



Seminar on Bangladesh Investment, SEOUL

JV project potential in Bangladesh AKSEZ's, Danga, Polash, Dhaka

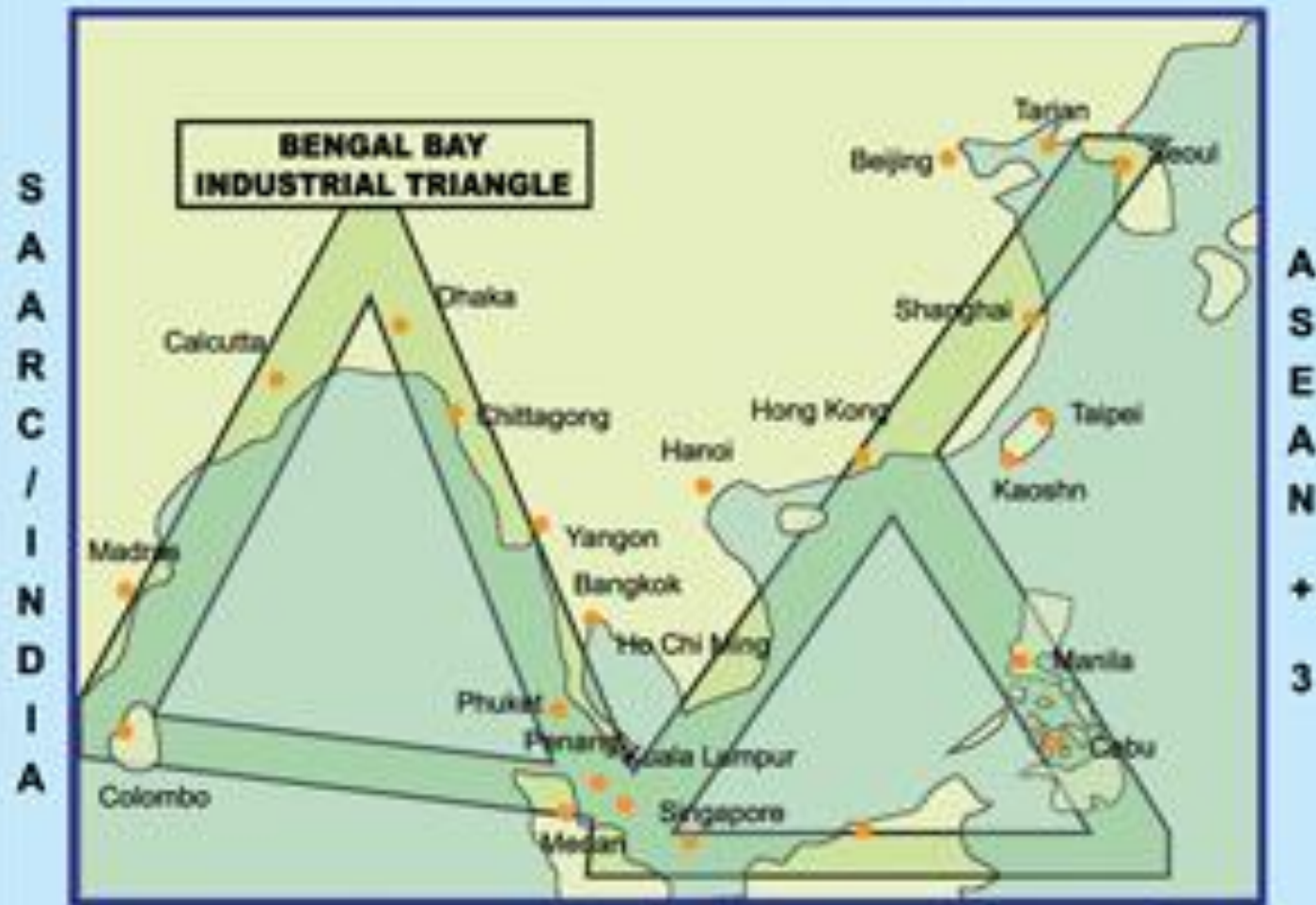


By

Salahuddin Kasem Khan
Managing Director & CEO
A.K. Khan & Co. Ltd.
Bangladesh

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KOTRA Headquarter ,Seoul, KOREA

ASIAN INDUSTRIAL CORRIDORS AND TRIANGLES



Bay of Bengal Growth Triangle

BAY OF BENGAL GROWTH TRIANGLE

- Bangladesh being at the Apex of the Bay of Bengal with India and SAARC to the West, China to Korea and ASEAN +3 to the East, could emerge as a Mega Asian Growth Triangle, attracting trade and investment from this region particularly South Korea, China & Japan.
- Bangladesh being in a unique position of regional connectivity, would in the future connect Kunming, China through Myanmar and Cox's Bazaar.
- Growth Triangles have produced the NICs like Thailand, Malaysia, Singapore, Indonesia and Vietnam - which triggered their economic breakthrough with Japanese Investment, Trade and Technology
- To realize the vision of the Bay of Bengal Growth Triangle articulated and supported by our Prime Minister, so that Bangladesh can catapult itself to a MIC by 2021 and strive towards a developed country status afterwards by 2041. This can only be achieved by accelerated FDI effort from all of you to Bangladesh. We can break the 25% Investment of GDP threshold which needs to reach 35% and accelerate the growth rate from 6.5% to 8% over the next decade, This can only come from FDI, from ASEAN+3, South Korea, China and Japan.

FALL IN JAPANESE INVESTMENT IN CHINA

- In the first seven months of this year, investment to China crashed 45.4% to US\$2.83 billion.
- This is a golden opportunity for Bangladesh to become China+ one.

MID-TERM PROGRESS IN FIVE-YEAR PLAN

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INVESTMENT SCOPE IN BANGLADESH

- Korean manufacturing units presently located in the region can be relocated in Bangladesh due to our strategic location and favorable access to the Indian Market as an LDC under SAFTA.
- Lower labor costs compared to other South Asian Countries.
- Best Macro economic policies after India.
- GDP growth rate of 6%+ over the last decade.

BANGLADESH SEZ STRATEGY

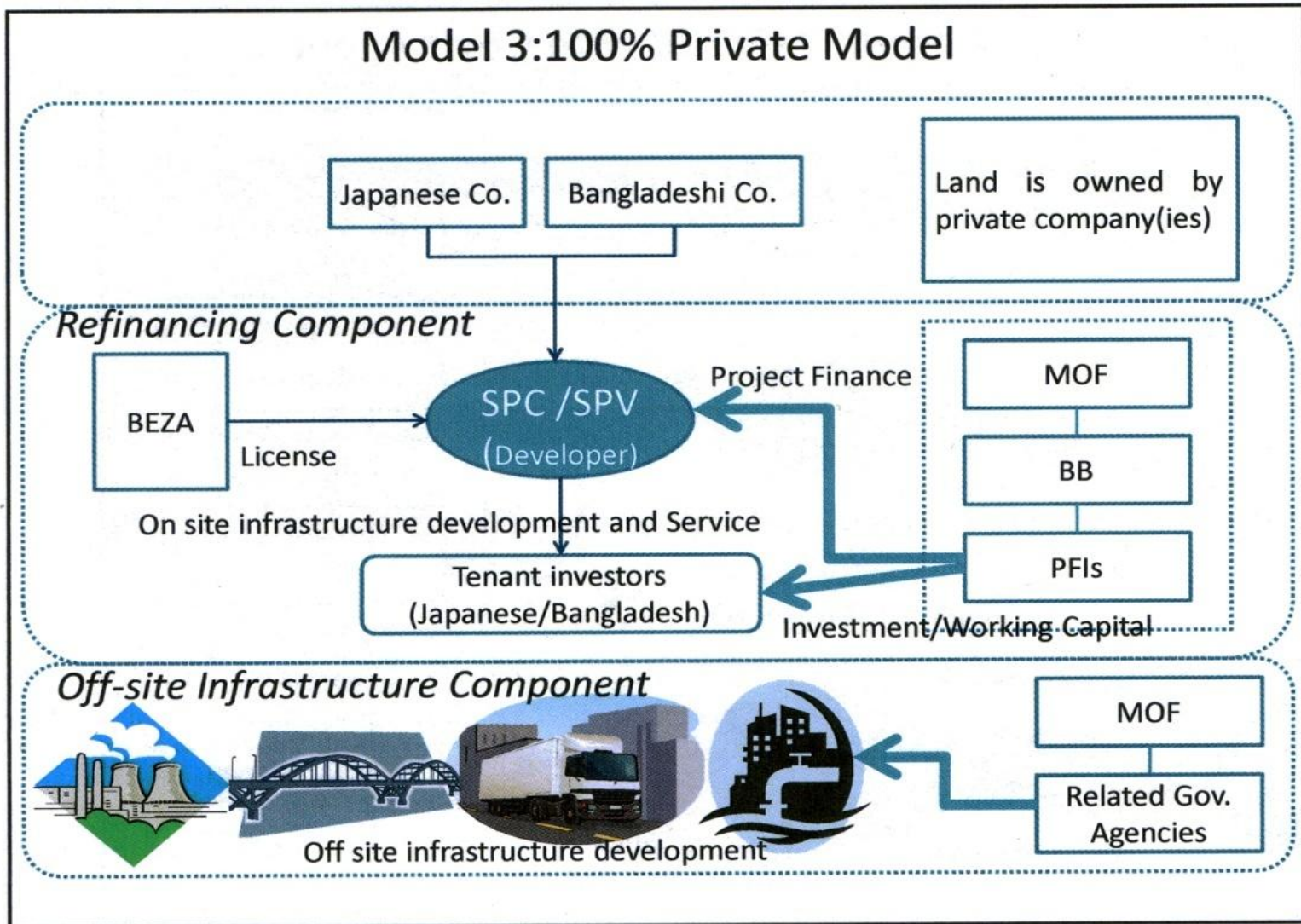
In Bangladesh, the following four regions would have the potential to be designated as Special Economic Zone (SEZ):

- Dhaka Region
- Chittagong Region
- Sylhet Region
- Khulna Region

For example, “the industrial development in Chittagong is of national importance and significance, implying not merely developing the regional industrial base but building the national industrial base for the benefit of the whole country and the region surrounded by the Bay of Bengal as well.”

PPP MODEL

Model 3: 100% Private Model



SCOPE OF GROWTH

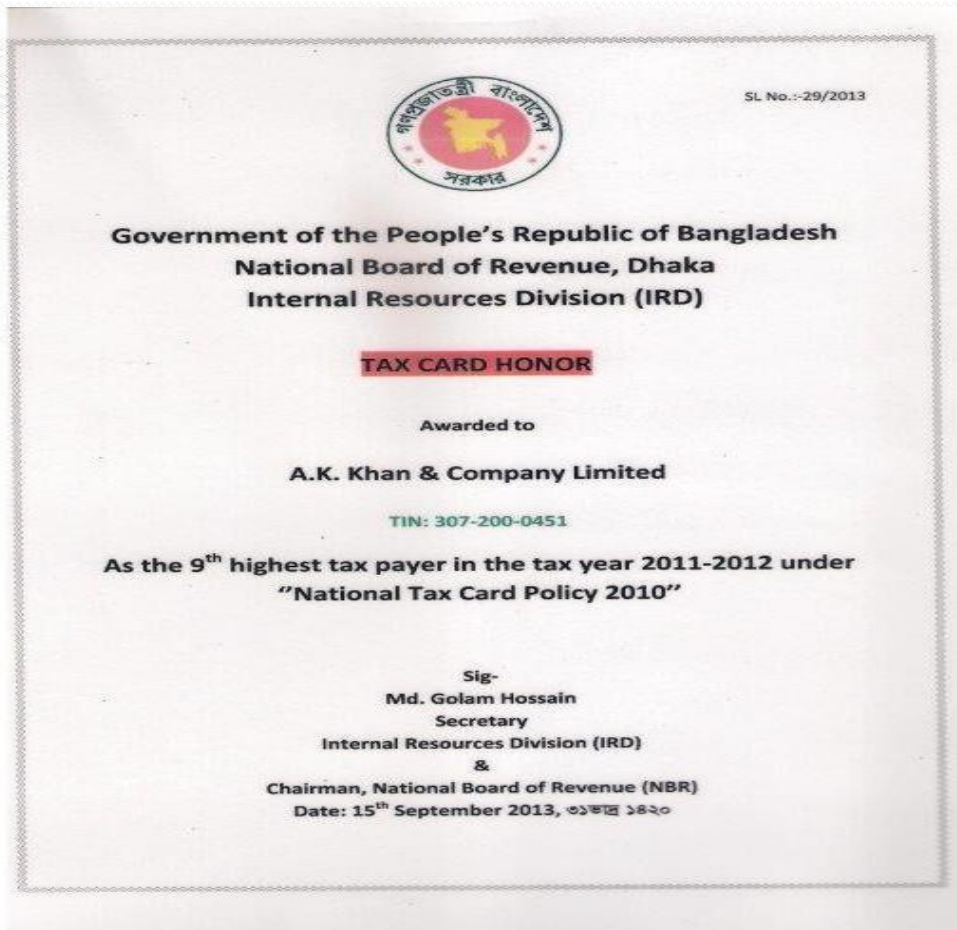
- Growing interest among Korean enterprises in doing business in Bangladesh
- Strategic importance of Bangladesh in the Global Supply Chain
- Difficulties among Korean investors in finding out plots in the existing EPZs
- Intention of Bangladesh Government to establish Economic Zones (Ezs)
- A dialogue between the Government of both the countries in promoting investment in Bangladesh
- Upcoming KOTRA's importance in project, related to EZs

AKK BACKGROUND

- **A. K. Khan & Company Ltd**, one of the oldest & largest private sector organization of Bangladesh with reputed background of over 60 years.
- **A. K. Khan & Company Ltd.** was founded by **Late A. K. Khan** who was the Federal Minister for Industry, Works, Irrigation, Power and Natural Resources in the Federal cabinet of Pakistan.
- Later on, past Chairman of A. K. Khan & Co. Ltd. **Late A. M. Zahiruddin Khan**, also became Minister of Planning and Industry of Bangladesh

TAX AWARD

A. K. KHAN & COMPANY LTD IS IN THE TOP 10 TAX PAYERS AS A CORPORATE BODY FOR CONSECUTIVE FOUR YEARS



- Four AKK Directors are also listed as the top 10 tax payers of the country in their individual capacity for three years.
- AKK contributes 30% of profit for CSR activities yearly.
- Construction of Law faculty in Chittagong University at USD2.5 M is one of the various CSR projects of AKK.

MILESTONE

1945	<ul style="list-style-type: none"> • AK Khan & Company established
1945-1958	<ul style="list-style-type: none"> • Diversified industrial businesses developed and AKK became one of Bangladesh's leading business groups. Became LTD.
1958-1962	<ul style="list-style-type: none"> • Founder Chairman AK Khan became Member of Constituent Assembly of India and appointed Federal Minister of Pakistan
1970	<ul style="list-style-type: none"> • AKK Co. one to largest business groups in East Pakistan
1980	<ul style="list-style-type: none"> • AKK Co expands through strategic JVs with foreign investors
1991-1995	<ul style="list-style-type: none"> • Late Chairman AM Zahiruddin Khan became Minister of Industries and Planning
1996	<ul style="list-style-type: none"> • JV with Telekom Malaysia for AKTEL, the 2nd largest GSM network in Bangladesh
2008	<ul style="list-style-type: none"> • AKTEL sold to NTT Docomo for \$350M
2010	<ul style="list-style-type: none"> • AK Khan Penfabric Company JV formed with Penfabric
2011	<ul style="list-style-type: none"> • AK Khan Securities started commercial operations
2012	<ul style="list-style-type: none"> • AKK WaterHealth JV formed with WaterHealth Intl and IFC
2013	<ul style="list-style-type: none"> • CEAT Tyre Manufacturing JV formed with CEAT India • AK Khan Penfabric increased capacity by 100% • AKK- Union (Bangladesh) Limited formed

CURRENT JV BUSINESS PARTNERS

a k khan water health

CEAT Bangladesh Limited

A JV of A.K. Khan & Company Ltd. and CEAT Ltd.



Coats Bangladesh

MARUHA NICHIRO



Coats plc
Global leader in sewing thread
and needlecraft products.
Unbeatable service and technical
support in 71 countries worldwide.

PENFABRIC

A.K. Khan Penfabric Company Ltd.- Penfabric
Sdn, Berhad.(PAB), Malaysia, 100% subsidiary of
Toray Industries, Inc of Japan

BENGAL FISHERIES LTD

ONGOING PROJECTS

5 Star Hotel project of International brand

- Setting up of the hotel project is going on full swing in the iconic location of Batali hills , Chittagong.

CEAT-A K Khan Tyre Manufacturing Company Ltd.

- A joint venture project to set up tyre manufacturing factory as an import substitute product with 65 tpd in phase I and 110 tpd in Phase II with turnover of USD125mm
- Joint Venture Agreement signed in Jan 2013
- 28 acres of land had already been purchased for factory building. Order for the plant and equipment is under process of placement.
- Commercial production is expected to be started on June 2014.

A.K. Khan Penfabric Company LTD

- PENFABRIC initially started with 15,000 spindle mill capacity and within last two years it has reached to current capacity of 27,000 spindle.
- Planning to set up modern garments factory, knitting and sewing factory with world renowned textile giant TORAY and Matsuka with investment of USD30M.
- Proposed modern composite textile mill with investment of USD 150M

ONGOING PROJECTS

A.K. Khan Special Economic Zone (AKSEZ)

&

A.K. Khan Container Terminal (AKCT)

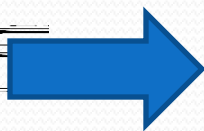
- Private port container facility including ICD.
- Specialized storage including tank facilities and power station, Internal
- Customs and Regulatory Authorities etc.
- MOU with PORTEK consultancy INC, 100% subsidiary of Mitsui, Japan – assisting AKK with project monitoring, personals spend a week/monthly in Bangladesh. JV with AKK will take place in 2014.
- Samil Pricewaterhouse Coppers (PWC) and Deco Consultants Co Ltd of South Korea has prepared feasibility study (FINAL) for the both AKCT and AKSEZ project.
- Oriental Consultants Co., Ltd (ORICON) of Japan has been appointed for the AKCT consultancy service to provide supervision of soil investigation, complete FEED design (front end engineering design) for selection of contractor, independent check during construction phase and assisting AKK with defects liability period after completion of construction works.
- DEVCON of Bangladesh has been appointed to perform geo-technical investigation (soil investigation) who has completed it .





**MASTER
PLAN**

**TENTATIVE
SITE PLAN**



Total Area 250 Acres

Facility

Size

Industrial Plots for SEZ

175 Acres

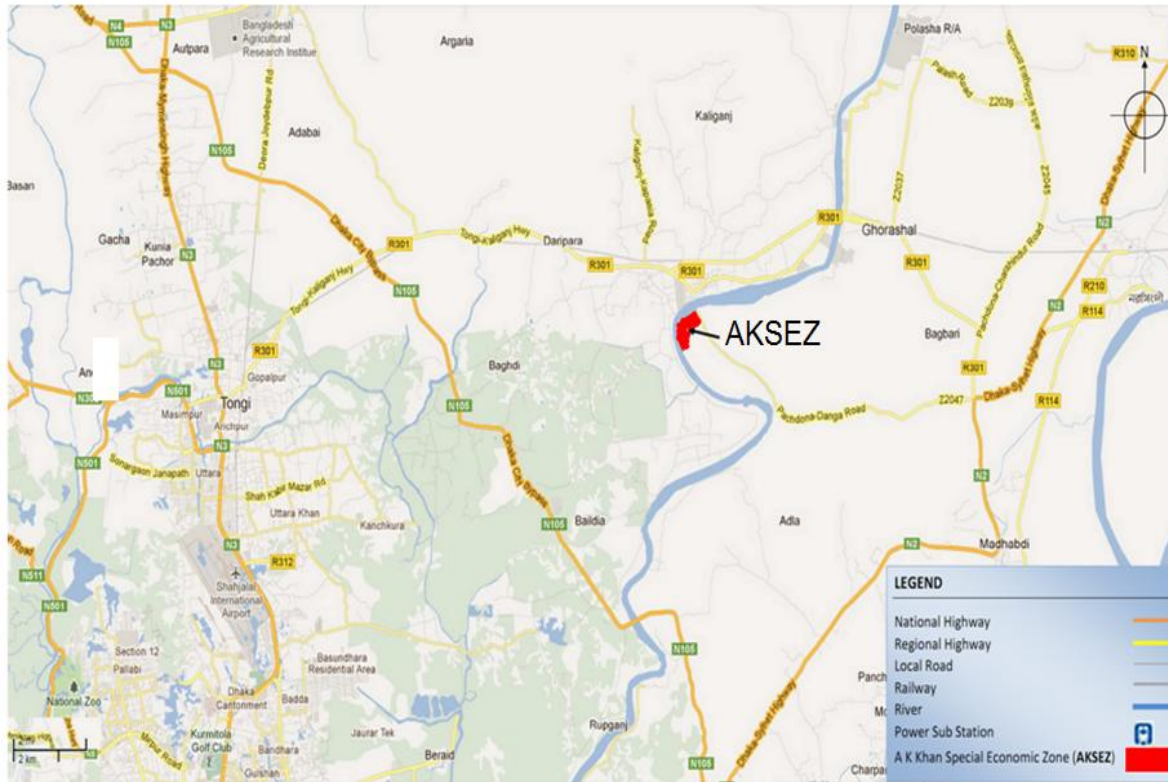
Port Facility & ICD

50 Acres

Power Plant & other ancillary services

25 Acres

ADVANTAGE OF AKSEZ LOCATION



- Distance from Dhaka by Road about 56 km (via Narsingdi).
- Distance to Dhaka-Chittagong Highway about 40 km.
- From Narayanganj, a industrial zone, about 57 km.
- Distance from Narsingdi industrial zone about 15 km.
- Tongi, industrial area, main town 44 km.
- Gazipur, the main industrial zone, is about 55 km away.
- Rajuk Residential plots “Purbachal” is about 5 km. on the other side of the river.
- Directly connected with the river Meghna & thus well connected with Chittagong & Mongla port.
- To cover all the industrial areas around the Dhaka district i.e. Narayanganj, Narsingdi, Gazipur, Tongi & Savar , won't have the need to cross Dhaka city area from the proposed land.

REGIONAL CONNECTIVITY

BANGLADESH WILL PROVIDE MARKET ACCESS TO NORTH EASTERN STATES OF INDIA, NEPAL, MYANMAR AND CHINA IN THE LONG RUN



INVEST IN BANGLADESH: ACCESS INDIAN MARKET

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Bangladesh can be a staging point for Foreign Companies to set up manufacturing facilities here and export to India to which we have a preferential access as an LDC in SAFTA.

If 40% local value addition is ensured Foreign Manufacturers in Bangladesh can have access to the huge consumer market of 1.5 billion consumers market e.g CEAT (BD) a JV with CEAT India is committed to export minimum 30% of its products to India. This will help to expand the export basket which is currently sharing a downward trend. The huge trade imbalance of US\$ 5b official imports vis a vis less than \$ 500 Bangladesh exports to India. This is a huge advantage. Bangladesh can offer with lower cost labour, regional connectivity and young competitive work force.

OBJECTIVES OF AKSEZ

- Congenial investment climate for potential investors.
- Attract Japanese/Korean FDI for high-tech industries.
- Cost effective production facilities.
- Create Employment opportunity, Technology transfer and Skill development.
- Development of Backward & Forward linkages.

MARKET ANALYSIS OF AKSEZ

- AKSEZ will provide benefits similar to the Export Processing Zone (EPZ).
- Open to private and foreign investors as the EPZ becomes saturated.
- Now 8 EPZs exist in Bangladesh. There are 369 companies operating, 130 companies preparing for operation. By June 2011, cumulative investment was USD 2,117.89M, cumulative exports USD 25,434.89M and the number of employees 306,423.
- The area demand of AKSEZ stems from absorbing the excess demand due to the saturation of the nearby Dhaka EPZ.

PROPOSED FACILITIES OF AKSEZ

- Port facilities through A K KHAN Container Terminal (AKCT).
- Specialized storage tank facilities.
- Power Plant.
- Planned industrial units.
- Banks
- Internal Customs and all other Regulatory Authorities.
- Utility services, ancillary facilities.

INVESTMENT PATTERN

- Foreign investment
- Local Investment
- Joint Venture structure
- Medium to Large sized high-tech industrial units

SCOPE OF BUSINESS SECTORS IN AKSEZ

- Telecommunication equipment such as mobile handsets, telecom towers
- Pharmaceutical
- Chemicals
- Aircraft instruments
- Watch
- Digital equipment
- White electrical products
- Electrical equipments including computers, hard disks, printers
- TV/monitors
- Medical, surgical & biological instruments
- IT development & computer/telecom accessories

COASTAL BELT STRATEGY



PMO decided to coordinate development plans in coastal areas and prepare a Master Plan for building EZs along the coast of Bay of Bengal. Emphasis on developing coastal economic zones from Tekhnaf to Mongla Bangladesh government is going to set up the Sonadia Deep Sea Port. Another deep sea port is making debut at Paira in the Patuakhali district developing a Coastal Belt Development Strategy.