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## JAPANESE ECONOMIC ZONE

# Deal to be signed on May 26

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Japanese trading giant Sumitomo Corporation and Bangladesh Economic Zones Authority (Beza) are going to enter into a joint venture agreement on May 26 on developing a special economic zone for 200 investors from Japan, says a top Beza official.

Beza has acquired 500 acres of land for the zone and another 500 acres is in the process of being acquired to set up the economic zone at Araihasar upazila in Narayanganj.

“Establishment of an economic zone for Japan in Bangladesh is a great move which will create a brand image for the country,” Paban Chowdhury, executive chairman of Beza, told The Daily Star.

He said it would be a milestone in terms of investors would soon follow suit as had

Sumitomo has built and continues to run in Myanmar and Vietnam and the special economic zone according to Chowdhury.



Beza and Sumitomo will spend around \$66 million to develop the zone, the former providing \$16 million and the latter the rest. Besides, Japan International Cooperation Agency, the Japanese government's development arm, will lend about Tk 1,000 crore to Bangladesh at a concessional interest rate to establish the zone, according to Beza officials.

Beza is expecting \$20 billion in foreign direct investment (FDI) from Japan once the zone was established.

The Beza executive chairman hopes for the factories to be set up in early 2022.

“Not only will FDI come to the Japanese economic zone, there will also be technology transfers from Japan to Bangladesh which will encourage other investors to come in Bangladesh,” Chowdhury said.

He also said giant Japanese investors would come to manufacture high-end products in the zone alongside recycling plants for industrial waste.

According to a latest study of Japan External Trade Organisation (Jetro), the investment of Japanese companies in Bangladesh had been increasing steadily at a rate of 16-17 percent for the last couple of years with a majority of investors showing growing interest to expand their business.

The Jetro study shows that 70 percent of Japanese companies expressed interest to expand their presence in Bangladesh within a year and around 60 percent in the next two to three years.

The number of Japanese companies operating in the country was 183 in 2014 and it went up to 223 in 2015, 245 in 2016, 260 in 2017 and 269 in 2018, according to the survey.

The Beza executive chairman also said Japanese investors would have to be provided quality utility services and policy support for the FDI to increase.

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