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**REMARKS  
BY**

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**“BOOSTING COMMERCIAL INTERACTION BETWEEN THE UNITED STATES AND BANGLADESH: A PRESENTATION OF THE INVESTMENT CLIMATE STATEMENT”**

**American Chamber of Bangladesh  
September 2, 2015**

AmCham Executive Director Gafur, Kevin Lyon, President of Chevron Bangladesh and AmCham Executive Committee Vice President, Other Distinguished Members of the AmCham Executive Committee and AmCham Members, Honorable Representatives of the Government of Bangladesh, Friends from our Fellow Chambers of Commerce and Industry, Fellow Diplomats, And Media Colleagues.

It is an honor and a privilege to be here today to speak with you about an issue of the greatest importance: improving the business and investment climate in order to strengthen the economic ties between the United States and Bangladesh.

This luncheon has been advertised as a discussion of our investment climate statement... and, yes, I will get to that... but I want to start with the bigger picture. The reason I am standing here, the reason I really wanted to come and talk today with the AmCham is because I want you to take away three things:

First, the United States Government sees strong potential for expanding our bilateral commercial relationship with Bangladesh through expanded trade and investment

Second, the case for boosting commercial interaction is exceptionally compelling right now -- a result of a number of factors including: strong bilateral relations, impressive trade figures, and extensive interest in Bangladesh among U.S. companies.

Third, my government takes real and significant action to expand commercial activity between our countries, and one element of this is the annual issuance of our Investment Climate Statement or ICS, which I will elaborate upon shortly.

Before we dig into the details, let's take a moment to recognize the good force we have in our AmCham. I am particularly pleased to be speaking to all of you because the AmCham itself has enshrined the following as two of its top objectives:

(1) To promote economic cooperation between the United States of America and the People's Republic of Bangladesh, particularly in the private sector.

(2) To promote exchange of information between the United States and Bangladesh with a view to stimulating greater understanding about each other's economic potential and opportunities.

Our discussion today will advance these two goals. And we will leave today hand in hand with AmCham to follow up further. This will include putting on our impressive trade show in November, to be held right here. So thank you AmCham, for your partnership.

My first point, again, is that the U.S. Government sees enormous potential for our bilateral commercial relationship to flourish. I'm not saying this just to be a nice diplomat... this is a genuine assessment, a statement that reflects our internal analysis at the U.S. Embassy and among our economically focused colleagues across our government agencies in Washington.

I say this in part because we already have strong economic ties. U.S. consumers are the top customers for Bangladesh's exports.

Our growing ties are visible in recent data. I am pleased to report today that our latest trade figures, which cover the first six months of 2015, indicate that U.S. imports from Bangladesh are up 11% over the same time period from 2014. This means that U.S. consumers purchased \$3 billion worth of Bangladeshi goods in the first six months of the calendar year.

This also means that the growth of U.S. imports from Bangladesh exceeded the growth rate of the Bangladeshi economy itself. Or, put more simply, bilateral trade is truly boosting this country's ongoing economic expansion. And this isn't just about RMG; it includes other sectors as well. It is very clear to those of us who are based here that there are a number of areas where Bangladesh has the potential to expand its exports, like the information and communication sectors, the pharmaceutical industry, chemicals, leather, and even bicycles. When you look at our trade and investment data -- and at the track record of companies represented in this room --

it is clear the United States is a strong believer in Bangladesh's economic future and that our companies are backing this belief up through trade, investment, and training.

This brings me to my second point... the case for boosting commercial interaction is exceptionally compelling right now.

One reason for this is the broad nature of our bilateral engagement. Just look at activity from recent days.... A few days ago, we had the head of USAID visit, Acting Administrator Alfonso Lenhardt.

We also just had four staff members from our House Foreign Affairs Committee spend five days here.

We are about to complete a major joint military exercise focused on responding to natural disasters. It is called the Pacific Resilience Disaster Response Exercise and Exchange or PR DREE and it has gone very well this year. As a result, our two countries will be better able to work together should a major natural disaster strike Bangladesh.

And let us also note recent interaction between our countries. Earlier this year, the Honorable *Foreign Minister*, H.E. Mr. Abul Hassan Mahmood Ali met with Secretary of State John Kerry. We followed up in April with the visit of our Under Secretary for Political Affairs Wendy Sherman. She led the U.S. delegation to our Partnership Dialogue where we discussed the full range of political, economic, security, and development issues that underpin our bilateral relationship.

More broadly, Bangladesh continues to sustain its healthy rate of growth, and conditions are looking strong going forward. If you look at projections from the government, the World Bank, the IMF, and the Asian Development Bank and average them out, you get a GDP growth rate of 6.4% for 2015. As we all know, this comes on the heels of decades of growth in the 6% range. There are very few countries in the world that have sustained such an expansion.

I have now been working here for a year. My career has been focused on economic issues, with service in China, Africa, and Eastern Europe... I have seen the ups and downs of numerous emerging markets... and I can tell you that the numbers I have tossed out today stand up to qualitative and comparative judgment... Bangladesh is a place with real potential going forward.

This brings me to my third point: the United States Government is actively involved in boosting bilateral commercial ties with Bangladesh. There is a sizable team working together in this regard, including the State Department, the U.S. Agency for International Development, the Department of Commerce, the Department of Agriculture, and even our Department of Justice, which offers expertise on issues like banking and intellectual property rights.

Let me put some names and faces with this team... I would like to introduce some of my colleagues who have joined me here today. A team that is dedicated to expanding our commercial ties:

Andrea Brouillette-Rodriguez, our new Political/Economic Counselor

Her Deputy is Brad Stilwell, and he is also our lead on economic policy

Daniel Keen follows Bangladesh's economy, but more important to all of you, he is the representative here for the U.S. Department of Commerce

Catherine Seagraves is our new Environment, Science, Technology, and Health Officer whose work extends to boosting interaction in sectors related to her portfolios

Shahrazad Rahman and Asif Ayub underpin the work of us all, analyzing economic developments, advising us on economic trends in Bangladesh, and working to support companies that hail from both the United States and Bangladesh.

I'd encourage our friends and colleagues in this room to stay in close contact with them as we seek out ways to support increased trade and investment.

With all this in mind, I would now like to discuss our recently released Investment Climate Statement, or ICS.

First, let me tell you about what an ICS is... U.S. embassies and diplomatic missions carefully follow investment laws and practices around the world. We use our accumulated knowledge to prepare ICSes. Every year, our embassy works closely with partners in the U.S. Commerce Department and Foreign Agricultural Service to publish an ICS. We publish one for every country in the world and they are easily found on the internet, just search for Investment Climate Statement Bangladesh 2015 and you'll locate it without problem.

ICSes cover a breadth of topics that can help U.S. investors make informed investment decisions and contain information about issues like:

Market barriers

Business risk  
Legal and regulatory system  
Dispute resolution  
Political violence  
Labor issues  
Intellectual property rights  
And much more

We issue our statement for Bangladesh as a standalone document available on the Department of State website, and also as part of our Department of Commerce's Country Commercial Guide for Bangladesh, which can be found on that agency's web site.

Our statement recognizes Bangladesh's positive direction:

It makes note of this country's 6 percent annual growth sustained over the past two and a half decades.

It references Bangladesh's large, young and hard-working workforce, and vibrant private sector.

It highlights that Bangladesh is the world's eighth most populous country, suggestive of the potential future consumer demand here.

It suggests that Bangladesh offers opportunities for investment, especially in the energy, power, pharmaceutical, information technology, telecommunications, and infrastructure sectors as well as in labor-intensive industries such as readymade garments, household textiles, and leather processing.

It additionally comments that there is significant demand in major cities for U.S. consumer products and that U.S. franchises are establishing a presence here.

In the document, we credit the Government of Bangladesh for actively seeking foreign investment, particularly in the apparel industry, energy, power, and infrastructure projects. We chronicle investment incentives under the government's industrial policy and export-oriented growth strategy, and note that there are few formal distinctions between foreign and domestic private investors.

Our ICSes also list challenges faced by current and potential U.S. investors. We do this everywhere. For example, in Korea, we note the need for improvement in the consistency of the government's interpretation, transparency, and timeliness in the application of FDI regulations.

For Mexico, we recognize that the presence of drug and organized crime-related violence has increased significantly since 2006. And for Italy, we note setbacks to reform initiatives as well as issues with taxes and bureaucracy. All three of these countries are major trading and investment partners, but we still use the ICSes to tell the full story... so that U.S. businesses better understand foreign business climates and can make better and more accurate plans and position themselves for success.

For Bangladesh, this approach is clearly helpful to the companies involved -- and it is also helpful to the governments of both nations as we seek to eliminate obstacles to trade and investment. Some issues are easy to resolve and having them stated clearly can serve to highlight the low-hanging fruit that we just need to reach up and grab to boost commercial interaction.

In Bangladesh's case, we alert potential investors to inadequate infrastructure, financial constraints, and challenges that come with working with the bureaucracy. We note a lack of effective alternative dispute resolution mechanisms and slow judicial processes impede the enforcement of contracts and the resolution of business disputes. We also cite the recent and significant political violence.

The Investment Climate Statement also notes that the United States suspended benefits under the Generalized System of Preferences (GSP) in 2013. While today's conversation is not about GSP, I note this issue because working to boost conditions for workers in Bangladesh is an important bilateral economic issue for us. I am proud that the U.S. continues to participate as part of an incredible array of governments, corporations, non-governmental organizations and other stakeholders that have come together to boost building safety, fire safety, and workers' rights in this country. This is an unprecedented effort that may well serve as a model elsewhere.

Our ICS references the U.S. - Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA), a mechanism for both countries to meet regularly and identify obstacles to increasing bilateral trade and investment and how to overcome those obstacles. The successful inaugural TICFA Council meeting was held in Dhaka on April 28, 2014, and we are presently working to set a date for the next gathering, hopefully later this fall.

Where does all this leave us? Well, I'm pleased to report that the United States is one of Bangladesh's largest sources of foreign direct investment. Our official figures suggest the accumulated value of this investment is around \$1 billion; other estimates are even higher. I do

know that that most of us in this room can agree that we would like the amount to be much, much higher.

Why is this? Why does a country such as Bangladesh need to attract additional Foreign Direct Investment?

In short, because increased foreign direct investment provides funding for new factories, infrastructure, and machinery. It can reduce the costs of borrowing for local companies as the total pool of available capital increases. Importantly, investment generally comes with best practices, new techniques, innovations, and better access to global supply chains. Even more important is that this be a two-way street. One of the striking features of Bangladesh's economic growth over the past two decades is that Bangladeshis are now investing in other countries. With foreign currency reserves at \$26 billion, remittance flows steadily increasing, and a global diaspora of hard-working and talented Bangladeshis, this country is well-positioned to be a strong two-way investment and trade partner. The United States stands ready to welcome Bangladeshi investments into our country just as we appreciate being welcomed here.

Please... have a look for yourself at our statement. We hope it will serve as a useful reference, and we will appreciate reactions and input that will help make next year's report even better.

As I mentioned several times today, the United States is strongly supportive of expanded commercial activity with Bangladesh. The Investment Climate Statement is a document that helps U.S. companies do business in Bangladesh and provides some suggestions for improving the business climate to further boost trade and investment. This is a conversation that we have with our valued partners, and Bangladesh is one of them.

I would like to once again thank you for your attention and for your hard work on these issues. I would also like to open the conversation for comments, questions, and suggestions. My colleagues and I will take note of them and give them great consideration.

Any questions? Comments? The floor is yours.

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*\*As prepared for delivery*