



Bangladesh Investment
Development Authority

Plastic Industry



June 2023

Industrial Outlook

Key Features

Total factories **6000**; Export oriented factories **450**

Use of plastic grew by **20%**

142 different types of plastic being used in production

Export earnings are expected to increase **3 times** during the next several years

Plastic manufacturers have set a new target of securing a **3%** share of the **US\$570 billion** global market by 2030



12th export earner

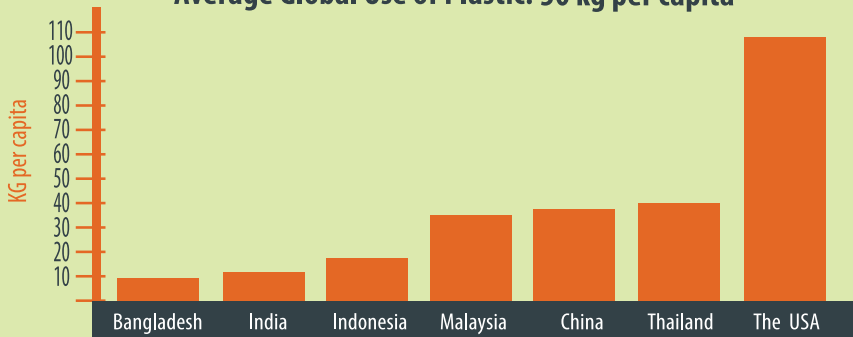
Domestic supplies have grown by **15%** yearly over the last several years

The domestic demand for toys is approximately **US\$1 billion**, **60%** met by the local manufacturers

Presently, around **100** toymakers are producing **1,000-1,200** types of toys in the country

Country-wise Comparison of Plastic Consumption

Average Global Use of Plastic: 50 kg per capita



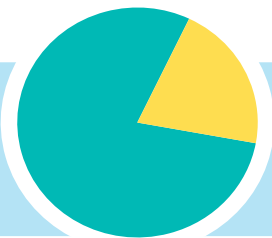
Key Plastic Products



Household goods, packaging and construction products, garments bags, garments accessories (hanger, button, clip, collarbone, chip), toys, sanitary items, PVC pipes



Economic Overview



Total market size is US\$2.99 billion

■ **83.4 % local market**

■ **16.6 % global market**

Contribution to GDP is around **1%**

The National Plastic Industry Development Policy 2020 aspires to continuous annual growth in this sector at the rate of **15%**

20% annual domestic growth and **10%** export growth

Annual sales in the local market are **US\$ 4.65 billion**

Plastic and packaging industry market expects to reach **US\$ 10 billion** by 2028 and **US\$ 20 billion** within 2030

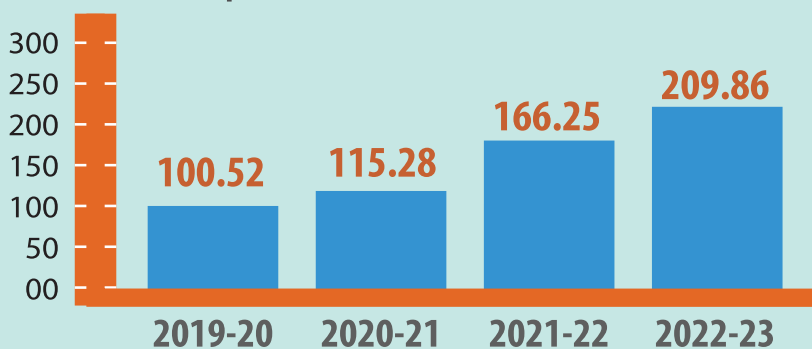
Total local investment is **US\$ 3.49 billion**

2-million-ton plastic raw material was imported in 2021

Local investment is increasing to about **US\$ 23.26 million** per annum



Export Trend in Recent Years (In Million US\$)

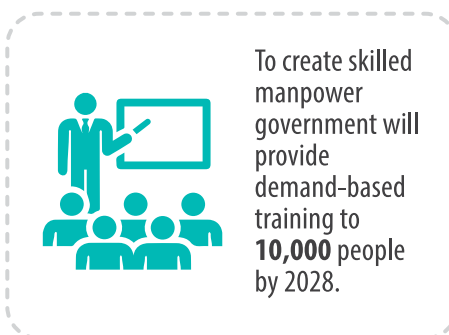
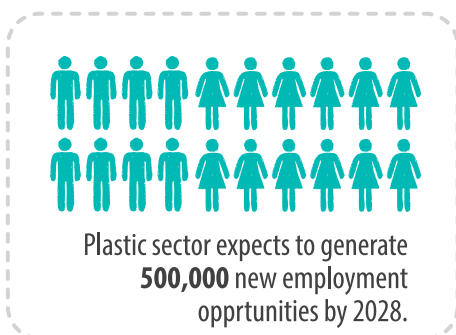
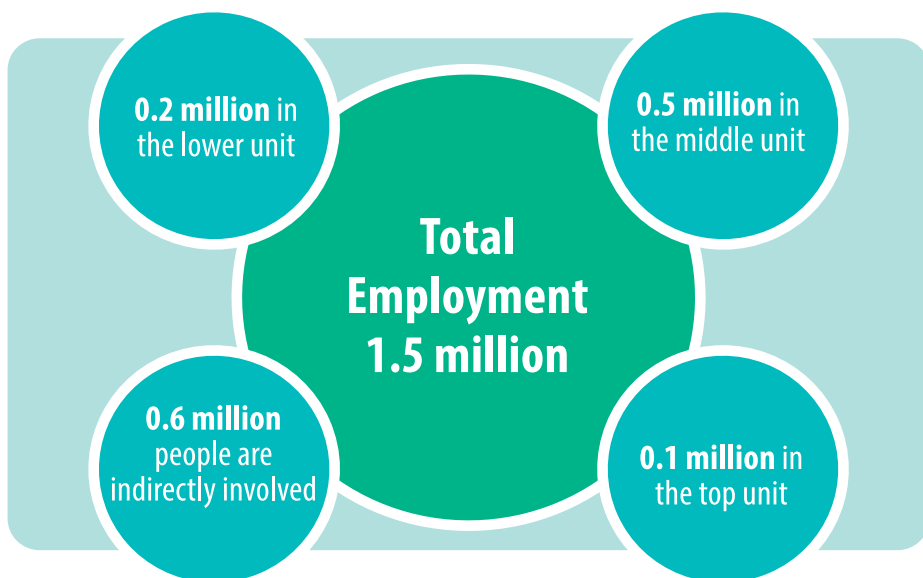


Linkage Industry

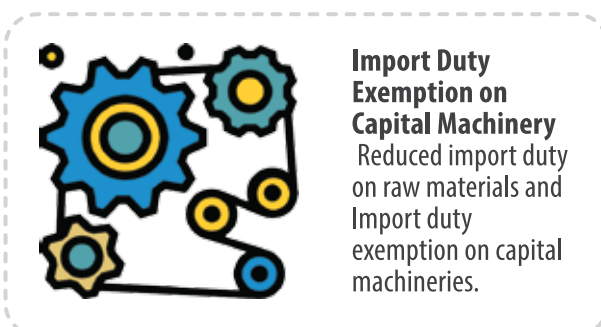


Food processing, Kitchenware, Pharmaceutical, Fast-moving Consumer Goods (FMCG), Garments, Automobile, Electric & Electronics, Agriculture, Textile, Healthcare, Medical Accessories, Construction, Chemical, Energy Generation

Labor Forces



Growth Drivers





Bonded Warehouse Facilities

Bonded warehouse facilities are also being provided to export-oriented industries.



The National Industrial Policy 2022 recognized Plastic Industry as a priority sector.



Thrust Sector

The Government of Bangladesh has identified the plastic industry as a thrust sector and has been providing a good number of policy-level support.



Product Quality

Light, durable, fancy and cheap



Cheap and Competitive Labor Force

US\$ 74.76 minimum monthly wages for the workers of the country's plastic sector.



National Plastic Industry Development Policy 2020 aims to establish a competitive plastic/packaging hub in South Asia and internationally accepted brands.



Low Production Costs

Production cost is low due to the country's cheap wage structure and availability of a large labour pool of semi-skilled to skilled workers.



Trade Preference and Concession

GSP, SAFTA, APTA, BIMSTEC

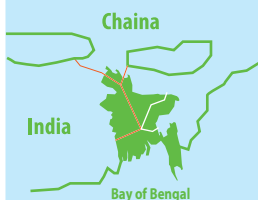


New Technology in Plastic Industry

The technology of US OX vinyl Co., France Kimono, and Oerlikon Company are used in the raw material manufacturing plastic industry in Bangladesh.



Rising Number of Middle and Affluent Class (MAC) Consumers
34 million by 2025



Access to Neighboring Countries' Consumer Market

Country's strategic geographic location, potential economic corridors, and the Bay of Bengal offers easy trading access to the Asia-Pacific region and Middle Eastern's big consumer markets.

Top Toy Manufacturers and Exporters



Top Export Products

Garment accessories (hanger, button, clip, collarbone/chip, etc.)

Packaging/ conveyance items (like sacks, bags, boxes, pallets)

Bangladesh exports plastic products to 126 countries



Duty-free, Quota-free Market Access



Australia



Canada



China



Europe Union



Iceland



Japan



New Zealand



Norway



Russia



Switzerland



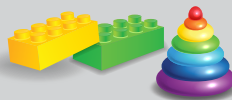
The USA

★ Canada extends duty-free access for Bangladesh till 2034.

Hot Spots for Foreign Investment



Consumer products
such as kitchenware
and furniture



Plastic toys



Automotive and
electric parts



Construction
materials



Packaging
industry



Accessories of
garment
industry products



Plastic water
recycling

Enabling Policies and Incentives

Fiscal and Other Incentives

- ▶ Reduced Corporate Income Tax for 5 to 10 years depending on location for newly established “plastic recycling business”
- ▶ 1% import duty exemption on capital machinery/ spares for export-oriented industries
- ▶ 3% import duty exemption on capital machinery/ spares for other industries

Export Subsidy

- ▶ 50% tax exemption for income derived from export
- ▶ No VAT imposition on export goods
- ▶ 10% cash incentive on export value of plastic products, PET bottles
- ▶ Export subsidy of 10 percent on polyester staple fiber plastic produced from pet bottle flex
- ▶ 5% export subsidy for export of PET bottles-for potato flakes

Supporting Policies

- ▶ Export Policy 2021-24
- ▶ Import Policy 2021-24
- ▶ National Industrial Policy 2022
- ▶ National Plastic Industry Development Policy 2020

Supporting Laws and Regulations

- ▶ Income Tax Act, 2023
- ▶ Guidelines for Foreign Exchange Transactions, 2018 (Vol. 1)
- ▶ Bangladesh Labor Act, 2013
- ▶ Bangladesh Labor Rule, 2015
- ▶ The Environmental Court Act, 2002
- ▶ The Hazardous Wastes (Management and Handling) Rules, 2002
- ▶ The Bangladesh Environment Conservation Act, 1995
- ▶ The Foreign Private Investment (Promotion and Protection) Act, 1980
- ▶ Foreign Exchange Regulation Act, 1947

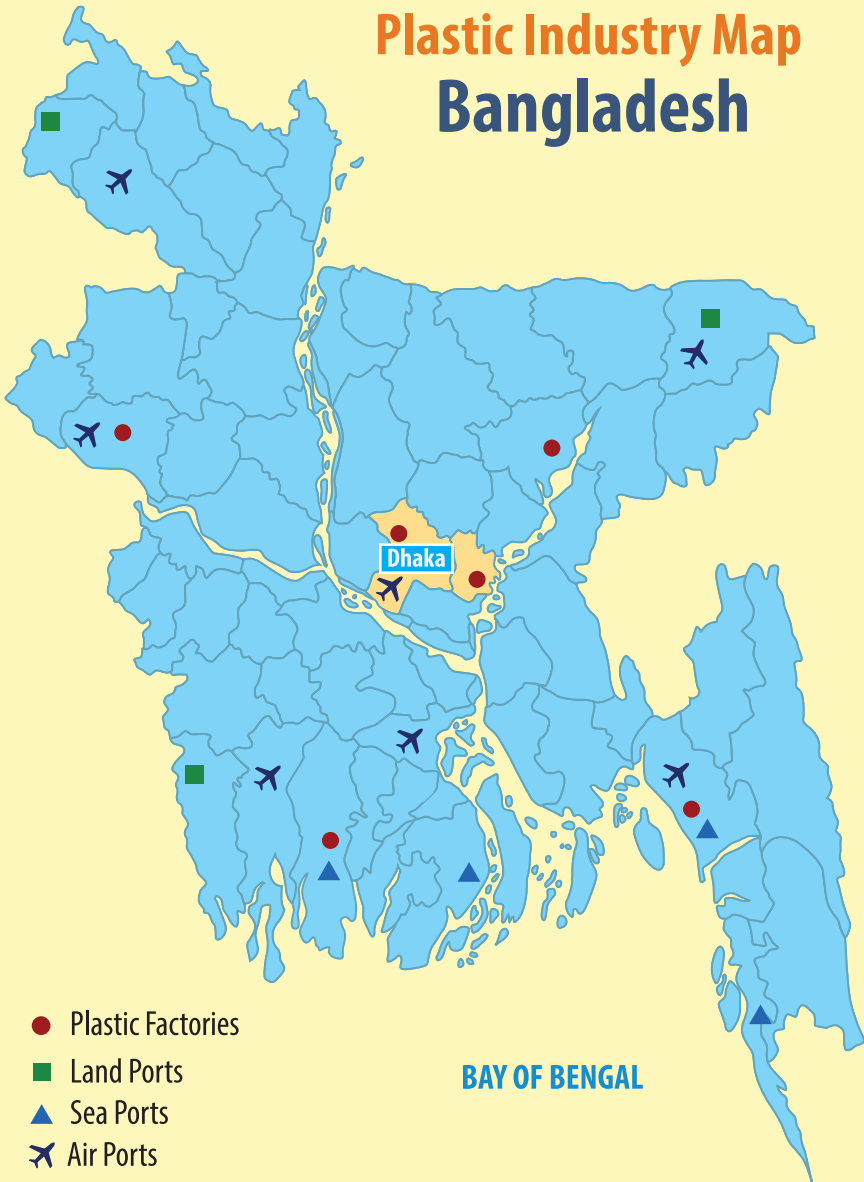
Supporting Ministries/Institutions

- ▶ Ministry of Commerce
- ▶ Ministry of Industries
- ▶ National Board of Revenue
- ▶ Bangladesh Bank
- ▶ Bangladesh Investment Development Authority
- ▶ Bangladesh Economic Zones Authority
- ▶ Bangladesh Export Processing Zone Authority
- ▶ Bangladesh Institute of Plastic Engineering Technology
- ▶ Bangladesh Standard and Testing Institution

Industry Associations

- ▶ Bangladesh Plastic Goods Manufacturers and Exporters Association
- ▶ Bangladesh PET Flakes Manufacturers and Exporters Association

Plastic Industry Map Bangladesh



★ About 60% industry are located around Dhaka and Narayangonj.



Bangladesh Investment
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