

Session-3: Enhancing Competitiveness for promoting trade, investment and private sector development

Topic-2 "Address infrastructure bottlenecks & develop zones to improve competitiveness"

Draft intervention by Japanese Ambassador on behalf of Japanese Agencies

Introduction

- | I would like to take up the second priority issue of infrastructure and zoning. We really appreciate that the Government has attached great importance to infrastructure such as energy & power, transport, telecommunication, and water & sanitation in the PRSP and that Honourable Energy Advisor and BOI Executive Chairman expressed the Government's commitment to several targets to be achieved by October 2006.
- | While the situation may not improve easily and in a short time, it is essential to make the people and the private sector confident about the improvement in the future by taking concrete actions and achieving tangible results both in physical facilities and institutional framework.

Energy and Power

- | Electricity and gas supplies are suffering from acute capacity constraints. The Government's commitment to finalizing with development partners Power System Master Plan, Gas Master Plan, Road Map for Power Sector Reforms 2006-8, and Mid-Term Power Strategy is appreciated. We hope that the target will be successfully achieved.
- | On regulatory framework, roles of the Bangladesh Energy Regulatory Commission (BERC) are essential. We welcome the Government's commitment to approving an organogram for BERC, which would enable the institution to acquire the required capacity to make it fully operational.
- | We also hope that sufficient gas supply will be ensured by various measures supported by recently approved ADB loan.
- | Regarding power generation, however, not only planning and framework but also physical expansion needs immediate actions by the Government. Power shortage is one of the most critical and urgent matter at this moment. Of course, generation expansion should be based on the least cost option, and procurement should be made in a transparent manner in line with Government's procurement rules and private infrastructure guidelines.

Other infrastructure

- | For transport sector, if the Government can achieve the several major targets, it will make significant contribution not only to the immediate improvement of infrastructure bottlenecks but also to people's confidence in implementation capacity and strong political will to back it up. Such major targets include: (1) the establishment of the long-discussed Road Maintenance Fund, (2) further progress of upgrading Dhaka-Chittagong highway, (3) approval and initial implementation of

Bangladesh Railway's organizational restructuring, (4) finalization of mid-term investment plan of railway infrastructure, and (5) the start of private operations of a new mooring container terminal in Chittagong Port,

- I The start of the operation of International submarine cable will have significant impact on telecommunication and ICT. BTTB corporatization, on which the Government has already made decisions as a matter of principle, should be realized.

Zoning

- I Bangladesh has a successful experience of Export Processing Zones for industrial development and export expansion. It is the time to enhance it and to make strong linkage with domestic economy. We welcome the target that economic zone strategy should be finalized and new economic zones should be selected for development. In this context, we would like to know the Government's ideas on regional development planning. In addition to the most important economic corridor between Dhaka and Chittagong, large foreign direct investment is expected in Northwestern region to utilize the opportunity of coal mining. Is the Government considering to make any regional development master plans?

Concluding remarks

- I In ending my speech, I would like to highlight the three important points that I raised earlier: (1) concrete and immediate actions for power generation expansion, (2) BTTB corporatization, and (3) regional development planning. I would appreciate it if the Government could make comments on these points.

(prepared by Japan with other DPs)