

Unstoppable Bangladesh

Bangladesh's progress has been remarkable. And forecasts suggest that it's just getting started.

Bangladesh is a quiet success story. Since becoming independent in 1971, it has steadily progressed from the second-poorest country in the world to being proclaimed “a model for poverty reduction” by the World Bank, all while remaining democratic and committed to protecting human rights and the environment.

From 2010 to 2020, Bangladesh achieved the world's highest cumulative GDP growth. In a decade and a half, it lifted more than 25 million people out of poverty. Last year, the UN confirmed that Bangladesh would graduate from the least developed countries category by 2026, making it just one of a handful of countries to do so. But the nation's ambitions remain as strong as its momentum. According to government plans, the country is on track to become a developed nation by 2041.

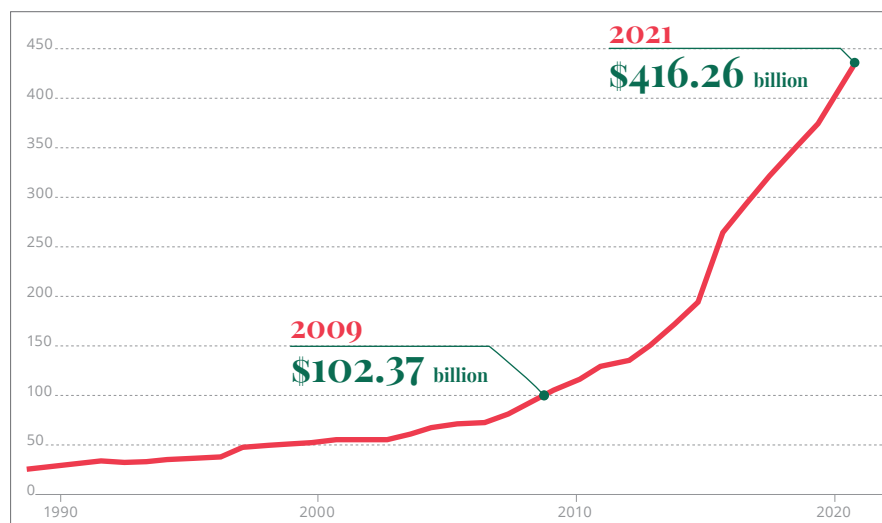
Infrastructure is one of the keys to unlocking more growth, and the government has committed \$40 billion to help finance its development. The recently inaugurated Padma Bridge is a powerful symbol of what's to come. The 3.7-mile road and rail bridge connects



The National Martyrs' Memorial in Dhaka, Bangladesh.



Scan to view the Padma Bridge in Augmented Reality.



GDP (current US\$) - Bangladesh. Source: World Bank national accounts data, and OECD National Accounts data files.

“Bangladesh is a secular country with a zero-tolerance policy against terrorism.”

SHEIKH HASINA
PRIME MINISTER OF BANGLADESH

lesser developed areas of the country with the capital, Dhaka, and is predicted to boost GDP by around 1.23% per year. The government is actively welcoming foreign investors and businesses to partner in more transformative infrastructure projects.

The Bangladeshi economy is also primed for continued export growth. Besides being home to the world's second-largest ready-made garment sector — exporting more than \$30 billion worth of fashion each year — the country's leather, jute, IT services, pharmaceutical, agriculture and high-tech export sectors are all on the rise. The Asian Development Bank forecasts GDP growth of 6.9% in 2022 and 7.1% in 2023.

Demographics are another tailwind for the world's eighth-most populated country. The median age in Bangladesh is 27.9, compared to 38.1 in the US, 38.4 in China or 44 in the European Union. Its young, digitally savvy population not only signifies a booming domestic market, but vast human resources that can work towards solving some of humanity's most pressing problems.

“The opportunities for high ROI make now the best possible time to invest in Bangladesh.”

PROF SHIBLI RUBAYAT-UL-ISLAM
CHAIRMAN OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Despite its macroeconomic stability, open economy and abundant opportunities, Bangladesh has comparatively lagged in terms of foreign direct investment. According to UK firm Lloyds Bank, much of this is due to negative misconceptions. However, Lloyds argues that its strategic geographical position, natural resources, strong domestic consumption, private-sector-led growth, strong foreign currency reserves and recently simplified laws for foreign investors make Bangladesh a compelling candidate for investment.

COMPARATIVE STRENGTH

Source: World Bank (2021)

\$2,503

GDP per capita
in Bangladesh

\$2,277

GDP per
capita in India

Combat National Stereotypes

Rethink Bangladesh

Bangladesh's transformation in recent decades has been tremendous. But many people's ideas about the country remain firmly stuck in the past. As clichés abound, it's time for a refresher on the current realities of the flourishing Southeast Asian nation.

➤ Bangladesh is short on energy

FALSE. Bangladesh has increased its total power generation capacity to 25,700MW—significantly higher than the current peak demand of 15,000MW. While the country has enacted power-saving measures to cope with the global energy crisis, a handful of new coal-fired power plants will ramp up or begin operations in September to further ease pressures and prices.

Bangladesh is also a natural gas producer, with significant opportunities for off-shore gas exploration as well as renewables development.

➤ The Bangladeshi population is uneducated

FALSE. In a country of over 18 million primary school students, Bangladesh has achieved both near-universal (98%) primary enrollment and gender parity, according to the US Agency for International Development. World Bank data shows rapidly increasing literacy rates too, at 75% in 2020, up from 29% in 1981.

Meanwhile, more than 14% of the adult population now holds a bachelor's degree, jumping from 5.7% in 2011.

➤ Bangladesh is plagued by deadly natural disasters

NOT REALLY. Although Bangladesh is prone to floods and cyclones, the country is highlighted as a trailblazer in terms of disaster risk reduction. While the population has tripled in less than six decades and most people still live in risk areas, deaths from natural disasters have plummeted.

As many as 500,000 died in the 1970 Bhola Cyclone, but the comparable 2020 Amphan Cyclone saw a death toll of 26, according to the Red Cross. How? With a multi-layered early warning system, modern forecasting, more than 5,500 multipurpose cyclone shelters and a massive volunteer network. For the past five years, 8.8% of the national budget has been spent on disaster risk reduction.

➤ Most people in Bangladesh go hungry

FALSE. While hunger remains a concern in Bangladesh, the country has made major strides in pulling millions of people out of situations marked by food insecurity.

Today, its Global Hunger Index (GHI) rating is 19.1, marking a massive improvement from 2000, when the rating was at 34 (higher GHI numbers signify more hunger severity). The hunger index shows that access to food in Bangladesh is significantly better than in neighboring India (with a score of 27.5) and similar to the levels in Nepal or Guatemala.

In stark contrast to the massive famine in 1974 — one of the worst of the 20th century — Bangladesh has organized its agricultural system to become a major exporter of food staples like fish, vegetables and rice.

➤ Unsafe working conditions prevail in the garment industry

NOT ANYMORE. The deadly 2013 Dhaka garment factory collapse was a wake-up call for regulators. Since then, Bangladesh's garment industry has undergone a vast structural transformation. The disaster led hundreds of foreign brands to sign the Accord on Fire and Building Safety or the Alliance for Bangladesh Worker Safety.

Committees were formed to regularly inspect whether workplaces were compliant. Many issues were discovered, with the majority successfully addressed. Still, within five years after the disaster, factories that joined the safety agreements terminated work with more than 200 suppliers, while the government shut down 513 factories for safety violations. Millions of workers have now received safety training, the government more than doubled the minimum wage and the garment sector went from having no unions to more than 1,100.

H.E. SHEIKH HASINA
PRIME MINISTER
OF THE PEOPLE'S
REPUBLIC OF
BANGLADESH



“Innovation and Entrepreneurship are at the Heart of my Development Vision”

Sheikh Hasina and her nation have defied the odds. Under her strong leadership, Bangladesh solidified itself as a stable democracy while drastically improving its citizens' quality of life. She's also claiming Bangladesh a seat at the global table, speaking out for justice and the urgent need to deal with climate change.

What are the driving factors behind Bangladesh's growth?

I grew up witnessing my father, Bangabandhu Sheikh Mujibur Rahman, and his commitment to people, democracy and human rights. Following in his footsteps, this government always sets short, medium and long-term development targets. We cherish the fundamental values of democracy and put the fulfillment of basic needs and flourishing at the center of our policies and programs. Our robust agriculture sector, steady export growth, increasing worldwide connectivity and political

stability have all been contributing factors. But the power of democracy, government continuity and strong socioeconomic policies and programs have been fundamental.

What's the state of Bangladesh's relationship with the US?

The US-Bangladesh relationship is based on our strong commitment to democracy. We have a very strong people-to-people connection, with the US as our second-largest source of remittances. However, we were frustrated when Major Rashed Chowdhury got shelter in the US,

who is convicted of the barbaric killing of our Father of the Nation along with his 18 family members in 1975. Both countries attach utmost importance to the norms of democratic principles and respect for human rights. Hence, we expect his immediate extradition. Bangladesh recognizes the US as a strategic partner and, given our geographic location, I believe the US also considers Bangladesh as a country of strategic importance. We are committed to working on issues of mutual interest to take the existing bilateral relations to the next level.

Which policies have been the most successful in combatting poverty?

My father started social safety net programs immediately after our independence. He allocated lands to the landless, homes for the homeless, free education, and free medical treatments for people living under subsistence levels. Guided by his principles, we focused on achieving inclusive growth, particularly empowering the people living under the poverty line. We've had remarkable success in improving literacy, life expectancy, food production, water and sanitation, and reducing infant and maternal mortality rates. We are investing heavily to improve human

capital in our less advantaged segment to lift people out of poverty and empower them to emerge as real economic agents. Policies around the digitization of the economy, mechanization of agriculture and promotion of agro-based industries have also facilitated our economy's structural transformation for inclusive economic growth and poverty reduction.

"Had it not been impacted by climate change, our GDP could have grown at the rate of 10% plus for decades."

How do you think about infrastructure?

We are not only concerned about our own peoples' comfort, but have extended our attention to building a prosperous South Asia by establishing air, rail, road, inland water, and maritime connectivity with the neighboring countries and the greater Indian and the Pacific Ocean regions. The projects, which we evaluate for feasibility, environmental and social aspects, also enhance our business ecosystem.

What about investment in infrastructure or otherwise?

Innovation and entrepreneurship are at the heart of my development vision for my country. We promote free market enterprises and want entrepreneurs to make Bangladesh their home turf. We have a very liberal tax policy, and we lower corporate taxes and other fees to generate generous public goods. We have a number of mega infrastructure development projects, which will be opened gradually. We offer investment opportunities in any sector without a cap on the amount or percentage of equity. Our law ensures complete protection for foreign investors. The first private investment in the power sector was from the US (AES Corporation). In our energy sector, the US company Chevron has been our longest-serving partner.

How did Bangladesh handle the COVID-19 pandemic?

Bangladesh secured the top position in countering the pandemic in South Asia and fifth in the world, according to the Nikkei COVID-19 Recovery Index. This could not have happened without strong

digital infrastructure. We conducted school, government activities and even held court online. We took immediate steps to combat the virus and quickly formulated programs to support the economy and vulnerable segments of the population. Our economy continued growing even throughout 2020.

What is the role of tech and innovation in Bangladesh's growth?

We are laying the groundwork for a dynamic ICT sector. Our first mission of making Bangladesh a digital country has been achieved. For a brighter future, we have adopted a new program known as 'Smart Bangladesh.' We are establishing universities in every district of Bangladesh and technical and vocational institutions in every county. We are encouraging our young people to innovate rather than imitate. We want our young people to be entrepreneurs and give a high priority to start-ups.

How is your administration dealing with climate change?

We are building a sustainable and resilient delta for future generations while securing a balance between food security and energy security without compromising the ability to cope with the adverse impacts of climate change. My government mainstreamed climate change in our national development policies. In 2009, we became the first developing country to have a comprehensive climate plan. We also established our own national climate finance mechanism with our own resources. Bangladesh also has the world's most extensive solar home system, covering almost 20 million people, and is globally acclaimed for its impressive record in disaster risk reduction. A large chunk of our development budget is channeled into addressing climate change. Had it not been impacted by climate change, our GDP could have grown at the rate of 10% plus for decades, fulfilling the development aspirations of 165 million people. Bangladesh is not responsible for climate change. So, it is our right to seek preferential and unconditional access to green climate technologies. We urge the developed countries to remain faithful to financing commitments under the Paris Accord and then scale it up further for a net zero future.

BIO

1947

Born in East Bengal (then Pakistan). Her father led the campaign for Bangladesh's independence in 1971 and became the country's first leader until his assassination.

1981

Elected president of the left-of-center Awami League while living in exile in India. She returned to Bangladesh and served as the leader of the opposition.

1996

Elected Prime Minister of Bangladesh and became the first PM since independence to complete an entire five-year term, serving until 2001.

2009

Became PM for a second time. Since then, she has won three consecutive elections.

Steady Returns from Steady Growth

Amid global turmoil, Bangladesh's capital markets have been marked by stability and optimism.

Since taking the helm of the Bangladesh Securities and Exchange Commission (BSEC) in 2020, Prof Shibli Rubayat-Ul-Islam has been busy modernizing Bangladesh's burgeoning capital markets. He is fast-tracking the development of the bond and derivative markets; preparing the launch of Bangladesh's first commodities exchange to manage supplies and logistics; implementing global regulatory standards; and harnessing cutting-edge technology to restructure the capital market and enhance security.

Even though Bangladeshi capital markets are still maturing, Prof Shibli aims to leapfrog to create "one of the best digital capital markets in the world." The strength of Bangladesh's markets, however, has already been demonstrated. Take Bangladesh's leading index, the DSEX, as an example. This year, it has been marked by stability amid global volatility, avoiding bear market territory on the latest drawdown and outperforming even its American peers.

This year, the chair of the BSEC was also the first Bangladeshi to be elected Vice-Chairman of the International Organization of Securities Commissions (IOSCO) for Asia Pacific. In his role, he says he's pushing the organization that regulates the world's securities and futures markets to adapt to the fast-changing world of cryptocurren-

cies and blockchain technologies by laying down rules to help all market participants. Already in 2013, the BSEC was elevated to an 'A' category member of IOSCO for its capital market reforms.

Meanwhile, Prof Shibli leverages his authoritative voice to highlight mutually beneficial investment and partnership opportunities in Bangladesh to the international community. "My intention is to protect Bangladesh and help it grow further on the back of the stable growth we have had for the last 12-13 years," he explained.

\$2.56 billion

Foreign Direct Investment (FDI) inflows in 2020. Source: UN

Q: What opportunities does Bangladesh offer US investors?

Prof Shibli: Bangladesh's opportunities are still not well known, but the government of Bangladesh is business-friendly and the return on investment is unmatched. We want US businesses to join us as partners, not as aid or loan providers. Bangladesh needs investments in energy, roads, rail and shipping. We have a huge delta, and the blue economy is full of potential, as is renewable energy. The ready-made garment sector has been the best investment for the last two decades – it's become the second largest in the world and continues to see



PROFESSOR SHIBLI, RUBAYAT-UL-ISLAM, CHAIRMAN, BSEC.

"We want US businesses to join us as partners, not as aid or loan providers."

PROFESSOR SHIBLI
RUBAYAT-UL-ISLAM
CHAIRMAN OF THE BSEC

25% growth. But the export basket is expanding. For instance, Bangladesh once imported around 99% of its medicines, but today imports make up 1.5%, and we export to 42 countries. Industry is also moving in, including manufacturing plants from Samsung and Hyundai. Bangladesh's domestic market has 170 million people – any product is sellable because it's the

size of England, France and Italy combined.

Q: What's it like doing business in Bangladesh?

Prof Shibli: Before they arrive, visitors often have certain ideas that change after they get to know the country. I know ambassadors who cried when they were first appointed here and cried again when they were transferred elsewhere. The people here are incredibly welcoming. I know a Chinese investor who has been here for 25 years, making good money in the garment sector and now wants to expand into fish and seafood exports. This is how it is with most investors in Bangladesh: they never want to leave.

FOCUS ON WALTON

Corporate Pride

Walton is an electronics juggernaut that's setting a new standard for manufacturing. It's already revolutionized consumption in Bangladesh, and now it's going global.



Walton's spectacular growth runs parallel to that of its country of origin. Before the company began manufacturing its first refrigerators in 2008, the appliances were essentially luxury products in Bangladesh. Fast forward to today, and fridges have become commonplace in the homes of the increasingly prosperous local population, with the market growing tenfold in the last 10 years.

The company, the first Bangladeshi manufacturer of mobile phones, compressors, air conditioners, televisions, laptops and elevators, has likewise helped those products take similar journeys in the domestic market.

Beyond taking Bangladesh's electronics and appliance market from import-oriented to self-reliant, Walton has big plans for the rest of the world. Already the company, with a workforce of more than 30,000 employees and 700 acres of production space, is making moves to become a global leader by 2030.

In 2020, the Bangladeshi electronics giant struck a

deal with an undisclosed US mobile phone brand to supply its smartphones. In April 2022, it acquired three European compressor brands.



This year, it also opened a groundbreaking research and development center in South Korea. In total, Walton has a presence in 40 markets, with the strongest market penetration in Southeast Asia, the Middle East and West Africa. Its aim? Not only to expand its business and offer high-quality products, but to solidify Bangladesh as a giant in the high-tech industry.



Scan to view this Walton product in 3D and AR.



Q&A


GOLAM MURSHED

MANAGING DIRECTOR & CEO, WALTON HI-TECH INDUSTRIES PLC.

What role does Walton play in the Bangladeshi economy?

Walton saves enormous amounts of foreign currency by producing import substitute products, creates significant employment along with backward linkage industry and contributes to export earnings. And we expect that our market growth will increase to over 25% year on year in 2023. However, the most important is country branding. Walton is branding Bangladesh as a country of electronics and high-tech manufacturing.

more energy-efficient products. At the same time, we use environmentally friendly refrigerants in our compressors and are implementing more renewable energy for our production.


"Walton is branding Bangladesh as a country of electronics and high-tech manufacturing."
How much of a priority is environmental sustainability?

Walton is very much committed to protecting the environment. We don't use hazardous substances that harm the environment. Walton is also the first enterprise in the world to successfully implement Hydrofluorocarbon (HFC) and Hydrochlorofluorocarbon (HCFC) phase-out projects. Less energy consumption means less environmental pollution, which is why Walton also continues to produce

What role does innovation play in your company's strategy?

We design and develop our products according to consumers' needs. We introduced Bangladesh's first smart refrigerator, television, air conditioner, voice command television and Google-certified Android television. At the same time, we made the world's first offline voice command air conditioner and the first-ever air conditioner that features Bluetooth, air plasma and 3-in-1 converter technology. We've had a strong research and development department from the very beginning. Without innovation, no enterprise can be sustainable.