



HOW ECONOMIC ZONES CAN BE A GUIDE FOR A DEVELOPED AND PROSPEROUS BANGLADESH?

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Abstract: The main goal in the construction of post-independence Bangladesh was to unite the people of Bangladesh and achieve socio-economic prosperity through inclusive development. It should be noted that the size of the economy of Bangladesh during the post-independence period was only \$8 billion, which is now \$330 billion. Post-independence foreign exchange reserves were nil, which is now about \$25 billion. The country was employment-free, with around 4 million people now employed in the garments industry alone. However, despite the war-torn fragile infrastructure and inadequate institutional facilities, the country's economy slowly began to move forward under the strong and committed leadership of the government. Within one month of independence, the government established the 'Bangladesh Planning Commission' in 1972. The first Five Year Plan (1973-1978) was formulated less than a year after the establishment of the Planning Commission as a guide for the country's economic progress. As a result, five-year plans were adopted in the country 8 times in total. Later in 2018 Bangladesh Delta Plan was established considering Bangladesh as a disaster prone country. At the same time, after independence, the government took various initiatives in 1972 to activate the fragile small and cottage industries. Later, Bangladesh Export Processing Zone was established in 1980 to attract foreign investment in the country and increase exports. Foreign investment flows into Bangladesh through BEPZA, the company contributing about 22% of exports. After 30 years, in 2010, the Bangladesh Economic Zone Authority was established to meet the needs of the rapidly growing economy, planned industrialization, environmental protection, achieving high productivity, increasing exports. An attempt has been made in this research to highlight the ways how

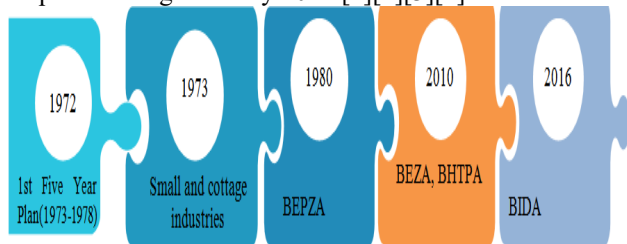
Bangladesh can be benefited as a whole through the development of economic zones in the future.

Keywords: BEZA, Economic Zones, Regional Development, Developed Bangladesh, Sustainable Development, Bangladesh and Planned Industrialization

I. INTRODUCTION:

Bangladesh Economic Zones Act was enacted in 2010 as a courageous decision of the government to meet the needs of a rapidly growing economy, planned industrialization, environmental protection, achieving high productivity, increasing exports. One of the goals of Bangladesh Economic Zones Authority (BEZA) is to change the socio-economic conditions of the country through the establishment of economic zones. BEZA has undertaken various activities to create a business-friendly environment, formulate investment-friendly policies, announce incentive packages, ensure one-stop service and identify investment development strategies and accelerate the process as per the government's decision. BEZA is implementing economic zone activities with the expectation of directly and indirectly creating 10 million jobs and producing and exporting goods worth an additional USD 40 billion annually. BEZA is working to establish itself as a world-class investment firm to develop sustainable investment and ensure quality lives and livelihoods for people. One of the objectives of the establishment of BEZA is to create a favorable working environment for investors in the economic zone through quality services and competitive incentive packages. BEZA is working to establish, license, operate and regulate economic zones with investment development, attraction and facilitation in economic zones across the country. The most tenured organization can be instrumental in achieving

the goal set by the government to build a developed and prosperous Bangladesh by 2041.[1][2][3][4]



II. PURPOSE OF THE STUDY :

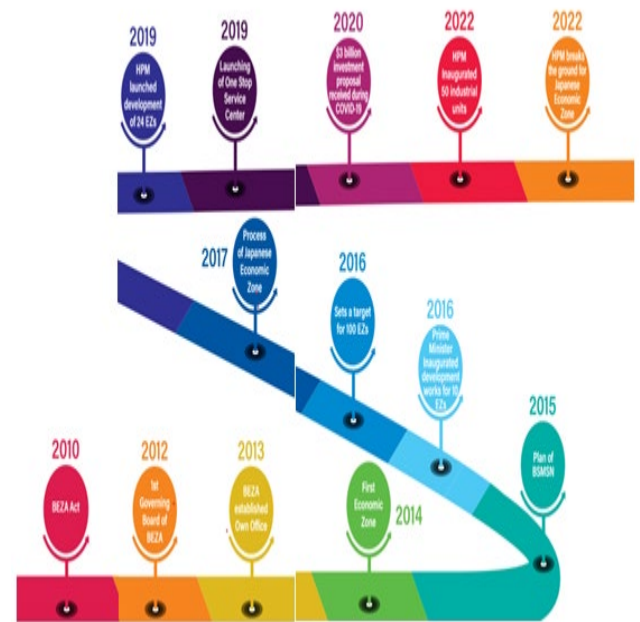
To identify what kind of changes may come in the future in the overall development of Bangladesh due to the development of economic zones and how Bangladesh can benefit from this initiative and to give an opinion on what the government should do to accelerate the development of economic zones.

III. RESEARCH DATA AND METHODOLOGY:

To prepare the research paper for “Economic Zones: Shaping the Future Developed Bangladesh” Both primary and secondary data were used. Primary data was collected through direct KII and focus groups with BEZA officials. Besides, this information has been collected from various secondary sources. After the analysis of data from BEZA and secondary sources progress of BEZA, investment promotion activities, largest industries, employment, trade and export, compliance, stakeholders, diversification industries, infrastructure development, technology transfer, skills development, regional development, revenue from the EZs, agriculture land related information has been selected to further analysis.

IV. RESULTS OF RESEARCH

4.1 Journey of BEZA: The government aims to establish 100 economic zones across the country by 2041 to achieve industrial self-sufficiency, export diversification and 10 million employments. BEZA established in 2010 but started the operational activities in 2013 towards achieving the goal. Several economic zones have already been developed in which local and foreign companies have invested. At a glance BEZA’s Journey are as follows :



4.2 Progress of Economic Zone Development: BEZA is working on identifying suitable locations for establishment of economic zones and developing necessary infrastructure to attract domestic and foreign investors. BEZA aims to create a business-friendly environment that encourages industrialization and economic growth. So far BEZA has received approval from the Governing Board for the establishment of 97 Economic Zones out of which 28 Economic Zones are under construction and 10 Economic Zones have started production and export. Where 41 industries are in production and another 50 industries are under construction. I think that if BEZA can successfully develop 30 more economic zones in the future, then it will be possible to fulfill most of the targets that BEZA has set. Because, BEPZA is securing 22% of Bangladesh's total exports by establishing 8 EPZs in the last 43 years, where the total land area is only 2200 acres. BEZA's biggest project is Bangabandhu Sheikh Mujib Shilpa Nagar, which has a proposed area of about 33,800 acres, of which BEZA already owns about 17,000 acres. If only 17 thousand acres are successfully industrialized, then according to EPZ, it will be equal to 61 EPZs, that is, Bangabandhu Sheikh Mujib Shilpa Nagar can be the address of future developed Bangladesh.[5][6] [7]



4.3 Attracting Investment: One of the main functions of BEZA is to attract both domestic and foreign investment in the economic zones. To attract investment, BEZA has been providing various incentives and benefits to investors, such as tax benefits, one-stop services for ease of doing business and ensuring utility facilities etc. BEZA has already received about \$26 billion in investment proposals, including foreign investment proposals of about \$1.5 billion. BEZA's current investment is about 4 and a half times considering EPZ. If BEPZA is able to export about 8.7 billion per annum with an investment of 6 billion after its inception, then we think BEZA will be able to produce and export products worth about 38 billion per year with the current proposed investment.[8][9]

Table 1: Direct Private investment in EZs (\$ Billion)

2021	2022	2023
2.72	3.35	3.65

4.4 Investment Promotion activities for industrialization: By developing economic zones with modern infrastructure and facilities, BEZA aims to develop industrialization in various sectors including automobiles, medicine, steel, chemicals, textiles, garments, IT and technology, agro processing and service sectors. Which will help diversify the country's industrial base and contribute more to economic development in the future. Globally renowned investors in the automobile sector of the economic zone are Japan's Honda, Bangladesh Auto Industries, Star Alliance and major

foreign investors in the chemical sector are Jinyuan, Sakata Inc., Sigwork, Bashundhara, Meghna, Berger and Asian Paints, notable among the investors in the steel sector are Bashundhara, BSRM, Nippon- McDonald's.[10][11]

4.5 Massive industrialization will develop: The sectoral contribution of industry to GDP in 1972-73 was only 10% which is now around 36%. This growth in industrialization has created employment opportunities on the one hand and new entrepreneurs on the other hand. But most of this industrialization comes from small and medium industries. Land is one of the biggest constraints in industrialization in Bangladesh, some industrial groups are able to build large industries on their own but most of the entrepreneurs could not do it due to lack of contiguous large land. Since the establishment of BEZA, large-scale industrialization has been able to reduce the land problem to a great extent. We think that in the future, the path of large-scale industrialization in Bangladesh will begin with the hands of BEZA. BEZA has already allotted land for setting up large industries to many companies including TK Group, Bashundhara Group, AESP, BSRM, Bangladesh Auto Industries Limited, Healthcare Pharma, Walton etc.[12][13]

4.6 Creation of employment opportunities: One of the objectives of BEZA is to create employment opportunities for local people and reduce unemployment and poverty by establishing industries and businesses in the economic zone. Although BEZA was founded in 2010, BEZA 's footprint at the field level began in 2013. In this short period of time, BEZA's investors have been able to provide employment to around 50 thousand people and will create additional direct employment opportunities of around 8 lakh people through existing investment proposals.[14]

Table 2: Number of direct Full Time Employment facilitated

2021	2022	2023
13,213	16,854	19,914

4.7 Facilitating trade and exports: Economic zones have been created to enhance Bangladesh's export competitiveness. By attracting export-oriented industries, BEZA aims to increase the country's exports and contribute to foreign exchange earnings. In view of this BEZA has allotted about 1132 acres of land to BEPZA and 500 acres to BGMEA for business expansion and attracting more foreign investment in the economic zone. Japanese Economic Zone is being constructed in Arihajar of Narayanganj on G2G basis. OSS Center has set up BEZA to facilitate the business of investors in this zone. Which will play a very important role in facilitating the business. Initiatives have also been taken to set up Chinese and Indian Economic Zones.[15]



4.8 Ensuring Compliance: Industries located within the economic zone are doing better to ensure environmental and labor standards. This includes regular observation and monitoring to maintain a sustainable and socially responsible business environment. To ensure compliance in factories in the economic zones, BEZA has established an Environmental and Social section where environmental and social experts and counselors are assisting investors and workers in ensuring compliance. If compliance is ensured, it will play a role in improving our overall environment due to unplanned industrialization in the future.[16][17]

4.9 Coordination with stakeholders: BEZA is working together with various government, private sector organizations and other stakeholders to create an enabling environment for investment and industrial development in the economic zone. BEZA is a successful organization working to ensure quality service by bringing all utility service providers of the government under one umbrella.[18]

4.10 Industrial Diversification: To ensure the economic balance of any country, it is necessary to establish diversified industries because the country as a whole may suffer due to over reliance on one industry if the global situation is turbulent. Considering Bangladesh's export income, most of the income is from the garments sector, which accounts for 82 percent of exports. Therefore, emphasis should be placed on industrial diversification. As per BEZA's existing investment proposition, we can look at diversified investments such as steel, chemicals, pharmaceuticals, agriculture, textiles, automobiles, etc. BEZA is allocating land with a focus on diversified investments that will play a role in ensuring economic balance in the future.[19]

4.11 Infrastructure development: Development of economic zones requires planned infrastructure including communication networks. This infrastructural development not only supports activities within economic zones but can also benefit the surrounding area. For example, the development of Bangabandhu Sheikh Mujib Shilpa Nagar has supported the infrastructural development of the surrounding area. Bangabandhu Sheikh Mujib industrial city development will benefit Chittagong region along with hill districts. People from backward hill districts in particular will be involved in employment which will support inclusive development. Apart from this, as a result of the development of Japanese, Jamalpur, Srihatta, Maheshkhali Economic Zones and Sabrang Tourism Park, the socio-economic conditions of the surrounding areas have started to change.[20]

4.13 Agricultural land will be protected: One of the objectives in setting up economic zones is planned

industrialization. The contribution of the industrial sector to the GDP in Bangladesh is gradually increasing. It is known from various sources that agricultural land is decreasing by 0.43 percent annually due to urbanization and industrialization in Bangladesh. Most of the economic zones are being built on the land raised by the sea or river or on single crop land. I think that if there is planned industrialization in the future, agricultural land will be saved which will play an important role in the overall development of agriculture.[25]

4.12 Technology Transfer: Naturally, when foreign companies invest in economic zones, they bring in the latest and most advanced technologies and Bangladeshi workers gradually become familiar with them, thereby facilitating knowledge transfer to local industries. This can increase the overall technological capability of the country. BEZA is establishing economic zones on the basis of joint ventures or agreements with governments such as Japanese, Chinese and Indian economic zones that will help transfer technology to Bangladesh.[21]

4.14 Skill development: The focus is on developing skilled manpower to meet the industrial needs of the economic zones. which can have long-term benefits by improving the overall skill level of the country's labor force. BEZA has undertaken to train 22,000 people, an initiative that could play a vital role in sending skilled manpower out of the country. In addition, the National Skill Development Authority and BEZA will work together to provide skilled manpower to meet the needs of investors in the future, which will attract foreign investment.[22]

4.15 Regional Development: Economic regions are generally located in backward or underdeveloped areas. Economic zones will play an integral role in the development of backward or underdeveloped areas. Economic zone development can help reduce regional disparities and promote more balanced economic growth across the country. BEZA is developing economic zones in various areas including Jamalpur, Sirajganj, Bagerhat, Cox's Bazar which will help in increasing the per capita income and employment of the backward areas.[23]

4.16 Government revenue: Economic zones can contribute significantly in the future to the increase of taxes, fees and other revenue of the government. In future, additional revenue from economic zones can be used for government infrastructure and social development projects. I think economic zones will be one of the main sources of government revenue in the future.[24]



V. CONCLUSION:

In the future, necessary cooperation from all departments of the government should be enhanced to transform BEZA into a viable investment promotion agency. If the allocation of funds from the regular budget of the government is ensured for infrastructure development in economic zones, BEZA can be a leading investment promotion organization for developed and prosperous Bangladesh.

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