

Bangladesh government spends on investors rather than hospitals and schools

Liz Mantell
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Despite the poverty, instability and hardship facing millions in Bangladesh, intensified in the aftermath of last year's floods, the government is pouring money into financial incentives and subsidies to entice foreign investors and extend the country's Export Processing Zones.

On a five-day trade visit to England in mid-March, Commerce and Industries Minister Tofail Ahmed urged European investors "to enjoy a wide range of fiscal and non-fiscal incentives and other facilities offered by the government."

Earlier in the year, he chastised Japanese investors in particular for their slow pace of investment and bragged that Bangladesh's "liberal investment policy [was] the best in Asia". He also pointed to the gas-based and power industries, fertilizer plants and telecommunications sectors as attractive areas for large-scale investment.

Investors, however, are demanding the government vastly improve infrastructure. The government recently announced the allocation of substantial funds to repair roads and bridges damaged by the floods. Plans are also under way to construct new rail and road links, and to upgrade and expand other transport facilities to enable corporations to move goods more rapidly into and out of the country.

The Foreign Investors Chamber of Commerce and Industry (FICCI) secretary has called for the government to overhaul the Board of Investment (BOI), saying that in its present form it is of "no use to investors". FICCI president Shamsuddin has called on government and opposition parties to put an end to strikes and ongoing political instability, stating "we could go a long way if trade union activities were stopped for a certain period."

The Bangladeshi ruling class is desperate to encourage expanded foreign investment. The two export processing zones (EPZ) established in the 1980s now employ more than 60,000 workers. The Chittagong EPZ contains over 76 manufacturing industries and in 1996-97 over \$US300 million in goods were exported from the zone. During the same period the Dhaka EPZ exported more than \$120 million in goods.

Now three more zones in the Comilla, Khulna and Ishurdi regions are nearing completion. The zones are advertised as secure and protected areas, with companies paying as little as \$US97 per month to lease over 20,000 square metres of factory space. Legislation has also recently been introduced to permit the creation of privately-owned and operated EPZs.

More than 200 foreign companies now operate in Bangladesh and the figure is expected to increase following a recent government announcement to privatise a further 61 state-owned food and chemical industries, textile and associated industries. The EPZs are increasingly being utilised by international banking, financial and insurance groups, as well as major international corporations such as Bata Shoes, Siemens, Berger Paints, Singer, Burroughs, Wellcome, Hoechst and GEC.

Foreign investors currently receive "maximum benefits" in the form of 10-year tax holidays, now to be extended to 15 years. Import and export permits are issued within 24 hours. Companies are free from import restrictions and thus are able to import machinery, raw materials, and cars. Technicians from overseas are exempt from paying income tax for three years. All goods produced within the zones are exported duty-free.

Investors are able to exploit some of the cheapest

labour in the region. In the EPZs, an apprentice or trainee, working a 48-hour day, six days a week, earns \$22 per month, while a skilled worker may earn up to \$63 a month. Workers employed in the processing zones are not permitted to form or join a union, and it is illegal to take industrial action.

In 1997, a human rights organisation reported an incident at the Youngone factory in the Dhaka EPZ. Workers protesting at the jailing of two of their co-workers attempted to present a statement to their employer, a Nike contractor, outlining their concerns. In a violent confrontation with police, nine were arrested, 300 injured, 100 sacked and 800 charged with criminal offences. Youngone, reported to be one of the world's largest sportswear manufacturers, has seven factories operating in Bangladesh with two more planned.

Millions of Bangladeshis face poverty, illiteracy, and disease. The country has one of the lowest life expectancy rates in the world. Yet the logic of the capitalist market dictates that the government spend its limited funds to bribe corporations to invest in Bangladesh rather than on providing much needed health, welfare and education facilities.



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