**Press Release**

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Attn: News Editor/ Chief Reporter/ Assignment Editor /Business Page-in-Charge:

**Launching of Bangladesh Business Confidence Survey Report 2022-23**

The Bangladesh Business Confidence Survey Report 2022-23 reveals that the overall Business Confidence Index (BCI) for 2022 stands at 74.4, indicating a positive outlook for business conditions over the next six months. Business entities across Bangladesh are confident that the volume of orders for the manufacturing sector, demand for services in the service sector, selling prices, and business activity will increase in the next six months. As a result, businesses are willing to expand their employment and investment over the same period. However, business entities, especially in the manufacturing sector, have low confidence in costs, indicating the need for immediate action to address the cost burden of businesses, including the cost of electricity, water, gas, rent, and materials.

The Business Initiative Leading Development (BUILD) and the USAID-funded Feed the Future Bangladesh Trade Activity jointly launched the ‘5th Business Confidence Survey Report 2022’ on 5 March 2023, at InterContinental Hotel, Dhaka. The survey was conducted between September and November 2022, covering 567 business entities across Bangladesh and aimed to analyze the existing business condition in the last six months (March 2022 – August 2022) and anticipate turning points in the economic activities for the next six months (December 2022 – June 2023) to enable businesses to prepare and plan accordingly to mitigate risks.

Mr Nurul Majid Mahmud Humayun MP, Hon’ble Minister, Ministry of Industries was the chief guest of the event where Mr Abul Kasem Khan, Co-chair, LIDWC, BUILD, Mr Martin Holtmann, International Finance Corporation, Country Manager, Bangladesh, Bhutan, and Nepal, Mr A.H.M. Ahsan, Vice Chairman, Export Promotion Bureau, Ms Mohsina Yasmin, Executive Member, BIDA, Engineer Sheikh Faezul Amin, Additional Secretary, Ministry of Industries were the Special Guests of the event. Mr Md Sameer Sattar, President, DCCI, Mr Naser Ezaz Bijoy, President, FICCI, Mr Zaki Uz Zaman, Country Representative, UNIDO Bangladesh, Mr Munawar Misbah Moin, President, Accumulators Battery Manufacturers & Exporters Association of Bangladesh, Mr Mohammad Naquib Uddin Khan, President, Bangladesh Supply Chain Management Society, were resource speakers at the event.

Mr Nurul Majid Mahmud Humayun MP, Hon’ble Minister, Ministry of Industries, expressed heartfelt congratulations to BUILD for organizing such an important event. He said that the 5th BCS is significant as it has applied the methodology of harmonized business confidence survey recommended by the Organization for Economic Co-operation and Development (OECD) Statistics Directorate. Therefore, it is an internationally recognized survey. This survey has provided valuable information to economic policymakers and analysts.

He said that we are pleased to have learned that the overall Business Confidence Index (BCI) conducted by BUILD, gave an optimistic perception of business conditions despite the challenges Bangladesh is currently facing due to the global economic turmoil. The other scores in the survey show some visible recoveries of business activities and emerging business confidence. However, the cost confidence plummeted to as low as 22.4 over the next 6 months and the government must take this into serious consideration in fiscal and monetary measures.

He informed the audience that Bangladesh has shown resilience in any crisis and will overcome this crisis as well. He advised that economic and business experts, academics, think tanks, international organizations, private investors, traders, consumers and the government must work together to tackle these sudden crises and come up with prudent policies and economic measures so that the country will be prepared to handle and overcome any future economic shocks.

In her welcome speech, Ms. Nihad Kabir, Chairperson of BUILD, emphasized that Bangladesh has experienced a structural transformation from an agrarian economy to the growing dominance of industrial and service sectors. With an average GDP growth of over seven percent for more than a decade, the country has experienced the fourth Industrial Revolution (4IR), accompanied by a rapid increase in digitalization, technological up-gradation, a flourishing IT sector, a wider range of products, domestic consumption expenditure, government spending, remittances, and exports revenue.

She expressed BUILD's commitment to continuing to convene, align and advance the interests of the private sector through principled policy work, value-added business services, and broad engagement to drive competitiveness and economic growth in Bangladesh. She also expressed BUILD's pride in continuing to conduct such surveys, which are used globally by governments and policymakers.

In her keynote presentation, Ms. Ferdaus Ara Begum, CEO of BUILD, noted that the upward movement in the BCI was driven by improvement in the sentiments for six components out of seven components of the BCI, namely, employment, the volume of order or demand for service, business activity, selling price and investment. Out of the seven components, only the overall business cost index is negative giving a pessimistic perception. The diffusion index in this study ranges from 0 to 100 with a midpoint of 50 where less than 50 means contraction or less optimistic and more than 50 means expansion or optimistic. The overall business cost index stands at 35.8 over the last six months (March 2022 – August 2022) and expects to reach 22.4 over the next six months (December 2022 – June 2023). Around 72% of business entities in this survey reported that the overall business cost will increase over the next six months.

Ms Ferdaus Ara Begum informed the audience that compared to the service sector, the manufacturing sector is more optimistic regarding the next six months. The survey also indicates that the operating capacity of the service sector is not fully utilized. A sector-based specific investigation is needed to find out the possible reasons and circumstances. She also explained that when business entities are compared based on their year of establishment, it is observed that the confidence level amongst the newly established companies is low compared to those who are already established. MSMEs are also keen on increasing employment and boosting investment over the next six months (December 2022 to June 2023).

Marc Shiman, COP, USAID FtFBTA, expected Bangladesh Business Confidence Survey (BBCS) 2022-23 would facilitate the government to take decision to ensure positive confidence of the entrepreneurs to the domestic business environment. He thanked BUILD as the integral part of the project that has conducted able advocacy to make the business eco-system more simplified like improvement of capacity of RJSC&F, logistics and customs process simplification, etc.

Abul Kasem Khan, Co-Chair, LIDWC mentioned that economic trajectory of Bangladesh till 2041 is well defined and the BBCS pointed out the rooms to address to reach set goals. Policy enablers should focus on SMART policy initiative to make SMART Bangladesh, replicating RMG success stories for potential export basket, successful utilization of SEZs and development of logistics infrastructure, skill development, investment incentives, customs automation, etc. for better confidence on business environment.

Mr. Martin Holtmann, Country Manager, Bangladesh, Bhutan, and Nepal, International Finance Corporation, said that Business Confidence survey is the summary indicators of how the businesses feel. It is an individual measurement of the overall business condition of Bangladesh. BCS is basically a couple of early morning signs. We hope that these signs will help the businesses take decisions. I would like to thank BUILD and USAID for coming up with this timely initiative. One thing I would like to say is that we need to be careful about the status quo bias. We need to look at the trends. We need to give voice to voiceless, in this case, they are CMSMEs, especially the women entrepreneurs. It is well recognized that Bangladesh is doing good in every indicator. You don’t need to be a genius to understand that something is happening in Bangladesh. Mr. Holtmann urged to make index name as BUILD Index.

A.H.M Ahsan, Vice Chairman, Export Promotion Bureau informed that Ministry of Commerce and EPB jointly have taken initiatives to attain the export targets set in 8th FYP, Export Roadmaps, Perspective Plan 2041 etc. To ensure export diversification as well as to mitigate to over dependency on RMG sector, several policy initiatives have been taken but we have miles to go to ensure comprehensive export basket diversification. Government is facilitating the export sector to ensure both the horizontal and vertical export diversification by addressing higher value addition and expansion of export destinations. Initiative needs to be taken to remove the anti export bias philosophy of the domestic sector champions.

Ms. Mohsina Yasmin, Executive Member, BIDA, said we would like to thank BUILD for this excellent initiative. We hope that business confidence survey will be very useful tool for the policymakers. It is great news that confidence and expectations among businesses are gaining back. Investment promotion is the one of main priorities of our Honorable Prime Minister. Under the leadership of Prime Minister, BIDA is working for the investment promotion in Bangladesh. Business Confidence Survey will be a good source of information for us. Creating right environment is mandatory for the development of private sector of Bangladesh. BIDA is hopeful to work with the private sector in this regard.

Engineer Sheikh Faezul Amin, Additional Secretary, Ministry of Industries, appreciated BUILD and USAID’s Feed the Future Trade Activity for conducting the Business Confidence Survey and gave special thanks to BUILD for organizing such an important event to discuss the findings of the survey. According to him, this survey would help governments and policymakers to understand how businesses feel about the overall operating environment, to identify what has been helping businesses, and to determine what needs to be done further for improving the investment scenario.

Mr. Sameer Sattar, President, DCCI, said that we have found optimistic view from the Business Confidence Survey 2022-23. This survey found that our business community is showing confidence and resilience. One of the major recommendations of government needs to consider is that cost of doing business is needed to be minimized. CMSMEs are suffering from multiple issues. Getting finance is one of challenges for the CMSMEs. We would recommend removing medium from the CMSME category. One thought is that this survey can be more inclusive. More companies and sectors are needed to be included to make the survey more inclusive.

Zaki Uz Zaman, Country Representative, UNIDO focused to make a responsive relationship between the resource efficiency and cleaner production to cope up with the adverse impact of the ongoing global crisis. Software, food processing, recycling industry should be incentivized with policy and fiscal assistance to ensure export diversification as well as to cope up with LDC graduation era. He pointed to address reduction of customs duty to facilitate renewable energy establishment mechanism, skill development of workforce, automation and digitization, establishment of common facility, reduction of product certification hassle to boost business confidence of our nation.

Mr. Munawar Misbah Moin, President, Accumulators Battery Manufacturers & Exporters Association of Bangladesh, said, it is good that overall business confidence survey has found optimistic results. In case battery or automotive sector, it is 80% informal sector. A lot of companies are unregulated and illegal here. This can be one of the reasons of getting optimistic view from this sector. We need to shift this sector from an informal-led sector to formal-led sector. For this, we would request NBR to rethink about the tax regime. Also, we would request MoEFCC and MoI to help this sector become environment friendly.

Mohammad Naquib Uddin Khan, President, BSCMS, pointed reliability, speed and cost as the three success factors of logistics eco-system mechanism. He requested to ensure end to end integration, fast tracking the logistics infrastructure mega projects and simplification of public policies to ensure harmonized and comprehensive development of the logistics subsectors and components.

Sincerely,

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