



# Seminar on Industrialization of Chittagong in National Development Perspective & Possibilities

Jointly Organized by:  
**Chittagong Chamber of Commerce & Board of Investment Bangladesh**

**Presented by panelist:**

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# **THE STUDY ON INDUSTRIAL DEVELOPMENT OF CHITTAGONG REGION IN THE PEOPLE'S REPUBLIC OF BANGLADESH**



The Draft final Report is composed of two Main Texts, i.e,

**Part 1: “Industrial Development Plan in Chittagong” and**

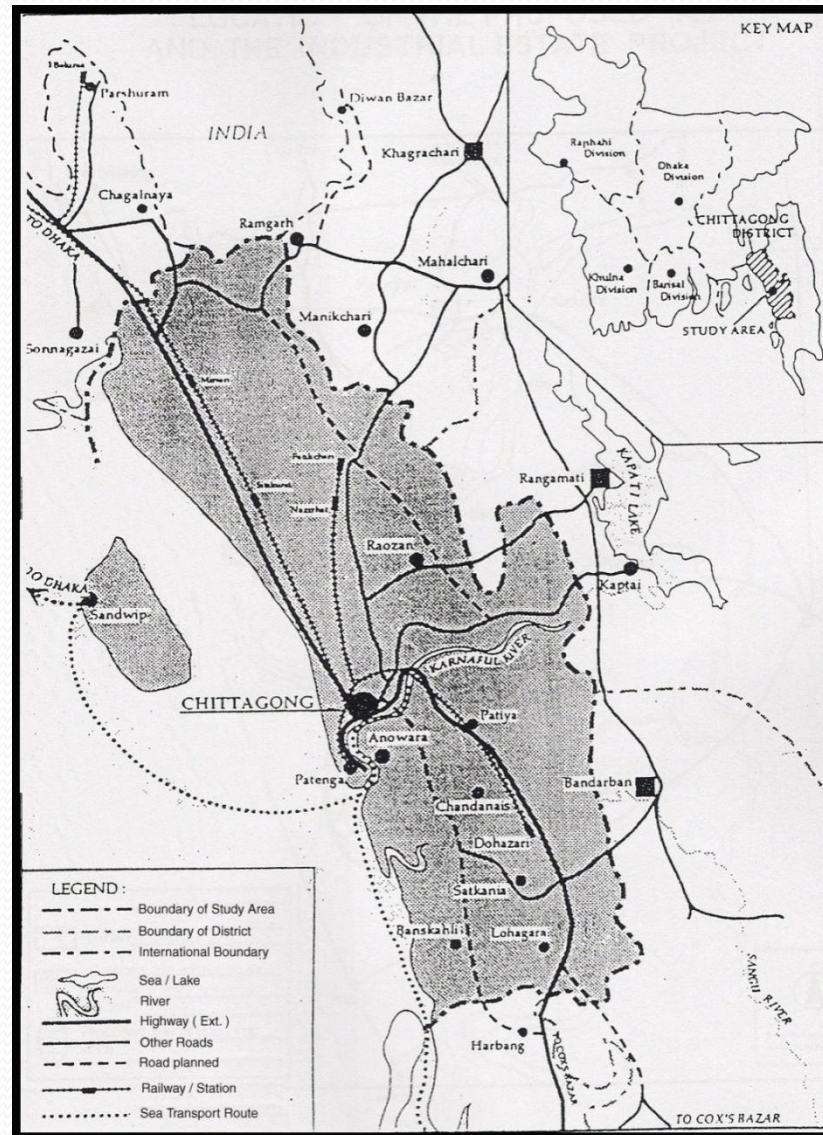
**Part 2: “Implementation Plan for Chittagong Special Economic Zone Project”**

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)  
BOARD OF INVESTMENT  
THE PEOPLE'S REPUBLIC OF BANGLADESH ( July 1995 )



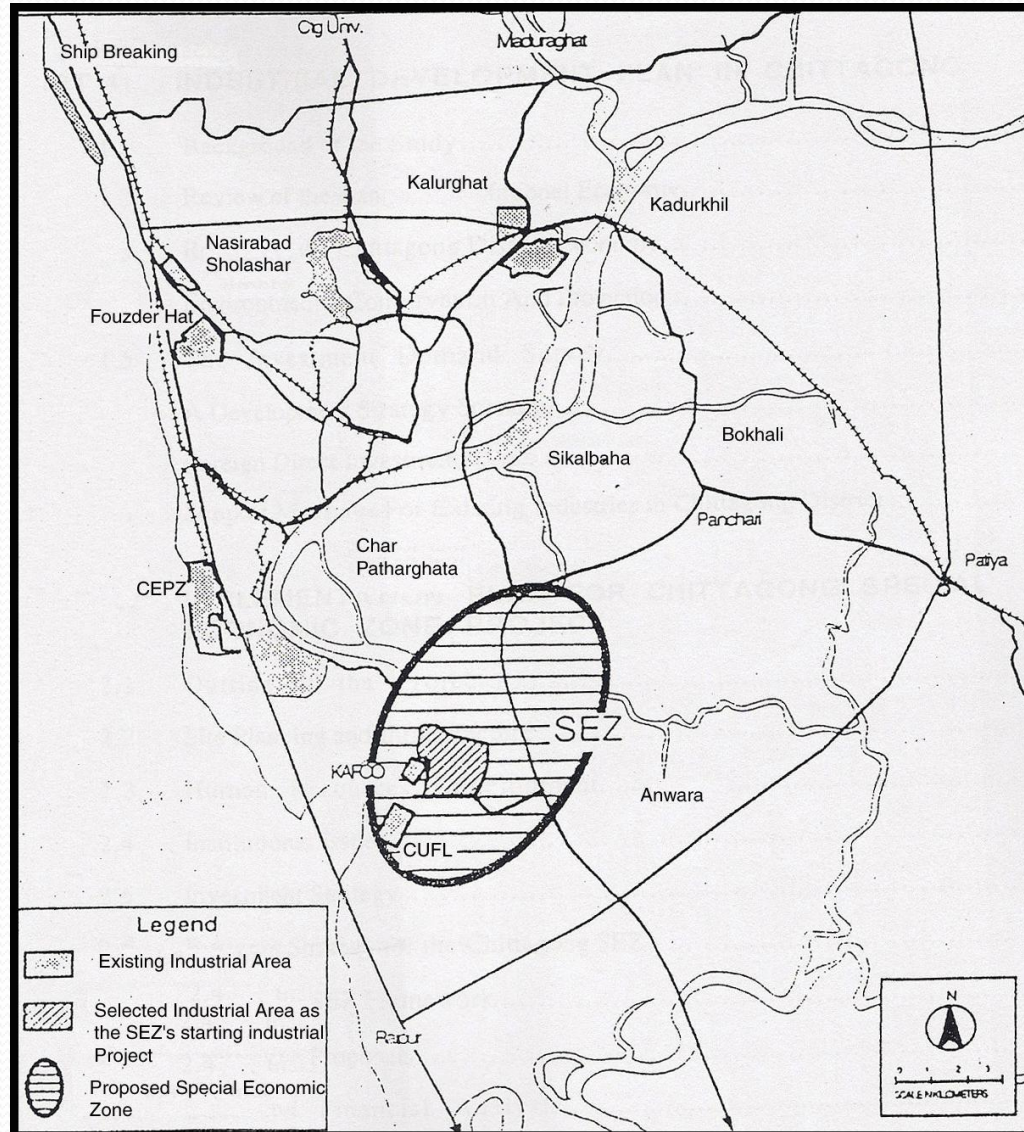
"As a result of the Study, it is firmly believed that industrial development of Chittagong is of the prime importance and significance to improve the social and economic position of Bangladesh, and that the proposed Chittagong Special Economic Zone Project would be a strategic stimulator and starter for a fully-fledged industrialization programme for the country.

## STUDY AREA MAP





## LOCATION OF THE PROPOSED SEZ AND THE INDUSTRIAL ESTATE PROJECT



## To increase absolute per capita income in an accelerated rate:

Year	1995	2000	2010	2020
<b>National Taka %</b>	5,063 100	6,224 138	9,440 201	15,546 332
<b>CTGD Taka %</b>	10,736 100	14,252 133	26,177 244	54,961 512

At the national level, doubling the per capita income by the Year 2010 or within 15 years time, and at the Chittagong level, doubling the per capita income by the Year 2005 or within 10 years time.

Promote structural changes in the composition of GDP, reflecting an accelerated industrialization process in the country; and

Year	1995	2000	2010	2020
<b>CTGD GDDP (Mil. Taka) %</b>	67,113 100	99,339 148	226,801 338	575,220 857
<b>Manuf. (%)</b>	32	39	53	64

To Focus intensive development efforts on a priority basis, even if this would imply temporary regional disparities.

•**Table 1.1** shows a Development Scenario for Chittagong, indicating the general development director as well as the general physical expansion within CIDP.

**Table 1.1: DEVELOPMENT SCENARIO FOR CHITTAGONG**

		SHORT-TERM	MID-TERM		LONG-TERM	
	Unit	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
		5 Year Plan 1995-2000	5 Year Plan 2001-2005	5 Year Plan 2006-2010	5 Year Plan 2011-2015	5 Year Plan 2016-2020
<b>Policies for Inducement and Augmentation of Industries</b>		<ul style="list-style-type: none"> <li>•Inducement of FDI companies</li> <li>•Privatization and agglomeration of indigenous industries</li> </ul>	<ul style="list-style-type: none"> <li>•Establishment of a regional technology center</li> <li>•Substantiation of vocational education</li> </ul>	<ul style="list-style-type: none"> <li>•Introduction of advanced technology industries</li> <li>•Encouragement of technology oriented venture business</li> </ul>	<ul style="list-style-type: none"> <li>•Encouragement of &amp;D related industries</li> </ul>	<ul style="list-style-type: none"> <li>•Encouragement of locally-based creative venture business</li> </ul>
<b>Development of Major Urban Infrastructure</b>		<ul style="list-style-type: none"> <li>•New EPZ and GIP</li> <li>•Improvement of overall urban infrastructure focusing on solution of bottle necks</li> </ul>	<ul style="list-style-type: none"> <li>•New CBD in the south of the River</li> <li>•Inner Ring with a new crossing</li> <li>•Containerization of existing harbor</li> <li>•Projects for prevention of disasters</li> </ul>	<ul style="list-style-type: none"> <li>•Outer ring with a new crossing</li> <li>•Exhibition and convention centers</li> <li>•New deep-sea port with handling capacity of ocean going containers</li> <li>•Water front physical distribution center</li> </ul>	<ul style="list-style-type: none"> <li>•New airport in the south of the River</li> <li>•International logistics center</li> <li>•Regional highway and railway network</li> </ul>	<ul style="list-style-type: none"> <li>•Establishment of proper operation and maintenance systems</li> </ul>



		SHORT-TERM	MID-TERM		LONG-TERM	
	Unit	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
		5 Year Plan	5 Year Plan	<b>5 Year Plan</b>	<b>5 Year Plan</b>	5 Year Plan
		1995-2000	2001-2005	<b>2006-2010</b>	<b>2011-2015</b>	2016-2020

<b>Institutional Building</b>		<ul style="list-style-type: none"> <li>•Establishment of the Bangladesh Industrial Development Authority (BIDA)</li> <li>•Establishment of Chittagong Development Authority (CDC)</li> <li>•Proclamation of Special Industrial Development Regions (SIDR)</li> <li>•Enactment of Special Economic Zone (SEZ)</li> </ul>				
<b>Environmental Improvement Plan and Programme</b>		<ul style="list-style-type: none"> <li>•Establishment of regional environment monitoring systems</li> <li>•Establishment of regional environmental administration machinery</li> </ul>	<ul style="list-style-type: none"> <li>•Enforcement of environmental conservation and protection laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>•<b>Sea water-front and river sides beautification and landscaping projects</b></li> </ul>		

		SHORT-TERM	MID-TERM		LONG-TERM	
	Unit	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
		5 Year Plan 1995-2000	5 Year Plan 2001-2005	5 Year Plan 2006-2010	5 Year Plan 2011-2015	5 Year Plan 2016-2020
<b>Development Frame</b>						
• <b>Population</b>	<b>Thousand</b>	6,970	7,771	<b>8,664</b>	<b>9,529</b>	10,466
• <b>Employment</b>	<b>Thousand</b>	302	433	<b>622</b>	<b>893</b>	1,283
• <b>Manuf.</b>	<b>Mil Taka</b>	99,339	150,339	<b>226,801</b>	<b>358,061</b>	575,220
• <b>CRDP</b>	<b>Mil. Taka</b>	38,313	67,521	<b>118,995</b>	<b>209,710</b>	369,582
• <b>Manuf. GRDP</b>	<b>Taka</b>	14,252	19,346	<b>26,177</b>	<b>37,576</b>	54,961
• <b>Per Capita Income</b>						
<b>Development Strategy and Goals</b>		<b>Preparatory Phase</b>	<b>Starting Growing Phase</b>	<b>Accelerated Growing Phase</b>	<b>Consummating Growing Phase</b>	<b>Maturing Phase for Subsequent "Take-off"</b>
		Formulation of a consensus on CIDP as a national project  Legal, institutional, organizational arrangements  Initiation of a pilot project  Preparation for mobilization of public sector investments	Attraction of as much FDI as possible  Inducement of increase in production  Solution of bottle-neck infrastructure  City planning guidance to create a new CBD in the south of the River	<b>Improvement of infrastructure to be compatible with a full-fledged CIDP</b>  <b>Diversification of indigenous industries</b>  <b>Enhancement of the quality of products and resultant competitiveness for exportation</b>	<b>Provision of high-order infrastructure and amenity such as new airport, tele-port, urban landscape, recreation/sports facilities, etc.</b>  <b>Transformation of industries towards more advanced and value-added structure</b>	Provision of adequate operation and management of infrastructure  Preparation and initiation for the "next generation" industrial development

		SHORT-TERM	MID-TERM		LONG-TERM	
	Unit	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
		5 Year Plan 1995-2000	5 Year Plan 2001-2005	5 Year Plan 2006-2010	5 Year Plan 2011-2015	5 Year Plan 2016-2020
<b>Conceptual Development Target</b>		Quantitative enlargement of production with cheap labor force and locally available resources	Diversification of Products focusing on increase of export competitive products	<b>Enhancement of quality of products with advancement of industrial structure</b>	<b>Augmentation of the ability of products development with R&amp;D functions</b>	Maintenance of quality and quantity production with ripple effects to other regions
<b>Requirements for Production Structure</b>		<ul style="list-style-type: none"> <li>Supply of industrial raw material</li> <li>Evolving and Strengthening of indigenous industries</li> <li>Stable supply of industrial energy</li> </ul>	Development of processing industry  Introduction of assembling industry  Evolving and strengthening of export-oriented industry	<b>Continuous growth of assembling industry</b>  <b>Introduction of advance technology industry</b>  <b>Accelerated growth of export-oriented industry</b>	<b>Continuous growth of advance technology industry</b>  <b>Development of R&amp;D type industrial parks</b>	Achievement of well-balanced industrial structure and its operation and management at then international level
<b>Development of Industrial Estates</b>		<ul style="list-style-type: none"> <li>Expansion of EPZ</li> <li>Development of general industrial parks (GIP)</li> </ul>	Enhancement of quality and quantity of EPZ and GIP to accommodate diversified industries	<b>Development of water-front type industrial parks adjacent to port facilities</b>  <b>Establishment of physical distribution centers</b>	<b>Development of industrial parks with R&amp;D functions</b>	Development of "air-front" (adjacent to international airport) type industrial parks

## **MIDA's CLIENT CHARTER**

MIDA committed to complete the evaluation of applications from the date applications are received with complete information within the time-frame as stipulated below :

### **Manufacturing Sector**

- Manufacturing Licence - **4 weeks**
- Incentives - **6 weeks**
- Exemption from Custom Duties - **4 weeks**
- Expatriate Posts:
  - **7 working days** for existing companies
  - **4 weeks** for new companies

### **Services Sector**

- Status of Regional Establishment - **4 weeks**
- Status of Research & Development Company - **4 weeks**
- Incentives - **6 weeks**
- Exemption from Custom Duties - **4 weeks**
- Expatriate Posts:
  - **7 working days** for existing Operational Headquarters, International Procurement Centre and Regional Distribution Centre
  - **4 weeks** for new companies

**MIDA's CLIENT CHARTER**  
**BASED ON MAIN ACTIVITIES FOR APPLICATION APPROVED FOR JULY - SEPT 2009**


No	Main activities in the Client Charter		Client Charter	Approved			
				No.	Conforming to charter	Not conforming to charter	Achievement
1.	Manufacturing Licence	Fast Track	<b>7 working days</b>	64	64 (100.00%)	0 (0.00%)	100.00
		Normal Track	<b>4 weeks</b>	6	6 (100.00%)	0 (0.00%)	100.00
2.	Incentives	Normal Track	<b>6 weeks</b>	23	23 (100.00%)	0 (0.00%)	100.00
3.	Manufacturing Licence with Incentives	Normal Track	<b>6 weeks</b>	25	25 (100.00%)	0 (0.00%)	100.00
4.	<b>Tax Exemptions</b>						
	a. Machinery and Equipment (JPC1)*	Fast Track	<b>2 weeks</b>	251	251 (100.00%)	0 (0.00%)	100.00
		Normal Track	<b>4 weeks</b>	659	659 (100.00%)	0 (0.00%)	100.00
	b. Raw Materials and Component (JPC2)	Fast Track	<b>2 weeks</b>	324	324 (100.00%)	0 (0.00%)	100.00
		Normal Track	<b>4 weeks</b>	642	642 (100.00%)	0 (0.00%)	100.00
5.	Expatriate Post*	Fast Track	<b>7 working days</b>	64	64 (100.00%)	0(0.00%)	100.00
		Normal Track	<b>4 weeks</b>	83	83 (100.00%)	0(0.00%)	100.00
6.	Incentives (Related to Services Sector)	Normal Track	<b>6 weeks</b>	7	7 (100.00%)	0(0.00%)	100.00

Note : \*Covering the Manufacturing & Services Sectors



# **Recommendations**

- 1. BOI MAY REQUEST JICA TO UPDATE JICA REPORT 1995 JICA.**
- 2. AS PROPOSED BY JICA REPORT 1993  
“ESTABLISHMENT OF BANGLADESH INDUSTRIAL  
DEVELOPMENT AUTHORITY (BIDA)”:  
BOI/BEPZA/SEZ AUTHORITY – MERGER**
- 3. BIDA OFFICE OVERSEAS – TOKYO, SEOUL,  
SINGAPORE, ISTANBUL, LONDON  
SEZ FOR CHITTAGONG**
- 4. NEW INDUSTRIAL POLICY**
- 5. COSTAL BELT DEVELOPMENT STRATEGY**
- 6. 20 M JOB CREATION**

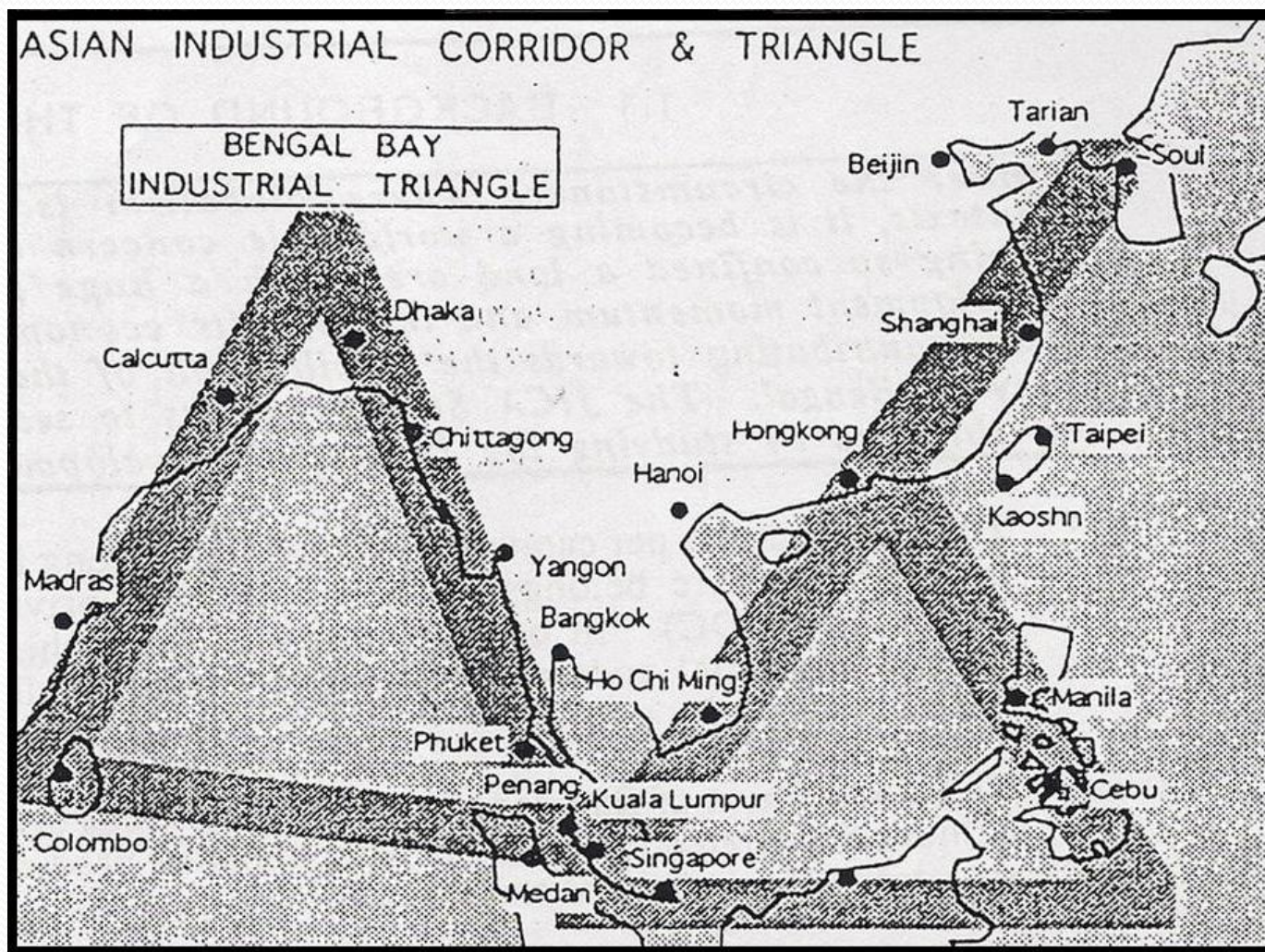
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- 7. TUNNEL UNDER KARNAFULLY RIVER – FEASIBILITY STUDY TO BE EXPEDITED**
  - 8. CHITTAGONG – COX’S BAZAR – KUNMING RAILWAY AND ROAD COMMUNICATION PROJECT TO BE IMPLEMENTED ON PRIORITY BASIS**
  - 9. DELAY IN CONSTRUCTION OF SONADIA DEEP SEA PORT WILL ESCALATE COST. SO, ITS CONSTRUCTION SHOULD BE UNDERTAKEN WITHOUT DELAY.**
  - 10. KARNAFULLY GAS COMPANY’S 24” (24 INCH) DIAMETER PIPELINE FROM BAKHRABAD SHOULD BE REPLACED BY 30” (30 INCH) DIAMETER PIPE. BOI MAY REQUEST ENERGY MINISTRY TO UNDERTAKE THIS PROJECT.**
  - 11. SPECIAL INCENTIVES MAY BE OFFERED FOR ESTABLISHMENT OF ECO-FRIENDLY SHIP BUILDING INDUSTRY IN CHITTAGONG AREA AND SPECIAL ECONOMIC ZONE IN THE LIGHT OF JICA RECOMMENDATIONS.**

**The past, 1400 years of continuous history of the Port City of Chittagong reflects the potential of the future in the 21<sup>st</sup> Century in the Bay of Bengal**





**Figure 1.1: ASIAN INDUSTRIAL CORRIDORS AND TRIANGLES**



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**Bay of Bengal Growth Triangle**