



Market Research Plan for Bangladesh Economic Zones Authority

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It's suggested that BEZA concentrates during the next five years working to attract tenant investors in sectors that are growing in Bangladesh and present opportunity for growth as listed in Annex 3 of this document. Potential target countries would be: China, India, Japan, South Korea, Malaysia, United Arab Emirate. Extra regionally countries like United States and United Kingdom could represent opportunities for individual investors. Many of these countries have a Bangladeshi diaspora representing a cultural comfort that could be converted to investment interest. The other type of investor should be developers, specifically from Asia as the risks levels of this type of investment is higher and it's not likely that extra regional developers would be highly interested in locating in Bangladesh in the immediate to mid-term.

Proactive and constant market research will need to be staple of BEZA's promotional activity. First, the constant benchmarking to determine Bangladesh's competitive position vis-à-vis competitors such as Pakistan, Myanmar, Vietnam, African countries moving forward with new EZ programs such as Ethiopia which is vying to attract investment from the same target countries (China, India, USA).

a) The research unit

Provides a market input to the promotional effort. This unit should provide sector size, whether it's a growing or shrinking sector, enables for investment in external countries, potential companies in those sector to target with basic information. The unit should also provide for competitive standing on a continuous bases, analyze competitors offer and inflows compared to BEZA, graphic for periodic reports, reports on latest regional investment inflow reports. Should also provide identification of targeted country/sector associations, trade publications, events and key members below, examples of normally used research tools:

- UNCTAD's yearly investment report: A yearly report that includes inflow/outflows of investment on a regional/country bases, include major reforms and competitive upgrades
- World Bank Doing business report: Rates over 170 countries on competitiveness position bases on specific areas like: Starting a business, trading across borders, accessing utilities, contract protection, regulatory entry. Provides a good sense of what countries are introducing reforms and which are not, compared year on year rating position
- fDI: Annual subscription webpage: Provides fast and credible location comparisons between 83 countries, for 61 sectors includes and fDI Attractiveness Index, SWOT Analysis tool based on 50 project assessment criteria (e.g., labor costs, real estate & utility costs, business environment indicators, R&D and innovation indicators
- DataMyne: Creates custom reports, business profiles, and lead contact tables
- Search engines: Google, Baidu in China, NHN in South Korea
- Web-based communication social network sites:
 - Twitter
 - Facebook
 - Blogs
 - LinkedIn
 - YouTube
 - Mobile Apps

Unit will report to the Executive Member would be responsible to provide market intelligence, prepare benchmark studies to determine Bangladesh's competitive position vis-à-vis competitors. Key among its functions would be the monitor of target sectors/country and identifying new sector/countries that could potentially be targeted and corresponding investors in established and new sectors. The unit would also be responsible for providing data for preparation of tailor made investors presentations, sector brochures and investor's guidelines.

b) Main purpose of the unit

To ensure and maintain an updated Information bank (physical and electronic) that serves as an intelligence center for planning and implementing marketing activities; generate benchmarks against Bangladesh's EZ program competitors for target investment; provide data for updating promotional material; and generate policy position papers; create, manage and maintain an Electronic Information Center that provides updated information to prospect investors; make recommendations to the Executive Member on ways to improve Bangladesh's EZ program investment environment related to target sectors and competition

c) Indicative activities

- Assists in validating and determining BEZA's strategic target sectors and markets for investment attraction and key investment environment improvement priorities
- Develops and maintains a databases and benchmarking evaluations of the EZ program against competitor countries for key characteristics, including:
 - Preferential access to local, regional and international markets including appropriate trade and investment agreements, technical and economic cooperation accords, duty free access agreements and customs union memberships
 - Maintains an updated database of industry associations operating within the selected target countries including contact points and key officers
 - Maintains an updated database of key sector publications which represent the primary source of promotional advertisement; Subscribes and reads those publications looking for relevant information to perform his duties better informed
 - Political risk and availability of international political risk insurance, and guarantees against government confiscation and other non-commercial risks
 - Corporate and personal taxation and tax incentives
 - Foreign exchange regimes
 - Restrictions on investment (ease of entry, shadow costs, etc.)
 - Duty free privileges
 - Foreign ownership restrictions
 - Preferential and prohibited investment sectors
 - Size and ownership of investments; double taxation agreements
 - Availability and cost of human resources; educational levels; existence and future investments in higher education including engineering, business and computer sciences
 - Transportation infrastructure, services and costs including airport, port, storage facilities and roads
 - Availability and costs of specialized business support services: architects and engineering, construction, telecommunications, auditing, business consultants, legal, and insurance

- Utilities including electricity, water, waste disposal, telecommunications;
- Land and building availability, location and lease, rental and building costs of zones
- Access to and costs of capital and operating funds
- Develops and maintains Joint Venture Partner Data Bank within Bangladesh's contact database as well as local producers interested in linking production with EZ investors
- Develops and maintains an Investment Sources Data Bank that includes:
 - A list of local and foreign banks, financial institutions, public and private loan funds, and investment syndicates which have indicated interest in financing short and long term loans, advancing short term working capital funds, syndicating equity participation, providing trade finance instruments, offering financial counsel, handling foreign exchange transactions, financing inventories, or providing other normal financial, banking and trade services, such as factoring exports and/or leases
 - A list of specific transactions handled by these institutions for investors seeking registration and benefits under the EZ Act
- Produces and analyzes quantitative and qualitative statistical data and prepares interpretative reports and graphic presentation or research material in quarterly or semi-annual progress reports to BEZA's stakeholders;
- Submits to the Investor Development General Manager monthly reports on status of research projects;
- Performs other essential or marginal job-related tasks depending on work assignments and as requested by immediate supervisor.

Potential competitive information sources for investment, trade and comparison:

Type of information	Useful source	Notes
Comprehensive set of global statistics on a range of sectors and indicators	• http://data.worldbank.org/	Useful source of data with indicators ranging from GDP growth figures through to % of arable land.
Cross-country business environment data	• http://rru.worldbank.org/BES/snapshots • www.doingbusiness.org • http://iab.worldbank.org/Data	In addition to Doing Business data the snapshots also provide results from entrepreneur surveys and other business related information
Global agriculture production data	• http://faostat.fao.org/	Go-to source for agriculture data (production, trade, food supply etc.)
World Merchandise Trade, Tariff, Non-Tariff (NTM) database	• http://wits.worldbank.org/	Need to register but the data is free to users in developing countries .
WTO global commodity tariff data	• http://stat.wto.org/Home/WSDBHome.aspx?Language=	Need to know specific product codes

Part 2

Type of information	Useful source	Notes
Global trade, investment and market analysis tools developed by the International Trade Centre (ITC)	<ul style="list-style-type: none"> • www.trademap.org/ • www.intracen.org/tradstat • www.standardsmap.org • www.investmentmap.org • http://www.macmap.org/ • http://legacy.intracen.org/appli1/tradecom/TPIC.aspx 	Need to register but the data is free to users in developing countries. Website contains helpful user guide that you can download.
WEF Global Competitiveness Index	<ul style="list-style-type: none"> • www.weforum.org/issues/competitiveness-0/gci2012-data-platform 	Comprehensive source of information to allow benchmark countries across a range of indicators
World Bank Logistics Performance Index	<ul style="list-style-type: none"> • http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/TRADE/0,,contentMDK:23188613~pagePK:210058~piPK:210062~theSitePK:239071,00.html 	Good source of cross-country comparable data on infrastructure, and other trade logistics
Global sea freight/air freight times	<ul style="list-style-type: none"> • www.globalshippingcosts.com 	Allows estimate shipping times between destinations

Source: World Bank presentation March 2017

Directs BEZA’s analysis of the Bangladesh EZ program SWOT model

<p>Strengths: List BEZA’s and country’s characteristics that give it an advantage over others:</p> <ul style="list-style-type: none"> • • • • • • • 	<p>Opportunities: List elements/areas that BEZA/country could exploit to its advantage:</p> <ul style="list-style-type: none"> • • • • • • •
<p>Weakness: List BEZA’s Characteristic that give the organization and country that place them at a disadvantage with others:</p> <ul style="list-style-type: none"> • • • • • • • 	<p>Threats: External elements t that could cause challenging/troublesome for BEZA/country:</p> <ul style="list-style-type: none"> • • • • • • •

Develops and maintains a databases and benchmarking evaluations of the EZ program against competitor countries for key characteristics

Country/project name	Labor cost	Electric cost	Water cost	Transportation cost (Sea, land, train, air)	Political risk rating	Doing business rating

Develops and maintains Joint Venture Partner Data Bank within Bangladesh’s contact database

<u>Name of local company</u>	<u>Contact points: email, telephone, other</u>	<u>Area of interest to joint venture with foreign or local company</u>	<u>Current business activity</u>	<u>Last three year turn-over</u>	<u>Number of employees</u>	<u>Market currently serviced and JV market to serve</u>

Yearly report on EZ performance general content

- Background: Provide information on BEZA, EZs, legal and operation year on year growth rate
- Executive Chairman message: Message on BEZA’s efforts and progress on institutional goals

- Yearly performance review
- Starting point at year end beginning: Number of zones, types of zones, land assigned and developed, number of jobs created (Male and females), local purchases, exports generated, tenant by name, activity and zones
- Performance of EZ for the reporting period (Include growth rate or number expansion for each area): Number of zones, types of zones, land assigned and developed, number of jobs created (Male and females), local purchases, exports generated, tenant by name, activity and zones
- Challenges and remedies: Include key challenges during reporting period and remedies for each
- Conclusions

Salient opportunity sectors for Bangladesh EZs

It's recommended that a maximum of 10 sectors be designated as priority to ensure promotional staff specialization and a developing the capacity to discuss sector-specific business agendas with the investors. The table below, includes examples of countries/project with indicative high priority sectors:

**Targeted promotion international examples:
Prelude to effective follow-up and specialization**

Agency	Number of Key Sectors	Examples of Sectors/Clusters
Selangor State Investment Centre (Malaysia)	5	Aviation/aerospace, outsourcing/data centers, maritime industries (Shipbuilding & repairs), plastics, biomedical (Health care service and medical services)
InvestPenang (Penang State, Malaysia)	7	Life sciences, electrical and electronics, shared service and outsourcing, creative multimedia content.
Wesgro (Western Cape Province, South Africa)	4	Agribusiness, boatbuilding, bio-medical, BPO, creative industries, ICT, energy, tourism, precision engineering/mfg.
Mendoza Invest (Mendoza Province, Argentina)	9	Agri-food (Including wine, fruit, livestock), creative industries, construction, energy, mining, ICT, machinery
Integrated Development Institute-INDI (Minas Gerais State, Brazil)	5	ICT, electronics, aerospace, alternative energy, life sciences

Source: Individual agencies websites

List and brief background on opportunities sectors for Bangladesh's EZs: Initial phase of development

Ready made garment: The textiles and clothing industry is Bangladesh's biggest export earner with value of over USD\$16 B of exports in 2009-10. Local factories design and produce for the world's leading brands and retailers. This rapidly growing sector of the

Box 7: RMG impacts on Bangladesh

The RMG industry has been playing a significant role in the economic growth of Bangladesh. By providing direct employment to almost four million people, of which over 80% are female workers, as is evidenced from 2014 report released by the Bangladesh Garments Manufacturers and Exporters' Association (BGMEA), this sector has been instrumental in bringing women into the labor force and has a potential lead in the social transformation of the country.

Bangladeshi economy offers a unique competitive edge that supports profitable expansion into new strategic markets. Cost and quality of products that are produced on time, reliably and very competitively with a highly skilled labor force. A unique regional location for expansion into key Eastern and other markets. Favor trading status with the EU and the USA with clusters of companies providing a local supplier base characterized by depth in skilled labor, training and technical development facilities. Concurrently the growth and expansion of this sector provides Bangladesh with a production seed to diversify production. The RMG industry has been playing a significant role in the economic growth of Bangladesh. By providing direct employment to almost four million people, of which over 80% are female workers, as is evidenced from 2014 report released by the Bangladesh Garments Manufacturers and Exporters' Association (BGMEA), this sector has been instrumental in bringing women into the labor force and has a potential lead in the social transformation of the country

- **ICT and Business services.** In the last three years Bangladesh has seen tremendous growth in the information and communications technology (ICT) sector. An international market estimated at 160 million plus people, with an approximate consumer spending of around around USD 130 billion plus and growing at 6 percent annually. This sector represents a formidable opportunity and is currently being aggressively pursued by Bangladesh. After telecommunication companies launched 3G services in 2013, internet penetration in Bangladesh grew by 22 percent by the end of 2014. Of the 66.8 million active Internet subscribers (BTRC, Sept 2016), nearly 96 percent are mobile users and 10 million smartphone users. With growing Internet connectivity, availability of cheaper smartphones, and rapid rise in social networking (23 million plus Facebook users), there's been an increasing emergence of digital knowledgeable consumers

- **Leather & Leather Goods.** Bangladesh is relatively small compared to the other big players in the world leather market, but has potential for growth, both as a consumer and as an exporter. Bangladesh's leather is widely known for its high qualities of fine grain, uniform fiber structure, smooth feel and natural texture. The leather industry is one of the oldest in the country. It is paving its ways towards gaining larger international market share by providing more value added goods. The country is blessed with a large supply of raw materials and inexpensive labor. The annual production capacity of raw materials is estimated to be around 750 million sq. ft.¹.
- **Electronics.** The high skill, low cost labor resource of the electronics sector in Bangladesh offers companies great returns on investment. Whilst the global market for semiconductors is worth in excess of \$200bn and is dominated by the Asian economies, Bangladesh has significant financial and economic factors in its favor that make it the best choice for many companies. Potentially manufacturing of semiconductors could be established as a stand alone industry, Bangladesh is going to be one of the largest cell-phone markets in South Asia, The home appliance market in Bangladesh is growing rapidly. The labor-intensive nature of the electronic industry matches the ability of Bangladesh to provide a high skilled labor source.
- **Ceramics.** Bangladesh, being a gas-rich and low-labor-cost economy, is perfectly positioned to be a strategic partner in production and supply of ceramic products. Investment interests in this sector highly encourage the country having excellent production tradition in this sector. A pool of skilled manpower has been developed. The latest technological advancements in ceramics are also being utilized. Bangladesh produces high quality bone china, transferring the technology from Japan².
- **Frozen Food.** Frozen food is the second largest export sector of the economy. The massive natural resources available in Bangladesh make this sector particularly promising for investors looking to supply in international as well as in domestic markets. The Public sector corporation and the private organizations have setup about 148 numbers of shore based export oriented fish processing plants at Dhaka, Chittagong, Khulna, Jessore, Satkhira, Bagerhat, Cox's Bazar, Chandpur, Kishoregonj, Syihet and Patuakhali. These plants produces Fresh Water shell On (FWSO), Ser Water shell On (SWSO), Peeled and Deveined (P&D), Peeled and Undevined (PUD), shrimp products under the most hygienic and sanitary condition under the supervision, control and guidance of foreign trained handling & processing experts. At all levels, USFDA registrations and directives of the European Communities concerning the production and exportation of frozen foods are strictly followed³.

¹ LFMEAB and Light Castle Research

² Bangladesh Export Promotion Bureau

³ Source: [Bangladesh Frozen Foods Exporters Association \(BFFEA\)](#)

- **Pharmaceuticals.** The Bangladesh pharmaceutical industry is growing from USD 1.78 B in 2013 to USD 1.99 B in 2014. With an annual two-digit growth rate the Bangladesh pharmaceutical industry is now heading towards self - sufficiency in meeting local demand. There are more than 300 small, medium, large and multinational companies operating in the country producing around 97% of the total demand. The pharmaceutical industry is one of the most technologically advanced sectors currently in existence in Bangladesh. It has grown in the last two decades at a considerable rate. The skills and knowledge of the professionals and innovative ideas of the people involved in this industry are the key factors for these developments. About 300 pharmaceutical companies are operating at the moment. Only 3% of the drugs are imported, the remaining 97% come from local companies. Positive developments in the pharmaceutical sector have enabled Bangladesh to export medicine to global markets. At present, Bangladesh's pharmaceutical industry is effectively exporting their products to 79 countries across the world, and this number is expected to increase in coming years.

(<http://asiapharma.org/ape/index.php>)