

MD's Speech

Bangladesh Business Summit 2023

At the inception of my speech let me thank the organizers for inviting me to speak at the Bangladesh Business Summit 2023. It's truly an honor for me to be able to get such an opportunity. Thank you. It's the 3rd day of the summit. I am sure, by now, most of the other honorable speakers, special guests and penalties have more or less said everything that needs to be said... I am here just to put some icing on top of that.

My company, Abdul Monem Limited, is the best example of the vast opportunities Bangladesh has to offer if you are willing to work hard, give your best and set up a company here. My father, Abdul Monem, came to Dhaka in 1956 with 70 Taka in his pocket. 70 Taka today is equal to USD 0,67 cents. Back then it was probably worth around USD 15. When he arrived, he worked in a government role for 3-4 months and then started his own construction business which over the years built some of the most challenging infrastructure projects in the country. My father started in construction but he did not stop there and diversified into other industries. AML is now the leading ice cream producer under the Igloo brand. We are a bottler for Coca-Cola, auto bricks, bitumen, construction material and sugar. In addition, we run the country's first private economic zone. AML is recognized as one of the leading companies in Bangladesh. My father's values, which are infused with the business, and in us, were very clear "Doing business with sincerity and honesty" and this is how we do business.

Today, we speak about "Investing in Economic Zones: Progress and priority opportunities in Bangladesh". Before we can start to talk about our economic zones, we need to look at a bigger picture. While the economic zones will of course impact our GDP, another important good indicator of growth is the GDP at Purchasing Power Parity. Purchasing Power Parity means that the GDP is adjusted for price level differences across countries, providing a better measure of the volumes of goods and services produced by an economy as compared to GDP at current market exchange rates, which is a measure of value.

According to the IMF and PWC calculations the GDP rankings at purchasing power parity (PPP) show that in 2016, GDP at purchasing power parity ranked the country China to be at the top, followed by the US and then India. Indonesia ranked 8th, Bangladesh 31st and Vietnam 32nd. For 2023 China ranked first again, followed by the US as the second and India as third. Indonesia improved to rank 5th, Bangladesh improved to 28th and Vietnam at 29th. Looking into the future, the GDP at purchasing power parity for 2050 continues to rank China at the top, followed by India as second and the US as third. Indonesia ranks 4th, Vietnam 20th and Bangladesh 23rd. When I looked at these rankings, I was asking myself why is Vietnam projected to overtake Bangladesh in the ranking? Even comparing

Bangladesh and Vietnam the FDI flow in 2020 was \$28.5bn to Vietnam and only \$1.15bn to Bangladesh. Two-way trade with the United States was \$81bn for Vietnam in 2019 but only \$9bn for Bangladesh. In 2021 the ease of doing business ranked Vietnam 70th and Bangladesh only 168th. This is not good for Bangladesh and we MUST work together to change these numbers and the projections.

The IMF and PWC believe that Bangladesh, Vietnam and India have the potential to be the fastest growing economies from today until 2050 with average growth of 5% and higher. Bangladesh benefits from a young and fast-growing working-age population, boosting domestic demand and output. Capital investment and technological progress will deliver real labor productivity. For Bangladesh to realize our growth potential we need sustained economic reforms, strong institutions and mass education to ensure that our growing population contributes to long-term economic growth.

Looking at the global stage, we have a unique opportunity because Western companies from North American and Europe are leaving China and setting up operations in other Asian countries. Let's work together to win our fair share of these investments for Bangladesh. I fully support our honorable Prime Minister Sheikh Hasine's vision to make Bangladesh a developed country by 2041. The economic zones will be THE platform to launch Bangladesh on the world stage. Foreign companies will be able to use this platform to enter Bangladesh and leverage all the opportunities and incentives we have to offer. This only shows that we need a big marketing campaign for Bangladesh. India has been marketing themselves for many years and their programs to attract Foreign Direct Investment are well known in the Western World. What can we do to make Bangladesh better known? Marketing our country should be a key priority in order to attract foreign investors. Bangladesh embassies all over the world can play a significant role in the promotion of our Bangladesh. Embassies also need to make the visa application process for foreigners simpler and faster. It's not that hard with the fast paced technology that's available to use. Side by side to maintaining a good business, investors want a good and sustainable environment. As such, we have to preserve our environment as well. Bangladesh needs to become a green economy.

Bangladesh used to be known for famine, floods and disaster. This no longer reflects reality thanks to our strong development. Bangladesh is now self-sufficient with regards to its food supply and our industries are strong. But our reality is not what foreigners perceive when they think about our country. In their newspapers they used to read about poor working conditions in the textile industry and exploitation of workers although this is no longer true. We can be proud of our development and we are making good progress towards the honorable Prime Minister's goal to make Bangladesh a developed country by

2041. But we can only achieve this vision if we have strong and competitive Economic Zones that stand out against Vietnam, Indonesia, Thailand and Cambodia.

Looking at the opportunities Bangladesh has to offer, the government took the initiative to create BEZA and BIDA to help itself with establishing 100 economic zones with the expectation to create 10m new jobs and \$40bn export income in the next 15 years. 97 economic zones have been approved so far out of which 68 are government economic zones and 26 are private economic zones. The public economic zones have received investment commitment of over \$24bn and the private zones \$3bn investment commitment. Of course, with the set up of these Economic Zones comes a lot of incentive packages, designed by BEZA to attract investors. For example, Income Tax exemption for 10 years (except edible oil, sugar, flour, cement, iron and iron related products) ranging from 20% up to 100% on a yearly basis. Next, Income tax exemption on dividend for 10 years (up to 100%). Next, Income tax exemption on capital gains from transfer of shares for 10 years. Then, Duty free import of capital machinery and construction material (except for MS Rod/Bar, Cement, Prefabricated Building, Iron/Steel Sheet) and many other lucrative packages as such.

The Abdul Monem Economic Zone (AMEZ) Limited aims to create about 100,000 new jobs. We have dedicated 345 acres to our Zone in Gazaria, Munshiganj, an excellent location for all investors because it is directly located at the Dhaka-Chittagong Highway, adjacent to the Meghna-Gumti Rivers. The site is only 37 km from Dhaka. Since 2018 the Japanese company Honda has been producing motorcycles at AMEZ. On the other hand, the American company Huntsman will start their textile chemical business very soon. We are actively negotiating with other international investors. We want to attract innovation and bring innovation to everybody's life. Our vision for AMEZ is to develop a world class economic zone with facilities like accommodation, shopping, restaurants and educational centers for skill development.

It is important to point out that the private economic zones are facing the challenge of marketing and infrastructure development. Access to finance is another serious issue for the growth of the private economic zones. We can only be successful if we can provide stable and uninterrupted power at the site and good transportation facilities. In that respect we need the support of the Bangladesh government as well as in the development of infrastructure development in general like power, gas, road, water, jetty, ETP, CETP and waste water management. It is important to point out that we live in a highly competitive world. All investors study our market, look at the business environment, infrastructure like roads, transportation and energy as well as the labor market. We are competing with countries like India, Vietnam, Thailand, Myanmar and Cambodia. We need to provide better facilities, infrastructure, incentives and services than these countries.

The government is learning very fast and adapting to the dynamic economy that's being built by the advancement and development of the Economic Zone. From our side, we must embrace their learnings and the policies that are set by BEZA.

The immediate attention of the government needs to be put on land procurement, land transfer issues, access to finance, safety and security, quick resolution of legal challenges, offsite & onsite infrastructure development and coordinated policies to attract Foreign Direct Investment.

Economic Zones played important roles for development in China, Vietnam, South Korea and Thailand. The Special Economic Zones in China have contributed 22% of China's GDP, 45% of total foreign direct investment and 60% of exports. 30 million jobs were created. There is no reason why the Economic Zones of Bangladesh could not contribute to the country's success.

Economic zones will bring decentralization to our country which will ease the pressure on the major cities and will create the conditions for an equitable economic development throughout the country. The zones are the roadmap for the investors to reach the goal of Bangladesh by 2041. Subsequently, it will result in building the most dynamic economy in the whole Southeast Asia, substantiated by the fact that the GDP has grown by 7% in the last 10 years. If we do it right, the economic zones will be a key contributor to our Honorable Prime Minister's vision to transform Bangladesh to a developed country by 2041.

Not to mention, the Government will also continue to encourage greater private investment initiatives whilst ensuring that the public sector does not run out of activities in the commercial and business sector. Of course, to do so, the government will provide all necessary support to strengthen and enhance the roles of the private sector. Furthermore, the government will ensure that its machinery at all levels will work efficiently and closely with the private sector in the spirit of Bangladesh's development.

My father never forgot his roots where he started. I will never forget our roots. This is why it is my own and AML's commitment to contribute to the success of Bangladesh, create jobs, give back to society and let every single citizen in our country participate in this success.

Let's work together to make Bangladesh a great and world-class country!

Four pillars

- Resilience of Bangladesh economy to absorb the shocks and come back again

- Agriculture productivity
- Relentless effort to cope with the global market scenario
- Human resources; Mortality rate; Social Human Index
- Climate change