



Embassy of Bangladesh

The Hague, The Netherlands

Netherlands - Bangladesh

Mapping the ground @ 50
stitching partnerships





The Netherlands recognised Bangladesh in February 1972, and since then the political and economic ties between the two deltaic nations have been evolving seamlessly and robustly. Driven by a shared vision of etching mutually beneficial outcomes and enhanced by diverse level of endowments and capacities, the relationship keeps developing rooted in mutual trust and respect. Beyond bilateral context, a shared understanding of values has led the two countries towards collaboration in international domains. For instance, in the areas of human rights, humanitarian affairs, sustainability, responsible business, water, climate change, being the most critical ones. The two peoples demonstrate resilience, adaptation and innovation faced against the limits of nature; and ceaselessly keep striving to convert challenges into opportunities.

While the Dutch engagements in Bangladesh started with development cooperation in the 1970s, today the accent of the bilateral ties is largely on forging and deepening trade and economic partnerships. Private sector of both countries, bilaterally or within global supply chains, is in the lead to etch out newer areas and

modes of collaboration. As Bangladesh keeps growing, so does the requirement for more commodities, energy, services, technology and infrastructure. The Dutch entrepreneurs, innovators and firms see opportunities to engage in mutually beneficial ways by employing novel ideas, innovation, knowledge, technology and innovative finance. Collaborations are consequently moving from apparel manufacturing to sectors related to FMCG, fintech, renewable energy, light engineering, agriculture-food, water et al. Robust engagements coming in the wake of the Bangladesh Delta Plan 2100 is a case in point.

Bangladesh Embassy in the Netherlands conceived this study this summer as a first-ever endeavor to map the diverse expanse of economic engagements between Bangladesh and the Netherlands. Whilst it dares to be exhaustive, it is primarily intended to serve as a reference point for conversations at various levels, namely for the potential investors and entrepreneurs on both sides. Indeed, to present opportunities to be leveraged in Bangladesh in spite of what the worldwide web may say (or, may not present).

It is by courtesy of and months of efforts devoted by a team of creative and dedicated professionals in the LightCastle Partners (Bangladesh) that this study came into life. Contribution of Larive International (Zeist) is also acknowledged. I applaud all for their trust in us and also the exceptional commitment and professionalism that they have demonstrated in this unique enterprise.

M Riaz Hamidullah

*Ambassador of Bangladesh
to the Netherlands*

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Table of Contents

1	Abbreviations	01
2	Netherlands-Bangladesh Economic Engagements	02
3	Why Bangladesh?	03
4	Macro-Economic Snapshot - Bangladesh	04
5	Steady Economic and Human Development Growth	06
6	Strategic Geographic Location & Strong Geopolitical Ties	07
7	Steady Gains in Global and Dutch FDI	08
8	Active Steps to Improve Ease of Doing Business Rankings	09
9	Continuously Empowering Women & Workers	10
10	Strong Dutch Participation in Bangladesh's Economy	12
11	Strong Relationship with the Netherlands, bolstered by long-standing Trade Ties	13
12	Opportunity Landscape for Bangladesh-Netherlands Relationship	14
13	Agro-Driven Economy to Benefit from Transformation	16
14	Tech-Based Opportunities all over Agricultural Value Chain	17
15	Collaboration with Dutch Design Hubs will Dynamize RMG Industry	18
16	Blue Economy – Immense Potential for Investment	19
17	Electronics & Light Engineering Industry	20
18	Bicycle Industry in Bangladesh supports Higher Export Standards	21
19	Jute: Fiber of Future	22
20	Strong Dutch-BD Collaboration to provide Direct Access to BD Jute	23

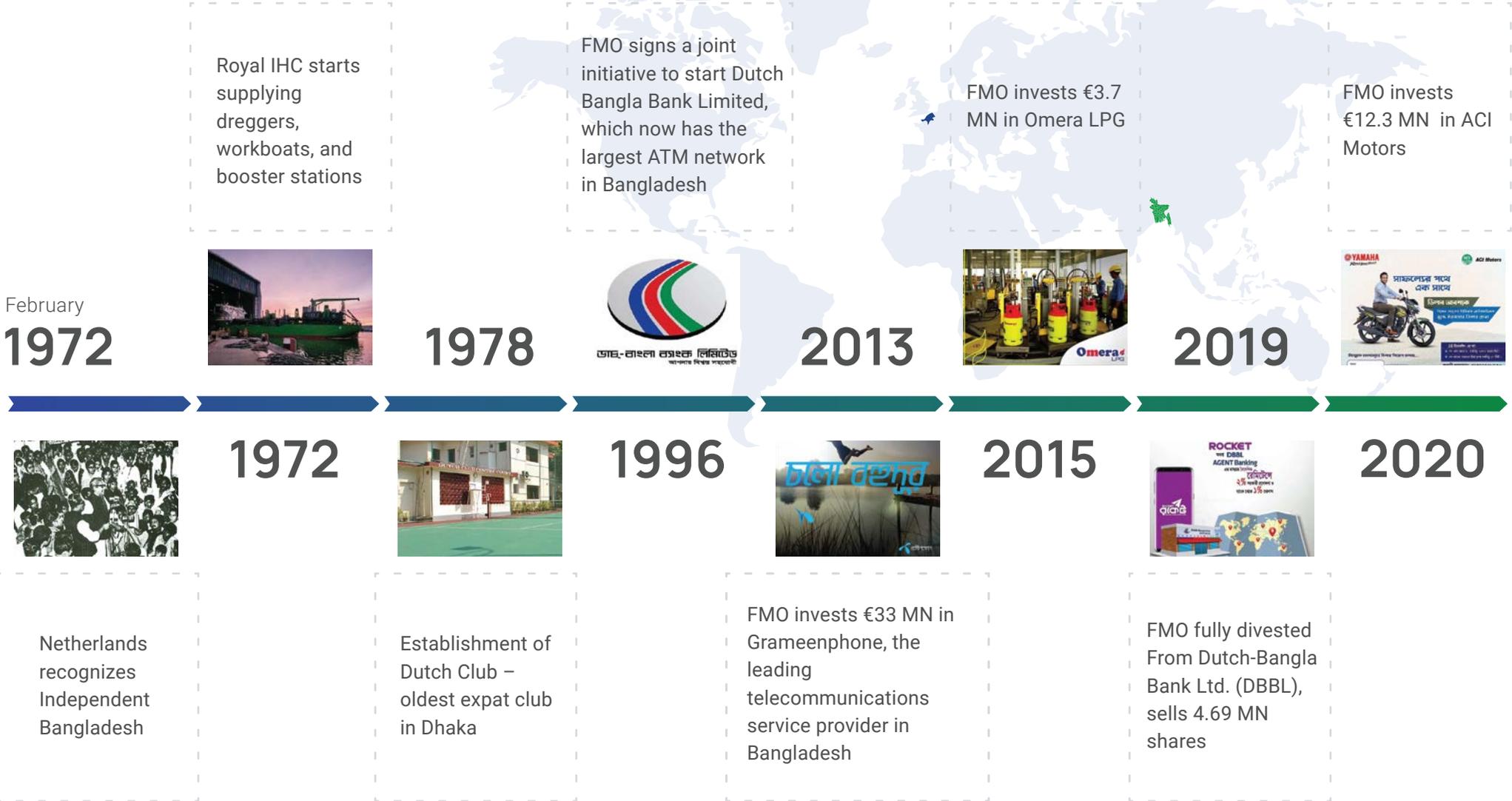


21	Livestock Consumption Rising in Tandem with Income Growth	24
22	Strong Backward Linkages in Leather Industry to create Robust Export Market	25
23	Dutch Knowledge, Technology, and Expertise in the Water Sector could attenuate Climate Change Damages	26
24	Nascent Startup Ecosystem Empowering Youth & Attracting Global Investors	29
25	Ship Building Industry: an Area for Robust Financial and Technical Investment	30
26	Drive for Financial Inclusion has created Opportunities for DFS and MFS	31
27	Young Population Driving Growth of IT & ITES Industry	32
28	Increased Penetration of Renewable Energy will require Dutch Expertise	33
29	Investment in Pharmaceuticals can lead to boom in Export of Medicines	34
30	Growth of fair-trade SMEs and Entrepreneurs to Empower Rural Women	35
31	Art and Cultural Products to Captivate Global Audience	36
32	Tourism in Bangladesh – Active Sports & Scenic Beauty	37
33	Sector-Wise Taxation and Incentives	38

Abbreviations

BEZA	Bangladesh Economic Zones Authority
BIDA	Bangladesh Investment Development Authority
BoP	Balance of Payments
CAGR	Compound Annual Growth Rate
DFS	Digital Financial Services
DTAA	Double Tax Avoidance Agreement
ETP	Effluent Treatment Plant
FDI	Foreign Direct Investment
FMCG	Fast-Moving Consumer Goods
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
HDI	Human Development Index
IFFR	International Film Festival Rotterdam
IT	Information Technology
ITES	Information Technology Enabled Services
JDP	Jute Diversified Products
LDC	Least Developed Countries
MAC	Middle and Affluent Class
MFS	Mobile Financial Services
NBFI	Non-Banking Financial Institution
RMG	Ready Made Garments
STP	Sewage Treatment Plant
SME	Small and Medium Enterprises
TRIPS	Trade-Related Aspects of Intellectual Property Rights

Netherlands-Bangladesh Economic Engagements





Why Bangladesh?

Secularism
Inclusion Liberal values
Harmony Visionary leadership
Demography
Responsive Connectivity
Resilience Culture
Homogenous Mutual interest
population Aspiration Openness
Humanitarian Stability Innovation
Shared responsibility Pluralism

Macro-Economic Snapshot: Bangladesh

► Bangladesh stands out uniquely vis-à-vis investment and economic collaboration given certain synergistic factors, i.e., stable economic growth and demographic dividend.

► Stable and accelerated economic growth, driven by consumption spending and export earnings, is significantly advantageous for the young 161 MN population. As a result, Bangladesh is fast emerging with a 30+ MN Middle and Affluent Class (MAC).¹⁰

► Investment attractiveness is further aided by stable inflation and steadily rising foreign exchange reserves.

Advantageous Demographics¹

161 MN
Total population

56.2%
Employment:
population ratio

27 Years
Median age

1.05
Male: female births

Increasing Export Earnings²

Exports of goods and services (MN €)

■ Export earnings of goods
■ Export earnings of services



Rising Forex Reserves³

€ 34 BN
(November 2020)

Stable Inflation⁶

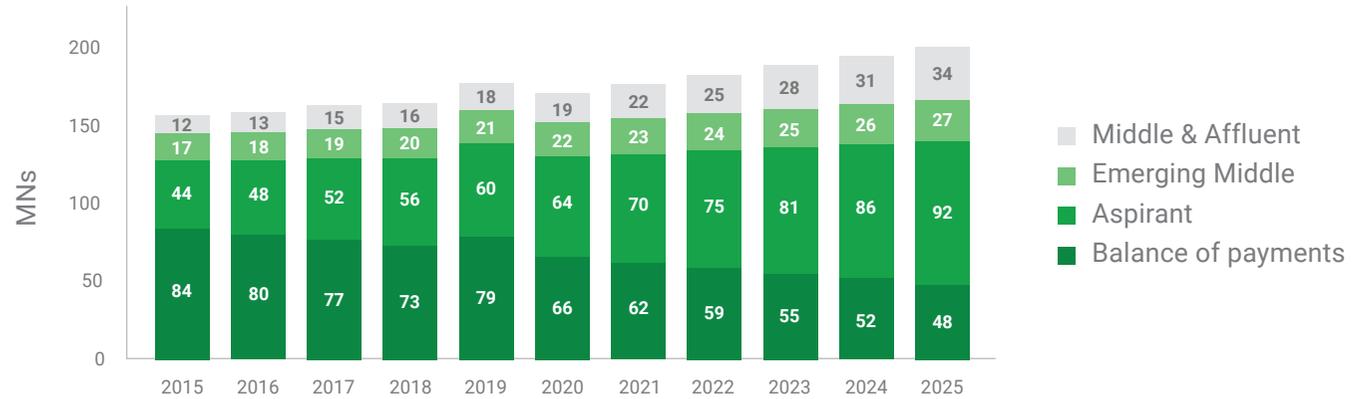
~6%
Inflation (2015-20)

Low Public Debt-GDP Ratio⁹

~36%
end 2019

Advantageous Demographics¹⁰

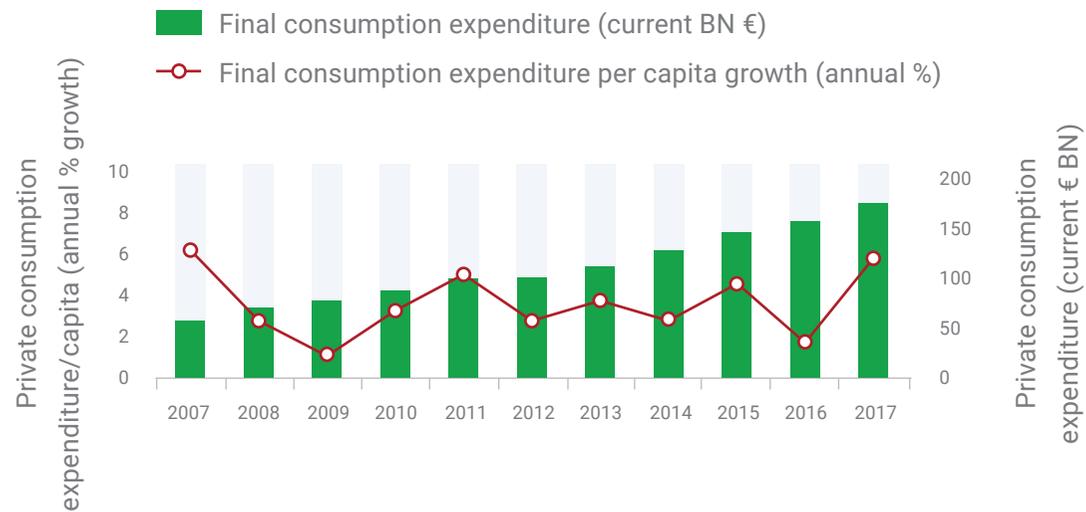
Bangladesh income-wise population breakdown



MAC = middle and affluent class. Wealth segments were defined on the basis of monthly household income: bottom of the pyramid < \$150; aspirant = \$151 to \$250; emerging middle = \$251 to \$400; established = \$401 to \$650; affluent > \$650.

Growing Consumer Spending⁸

Private consumption patterns



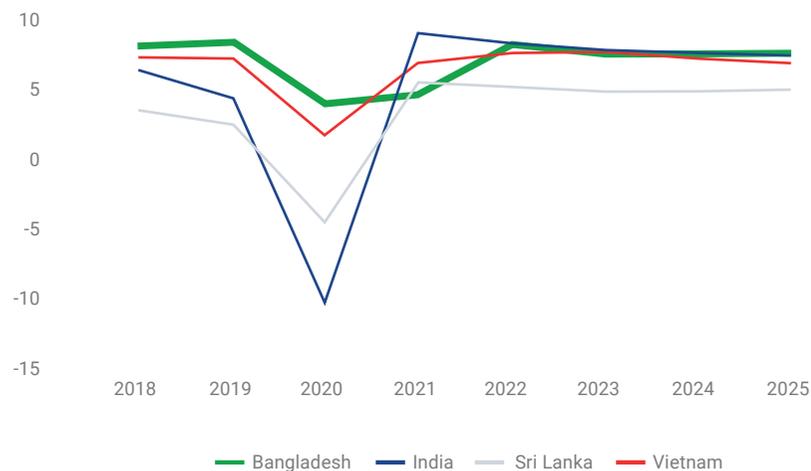
Steady Economic and Human Development Growth

▶ Bangladesh has continuously maintained high GDP growth since 2010. Strong GDP growth is forecasted to continue beyond 2020 and surpass that of regional players.

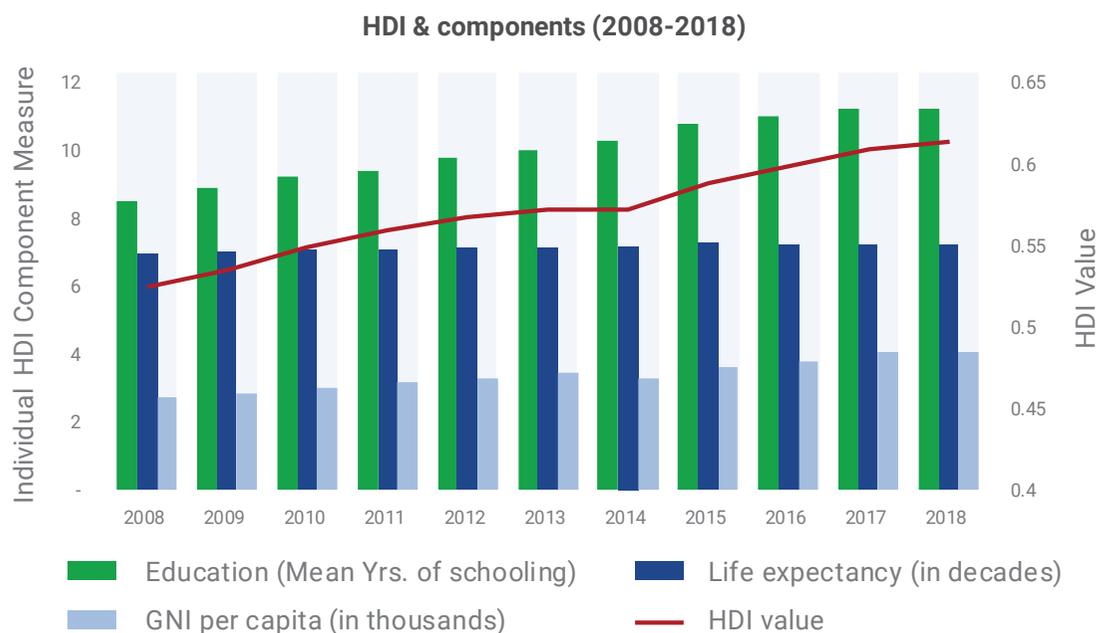
▶ Steady investment in human development led to significant gains in life expectancy and key indicators, such as women and children health, well-being, and dignity.

▶ The focus is attaining inclusive Sustainable Development.

Real GDP growth (Annual % change)⁶



Trends in Bangladesh's HDI Component Indices¹



Strategic Geographic Location & Strong Geopolitical Ties

► Bangladesh has effectively steered her economic aspirations and ties with both India and China, irrespective of geo-political realities.

► As a result, both India and China are eager to invest in Bangladesh, and FDI from these two countries have steadily increased over the last 5 years.

► China has invested over €23.98 BN since 2009, majority of which has gone to the Energy & Transport Sector.

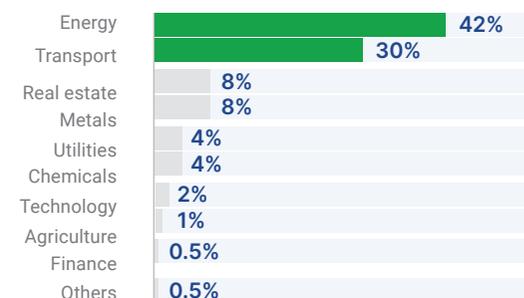
Balanced Ties, Robust Engagements with India and China^{3 11}

	 India	 China
Import Payments (2018-19, € MN)	6,000+	11,000+
Top Imports	<ul style="list-style-type: none"> • Cotton • Vehicle parts • Nuclear reactor • Boilers • Machinery 	<ul style="list-style-type: none"> • Nuclear reactor • Boilers • Machinery • Cotton • Man-made fibers
FDI Stock (End of June '19, € MN)	513+	1,710
Sectors with highest FDI in FY 2019	<ul style="list-style-type: none"> • Telecommunications • Textile & weaving 	<ul style="list-style-type: none"> • Power • NBF
Foreign Assistance (2018-19, € MN)	65.9	363

FDI flows from India & China (€ MN)³



FDI from China by Sector (% , 2009-20)³



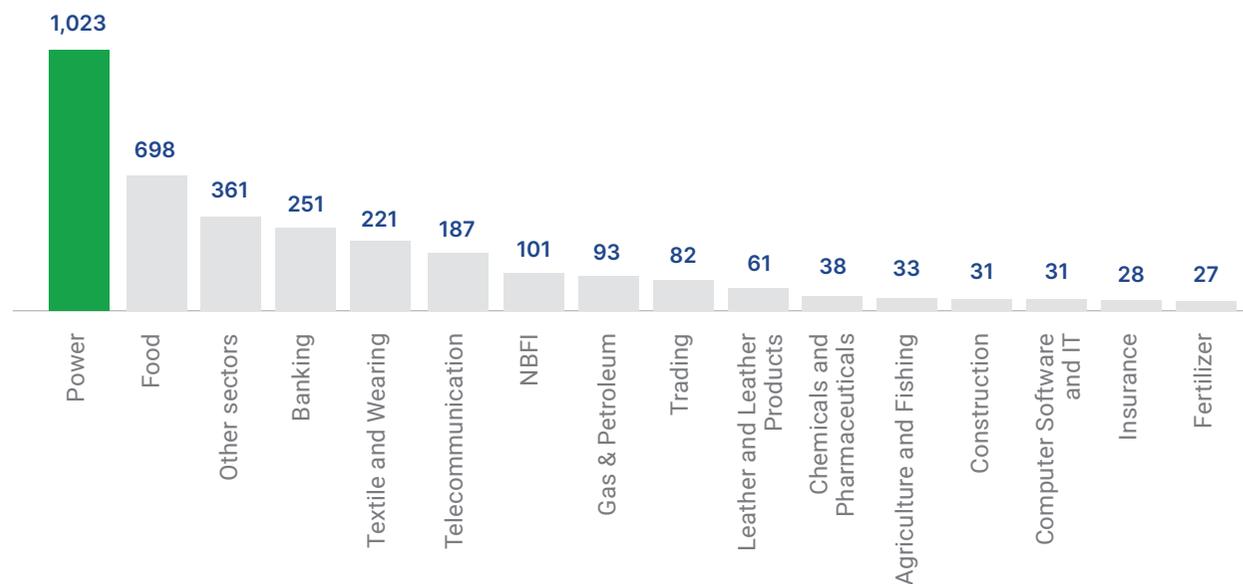
Steady Gains in Global and Dutch FDI

- ▶ The Dutch invested about €599 MN in Bangladesh Food Industry in 2019.³
- ▶ In January-March 2020, the Dutch invested €35.91 MN (Gross), out of which €6.85 MN went to Power and €5.99 MN went to Food (Gross).³
- ▶ The gains in FDI can be attributed to cost-competitive labor, policy support, and flourishing local market.

Sharp rise in FDI Inflows from the Netherlands³



Net FDI Inflows (€ MN) - FY 2019 by Sector from all Countries³



Active Steps to Improve Ease of Doing Business Rankings

- ▶ The Bangladesh Government is taking active steps to improve the Ease of Doing Business Rankings.
- ▶ Such steps have led to an increase in Doing Business Rankings – in 2019, Bangladesh improved its rankings by 8 places from the previous year, finishing at 168th.
- ▶ Actions include Bangladesh Investment Development Authority (BIDA)'s One-Stop Service, infrastructure investments, and the building of Economic and Export Processing Zones.
- ▶ Therefore, it is expected that Bangladesh will significantly improve the Ease of Doing Business rankings over the coming years.

One Stop Service at BIDA: Services Available Online⁴

- Registration
- Company registration
- Office permission
- Outward remittance approval
- Tax identification number
- Visa recommendation
- Work permit
- Slew of competitive fiscal, non-fiscal incentives

Infrastructure Investments



- Matarbari deep sea port

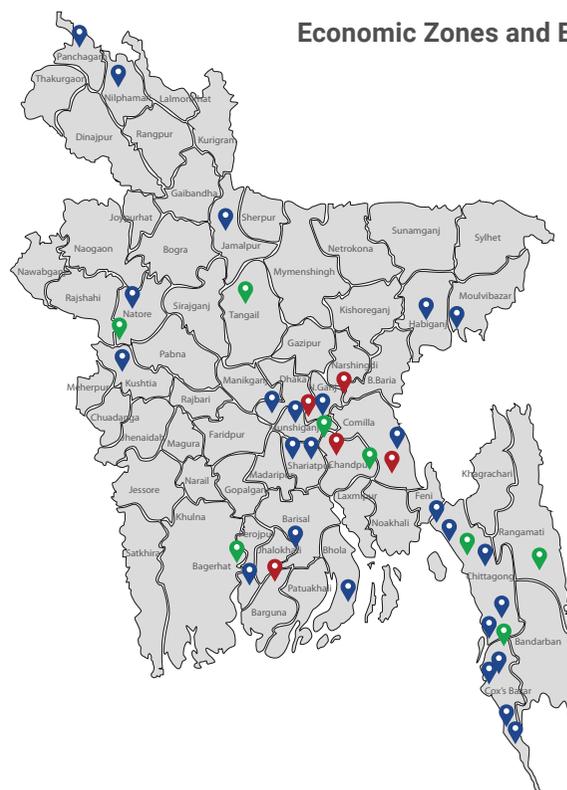


- Padma bridge



- Dhaka metro rail

Economic Zones and Export Processing Zones in Bangladesh⁴⁸

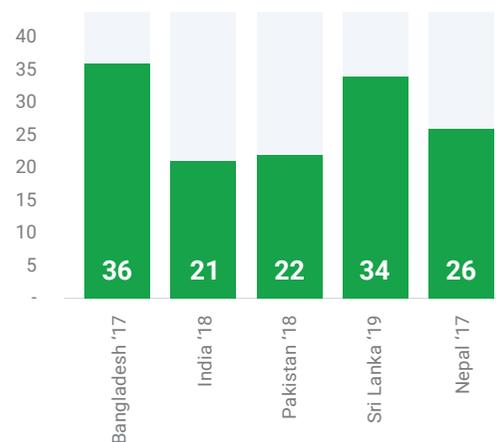


- Newly established and proposed Economic Zone
- Non-government Economic Zone
- EPZ (Export Processing Zone)

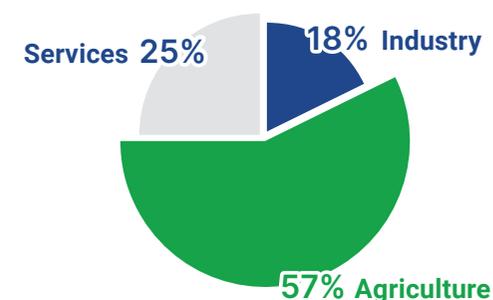
Continuously Empowering Women & Workers

- ▶ Bangladesh has the highest female labor force participation in South Asia, significantly surpassing India and Pakistan.
- ▶ Bangladesh has the lowest gender (median) pay gap amongst lower-middle income countries.⁷
- ▶ While female labor force participation has increased steadily, efforts are on to make further advancement in gender rights and education.

Female Labor Force Participation - South Asia (%)⁸



Female Workforce by Occupation - 2020⁸



Comparison: Male and Female Labor Force Participation (%)⁸

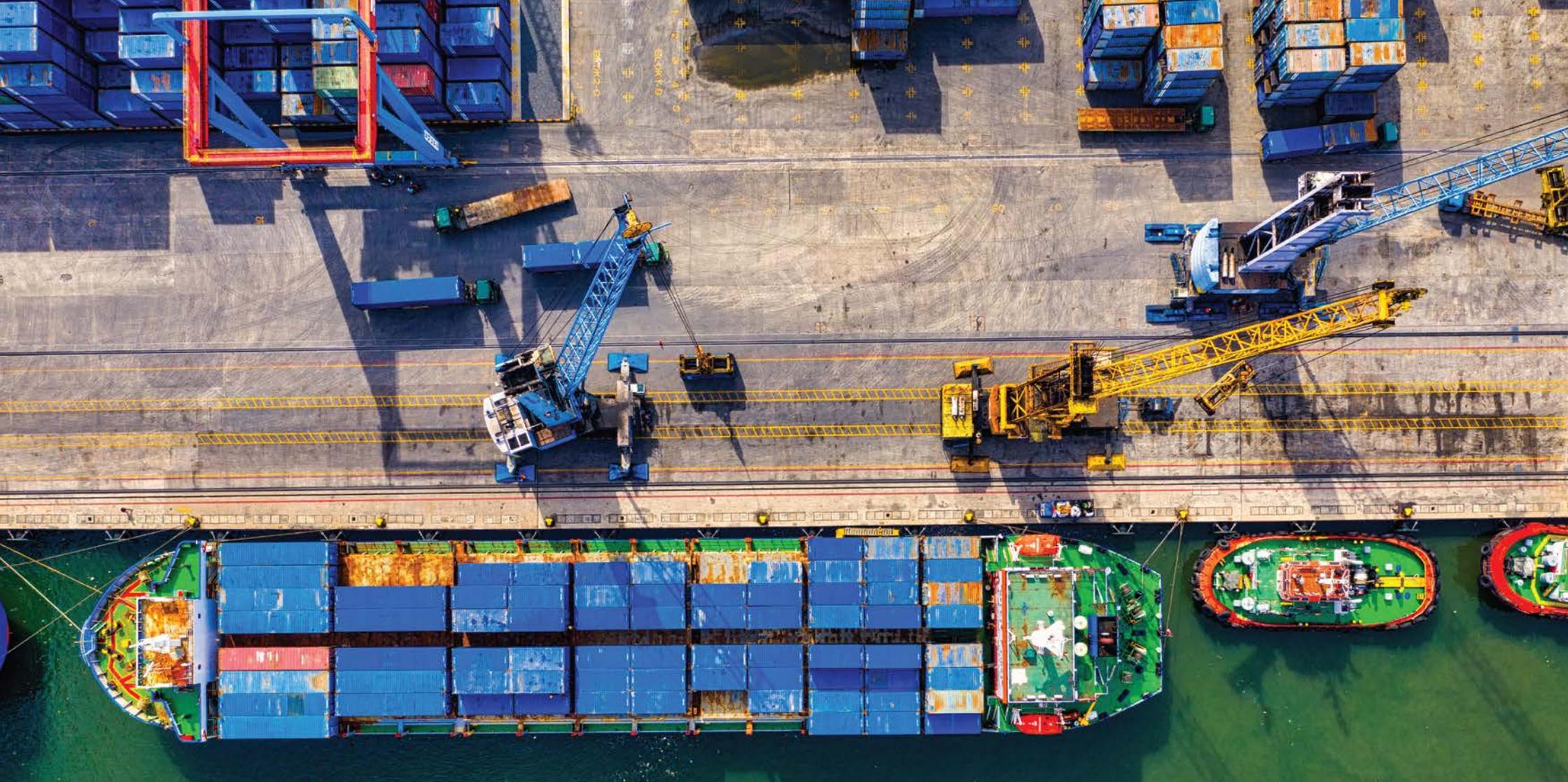


“

Bangladesh has made a lot of progress. They are not excellent, but they are still open to dialogue and make efforts for workers' and women's rights. If I compare them with Cambodia, Laos and Vietnam, Bangladesh is much more open,...

- EU Parliamentarian Zdechovsky (DW, 2020)

”



Stronger Bangladesh - Netherlands ties and engagements would form win-win, for both the deltaic nations

Strong Dutch Participation in Bangladesh's Economy

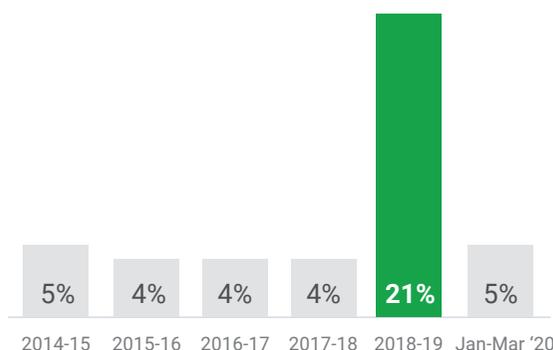
► Dutch Investors have been at the forefront of Bangladesh's Investment Scene: in 2018-19, 21% FDI was from the Netherlands.

► The Dutch have also invested in equities in Bangladeshi private companies and ventures e.g. BM Energy, Omera LPG, ACI Motors.

► Bangladesh also has a Double Taxation Avoidance Agreement (DTAA) with the Netherlands.⁴⁸

Dutch FDI Landscape in Bangladesh³

Netherland's Share of FDI Inflows (%)



In 2019, after 23 years, FMO fully divested from Dutch-Bangla Bank Ltd (DBBL) selling **4.69 MN shares¹³**

Success Stories of Dutch Investment^{12 13 14}



€ 8.09 MN

Investment from FMO (2015, 2018)



€ 12.3 MN

Investment from FMO in ACI Motors (2020)



€ 22 MN

Investment in 2015

Strong Relationship with the Netherlands, bolstered by long-standing Trade Ties

▶ Bangladesh exported €850 MN goods (July-June) in 2019-20 to the Netherlands – top exports were RMG, Footwear & Crustaceans.

▶ Imports from the Netherlands were worth €137 MN in 2018-19 – top imports were machines and transport equipment (in 2017).¹⁵

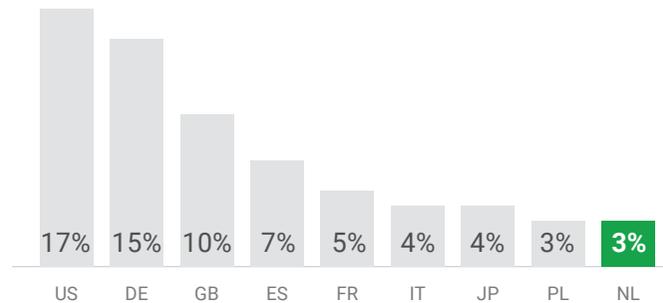
▶ Potential for increasing trade volume and diversifying import and export baskets is significant.

Top Exports from Netherlands 2019-20²



Recent Trade Trends^{2 3 15}

Bangladesh Export Destinations, by Value (2019-20)



Import Payments - Netherlands (€ MN)



Dutch Bangladesh Collaboration Areas

- Diversifying Imports
- Diversifying Exports
- Investment & Collaboration in Opportunity Areas

Opportunity Landscape for Bangladesh-Netherlands Relationship



- ▶ Strong macroeconomic outlook
- ▶ Strategic geographic location
- ▶ Continuous efforts in human development; innovative, adaptive workforce
- ▶ Advantageous demographics



- ▶ Managerial expertise
- ▶ Technical expertise
- ▶ Knowledge management
- ▶ Science and technological efficiency

Key sectors to Invest in Bangladesh



Agriculture



Jute and floriculture



Water



RMG



Livestock and fisheries



Leather



Health and pharmaceuticals



Finance and technology



Blue economy



Film and design



Handicrafts



Shipbuilding



Power and energy



Circular economy

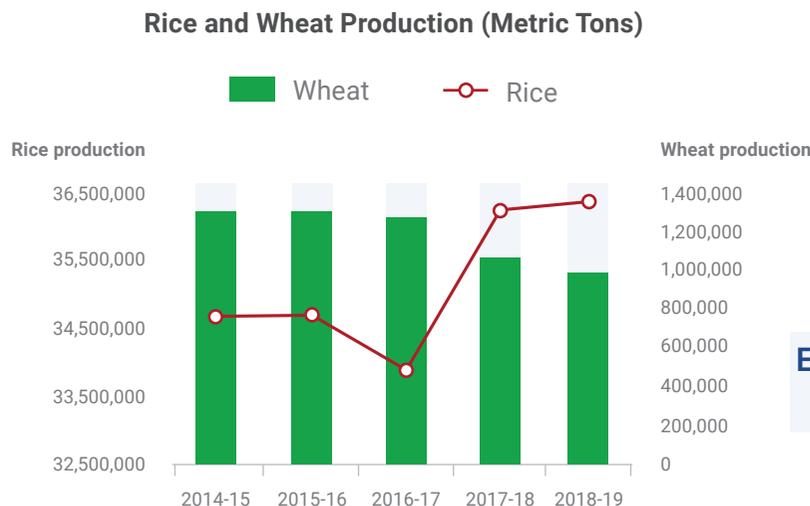


Opportunities beckon, across sectors

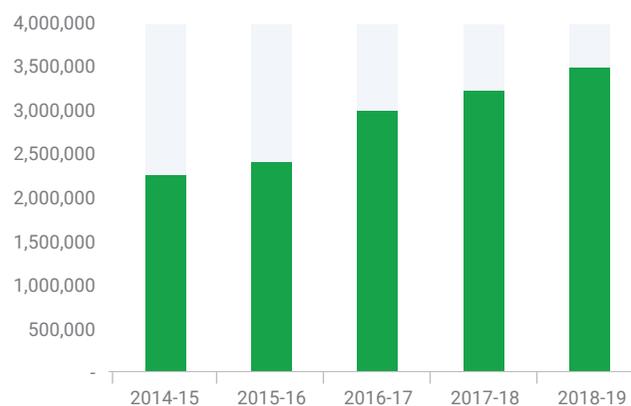
Agro-Driven Economy to Benefit from Transformation

- ▶ Bangladesh has an inherent advantage in agricultural production, given its exceptionally high fertility of deltaic soil.
- ▶ Agriculture contributes to 13% of Bangladesh's GDP while employing around ~39% of workforce.^{16 18}
- ▶ People – work-force – economy stand to benefit from greater mechanization, automation, and adoption/adaptation of climate-smart agricultural technologies.

Production Market⁵



Maize Production (Metric Tons)



2018-19 Production⁵

Mango  **2.2 MN**
Metric Ton

Potato  **9.6 MN**
Metric Ton

Estimated Size of Agro Input and Machinery Market^{16 17 18}

Seed market (2018)

€ 300 MN

Reapers (2017)

€ 685,000+

Seeders (2017)

€ 1.37 MN

Fertilizer (2016-17)

€ 600+ MN

Two-wheel tractors (2017)

€ 5.14 MN

Tech-Based Opportunities all over Agricultural Value Chain

- ▶ With geo-climatic advantages and high agricultural labor involvement, Bangladesh is yet to tap full production potential in Agriculture, as it is lagging technology and efficiency gaps in value chain(s).
- ▶ Greater Bangladesh-Dutch Agricultural Technology cooperation stands to yield greater food security, higher agricultural productivity, and labor market opportunities, for both Bangladesh and the Netherlands.

Dutch - Bangladesh Collaboration Areas



Production

01

- Crop diversification
- Climate-smart farming
- Greenhouse facilities
- Knowledge

Post-harvest

02

- Reducing post-harvest loss



Processing

03

- Agro-processing facilities
- Seedling technology

Sales

04

- Packaging
- Value adding
- Storage facilities



Case study: Mango Export to the EU

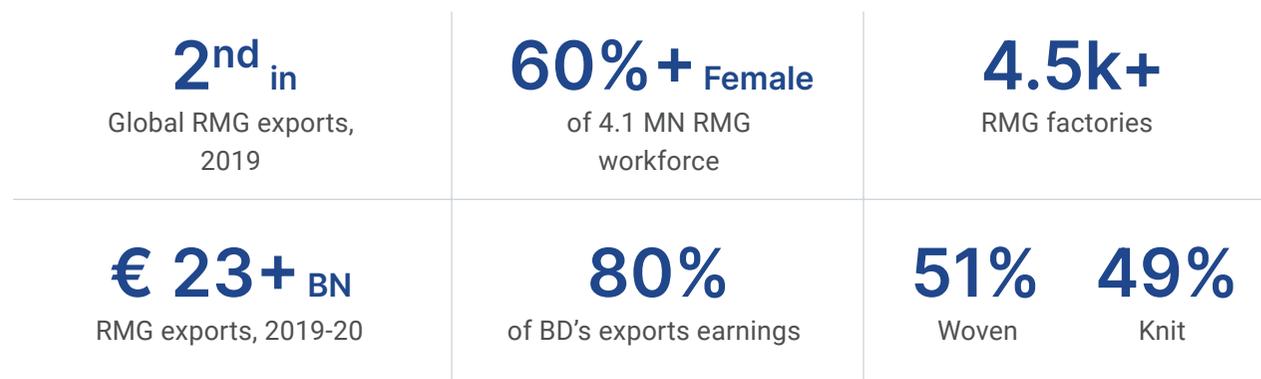


North Bengal Agro Farms Ltd. exported mangoes to Switzerland in June '20¹⁹

Collaboration with Dutch Design Hubs will Dynamize RMG Industry

- ▶ Bangladesh exported €23+ BN worth of RMG Goods in 2019-20.
- ▶ 60% of the 4.1 MN RMG workers are women, who have been significantly economically and socially empowered by the industry.
- ▶ Dutch expertise in product design, managerial efficiency, and labor safety would increase trade and labor market benefits in both countries.

RMG Export and Manufacturing Market^{20 21 22}



	 Bangladesh	 China	 Vietnam
• RMG exports 2019 (€ MN)	29.12	130.16	26.55
• Avg. cost of electricity (US cents per kWh)	9.4	12.8	12.5
• Price (\$)/SME	0.4	0.9	0.4

RMG & Total Exports (€ MN)²⁰



Dutch Bangladesh Collaboration Areas

- Product Design
- Innovation
- Managerial Efficiency
- Sustainability
- Workers' Safety, Well-being
- Environmental Safety
- Circular Economy

Blue Economy – Immense Potential for Investment

- ▶ Bangladesh’s blue economy presents a plethora of untapped opportunities, e.g., deep sea fishing, maritime transport, energy, tourism, etc.
- ▶ The ocean economy already contributes to 3% of GDP. Development of Bangladesh’s Blue Economy is also part of Delta Plan 2100, where the Netherlands is involved significantly (in conceptualization, planning, and rolling out).

Natural Resources^{23 24}

€ 1.03+ BN
Offshore oil/gas extraction

1.7+ MN Tonnes
Annual salt production



Ocean Tourism^{23 24}

€ 1.28+ BN
Annual contribution to GDP

Deep Sea Fishing^{23 24}

€ 1.2+ BN
Annual GDP Contribution

2,500 Meters
Average Depth of Bay of Bengal

Varieties of marine aquaculture

500+

	Actual (2018)	Potential
Area Used for Fishing (km)	60	660
Fish Caught (MN Tonnes)	0.7	8

Maritime Transport^{23 24}

€ 1.2+ BN
Annual Contribution to GDP

90%+
Bangladesh’s Foreign Trade is largely by Sea

Dutch Bangladesh Collaboration Areas

- Sustainable Marine Fishing
- Maritime Transport
- Riverine – Marine Logistics
- Natural Resource Extraction
- Maritime Surveillance
- Maritime Spatial Planning

Electronics & Light Engineering Industry

- ▶ Bangladesh government has very conducive policies for local assembly and manufacturing of consumer and household electronics, e.g., 50% taxes reduced for local assembly of smartphones, incentives for local manufacturing of automobiles, motorbikes, refrigerators, etc.
- ▶ Local electronics market, valued at over €850 MN, is projected to grow exponentially given rising disposable income, high consumption propensity, and young population.
- ▶ Light Engineering Sector fetched €337 MN in export earnings in 2018-2019 and produces switches, sockets, light sheds, channels, cables, compressors, electrical generators, etc.

Electronics Market^{25 27 28}

€ 340 MN+
Television market

€ 650 MN+
Refrigerator market

€ 250 MN+
Air conditioner market

€ 200 MN+
Home appliances market

Light Engineering Market^{2 25 26 29}

€ 337 MN
Export earnings, 2018-19

€ 2.67 BN
Domestic market size, 2017-18

7.5k
SMEs

Mobile Market⁴⁰

Smartphones
8+ MN

Smartphone penetration rate
38%

Conducive Smartphone Manufacturing Taxes

Locally manufactured
1%

Locally assembled
17%

Imported
34%

Dutch Bangladesh Collaboration Areas

- Product Design
- Human Resource Development
- White Labelling of Dutch Electronics
- Technology Transfer

Bicycle Industry in Bangladesh supports Higher Export Standards

- ▶ Bangladesh is the 3rd largest non-EU exporter of bicycles to the EU and the 8th largest exporter in the global market.
- ▶ In (Jul-Jun) 2019-20, bicycle export earned €71 MN.
- ▶ There has also been a boom in local cycling, which is expected to grow given the young population and rising incomes. The increase in food delivery startups has led to a increase in domestic demand.

Production & Export Market^{2 37}

<p>€ 85+_{MN} Size of domestic market - Feb 2020</p>	<p>7% Annual growth of domestic market - 2020</p>	<p>€ 71_{MN} Export earnings - 2019-20</p>
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Top Export Destinations



Popularity and interest in cycling has led to the formation of BD Cyclist, an informal community of cyclists which has **132k+** members

Success Stories³⁸



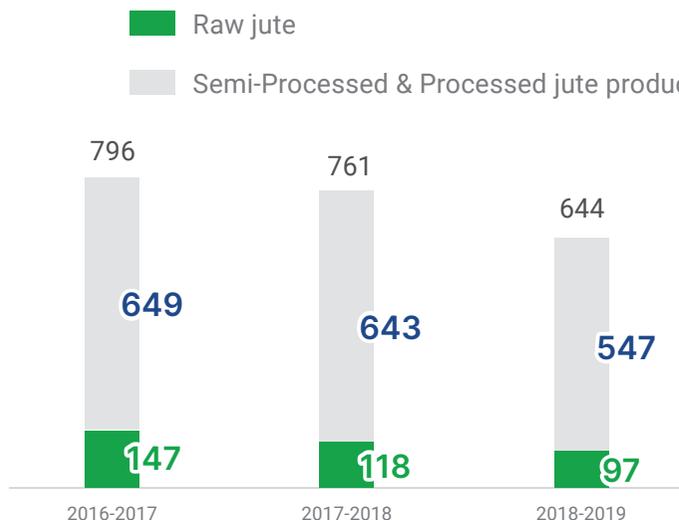
Germany's Cube teamed up with Meghna Cycles in 2018 to produce high-quality cycles, in a deal worth **€ 1 MN**

Jute: Fiber of Future

- ▶ Famously, dubbed the 'golden fiber', Jute holds immense cultural significance beyond export of raw jute.
- ▶ Bangladesh's Ganges Delta grows *Tossa*, the best quality jute in the world.
- ▶ Currently, Bangladesh's jute basket is dominated by raw or semi-processed jute products, which is utilized largely by Turkey, India, and China for finished products and later sold to the EU.
- ▶ With decoding of jute genomics underway, there is far greater potential to develop innovative, wider industrial use and applications of jute across the Dutch economy, e.g. Airbus, BMW are already blending and using jute in their product range.

Production & Export Market^{2 5 31}

Bangladesh Jute Export Earnings (€ MN)



8.5 MN Bales
(Production: 2018-19)

Export Destinations of Raw Jute^{2 31}



Export Destinations of Semi-Processed & Processed Jute Products^{2 31}



Strong Dutch-BD Collaboration to provide Direct Access to BD Jute

► Dutch collaboration in jute sector would give the Netherlands and the EU direct access to Bangladesh's high-quality Jute fibre and capitalize on meeting demand in expanding sustainable economy and emerging circular economy, globally.

Dutch-Bangladesh Collaboration Areas

- Flexible intermediate bulk containers (FIBCs)
- Dev. of innovative, climate-sensitive products
- Jute bags, paper (blended) bags
- Tubular net
- Net bags
- Film
- PP bags
- Cotton bags
- Container liners
- Jute fabrics: development of new fibre for Apparel supply chain
- Natural fibers
- Yarn & twine
- Trays & cups
- Geo-textiles

Case study: Tarango³⁰



Tarango, a women-owned SME employs victims of gender violence to produce JDPs

Livestock Consumption Rising in Tandem with Income Growth

- ▶ With a rising MAC population, Bangladesh is witnessing a fast growth in livestock rearing and protein consumption.
- ▶ The Feed market is witnessing sharp growth due to increased demand for protein consumption.

Protein Consumption³²

37.3 kg/year/capita

Avg. protein consumption, 2019

GDP/Capita (USD) & Avg. Protein Consumption/Capita (gm)



Livestock Market³²

7.7%

CAGR (2010-25)
Poultry Consumption (Broiler)/Capita

8.5%

CAGR (2010-25)
Egg Consumption/Capita

5.1%

CAGR (2010-25)
Red Meat/Capita

Feed Market³²

5-7%

Feed market growth rate, 2018-19

2.2 MN MT

Poultry feed demand

0.8 MN MT

Fish feed demand

0.5 MN MT

Cattle feed demand

Dutch Bangladesh Collaboration Areas

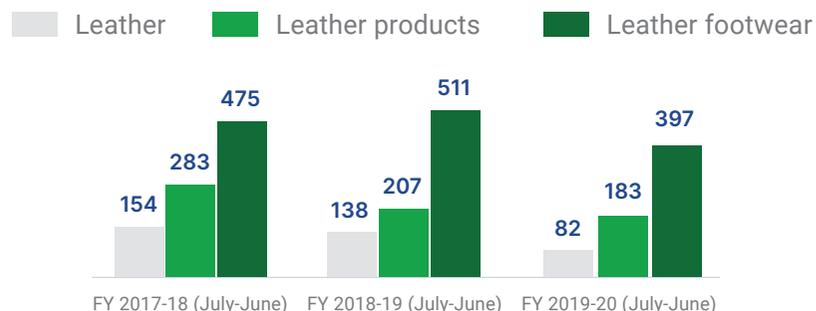
- Hybrid Meat Production
- Artificial Insemination
- Sustainable Farming
- High Quality Poultry Rearing
- Animal Feed Production
- High Yielding Varieties
- Biosecurity Solution
- Knowledge
- Animal Welfare
- Breeding
- Farm/Housing Equipment

Strong Backward Linkages in Leather Industry to create Robust Export Market

- ▶ Leather has been historically a top export thanks to significant (nearly 70 - 80%) internal sourcing of raw hide. Quality of local hide is well-regarded. Presence of an entrepreneurial class, substantial industrial workforce, and robust backward linkage have helped as well.
- ▶ The local market is maturing gradually with the presence of large conglomerates, e.g., Apex, Bata, etc., and emergence of many local brands.

Leather & Footwear Market²

Leather and Leather Products Export (€ MN)



€ 662_{MN}

Leather exports in Jul-Jun 2019-20

€ 47_{MN}

Exports to Netherlands in Jul 19 - Feb 20

€ 1.61_{BN}

Local demand - 2018

Success Stories



1

An advertisement of Apex Footwear - a sister concern of Apex Tannery Limited



2

Products from Leatherina - a woman-owned leather SME³³

Dutch Bangladesh Collaboration Areas

- ETP Assistance
- Slaughter House Improvement
- Hide and Skin
- Supply Chain Management
- Process Engineering
- Sourcing - Sustainable Use of Chemicals
- Product Design - Development
- Traceability

Dutch Knowledge, Technology and Expertise in the Water Sector could attenuate Climate Change Damages

- ▶ As deltaic nations, Bangladesh and Netherlands face similar climatic, livelihood, water management, agrarian challenges, and vulnerabilities.
- ▶ Dutch Expertise was instrumental in the development of Delta Plan 2100. This aims to dynamize delta governance through effective river dredging and river bank protection, construction of flood control structures (e.g. embankments), management of low-lying land reclaimed from rivers, lives and assets, proper utilization of low-lying areas for lives and livelihoods, particularly in the coastal belt, securing nature and livelihoods in identified climate hotspots.
- ▶ Delta Plan 2100, as approved by Government of Bangladesh (2018), embodies 80 prioritized projects. All are to be implemented by 2030, with the World Bank committing to source financing for the projects.

Water Sector in Bangladesh^{34 35}

80%

of Bangladesh is rivers and deltaic floodplains

70%

Area 1 metre from sea level

700

Rivers

4.7 MN ha

Area of water bodies

800

Species of wildlife in Ecologically Critical Areas

Water Sector: Key Challenges³⁶

50k

Households becoming homeless on avg. due to river erosion

0.4 - 1.5m

Sea level rise by 2100

1.4-1.9°C

Increase in water temperature by 2050

Wet season

Water abundance

Dry season

Water scarcity

Rainfall variability

Water logging

Delta Plan 2100: Solution to Water Sector Challenges³⁴

€ 32.1 BN

Forecasted investment, 2017-'30

65

Infrastructure projects

2.5%

GDP allocated for Delta Investment by 2030

Dutch Knowledge, Technology and Expertise in the Water Sector could attenuate Climate Change Damages

- ▶ Dredging, land reclamation, water treatment in ports and economic zones and urban water supply hold high potential for Dutch entities – Innovators – Firms – Enterprises, at par with planned activities in Delta Plan 2100.
- ▶ RMG, textile and leather sectors, for example, would need water management expertise to comply with environmental – sustainability – circular economy standards.

Dutch Bangladesh Collaboration Areas³⁵

Dredging & Land Reclamation	Water Treatment in Economic Zones	Urban Water Supply
<p>€ 1.2_{BN} Value of dredging market</p> <hr/> <p>1-1.4_{BN} Tonnes Annual sediment load</p> <ul style="list-style-type: none"> • Small scale dredging • Land reclamation • Programming for dredging • Revival of dead rivers 	<p>88 Economic Zones (EZs) approved</p> <hr/> <p>9 Export Processing Zones (EPZs)</p> <hr/> <p>3 Ports needing water facilities</p> <ul style="list-style-type: none"> • Wastewater recycling • Infrastructure deployment • Human resource training • Technical assistance 	<p>3.425_{BN L} Est. daily water demand of Dhaka in 2030</p> <hr/> <p>6 Surface water treatment plants to be built, by 2035, in Dhaka</p> <ul style="list-style-type: none"> • Construction and improvisation of water supply • Improve sanitation in city

Water Sector Opportunities in RMG³⁵

<p>€ 119_{MN} ETP market</p>	<p>€ 11.9_{MN} STP market</p>	<p>4,500+ RMG factories</p>
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Water Sector Opportunities in Leather³⁵

<p>€ 9.85_{MN} Water mgmt. market</p>	<p>165 Leather tanneries</p>
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Success Stories: IHC Royale and Damen



**THE TECHNOLOGY
INNOVATOR.**

- ▶ 40+ Dredgers, workboats and booster stations supplied since '71.
- ▶ First local service center opened in 2016 due to growing demand for maintenance and customer support.



- ▶ Operating in Bangladesh since early 1970s.
- ▶ Customers include reputed government bodies such as the Bangladesh Navy, the Bangladesh Inland Water Transport Authority, and the Chittagong Port Authority, as well as private companies.

Nascent Startup Ecosystem Empowering Youth & Attracting Global Investors

- ▶ Bangladesh currently has over 1000 startups, though the startup industry has been in existence for just one decade now.
- ▶ The startup scene has eco-system has raised €241 MN and over 50% of the deals are globally funded.

Recent Fundraising Milestones^{42 43 44}



€ 19.27 MN
from Sequoia Capital



€ 12.87 MN
from Golden Gate Ventures

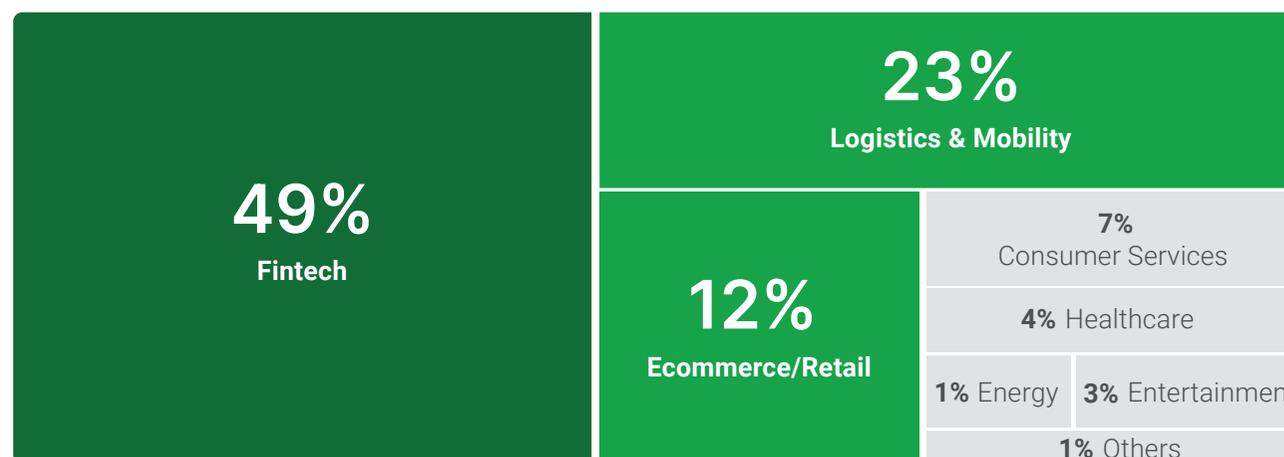


€ 10.28 MN
from Go-Jek

Startup Ecosystem⁴¹

77 Funded companies	139 Number of funding deals	74 Funding deals disclosed
241_{MN} Total funding (€)	227_{MN} Global Funding (€)	14.3 Local funding(€)

Investment Breakdown by Sector⁴¹



Dutch Bangladesh Collaboration Areas

- Technology, Training and Education
- Managerial Support
- Incubation, Mentoring
- Fund-raising
- Venture Capital

Ship Building Industry: an Area for Robust Financial and Technical Investment

- ▶ The Bangladesh Shipbuilding Industry specializes in the niche market of producing smaller vessels, below 12,000 dead-weight tons.
- ▶ Export value has increased from €4.88 MN in 2012-13 to €26 MN in 2017-18.
- ▶ Domestic demand for water vessels is steadily increasing with increasing economic activity.

Production & Export Market^{29 39}

€ 26 MN

Export earnings - 2017-18

~100

Shipbuilders - 2019

250,000 Gross tonnage

Annual production - 2019

<12,000
dead-weight tons

Avg. size of ships

~120

Shipyards - 2019

185,000 Gross tonnage

Annual production for domestic demand - 2019



Types of Vessels Made^{29 39}

- Patrol boats
- Tugboats
- RORO ferry
- Fishing trawlers
- Passenger ships
- Catamaran passenger ship
- SOLAS passenger ship,
- Bulk career
- PAX vessel
- Barges
- Landing craft
- Container vessels

Dutch Bangladesh Collaboration Areas

- Development of Shipbuilding Technology
- Supply of Parts, Components & Fittings
- Upgradation of Shipyards
- Vocational Training on Shipbuilding

Drive for Financial Inclusion has created Opportunities for DFS and MFS

- ▶ Mobile Banking and Digital Financial Services have flourished, especially due to the Covid-19 Pandemic.
- ▶ Dutch collaboration in the fintech sector will increase bankability of both urban and rural population.

Rapid Growth in Digital Finance due to Covid-19³

Factor	Annual Growth (Sept 2019 - Aug 2020)			Aug 2020
E-commerce card transactions	33% (Number)	150% (Total volume)		€ 49 MN (Volume of card transactions)
Internet banking	28% (Increase in customers)	44% (Number of transactions)	27% (Total Volume)	€ 680 MN (Volume of internet banking)
MFS account	24% (Total Customers)	20% (Female)		
MFS transactions	27% (Number of transactions)	17% (Total volume, BDT)		€ 4 BN (Volume of MFS transactions)



Dutch Bangladesh Collaboration Areas

- SME Digital Financial Services
- Digital Micro-Finance
- SME Digital Financial Services
- Digitalized Accounting Powered by AI and Data Science
- Digital Payments

Young Population Driving Growth of IT & ITES Industry

- ▶ The ICT sector has grown at a pace of 40% per annum since 2010.
- ▶ The IT& ITES Industry enjoys exemption of income tax, value added tax (VAT) and customs duty, and 10% cash incentive for exporters.
- ▶ Currently, 500,000 active freelancers are working regularly with a combined total earning of €85 MN annually.

Export & Production Market^{2 29}

40%

Per annum growth rate of ICT sector since 2010

1200+

Active companies in IT industry

€ 470_{MN}

Export earnings of telecommunications & IT

500,000+

Active freelancers

€ 85_{MN}

Combined annual earnings of 500+ freelancers

60+

Export destination countries

Major Players



Success Story⁴⁰



DataSoft Systems, an IT firm founded in 1998, has undertaken an IoT project to develop **10,000** smart homes in Japan showing the country's capability to implement the technology in developing countries

Dutch Bangladesh Collaboration Areas

- IT & ICT Education & Training
- Healthcare Technology
- Education Technology
- Transportation & Logistics

Increased Penetration of Renewable Energy will require Dutch Expertise

- ▶ The power sector has expanded its generation capacity by 4 times and customer base by more than 3 times in 2009-20.
- ▶ However, almost 50% of the capacity is supplied by coal and only 3% by renewables. Solar is the dominant renewable energy source, followed by hydro.
- ▶ Bangladesh needs more technical expertise in scaling up renewable generation and averting damage from fossil fuels.

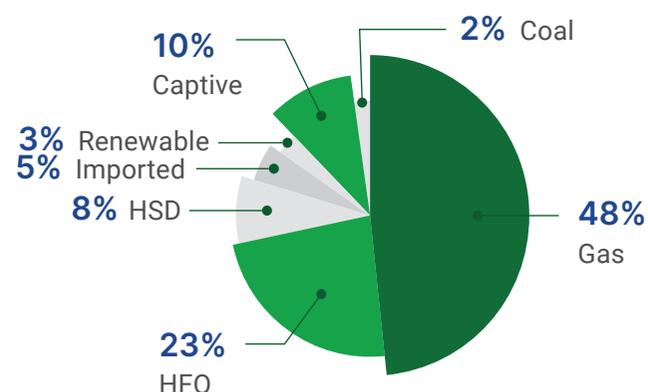
Production Market⁴⁵

23,000+ MW
Power generation capacity (2020)

138
Power plants (2020)

3%
Renewable generation (2020)

Capacity by fuel/resource type (2020)



Success story

China and Bangladesh have established a new joint venture company (JVC), titled “Bangladesh-China Power Company (Pvt.) Ltd (Renewable),” to implement renewable energy projects having a target to generate around **500 MW** of electricity.

Technology	Off-grid (MW)	On-grid (MW)	Total (MW)
Solar	327.7	88.09	415.79
Wind	2	0.9	2.9
Hydro	0	230	230
Total	330.73	318.99	649.72

Dutch Bangladesh Collaboration Areas

- Solar Power Expertise
- Energy Efficiency Behavioral Change
- Renewable Penetration Increase

Investment in Pharmaceuticals can lead to boom in Export of Medicines

► The pharmaceutical sector has a size of more than €2.1 BN and fulfils 98% of domestic demand.

► The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, valid till 2033, exempts Bangladesh from patent protection, allowing it to produce patented drugs without prior permission from the innovator.

► Under the TRIPS Agreement, Bangladesh can export locally manufactured medicines if the medicine is not patented, export to another LDC or non-WTO country that has not implemented product patent protection, and export to a country where patent holder has not filed for patent.

Export & Production Market^{2 46 47}

17.27%

CAGR of the domestic industry (2013-18)

€ 2.1 BN

Domestic industry 2018

250+

Pharmaceutical firms

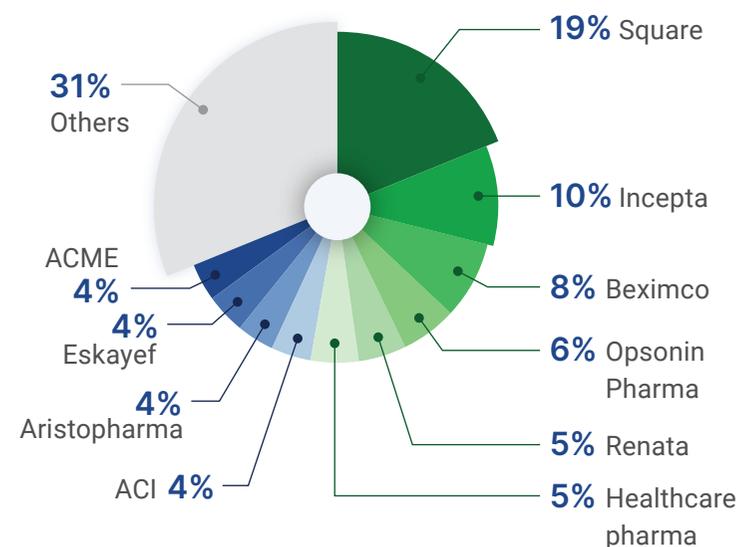
€ 115+_{MN}

Export earnings (Jul-Jun 2019-20)

Exports of pharmaceutical goods (€ MN)



Market share of pharmaceutical companies (2017, Q2)



Dutch Bangladesh Collaboration Areas

- Education & Training
- Export Expertise
- Technology Transfer

Growth of fair-trade SMEs and Entrepreneurs to Empower Rural Women

▶ The Handicraft Sector earned €41.96 MN in Exports in FY 2018-19.

▶ Female artisans are a significant force behind the growth of this industry - Bangladeshi Handicraft SMEs prospered with indigenous knowledge and innovation.

▶ There has been a growth in non-profits/fashion houses specializing in fair-trade handicrafts. Capacity development and trade support would bolster growth of this segment.

Export & Production Market²

€ 41.96 MN

Export earnings - 2018-19

Top handicraft items

- Carpets
- Rugs
- Bengal katha
- Household crafts

Prominent fair-trade Players



Basha.



Dutch Bangladesh Collaboration Areas

- Capacity Development of Rural Artisans
- Export Expertise
- Technology Transfer

Art and Cultural Products to Captivate Global Audience



Dhaka Lit Fest



Dhaka Art Summit



Pahela Baishakh and other cultural events

Lit - Art - Music Fests

Folklore

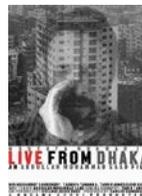
Bangladeshi films @IFFR (Rotterdam Film Fest), to date



- Dukhai (feature)



- 720 Degrees (short)



- Live from Dhaka (feature)



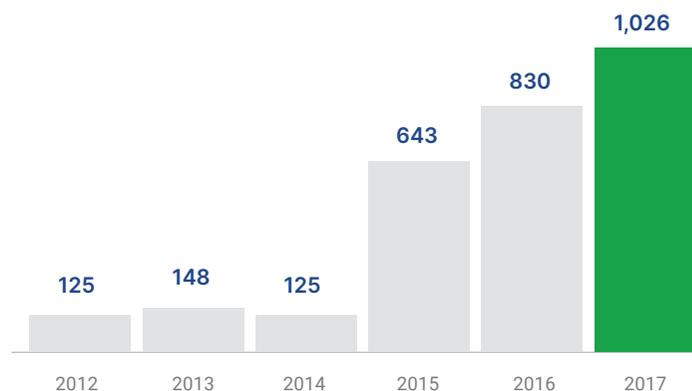
- Forever Flows (feature)

Tourism in Bangladesh – Active Sports & Scenic Beauty

- ▶ Given the boom of eco-resorts and active tourist sites, there has been a significant rise in international tourist arrivals.
- ▶ Tourists have a range of 5-star hotels and guest houses to choose from in Capital Dhaka.
- ▶ Tourist sites all over the Bangladesh, including the longest sea-beach in the world at Cox's Bazaar, offer scenic beauty and a range of sportive activities.



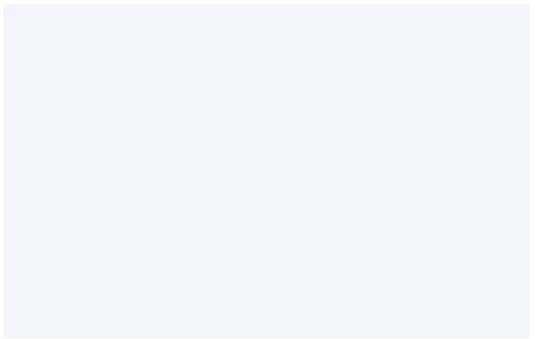
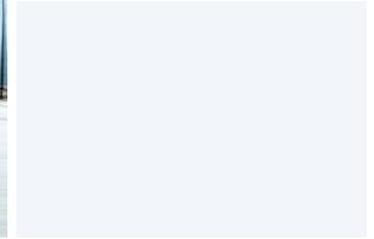
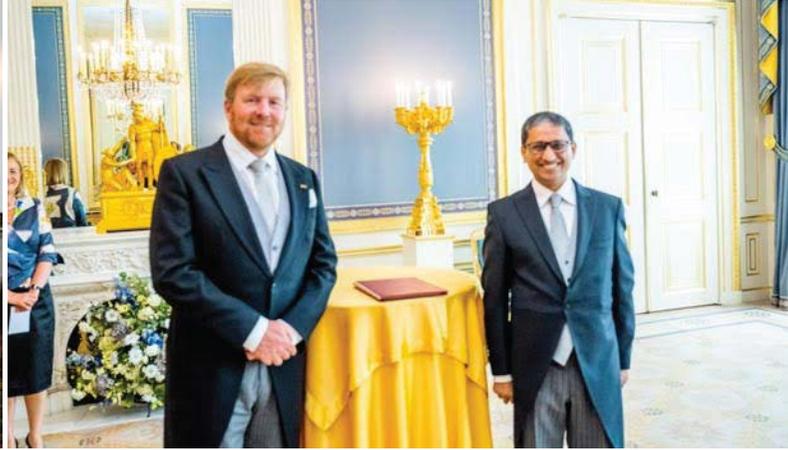
International Tourist Arrivals (Thousands)⁸



Sector-Wise Taxation and Incentives^{2 48}

Top sector	Tax rates	Incentives
Agro- processing	Varies depending on type of company and product.	12.5% cash incentives to export of frozen shrimp and fish and 20% cash incentives to export of agro processed products is given. The government has also provision for establishing mega food parks, special credit schemes and tax holidays and cash incentives (20%).
RMG and textiles	The government has kept the corporate tax for the apparel sector unchanged at 12%. For textile sector tax rate is 15%. The govt has proposed 1% cash incentives against exports to traditional export markets.	1% cash incentive on exports. The corporate tax rate will be 10% if there is a green building certification.
Footwear	Varies depending on type of company and product. i.e. leather vs non-leather.	The government is providing 15% cash incentives against the export of non-leather footwear, while a maker has to pay 56% duty. Export tariffs in Bangladesh for leather products are at 0%.
Banking and finance	37.5% corporate taxation for merchant banks and 40% for other banking and financial institutions.	N/A
ICT and ITES	Private Limited.	Tax holiday incentive for Hi-tech park; Information and Communication Technology (ICT) village or software technology zone and ICT export till 2024 plus 10% cash incentive on export.

Top sector	Tax rates	Incentives
Pharmaceuticals	Varies depending on type of companies and number of locally produced API (subject to corporate taxation).	Active Pharmaceutical Ingredient (API) industries will enjoy the benefits for more than six years up to December 2025. TRIPS Agreement to benefit until 2033.
Power and energy	6% on rental power companies.	Five years beginning from commencement of commercial production, 100% tax exemption if operations commenced after 30 June, 2016.
Logistics	10% -15% depending on type of logistics company i.e. freight forward, road transport, etc.	N/A
Real estate	15% deduction of tax from any sum paid by real estate developer to land owner (other area rates available on NBR).	N/A
Cement	Cement manufacturers are currently paying 15% VAT on the import of raw materials and 5% advance tax on the import of raw materials for cement and 3% source tax on distribution has been proposed in budget 2019-20.	N/A



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