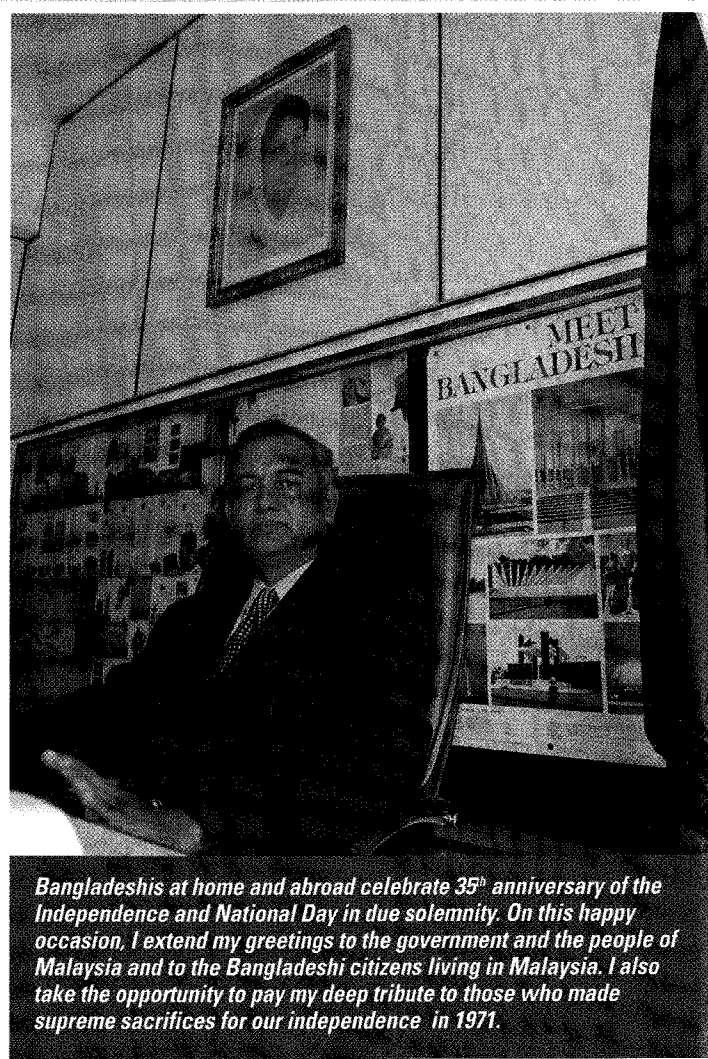


MAKING HEADWAY

Bangladesh moves towards poverty reduction, higher economic growth

Bangladesh has made big strides in the socio-economic development in the recent years much of which goes unnoticed. This year alone, the Bangladesh economy is expected to grow by 6.8% while the country had a sustained GDP growth of around 5.5% in the last five years.

Bangladesh's High Commissioner to Malaysia Shafi U. Ahmed acknowledges the pitfall of negative image Bangladesh has suffered. He said 'It is unfortunate that the media fails to tell our successes in poverty reduction, improvement in the social sectors and the country's robust economic growth'. He further substantiated by saying that with a market driven and private sector-led growth strategy, Bangladesh has attained a sound macro economic environment with a sustained GDP growth, increased FDI inflow, robust growth of exports and industrial production, stable inflation, tolerable debt-GDP ratio etc. He says, the country's impressive performance in the RMG sector has belied the widespread fears that Bangladesh might face a major set back following MFA phase out as the apparel sector has grown by around 11% in the first year of quota phase out while the knitwear export reached the highest 36% growth in the last quarter. He further said 'we are no longer an aid dependent nation - our reliance on aid has declined from nearly 7% of our GNP in early 90's to less than 2% in 2004. In highlighting the political and social environment, he says, as a liberal democratic and moderate Muslim



Bangladeshis at home and abroad celebrate 35th anniversary of the Independence and National Day in due solemnity. On this happy occasion, I extend my greetings to the government and the people of Malaysia and to the Bangladeshi citizens living in Malaysia. I also take the opportunity to pay my deep tribute to those who made supreme sacrifices for our independence in 1971.

country the government of the Prime Minister of Begum Khaleda Zia is fully committed to strengthening democratic values and institutions, good governance, rule of law and human rights. The country has outperformed its South Asian neighbours in achieving MDG targets in the social sectors like literacy, gender parity in school enrollment, reduced infant mortality and better access to health, sanitation and safe drinking water. The country has developed extensive road networks connecting 68000 villages to major cities and business centres generating a massive movement of the people and goods and services. The cellular telephony has added instant connectivity in rural Bangladesh. The rural people constituting around 70% of the total population are very much a backbone of the country's fast growing economy with rising demand and speedy supply line from a thriving agriculture and non-farm enterprises. In fact rural Bangladesh is undergoing a silent revolution and rapid transformation in terms of massive change in the amenity of life.

Shafi says that Bangladesh has a huge reserve of natural gas & coal, abundance of easily trainable, motivated and educated workforce coupled with business friendly policy framework with generous incentive packages offered to local & foreign investors that makes



13th SAARC Summit in Dhaka, Nov 12-13 2005

Bangladesh as a low cost destination in South Asia.

The country's congenial investment environment has put Bangladesh on the radar screen of the global corporate players. In 2005, Bangladesh received highest FDI around US\$800 million while negotiations are now progressing with some globally known corporate players in power, energy, steel, fertilizer and other projects which will bring FDI valued at US\$4.5 billion. He mentions about a recent survey by Goldman Sachs placing Bangladesh as one of the 11 fast growing economies, other than BRICS-4 and G-8 which will further boost investors confidence.

The major strength of Bangladesh as an attractive destination lies in its unique geographical location as a bridge between SAARC & ASEAN region, liberal trade and investment regime and its cost competitiveness coupled with Bangladesh's big domestic market with a population of 140 million and a fast growing middle class. The regional FTA's like South Asian Free Trade Arrangement (SAFTA) under SAARC and BIMSTEC which are likely to be operational by July this year opens up new opportunities for investment in Bangladesh to avail expanded markets of South & South East Asia. Bangladesh also enjoys preferential and duty free market access from the EU, the U.S.A, Canada, Norway, Australia and Japan that remains added incentives for foreign entrepreneurs.

In sectoral highlights, Shafi says, Bangladesh has immense potentials in infrastructure development projects, power & energy, telecom, health, education, tourism, ICT, port management etc. The country's vibrant industrial sector has potentials for the foreign investors in textile & clothing, light engineering & electronics and agro-processing industries.

Reflecting on Bangladesh-Malaysia bilateral relations, Shafi says 'we have maintained excellent relations based on the solid foundation of our common religion, history and culture'. He adds the bilateral relations have grown strength to strength which is being reflected in the deepening cooperation across a broad range of sectors including trade and investment, manpower, education, tourism, sports, science and technology, defence, aviation and the fast emerging ICT and K-economy'. Apart from growing trade and rising investment between



Bilateral Meeting between Bangladesh Prime Minister Begum Khaleda Zia and Malaysian Prime Minister Datuk Seri Abdullah Ahmad Badawi at the Second South Summit in Doha, Qatar on June 15-16, 2005.

the two sides, the bilateral relations have also grown in depth and diversity as reflected in the large number of Bangladeshi tourists visiting Malaysia, Bangladeshi students coming to Malaysia in a big number every year and the growing interaction at the government and private sector level, says Shafi. He is thankful to the Malaysian Government for sharing development experience with Bangladesh

through increasing technical assistance under MTCP and by sponsoring a series of study missions from various Government agencies of Bangladesh. The last year has been further significant for the two countries' bilateral relations as the Foreign Minister of Malaysia led a big Malaysian delegation to Bangladesh to hold the Third Bangladesh-Malaysia Joint Commission Meeting in Dhaka in June 2005. The JCM was held after a lapse of 11

years. It identified several areas of economic co-operation between our two countries which will further boost the existing bilateral ties.

On trade relations, Shafi says, trade volume between Bangladesh and Malaysia has been growing fast. He mentions that Malaysia's exports to Bangladesh increased by 12% to RM1.55 billion (US\$ 411 million) while Bangladesh exports to Malaysia increased by 27.5% to RM82.6 million (US\$22 million) last year. Evidently, Bangladesh has been suffering a ballooning trade deficit with Malaysia. Shafi says, Bangladeshi commodities like clothing and knitwear, leather goods, pharmaceuticals, ceramic tableware, frozen foods, knitwear,



Third Bangladesh - Malaysia Joint Commission Meeting in Dhaka, 6-7 June 2005

specialized home textiles and many other commodities have good market prospect in Malaysia.

On investment prospects, he said, Malaysia is the fifth largest investor in Bangladesh with a total FDI of US\$1349 million registered with Bangladesh Board of Investment during the period 1991 to 2003. Telecommunication, power sector, LPG bottling, automobile, textile, mosquito coil and constructions are the major sectors where Malaysian companies have operating in Bangladesh. It is encouraging to see that Malaysian investors are showing increasing interests in various sectors like health care services, power generation, textile and clothing, construction and infrastructure projects and in the small and medium sized manufacturing facilities in Bangladesh. With a vibrant private sector, Malaysian entrepreneurs can easily develop partnership with Bangladeshi entrepreneurs to exploit the existing potentials, says Shafi.

In order to diversify exports & to attract FDI in manufacturing, the country has developed six Export Processing Zones (EPZs) which are fully operational, while one more EPZ has most recently been opened – the Adamjee EPZ in the industrial zone of Narayanganj. The EPZs offer one window same day services to the prospective investors with competitive package of fiscal and non-fiscal incentives. The EPZ offer an attractive option for the relocation of the labour intensive industries from Malaysia.

Further he said, Malaysian financial institutions can invest in Bangladesh by opening branches and providing Islamic banking and insurance services. Some State owned commercial bank are off loading their shares to private owners where Malaysian investors can take a look. The recently established Agrani Remittance House in Kuala Lumpur as a subsidiary of the State owned Agrani Bank of Bangladesh to facilitate remittance from Bangladeshi wage earners in Malaysia is a new beginning in the financial sector co-operation. Shafi urges Malaysian entrepreneurs to take a closer look at the potential of Bangladesh. **mb**