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Cabinet discusses bill on export processing zone

The Council of Ministers meeting at Bangabhaban on Saturday under the chairmanship of President Ziaur Rahman considered the proposal of the Ministry of Industries on Bangladesh Export Processing Authority Bill and its accompanied rules in connection with the setting up of an Export Processing Zone at Chittagong, says an official announcement.

The Government started considering the question of setting up an Export Processing Zone in the country from 1977. Considering both the sea port and airport facilities at Chittagong, the first Export Processing Zone was proposed to be set up at Chittagong and accordingly 250 acres of land were acquired. Subsequently, 658 acres of land were acquired. The draft Bill proposes to set up the Bangladesh Export Processing Zones Authority for development and management of the affairs of Export Processing Zones.

Industries to be set up in the zone will be of three categories, namely, (a) 100% foreign owned, (b) 100% Bangladeshi owned and (c) jointly owned by Bangladesh and foreign nationals (joint venture). The main features of the system are that the authority will consists of a Chairman and 12 members, six of whom, will be from the private sector. All imports and exports out of the Export Porcessing Zone will be tax-and-duty free. Thirdly, all manufacturers and processed products shall have to be exported.

In cases of 100% foreign ownership, all machinery, equipment, construction and raw materials costs as well as cost of other working capital components shall be financed out of own foreign exchange of the foreign owners. Foreign investors of this category will be allowed to retain sale proceeds of exports in convertible currency and to remit those funds abroad.

In cases of joint venture, foreign partners shall provide costs of machinery, equipments and raw materials from their own foreign exchange resources whereas local participants will pay all other fixed and working capital expenses in local currency. Remittances to the extent of imported raw materials and other items and dividends will be allowed to foreign partners in joint-venture projects.

In cases of 100% Bangladesh ownership, machinery, equipment, initial raw materials imports and salaries of experts, if employed, will have to be financed under the Wage Earners Scheme. These industries will however, be eligible for cash foreign exchange for subsequent imports of raw materials spares and the like. Construction costs, working capital and locally available raw materials and goods may be financed in local currency. No duty shall be leview for import of raw materials imported under Wage Earners Scheme for processing

TWO MORE ZONES

Two more Export Processing Zones are planned to be set up in the country — one at Khulna and another at Dacca. Lands for both are likely to be acquired and works progressed during the early years of the Se-

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Processing zone

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cond Five-Year Plan.

The industries which are eligible for investments in the Export Processing Zone have been tentatively listed and include textiles, household, furniture, footwear, electrical, electronic, optical, sports, engineering, leather, and jewellery products.

The Export Processing Zones are designed to attract investments in export industries which we need to develop very fast in the context of widening gap between our exports and imports and to maximise utilisation of local resources for export. These industries will also develop linkage with industries in the national economy and will have modernising influence on that. They are also expected to have salutary effects on service industries. The country will directly benefit through payments on account of overhead, infrastructure and labour from these industries besides gaining foreign exchange.

TEA POLICY

The Council also approved the tea policy for 1980-81 fixing the target of 70 million lbs with a foreign exchange earning of Tk 70 crore against estimated production of 86 million lbs.

The Council directed the Ministry of Commerce to promote cultivation by coffee in a big way so that the fluctuations of foreign exchange earnings can be considerably moderated. It also directed that vigorous drive should be made to process much larger quantities of packet tea for exports.