. This approach will drive inclusive growth, create jobs in renewable energy, agriculture, healthcare and education to support a zero-carbon future.

FICCI, BIDA to work together to attract foreign investment

The Bangladesh Investment Development Authority (BIDA) and the Foreign Investors Chamber of Commerce and Industry (FICCI) have announced plans to work together to attract more foreign investment to Bangladesh. The initiative was revealed during a meeting on September 17, 2024, at BIDA's conference room.



Lutfey Siddiqi, Special Envoy on International Affairs to the Chief Adviser of the interim government, shared the news. BIDA Secretary Dr. Khandoker Azizul Islam

presided over the meeting, with newly appointed BIDA Executive Chairman Chowdhury Ashik Mahmud Bin Harun participating virtually from Singapore. FICCI President Javed Akhtar was also present.

Mr. Akhtar emphasized the need to address obstacles faced by potential investors, stating, "We have many investors eager to invest, but they are encountering barriers." He called for a joint effort to resolve these issues to foster economic growth and increase foreign direct investment. He outlined FICCI's activities, emphasizing the need for structural reforms to attract more international business. Mr. Siddiqi reassured attendees of the government's commitment to creating a more favorable business environment.

Echoing similar sentiments, BIDA's Executive Chairman Chowdhury Ashik Mahmud Bin Harun highlighted the need for continuous efforts to enhance the investment climate. Both he and Mr. Siddiqi assured FICCI of their commitment to work collaboratively with all relevant stakeholders to implement the necessary reforms.

The partnership between BIDA and FICCI is expected to play a critical role in positioning Bangladesh as a leading destination for foreign direct investment.

A successful state-of-the-art agricultural investment in Bangladesh

Bengal Meat Processing Industries Limited

Established in 2006 in Kashinathpur, Pabna, Bengal Meat Processing Industries Limited has redefined the meat industry in Bangladesh. In partnership with Food Equipment Australia Pte, the company launched the country's first world-class meat production facility, setting a benchmark for safety, hygiene, and quality that exceeds local standards. By adopting a comprehensive 360-degree approach to protein solutions, Bengal Meat emphasizes temperature-controlled environments for slaughtering and processing, ensuring that nutrition is preserved and quality is superior compared to traditional outdoor practices.



Products: Bengal Meat's product range includes processed and further processed meats from beef, mutton, chicken, poultry, and fish. As the only company in Bangladesh managing the entire value chain—from fodder cultivation and contract farming to processing and retail—Bengal Meat adheres to stringent quality management practices, earning certifications such as ISO 22000:2018, HACCP, FSSC22000, and BSTI Halal.

Operation areas: The company operates in major cities, including Dhaka, Chattogram, Khulna, Rajshahi, Sylhet, and Bogura, serving both retail customers and prestigious hotels, restaurants, and cafes nationwide. Bengal Meat's premium products enable the hospitality sector to uphold international standards, significantly reducing reliance on imported meat, particularly among luxury establishments.

Export potentials: Bengal Meat has also entered global markets with exports to the Middle East and the Maldives, aiming for further expansion. Leveraging butchering as a skilled trade, Bengal Meat could amplify its impact globally with supportive policies that include disease-free zones, livestock systems designed for year-round production with full traceability, and cost-efficient resources like specialized grass and silage. Additionally, tax incentives for cold-chain machinery imports and access to low-interest bank loans would further empower Bengal Meat to compete with leading

meat-exporting countries. These measures not only enhance Bengal Meat's export capacity but could also contribute to stabilizing local meat prices, offering a win-win for both domestic and international markets.



Engaging women: From its inception, Bengal Meat has prioritized female empowerment by employing a significant number of women as trained butchers in its factory. This initiative has profoundly impacted local communities by creating stable livelihoods and contributing to poverty alleviation in surrounding villages. By offering sustainable employment, Bengal Meat has also helped mitigate the trend of rural-to-urban migration, allowing women and their families to rely on local job opportunities. This approach not only enhances economic stability in rural areas but also cultivates a skilled female workforce that adds substantial value to the meat industry.

Vision forward: With an annual turnover of approximately 6,000 metric tons, Bengal Meat is strategically positioned for growth, leveraging its solid foundation and increasing customer demand to strengthen its influence in both domestic and international markets. This not only enhances the business of the company, but also portrays the image of Bangladesh where modern, hygienic and state-of-the-art agricultural undertaking can make a stride.



Sector of the Issue: Agriculture and Agro-processing Sectors of Bangladesh: Sure Success for Now and the Future

Agriculture and Agro-processing sectors of Bangladesh hold significant economic potential and present wider but still unsaturated scopes of initiatives for the investors. Cumulative Average Growth Rate (CAGR) of more than 13%, domestic target customer size of 170 million, only around 20% of agricultural produce going through agricultural/ food processing channels and well established external export markets, all these factors make the agriculture and agro-processing sectors of Bangladesh as a future-proof and commercially feasible investment hub. Enhancing productivity, value addition, and sustainable practices are the three areas that have immense scopes to grow fueled by ever increasing demands both in the domestic as well as export markets.

Unmet demands to create major investment opportunities

Around 68 percent of around 9.8 billion global population live in urban areas and are in continuous demand for processed food. Also in Bangladesh, 170 million total population and 34 million middle and affluent class (MAC) population will drive the market for processed food which is projected to grow to USD 5.8 billion by 2030 from the current USD 3.2 billion. Both these markets can be served by the agriculture produces and products from Bangladesh utilizing its natural productivity, lower production costs and excellent international connectivity.

Global Agri Products Market Size \$13.3 Trillion	
Global Halal Food Market \$2.4 Trillion	
Bangladesh Processed Food Market by 2030 \$5.8 Billion	Bangladesh Demand for Raw Food Grain: 78.32MT Milk: 17.5MMT Meat: 8.34MMT Egg: 19750MMN **BBS 2010
Demand side	Supply side
70 million tons Agricultural Production	1000 Food Processors 250 Exporters
Grain: 46 million MT Milk: 9.88 million MT Meat: 7.2 million MT Egg: 19829 million **BARC 2012	Export of processed food growing @ 16.6% p.a
Position in Global Production 1st in Hilsa Production, 2nd in Jute, Goat's Milk, Jackfruit, 3rd in Rice, Vegetable and Freshwater Fish, 6th in Potato, 8th in Mango and Guava	Top Export Performers Shrimps, Dry Food, Tobacco Vegetables, Frozen Fish, Spices Fruits (Mango, Banana, Jackfruit) Drinks and Juices, Tea Rose water

Incentive Policies

- Reduced Corporate Income Tax (CIT) for 5 to 10 years depending on location, for industrial undertakings engaged in processing of locally produced fruits and vegetables.
- Complete tax exemption on income from rice bran oil production up to 10 years.
- 20% special rebate on electricity consumption to agro processing units.
- Tax exemption on royalties, technical knowhow/ assistance-related fees (and their repatriation).
- Exemption of import duties on capital machineries.
- Full repatriation of profits & initial investment .

For exporters

- 50% tax exemption for income derived from export.
- No VAT imposition on export goods.
- 20% export subsidy/ cash incentive for exporters of locally processed agricultural products and 100% halal meats.
- Duty-free market access (preferential treatment) to 52 nations.

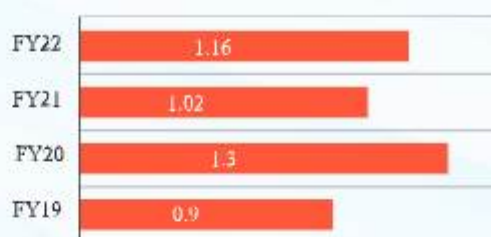
Export and FDI is on the rise

From time immemorial, Bangladesh has agriculture practices intertwined into its culture and economy, traditionally being a major part of Bangladesh's economic development. On an average, the sector has contributed over 11.66 percent to the GDP over the last five decades. However, more than 75% of its agriculture production still goes unprocessed and thus create a huge scope for investing in these areas. Major export products of Bangladesh have been Shrimps, Dry Food, Tobacco, Vegetables, Frozen Fish and Spices. More than 7.4 million Bangladeshi diaspora around the world as well as vast people of Asian region in general spread globally constitute the major markets for Bangladeshi agro and food products.

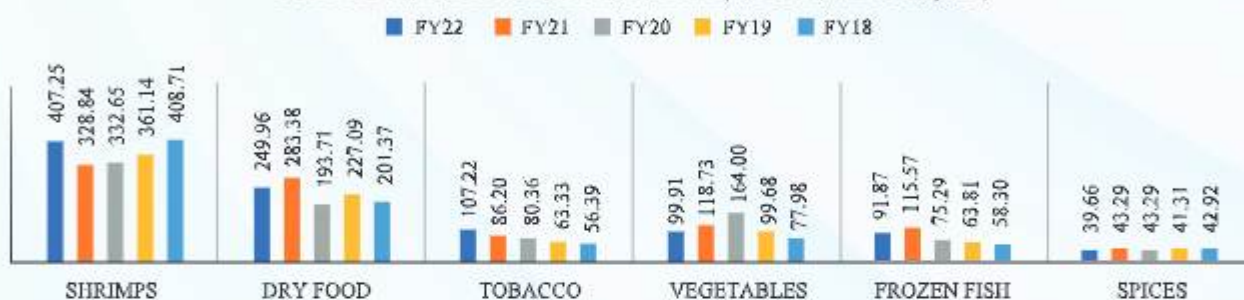
**NET FDI INFLOWS FOR AGRICULTURAL SECTOR
ACROSS THE YEARS (IN MILLION USD)**



**EXPORT OF AGRIBUSINESS SECTOR IN
RECENT YEARS (IN BILLION US\$)**



TOP PERFORMING PRODUCTS IN EXPORT (VALUE IN MILLION, US\$)



Potential areas for investment



- The Foreign Private Investment (Promotion and Protection) Act, 1980
- Export Policy Act, 2021-24
- Agriculture and Food Processing Industry Development Policy-2022
- National Agriculture Policy (NAP), 1999
- New Agricultural Extension Policy (NAEP), 1996
- Agricultural Extension Manual, 1999
- National Seed Policy 1993
- The Seed Rules 1998
- Actionable Policy Brief (APB), 2004
- National Jute Policy, 2002
- Livestock Policy and Action Plan, 2005
- National Fisheries Policy, 1998
- National Forest Policy 1994
- National Land Use Policy 2011
- National Water Policy, 1998
- Environment Policy 1992
- National Food Policy, 2004
- National Rural Development Policy, 2001

BIDA to facilitate new and existing investments

BIDA in recent times has supported a good number of new initiatives in agricultural and agro-processing sector to initiate and flourish their business. The range of services included the facilitation of investment, investment aftercare, organize conferences and generate learning. Please connect to BIDA to initiate an agricultural business in Bangladesh and take the benefit of all the positive catalytic factors.



BIDA Invites Japanese Investors to a Roundtable Discussion

Japanese investors participated in a roundtable discussion hosted by the Bangladesh Investment Development Authority (BIDA) at Biniyog Bhaban in Agargaon, Dhaka, on September 18, 2024. Dr. Khandoker Azizul Islam, Executive Member and Secretary of BIDA, presided over the event, which was attended by fifty Japanese investors and representatives.



Dr. Islam gave the welcoming address and introductions before the session started. In his presentation, Mr. Md. Ariful Haque, Director General of Strategic Investment at BIDA, highlighted the organization's initiatives to assist international investors in Bangladesh by discussing its investment facilitation and aftercare services.

Mr. Yuji Ando, Country Representative of JETRO, highlighted current challenges faced by Japanese investors in the country, leading to a lively discussion. The session was moderated by Mr. Shah Mohammad Mahboob, Executive Member of BIDA, with contributions from Japanese investors on their experiences and concerns.

Mr. Md Sayful Islam, Deputy Director of BIDA and focal point for Japanese investment, also played a key role in moderating the event. The discussion concluded with remarks from Dr. Islam, emphasizing the need to strengthen investment ties between Bangladesh and Japan.



BIDA and UNDP to Host Consultation on Post-LDC Graduation Investment Challenges

On September 19, 2024, the Bangladesh Investment Development Authority (BIDA) and the UNDP Bangladesh's Research and Analytics Unit (RAU) under the IP Transformative Economic Policy Programme (TEPP-II) hosted a consultation titled "Investment Potentials and Challenges of Priority Sectors Post-LDC Graduation." Held at BIDA's conference room, the event aimed to address the challenges and opportunities facing Bangladesh as it transitions from Least Developed Country (LDC) status and explores new avenues for investment diversification.



Mr. Zubayer Hossen, Coordinator and Economist of the UNDP-supported IP TEPP-II project, delivered the opening remarks, stressing the importance of preparing for the post-LDC era and the economic opportunities it presents. Dr. Selim Raihan, Senior Executive Director of the South Asian Network on Economic Modelling (SANEM) and Economics Professor at the University of Dhaka, delivered the keynote address, focusing on how Bangladesh can capitalize on investment diversification in priority sectors as it moves beyond its LDC status.

The discussion was followed by an open forum where participants explored the country's readiness for this transition and the support required for stakeholders to boost investments in developing industries. Participants highlighted the need for structural reforms, policy support, and public-private collaboration to ensure smooth investment flows into critical sectors.

In his closing remarks, Mr. Shah Mohammad Mahboob, Executive Member of BIDA and Chair of the session emphasized the significance of cooperation between the public and private sectors to attract investments. Chief Guest of the event Dr. Khandoker Azizul Islam, Executive Member, BIDA concluded by underlining the importance of investment in ensuring Bangladesh's continued economic growth in the post-LDC graduation.

➔ Photo Gallery



State of Bangladesh Investment Ecosystem

FDI Inflow

The net FDI inflow for the financial year 2024 (July 2023-June 2024) has been to the tune of USD 1468.17 million, which is 8.80% lower than the same period of 2023 (USD 1609.77 million). However, gross inflow of new equity of USD 934.74 million was 5.31% higher than that of FY 2023 (USD 887.60 million). The overall trend of FDI in Bangladesh got hurt since the global stoppage of Covid-19, was restrained again by global challenges in trade and investments due to various wars and conflict and has seen it on the recovery stage. The recovery might speed up quickly fueled by the reform actions and economic repairment programs taken by the current interim government.

Net FDI inflow in the FY 2023 and 2024
(million USD)



Net FDI Inflow in Bangladesh for the Past 10
Years (2014-2024)



FDI by country

Nearly USD \$285 million new investment in Banking has put the UK as the largest source of FDI into Bangladesh (USD 506.53 million) in FY2024. Another new investor in banking sector is Sri Lanka. These new injections might highlight an enhanced interest of investors in the financial market of the country, on the background of future potentials. China comes second in the overall FDI list with major investment in Power sector (USD 126.30 million) (Table 1). On the contrary to the traditional trends, South Korea, India and Norway have come up in the next 3 positions, reflecting an increased regional flow of investment capitals.

Table 1: FDI Inflow in 2023

COUNTRY	INVESTMENT
UK	506.56
PR China	283.56
PR Korea	246.35
India	132.83
Norway	94.43

Exchange rate

To stabilize the exchange rate and move towards a more flexible system, BB introduced a crawling peg system on 8 May 2024. This interim arrangement links Taka's value to a currency basket, with a mid-rate aligned with the Real Effective Exchange Rate (REER) Index, reflecting market equilibrium. Implementing this system has notably reduced foreign exchange market volatility and narrowed the gap between formal and informal market exchange rates to a reasonable level.

Additionally, recent liberalization initiatives in Bangladesh's foreign exchange policy, such as the RFCD, NFCD, and Offshore Banking Act 2024, are expected to bolster foreign exchange inflows. These measures aim to alleviate pressure on the exchange rate and support rebuilding foreign exchange reserves, contributing to overall stability in the currency market.

The crawling peg system is a transitional measure towards a fully flexible, market-based exchange rate system, aiming to stabilize exchange rate movements while preparing for broader market liberalization.

FDI by sector

Traditionally, Textile & Wearing has been the largest recipient of FDI in Bangladesh, which has continued in 2024 as well. However, Banking have come up pushing Gas and Petroleum sector behind, reflecting higher potentials of the financial market in Bangladesh. Chemical industries and Telecommunications have shown major achievements and the investors from both home and abroad can consider these two sectors for further investment in Bangladesh.

Top 10 Sectors of FDI into Bangladesh 2024



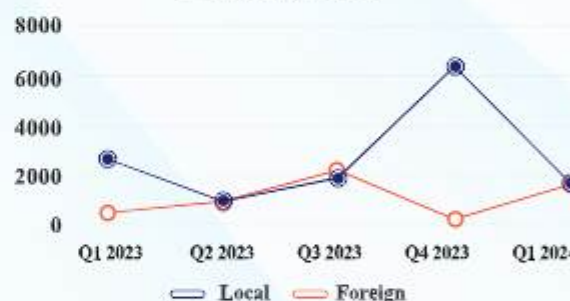
Future Potentials: New investment registration

A total of USD 8,096 million worth new investments were registered with BIDA during the 2nd and 3rd quarter (April-September) of 2024. As is evident, more than 81% of the proposed investments are from local industries. This heightened intention of investment from local industries is particularly laudable and shows confidence of the local industries on the foreseeable future and might also encourage foreign investors in Bangladesh. The proposed projects are expected to create 1,02,486 employments. Around 15 thousand foreign employees were working in the industries registered with BIDA (on 30 June 2024), highlighting the emphasis of industries in productivity enhancement.

Proposed Investment (USD million)
April-September 2024



Trend of quarterly investment registration of the last 5 quarters



Investment services from BIDA

Bangladesh Investment Development Authority (BIDA) manages the largest inter agency operable end-to-end digital web-based platform One Stop Service (OSS) to provide 133 services of 44 agencies. Measures are taken to provide the services within the stipulated time, as prescribed in the OSS Rules 2020. As a whole, the investment ecosystem looks promising and should produce better outcomes in the coming days.

BIDA OSS Service Efficiency



BIDA OSS Features



Integrates **133** Services of **44** Govt. agencies



Average feedback out of **5** **4.5**



Serves the requirements of **4,197** local and **592** foreign/JV projects



Message of the Executive Chairman

It is both a responsibility and an honor to serve in this role, supporting the dedicated efforts of our team as we work to enhance investor services. At BIDA, we are shifting towards a relationship-centered model, grounded in the understanding that investors are not only business partners but ambassadors for Bangladesh on the global stage. The experiences and support we offer them will play a crucial role in shaping our nation's image abroad.

This approach calls for creating and nurturing a pipeline of success stories genuine instances of how we've supported investors. Our goal is clear: we aim to attract investment projects that are sustainable, mutually beneficial, and resilient to risks. Bangladesh has a unique opportunity to tap into high-potential areas like environmental, social, and governance (ESG) investments. As a climate-vulnerable country, Bangladesh can engage the ESG community while aligning with the Hon'ble Chief Adviser's Three Zero Theory. This approach will drive inclusive growth, create jobs in renewable energy, agriculture, healthcare and education to support a zero-carbon future.

Realizing these goals, however, demands a renewed focus on reform. Our business community has already provided a clear assessment of what needs to be addressed. Now, the real challenge lies in implementation. We are committed to tackling this head-on, prioritizing urgent pain points and rigorously tracking our progress to ensure we are on course. The work ahead is ambitious, involving streamlined processes, tuned policies, and a commitment to fostering a transparent and welcoming business environment.

The world is watching, and with the right momentum, we will not only attract investment but build enduring partnerships that contribute to a shared and prosperous future for all.

Ashik Chowdhury, CFA
Executive Chairman (Senior Secretary)

Bangladesh Investment Development Authority (BIDA) and
Bangladesh Economic Zones Authority (BEZA)

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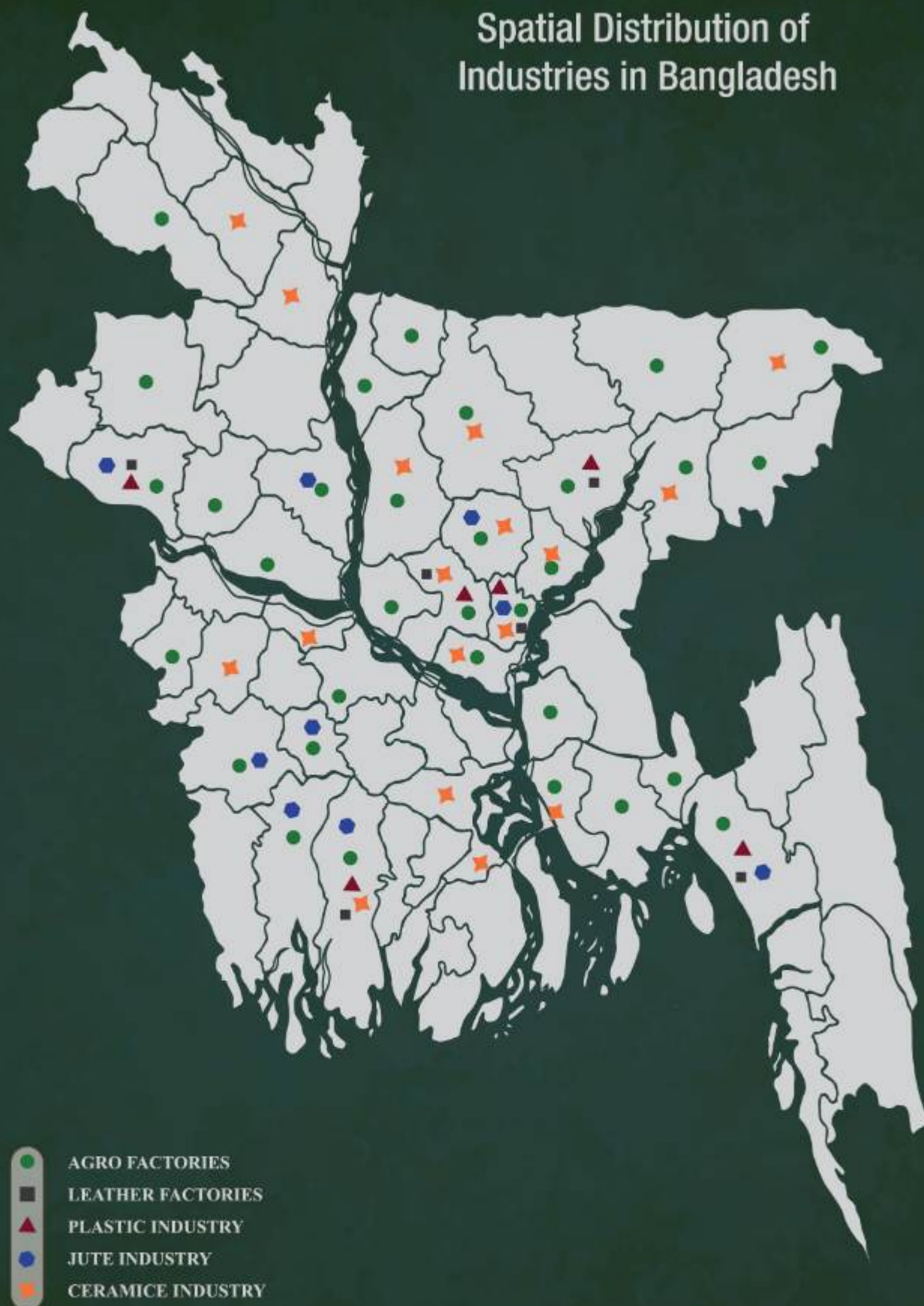
Member: Senior Web Editor, Marketing and Communication Wing, BIDA

Editor: Director, Marketing and Communication, BIDA

Published: October 2024

Publisher: Marketing and Communication Wing BIDA

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