

(7) Rupgonj

The Rupgonj candidate site is located in Narayanganj district, facing the Dhanka-Shilet Highway (National Highway 2). With a distance of 25km from Dhaka, it is not far away from the capital city. The site area is approximately 37.4ha and land owner is only one which is a private company. No settlement is required within the site, but there will be settlements in the surrounding area if they consider any extension in the future.

Since the site is an ex-factory site, there will be no earth-moving work at the area close to the National Highway. However, the areas distant from the National Highway may require reclamation works of at least 1.5-2.0m, the same level of the National Highway, in order to avoid flood damage. Since there are many factories being located along National Highway 2 at around the site, there will be higher potential for establishing industrial linkage with other industries.



Figure 5-3-15: Location map-1 of the Rupgonj site



Source: Created by survey team

Figure 5-3-16: Location map-2 of the Rupgonj site



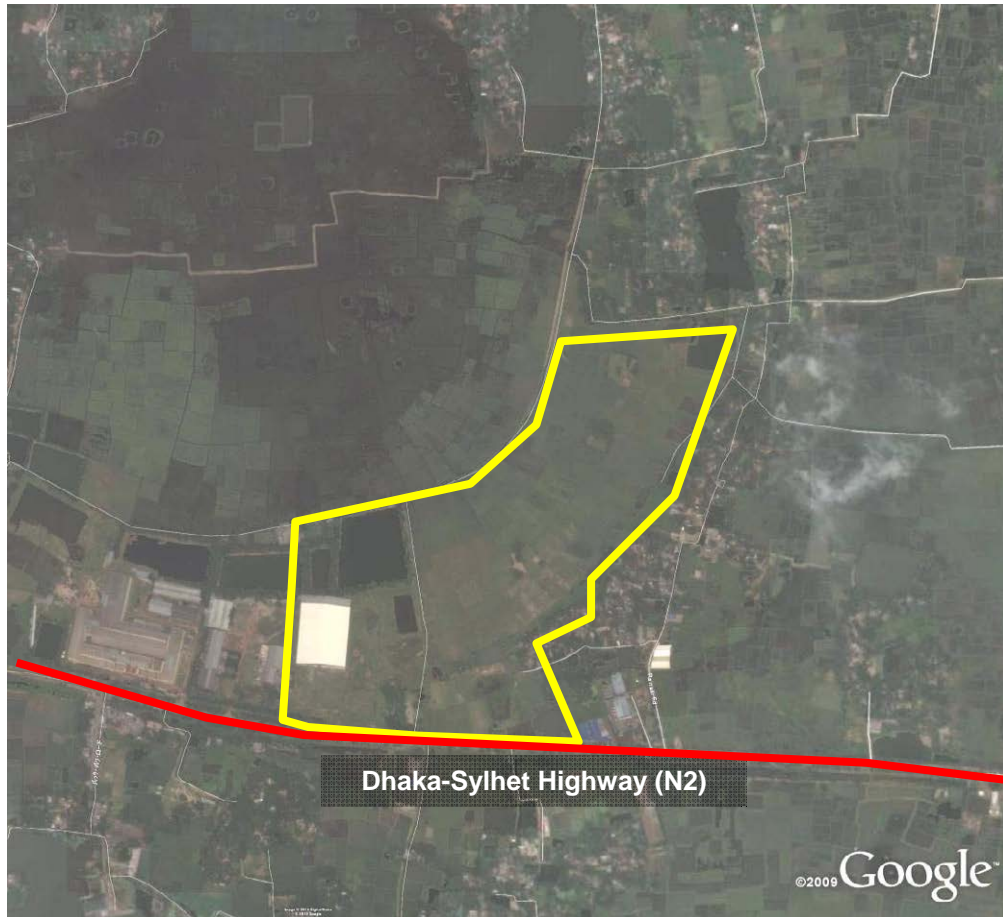
Photo: Rupgonj site

(8) Araihaazar

The Araihaazar candidate site is located in Narayanganj facing the Dhanka-Shilet Highway (National Highway 2). The site is 40km from Dhaka. The area of the site is approximately 40ha. and the land is owned by one private corporation, thus there will be no settlement issue. However, resettlement may be required when the site is expanded in the future because of that the site is surrounded by settlers. At present, the site is used as agricultural land (paddy fields). There is a possibility of submerging with waters during the rainy season, because it is situated lower than the road level, and land reclamation shall be required for approximately 2.0m to make the site with the same elevation with the National Highway.



Figure 5-3-17: Location map-1 of the Araihaazar site



Source: Created by survey team

Figure 5-3-18: Location map-2 of the Araihaazar site



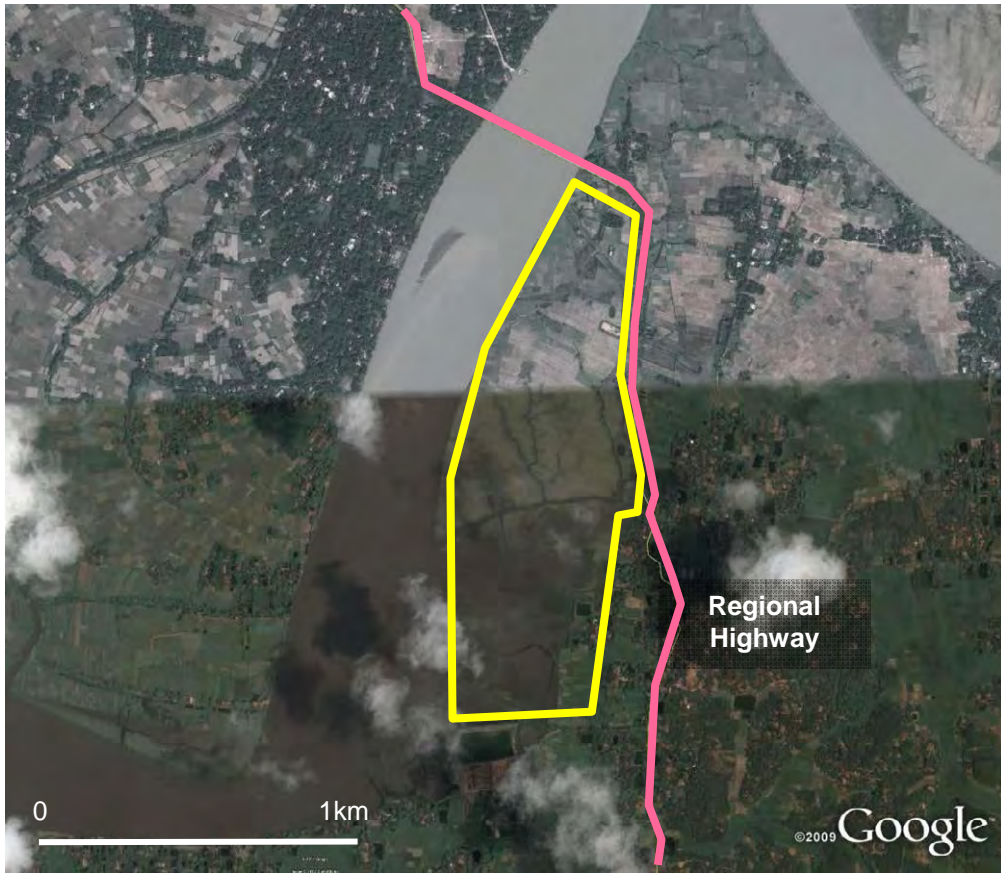
Photo: Araihaazar site

(9) Sangu River

The Sangu River candidate site is located along with the Sangu River at the Banshkhali Upazila in Chittagong Division, and it occupies an area of approximately 75ha. Around 70% of the site is government-owned, so land acquisition will be likely easy. There is no housing dwell at the site, so no resettlement will be required. This is a riverside site so future expansion by linking with opposite sites will be difficult. The site is located close to Chittagong with a distance of approximately 23km. Since the site is laid at lower ground alongside a river, certain reclamation of land is necessary in order to protect the site from flooding.



Figure 5-3-19: Location map-1 of the Sangu River site



Source: Created by Survey Team

Figure 5-3-20: Location map-2 of the Sangur River site



Photo: Sangur River site from the regional road

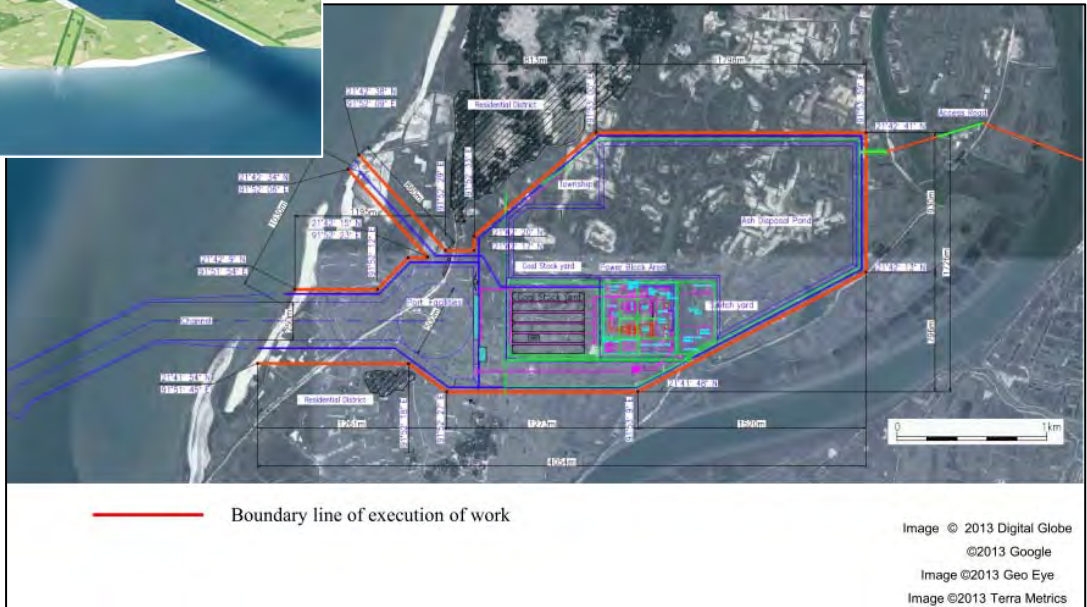
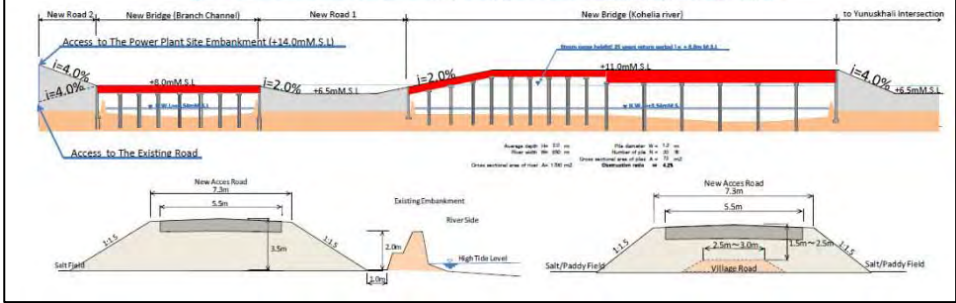
(10) Matarbari

The Matarbari candidate site is located at Matarbari island, Maheshkhali upazila of Cox's Bazar district. JICA is currently conducting a Feasibility Study for a coal-fired thermal power station and a harbor to receive the imported coals at the central part of the island. This survey was examined for the possibility and development potential of having a SEZ adjacent to the proposed power station site.

The candidate site may cover an area of approximately 920ha which split at both side of Matarbari and Maheshkhali islands. At present the land is used mostly as saltpans and there are several settlements within the candidate site, resettlement for certain number of local habitant is likely required. It is assumed that most of the land being used as the saltpans is owned by Government. The site is located approximately 90km from Chittagong and 65km from Cox's Bazar. Land must be reclaimed for approximately 10m in order to countermeasure against tidal surge of the cyclones.



Figure 5-3-21: Location map-1 of the Matarbari site



Source: JICA Report

Reference materials: Plan for Matarbari Thermal Power Station and its Access Bridge



Figure 5-3-22: Location map-2 of the Matarbari site

Source: Created by survey team



Photo: Matarbari site

Table 5-3-2 shows an evaluation outline compiling the main strengths and weakness of each candidate site based on survey results.

Table 5-3-2: Summary of assessment on the candidate SEZ sites-1

Name of proposed site	Strengths	Weaknesses
Narsingdi	Site has convenient access, as the west side of the site faces the Narsingdi—Araihazar Highway (Regional Highway 114) and the Dhaka—Shilet Highway (National Highway 2) is around 1km further west..	The land is susceptible to flooding, and land must be reclaimed to establish an embankment of at least approximately 4m.
	Site is close to local roads and National Highways thus highly convenient, thanks to proximity to main town of Narsingdi	Far from Chittagong International port (approx. 290km)
	Gas supply network is within a range of 5km	Distant from rail network
	High voltage electricity supply network is within a range of 1km	Distant from water supply network, and infrastructure maintenance will be needed
	No resettlement problems foreseen	
A.K.Khan	Land acquisition is underway because one developer is using this site as an SEZ.	Access road to Dhaka — Shilet Highway (National Highway 2) is narrow
	Good network with Chittagong International port thanks to construction of container terminal within proposed site	Land must be reclaimed to build an embankment as a countermeasure against flooding
	Mostly not used as agricultural land at present, so there will be few problem on the transfer/compensation etc.	Approximately 280km distant from Chittagong International port
	Since there is an industrial cluster in the surrounding area, there is potential for linkage with the cluster	Distant from rail network (14km)
		Distant from water supply network
		Distant from main town, inconvenient

Table 5-3-3: Summary of assessment on the candidate SEZ sites-2

Name of proposed site	Strengths	Weaknesses
Kaliganj	This is an ex-factory site, and some of the necessary infrastructure facilities are already in place.	Small site area, expansion difficult
	Railroad is less than 1km away	Many private owners (Plots of land are used as bank securities)
	Facing Regional Highway, excellent transportation access	Approximately 290km distant from Chittagong International Airport
	Other factories are in the surrounding region, so there is potential for industrial linkage	Potential resettlement problems
	The other side of the river is the AK Khan development site which would have a container terminal	
Sreepur	Land leveling has been done at the site, no need for large-scale earth-moving works for SEZ development	Small site area, expansion is difficult
	Facing Dhaka-Mymensingh highway (National Highway 3)	Approximately 20km from railroad (quite far)
	Land acquisition will be easy if consent is obtained from the Ministry of Agriculture (present owner of site)	At distance of approximately 320km from Chittagong International port
	Highly convenient, thanks to location next to National Highway	Distant from river port (60km)
	Potential for industrial linkage with other factories being developed along the National Highway (also a Japanese bike manufacturer is considering to have a factory nearby)	It is assumed that gaining consent from Ministry of Agriculture will take longer
	Easy to secure skilled workers, thanks to development of factories nearby	There is a demand for concern for the environment, as there are nature conservation areas nearby
	Dhirashram container terminal is nearby	
	No potential resettlement problems	

Table 5-3-4: Summary of assessment on the candidate SEZ sites-3

Name of proposed site	Strengths	Weaknesses
Savar	Large plot of land are already acquired by the proponent	Flood countermeasures required (rainwater drainage, reclamation of land for embankment). Embankment of at least 4m required.
	Facing National Highway	Approximately 280km distant from Chittagong International port
	Large site area (220ha) and expansion is possible	Approximately 14km from railroad (quite far)
	Close to Dhaka International Airport (approximately 20km)	
	Skilled workers easy to secure	
	Convenient location easy to work in (close to city area)	
Maowa	Partly owned by developer that is positive about development as SEZ	Land must be reclaimed for at least 4m high as countermeasure against flooding
	Large site area, future expansion is also possible	Approximately 285km distant from Chittagong International port
	Excellent transportation access, thanks to location close to Dhaka-Maowa Highway	Approximately 10km from gas supply network
	Close to Pangaon inland container terminal	Approximately 35km from railroad
		Potential resettlement problem when expropriating land
Rupgonj	One owner and site was once prepared for the use of factory.	Reclamation of 1.5-2.0m height is required
	Facing Dhaka-Sylhet Highway (National Highway 2)	Small site area and expansion is difficult
	Easy to secure skilled workers	Approximately 270km distant from Chittagong International port
	Other factories are also being developed along National Highway and potential for industrial linkage	12km away from railroad (quite far)
	Commutable area within 1 hour 30 minutes from Dhaka	
	No potential resettlement problem	

Table 5-3-5: Summary of assessment on the candidate SEZ sites-4

Name of proposed site	Strengths	Weaknesses
Araihazar	Land owner is a private firm, so land acquisition for SEZ development will be easy	Land must be reclaimed for at least 2m of height as a countermeasure against flooding
	Facing Dhaka-Sylhet Highway (National Road 2)	Small site area
	Close to Dhaka and commutable within 1 hour 30 minutes time	Land is currently successfully used for agriculture
	No housing dwell within the site, hence no potential resettlement problems	Approximately 280km distant from Chittagong International port
	Highly convenient, thanks to location next to National Highway	14km from railroad
	Agricultural land surrounds the site, so there will be a few resettlement problem when expanding	
Sangu River	Site is located alongside river but mostly government-owned land	Reclamation of land is required as countermeasure against flooding (overflowing rivers)
	Close to Chittagong and easy to secure skilled workers	No infrastructure facilities nearby
	Good water transportation potential, thanks to location next to river	
	No resettlement issues	
Matarbari	Present land-use is Saltpans and most of the site area is government-owned	Susceptible to flood damage from cyclones, so large-scale reclamation of land for +10m is required
	Electric power/harbor infrastructure can be used, thanks to the development of a coal-based thermal power plant and its industrial harbor	Lacking infrastructure facilities such as access road, railway, water supply and others.
	At present the site is mainly used for saltpans, so it will be easy to acquired the land when developing as a SEZ	Some settlements within the site, and compensation for resettlement is required.
	Close to Cox's Bazar where airport and amenity are available.	

5.3.2 Ranking among the candidate SEZ sites based on the evaluation results

Table 5-3-6 shows the ranking of evaluation scores which were assessed and accumulated based on the formula stated in the previous pages. Overall scores shall come from the result of weighting exercise on the subtotal evaluation points of each evaluation axis.

<Evaluation technique for evaluation items (5-grade evaluation): >

Evaluation has been conducted using 5 grades shown in the Scorecard.

- Grade 1 evaluation : Evaluation points: 0
- Grade 2 evaluation : Evaluation points: 1
- Grade 3 evaluation : Evaluation points: 2.5
- Grade 4 evaluation : Evaluation points: 4
- Grade 5 evaluation : Evaluation points: 5

<Aggregate scores and ranking :>

Evaluation scores by field are aggregated by means of the following calculation formula.

- Location: 350 x Subtotal evaluation points/70
- Surrounding Area: 200 x Subtotal evaluation points/40
- Natural Disaster: 150 x Subtotal evaluation points /25
- Infrastructure: 300 x Subtotal evaluation points /85

A ranking by overall scores is shown in Table 5-3-6.

Table 5-3-6: Ranking of evaluation results on the candidate SEZ sites

Rank	Site Name	Locations (350 points)	Surrounding Area (200 points)	Natural Disaster (150 points)	Infrastructure (300 points)	Total (1000 points)
1	Sreepur	258	168	144	182	751
2	Savar	220	190	108	206	724
3	Rupgonj	223	158	129	182	691
4	Kaliganj	168	143	129	169	608
5	AKKhan	243	125	96	127	591
6	Narsingdi	178	115	105	180	578
7	Araihazar	143	120	129	145	536
8	Maowa	155	118	96	132	501
9	Sangu River	183	90	51	99	422
10	Matarbari	180	60	51	46	337

The ranking shows that sites which are not particularly large scale (Sreepur, Rupgonj, Kaliganj, etc.) are ranked at higher posts. Such sites have received higher evaluations for their low degrees of difficulty in developing as SEZs, thanks to their locational adjacent to Dhaka, relationships with other owners and lack of any necessity for large-scale reclamation works.

In contrast to the candidate sites as mentioned above, Savar was ranked at higher position because it has a larger scale of site covering 220ha of lands already acquired by the developer, having the advantage of being located close to Dhaka and other factors.

Table 5-3-7: Tabulated chart of the evaluation results on the candidate SEZ sites

Evaluation Scorecard for the proposed SEZ Sites in Bangladesh																							
Key Aspect	Evaluation Points	Specific Requirements	1		2		3		4		5		6		7		8		9		10		
			Narsingdi		AKKhan		Kaliganj		Sreepur		Savar		Maowa		Rupgonj		Araihazar		Sangu River		Matarbari		
			Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	Evaluation	Score	
Locations (350 points)	Total Area (ha)	Size & Shape of the Site	5	5	3	2.5	1	0	2	1	4	4	5	5	1	0	1	0	2	1	5	5	
		Expandability	3	2.5	3	2.5	1	0	2	1	2	1	3	2.5	2	1	1	0	2	1	4	4	
		Level of Landfill Required	2	1	3	2.5	5	5	5	5	2	1	2	1	3	2.5	2	1	2	1	1	0	
		Existing Land Use & Zoning	4	4	3	2.5	5	5	3	2.5	2	1	2	1	3	2.5	2	1	3	2.5	3	2.5	
			Convertibility to Industrial Use	4	4	4	4	5	5	5	5	4	4	3	2.5	4	4	2	1	3	2.5	3	2.5
		Land Ownership	Number of Land Owners	1	0	4	4	2	1	5	5	4	4	1	0	4	4	4	4	4	4	5	5
			Major Occupation	1	0	4	4	4	4	4	4	4	4	1	0	5	5	3	2.5	4	4	4	4
			Agreement to Land Acquisition	2	1	4	4	2	1	4	4	5	5	2	1	3	2.5	3	2.5	4	4	4	4
		Resettlement & Compensation	Number of Resettlements	5	5	5	5	1	0	5	5	5	5	4	4	5	5	5	5	5	5	1	0
			Magnitude of Compensation	5	5	5	5	3	2.5	5	5	5	5	5	5	5	5	5	5	5	5	4	4
		Existence of Supporter	Public Sector (Past Experience)	4	4	3	2.5	1	0	4	4	1	0	1	0	1	0	1	0	1	0	1	0
			Private Sector (Technical/Financial Capability)	1	0	3	2.5	2	1	1	0	5	5	4	4	4	4	1	0	3	2.5	1	0
	Contamination of Land		4	4	5	5	4	4	5	5	4	4	4	4	4	4	4	4	4	4	5	5	
	Soil Bearing Capacity		1	0	3	2.5	5	5	5	5	2	1	2	1	5	5	3	2.5	1	0	1	0	
Sub Total				35.5		48.5		33.5		51.5		44		31		44.5		28.5		36.5		36	
Surrounding Area (200 points)	Distance to Main Towns	Physical Distance to the available amenities	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	4	4	5	5	
		Availability of Amenities in Main Town	4	4	3	2.5	3	2.5	4	4	4	4	3	2.5	3	2.5	3	2.5	4	4	2	1	
		Commuting Time from Prime Residential Areas in Dhaka/Chittagong	1	0	2	1	2	1	3	2.5	5	5	3	2.5	4	4	2	1	3	2.5	1	0	
		Labor Market	Availability of labor force	3	2.5	3	2.5	4	4	4	4	5	5	3	2.5	4	4	3	2.5	3	2.5	3	2.5
			Quality of Labor	3	2.5	4	4	4	4	5	5	5	3	2.5	4	4	3	2.5	3	2.5	2	1	
			Quality of Middle Managers	4	4	5	5	4	4	4	4	5	5	3	2.5	4	4	4	4	1	0	1	0
		Linkage with Forward/Backward Industry	Distance from Existing Industrial Clusters	3	2.5	3	2.5	4	4	5	5	5	5	5	5	4	4	4	4	3	2.5	3	2.5
	Adjacent Development		3	2.5	3	2.5	4	4	4	4	4	4	2	1	4	4	3	2.5	1	0	1	0	
Sub Total				23		25		28.5		33.5		38		23.5		31.5		24		18		12	
Natural Disaster (150 points)	Risk of Flood & Land Erosion	Risk of Submersion	3	2.5	3	2.5	4	4	5	5	1	0	2	1	4	4	4	4	1	0	1	0	
		Risk of Land Erosion	3	2.5	2	1	5	5	5	5	4	4	3	2.5	5	5	5	5	2	1	2	1	
		Risk of Land Slides	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
		Risk of Cyclone	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	1	0	1	0
		Risk of Earthquake	3	2.5	3	2.5	3	2.5	4	4	4	4	3	2.5	3	2.5	3	2.5	3	2.5	3	2.5	3
Sub Total				17.5		16		21.5		24		18		16		21.5		21.5		8.5		8.5	
Infrastructure (300 points)	Transportation (Availability & Distance)	Access to Main Highway	5	5	3	2.5	5	5	5	5	5	5	5	5	5	5	5	5	3	2.5	3	2.5	
		Access to Railway Line	5	5	3	2.5	5	5	3	2.5	3	2.5	2	1	3	2.5	3	2.5	2	1	1	0	
		Access to Major Port	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	5	5	3	2.5	
		Access to Major Airport	3	2.5	4	4	4	4	5	5	5	5	4	4	4	4	4	4	4	4	2	1	
		Access to Inland Container Terminal	3	2.5	5	5	4	4	5	5	5	5	3	2.5	3	2.5	3	2.5	2	1	1	0	
		Access to Land Port/Customs	2	1	2	1	2	1	2	1	1	0	3	2.5	3	2.5	2	1	2	1	1	0	
		Power Supply	Access to National Grid	5	5	4	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	2	1
			Supply Capacity	3	2.5	3	2.5	3	2.5	4	4	4	4	3	2.5	4	4	3	2.5	2	1	1	0
			Frequency of Outage	3	2.5	2	1	3	2.5	4	4	4	4	2	1	4	4	3	2.5	3	2.5	1	0
		Gas Supply	Access to Gas Pipeline Network	5	5	4	4	5	5	5	5	5	5	4	4	5	5	5	5	1	0	2	1
			Supply Capacity	3	2.5	3	2.5	3	2.5	3	2.5	4	4	3	2.5	4	4	3	2.5	1	0	3	2.5
		Water Supply and Sewage System	Distance to Water Supply Source	5	5	3	2.5	1	0	1	0	4	4	3	2.5	3	2.5	2	1	1	0	1	0
			Supply Capacity & Water Quality	3	2.5	2	1	3	2.5	3	2.5	5	5	1	0	4	4	3	2.5	1	0	1	0
			Distance to Effluent Treatment	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
		Solid Waste Treatment	Distance to Solid Waste Treatment	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
	Telecommunication		5	5	3	2.5	5	5	5	5	5	5	3	2.5	4	4	3	2.5	3	2.5	3	2.5	
	Availability of Public Transport to Site		5	5	2	1	4	4	5	5	5	5	3	2.5	3	2.5	3	2.5	3	2.5	1	0	
Sub Total				51		36		48		51.5		58.5		37.5		51.5		41		28		13	
Grand Total (1,000 points)				577.5		590.6		608.4		750.8		724.5		500.9		690.8		536.2		422.3		336.9	

5.4 Directive of SEZ development in Bangladesh

5.4.1 Positive and Negative Sides of SEZ Development

SEZ in Bangladesh is still under development stage with an expectation of achieving spillover effects derived especially from the linkage of industries between domestic and the conventional EPZs.

The EPZs which the GoB has established and administered to date have been aimed at balanced development of the country and attracting investment to the respective districts. Under the present situation, however, the EPZs around Dhaka and Chittagong are completely full; in contrast, those being located at distant districts such as Rajshahi and Mongla are vacant. In the economic zones initiated by the private sector or led by PPP, redesign of the system is expected in accordance with the actual market demands, for instance switching the existing EPZs which have vacancy to SEZs. At the same time, the SEZ located around Dhaka and Chittagong shall have a higher level of need.

On the other hand, some negative effects have been identified beside the positive effects in the development of SEZ. The merits and demerits of SEZ development have been identified by the World Bank as shown in Table 5-4-1.

Table 5-4-1: Positive and Negative sides of SEZ Development

Item	Negative Side	Positive Side
Foreign exchange earnings	Zones host import-dependent activities with low added value.	Countries can increase added value through “equal footing” policies.
Industrial activity	Zones perpetuate low-skill assembly operations.	Many zones have promoted industrial and skill upgrading.
Policy reform	Zones help avoid country-wide reforms.	Zones are catalysts to broader reforms.
FDI	Zones attract the “wrong” FDI in low-tech, low-skill, and footloose activities.	Zones are an effective tool to attract FDI, and most industries are not footloose.
Women	Zone industries segregate women and pay them lower wages.	Zones are an important source of employment for women and higher wages.
Labor rights	Zones suppress basic labor rights.	Most zones comply with ILO standards.
Working conditions	Zones permit companies to get away with poor workplace health and safety conditions.	Better-run zones offer much better working standards and conditions than elsewhere.
Environment	Zones have lax environmental controls to attract polluting industries.	Well-run zones have better environmental controls and practices.

Source: Special Economic Zones; Preferences, lessons learned, and implications for zone development, 2008, FIAS (World Bank group)

As cheap labor cost is one of the ultimate advantageous points particularly in Bangladesh, workers' safety and health have been often disregarded. Actually, not only the incident of building collapse happened at a textile factory which is still fresh in our memory, but also factory fires are frequently broken out. Similarly, the ship breaking industry has lots of concerns, such as negative environmental impact by industrial waste in addition to poor workers' safety and health. When developing SEZ, an exemplary development is expected to lead the industries of Bangladesh towards the right direction taking these suggestions into account.

5.4.2 Development of SEZ utilizing the resources and characteristics of Bangladesh

As it was previously examined, Bangladesh has not only a resource of abundant cheap labors, but also the manufacturing technology and networks that only the textile and RMG industries have been striving until now. Furthermore, it is worth noting that the Country being located at the junction of SAARC, ASEAN and the Chinese economic blocks, has a distinctive geopolitical advantage. There are adequate factors that can expedite differentiation from other competing countries such as Cambodia and Myanmar by developing distinctive SEZs capitalizing these potentials.

Development of distinctive SEZ also has a possibility to mitigate the negative affairs of Bangladesh; for example, vulnerable industrial infrastructure (electricity, gas, and logistics), the industrial safety issue, and the risks of the poor governance and riotous conditions. Figure 5-4-1 summarizes such points and some recommendation on the direction of SEZ development.

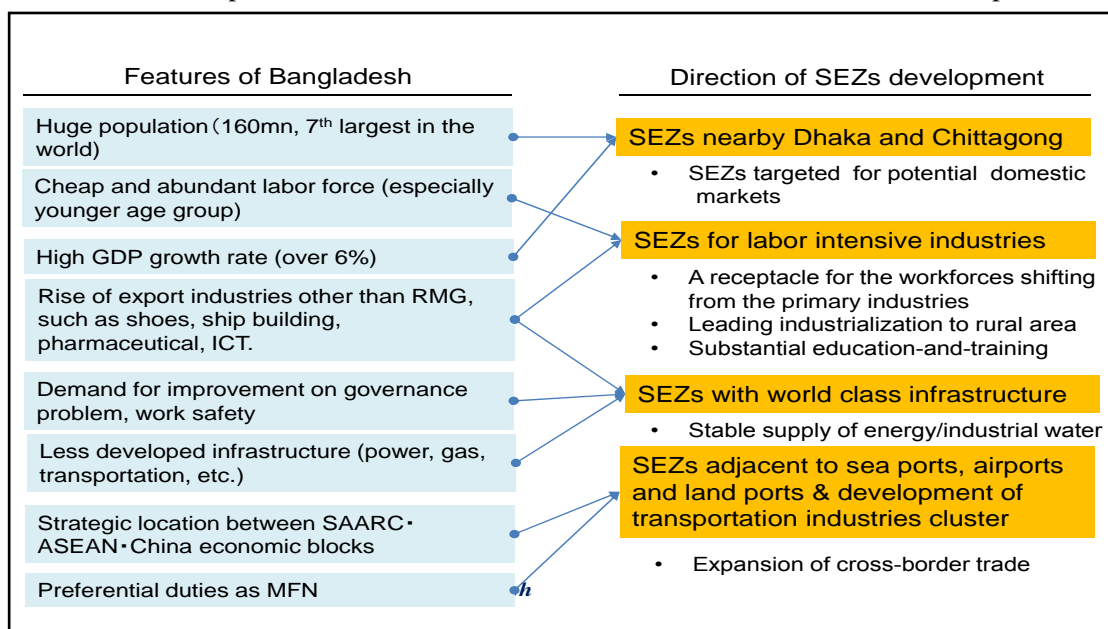


Figure 5-4-1: Directives of SEZ Development

Source: Prepared by JICA survey team

5.4.3 Key requirements from Japanese firms to be considered when planning SEZ

(1) The needs of Japanese firms in SEZ development

In order to attract Japanese firms to Bangladesh, the different requirements by the scale of those firms including SMEs shall be taken into account. Based on results of past research on South-East Asia development (“Survey to Help Ensure Expansion of Domestic SMEs to Industrial Parks in Vietnam and Indonesia”, June 2012, JICA) and past example in the field of industrial area planning, the following subjects are required to meet the requirement of Japanese firms. The detail of these requirements and the key points concerning development of SEZ are explained in Appendix IV.

- Varied needs for factory location
- Counter-measures for generally weak infrastructure facilities
- Required facilities for visits of Japanese business personnel
- Effective business support systems (one-stop services, provision of communal facilities and incubation features, anti-crime security measures, logistic center)
- Dormitory for the workforce and sound work environment to maintain the work force

(2) Key points on the development planning

1) Dealing with specific business needs

a. Flexible measures to deal with varied factory land allocation needs

- The area required for industrial use at developing companies varied by industry and production scale. In addition to flexible land use planning that can adapt to meet unexpected real conditions, SEZ development must include planning of lots of land in accordance with the production scale from medium-size investors to small- and medium size investors.
- Factory rentals may be required in addition to the land leases. Factory rental facility must be designed to meet various space requirements.
- Soil conditions must be taken into consideration. This isn't problematic for large scale investors in heavy industries who have their own solutions for soil improvement. However, soil conditions are important issue for the SMEs who cannot afford the expense of soil improvements. Basic soil improvement solutions must be implemented by the developer according to normal engineering practices hypothetically set.

b. Counter-measures for weaker infrastructure facilities

- At present electricity supply systems in Bangladesh cannot meet with power demands. This causes frequent power outages and voltage drops. As to the water supply issues such as arsenic from underground water sources and water outage, are also commonly happened. Communications facilities often lack the capacity to install high-volume data transceivers.
- Although large companies may have their own solutions for all those issues, the operations of SMEs are impeded by these fundamental issues. SEZ developer must ensure the provision of communal independent-power generators for SMEs, and shall guarantee a stable water supply with water purification facilities and a stable environment for high-capacity

telecommunications.

- Environmental protections are also important. Public sewage systems in Bangladesh are poorly developed. Therefore, sewage produced by the investor in SEZ must be handled collectively at a high-grade waste water treatment plant in order to ensure that the quality of effluent water satisfies the legal requirements.

c. Required facilities for visits of Japanese business personnel

- In order to maintain production activities by Japanese investors, long-term assignment of Japanese business personnel must be well entertained. These facilities include secured housing, Japanese restaurants, supermarkets that stock Japanese food stuff, and modern hospitals with medical staff capable of speaking Japanese language.
- Since this kind of facilities are currently available only at a part of Dhaka and Chittagong in Bangladesh, it is now required for Japanese business personnel to commute from these areas. However, as production operations would continue sometime until late at night and the business personnel occasionally requires to lodge at the workplaces, SEZ should provide accommodation facilities that ensure secured stays for the foreigners at least for short-term stays,. As more Japanese investors and their family members come to Bangladesh and stay together, it will be necessary to establish a hospital equipped with Japanese-speaking medical staff as well as an international school as it was sounded by the questionnaire survey.

d. Effective business support systems

- Provision of one-stop services:

At first, Japanese investors may face many unclear legal procedures required to start production activities in Bangladesh. A great amount of time and effort is needed to carry out these procedures, if SMEs execute these processes independently. The SEZ developer must offer a one-stop service for supporting these procedures with Japanese-speaking staff.

- Provision of communal facilities and incubation features:

Rental offices, meeting rooms, training rooms and R&D rooms, etc., shall be provided by SEZ developers so that the SMEs can concentrate their production activities and such administrative activities may be conducted at the communal business processing facilities with minimum charges. Since entrepreneurs are expected to begin new businesses in the industry, an incubation center is required for starting up these new ventures. In order to meet these needs, SEZ developers are required to provide communal spaces and incubation centers for use by the investors and domestic entrepreneurs.

- Crime prevention and security measures:

Although each investor is responsible for managing the equipment, fixtures, materials and products within the factories, security personnel must guarantee the overall security conditions at rental factories and the entire area in the SEZ. SEZ developers are required to support safe and stable production environment for new investors by supplying gates, fences and other facilities.

- Logistic center:

Efficient, reliable and economic logistic facilities are required in order to deliver and

distribute raw materials and final products. However, it is difficult to make such services for SMEs themselves at low-cost. SEZ developers must establish an effective logistic center within the SEZ to provide a high-quality, reliable and economic logistic services.

2) Dormitory for the workforce and sound work environment to maintain the work force

a. Development of housing facility for workforces

- In order to maintain high quality and large number of workforce for the operations in SEZ, it is necessary to employ workers from distant regions. Inexpensive housing facilities must be developed for these workforces, but it is difficult for SMEs to address to these requirements at their own cost and responsibility.
- SEZ developers must supply inexpensive dormitory or hostel facilities for the use by workforces who come from distant regions to work for new investors in SEZ.

b. Maintaining a pleasant work environment for workforces

- It is important to establish a sound work environment for workforces in the SEZ. For example, the workplace shall be more productive, if such conveniences of a cafeteria and common business processing facilities are provided inside the SEZ.
- Constructing a simple clinic makes the workforces comfortable. Since they will be attended promptly when they became sick and/or injured so that workers can work with a mind of peace.

c. Workplace training for acquisition of technical skills for workforce.

- Most businesses today use on-site training to support the acquisition of technical skills as required by certain jobs. As more businesses enter the SEZ, it will be necessary to establish a facility for the acquisition of common basic technical skills. SEZ developers should establish technical training systems such as a vocational training institution to provide opportunity for developing superior and highly capable workers.

(3) Development period

SEZ development requires in parallel the development of off-site infrastructures at the surrounding area of SEZ which is inadequate in Bangladesh in terms of power supply, water supply, gas supply, communications, drainage systems, waste processing and access to international ports (roads, railroads, and inland water transportation networks, etc.). The lack of basic infrastructure in Bangladesh is a huge impediment for attracting FDIs, despite circumstances such as the inexpensive work force and remarkable growth of the domestic market are attractive to overseas investors.

Therefore, in addition to the development of SEZ itself, it is necessary to take into account the magnitude and period required to develop off-site infrastructures at the surrounding area when a SEZ development is planned. The development plan shall be made along with two development perspectives; short-term development and long-term development which may be summarized as follows.

1) Short-term development

- A medium-scale development plan for less than roughly 100ha of land including off-site infrastructures at the surrounding area to be developed within a few years of time.
- The provision of ODA funds from JICA for the development of off-site infrastructures within three years of time. Thus, physical development should commence after roughly three years (from 2016 onward) which means SEZ will be usable within several years later from now.
- Among the short-listed 10 candidate sites, Sreepur, Rupgonj, Kaliganj, A.K.Khan, Araihasar, and Sangu River sites were evaluated with higher scores through the site reconnaissance survey by the Survey Team.

2) Long-term development

- A large-scale development plan for more than roughly 100ha of land including off-site infrastructures at the surrounding area to be developed within 3-5 years of time.
- Among the short-listed candidate sites, Savar, Narsingdi, Maowa, and Matarbari sites were evaluated with higher scores through the site reconnaissance survey and evaluation.

5.5 Development concepts for the prioritized SEZ sites

Model sites for the formulation of the conceptual development plans have been selected as follows.

For short-term development site: Sreepur

For long-term development site: Matarbari

The candidate site at Sreepur was highly evaluated with higher evaluation scores on the point that the land acquisition is not so problematic, although it will be necessary to transfer the ownership of the leaseholder from cotton research institute, the Ministry of Agriculture to the proposed implementation agency. Sreepur site has been chosen as a proposed site because there is great potential for short-term development due to the compact 60ha development scale and the fact that the elevated location eliminates the needs for reclamation works. Also, it was quite important point that an assembling plant for motor-cycle is currently under construction by one of leading Japanese auto-makers nearby this candidate site.

Although the Matarbari candidate site was evaluated as the lowest by the evaluation, JICA is conducting a coal-fired power plant and a deep water port (-18m) in order to import the coals at this location. This site will benefit enormously from the development of power plant and deep sea port, because that a large part of the development cost for the proposed commercial and industrial ports may be calculated as the sunken costs and certain basic and fundamental industries which will be the backbone for Bangladesh's industrialization program can be located adjacent to these deep sea ports. Such gigantic impact and benefits are not available at any other candidate site. It is anticipated that the development of this scheme will take place after roughly 10 years. These are the reasons why this candidate site has been selected as a higher priority site for

long-term development.

5.5.1 Conceptual development plan for the short-term development at Sreepur site

Approximately 60ha of land, this site is considered as compact within SEZ scale of standards, so planning must cover such facilities as stated herein-below to meet the relatively advanced requirements of Japanese investors that are expected to enter SEZ.

It is assumed that these investors will include electronic components and machinery among the assembly industries, the textile and RMG industries, and the pharmaceutical industry.

- a. Varied land plots for different industries
 - Flexible planning for a plot of lands of various scales
 - Certain areas for rental factory sites
- b. Counter-measures to cope with generally weak infrastructure facilities
 - Development of waste water treatment facility to process all sewage at SEZ
- c. Lodging facilities for the visits of Japanese business personnel
 - Adequate lodging facilities for Japanese business personnel and family members
- d. Effective business support systems for Japanese SMEs
 - Provision of one-stop services
 - Anti-crime security measures
 - Provision of a logistic center
- e. Development of housing accommodations and sound work environment for the workforce.
 - Development of dormitory and residential complex for workers from distant regions

(2) Conceptual development plan and development imagery for Sreepur SEZ

- The land is currently being used as the “Cotton Research Training and Seed Multiplication Farm”. The site faces the Dhaka to Mymensingh highway (National Highway no. 3), and is separated from the road by fences accessible from an entrance gate (unmanned). A road running from east to west in the site is used by research staff and villagers living at east side of the candidate site.
- SEZ requires tighter security systems for the entire SEZ areas where shall be enclosed by a fence and all the traffic shall be controlled by an entrance/exit gate. However, as people from the village located at eastern side of the candidate site shall be provided with an access road to the National Highway no. 3. May be a circumference road at the surrounding area of SEZ is to be constructed to achieve these purposes.
- The central gate will be the main entrance point for any traffic coming from the National Highway. A logistic center and management/administration facilities for the SEZ should be located at the administration building at the main gate area. In addition to these management facilities, this administration building shall include an office that will provide one-stop services with Japanese and other investors, and an incubation center comprised of common

meeting rooms, reception areas, training rooms, research facilities and rental office rooms which can be hired at very reasonable rates.



- Lodging facilities and serviced apartments for Japanese business personnel for short-term visits, and dormitory/hostel facilities for workers from distant regions should be established next to the industrial areas along with the commercial facility that handles daily supplies.
- Approximately 41ha should be allocated for factory sites, excluding on-site roads. Among the factory blocks, one section (approx. 4ha) should be designated as a rental factory area that allows for 250m² to 2,000m² of floor space per one lot.

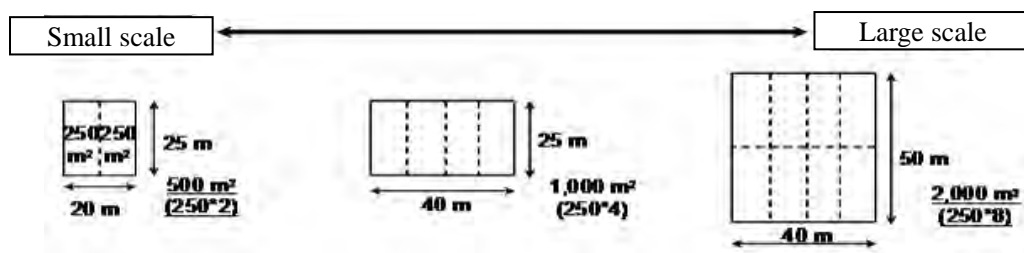


Fig. 5-5-1: Different floor plans for a rental factory

Lots at the factory site should be divided according to the scale of business, but at the same time a flexibility to integrate with other lot to make bigger lots shall be provided. Lot planning on this block may be recommended as a maximum size of approximately 10ha of lands, a minimum of approximately 1ha of lands and a medium scale of between 2 and 5ha of lands.

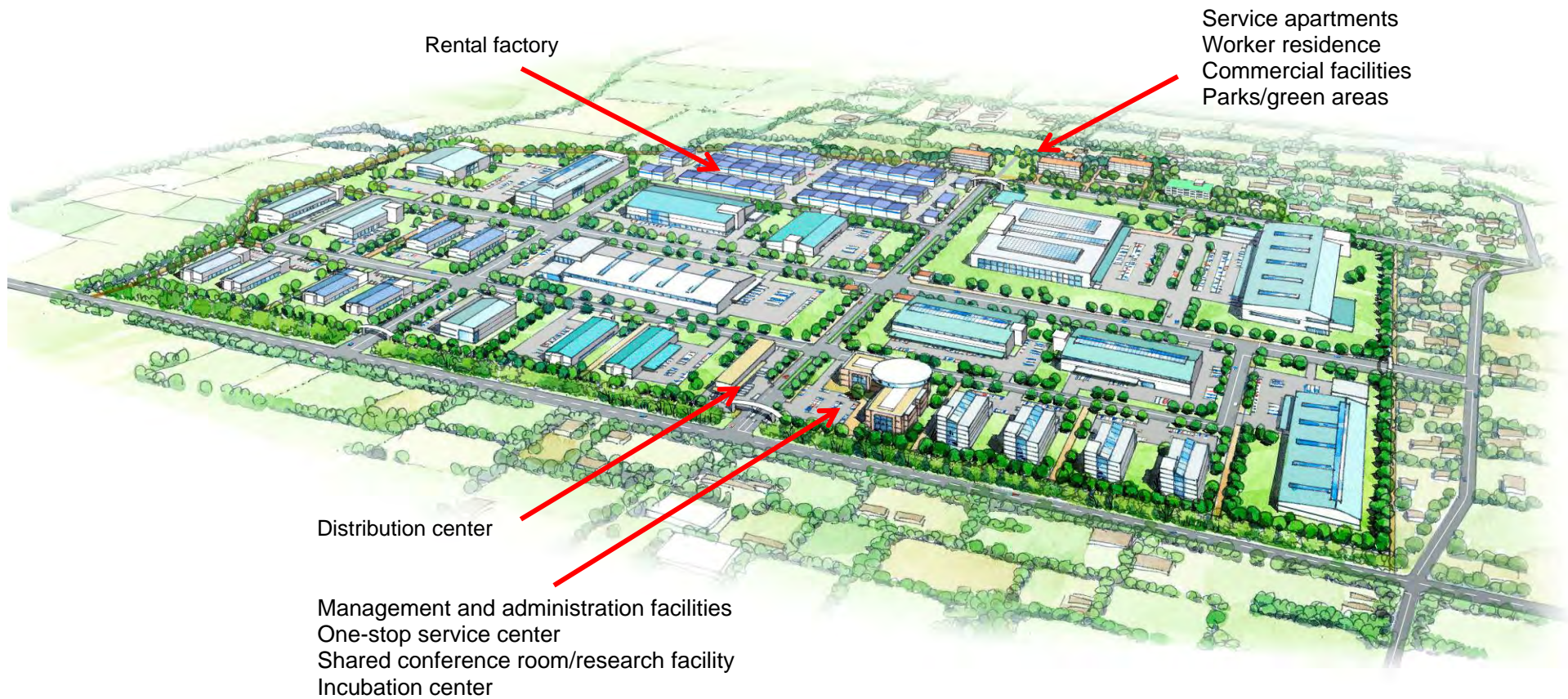
- The proposed SEZ should be supported by infrastructure facilities, including a communal power generator for power distribution within SEZ, and waste water treatment facilities to process all sewage generated within the SEZ.

The conceptual development plan for Sreepur SEZ is shown in Figure 5-5-2, and the development imagery is shown in Figure 5-5-3 respectively.



Figure 5-5-2: Conceptual development plan for Sreepur SEZ (short-term)

Source: Prepared by JICA survey team



Source: Prepared by JICA survey team

Figure 5-5-3: Development Imagery of Sreepur SEZ (Bird's-eye view)

5.5.2 Conceptual development plan for the long-term development at Matarbari Site

(1) Development concept

Development scale of this candidate site is 900ha which includes the lands in Matarbari Island and Maheskhali Island at the opposite shore across a small river. Currently both lands are used exclusively for salt pans and it is understood that most of these lands are government-owned. The unique advantage of this candidate site is that the proposed SEZ is closely connected with the development plan for a thermal power station and deep water port for which a master plan and feasibility study are currently under way by JICA. Outlines of the conceptual development plan are as follows;

- a. Further expansion of the port facilities which are designated for coal-fired thermal power plant to the development of commercial and industrial ports.
 - Establish container and general cargoes terminals by developing a commercial port.
 - Utilize the deep water port as an industrial port by expanding the port basin and to attract several heavy industries.
- b. Location of petrochemical complexes
 - Chittagong oil refinery (30,000 BPD) is the only oil refinery in Bangladesh and is managed by Eastern Refinery Ltd., a 100% subsidiary of the state-owned oil company; Bangladesh Petroleum Corp. (BPC). It produces approximately 30% of the country's demand for oil, which is approx. 3.8 million tons per year and the remaining 70% is depending on the import from overseas markets. The government is currently carrying out construction works to expand and modernize this oil refinery with an attempt of increasing the oil refinement capacity by 9 BPD according the information from Japan Petroleum Energy Center website.
 - In order to make a self-sufficient petroleum supply in Bangladesh, it is important to locate petrochemical complexes which possess oil refineries.
 - 2km into the open sea from Matarbari Island which faces the Bay of Bengal, the water deepens to more than 20m which would allow supertankers to anchor. Utilizing this geographical advantage, petrochemical tank farms may be located at Matarbari Island and petrochemical complex may be located at the opposite shore lands.
- c. Development of a new city shall include housing units for resettled local peoples and managers, technicians and workers from the distant regions.
 - As a large-scale development totaling more than 900ha, large number of people are planned to be settled to support this huge development scheme and its total number may exceed 10,000 habitants. At the residential area where is designated for settling these peoples, considerable number of Japanese business personnel and local workforces who are involved in the operations of such infrastructures and fundamental industries at the proposed SEZ are expected.

(2) Conceptual development plan and development imagery for Matarbari SEZ.

- The proposed deep sea port designated for importation of coal for thermal power plant shall be expanded for 1,000m in length with a 400m of slips. A quay with total length of 1,000m shall be used as commercial port which provides quays for container cargoes, general cargoes and bulk cargoes shall be provided. The remaining 1,400m of seawall will be used as industrial port which will serve as quays for such heavy industries as cement, steel manufacture, shipbuilding, and etc.
- Breakwaters shall be developed for protecting the access channel to the port from winds and waves and for reduction of sedimentation at the entrance areas.
- Although 2 km off Matarbari Island at the Bay of Bengal reach at a depth of 10-15m, but it will reach a depth of more than 20m soon beyond that point and that areas may be used as an anchorage for 200,000-300,000 ton DWT tankers by developing a Single Point Mooring (SPM) systems. Thus, Matarbari Island may be developed as a tank yard for crude oil and on the opposite shore may be developed as a petroleum complex comprising an oil refinery and petrochemical plants. The tank yard and petroleum complex together will cover approximately 240ha and it will be possible to locate an approximately 100,000 barrels/day scale of oil refinery as well as a related petrochemical plants.
- Since the value chains derived by these petroleum and petrochemical industries will contribute to expand the development of such key industries as the heavy machinery industry (steel and iron industries, etc.) , it will attract a diverse range of industries, which in turn will lead to the generation of industrial lands for other industries such as manufacturing and construction.
- Residential areas shall be built on the proposed site to house resettled residents who have been working on saltpans or in the fishing industry. Also, adequate facilities shall be developed to accommodate the staffs of foreign investors including Japanese and others, residences of workforces, commercial facilities, administrative services, and etc. A new city shall be built next to the oceanfront industrial zone. In total approximately 140ha of area are estimated to be required for the new city and it will provide around 8,000-10,000 households.

A conceptual development plan for Matarbari SEZ can be seen in Figure 5-5-4 and development imagery is shown in Figure 5-5-5 respectively.

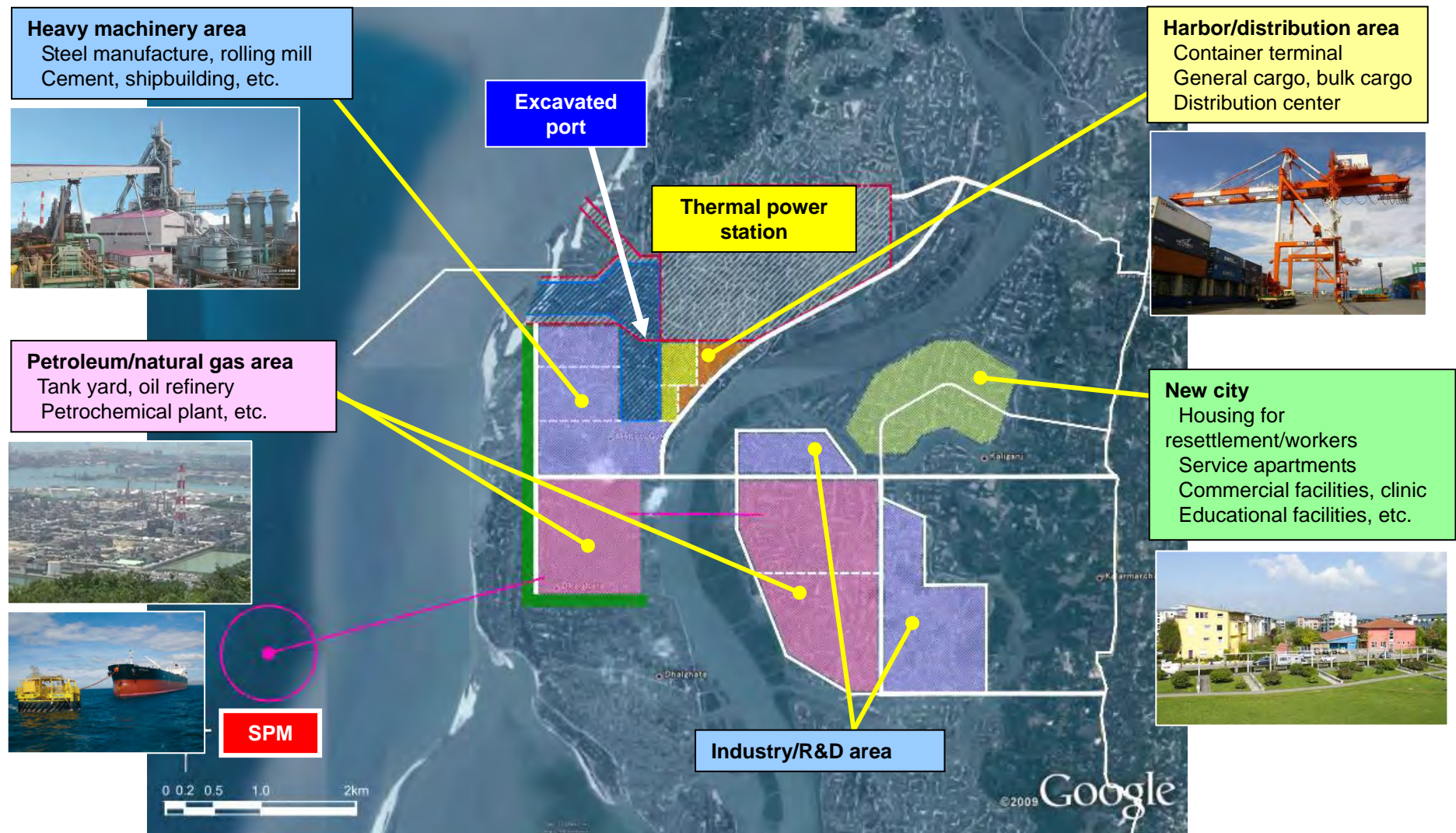


Figure 5-5-4: Conceptual development plan for Matarbari SEZ (long-term)

Prepared by JICA survey team



Figure 5-5-5: Development imagery of Matarbari SEZ (Bird's-eye view)

Source: Prepared by JICA survey team

Chapter 6: Proposed Assistance Programs on The development of SEZ, Off-site Infrastructures and Promotion of FDI to Bangladesh

Chapter 6: Proposed Assistance Programs on the development of SEZ, Off-site Infrastructures and Promotion of FDI to Bangladesh

In this Chapter, broader discussion and analysis were made on the needs for assisting the development and operation of SEZ, development of off-site infrastructure, and promotion of FDI to Bangladesh followed by review on the assistance program being implemented by major development institutions. Then, discussion was made on the assistance menu and programs to be extended by the GoJ and JICA after reflecting the lessons from these activities. Brief explanation was made to those major assistance programs.

6.1 Assistance needs for the development and operation of SEZ

In this Survey, a broader interview survey has been conducted to various Governmental authorities and Japanese firms located in Bangladesh and Bangladesh developers in order to appraise the impedimental factors for the sound development of SEZ/Industrial Parks, in addition to the selection of candidate SEZ sites. The results of such survey are stated in the following sub-chapters

6.1.1 Assistance needs to the implementation agencies involved in SEZ development

(1) Assistance for the development of Legal Systems related to the development of SEZ

Although the BEZA Act was launched upon the establishing of BEZA, the Rules and Regulation of the BEZA Act have not been launched by the GoB, and earlier official launching is expected. The draft of these Rules and Regulations are still under the review of the Ministry of Justice in Bangladesh. Since these documents are defining all the specific conditions and requirements related to the development of SEZ, the roles of these documents are very important. By dispatching a legal expert, review processes on the Rules and Regulations by the Ministry of Justice may be expedite and the related laws, rules and regulations will be well circulated among those involved in the development of SEZ.

(2) Assistance for the planning of SEZ and supervision of regulatory procedures

Since BEZA is entrusted to develop SEZs by themselves at the lands owned by the GoB, they shall implement the project in close collaboration with the developers and/or investors in the private sector. However, the present organogram of BEZA does not relate much with persons having proven experience and track record in the development of SEZ and Industrial Park. Should BEZA take the lead role as the developer for SEZ and Industrial Parks in many locations, they shall recruit a qualified engineering staff. BEZA shall establish a strategy clearly on such qualified staff as recruited either on a contract basis or develop their own human resources. It seems that core staff of BEZA shall be developed by themselves and necessary education and

training programs with a mid-term perspective shall be deployed. It is recommendable, if such human resources development programs are conducted along with on-the-job training methods through implementing real projects. Such program may include training tours to such ASEAN countries as Thailand, Malaysia, Viet Nam and others which can provide good examples for the development of SEZ.

(3) Assistance for coordination capability required for multiple development of economic infrastructures

In order to make effective development of SEZ, a multiple approach is required for the development of various transport infrastructures and utilities which will help support the activities of SEZ. Although many implementation agencies will be involved in the development of such diversified infrastructures and utilities, there is no coordinator in Bangladesh. It is recommended to dispatch an expert to the Planning Commission or the Prime Minister's Office who is responsible for inter-ministry coordination, which is different from ordinary line ministries, for an integrated planning and process management on several key infrastructures and utilities.

(4) Assistance for preparation of Master Plan for the development of SEZ

Since 2006, the World Bank and IFC Group has been assisting the development of legal systems and selection of candidate SEZ sites and provision of the Feasibility Study. However, it is said that BEZA has requested Divisional Governments to nominate suitable sites in the selection processes of the candidate SEZ sites, and the chairman of BEZA management committee has decided the candidate sites solely which indicates that the decision was not made based on the results of rational analysis. Furthermore, selected candidate sites were idle lands owned by the Government and/or lands with harsh natural conditions such as low-raid swampy lands. Since linkage between export industries and domestic industries became a matter of importance upon the establishing of BEZA, and it may be said that due attention shall be paid to the linkage between SEZ and traditional industrial clusters when one plans the SEZ and Industrial Parks. It means that a well-balanced planning is essential between the industrial development at rural areas and the development of SEZ and Industrial Parks which will be done based on economic rationale judged by the private developers.

6.1.2 Assistance needs to the private developers involved in SEZ development

(1) Provision of seminars on SEZ and Industrial Parks for the private developers

In Bangladesh, there is no private developer who has been involved in the development of SEZ and Industrial Parks whose client is the unspecified general public, except such business park or industrial park developed by large business groups where their own group of companies were accommodated. It is anticipated that highly satisfied premises may be developed by providing

seminars to the private developers in Bangladesh on the functions and responsibility of the SEZ, preparation of business plan and management systems, marketing methods, access to Japanese ODA funds, operation and management of SEZ and others. This will be done in combination through the provision of input regarding the requirements and specifications requested by Japanese companies.

(2) Assistance needs to the private developers on business matching

In the course of this Survey, several Bangladesh private developers have been invited to the Workshop for Bangladesh Government authorities and to the Seminar for the Japanese business community in Bangladesh and they have been requested to make presentations on their capability and business plans. Four (4) firms out of these Bangladesh developers have attended the SEZ Seminar held in Japan at their own account and conducted their presentation and have attended business matching. It will be important to provide more opportunity to those developers in Bangladesh and in Japan as the development of SEZ and Industrial Parks comes in full swing.

6.2 Assistance needs for the development of off-site infrastructure

Since Bangladesh is still in need of large numbers of basic infrastructures, there is a great demand for development of the various infrastructures in relation with the development of SEZs.

(1) Assistance needs for the development of the Transportation Infrastructures

- Roads

Development of adequately wider access roads from nearby main roads (National Highway, Regional Highway) to SEZs

Reducing congestion by improving trunk roads (road expansion, changing intersections to multi-level crossings, etc.) to be used as commuting routes to SEZs from residential areas in Dhaka and Chittagong by Japanese company personnel.

Improvement of traffic network by building river overpasses, and promotion of industrial cooperation of both sides of rivers

Improving transport routes to Chittagong Port (Construction of bypass roads, Expansion of existing roads, Grade-separation at major intersections, etc.)

- Water transportation

Improvement of river ports close to SEZs (building container terminals, maintenance of access roads from main roads, etc.) or constructing new container terminal ports

Development of deep-water ports where large ships can call

- Railway transportation

Due to heavy traffic congestion at roads and highway and low energy consumption by railway transport, there is a huge demand for greater use of cargo transport by railway which requires line expansion, increase in number of train journeys

(2) Assistance needs for the development of Infrastructure for the Energy supplies

- Electricity supply

Develop a stable power generation and transmission networks from nearest power plant and substation to SEZs, or construction of new power plants within SEZs.

- Gas supply

Consistent supply of natural gas as heat source for manufacturing industry moving into SEZ or as fuel for private power generation shall be achieved.

(3) Assistance needs for the development of Industrial Water supply and Sewage Treatment System.

- Water supply system drawing surface water from lakes/rivers

In order to attract investors requiring processing water during production processes, it will be necessary to have a stable supply of water at an even greater volume than that required by normal factories. Underground water is now source in most case of the supply in Bangladesh, but since there are fears of a falling underground water level and land subsidence, etc., a stable supply system drawing surface water from lakes/rivers is essential.

- Sewage treatment systems

Moreover, Bangladesh has an undeveloped water treatment system and sewage treatment within its SEZs is one of the most basic requirements, so there is a great need for the development of related infrastructures.

- Solid waste treatment

With regards to solid waste disposal, there is little awareness of the necessity of treatment/disposal of solid waste in Bangladesh, as the wastes are effectively in Bangladesh and applying recycling systems very well. However, guarding the life, health and properties of people, sustainable development with due attention to environmental aspects is an important matter to be observed. Construction of incineration facilities and maintenance of waste disposal sites are necessary actions that shall not be delayed.

(4) Physical infrastructure facilities required at the Surrounding Area of SEZs

In view of the points outlined above, the following infrastructures will be required in relation to the development of SEZs at the higher priority candidate SEZ sites.

1) Candidate site at Sreepur

- The candidate site is facing to Dhaka-Mymensingh Highway (National Highway 3), but there is no gate to the Dhaka-Mymensingh Road. Currently, the Dhaka-Mymensingh Highway is under widening processes to 4 lanes traffic. This project is implemented with financial assistance by ADB and it is included grade-separation at Tongi, Gazipur and other major intersections.

2) Candidate site at Savar

- The site is facing to Dhaka-Aricha Highway (National Highway 5), but this 2-lanes highway is always congested heavily, due to cargo transport from Dhaka to Chittagong port. Therefore, it is desirable to form a network of ring-shaped circular road surrounding Dhaka City. Thus, development of the Western Bypass Road being proposed by RAJUK and linkage highway from Western Bypass to the Pangaon Inland Container Terminal is also essential.

3) Kaliganj and A.K.Khan candidate sites

- The Tongi-kaliganj Highway (Regional Highway 301) is only major highway connecting Dhaka to Kaliganj and A.K.Khan sites but width of this highway is just 5.5m and it provides 1 traffic lane for each direction. The highway is always congested very heavily because of single lane for each direction, and there is widening plans for this highway by Roads and Highways Department (RHD). This is an extremely important route in terms of networks with Dhaka in the directions of Kaliganj and Narsingdi, so there is a great need for improvement work to be carried out. However there is little prospect of improvement as the provision of the budget is yet to be finalized and there is a large number of habitants to be relocated along the highway.

- Since there is a plan for construction of a container terminal on the A.K.Khan site, it is anticipated that in the future, there will be a greater need for linkage between Kaliganj and the A.K.Khan site on the opposite shore. Bridge construction is an effective option, but this option is not economical as there is a new bridge at 6.5km upstream. Therefore, it is hoped that an access road will be improved between the A.K.Khan site and this bridge (Ghorashal) or an access road connecting between the A.K.Khan site and the Dhaka-Shilet Highway (National Highway 2) on the east side.

6.3 Assistance needs for better promotion of FDI

In this survey, due to time limits, there was no opportunity to exchange opinion with BEZA about assistance for FDI promotion. However, in consideration of premature organizational structure and human resources at BEZA and the progress on SEZ development, it would be appropriate that JICA will extend the following assistances to the GoB and BEZA:

- a. Assistance for reviewing and enhancing FDI policy
- b. Assistance for formulating FDI promotion strategies and action plan

6.3.1 Assistance for reviewing and enhancing FDI policy

(1) The issues on FDI policy in Bangladesh

1) FDI policy and competitiveness

As it was referred in 2.7.3 “Competitiveness in FDI Policy and Institutions”, the Business Impact of rules on the FDI Index of “World Economic Forum – The Global Competitiveness” shows that Bangladesh is ranked at 26th with a score of 5.2 point among 144 countries, being comparatively high, while Bangladesh is ranked at 108th in gross assessment of international competitiveness. However it is also noted that in Business Impact of rules in FDI index, Malaysia got 5.5, Thailand being 5.3 point, and Cambodia being 5.0 point, which means that the differentials between Bangladesh and those countries are small. In terms of international competition of FDI promotion, poor infrastructure is the weakness and the biggest disadvantageous matter to Bangladesh. Filling up these disadvantages, there is no alternative but to tackle the improvement of the business environment. In doing so, reviewing and enhancing FDI system is required to attract attention of foreign investors.

2) The system to formulate FDI policy

BOI, BEPZA, BEZA, and Private EPZ Governor’s Board are FDI promotion organizations, belonging to the Prime Minister Office (PMO). They share the common objectives in FDI promotion but in reality they are bureaucratic vertical organization, having a lack of horizontal collaboration. Similarly, it is not likely that there is sufficient collaboration among those FDI promotion organizations and the Ministry of Industry (MoI) who is responsible for industrial policy, the Ministry of Commerce (MoC) who is responsible for trade policy, the Ministry of Finance (MoF) who is responsible for Monetary policy and foreign currency control, National Board of Revenue who is responsible for taxation, Customs for the collection of custom duties including Tariff Commission under the MoC, and Security Office who involved in work permit. Further, it is said that the process for consensus in public - private dialogue is not sufficient according to FBCCI, and FDI policy in Bangladesh is, after all, not necessarily inclusive and integrated.

(2) Assistance measure toward FDI policy and enhancing competitiveness

The following assistance measures will be workable.

- 1) FDI policy adviser being delegated from JICA to PMO may assist various FDI promotion organizations for strengthen the coordination of each other, and to assist for reviewing the

organizational structure and also for improvement towards the integrated and inclusive FDI policy and institutions.

- 2) JICA FDI adviser and JICA Industrial Policy adviser being attached to MoI shall mutually corroborate and cooperate in the improvement of FDI policy.
- 3) Capacity development of key officers in BEZA shall be required particularly in the study of FDI policy in ASEAN countries and India such as:
 - a. The provision of information materials
 - b. Business tour to FDI promotion organization and SEZ sites in ASEAN and India
 - c. Short term JICA experts shall be dispatched to BEZA as the case may require.

6.3.2 Assistance for formulating FDI promotion strategy and action plan

(1) The issues on FDI promotion

1) FDI promotion strategy

FDI strategy of Bangladesh is invisible to outsiders. Especially, the followings are not clear:

- Priority of industry in FDI promotion
- The relationship of the FDI target industry and supporting industries in Bangladesh

There is also a lack of strategy and action plans as to how to promote FDI of target industry.

2) FDI promotion structure

Possibly because there is not an integrated strategy for FDI promotion, it looks as if BOI, BEPZA, BEZA, MoI and Hi-Tech Park Authority individually and separately implement FDI promotion. Integrated structure of FDI promotion will be required in view of customer-oriented marketing.

3) Private SEZ developer

Presently, there are a several number of local developers who are interested in SEZ development. On the other hand, it looks like most of private developers in Japan do not have keen interest in SEZ development in Bangladesh at the moment or they put lower priority to SEZ development project in Bangladesh among others. It is however assumed that promising possibility would remain among one or two developers.

4) Small sized private Industrial Parks developed by local private developer

It will be foreseen to take 3 years or more until the first SEZ (bonded area) will be established. Some Japanese investors may try to invest in Bangladesh in the shorter period than above schedule, while local developers such as the South Dhaka Industrial Park and Kunimoto

Industrial Park are challenging the development of such small sized private industrial parks for Japanese investors mostly for SMEs. If it could be secured that those industrial parks are furnished with adequate capacity and functions, the same as SEZ, then Japanese investors would be given wider options of investment. The assistance extended to such private developer will promote FDI of Japanese SMEs to Bangladesh more smoothly.

5) Oversea advertising strategy and improving the image of Bangladesh

Regrettably it is found that positive image on Bangladesh is less publicized outside the Country. Japan has the image of an upgraded industry and culture called “Cool Japan”. Korea is advertising Korean pop culture and fashion that reflect positive image to Korean made products. Thailand sells the image of “A country of Smile”. In the similar manners, if Bangladesh shall advertise the culture, resource and other charms of the Country and raise awareness of the country, it will help the development of business and economy of the country.

(2) Assistance measures for FDI promotion

The following assistance measures will be advisable.

- 1) JICA shall conduct surveys and delegate experts to assist for formulating FDI promote strategy. Such strategies will include:
 - a. Selection of the industry and the sector of industry to be targeted for promotion
 - b. Promotion activities to target anchor industry through government hand-in-hand with private sector is necessary. For this purpose, special incentives will be considered to such anchor industry.
 - c. To promote transfer of Japanese SMEs group in supply chain and/or in SME cluster, and
 - d. Promotion method

As part of them, workshop regarding FDI will be organized for the government officials concerned.

- 2) JICA FDI Policy adviser delegated to PMO shall advise and assist review and enhancement of FDI promote structure. If necessary, short term expert will be delegated to assist in it.
- 3) JICA will extend assistance for delegating Bangladesh FDI missionary to Japan. This will be cooperated with programs of JETRO and/or Japan Chamber of Commerce and Industries (JCCI).
- 4) JICA, JETRO and JCCI will cooperate to assist Japanese SMEs with investment / overseas

development to Bangladesh such as having on-site inspection tour and holding business seminar / business matching both in Bangladesh and Japan with attention to role-sharing arrangement among the parties.

- 5) To make use of the existing various assistance in JICA Private Sector Partnership project for further expansion and prevalence in Bangladesh such as:
 - a. PPP infrastructure business
 - b. BOP partnership support
 - c. Overseas development of SME by using ODA
 - d. Technical transfer
 - e. Private volunteer institution
- 6) Advising assistance for BEZA regarding SEZ development method / modeling
- 7) Indirect support to discovery of appropriate private developer in both Bangladesh and Japan.
- 8) If the license of private EPZ is issued to small sized private industrial park, it will be an effective tactics for advancing the establishment of the industrial park. In this concern, an FDI adviser will assist such developers to have a chance to consult with Private the EPZ Governor's Board.
- 9) The basic survey on assistance for formulating advertising strategies on image up of Bangladesh will be conducted with assistance of JICA.

6.4 Assistance Programs extended by International Development Institutions for the Development of SEZ and its Lessons

6.4.1 Assistance activities extended by International donors for SEZ development

SEZ development in Bangladesh has been supported mainly by the World Bank/IFC group in the aspect of legislation/institutions, infrastructure, and organization development, capacity development, and technical assistance. Basically the World Bank takes part in financing to public sector organizations, while IFC takes part in financing to the private sector. In case of SEZ, if the developing entity is public sector, the World Bank finances and if it is private sector, IFC finances. In case of capacity building on technical assistance, the World Bank extends the assistance to the government, and IFC do the same to government as well as the private sector.

(1) The World Bank

The World Bank has extended broad assistances for SEZ development in terms of organizing implementing entities, legislation of SEZ Act and its Regulations, conducting feasibility studies, logistics and training, procurement of experts and staffs and other studies and has supported the government to make development plans. The World Bank will also assist for the cost on the selection and feasibility studies on the candidate SEZ sites. The bank has the fund of US\$127 million for private sector development called “The Private Sector Development and Support Program” (PSDSP), a part of which is to be used for SEZ development assistance.

PSDSP supports the GoB to build up a platform of private sector development such as regulatory reform and capacity buildings in government organizations as main themes, besides SEZ development. Kaliakoir Hi-Tech Park has also been assisted by the World Bank under PSDSP2.

(2) International Finance Corporation (IFC)

IFC has supported FS on outline of SEZ in respect of site assessment, legislation, and the roadshow of investment promotion to overseas developers. The Bangladesh Investment Climate Fund (BICF) has been prepared by the IFC jointly with DFID and the European Committee, but BICF finished at the end of June. Thereafter the assistance extended by IFC will be taken over by the World Bank.

6.4.2 Lessons learned from the assistances extended by other donors for SEZ development

(1) The evaluation on World Bank / IFC assistance

No doubt, the World Bank/IFC have assisted and contributed to the development of SEZ/EPZ and Industrial Park in the global scale. There are lots to be learned from their financing and accumulated know-how. However, it is not verified yet that they have successfully achieved smooth performance in SEZ development in Bangladesh so far. Presumably, there are two disincentives in the background – the structure and constitution of the government and the approach by the World Bank/IFC.

1) The structure and attitude of the Government

One characteristics of the Bangladesh Government structure is that there are many government sub organizations; ministries, authorities and commissions. In the case of FDI, each time a new Act was legislated, a new organization was established corresponding to new Act. Those organizations have the constitution of typically bureaucratic and vertical administrations. Therefore it takes time for them to share information and common understanding, collaboration and making consensus in order to solve issues covering a wide area. At the same time, it is not easy to execute an exchange of key staffs among the different organizations, there are certain difficulties in securing trained experts, accumulating experiences and capacity building in an

organization newly established.

Nevertheless, at this stage of economic development, it would be necessary to develop, with priority, the economically feasible areas in accordance with the realistic potentiality and needs. Although it is true that the concept of EPZ is not exactly the same as that of SEZ, but the lessons learned from EPZ development are not well reflected to SEZ development.

2) Approach of the World Bank/IFC

The World Bank also plays an important role in supporting regional development as its nature. However it will be difficult to achieve the designated objectives, unless the GoB has a clear vision and plans to integrate their policies on SEZ development, industry development and regional development. The World Bank has also supported for making the standardized procedure for SEZ development in view of governance and compliance, but it unlikely to carry on smoothly due to shortages of human resources and capacity.

(2) The lessons learned from the assistance by the World Bank/IFC

Taking account of the above, it will be able to learn lessons from the assistance by World Bank/IFC

- 1) Apart from the case of the World Bank, the assistance of JICA for SEZ development has also another objectives to support the promotion of the investment and overseas development activities by Japanese enterprises especially SMEs. JICA shall make much of the achievement of these objectives with prioritized programs. What is important for JICA is to demonstrate one feasible and successful SEZ development at its earlier stage, showing certain outcomes and a good SEZ model.
- 2) For doing so, JICA shall meet the GoB/BEZA and relevant organizations and private sector (like FBCCI) to explain the objectives, target and method, and time framework and to exchange opinions for a mutual understanding and cooperation. Finally, their consent and commitment to give top priority to the JICA project is most important.

At the survey conducted in May, 2012, attendants to a joint meeting which included the BEZA chairman and representatives of the World Bank/IFC, they have expressed their hopes that the SEZ will be developed by Japanese private developers (mostly in joint venture with local developers). This desire is believed to be unchanged.

6.5 Assistance menu and recommended assistance programs by the GoJ and JICA

The Japanese Official Development Assistance (ODA) program has been provided mainly

through JICA, the implementation agency in the form of a Financial Cooperation scheme (provision of Yen Loan), Grant Aid scheme, Technical Cooperation scheme and Overseas Investment and Finance scheme. Bangladesh is ranked in the second position after India in the ranking of Yen Loan credit in the year of 2012 with 166.3 Billion Yen. Keeping this assistance menu in mind, several recommendations have been made for the development and operation of SEZ and Industrial Park.

In chapter 3, four (4) directives for the development of SEZ were proposed along with the recommendation that Bangladesh should develop SEZs focusing on its strengths and unique characteristics. These are: (1) SEZ to be located in the vicinity of Dhaka and Chittagong and designed for penetrating into the emerging domestic markets, (2) SEZ focused on the labor-intensive industries which seek cost-competitive productions, (3) World-class SEZ with Industrial infrastructures that supersede the similar facilities at surrounding countries and (4) SEZ and Logistic Cluster at the sites adjacent to International port, Airport and Land Ports.

Keeping these directives on the development of SEZ in mind and reflecting 6.1 Assistance needs for the development and operation of SEZ, 6.2 Assistance needs for the development of off-site infrastructure, 6.3 Assistance needs for better promotion of FDI and opinions and interests of the GoB authorities and developers, the Survey Team has discussed and made the following recommendations. These recommendations have been presented at the Workshop for the GoB authorities and the Seminar for Japanese business community in Bangladesh.

- (1) Development of Satellite Cities cored by SEZ at the vicinity of Dhaka City
 - ① Development of SEZ tailored for Japanese SMEs (Sreepur or other Sites)
 - ② Capacity Development at BEZA
 - ③ Assistance to Bangladesh SEZ Developers

- (2) Development of Logistic Networks connecting various SEZs at the vicinity of Dhaka
 - ① Development of Inland Container Terminals
 - ② Development of Major Trunk Roads as a component of logistic networks connecting various SEZs

- (3) Implementation of Integrated Water Resources Development and Flood Mitigation Project at the Buriganga and Dhaleswari River Basins, Western part of Dhaka City
 - ① Development of Flood Retarding Basins for Flood Mitigation and Supply of Industrial Water
 - ② Flood Mitigation and Improvement of Inland Water Transport by River Training

- (4) Development of a Deep Sea Port and SEZ for development of Fundamental Industries
 - ① Development of a Deep Sea Port

- ② Development of Heavy Industrial Belt
- ③ Development of Access Highway, Railway and Industrial Water Supply Systems

- (5) Development of Private EPZs for promotion of Cross Border Trade and Investment
 - ① Development of EPZs adjacent to major land ports

- (6) Positive conversion of idle lands owned by State Owned Enterprises to SEZ
 - ① Flush out idle lands and its development as SEZ at the vicinity of Dhaka and Chittagong

The following is the Project Digests showing outlines of the proposals.

Technical Cooperation Project

<p>(1) Project Title :</p> <p>Master Plan and Feasibility Study for the Development of SEZ tailored for Japanese SMEs at Sreepur or alternative Site</p>
<p>(2) Implementation Agency:</p> <p>Bangladesh Economic Zones Authority (BEZA) , Ministry of Industries</p>
<p>(3) Background/Rationale:</p> <p>Due to its narrow territorial lands and intensive use of lands for agricultural purposes, Bangladesh faces difficulty finding sizable industrial lands for industrial uses. The GoB has been developing Export Processing Zones (EPZs) since 1990, and the available slots of lands became few and they are obliged to open new industrial lands. The GoB launched the BEZA Act in 2010 and they have tried to develop Economic Zones (SEZs) instead of EPZ with an attempt to promote the integration with domestic industries. JICA has conducted survey for selection of suitable sites for the development of SEZ for the investment of Japanese firms into these SEZs. This study was proposed to conduct the Master Plan and Feasibility Study for the development of SEZ/Industrial Parks at the Sreepur candidate site or other site near Gazipur, both of which got high scores in the short-term evaluation at the evaluation exercise.</p>
<p>(4) Objectives:</p> <p>To develop a Master Plan and conduct economic and financial feasibility analysis keeping the location of Japanese SMEs in particular in the sectors of machinery, electric and electronic manufacturing industries.</p>
<p>(5) Outcome:</p> <ul style="list-style-type: none"> -Master Plan for the development of SEZ is prepared at the proposed site. -A Feasibility Study for the proposed SEZ will be conducted based on the Master Plan.
<p>(6) Activity:</p> <ul style="list-style-type: none"> -Selection of specific site, topographic survey, sub-soil investigation, environmental assessment shall be conducted. - Preparation of A Master Plan for SEZ for Japanese SME & its Implementation Plan -Confirming technical, economic and financial viability of the project - Proposals regarding the implementation of business plans
<p>(7) Schedule: From January 2014 to March 2015</p>
<p>(8) Expert required:</p> <ul style="list-style-type: none"> -Team Leader -Site Selection -Demand Analysis -Land-use Planning -Civil Engineer/Architect -Utility Planning (electric and gas supply) -Transport Planning (Logistics) -Environmental and social considerations, -Economic & Financial Analysis
<p>(9) Remarks:</p>

Project-type Cooperation Project

(1) Project Title: Capacity Development at BEZA for SEZ development and FDI Promotion
(2) Implementation Agency: Bangladesh Economic Zones Authority (BEZA)
(3) Background/Rationale: The GoB launched BEZA Act in 2010 and commenced the development of SEZ instead of EPZ. However, the development of SEZ has not progressed as was planned before due to reasons that have been identified as inconsistent assignment of top management at BEZA and lack of necessary funds. Among others, poor organizational performance and lack of qualified staff are the most serious challenges BEZA faced and uninstalation of Rules and Regulations to the BEZA Act caused certain delays in the progress of SEZ development. JICA has established a close relationship in 2013 with BEZA through the implementation of surveys for the selection of suitable candidate sites for SEZ which have been tailored to accommodate Japanese firms. It is a very important task to conduct human resources development at BEZA who are expected to play major roles in the development of SEZ in Bangladesh.
(4) Objectives: Conduct a technology transfer program to key staff of BEZA based on on-the-job training methods on technical, legal, administrative and managerial aspects.
(5) Outcome: -BEZA Organizational Structures shall be modified to meet real requirements -Improve the capability of key staff on planning, development, and management of SEZ/Industrial Parks
(6) Activity: -Dispatch a specialist team to BEZA for conducting capacity development, and carry out training of personnel based on the program -Make observation tours to ASEAN Countries where good practices are found and reflect the results in the activities in Bangladesh -Make trainings in Bangladesh based on case studies
(7) Schedule: From April 2014 to March 2016 (2 Years)
(8) Expert required: -Team Leader -SEZ Planning -Market Analysis -Infrastructure Planning -Marketing -Project Management -Environmental & Social Considerations -Economical & Financial Analysis
(9) Remarks:

Dispatch of Expert

(1) Project Title: Assistance to Bangladesh SEZ Developers on SEZ development
(2) Implementation Agency: Bangladesh Economic Zones Authority (BEZA) , Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) , Bangladesh Real-estate and Housing Association
(3) Background/Rationale: The GoB launched the BEZA Act in 2010 and commenced the development of SEZ instead of EPZ. However, there are no large-scale developer in Bangladesh and only a few private firms who have the knowledge in the planning, development and management of SEZ. On the other hand, Japanese SMEs are short of information in making their decision for investment, although they are interested in locating plants. Under this Project, a business matching program shall be conducted between Japanese SMEs and private developers in Bangladesh and make a transfer of technology and know-how on the development of SEZ/Industrial Parks, through the dispatch of experts to Bangladesh.
(4) Objectives: Conduct a technology transfer program with Bangladesh developers on the skills required for technical, legal, administrative and managerial aspects of SEZ development. At the same time, provide the information on the capability and activities of local developers with Japanese SMEs. By providing the requirements of Japanese SMEs on the SEZ/Industrial Parks to the developers of Bangladesh, try to achieve satisfactory SEZ development.
(5) Outcome: <ul style="list-style-type: none"> • Improve the capability of Bangladesh Developers • Improve business environment by sharing information on the specific requirements of SEZ/Industrial Parks submitted by Japanese firm, and providing information on the SEZ/Industrial Parks to Japanese firms.
(6) Activity: <ul style="list-style-type: none"> • Dispatch experts to FBCCI/BEZA and make technology transfer on know-how for the development of SEZ/Industrial Parks. • Support business-matching by providing information on the business plans of Bangladesh developers to Japanese SMEs visiting Bangladesh
(7) Schedule: Dispatch experts for the period from April, 2014 to March 2016 (2 years)
(8) Expert Required: <ul style="list-style-type: none"> • SEZ • Development of Industrial Park • Operating Expert
(9) Remarks:

Technical Cooperation Project

<p>(1) Project Title: Master Plan Study for development of Logistic Networks connecting various SEZs at the vicinity of Dhaka</p>
<p>(2) Implementation Agency: -Greater Dhaka Development Corporation (RAJUK) ,-Bangladesh Inland Water Transport Authority (BIWTA) ,-Bangladesh Railways,-Road and Highway Department (RHD)</p>
<p>(3) Background/Rationale: The GoB launched the BEZA Act in 2010 and commenced the development of SEZ instead of EPZ. JICA has conducted Data Collection Survey in 2013 and checked the possibility of SEZ development at the vicinity of Dhaka. At present, Dhaka Bypass road which runs at the Eastern vicinity of Dhaka, is functioning as a key trunk road dispersing very heavy traffic from the city center of Dhaka to suburban areas, but the bypass road is not functioning as a network. Under this study, it is anticipated to build a new link road by connecting the Dhaka Bypass with a trunk road passing through the Northern, Western and Southern parts of Dhaka. Since this concept includes the proposed SEZs and the proposed Inland Container Terminal as the core, this concept is expected to function as the major logistic network in the vicinity of Dhaka.</p>
<p>(4) Objective: Dhaka, functioning as the capital of Bangladesh, has been the center of socio- economic activities but the city is suffering by terrible traffic congestion. This concept aims to connect SEZs and inland container terminals which will be developed along with the rivers and railways by trunk roads in the vicinity of Dhaka, and then, make a complete link road and try to disperse the traffic flow of Dhaka City.</p>
<p>(5) Outcome: Establishing a logistic network by connecting SEZs in the vicinity of Dhaka and Inland Container Terminals and then contributing to disperse the traffic congestion in Dhaka City with the construction of logistics routes.</p>
<p>(6) Activity: Conduct Master Plan and Feasibility Study on the proposed link road which will connect SEZs at the vicinity of Dhaka and inland container terminals</p>
<p>(7) Schedule: From April, 2014 to March 2015</p>
<p>(8) Expert required: -Team Leader -Transport Planner (Highway & Port) -Logistic Expert -Economic and Financial Analysis -Land-use Planning -Environmental and Social Consideration</p>
<p>(9) Remarks:</p>

Technical Cooperation Project

<p>(1) Project Title: Integrated Water Resources Development and Flood Mitigation Study at the Buriganga and Dhaleswari River Basins, Western part of Dhaka City</p>
<p>(2) Implementation Agency: -Greater Dhaka Development Corporation (RAJUK)、 -Bangladesh Water Development Board (BWDB)、 -Bangladesh Inland Water Transport Authority (BIWTA)</p>
<p>(3) Background/Rationale: JICA has conducted Data Collection Survey in 2013 and checked the possibility of SEZ development in the vicinity of Dhaka Savar and Mowa areas which are located at the western vicinity of Dhaka and are included in the selected candidate sites. Although the western part of Dhaka is largely a low-laid swampy area, the area has great potential since an inland container terminal is developed at Pangaon. This proposal aimed at flood mitigation and industrial water supply systems to the Dhaka area by conducting a study for comprehensive water resources development and flood mitigation points of view. The project is also expected to contribute to the improvement of the environment for the Dhaka area which is suffering depreciation of ground water level.</p>
<p>(4) Objective: Before setting a comprehensive development plan at western Dhaka, an integrated water resource development/flood mitigation study shall be conducted, and the results of the study are expected to be used for establishing the effective development of SEZ/ Industrial Parks. Since a river improvement program is scheduled, it will contribute to the development of inland water transport and construction of major trunk roads.</p>
<p>(5) Outcome: Basic hydrological data will be forwarded for the planning of SEZ/trunk roads and new land development will be done at the greater Dhaka region which is suffering shortage of land.</p>
<p>(6) Activity: Conduct a Master Plan and Feasibility Study for an integrated water resources development and flood mitigation plan at Buriganga/Dhaleswari river basins.</p>
<p>(7) Schedule: From April 2015 to March 2016</p>
<p>(8) Expert Required: -Team Leader -Hydrologist -River Engineer -Transport Planner -Land-use Planner -Environmental and social consideration -Economic and financial analysis</p>
<p>(9) Remarks:</p>

Technical Cooperation Project

<p>(1) Project Title: Master Plan and Feasibility Study for development of a Deep Sea Port and SEZ for development of Fundamental Industries</p>
<p>(2) Implementation Agency: Ministry of Industries, Ministry of Shipping, Ministry of Railway, RHD, Ministry of Power, Energy, and Mineral Resources, others</p>
<p>(3) Background/Rationare: JICA has conducted Data Collection Survey on the development of SEZ in 2013 and discussed the possibility of SEZ development at a site adjacent to the proposed coal-fired power station project in Matarbari Island. This concept consists of developing commercial ports and industrial ports by extension of the deep-water basin which shall be developed for power station projects accepting imported coals. The proposed SEZ will accommodate such fundamental industries as Oil & Gas Chemical Industries, Steel & Cement, and Ship-building. At present, the port of Chittagong being a river port which is used to be constantly silted by sand from up-stream, has a constraint of shallow waters and they can't receive larger sized ships. This is a serious handicap considering stiff Global competitions among others.</p>
<p>(4) Objective: This Study is to conduct the Master Plan and Feasibility Study for the development of deep water commercial and industrial ports and SEZ for locating Oil & Gas Chemical Industries, Steel & Cement, Ship-building and other industries, in parallel to the development of the coal-fired power station projects in Matarbari Island.</p>
<p>(5) Outcome: It may change the present mono-culture industrial structure which is dominant to the RMG Industry by developing deep water sea ports and fundamental industries.</p>
<p>(6) Activity: Conduct a Master Plan and Feasibility Study for the development of deep water sea port ports and fundamental industries at Matarbari Island, Cox's Bazar area.</p>
<p>(7) Schedule: From April 2014 to December 2015</p>
<p>(8) Expert Required: -Team Leader -Port Planer -Industrial Planning -Transport Planning -Land-use Planning -Environmental and Social Consideration -Economic & Financial Analysis</p>
<p>(9) Remarks:</p>

Technical Cooperation Project

<p>(1) Project Title: Master Plan and Feasibility Study for development of Private EPZs for promotion of Cross Border Trade and Investment</p>
<p>(2) Implementation Agency: Ministry of Industries, Private EPZ Governor's Board, Bangladesh Land Port Authority (BLPA)</p>
<p>(3) Background/Rationale: JICA has conducted Data Collection Survey in 2013 and checked the possibility of SEZ development in the vicinity of Dhaka and Chittagong. It has been recognized that Bangladesh is located at a very strategic location among the economic blocks of ASEAN, SAARC and China, and they are involved in the cross-border trades through 12 land ports opened at the borders to India and Myanmar. Should Bangladesh capitalize on such strategic locations by developing EPZ adjacent to these land ports, they can appeal the strengths of their country. ADB is also encouraging similar facilities development for regional connectivity development.</p>
<p>(4) Objective: Conduct a Master Plan and Feasibility Study for the development of Private EPZ at major land ports for further promotion of cross border trade (export).</p>
<p>(5) Outcome: A remarkable achievement is expected, if investors consider the development of cross border trade toward North-eastern India (Seven sisters) and the Kolkata economic zone, India.</p>
<p>(6) Activity: Conduct a Master Plan and Feasibility Study for the development of Private EPZ (SEZ) at an appropriate site adjacent to major land ports by visiting these areas.</p>
<p>(7) Schedule: From October 2014 to December 2015</p>
<p>(8) Expert Required: -Team Leader -Logistic Expert -Industrial arrangement -Transport Planning (roads and railways) -Land-use planning -Environmental and social considerations -Economic & Financial Analysis</p>
<p>(9) Remarks:</p>

Dispatch of Expert

(1) Project Title: Reconnaissance Survey on idle lands owned by State Owned Enterprises for Positive conversion to SEZ
(2) Implementation Agency: Privatization Commission, Ministry of Industries, BEZA,
(3) Background/Rationale: JICA has conducted Data Collection Survey in 2013 and evaluated various candidate sites for the development of SEZ/Industrial Parks in the vicinity of Dhaka and Chittagong. Along with the Survey, it was clear that there are a large number of state-owned enterprises which were listed for the privatization program, and some of them have already been either sold out or privatized. According to the information, there are still a lot of such less-utilized assets nearby the vicinities of Dhaka and Chittagong. Since availability of large scale land for industrial development in a densely populated country is scarce, utilization of such idle lands is very important. Local developers are very much interested in such idle lands.
(4) Objective: Gather the information from the long-list of idle lands available at state-owned enterprises and registered at the Privatization Commission and evaluate these candidate site on the possibility for developing SEZ/Industrial Parks so that such idle lands can be developed for the location of Japanese investment.
(5) Outcome: It will be analyzed that such suitable candidate sites, if any, can be developed for SEZ including the application of the PPP method.
(6) Activity: Dispatch of individual expert for a shorter period of time and conduct data collection survey on the idle lands registered at the Privatization Commission and make a data-base for a full scale analysis at the latter stage.
(7) Schedule: From June 2014 to October 2014 (Duration of the survey: 1~2 months)
(8) Expert Required: -Expert in real-estate development/assessment
(9) Remarks:

6.6 Action Plan of the proposed Assistance Program

The Action plan of the above assistance programs are as shown in Table 6-6-1.

Table 6-6-1 : Action Plan for major Assistance Program

No	Recommended Project	Sub-project	Implementation Agency	Type of Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	備考	
1	Development of Satellite Cities cored by SEZ at the vicinity of Dhaka City	① Development of SEZ tailored for Japanese SMEs (Sreepur Site)	BEZA or Finistry of Finance	Development Survey + Yen Loan		M/P・F/S		Design, Tendering, Construction ~											
		② Capacity Development at BEZA	BEZA	Project type Cooperation		Project-type Cooperation													
		③ Assistance to Banladesh SEZ Developers	BEZA/FBOCI	Despatch of Expert		▶	▶	▶											
2	Development of Logistic Networks connecting various SEZs at the vicinity of Dhaka	① Development of Inland Container Terminals	BIWTA/MoRailway	Development Survey + Yen Loan		M/P・F/S		Design, Tendering, Construction ~											
		② Development of major trunk roads as a component of logistic networks connecting various SEZs	RHD	Development Survey + Yen Loan				Design, Tendering, Construction ~											
3	Implementation of Integrated Water Resources Development and Flood Mitigation Project at the Buriganga and Dhaleswari River Basins, Western part of Dhaka City	① Development of Flood Retarding Basins for Flood Mitigation and Supply of Industrial Water	RAJUK/BAWA	Development Survey + Yen Loan			M/P・F/S	Design, Tendering, Construction ~											
		② Flood Mitigation and Improvement of Inland Water Transport by River Training	RAJUK/BWDB/BIWTA	Development Survey + Yen Loan				Design, Tendering, Construction ~											
4	Development of a Deep Sea Port and SEZ for development of Fundamental Industries	① Development of a Deep Sea Port	MOShiping	Development Survey + Yen Loan				Design, Tendering, Construction ~											
		② Development of Heavy Industrial Belt	MOI	Development Survey + Yen Loan		M/P・F/S		Design, Tendering, Construction ~											
		③ Development of Access Highway, Railway and Industrial Water Supply Systems	RHD/MORailway/BWDB	Development Survey + Yen Loan				Design, Tendering, Construction ~											
5	Development of Private EPZs for promotion of Cross Border Trades and Investment	① Development of EPZs adjacent to major land ports	Private EPZ/BLPA	Development Survey + Yen Loan		M/P・F/S		Design, Tendering, Construction ~											
6	Positive conversion of idle lands owned by State-owned Enterprises to SEZ	① Flush out idle lands and its development as SEZ at the vicinity of Dhaka and Chittagong	Privatization Commission/BEZA	Dispatch of Expert		▶													

Data Collection Survey on the Special Economic Zones in Bangladesh

Final Report

Chapter 7: Publicity Activities along with the Survey

Chapter 7: Publicity Activities along with the Survey

The Survey Team was requested to conduct a Workshop for various Bangladesh authorities concerned, a Seminar for the Japanese entities already invested in Bangladesh and a Seminar for those who are already invested and/or potential investors to Bangladesh. In conducting these events, those Bangladesh developers who came to know and made discussion along the survey works, were invited to these events in order to exchange views on the development and operation of the SEZ and Industrial Parks. Both sides have shared various issues on the development of SEZ and have had a very useful opportunity to find solutions in the course of such activities. All the programs performed and results derived from these publicity activities are summarized as follows.

7.1 Objectives on the Publicity Activities on SEZ Development

Along with this Survey, the Survey Team shall conduct (1) A Workshop (Report on the findings) for Bangladesh authorities concerned and such International Development Institutions as World Bank, IFC and others on the development of SEZ which will be conceptualized for investment by Japanese entities, (2) A Seminar for the Japanese business community in Bangladesh in order to make public the findings derived by the Survey, (3) A Seminar in Japan for Japanese entities in order to make public the findings derived by the Survey. In addition to these objectives, the Survey Team has invited those Bangladesh developers who have properties and the intention to develop these properties as SEZ, to these events and requested them to make presentation on their capability and business plans. Along with these activities, issues to be addressed in the development of SEZ/Industrial Parks were shared by Governmental authorities concerned and these developers and several requirements from both sides became clear. This achievement may contribute to accelerate the realization of SEZ/Industrial Parks in Bangladesh. Those developers are now considering to establish an association of private developers among those involved in the development of SEZ/Industrial Parks.

7.2 Activities of Workshop for the Bangladesh Governmental Authorities

7.2.1 Outlines of the Workshop

(1) Objectives of the Workshop

The Workshop was designed to disclose and publicize all the findings on the development and operation of SEZ/Industrial Parks derived by the Survey to the Bangladesh Government Authorities concerned and to share the knowledge on these aspects, and to provide an opportunity to share the issues and discuss the possible solutions among those Governmental Authorities and the private developers through the processes of presenting business plans by the

private developers in the Workshop.

(2) Program

- 1) Date : Sunday, June 9, 2013 19:00~22:00
- 2) Venue : Lakeshore Hotel, Gulshan, Dhaka
- 3) Sponsor : JICA Bangladesh Office and the Joint Venture of Consultants
Co-sponsor : Japan External Trade Organization (JETRO) Dhaka Office
- 4) Speeches and Presentations
 - Welcome Speech by Sponsor: Mr. Hiroyuki Tomita, Senior Representative, JICA Bangladesh Office
 - Guest Speaker: Mr. Fakhrul Islam, Chairman of BEZA
 - Report on the Findings: Survey Team (J. Motoyama, T. Yasui, M. Saji and Z. Hossain)
 - Presentations by the Bangladesh Developers
 - Closing Remarks: Mr. G.M. Jainal Abedin Bhuiya, Additional Secretary, the Ministry of Industries
 - Business Interactions

7.2.2 Results of the Workshop

(1) Response to the Report on Findings

The Workshop had fifty-two (52) participants from both of public and private sectors, although it was originally designed to have approximately thirty (30) participants. The report on the findings with seven (7) recommendations delivered by the Survey Team which was conducted following the speech by the BEZA Chairman, gave a great impact to the participants, in particular to the Bangladesh developers. Since the presentations by the private developers on their industrial parks was seemingly first time in Bangladesh, positive and extensive exchange of views by both sector have been continued until the end of event



Figure 7-2-1 : Pictures at the Workshop

(2) Question and Answer Session

The following question and answer are made.

What is the reason why Mirsarai site which was recommended by the GoB has not been selected as a short-listed candidate site ?

- The Survey Team has set several fundamental conditions that all the candidate sites shall satisfy, one condition of which is the candidate site shall be accessible by car either from Dhaka or Chittagong within one and half hours. In case of Mersarai, it took about 2.5 hours from Chittagong when the Survey Team has visited.
- .Mirsarai site was located at low-laid swampy area and most of areas are used as aqua-cultural ponds which requires huge amount of reclamation and is very costly if the lands are developed as industrial park or SEZ.
- The site has certain risks by the influence of tidal surge and flood, because of lower elevation and closer location to the Bay of Bengal.

(3) Presentations by Bangladesh Developers

The presentations made by five (5) Bangladesh developers which cover the development of SEZ/Industrial Parks with detailed descriptions of their capability and business plans, was the first time in Bangladesh, and gave a great impact to the attendance from various Bangladesh Government authorities. The following developers have made their presentations.

- Bangla Business Partners Japan
- Kunimoto Industrial Park
- Haq's Bay Industrial Park
- Chittagong Industrial Park Ltd.
- Bengal Development Corp.

After presentations by the developers, intensive interactions were continued between the developers and Government officials on the issues to be addressed on the development of SEZ in Bangladesh until the end of event; 22:00 hours. As the results of these interactions, it has provided an opportunity for both of Government authorities and the developers to discuss how BEZA and other Governmental authorities responsible for the development of SEZ shall extend their support program to those developers.

(4) Summary

As the results of this Workshop, the following facts became clear.

- 1) GoB authorities who have been involved in the development of SEZ did not know the existence of smaller-size private sector developers involved in the Industrial Lands in Bangladesh

- 2) GoB authority came to know these relatively smaller-size private developers will play key roles to fill the gaps between desires of investor who seeks the Industrial Lands/SEZ immediately and the completion of SEZs by BEZA or other authorities concerned.
- 3) These Bangladesh developers are however in shortage of technology, knowledge, human resources and financial capability required for the development of SEZ as the developer, and they are looking for support and assistance from public sector on this regards.



Figure 7-2-2 : Pictures at Business Interactions

7.3 Activities on the Seminar to Japanese Business Community in Bangladesh

7.3.1 Outline of the Seminar

(1) Objectives of the seminar

With an attempt to publicize the findings of survey works, the Survey Team held a seminar in Dhaka for Japanese business community in Bangladesh that have already located in Bangladesh and whom the Team has made acquaintance during this survey. The Survey Team gave presentations, especially on the progress of the development of the economic zone, the selection process of the final promising candidate sites, an explanation of the development concept at the sites and the action plans to achieve the goals of the development concept. Before holding the seminar, the Survey Team has exchanged opinions and carried out a questionnaire surveys to potential seminar participants in order to achieve the designated objective of seminar; well-sharing the findings of the survey works

(2) Program

- 1) Date: June 7, 2013 (Friday) 15:00 to 18:00
- 2) Place: Lakeshore Hotel, Gulshan, Dhaka

- 3) Sponsor : JICA Bangladesh Office and the Joint Venture of Consultants
Co-sponsor: Japan External Trade Organization (JETRO) Dhaka Office
- 4) Speeches and Presentations
 - Welcome Speech by the Sponsor: Mr. Kei Toyama, Senior Representative of JICA Bangladesh Office
 - Report on the Findings: Survey Team (J. Motoyama, T. Yasui, M. Saji and Z. Hossain)
 - Presentations by Bangladesh private developers
 - Closing Remarks: Nahoko Sako, Deputy Representative of JETRO Dhaka Office
 - Collection of questionnaires

7.3.2 Results of the Seminar

(1) Results of the seminar

58 persons including the host of the seminar attended the seminar. Through the interactions in the seminar, the Survey Team got the impression that Japanese firms in Bangladesh surprisingly lacked knowledge and information on the economic zone. In addition, some participants showed a doubt about the willingness of Government of Bangladesh toward the development of SEZ. However, most of the participants showed keen interest on the opening date of SEZ where Japanese companies can begin moving in rather than details of the candidate sites. In particular, information on Bangladesh Hi-tech Park in Kaliakoir which is ready to accept investor now, was totally new to Japanese business community in Bangladesh and many participants showed their interest in the project. In this sense, the seminar made a great impact to the participants.





Figure 7-3-1: Pictures at the Seminar in Bangladesh

(2) Question & Answer Session

The following is an excerpt from the question and answer session in the seminar.

- The EPZ will not carry out development and expansion, will they? And why not?
 - In place of the EPZ, the SEZ will be carried out as new development in the future. Unlike the state-run businesses of the EPZ, the SEZ focuses on the use of private capital, developers, PPP, the aims of industrial promotion in cooperation with domestic industries and the diversification of industry away from the labor-intensive processing industries, such as the sewing industry.
- When will the SEZ be established?
 - Regarding the candidate sites we investigated this time, we forecast the economic zone will be established in around three years, if everything, such as F/S, the preparation of a Master Plan, coordination inside the GoB, the application to BEZA and procedures for approval goes well. Private developers have not been determined yet.
- Which sectors do you think will make investment and locate in the economic zone?
 - We expect to see such industries as electronic component and device, chemical, pharmaceutical, and steel and non-ferrous metal sectors, which appear in the questionnaire, as well as those in the RMG and textile-related sectors, as well as the leather and shoe sectors, make investment and locate in SEZs.
- Will you please explain why Mireshorai site was not selected as the candidate site?
 - The Research Team actually visited more than 20 candidate sites during the investigation period and evaluated them in accordance with evaluation items set out in advance. It is a fundamental premise of the selection that the site should be located within around a 1.5-hour drive from the place of residence of foreigners in Dhaka and Chittagong. It took around 2.5 hours to reach the candidate site in Mireshorai from Chittagong. In addition, there were many aquaculture ponds in Mireshorai site as far as the eye could see. Since elevation of Mireshorai site above the sea level was low, thus the Survey Team estimated that it would be quite costly to develop an industrial land at the area. That is why we left Mireshorai off from our short list.

(3) Presentation by private Bangladesh developers

In the presentation following the question & answer session, for which five private developers and the Hi-Tech Park Authority who is a Bangladeshi government organization, have introduced their industrial parks created using various concepts to the audiences. Since this seminar was probably a first attempt in the country, it brought a valuable opportunity to participants. Each company presented their business plans on industrial land development and experience in a well-organized manner, attracting participants' interests apparently. Probably, due to the time constraint, there were only a few questions asked by the participants. However, it was estimated that the participants were provided with the information regarding the immediate alternatives of industrial park candidate under the circumstances that the future outlook of SEZ development is not transparent.

- Bangla Business Partners Japan
- Kunimoto Industrial Park
- Haq's Bay Industrial Park
- Chittagong Industrial Park Ltd.
- Bengal Development Corp.
- Bangladesh Hi-Tech Park Authority

(4) Analysis of the questionnaire

1) The questionnaire consisted of the following five questions:

- Q 1: What did you expect to learn by attending today's seminar? (Provide any comments.)
- Q2: How useful did you find this seminar? (Choose the appropriate answer and provide any comments.)
- Q3: Did your understanding on the Bangladeshi government's policy toward the SEZ, changed during the seminar? (Choose the appropriate answer and provide any comments.)
- Q4: Do you have any interest in the development of the SEZ or moving into the SEZ? (Choose the appropriate answer and provide any comments.)
- Q5: What would you like to request regarding this investment seminar and the Japanese government's support for Japanese companies? (Provide any comments.)

2) There are 24 responded questionnaires in the Seminar

3) Summary of the answers

Replies to Q1: "What did you expect to learn by attending today's seminar?"

Twenty out of 24 questionnaires had their opinions written. No opinions were written on the four remaining questionnaires.

Most respondents voiced their expectations for information mainly regarding the candidate site for the SEZ and the completion date of the SEZ. There were also expectations for information on the improvement of SEZ law, general information on the economic zone and investment.

- a. Collection of information on EPZ, etc. in Bangladesh
- b. Progress of SEZ; if possible, I wanted to have information that could be used as reference to secure a plant site (for expansion).
- c. Understanding of the latest information on the investment environment in Bangladesh
- d. Survey on places where safe operation is secured
- e. Information on the present situation and accurate position of SEZ
- f. Is there really any possibility for business investment in this country?
- g. It is generally said that industrial sites are in short supply. How much space is available?
- h. Progress of development in the SEZ candidate sites
- i. Situation of improvement of laws related to the SEZ
- j. Specific date for the completion of the SEZ
- k. Summary of the investigation results
- l. Future economic development and comparison with ASEAN countries

Replies to Q2: “How useful did you find this seminar?” All respondents (24) replied to the question.

Twenty-three respondents (95.9%) found the seminar useful—13 respondents replied “useful” (54.2%) and 10 respondents replied “useful to some extent” (41.7%).

	Number of responses	Percentage
1. Useful	13	54.2%
2. Useful to some extent	10	41.7%
3. Almost useless	1	4.2%
4. Useless	0	0.0%
Total	24	100.0%

[Any comments: reasons and proposals]

- a. I have participated in various investment seminars. I found this seminar the most useful. Unfortunately, I have found that the Bangladeshi government is very slow to improve the environment.
- b. I have rediscovered the fact that the environment for the development of the SEZ and the promotion of investment is very tough.
- c. I have found that it will still take longer to move things forward.

- d. I have found that we can find available land if we are looking.
- e. I have found the seminar useful, because I could obtain information on specific candidate sites.
- f. I have found the seminar useful, because I could listen to the presentations by private developers.
- g. (As a proposal) At a seminar held in Tokyo, a specific date as to when investors can move into the site.
- h. Collection of valuable materials
- i. The precondition of the questionnaire -“A company that has concerns over China risk” -has given me a strange feeling. Why couldn’t you simply say, “A company that considers making investment overseas”?
- j. Although I have discovered what the future candidate sites are, I have big doubts about feasibility. I was disappointed with the seminar, because I could not obtain any explanations on the results of the investigation on the present situation. (Respondent No.3)

Replies to Q3: “Did your understanding of the Bangladeshi government’s attitude toward the economic zone change during the seminar?” The number of participants who replied “Changed” was almost same as that of those who replied “Unchanged.” Regardless of the attributes of companies, such as the length of stay in the country, the width of their business and the size of companies, replies to the question varied broadly.

	Number of responses	Percentage
1. Changed	12	50.0%
2. Unchanged	11	45.8%
3. No reply	1	4.2%
Total	24	100.0%

[Any comments: those who chose (1) “Changed”]

- a. I was able to obtain new information on the latest situation of private developers.
- b. Does the Bangladeshi government seriously want to create this SEZ?
- c. Many projects are progressing at the same time.
- d. My understanding was changed, but I wonder what the Bangladeshi government really thinks about this. Does the Bangladeshi government have interests in the development of SEZ and want to accept foreign companies?
In addition, those who chose (2) “Unchanged” gave the following comments.
- e. It seemed that the Survey Team did not check what BEZA has in mind, the prospect of the improvement of laws and the road map, as well as the possibility of specific incentives in this investigation. I believe that Japanese companies have interests in this

- point.
- f. However, I was surprised to know that regulations regarding SEZ have not been enforced yet (a company that has strong interests in development of the SEZ as a developer).

Replies to Q4: “Do you have any interest in the development of SEZ or moving into SEZ?”

Eighteen out of 24 questionnaires had opinions written. No opinions were written on the remaining six questionnaires.

Fifteen respondents (62.5%) had interests - 9 respondents replied, “Have interests in development in the economic zone” (37.5%) and 6 respondents replied, “Have interests in moving into the economic zone” (25.0%). Those who did not reply include three professionals from JICA and one person from the Embassy. It seems that they were not able to reply, because there were no relevant items in the questionnaire. Those who did not reply include two people who belong to companies that have already made investment in Bangladesh. Considering these things, it is estimated that the percentage of companies that have interests in the development SEZ or moving into SEZ is essentially higher than the figure shows.

	Number of responses	Percentage
1. Have interests in development in the economic zone	9	37.5%
2. Have interests in moving into the economic zone	6	25.0%
3. Do not have any interests	3	12.5%
4. No reply	6	25.0%
Total	24	100.0%

Replies to Q5: “What would you like to request regarding this investment seminar and the Japanese government’s support of Japanese companies? (Provide any comments.)” The following comments are noteworthy.

- a. Setting up a Japanese EPZ (General trading house)
- b. How about getting Japanese companies that have already made investment in ASEAN interested in Bangladesh (the possibility of relocation)? I think EPA/FTA between Bangladesh and ASEAN is required to encourage Japanese companies that have already made investment in ASEAN to relocate their facilities to Bangladesh from the standpoint of the supply chain. (General trading house)
- c. I would like to carry out F/S, like one that is promoted in Thilawa, Myanmar, under alliance of JICA and a trading house. I understand that politicians gave support to F/S

- in Myanmar. In this regard, I strongly feel that the backup system is not sufficient in Bangladesh. (Logistics industry)
- d. I hope that the GoJ and JICA will cooperate and study specific measures by using the data. They should give thought to earlier operations of FEZ by using private EPZ. (JICA professional)
 - e. More efforts should be given to raise publicity in Japan. (JICA professional)
 - f. I hope that more efforts will be made to encourage the Bangladeshi government to work out more specific plans. (Logistics industry)
 - g. I hope that more efforts will be made to increase support for the introduction of the character of the Bangladeshi people and technological projects of vocational training. (JICA professional)
 - h. I think that the Bangladeshi government's intention is important when considering the case of KEPZ. I would like to know how serious they are and specific plans for preparing laws and systems. Regarding the presentation on the industrial park, I was not able to make any judgments on many points, because there were too many expectations (plans?). There were too many uncertain factors that made me wonder whether the project would really be completed. (Consulting, Apparel, Construction)
 - i. I hope GoJ and JICA will hold this kind of seminar again. (One from the logistics industry, one from the inspection industry)
 - j. Solving problems in actual business that prevent business development, such as the Visa problem, should come first. I believe that espousing a rosy scenario without thinking about the present situation is meaningless. (General trading house)

(5) Summary

The following are the summaries of the seminar:

- a. Companies that have already made investment in Bangladesh have interest in the development of SEZ and moving into SEZ, but they have found it difficult to gather information on SEZ. They hope to have more opportunities to gather such information.
- b. In addition to new investment and new entry from overseas, Japanese companies in Bangladesh have plans to expand their factories. Gathering such needs is important as basic intelligence in promoting the development of SEZ in the future.
- c. Presenting a roadmap for the development of the SEZ is important so that private companies can work out their management plans.
- d. Many participants have questioned whether the Bangladeshi government was serious about SEZ development. This relates to the way support for the development of the SEZ should be given. Improvement of communication and deepening information sharing should be made between the Bangladeshi government and the Japanese

government, BEZA and the Embassy, JICA and JETRO (regardless of the results of the general election this year).

- e. Introduction of several private developers in Bangladesh and their presentations drawn certain attention, because there were no such occasions before. However, it did not seem that Japanese companies had a lot of expectations.

7.4 Activities on the Seminar in Japan for potential Japanese Investors

7.4.1 Outline of the Seminar

(1) Objectives of the Seminar

In the wake of this Survey, the Seminar aims to report findings of the Survey in particular results of the field survey to Japanese firms, etc. that have invested or are interested in developing business in Bangladesh.

(2) Program

- 1) Date: Thursday, 27 June Time: 13:00-17:00
- 2) Venue: International Convention Hall, Tokyo Chamber of Commerce and Industry
- 3) Sponsor: Japan International Cooperation Agency (JICA) and the Joint Venture of Consultants
Co-sponsors: The Japan External Trade Organization (JETRO), Tokyo Chamber of Commerce and Industry, The Japan-Bangladesh Committee for Commercial and Economic Co-operation
- 4) Speeches and Presentation
 - Opening speech by Sponsor: Mr. Masataka Nakahara, Director General of the South Asia Department of JICA
 - Welcome speech by Co-sponsor: Mr. Takeshi Akagi, Manager in Chief of the International Division of the Tokyo Chamber of Commerce and Industry; Chairman of the Japan-Bangladesh Committee for Commerce and Economic Co-operation
 - Welcome speech by Supporter: Jiban Majumder, Ph.D., Minister (Economic), of the Embassy of Bangladesh in Japan
 - Keynote Speech: “*Current Trend of Investment and Expansion of business by Japanese companies to Bangladesh*” by Mr. Takashi Suzuki, Director of Asian Cooperation Division, Trade and Economic Cooperation Department and Former Representative of JETRO Dhaka Office
 - Report by the Team Leader: “*Current and Future of Special Economic Zones in Bangladesh*” by Junichiro Motoyama, Ph.D.
 - Presentation by Bangladesh Private Developers

- Closing Remarks by Sponser: by Mr. Yoshifumi Bito, Director, South Asia Division 4 (Bangladesh and Nepal), South Asia Department, JICA
- Business matching for development of SEZ at the foyer of the Conference Hall.

7.4.2 Results of the Seminar

(1) Seminar

Of 148 applicants who applied for participation in advance, 117 actually showed up and 11 audiences joined the seminar without prior entries, added up to 128 participants in total. This seems to reflect high expectations for Bangladesh.





Figure 7-4-1: Pictures at the Seminar in Japan

(2) Questions & Answers Session

Questions and answers raised in the session are the following:

- What are the current specs, such as the water depth of Chittagong Port? Also, isn't there any need to construct a deep port which will replace the existing Chittagong Port?
 - The river port has significant sand siltation with only about 6-7 meters of depth at low tide. Combined with a plan to repair the existing port, a new and deep port needs to be constructed to accommodate imported coal jointly with the thermal plant in Matabari District. There is a scheme to develop a commercial

port in the peripheral area.

- Will the preferential treatment to SEZ be equivalent to that of EPZ?
 - According to the hearing with BEZA, the preferential scheme is planned to be equal to the EPZ preferential treatment. At the time of the Survey, the Ordinance for Enforcement of the BEZA Act was still under discussion, which did not allow the Survey Team to obtain a draft copy of the detailed enforcement regulations of the same Act. Therefore, it is difficult to say anything definitive about the preferential treatment. There is an apprehension about the possible delay in the development of SEZ due to the delayed enactment of the Ordinance for Enforcement of BEZA Act.
- Will you please explain to us about the background - why the Japanese government and JICA put a higher priority on the research of SEZ? We understand that, for Japanese firms, construction of a deep port is more important than SEZ.
 - This Survey has been based not on a request from Bangladesh, but also conducted in response to the needs of Japanese firms. It is the Japanese side that takes the initiative in conducting this Survey. Also, GoJ had a discussion with the Chittagong Port Authority on behalf of the Bangladesh government about the proposed deep water port. According to what we learned, 1) they need no loans from Japan because they have their own and abundant fund; and 2) the feasibility study that we carried out under a request by the Bangladesh government was only a simple research, and a more in-depth study would be needed to implement the plan. In such a context, the Japanese government supports Bangladesh, according to a representative of the Embassy of Japan in Bangladesh.

(2) Business Matching

The following 4 companies set up their own booths for business matching opportunities. Each company had inquiries from 5-10 Japanese investors, manufacturers, consulting firms, etc. This demonstrates higher interest by Japanese industries, and could lead to further development of the business.

- Bangla Business Partners Japan
- Kunimoto Industrial Park
- Gold Man Assets Ltd.
- Chittagong Industrial Park Ltd.



Figure 7-4-2: Presentation by Bangladesh developers

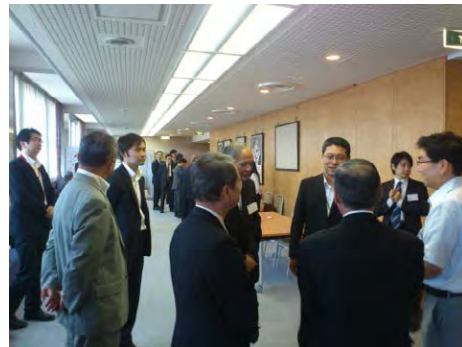


Figure 7-4-3: Business matching at the seminar hall

(3) Conclusion from questionnaire on the Seminar

1) Five questions were prepared for the questionnaire.

- | |
|---|
| Q1. What did you expect to achieve by participating in today's seminar? (Open ended comments) |
| Q2. Was the seminar useful? (Multiple choice and open ended comments) |
| Q3. Did your opinion about the SEZ policy by the GoB changed before and after participating in this seminar? (Multiple choice and open ended comments) |
| Q4. What will be the risks you have to take when you develop business in Bangladesh? (Multiple choice and open ended comments) |
| Q5. Are you interested in developing or being located in SEZ? (Multiple choice and open ended comments) |
| Q6. Are you interested in a loan program involving local financial institutions that use ODA funds (yen loan) (a.k.a. "Two-step Loan") for developing business in Bangladesh? |
| Q7. What did you think about this investment seminar? Also, do you have any support requests to Japanese firms? (Open ended comments) |

2) Eighty-three responses were collected.

3) Summary of the responses

Q1. Responses to "What did you expect to achieve by participating in today's seminar?":

Seventy-one comments out of 83 responses. Twelve had no comments.

Most of them included the current situation of Bangladesh, and high expectations for information on SEZ.

Q2. Responses to "Was the seminar useful?": All of the 24 responses included comments.

The breakdown is: 45 responses of "Very useful" (57.0% overall), 33 responses of "Somewhat useful" (41.8%), which add up to 78 responses (98.7%) of "useful" in evaluation for the seminar.

Choices	No. of responses	Percentage
1. Useful	45	57.0%
2. Somewhat useful	33	41.8%
3. Not very useful	1	1.3%
4. Not useful	0	0.0%
Total	79	100.0%

[Open ended comments: reasons/suggestions]

- a. I was able to gain an insight into the present situation surrounding SEZ and industrial complexes in Bangladesh.
- b. Good lectures with a good amount of reference materials.
- c. It allowed me to learn not only advantages of doing business there, but also disadvantages.
- d. I had thought the country was developed like Cambodia. It still has a long way to go, that's what I understood from this seminar.
- e. To-the-point presentations based on abundant information and analysis.
- f. I was able to obtain a specific list for the site locations.
- g. I understand SEZs are not ready.
- h. The future development schedule of the EPZ was informative.
- i. Bangladeshi people aged 20 or younger account for two-thirds of the total population; we can expect promising young workers in the future.
- j. They lack energy for electricity, gas, etc. ... insufficient infrastructure.
- k. The speech made by the Director of JETRO was good as well.

Q3. Responses to “Did your opinion about SEZ policy of the Bangladesh government changed before and after participating in the seminar?”: In the first place, half of the respondents did not know what is the policy on SEZ are like. About 20% indicated they have “changed,” and about 30% “not changed.”

Choices	No. of responses	Percentage
1. Changed	16	19.8%
2. Not changed	24	29.6%
3. Have not known the economic zone trends	41	50.6%
Total	81	100.0%

[Open ended comments: 1. Respondents choosing “Changed”]

- a. Better environment than I expected.
- b. I was able to understand there is a high demand for rental properties.
- c. They have many projects running in parallel.
- d. I could feel how serious Bangladesh is about inviting investment. However, it seems crowded with special economic zones.
- e. The gap between the needs and the reality was well illustrated.

Q4. Responses to “What will be risks you take when you develop business in Bangladesh?”: There were 78 responses and, due to multiple answers, 137 comments in total. Five responses had no comments. Asked about what they perceived to be the risks, 64 responses indicated “infrastructure development,” accounting for 82.1% in total. This was

followed by 27 responses of “political instability” responses (34.6%), and 22 responses of “development status of the economic zones and industrial complexes” (28.2%).

Choices	No. of responses	Percentage
1. Political instability	27	34.6%
2. Funding (including exchange risks)	9	11.5%
3. Infrastructure development	64	82.1%
4. Institutional aspects, e.g. investment incentives	6	7.7%
5. Development status of economic zones and industrial complexes	22	28.2%
6. Others	4	5.1%
Total	78	-

Q5. Responses to the “Are you interested in developing or being located in SEZ?”: Sixty-six comments of 83 responses were obtained. Seventeen had no comments.

In addition to some industries, including consulting firms, which do not consider developing or being located into SEZ from the very beginning, 37 responses, or the majority, from distribution, manufacturing industries, etc. indicated “Not interested at all.” Although 19 responses (28.8%), mainly from trading firms and real estate companies, indicated “Interested in the development,” it must be noted that, judging from the types of respondent companies, they do not necessarily intend to do the development on their own, but some of them are only interested in testing the waters of the development. Also, 10 respondents (15.2%), mainly from the manufacturing sector, indicated “Interested in being located in the economic zones”; likewise, it also includes the construction industry, etc., which is only interested in constructing factories for companies located in the economic zones.

Choices	No. of responses	Percentage
1. Interested in developing the economic zones	19	28.8%
2. Interested in being located in the economic zones	10	15.2%
3. Not interested at all	37	56.1%
Total	66	100.0%

Q6. Responses to the “Are you interested in a loan program involving local financial institutions that use ODA funds (yen loan) (a.k.a. “Two-step Loan”) for developing

business in Bangladesh?": There were 65 responses. 22 responses had no comments.

The most common response was "Not interested at all" with 49 responses, accounting for about 75%. As for the breakdown of currencies that they are interested in, "dollar based" had 9 responses (13.8%), and "local currency based" had 4 responses (6.2%); while "yen based" accounted for only 4.6% with 3 responses, demonstrating the lowest needs.

Choices	No. of responses	Percentage
1. Interested (local currency based)	4	6.2%
2. Interested (yen based)	3	4.6%
3. Interested (dollar based)	9	13.8%
4. Not interested at all	49	75.4%
Total	78	-

- Q7. Responses to "What did you think about this investment seminar? Also, do you have any support requests to Japanese firms?" (Open ended comments). Some typical comments are shown below. Other than these, many participants expected us to periodically continue providing information and organizing seminars on Bangladesh, along with the same kinds of seminars on other regions.
- a. In the future, other service related companies, including contents, software, outsourcing, etc., seem to play a more important role there. (Manufacturing)
 - b. I expect JICA to promote support for organizing meetings from the "soft" aspects and develop a scheme for promotion SEZ, which will help provide a favorable treatment for overseas (Japanese) companies that will operate there.
 - c. What is important is to provide more incentives, not only those aiming at establishing an exportation hub, but also domestic demand oriented companies. (Consulting)
 - d. I expect your support for developing the Master Plan for the next phase. (Consulting)

Data Collection Survey on the Special Economic Zones in Bangladesh

Final Report

Chapter 8: Conclusion and Recommendations

Chapter 8: Conclusion and Recommendations

In this Chapter, several hints and ideas are summarized and presented as the Conclusion and some points to be discussed as a solution to various challenges are forwarded as the Recommendations.

8.1 Conclusion

8.1.1 Consolidation of SEZ Development Policies and its Implementation Agencies

The development strategy in Bangladesh was established along with several hierarchal structures as shown in Figure 8-1-1. As was discussed in Chapter 2, the supreme socio-economic development paper in Bangladesh is the Outline Perspective of Bangladesh 2010-2021 (Vision 2021) . The 6th Five-year Plan (2011-2015) was prepared by the Planning Commission in order break down the philosophy of Vision 2021 into a detailed development program. Under the 6th Five-year Plan, the average annual growth rate on GDP was set as 7.3%, the share of manufacturing industry at the target year of 2015 was set as 21% and it was declared that the unemployment rate was to be reduced from 25% to 17% by creating 104,000 employment opportunities.

After these supreme socio-economic development plans, the National Industrial Policy (2010) has been established by the initiatives of the Ministry of Industries in September 2010 which provides distinct directions in the development of Industries during the planning periods of the 6th Five-year Plan. This policy focuses the promotion of industrialization programs capitalizing on the capability of the private sector with a mid- and long-term perspective. This policy puts “economic development through the promotion and diversification of exports” at the center point. In order to promote exports, good industrialization policy is imperative and such industrialization policies shall focus the improvement of trade-deficit by developing import-substitution industries and improvement of competitiveness through the experiences of domestic markets. Particular attention was given to the provision of employment opportunities to those who left the primary sector, in particular at the food and agro-processing industry sub-sector. Under this policy, 31 industries are identified as priority industries.

As to the law that rules the activities related to foreign investment in Bangladesh, Bangladesh Foreign Investment (Promotion and Protection) Act (1980) is identified. This Act ruled out the procedures required for establishing permanent establishment by foreign firms in Bangladesh, details of incentives on the investment, controls on foreign exchange systems, compensation against the asset requisition of foreign firm, national treatment of the foreign firms and others. As to the incentives for the investment to Bangladesh, suspension and reduction of tax and levy, adaptation of reduced import duty to the machineries imported, suspension and reduction on the

payment for the activities related to the industrial property rights, suspension of custom duties for the certified export-oriented firm, and others.

At the level of SEZ Development, there are several implementation agencies based on different jurisdictional acts which make the systems rather complicated. As the oldest organization involved in such activity, the Export Processing Zone (EPZ) system has commenced its services with the Bangladesh Export Processing Zone Act in 1980 which has eventually expanded its premises to eight (8) locations. Outputs from all of the EPZs account for approximately seventy (70) percent on the entire amount of export and play very important roles in the national economy. In 1996, the Bangladesh Private Export Processing Zone Act was launched and currently two (2) Private EPZs are under development. The regulatory body of the Private EPZ is the “Private EPZ Governor’s Board” attached to the Prime Minister’s Office. In the recent years, the GoB has introduced a concept of “Economic Zone” with an attempt of get the spillover activities of the EPZ into the domestic economy. The jurisdictional legal systems for these activities are based on the Bangladesh Economic Zone Act which was launched in October, 2010.

Although the Bangladesh Economic Zones Authority (BEZA) has been created and involved in the promotion of EPZ systems in the Country, functions of the organization are yet to be fully performed. In the meantime, a new type of SEZ which is aimed at the development of specific industrial fields has been commenced. In March 2010, the Bangladesh Hi-tech Park Authority (BHTPA) was established based on the Bangladesh Hi-tech Park Authority Act and they are trying to accumulate the Hi-tech Industries focusing the IT Industry at their premises in Kaliakoir which is located in the north-western areas of Dhaka City. BHTPA is also developing an Industrial Park in Jessore where they try to build a cluster of IT-Software development. There are similar ideas in RMG and Pharmaceutical Industries to develop an industrial cluster for the use of their own industrial association.

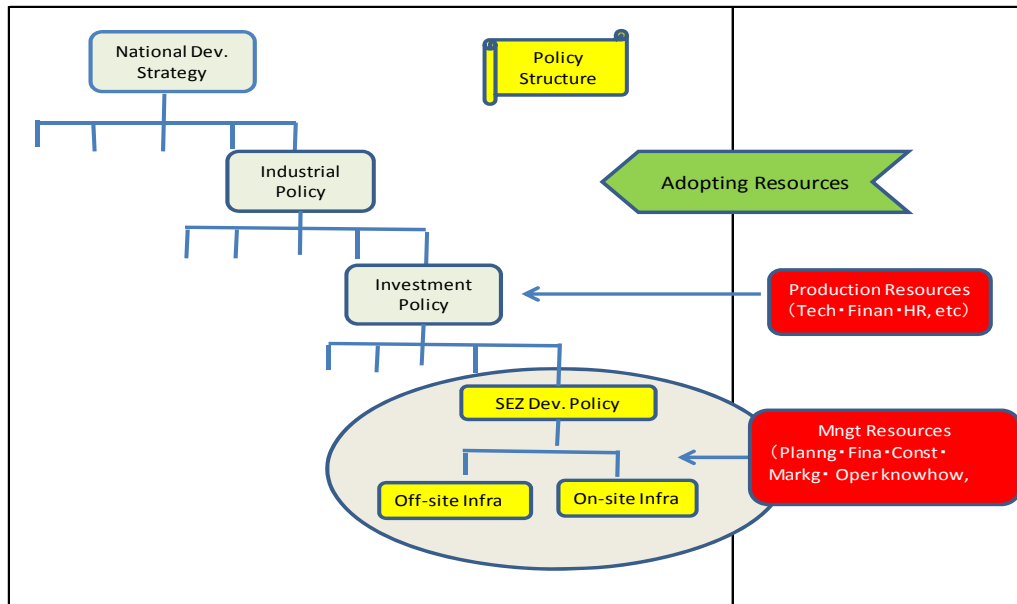


Figure 8-1-1 : Policy Structure at SEZ Development Level and Resources Required

As stated herein above, the structure at the SEZ development level is spread horizontally and overwhelmed by several Acts and Implementation Agencies, in contrary to the hierarchic structure in the levels of National development plans and Industrial policy. In order to develop and manage the SEZ/Industrial Parks in Bangladesh well, such complicated systems must be reorganized to a more simple structure (both in legal systems and implementation agency) in order for the foreign investors to understand it easily. It is therefore recommended to reorganize the legal systems and implementation structure. There is rationality that such qualified human resources who have been working in BEPZA for more than thirty (30) years for similar purposes shall be fully utilized in a newly consolidated implementation agency. A leader at the newly consolidated implementation agency shall have outstanding leadership with fully authorized empowerment and he can't accomplish the objectives without such authorization. In order to avoid a mistake to lose the opportunity of "China Plus One", it is suggested to consider these reorganizations as soon as possible.

8.1.2 Future Directives of SEZ development in Bangladesh

As it was discussed in Chapter 3, neighboring countries of Bangladesh have commenced the development of SEZ/Industrial Parks and it is worthwhile for Bangladesh to learn from their experiences (including their failures). There are two typical ways to develop SEZ in these neighboring countries: (1) Develop specific area strategically with advanced technology by creating an SEZ Act, and (2) Promote inflow of FDI by flexible application of existing legal systems for attempting FDI to rural areas. India, Cambodia, Myanmar and Viet Nam belong to the former group, while Thailand, Malaysia and Viet Nam belong to the latter group. Incentives

given by these countries are common: Suspension and reduction of corporate taxes and custom duties for the investors and developers of SEZ as financial incentives, and provision of one-stop services and application of easier custom clearance procedures are given as non-financial incentives. In the case of Bangladesh which is considered a late comer in the development of SEZ, it is suggested to review FDI policies at these neighboring countries and look forward to sustain the competitive edges in the Global market by developing SEZs capitalizing on the “Strengths” and “Uniqueness” of Bangladesh. The following figure shows directives of SEZ development in Bangladesh.

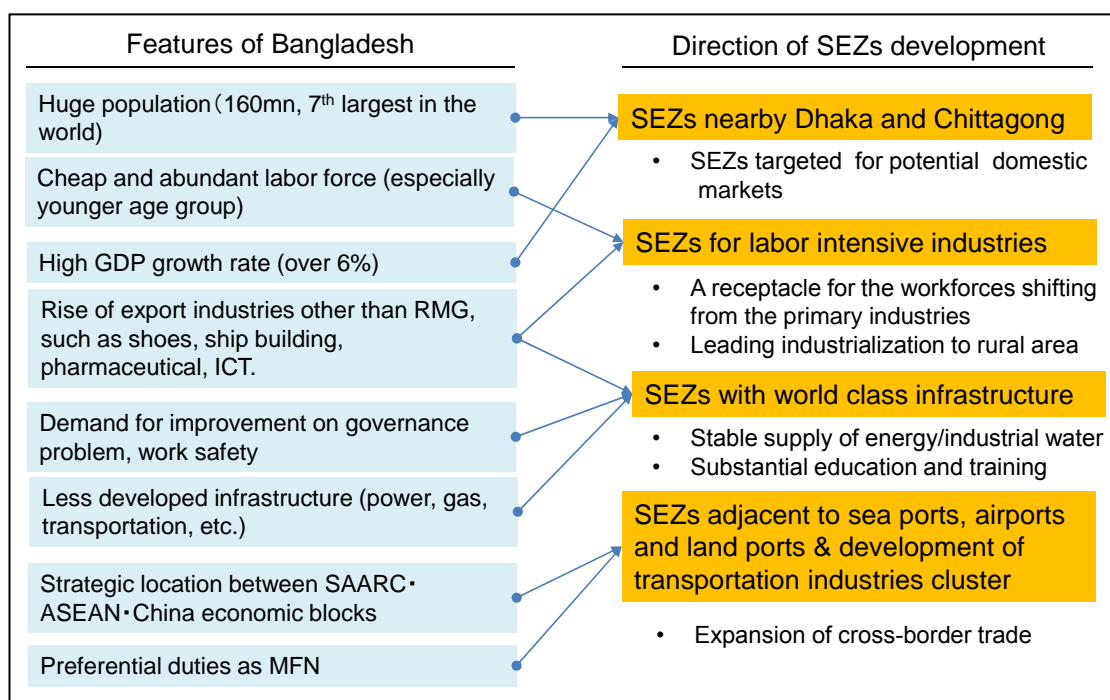


Figure 5-4-1 : Directives of SEZ Development in Bangladesh

There will be four (4) directives: (1) SEZ being targeted for Domestic Consumer Markets in the vicinity of Dhaka and Chittagong, (2) SEZ being focused for the industries looking for lower production costs with labor-intensive manufacturing models, (3) SEZ with world-class facilities and supporting infrastructures and good governance, (4) SEZ at the adjacent areas to an international port, airport and land-port with excellent logistic services. It is imperative to review and confirm these directives of SEZ development when one develops the policy of SEZ development and conceptual design of SEZ, emphasizing of the strengths and uniqueness of Bangladesh.

8.1.3 Exploration and selection of candidate SEZ site

Bangladesh is, except those of city states and smaller states with a population of not more than

ten (10) million, known as one of the most densely populated Nations in the World with its 1,127 persons per square kilometer. Unlike other countries, it is therefore difficult to find out candidate sites for SEZ/Industrial Parks on a larger scale. So far, BEZA and World Bank/IFC have set a strategy to establish one SEZ per one Division and have chosen five (5) candidate sites, three (3) of which BEZA will proceed with feasibility studies by themselves and they will entrust private developers to conduct feasibility studies for the remaining two sites. In contrast to the policy of BEZA, this Survey is aimed at identifying candidate sites within certain reach from the foreigner residential districts in Dhaka and Chittagong cities. Also, this Survey thought the PPP method and/or Partnership (merged companies, etc.) between Bangladesh and foreign firms (Japanese developer in mind) for the implementation, and thus, exploration of the candidate site was focused to land owned by the private sector.

Through this exercise, the Survey Team came to know that suitable land for the development of SEZ is available even in the vicinity of Dhaka city, if one does not stick to a plot of land that is larger in size. Although the site reconnaissance survey has not been conducted by the Survey Team during the survey periods due to time constraints, it was said that a considerable number of idle lands are still available at non-performing or less-performing state-owned enterprises. It was said that the Privatization Commission has been intensively involved in the past in the privatization processes of such idle lands and/or the enterprises themselves, and there are still considerable idle lands available. These promises are located nearby Dhaka and Chittagong where suffer shortage of land supply for SEZ/Industrial Parks. It is therefore suggested to convert these idle lands to SEZ/Industrial Parks immediately.

8.1.4 Selection of Implementation Agency for ODA funded project

The GoB has given the preference to the PPP method and Private-Private Partnership method for the development of SEZ. In such implementation methods, Japanese Yen Loan may be provided for the development of on-site infrastructures and off-site infrastructure. In case of on-site infrastructure development, a 2-Step Loan scheme is applicable and a project loan is suitable for the development of off-site infrastructure. Should a project loan be provided for the development of off-site infrastructure, management and coordination capabilities of the implementation agency will be the key factor to manage a variety of different infrastructures. Such functions shall be handled by BEZA primarily but BEZA has no such experience in the past and few human resources are available at BEZA. Alternative to BEZA's initiative, it may be suggested alternatively that such a multiple infrastructure management project may be managed by establishing a Project Management Unit (PMU) within the Ministry of Finance. The similar implementation method was applied for the "Emergency Disaster Recovery Project" for which JICA has provided a Yen Loan in 2008 through the finance division at the Ministry of Finance. Should there be any Yen loan provided for the development of SEZ after this Survey, careful attention shall be paid for project formulation and selection of the implementation agency.

8.1.5 Assistance for the Investors who wish to locate to Bangladesh immediately

It is assumed that a processes of Master Planning and Feasibility Study for provision of Yen loan, project appraisal and provision of a Yen Loan, selection of the Consultants, detailed engineering, selection of contractor through International competitive bidding, and construction works will take 3~4 years after the completion of this Survey. Even before completion of SEZ, there will be many visitors to Bangladesh seeking a suitable plot of land. These potential investors shall have no choice but to be accommodated by smaller scale private Industrial Parks being developed by local developers. It is worthwhile to provide certain assistances by the Government of Japan and JICA to those investors. To name a few, provision of information on such smaller-scale industrial parks by JETRO and provision of engineering and managerial skills by JICA Experts and arrangement of business matching may be considered.

8.2 Recommendations

The Survey has been commenced for the periods from February to June of 2013 through the processes of Questionnaire and Interview Surveys in Japan and Surveys at two (2) times in Bangladesh in order to fulfill; (1) Gathering, compiling and sorting out the data and information on the present situation and issues faced in the development of SEZ in Bangladesh, (2) Selection of priority candidate SEZ sites through site reconnaissance survey and its evaluations, (3) Analysis and recommendation on the possible assistance by JICA for the development of SEZ (Assistance models for the development of SEZ, Selection of the most suitable candidate sites, Assistance for promoting FDI, Development of off-site infrastructures) keeping the interests of the GoB and Japanese business community in mind, and (4) Organizing a Seminar and Workshop in Bangladesh and a Seminar in Japan for publicizing the outcomes of the Survey, and keeping effective support in mind for locating Japanese firms in Bangladesh.

Following the Conclusion which gained through the exercise of this Survey was stated in Chapter 8.1, some recommendations on the directives of assistance by GoJ and JICA are stated in this sub-chapter.

8.2.1 Assistance for policy formulation and legal system development related to SEZ development

All the policies with regard to the development of SEZ which cover Vision 2021, known as the supreme National development strategic paper, Industrial Development Policy and Investment Policy, shall have a consistent strategy and common value. Without this, it is difficult to achieve the goals as designated by each policy. The World Bank and IFC Group have been deeply involved since 2006 in the development of legal systems and selection of candidate SEZ sites for the development of SEZ in Bangladesh. Whereas the GoB puts a preference on the policy

that promoting development of SEZ through privatization and the GoJ and JICA also emphasize the Private Sector Development in Bangladesh, it will be a right time to address the issues and to promote the development of SEZ in close collaboration by the GoB and GoJ/JICA. JICA has already dispatched an expert to the Private EPZ Governor's Board, the Prime Minister's Office, and the new advisor in the field of Industrial Policy Development will soon be dispatched to the Ministry of Industries, and it is expected that these endeavors will materialize certain fruits in due course of time. However, the rules and regulations attached to the Bangladesh Economic Zones Act which was launched in 2010, is still under review by the Ministry of Law, Justice and Parliamentary Affairs yet to be launched. If such a situation continues for long, Bangladesh might miss a good "China Plus One" chance.

At the development of SEZ, decision making shall be made based on the sense and interest of the private sector. Should the development be undertaken by the sense and decision of the public sector and its financing capability, there will be a risk of deviating from the real facts under the market-oriented economy and it will be difficult to compete with neighboring countries. Thus, it is suggested to provide assistances to the policy formulation and legal system development reflecting the benefits of decision making systems adopted in the private sector.

8.2.2 Assistance in the fields of Infrastructure development

It is clearly identified through the interview survey to the Japanese firms already located in Bangladesh and the questionnaire survey to Japanese firms in Japan that a consistent supply of electric power, gases and industrial water is the most important element to maintain the consistent operation of the manufacturing activities. In the field of electric supply, Yen Loans have been provided for the development of a gas-fired combined cycle power generation plant and others in the past, while a large-scale coal-fired power generation project is under study at Matarbari Island adjacent to Cox's Bazar.

It is expected that positive countermeasures will be made for the development of such transport infrastructures as an international gateway port and international airport which will be used for the import of materials and export of the products, and major trunk roads and railway and inland water transport, those of which are inadequate at the present. In Bangladesh where several major rivers run through and river transport has been a key mode of transport since ancient ages, inland container terminals along such major rivers will be a most effective means of transport.

Although the GoB has been intensively involved in the improvement of major highways along the economic corridor between Chittagong where the international port is located and Dhaka which is functioning as the center of political and economic activities, there is big delay in its progress, due to the delay in land acquisition and traffic congestion is yet to be improved. There is a railway double tracking project between Dhaka and Chittagong, but it doesn't seem to be

suiting for the improvement of cargo transport.

At Pangaon, which is located at the opposite of Narayanganj City, south of Dhaka, an inland container terminal is about to open for public services, and it is anticipated that similar facilities shall be developed at different locations and more in the future. In the meantime, a new inland container terminal along the railway line is considered at Dhirasharam railway station where the Bangladesh Railway and Dhaka Bypass road cross. Furthermore, it is important that these core facilities be closely connected with the candidate SEZ site by major trunk roads. Development of a ring-shaped circular road is anticipated at the outskirts of Dhaka city by connecting the Dhaka Bypass which runs in the eastern part of Dhaka and Western Bypass which is planned in the western part of Dhaka. Besides this circular road, Widening of Tongi - Narshingdi road, Connecting highway between Western Bypass (Ashulia) and Dhaka Bypass (Gazipur), Bypass road connecting Pangaon Container Terminal, Narayanganji and Dhaka-Chittagong Highway, Linkage road between Dhaka-Chittagong Highway and Padma Bridge via Munshiganj, Eastern Extension radial road from Dhaka Bypass to Dhaka-Chittagong Highway, are the recommended highway developments to make an effective logistic network in the vicinity of Dhaka and disperse heavy traffic congestions at the southern part of Dhaka City. These major trunk roads are expected to play the roles of dyke at the same time which is important to mitigate damages by flood, thus a detailed hydrographic survey and analysis are required when planning these highways. The following figure illustrates those recommended routes.

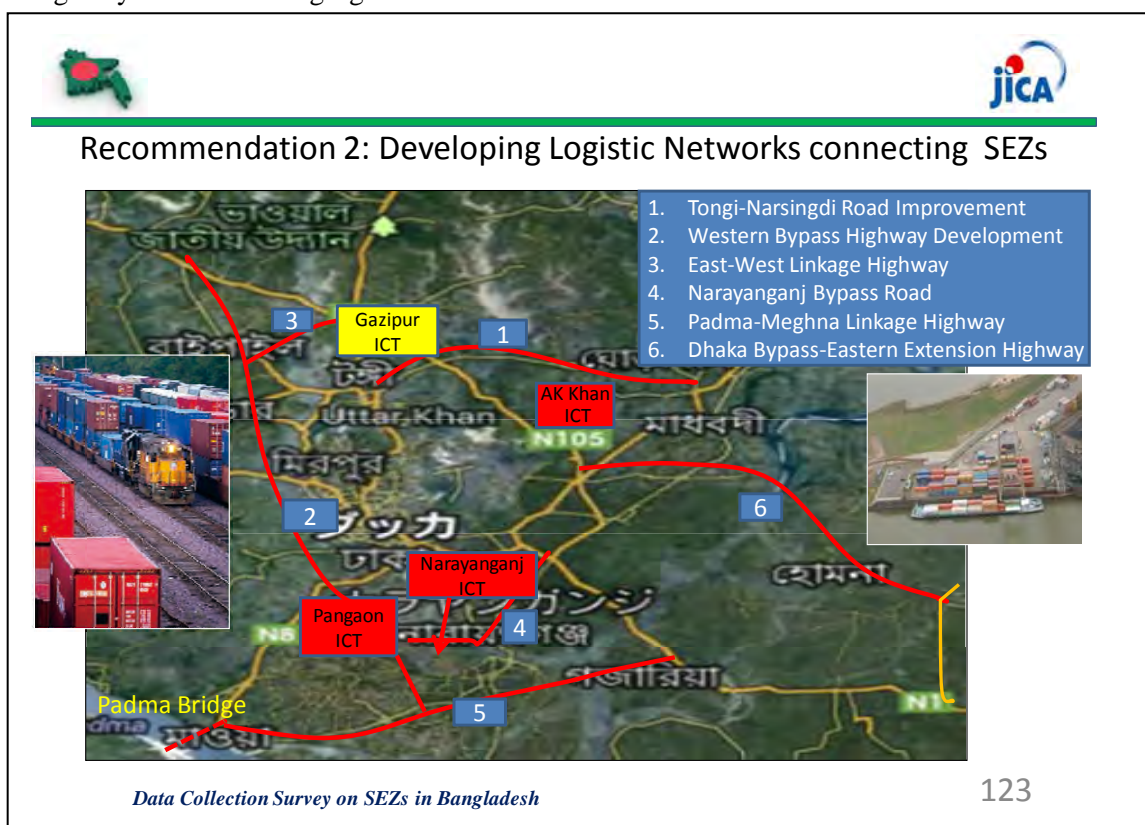


Figure 8-2-1 : Imagery of Logistic Networks at the vicinity of Dhaka

In the meantime, the Savar area, which is located at western part of Dhaka, is largely low-raid swampy area and the area is less utilized. A comprehensive water resources development and flood mitigation study shall be conducted at the entire catchment basin of Buriganga and Dhaleswari Rivers and the possibility of land development at these low-raid swampy lands shall be explored for industrial and residential use as well as the possibility for supply of industrial waters to the proposed industrial lands and SEZs, besides establishing countermeasures in the fields of flood mitigation and prevention of other natural disasters.

As to the specific proposals, water retarding ponds/basins shall be developed in the basin in order to function as flood mitigation roles in the rainy season and as the source for industrial water supply in the dry season, after conducting a study for comprehensive water resources development and flood mitigation points of view. The project is also expected to contribute to the recovery of ground water level in Dhaka City where is experiencing descent of ground water level due to excess pumping up of the ground waters. At the same time, the project will provide an opportunity to develop inland container ports along the reaches of these two rivers, since certain river training and dredging activities shall be subsequently implemented by this project. It is apparent that this project will provide RAJUK with better land-use planning options including not only the provision of industrial lands but more importantly the provision of residential lands to Dhaka City where inhabited very densely.

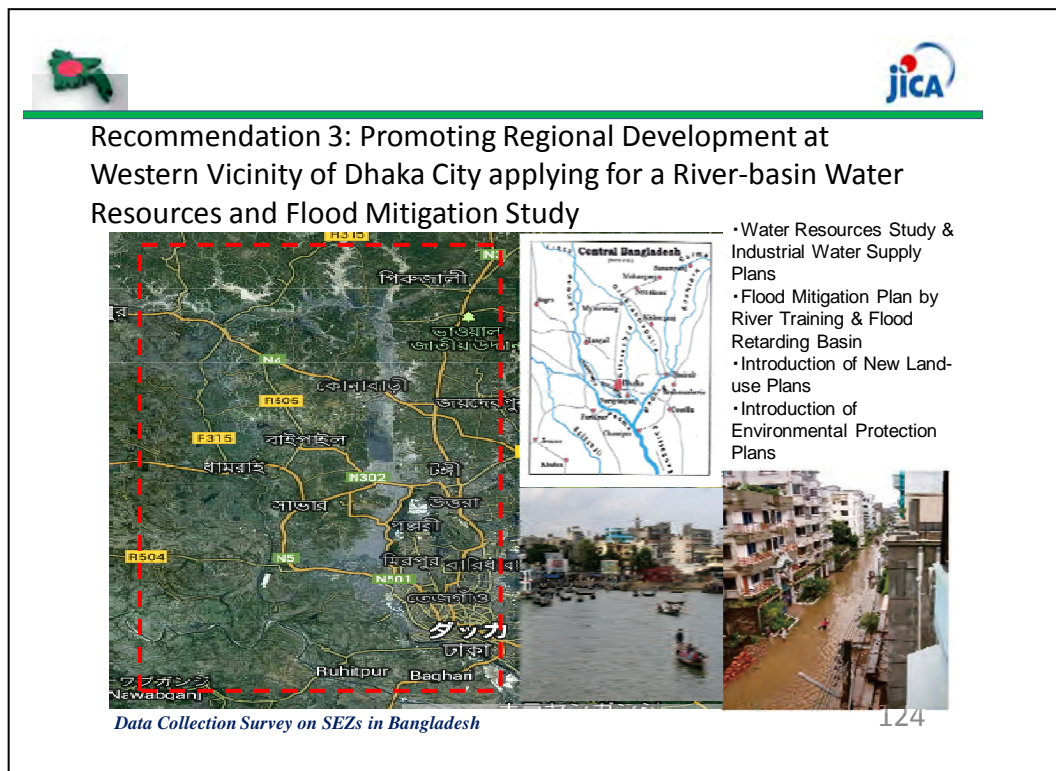


Figure 8-2-2 : Imagery of Water Resources and Flood Mitigation Study

It is anticipated that the development of infrastructure in Bangladesh shall be implemented phase by phase by adopting priorities among tremendous demanding projects, to meet the ultimate goal set by the supreme strategic paper: “Get in the Group of Middle Income Countries by 2021”. Among many others, development of off-site infrastructure adjacent to SEZ is recognized as one of the difficult projects, since it shall deal with a wide range of different infrastructure with varied implementation agencies. Thus, it is important to design the project with proper shape and sound implementation structure by allocating necessary times and resources for preparatory works.

8.2.3 Assistance for Human Resources Development

In whatever development projects, importance of human resources is imperative compared to other resources. As to the capability of BEZA who is responsible for the development of SEZ, they have several issues which appeared from the facts that BEZA is a new organization and they are not equipped with the experienced and qualified human resources of BEPZA. It is suggested that JICA shall fully deploy their assistance schemes such as “Project-type Cooperation” and “Dispatch of Expert” for the human resources development of BEZA. For example, preparation of assistance programs utilizing knowledge being developed by the private sector in the fields of Planning of SEZ, Project Management, Marketing and others may be considered. Since, many industrial parks have been developed by various Japanese firms in Thailand, Indonesia, Viet Nam and other country in Asia, observation tours, exchanges of information and human resources and On-the-job training at these premises may be proposed as a part of human resources development programs. In implementing these programs, it is important to make proper coordination with the World Bank/IFC group, since they have been involved in the development of legal systems and selection of candidate SEZ sites in the past.

Data Collection Survey on the Special Economic Zones in Bangladesh

Final Report

Annex I: Bangladesh Economic Zones Act (An Authentic English Text)

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা

কর্তৃপক্ষ কর্তৃক প্রকাশিত

রবিবার, জুলাই ৮, ২০১২

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
আইন, বিচার ও সংসদ বিষয়ক মন্ত্রণালয়
লেজিসলেটিভ ও সংসদ বিষয়ক বিভাগ

প্রজ্ঞাপন

তারিখ, ২১ জুন ২০১২ ইং

নং ০৯ (আঃম)(লেঃস)(মুঃপ্রঃ)-আইন-অনুবাদ-২০১২—সরকারি কার্যবিধিমালা, ১৯৯৬ এর প্রথম তফসিল (বিভিন্ন মন্ত্রণালয় এবং বিভাগের মধ্যে কার্যবন্টন) এর আইটেম ৩০ এর ক্রমিক ৭ ও ১০ এবং মন্ত্রিপরিষদ বিভাগের বিগত ৩-৭-২০০০ ইং তারিখের সভায় গৃহীত সিদ্ধান্ত বাস্তবায়নের নিমিত্ত The Bangladesh Economic Zones Act, 2010 (Act No. 42 of 2010) এর ইংরেজী অনুবাদ সর্বসাধারণের জ্ঞাতার্থে প্রকাশ করিল।

মোঃ দেলোয়ার হোসেন
সহকারী সচিব (চঃ দাঃ)।

(১১৭৬১৩)
মূল্য ৪ টাকা ২০.০০

The Bangladesh Economic Zones Act, 2010**Act No. 42 of 2010****[1st August 2010]**

An act to make provisions for the establishment of economic zones in all potential areas including backward and underdeveloped regions and development, operation, management and control thereof including the matters ancillary thereto with a view to encouraging rapid economic development through increase and diversification of industry, employment, production and export.

WHEREAS it is expedient and necessary to make provisions for the establishment of economic zones in all potential areas including backward and underdeveloped regions and development, operation, management and control thereof including the matters ancillary thereto with a view to encouraging rapid economic development through increase and diversification of industry, employment, production and export.

THEREFORE, it is hereby enacted as follows :—

1. **Short title and commencement.**—(1) This Act may be called the Bangladesh Economic Zones Act, 2010.

(2) It shall come into force at once.

2. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context,—

- (1) “**Economic zone**” means any economic zone declared by the Government under section 5;
- (2) “**Economic zone developer**” means any economic zone developer appointed under section 8;
- (3) “**Authority**” means the Authority established under section 17;
- (4) “**Governing Board**” means the Governing Board of the Authority;
- (5) “**Chairman**” means the Chairman of the Governing Board;
- (6) “**Executive Board**” means the Executive Board of the Authority;
- (7) “**Executive Chairman**” means the Chairman of the Executive Board;

- (8) “**Prescribed**” means prescribed by rules made under this Act, and until such rules are made by the orders published in the official Gazette by the Government;
- (9) “**Regulation**” means regulations made under this Act;
- (10) “**Rules**” means rules made under this Act;
- (11) “**Secretary**” means the Secretary of the Authority.

3. **Act to override other laws.**—Notwithstanding anything contained in any other law for the time being in force, the provisions of this act shall prevail.

4. **Establishment of economic zones.**—For the purposes of this Act, the government may, with a view to encouraging rapid economic development in potential areas including backward and underdeveloped regions of the country through increase and diversification of industry, employment, production and export and to implement the social and economic commitments of the State, establish any of the following categories of economic zones, such as :—

- (a) Economic Zones established through public and private partnership by local or foreign individuals, body or organizations;
- (b) Private Economic Zones established individually or jointly by local, non-resident Bangladeshis or foreign investors, body, business organizations or groups;
- (c) Government Economic Zones established and owned by the Government;
- (d) Special Economic Zones established privately or by public-private partnership or by the Government initiative, for the establishment of any kind of specialized industry or commercial organization.

5. **Site selection and declaration of economic zones.**—(1) For the purposes of this Act, the Government may, by notification in the official Gazette, select any specific land area as an economic zone and declare it as an economic zone.

(2) The Schedule of Gazette notification issued under sub-section (1) shall contain specific description of the land declared as an economic zone.

(3) Notwithstanding anything contained in sub-section (1), for the purposes of this Act, no economic zone shall be declared on any land within City Corporation, Municipality or Cantonment Board area.

6. Acquisition of land for economic zones.—(1) For the purposes of this Act, the Government may, acquire any land under the Acquisition and Requisition of Immovable Property Ordinance, 1982 (Ordinance No. II of 1982) if required for an economic zone or for infrastructure thereof such as roads, bridges etc.

(2) For the disposal of any other matters including the compensation of the land acquired under sub-section (1), the provisions of the Ordinance mentioned in sub-section (1) shall apply.

(3) The land acquired under this section shall be deemed to required for public interest.

7. Division of an economic zone into several areas.—(1) The Authority may, issue necessary orders to prepare a master plan for the land connected with any economic zone dividing it into the following areas :—

- (a) **Export Processing Area** : Specified for export-oriented industries;
- (b) **Domestic Processing Area** : Specified for industries to be established to meet the demand of the domestic market;
- (c) **Commercial Area**: Specified for business organizations, banks, warehouses, offices or any other organization;
- (d) **Non-Processing Area**: Specified for residence, health, education amusements, etc.

(2) Any economic zone master plan prepared on the basis of the order issued under sub-section (1) shall be submitted to the Authority for approval, and, if it is approved by the Authority, the divided areas under such plan shall be the specified part of that zone.

8. Appointment of economic zone developers.— For the purposes of this Act, the Authority may appoint economic zone developers in such manner as may be prescribed.

9. Category, etc. of industrial and commercial organizations to be established in the economic zone.—The Authority may, from time to time, determine the category of industrial and commercial organizations established in an economic zone with a view to providing with benefits.

10. Special tariff benefits for economic zones.—Notwithstanding anything contained in any other law for the time being in force, the Government may by notification in the official Gazette, provide with tariff benefits to the

economic zone or any area of it, for a specific period, and, in accordance with the provisions of the Customs Act, 1969 (Act No. IV of 1969), introduce special arrangement to facilitate import and export operations of the organizations established in the economic zone.

11. Financial benefits, etc.—(1) The Government shall provide with such kind of financial incentives and benefits to the industrial units within the economic zones as is provided to the industrial units under Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980) and Bangladesh Private Export Processing Zones Act, 1996 (Act No. XX of 1996).

(2) The Government may, by notification in the official Gazette, arrange for special incentives to the exporters outside the economic zone.

12. Other benefits.—The Authority shall—

- (a) make arrangements to facilitate the economic zone developers and industrial units in respect of legal documents which include permission for economic zone site selection, declaration of economic zones, clearances, certificates, certificate of origin, permit for repatriation of capital and dividends, resident and non-resident visas, work permits, construction permits etc. through a one-stop service; and
- (b) subject to the provision of section 16, make arrangements to allot or lease plots suitable for setting up industries on complete commercial basis.

13. Power to exempt from application of certain laws.—The Government may, by notification in the official Gazette, exempt a zone or any organization thereof from the application of all or any of the provisions of all or any of the following Acts, or may pass order that the acts or any provision thereof shall, in its application to a zone, be subject to such modification or amendments as may be specified therein, namely :—

- (a) Municipal Taxation Act, 1881 (Act No. XI of 1881);
- (b) Explosives Act, 1884 (Act No. IV of 1884);
- (c) Stamp Act, 1899 (Act No. II of 1899);
- (d) Electricity Act, 1910 (Act No. IX of 1910);
- (e) Boilers Act, 1923 (Act No. V. of 1923);
- (f) Foreign Exchange Regulation Act, 1947 (Act No. VII of 1947);
- (g) Income Tax Ordinance, 1984 (Ordinance No. XXXVI of 1984);

- (h) Building Construction Act, 1952 (E.B. Act No. II of 1953);
- (i) Land Development Tax Ordinance, 1976 (Ordinance No. XLII of 1976);
- (j) Local Government (Union Parishad) Act, 2009 (Act No. LXI of 2009);
- (k) Fire Prevention and Extinction Act, 2003 (Act No. VII of 2003);
- (l) Value Added Tax Act, 1991 (Act No. XXII of 1991);
- (m) Bangladesh Labour Act, 2006 (Act No. XLII of 2006);
- (n) Local Government (City Corporation) Act, 2009 (Act No. LX of 2009);
- (o) Local Government (Municipalities) Act, 2009 (Act No. LVIII of 2009);
- (p) Any other Act, prescribed by the Government by notifications in the official Gazette.

14. **Permission to conduct banking activities in an economic zone.**—The Authority may subject to the approval of Bangladesh Bank, allow banking activities by any bank in any economic zone.

15. **Establishment of industries in an economic zone.**—Except the sectors identified as reserved industries in the existing industrial policy of the Government, establishment of any sector such as agricultural farms, service-oriented organizations etc. including small and cottage industry may be set up in the economic zones established under this act.

16. **Allotment of land, etc.**— When an individual is permitted to establish an industry or commercial organization in an economic zone under section 15, the Authority shall, on such conditions as determined by it, allot him any land, building or site within the economic zone, or shall lease the same by rent or otherwise.

17. **Establishment of the Authority.**—(1) As soon as may be after the commencement of this Act, the Government, for the purposes of this Act, by notification in the official Gazette, shall establish an Authority to be called the Bangladesh Economic Zones Authority for the purposes of this Act.

(2) The Authority shall be a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and shall by the said name sue and be sued.

(3) Until the Authority is established under sub-section (1), the Government may, for the time being, assign any of the organizations under its control, the responsibility for performing its activities as the Authority.

18. Head office of the Authority, etc.—The Head office of the Authority shall be located in Dhaka and if necessary, the Authority may, with the prior approval of the Government, establish branch offices at any place in Bangladesh.

19. Duties and functions of the Authority.—The general duties and functions of the Authority shall be as follows, namely:—

- (1) to identify and select sites for industrial or similar sectors on availability of local resources including infrastructure, roads and communications, travel and banking facilities and skilled manpower for ensuring efficient utilization of land in the light of clustering principles;
- (2) to acquire land for economic zones identified by own initiative or public-private partnership and take possession of the acquired land on behalf of the Government;
- (3) to appoint economic zone developer on competitive basis to develop and manage the acquired land and different type of infrastructure thereof;
- (4) to prepare infrastructure development plans of economic zones for implementation and management of own establishment and submit it to the Governing Board for approval;
- (5) to allot or lease or rent of land, building or site, on competitive commercial basis in prescribed manner, to investors applied for establishing industrial units, businesses and service providers in economic zones for implementation and management of their establishment;
- (6) to ensure infrastructure development of economic zones within specified period through monitoring of activities of its own and of economic zone developers;
- (7) to create opportunities for employment through establishing backward linkage industries within or outside economic zones by promoting local and foreign investment including development of skilled labour force;

- (8) to ensure efficient use of land in the light of clustering principles by dividing the land based on infrastructure and on availability of local resources to provide a conducive environment and facilities within economic zones;
- (9) to encourage more efficient management and monitor programmers for implementing commitments on environment and other matters;
- (10) to take steps to establish backward linkage industries in economic zones to meet the requirements of local economy;
- (11) to encourage business organizations to relocate polluting and unplanned industries from metropolitan cities through establishing separate economic zones for different industries;
- (12) to encourage public-private partnership in the development and operation of economic zones;
- (13) to take necessary steps to implement social and economic commitments;
- (14) to establish the due rights of workers, to ensure their welfare and to establish conducive relationships between owners and workers;
- (15) to take appropriate steps to implement poverty reduction programmes;
- (16) to expedite implementation of industrial policy of the country by promoting planned industrialization of the thrust manufacturing and service sectors; and
- (17) to convert the areas declared as economic zones into economic centers by developing industrial cities, agro-based industrial zones, trade zones and tourism zones through investment of banking sectors and to facilitate availability of skilled labour and efficient service provisions.

20. Operation etc. of the Authority.—(1) The operation and administration of the Authority shall vest in an Executive Board and the Executive Board may, subject to the provisions of sub-section (2), exercise all powers and perform all functions as may be exercised and performed by the Authority.

(2) The Executive Board in discharging its duties or performing its functions shall follow the orders, directives and guidelines given by the Governing Board from time to time and the Executive Board shall in the exercise of its powers and performing its functions, be accountable to the Governing Board.

21. Governing Board.—(1) For the purposes of this Act, and subject to the provisions of sub-section (2), there shall be a Board to be called the Governing Board consist of the following members, namely:—

- (a) the Prime Minister or a member nominated by the Prime Minister, who is a Minister, and he shall also be the Chairman of the Governing Board;
- (b) the Ministers/State Ministers of the Ministries or Divisions of Industries, Commerce, Finance, Planning, Science and Information and Communication Technology, Power, Energy and Mineral Resources, Communications, Labour and Employment, Environment and Forests, ex officio;
- (c) the Principal Secretary to the Prime Minister, ex officio;
- (d) the Governor, Bangladesh Bank, ex officio;
- (e) the Executive Chairman, Board of Investment, ex officio;
- (f) the Secretaries of the Ministries/Divisions of Industries, Commerce, Finance, Planning, Agriculture, Labour and Employment, Posts and Telecommunications, Science and Information and Communication Technology, Foreign Affairs, Energy and Mineral Resources, Power, Home, Shipping, Environment and Forests and the Prime Minister's Office, and the Chairman, National Board of Revenue, ex officio;
- (g) the President, Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), ex officio;
- (h) the representatives of the Chambers of Commerce and Industry of the districts relevant to economic zones, to be nominated by the Government;
- (i) two women entrepreneurs to be nominated by the Government;
- (j) the President of the Specialized Chamber of Commerce and Industry;
- (k) the Executive Chairman, ex officio, who shall also be its Secretary.

(2) Persons mentioned in clause (j) of sub-section (1) shall be the member of Governing Board by rotation in such manner as may be prescribed.

(3) The Government may, by a notification in the official Gazette, at any time, co-opt any person as a member of the Governing Board for the purposes and the period as mentioned in the Gazette notification.

22. Functions of the Governing Board, policy implementation, etc.—
The functions of the Governing Board shall be as follows:—

- (a) to formulate policy regarding development, operation, management and control of economic zones;
- (b) to monitor the activities of initiating companies engaged for operation, administration, management and control of economic zones;
- (c) to approve proposals for establishing economic zones;
- (d) to review the overall activities of the Executive Board and the affairs of the economic zones from time to time; and
- (e) to give necessary orders or directions to the Authority to ensure efficient management of the Authority and economic zones.

(2) If any Ministry or Division is concerned in the implementation of any decision taken by the Governing Board under sub-section (1), the Bangladesh Economic Zones Authority shall, subject to the approval of the concerned Ministry or Division, implement it.

(3) The Authority shall, by notification in the official Gazette, publish the policies formulated, permit given, licenses granted or orders or directions issued by the Governing Board under sub-section (1).

(4) If any notification is issued under sub-section (3), the policies, permit, licenses and orders or directions mentioned in the notification shall be implemented by the concerned Ministries or Divisions or Authority on priority basis.

23. Meetings of the Governing Board.—(1) Subject to the other provisions of this section, the Governing Board shall determine the procedure of its meetings.

(2) The Executive Chairman, in consultation with the Chairman, shall convene the meetings of the Governing Board and such meetings shall be held at such time and place as may be determined by the Chairman of the Governing Board.

(3) The Chairman shall preside over all meetings of the Governing Board and in his absence, a member authorized by the Chairman, who is a Minister, shall preside over the meetings.

(4) The Governing Board may invite any person capable of specially contributing to any agenda to its meetings, and such invitee may participate in the discussion of the meeting.

24. Executive Board.—(1) The Authority shall have an Executive Board and such Board shall consist of a Chairman and three members.

(2) The Chairman of the Executive Board shall be known as the Executive Chairman, and he shall be the chief executive of the Authority.

(3) The Executive Chairman and the members of the Executive Board shall be appointed by the Government and they shall discharge their duties in accordance with the conditions prescribed by the Government.

(4) If a vacancy occurs in the office of the Executive Chairman or if he is unable to discharge the functions of his office on account of his absence, illness or any other cause, the Government shall make such arrangement for discharging the functions of the Executive Chairman as it may consider expedient.

(5) No act or proceedings of the Executive Board shall be invalid or be called in question merely on the ground of any vacancy in the office of the Executive Chairman or member or any defect in the constitution of the Executive Board.

25. Meetings of the Executive Board.—(1) Subject to the other provisions of this section, the Executive Board shall determine the procedure of its meetings.

(2) The Secretary, in consultation with the Executive Chairman, shall convene the meetings of the Executive Board.

(3) All meetings of the Executive Board shall be held at the Head Office of the Authority.

(4) The Executive Chairman shall preside over all meetings of the Executive Board and in his absence, the senior most of the members shall preside over the meeting.

26. Appointment of Secretary, officers, staff etc.—(1) The Authority may for the efficient performance of its functions, appoint such number of officers and staff, consultants, specialists and auditors including the Secretary as are required according to the organogram approved by the Government.

(2) The appointment and the terms and conditions of services of the Secretary, officers and staff, consultants, specialists and auditors of the Authority shall be determined by regulations.

(3) All officers and staff of the Authority including the Secretary shall subject to the provisions of this Act, and the rules and regulations made there under discharge their duties under the overall control and supervision of the Executive Chairman.

27. Committees.—The Authority may form necessary committees consisting of the Chairman or members or any officers of the Executive Board or any other persons in order to assist in performing its functions and the duties and functions of such committees shall be determined by the Authority.

28. Suspension or cancellation of permit in certain cases.—(1) The Authority may at any time suspend or cancel the permit issued to an Economic zone developer, if the Economic zone developer—

- (a) is unable to discharge his duties and functions in accordance with this Act or rules; or
- (b) fails to comply with the instruction of the Governing Board properly in accordance with this Act; or
- (c) violates the conditions of the permit; or
- (d) fails to discharge the duties and obligations imposed in the permit efficiently due to financial constraints.

(2) The procedure for suspension or cancellation of permit issued to Zone Developers under sub-section (1) shall be prescribed by rules.

29. Ability to borrow.—For the Purpose of this Act, the Authority may, subject to the approval of the Government borrow money from any bank or financial institutions or any other sources.

30. Funds of the Authority—(1) For the Purposes of this Act, the Authority shall have a fund to be called the Bangladesh Economic Zone Authority Fund to which shall be credited the following, namely :—

- (a) grants and loans received from the Government;
- (b) loans from any other sources approved by the Government;
- (c) income received from land allotted for establishment of industries and business units in the economic zones;

- (d) rent from building leased for industries and commercial establishment in economic zones;
- (e) various fees and service charges for any service provided;
- (f) profits received through public-private partnership;
- (g) fees and service charges received from private organizations; and
- (h) money received from any other sources.

(2) The fund to the Authority shall be deposited at any scheduled bank and such fund shall be operated in such manner as may be prescribed by regulations.

(3) The fund of the Authority shall be used to meet the expenditure in connection with the functions of the Economic Zone Authority under this Act.

(4) After adjustment of the expenses in the respective fiscal year, the balance of it, if any, shall be deposited in the fund of the Authority.

31. **Budget.**—The Authority shall, by such date and from in each year as may be fixed by the Government, submit to the Government for approval a budget for each financial year, showing the estimated receipt and expenditure and the sum which are likely to be required from the government during that financial year.

32. **Accounts and audit.**—(1) The accounts of the Authority shall be maintained in such manner as may be prescribed by the Government.

(2) Without prejudice to the provisions of the Comptroller and Auditor-General (Additional Functions) Act, 1974 (Act, No. XXIV of 1974), the accounts of the Authority shall be audited by an auditor who is a Chartered Accountant within the meaning of the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973) and the Authority, with the prior approval of the Governing Board, appoint the auditor and pay him such remuneration as may be prescribed.

(3) The auditor appointed under sub-section (2) shall examine the annual balance sheet including the accounts and vouchers relating thereto and the list of various books of accounts provided by the Authority.

(4) For the purposes of this section, the auditor shall at reasonable times have access to the books, accounts and other documents of the Authority and in relation to such accounts examine any member of the Governing Board or Executive Board or its any officer or staff including the Secretary.

(5) The auditor shall submit a written report to the Government on the accounts audited by him, and the following matters shall be mentioned in the report—

- (a) whether, in the opinion of the auditor, the different books of accounts were maintained in an appropriate manner.
- (b) whether there were accurate reflections of the activities of the Authority in those books of accounts.
- (c) whether such information or explanations were provided as required by the auditor in any case; and
- (d) whether those were satisfactory.

(6) Notwithstanding anything contained in other provisions of this section, the Government may—

- (a) give direction to the auditors requiring them to report to it upon the measures taken by the Authority for protection of interest of the Government and of the creditors, or upon the adequacy of the procedure in auditing the accounts of the Authority,
- (b) at any time, extend the scope of the audit;
- (c) direct that a different procedure in audit be adopted or that any other examination be made by the auditors if in its opinion, the public interest so requires.

33. Compliance to laws connected with environment, etc.—For the purposes of this Act, the Authority, economic zone developers, industrial units established in economic zones, financial and business institutions shall be bound to comply with international commitments recognized by the Government of Bangladesh including compliance to all the existing laws on environment and environmental protection.

34. Applicability of laws on Workers Welfare Association and Industrial Relations.—The provisions of the existing laws on EPZ Workers Welfare Association and industrial Relations shall, with necessary modification, be applicable to the workers of the Special Economic Zones established under this Act.

35. Annual reports, etc.—(1) The Authority shall, submit to the Government, as soon as possible after the end of every financial year, a report on the conduct of its affairs for that financial year.

(2) The Authority shall furnish the following matters to the Government, within a period specified by the Government, namely :—

- (a) the returns, accounts, statements, estimates, and statistics required by the Government;
- (b) information and comments on any specific matter required by the Government;
- (c) various papers and documents for examination or other reasons required by the Government.

36. Specification of courts for civil cases, etc.—(1) The Government may, in consultation with the Supreme Court and by notification in the official Gazette, specify one or more courts for the trial of civil cases arising from the economic zones.

(2) No case under this Act shall be tried in any other court except the courts specified under sub-section (1).

(3) Any party aggrieved by any decision given by a court specified under sub-section (1), may within 60 (sixty) days from the date of the decision, prefer an appeal against such decision in the High Court Division.

37. Special rights of the Authority.—The Authority shall have the following special rights, namely :—

- (a) if any company, industry or commercial organization in an economic zone owe to the Authority and remain unpaid, the owners, directors or the Board of Directors of the company, industry or commercial organization shall be liable in accordance with the agreement to pay such dues from their personal assets; and for the failure of payment thereof, the Authority shall reserve the right to take action against the owners, directors or Board of Directors of such company, industry or commercial organization;
- (b) if any worker, employee, executive or management official of a company, industry or commercial organization in an economic zone is involved in or instigates any action that leads to labour unrest, strikes, or lockout in the industry or commercial organization, the Authority may order the relevant commercial organization to shut down its operations for a specified period including dismissal of the relevant worker, employee, executive or management official, and, for that, the Authority shall not be responsible to compensate and loss incurred;

- (c) if any industry or commercial organization in an economic zone fails to pay any outstanding dues, other dues and debts of the Authority, the Authority may seize unilaterally the machineries, equipments raw materials or other goods of that organization and upon evaluation thereof at the rate of the Department of the Public Works, allocate that to any other industry or commercial organization.

38. Power to make rules.—For the purposes of this Act, the Government may, by notification in the official Gazette, make rules.

39. Power to make regulations.—For the purposes of this Act, the Authority may, by notification in the official Gazette, make regulations not inconsistent with the provisions of this Act and rules made there under, with the prior approval of the Government.

40. Removal of difficulties.—If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order published in the official Gazette, take necessary measure for the purpose of removing such difficulties.

41. Original and English Text.—The original text of this Act shall be in Bangla, and the Government shall, by notification in the official Gazette, publish an Authentic English Text of an authorized translation of it in English:

Provided that in the event of conflict between the Bangla and the English Text, the Bangla Text shall prevail.

Data Collection Survey on the Special Economic Zones in Bangladesh

Final Report

Annex II: Application Formats for the Development of Economic Zones in Bangladesh



Government of the People's Republic of Bangladesh
BANGLADESH ECONOMIC ZONES AUTHORITY (BEZA)

**APPLICATION FORM
 FOR A DEVELOPER/OPERATOR
 ECONOMIC ZONE LICENCE**

Thank you for your interest in Bangladesh's Economic Zones. Before completing this application form, please read the Bangladesh Economic Zones Act, 2010 and other applicable acts, rules and regulations. The Bangladesh Economic Zones Authority (BEZA) reserves the right to not process incomplete applications and/or request additional documentation to support this application, if required.

If you have any questions or require clarification, do not hesitate to contact BEZA via email (beza.board@gmail.com) or call us at +8802 8180120. Applications should be printed in capital letters. Any corrections or edits to this application constitutes it as null and void.

A. PROJECT INFORMATION

1. Name of Proposed Economic Zone: _____

2. Location and Address of Zone: _____

District: _____ Division: _____

B. APPLICANT INFORMATION

1. Type of Licence Requested:

Developer and Operator

Developer

Operator

2. Applicant's Name:

Title: _____

Name of Enterprise/Company: _____

Address: _____

City/District: _____ Country: _____

Telephone: _____ Fax: _____

Email: _____

C. AUTHORISED LEGAL REPRESENTATION

1. Representative's Name:

Legal Firm/ Affiliation: (If appropriate): _____

Title: _____

Nationality: _____ Passport No./Bangladesh NID No.: _____

Address: _____

City: _____ Country: _____

Telephone: _____ Fax: _____

Email: _____

D. DEVELOPER/OPERATOR DETAILS

1. The Proponent:

Name of Enterprise/Company: _____

Address: _____

City: _____ Country: _____

Telephone: _____ Fax: _____

Email: _____ Website: _____

Company Registration No: _____ Company Registration Date: _____

Previous Licence No: _____ Licensing Date: _____

Licensing Amendments: _____ Other: _____

2. Nature of Primary Business:

General Trading Trading Industrial Heavy Industrial Service Infrastructure Construction

3. Ownership Information:

New Enterprise

Existing Enterprise

4. Legal Entity: Type of Existing Entity

Corporation/Public Limited Company/

Private Limited Company / LLC

Branch/Subsidiary of Domestic Company Branch/Subsidiary of Foreign Company

Other (Specify) _____

5. Parent Enterprise/Company: If Applicable

Address: _____

City: _____ Country: _____

Telephone: _____ Fax: _____

Email: _____ Website: _____

Parent Enterprise/Company's Total Net Worth (20__): US\$ _____

6. Company Ownership:

Name of Incorporators	Position	Nationality

Use separate sheet or expand template, if additional space is required.

7. Applicant's Current Stakeholders:

Name	Nationality	No. of Shares	Cost per Share (Taka/US\$)	Total Cost of Paid Shares (Taka/US\$)

Use separate sheet or expand template, if additional space is required.

8. Capital Structure of Existing Enterprise/Company:

Debt _____%

Equity _____%

9. Affiliate Enterprises/Companies: List all enterprises/companies, which the applicant has joint venture investments/projects.

Name of Enterprises/Companies	Capital Investment (US\$)

Use separate sheet or expand template, if additional space is required.

10. Other Development Projects: List all other development, real estate or infrastructure projects undertaken by the applicant:

Name of Project	Location	Year Established	Development Costs (Taka/US\$)	Project Description

9. Existing Off-Site Infrastructure, Utilities and Facilities:

Items	Off-Site Infrastructure Availability Yes/No	Provider	Distance (Km)	Proposed Cost of Bringing To Site Boundaries	Proposed Timeframe (Months)
Road to EZ Entrance (Improvements /Connect to local road network)					
Existing Power Network					
Existing Water Network					
Existing Gas Network					
Existing Telecom Network					
Other					

Use separate sheet or expand template, if additional space is required.

F. PROJECT BRIEF

1. Status of Development:

- New Development

Proposed Date of Opening: _____

- Phased Development

Proposed Number of Project Phases: _____

Proposed Size of Each Phase: _____

Timeframe of Each Phase: _____

Proposed Number of Tenants in Each Phase: _____

2. Proposed Project Funding Sources

Funding Source	Proposed Amount in Taka/US \$	Percentage of Project

Use separate sheet and expand template, if additional space is required.

3. Estimated Project Costs:

Phased Development	Size (square feet/square meters)	Estimated Project Costs (Taka/US\$)
Total Project Size/ Costs		
Land Acquisition		
Land Preparation/Earthworks		
Phase 1 Land/Infrastructure/Utilities		
Buildings and Amenities		
Off-Site Infrastructure/Other		
Other		
Phase2 Land/Infrastructure/Utilities		
Buildings and Amenities		
Off-Site Infrastructure/Other		
Other		
Phase 3 Land/Infrastructure/Utilities		
Buildings and Amenities		
Off-Site Infrastructure/Other		
Other		

Use separate sheet or expand template, if additional space is required.

4. Proposed Project IRR: _____%

5. Proposed Project Components: Please provide the project breakdown:

Component	Gross Area (square feet/square meters)	Net Area (square feet/square meters)
Industrial Area		
Administrative Area		
Commercial/Retail Area		
Utilities Area		
Open Space		
Other Uses		
Total		

Use separate sheet or expand template, if additional space is required.

6. Proposed On-Site Infrastructure, Utilities, Facilities and Amenities:

Roads	Width	Pavement Type	Estimated Costs (Taka/US\$)
Main Roads			
Secondary Roads			
Tertiary Roads			

Use separate sheet or expand template, if additional space is required.

7. Proposed Utilities:

Utility	Source/ Provider	Back-up (Y/N)	Daily Requirement	Capacity	Estimated Costs (Taka/US\$)
Electricity					
Water Supply					
Drainage					
Water Treatment Plant					
Wastewater Disposal					
Wastewater Recycling					
Effluent Treatment Plant					
Solid Waste Disposal					
Telecom					
Fire Fighting System					
Other Utilities					

Use separate sheet or expand template, if additional space is required.

8. Proposed Facilities and Amenities:

Facilities and Amenities	Size (square feet/square meters)	Estimated Costs (Taka/US\$)
Custom building(s)		
Administration building(s)		
Commercial/retail/entertainment building(s)		
Institutional/community building(s)		
Residential building(s)		
Operational/utility building(s)		
Open Space		
Other		

Use separate sheet or expand template, if additional space is required.

9. Proposed Improvements to Existing Facilities, if applicable:

Facilities To Be Improved	Size (square feet/square meters)	Estimated Costs (Taka/US\$)

Use separate sheet or expand template, if additional space is required.

G. BROADER ECONOMIC BENEFITS

1. Proposed Employment Potential (Total Jobs Created): _____

Timeframe for Jobs Created: _____

2. List Proposed Industry Sectors: _____

3. Proposed Worker/Employment Information:

Year	Direct Employment	Indirect Employment
1		
2		
3		
4		
5		
Average		

Use separate sheet or expand template, if additional space is required.

4. Proposed Type of Jobs Created (in first 5 years): Please breakdown into L-Local employment and F-Foreign employment.

Type of Job	Year 1 (L-Local / F-Foreign)	Year 5 (L-Local / F-Foreign)	Year 10 (L-Local/ F-Foreign)
Management			
Administrative			
Technical			
Skilled			
Unskilled			
Women			

Total			
--------------	--	--	--

Use separate sheet or expand template, if additional space is required.

5. Training Programs:

Year	Potential Training Courses	Projected Number of Participants
1		
2		
3		
4		
5		

Use separate sheet or expand template, if additional space is required.

6. Targeted Investors: List Names of Potential Investors and their country of origin.

Name	Country

Use separate sheet or expand template, if additional space is required.

6. Trade Agreements: List trade agreements, which may be utilised when promoting the economic zone.

Trade Agreement	Country Used To Encourage Investment

Use separate sheet or expand template, if additional space is required.

7. Identify Marketing/Promotional Strategy for the Economic Zone:

Component of Marketing Program	Strategy	Year Undertaken

APPLICANT'S UNDERTAKING

I/We the undersigned, hereby declare that:

- I/We, the Applicant, have read, in its entirety, the Economic Zones Act, 2010 and related laws, rules and regulations. That the application conforms to requirements set forth in the Regulations.
- Our Board of Directors, or equivalent, authorises and sanctions this application in accordance with their mandate.
- All the information provided in this application and those in the attached sheets, if any, are true and correct and that all materials are accurate and factual, in all rights.
- Any estimates given in this application have been made in good faith and with due care.
- No member of our company holding a directorship or above position, has ever been convicted in a Court of Law of a criminal offence, penalised, or sanctioned, or is currently or has ever been under investigation for professional negligence or malpractice by any regulatory authority in any country.
- I/We are capable of operating, on an efficient and viable basis, an Economic Zone and of contributing to the objectives of the Bangladesh Economic Zones Authority (BEZA), as well as to the development goals of Bangladesh.
- This Economic Zone project is technically, economically and financially sound as demonstrated by the business plan, feasibility study, and master plan, which are part of this application.
- I/we propose, in good faith, to market and implement the project to the best of our abilities.
- I/we shall utilise an accounting system adequate to identify revenues, costs, profits, and losses of the project covered by this specific application and other laws of the Government of Bangladesh, as well as, provide financial statistics and accounting products required and requested in the future, by BEZA.
- I/we shall submit quarterly reports and other information pertaining to our activities in the Economic Zone as required by the Bangladesh Economic Zones Act, 2010, subsequent rules and regulations, as well as, required by BEZA.
- I/we shall begin and operate the Economic Zone project as covered by this application within the agreed upon time, as fixed by BEZA.
- No Board Member or Officer of BEZA has an investment or any other financial interest, direct or indirect, in our enterprise.
- There exists no fraudulent relationship between any of the our stockholders, principal officers or foreign individuals/business entities and/or BEZA.

I/we shall abide by all laws, rules, regulations, and conditions that govern activities in the economic zones, as per the Bangladesh Economic Zones Act, 2010 and the Regulations.

Signature of Authorised Applicant

Date

Applicant's Name: _____
Address: _____
City/Country _____
Telephone: _____ Email: _____

----- **FOR OFFICIAL USE ONLY** -----

STAGE 1: PRE-QUALIFICATION REQUIREMENTS

Requirements/Respective Reports for Review:

Items	Submitted	Remarks
Valid business Registration Certificate		
Notarised Board Resolution		
Notarised statement setting forth company information		
Company profile and audited financial statements for three years		
Previous experience in large-scale infrastructure or SEZ projects		
A notarised land title or ownership documents or a list of land owners for lands to be acquired		
A Business Plan as per BEZA Guideline		
Other: _____		

Application Number:	Pre-Qualification File Date: ____/____/____ Day/Month/Year
Pre-Qualification Approved: __ Y __ N	Approval Date: ____/____/____ Day/Month/Year
Pre-Qualification Issued: __ Y __ N	Issuance Date: ____/____/____ Day/Month/Year
Signature of Receiving Officer, BEZA	Signature of Authorised Officer, BEZA

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STAGE 2: FINAL QUALIFICATION REQUIREMENTS

Requirements/Respective Reports For Review:

Items	Submitted	Remarks
Approval Processing Fee		
Proof of ownership if not provided during pre-qualification		
Feasibility Study as per BEZA Guideline		
Environmental Impact Assessment with an Environmental Management Plan as per DOE Requirements		
Resettlement Plan, if required		
Projected time schedule for design, construction and activation of all phases of development		
List of fees to be charged within the zone		
Written statement verifying financial resources for the project		
Other: _____		

Licensing Stage	Licensing File Date: ____/____/____ Day/Month/Year
Licensing Approved: __ Y __ N	Approval Date: ____/____/____ Day/Month/Year
Signature of Receiving Officer, BEZA	Signature of Authorised Officer, BEZA

Annex III: Environmental Standards in Bangladesh

- 1. Categories and Environmental Standards under the Environmental Conservation Rules (1997)**
- 2. Ecologically Critical Areas designated by the Environment Conservation Act (1995)**
- 3. National Parks and Wildlife Sanctuaries designated by the Wildlife Preservation Act (1973),**

Category in the Bangladesh Environmental Conservation Rules (1997)

【Green Category】

1. Assembly and manufacturing of TV and radio
2. Assembly and manufacturing of clocks and watches
3. Assembly of telephones
4. Assembly and manufacturing of toys (excluding plastic items)
5. Bookbinding
6. Rope and mat (made of cotton, jute and artificial fibre)
7. Photography (excluding film and X-ray)
8. Manufacturing of artificial leather goods
9. Assembly of motorcycles, bicycles and toy cycles
10. Assembly of scientific and mathematical instruments (no manufacturing)
11. Musical instruments
12. Sports goods (excluding plastic ones)
13. Tea packing (no processing)
14. Re-packing of powdered milk (no production)
15. Bamboo and cane goods
16. Artificial flowers (excluding plastic ones)
17. Fountain pens and ball pens
18. Jewellery shops (without manufacturing)
19. Candles
20. Medical and surgical appliances (without manufacturing)
21. Factories manufacturing cork items (excluding metallic ones)
22. Laundry (without washing)

【Orange-A Category】

1. Dairy farm (10 cattle heads or below in urban areas and 25 cattle heads or below in rural areas)
2. Poultry (maximum of 250 in urban areas and 1,000 in rural areas)
3. Grinding/husking of wheat, rice, turmeric, pepper and pulses (up to 20 hp)
4. Weaving and handloom
5. Production of shoes and leather goods (capital up to 500,000 taka)
6. Sawmill/wood sawing
7. Furniture of wood, iron, aluminium, etc. (capital up to 500,000 taka)
8. Printing press
9. Plastic and rubber goods (excluding PVC)
10. Restaurants

11. Carton/box manufacturing/printing packaging
12. Cinema hall
13. Dry-cleaning
14. Manufacturing of artificial leather goods (capital up to 500,000 taka)
15. Sports equipment and appliances
16. Salt production (capital up to 500,000 taka)
17. Agricultural machinery and equipment
18. Industrial machinery, tools and equipment
19. Production of gold ornaments
20. Pin and U-pin
21. Frames of spectacles
22. Combs
23. Production of brass and bronze utensils
24. Biscuit and bread factories (capital up to 500,000 taka)
25. Chocolate and lozenge factories (capital up to 500,000 taka)
26. Wooden water vessel manufacturing

【Orange-B Category】

1. PVC items
2. Artificial fibre (raw material)
3. Glass factories
4. Life-saving drugs (formulation only)
5. Edible oil
6. Coal tar
7. Jute mill
8. Hotels, multi-story commercial and apartment buildings
9. Casting and moulding
10. Aluminum goods
11. Glue (excluding animal glue)
12. Bricks/tiles
13. Lime
14. Plastic goods
15. Processing and bottling of drinking water and carbonated drinks
16. Galvanizing
17. Perfume and cosmetics
18. Flour (large)
19. Carbon rod
20. Stone grinding, cutting and polishing
21. Fish, meat and food processing

22. Printing and writing ink
23. Animal feed
24. Ice cream
25. Clinics and pathological laboratories
26. Utensils made of clay and china clay/sanitary ware (ceramics)
27. Processing of prawn/shrimp
28. Water treatment/purification plants
29. Metal utensils
30. Sodium silicate
31. Matches
32. Starch and glucose
33. Feeds for domestic animals
34. Automatic rice mill
35. Assembly of motor vehicles
36. Wooden water vessel manufacturing
37. Photography (activities related to production of films for movies and X-ray)
38. Tea processing
39. Powdered milk manufacturing/condensed milk/dairy
40. Re-rolling
41. Wood processing
42. Soap
43. Repairing of refrigerators
44. Repairing of metallic water vessels
45. Engineering works (capital up to 10 hundred thousand taka)
46. Yarn manufacturing (spinning mills)
47. Electric cables
48. Cold storage
49. Tire re-treading
50. Repair works of motor vehicles (capital up to 10 hundred thousand taka)
51. Cattle farm (more than 10 in urban areas and 25 in rural areas)
52. Poultry (more than 250 birds in urban areas and 1,000 birds in rural areas)
53. Grinding/husking of wheat, rice, turmeric, chilies and pulses – machine more than 20 hp
54. Shoe and leather goods manufacturing (capital up to 10 hundred thousand taka)
55. Wood, iron and aluminum furniture (capital up to 10 hundred thousand taka)
56. Artificial leather goods manufacturing (capital up to 10 hundred thousand taka)
57. Salt production (capital up to 10 hundred thousand taka)
58. Biscuit and bread factories (capital up to 10 hundred thousand taka)
59. Chocolate and lozenge factory (capital up to 10 hundred thousand taka)
60. Garments and sweater manufacturing

61. Garments/fabric washing
62. Power looms
63. Road construction/reconstruction/extension (feeder road and local road)
64. Bridge construction/reconstruction/extension (length less than 100 m)
65. Public toilets
66. Ship breaking
67. G1 wires
68. Assembly of batteries
69. Dairy and food

【Red Category】

1. Leather processing (tannery)
2. Formaldehyde
3. Urea fertilizer
4. T.S.P. fertilizer
5. Chemical dyes, polishes, varnishes and enamels
6. Power plants
7. All mining projects (coal, limestone, hard rock, natural gas, mineral oil, etc.)
8. Cement
9. Fuels (oil refineries)
10. Artificial rubber
11. Paper and pulp
12. Sugar
13. Distillery
14. Fabric dyeing and chemical processing
15. Caustic soda, potash
16. Other alkalis
17. Iron and steel manufacturing
18. Raw materials for medicine and basic drugs
19. Electroplating
20. Photo films, photo paper and photo chemicals
21. Chemicals derived from petroleum or coal
22. Explosives
23. Acids and their salts (organic and inorganic)
24. Nitrogen compounds (cyanide, cyanamide, etc.)
25. Production of plastic raw materials (PVC, PP/iron, polystyrene, etc.)
26. Asbestos
27. Fiberglass
28. Pesticides, fungicides and herbicides

29. Phosphorus and its compounds/derivatives
30. Chlorine, fluorine, bromine, iodine and their compounds/derivatives
31. Industrial gases (excluding nitrogen, oxygen and carbon dioxide)
32. Waste incinerators
33. Other chemicals
34. Ordnance factory
35. Nuclear power
36. Alcoholic beverages
37. Non-metallic chemicals not listed elsewhere
38. Non-metals not listed elsewhere
39. Industrial estate
40. Basic industrial chemicals
41. Non-iron basic metals
42. Detergent
43. Landfilling by household/industrial/commercial waste
44. Sewage treatment plants
45. Lifesaving drugs
46. Animal glue
47. Rodenticide
48. Refractories
49. Industrial gas (nitrogen, oxygen, carbon dioxide)
50. Batteries
51. Hospitals
52. Ship manufacturing
53. Tobacco (processing/cigarette/bin-making)
54. Metallic boat manufacturing
55. Wooden boat manufacturing
56. Refrigerator, air conditioner / air cooler manufacturing
57. Tires and tubes
58. Board mills
59. Carpet
60. Engineering works (capital above 10 hundred thousand taka)
61. Repairing of motor vehicles (capital above 10 hundred thousand taka)
62. Water treatment plants
63. Laying down / replacement / expansion of sewerage pipelines
64. Laying down / replacement / expansion of water, power and gas distribution lines
65. Exploration/extraction/distribution of mineral resources
66. Construction/reconstruction/expansion of flood control embankment, polder, dike, etc.
67. Construction/reconstruction/expansion of roads (regional, national and international)
68. Construction/reconstruction/expansion of bridge (length 200 m or more)
69. Muriate of potash (manufacturing)

Environmental Standard Values in the Bangladesh Environmental Conservation Rules (1997)

【Air pollution】

	Standard values for air pollution ($\mu\text{g}/\text{m}^3$)				(Reference) Standards in Japan
	1-hour average	8-hour average	24-hour average	Annual average	
CO	40,000	10,000	-		The daily average of 1-hour values must be 10 ppm or less and the 8-hour average of 1-hour values must be 20 ppm or less. (Notification of May 8, 1973)
Pb	-	-	-	0.5	-
NO _x	-	-	-	100	The daily average of 1-hour values must be within the zone between 0.04 ppm and 0.06 ppm or below the zone. (Notification of July 11, 1978)
TSP	-	200	-	-	The daily average of 1-hour values must be 0.10 mg/m^3 or less and the 1-hour value must be 0.20 mg/m^3 or less. (Notification of May 8, 1973)
O ₃	235	157			-
SO ₂			365		The daily average of 1-hour values must be 0.04 ppm or less and the 1-hour value must be 0.1 ppm or less. (Notification of May 16, 1973)

【Industrial drainage】

Item	Unit	Drainage into surface water	Drainage into public sewerage facilities	Drainage into irrigation sites	(Reference) Uniform drainage standard in Japan
1. Temperature	°C	40 (summer) 45 (winter)	40 (summer) 45 (winter)	40 (summer) 45 (winter)	-
2. pH	-	6-9	6-9	6-9	5.8-8.6
3. Ammonia nitrogen	mg/l	50	75	75	40
4. Ammonia	mg/l	5	5	15	-
5. Arsenic	mg/l	0.2	0.05	0.2	0.10
6. BOD ₅ (20 °C)	mg/l	50	250	100	160
7. Baron	mg/l	2	2	2	10
8. Cadmium	mg/l	0.50	0.05	0.05	0.10
9. Chloride	mg/l	600	600	600	-
10. Trivalent chrome	mg/l	0.5	1.0	1.0	2.0
11. COD	mg/l	200	400	400	160
12. Hexavalent chrome	mg/l	0.1	1.0	1.0	0.5
13. Copper	mg/l	0.5	3.0	3.0	3.0
14. Dissolved oxygen	mg/l	4.5-8	4.5-8	4.5-8	-
15. Fluorine compound	mg/l	2	15	10	8
16. Sulfur compound	mg/l	1	2	2	-
17. Iron	mg/l	2	2	2	10
18. Kjeldahl nitrogen	mg/l	100	100	100	-
19. Lead	mg/l	0.1	1.0	0.1	-
20. Manganese	mg/l	5	5	5	10

21. Mercury	mg/l	0.01	0.01	0.01	0.005
22. Nickel	mg/l	1	2	1	-
23. Nitric acid	mg/l	10	-	10	-
24. Lipids	mg/l	10	20	10	30
25. Phenol	mg/l	1.	5	1	-
26. Phosphorus	mg/l	8	8	15	8
27. Selenium	mg/l	0.05	0.05	0.05	-
28. Zinc	mg/l	5	10	10	2
29. Cyanogen compound	mg/l	0.1	2.0	0.2	1

【Exhaust gas】

Item	Maximum allowable concentration (mg/N m ³)
Particulate matter	150 (power plant of 200 MW or more) 350 (power plant of up to 200 MW)
Chloride	150
Hydrochloric acid smoke	350
Fluoride	25
Lead	10
Mercury	0.2

【Bad smell】

Item	Maximum tolerance (ppm)
Acetaldehyde	0.5-5
Ammonia	1-5
Hydrogen sulfide	0.02-0.2
Methyl disulfide	0.009-0.1
Methyl sulfide	0.01-0.2
Styrene	0.4-2.0
Ethylamine	0.005-0.07

Ecologically critical areas designated by the Environment Conservation Act (1995)

	Name	Location	Area (hectare)
1	Gulshan-Baridhara Lake ECA	Within Dacca City	101
2	River ECA - Balu River - Turag River - Shitalakhya River - Tongi Khal - Buriganga River	Suburbs of Dacca City	7,604.84
3	Tanguar Haor ECA	Sunamganj District	9,727.43
4	Hakaluki Haor ECA	Sylhet District / Maulvi Bazar District	40,465.80
5	Marjat Baor ECA	Jhenaidaha District	200.56
6	Sundarbans ECA	Sathkhira District / Khulna District / Bagerhat District / Pirojpur District / Barguna District	292,926
7	Sonadia Island ECA	Cox's Bazar District	8,080.73
8	Cox's Bazar – Teknaf Peninsula ECA	Cox's Bazar District	20,373.27
9	St. Martin's Island ECA	Cox's Bazar District	1,214.42

National parks designated by the Wildlife Preservation Act (1973)

	Name	Location	Area (hectare)
1	Bhawal National Park	Gazipur District	5022.00
2	Modhupur National Park	Tangail District / Mymensingh District	8436.00
3	Ramsagar National Park	Dinajpur District	27.75
4	Himchari National Park	Cox's Bazar District	1729.00
5	Lawachara National Park	Moulavibazar District	1250.00
6	Kaptai National Park	Chittagong Hill Tracts District	5464.00
7	Nijhum Dweep National Park	Noakhali District	16352.23
8	Medha Kachhapia National Park	Cox's Bazar District	395.92
9	Satchari National Park	Habigonj District	242.91
10	Khadim Nagar National Park	Sylhet District	678.80
11	Baraiyadhala National Park	Chittagong District	2933.61
12	Kuakata National Park	Patuakhali District	1613.00
13	Nababgonj National Park	Dinajpur District	517.61
14	Shingra National Park	Dinajpur District	305.69
15	Kadigarh National Park	Mymensingh District	344.13
16	Altadighi National Park	Naogaon District	264.12
17	Birgonj National Park	Dinajpur District	168.56

Wildlife sanctuaries designated by the Wildlife Preservation Act (1973),

	Name	Location	Area (hectare)
1	Rema-Kalenga Wildlife Sanctuary	Hobigonj District	1795.54
2	Char Kukri-Mukri Wildlife Sanctuary	Bhola District	40.00
3	Sundarban (East) Wildlife Sanctuary	Bagerhat District	31226.94
4	Sundarban (West) Wildlife Sanctuary	Satkhira District	71502.10
5	Sundarban (South) Wildlife Sanctuary	Khulna District	36970.45
6	Pablakhali Wildlife Sanctuary	Chittagong Hill Tracts District	42087.00
7	Chunati Wildlife Sanctuary	Chittagong District	7763.97
8	Fashiakhali Wildlife Sanctuary	Cox's Bazar District	1302.43
9	Dudh Pukuria-Dhopachari Wildlife Sanctuary	Chittagong District	4716.57
10	Hazarikhil Wildlife Sanctuary	Chittagong District	1177.53
11	Sangu Wildlife Sanctuary	Bandarban District	2331.98
12	Teknaf Wildlife Sanctuary	Cox's Bazar District	11615.00
13	Tengragiri Wildlife Sanctuary	Barguna District	4048.58
14	Dudhmukhi Wildlife Sanctuary	Bagerhat District	170.00
15	Chadpai Wildlife Sanctuary	Bagerhat District	560.00
16	Dhangmari Wildlife Sanctuary	Bagerhat District	340.00
17	Sonarchar Wildlife Sanctuary	Patuakhali District	2026.48