

# **Bangladesh Export Processing Zone Authority (BEPZA)**

## **Introduction**

In order to stimulate rapid economic growth of the country, particularly through industrialization, the government has adopted an 'Open Door Policy' to attract foreign investment to Bangladesh. The Bangladesh Export Processing Zones Authority (BEPZA) is the official organ of the government to promote, attract and facilitate foreign investment in the Export Processing Zones.

The primary objective of an EPZ is to provide special areas where potential investors would find a congenial investment climate, free from cumbersome procedures. Two EPZs, one in Chittagong and the other near Dhaka are now operational.

Following information is provided to the potential investors for investment in EPZs of Bangladesh.

## **Eligible investors**

100% foreign owned including Bangladesh nationals ordinarily resident abroad (Type-A). Joint venture between foreign and Bangladesh entrepreneurs resident in Bangladesh (Type-B) 100% Bangladesh entrepreneurs resident in Bangladesh (Type-C).

## **Mode of Investment**

Investment in convertible foreign currencies by foreign investors. Option to establish public/private Ltd companies or sole proprietorship/partnership concerns.

## **Investment Guarantee**

Foreign Private Investment (Promotion and Projection) Act 1980 secures all foreign investment in Bangladesh. OPIC's (Overseas Private Investment Corporation, USA) insurance and finance programs operable. Security and safeguards available under Multi-national Investment Guarantee Agency (MIGA) of which Bangladesh is a member. Arbitration facility of the International Center for the Settlement of Investment Dispute (ICSID) available.

## **Tele-communications**

Telex, Fax and International Dialing Services connected through satellite system available.

## **Communications**

Adequate sea, rail, road and air communications services available.

## **ONE WINDOW SAME DAY SERVICE AND SIMPLIFIED PROCEDURE**

### **BEPZA**

Sanctions projects generally within one week.

Issues required Import/Export Permits.

Issues required Work Permits for foreign nationals working in EPZ enterprises.

Provides required infrastructure facilities in EPZs.

Offers 'One Window Same Day Service' to investors in EPZs.

### **PRODUCTION ORIENTED LABOR LAWS**

Law forbids formation of any labor union in EPZs.

BEPZA is vested with responsibility to administer labor matters for all enterprises in EPZs.

### **Minimum Wages (Monthly)**

Apprentices/Trainee US \$22,00

Unskilled US \$38.00

Semi-skilled US \$45.00

Skilled US \$63.00

Other benefits include Conveyance Allowance, House Rent, Medical Allowance and Festival Bonus.

Working Hours

48 hours a week in a factory.

40 hours a week in an office.

5 working days a week.

### **Employees leave**

10 days Casual leave

17 days Annual leave

### **FACILITIES AND INCENTIVES FACILITIES**

- a. Land and factory building are available on rental basis.
- b. Electricity, water, gas and telecommunications are provided by the zones.
- c. Import and export permits are issued by EPZ within 24 hours.
- d. Work permits are issued by BEPZA.
- e. EPZ is a secured and protected area.

- f. Recreational facilities are available.
- g Availability of food stuff and beverage on payment of nominal tax foreigners working in EPZs.
- h. Potential investors are required to deal only with BEPZA for investment and all other operational purposes.

## **INCENTIVES**

### **Fiscal**

#### **Tax Exemption**

- a. Tax holiday for 10 years
- b. Exemption of income tax on interest on borrowed capital.
- c. Relief from double taxation subject to bilateral agreement.
- d. Complete exemption from dividend tax for tax holiday period for foreign nationals.
- e. Exemption of income tax on salaries of foreign technicians for 3 years subject to certain conditions.

#### **Duty Free Import and Export**

- a. Duty free import of machinery's, equipment and raw materials.
- b. Duty free import of three motor vehicles for use of the enterprises in EPZs under certain conditions.
- c. Duty free import of materials for construction of factory buildings in the zones.
- d. Duty free export of goods produced in the zones.

### **Non-Fiscal**

#### **I. Investment**

- a. All foreign investment secured by law.
  - b. No ceiling on extent of foreign investment.
  - c. Full repatriation of profit and capital permissible.
  - d. Repatriation of investment including capital gains, if any, permissible.
  - e. Remittances allowed in following cases:
    - f. All post tax profit and dividend on foreign Capital.
- Savings from earnings, retirement benefits, personal assets of individual on retirement/termination of services.
- Approved royalties and technical fees.
- No permission required for expansion of the project or product diversification.

## **II. Project financing and banking**

- a. Off-shore banking facilities available.
- b. Local and international banking facilities also wide-open.

## **III. Import**

- a. Freedom from national import policy restrictions.
- b. Import of raw materials also allowed on Documentary Acceptance (DA) basis.
- c. Advantage of opening back to back LC for certain types of industries for import of raw materials.
- d. Import of goods from the domestic tariff area permissible.

## **IV. Project Implementation**

- a. Re-location of existing industries from one zone to another within the country permissible.

## **V. Operation**

- a. Sub-contracting within EPZ allowed.
- b. Inter-zone and intra-zone export permitted
- c. All customs formalities done at the gate site of the respective factory building within the zone.
- d. Permission for import/export given in the same day.
- e. Repairing and maintenance's of machinery's and capital equipment from domestic tariff area allowed.

## **VI. Employment**

- a. Liberal employment of foreign technicians/experts allowed.
- b. Foreigners employed in the zones enjoy equal rights similar to those of Bangladesh nationals.
- c. Law forbids formation of any labor union in the zones. Strike within the zones prohibited.

## **VII. Support Services**

Customs office, Post Office, Medical center, Fire station, Police station.  
DHAKA EXPORT PROCESSING ZONE

**Location :** Savar

35 kms from Dhaka city center  
25 kms from Zia International Airport, Dhaka  
Zone Area : 58 hectares (142 acres)

### **Land**

Total number of plots : 100  
Size of each plot : 2000 M2  
Tariff : US \$ 1.50/M2/year

### **Standard Factory Building**

Space : 72,000 M2 in 16 blocks  
Tariff : US \$ 2.00/M2/month

### **Warehouse**

Space: 2,300 M2  
Tariff: US \$ 2.00/M2/month

### **Utility Services**

Water supply: CEPZ gets water from Chittagong WASA  
Storage Capacity: 45,20,000 liters/day  
Tariff: Tk. 13.56 per M3  
Power Supply: 11 kV, 3 phase, 50 cycles  
Tariff: Tk. 2.86 per kWh (Industrial use)  
Gas supply: 1,36,000 M3/day or 5,667 M3/hour  
Tariff: Tk 3.64 per M3 (Industrial use)

## **CHITTAGONG EXPORT PROCESSING ZONE**

**Location:** 2.40 kms from Chittagong Sea Port  
5.63 kms from the main business center of Chittagong  
7.24 kms from the Chittagong International Airport  
Zone Area: 255 hectares (630 acres)

### **Land**

Total number of plots (planned): 430

Size of each plot: 2044 M<sup>2</sup>

Tariff: US \$ 1.50/M<sup>2</sup>/year

### **Standard Factory Building**

Space: 39,000 M<sup>2</sup> in 16 blocks

Tariff: US \$ 2.00/M<sup>2</sup>/month

### **Utility Services**

Water supply: DEPZ gets water from its own water supply system

Tariff: Tk. 13.56 per M<sup>3</sup>

Power Supply: 11 kV, 3 phase, 50 cycles

Tariff: Tk. 2.70 per kWh (Industrial use)

Gas supply: DEPZ gets gas from the Titas Gas Field

Tariff: Tk 3.64 per M<sup>3</sup> (Industrial use)