



Trade Facilitation Challenges in Bangladesh and the Need to Establish TTFMM

Presentation at

**National Workshop on Trade and Transport Facilitation Monitoring
Mechanism (TTFMM)**

By

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Objective of the Presentation



To provide an overview of Trade Facilitation Challenges of Bangladesh and future course of action including relevance of establishing Trade and Transport Facilitation Monitoring Mechanism

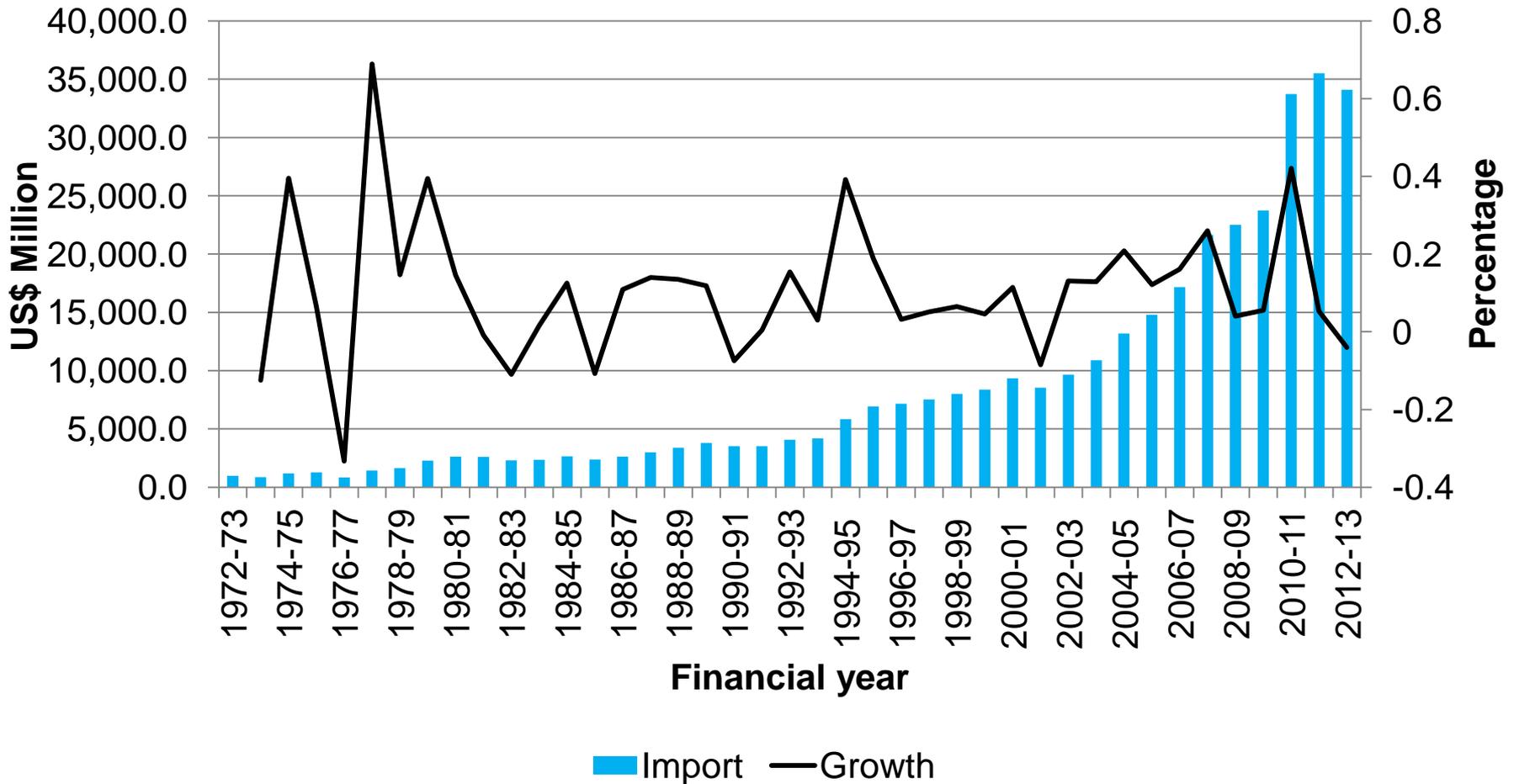


Structure of the Presentation

- Overview of Trade Performance of Bangladesh
- Existing Trade Facilitation Measures in Bangladesh
- Salient Features of the WTO Trade Facilitation Agreement
- Probable benefit of trade facilitation measures for Bangladesh
- Challenges for Bangladesh
- Importance of TTFMM

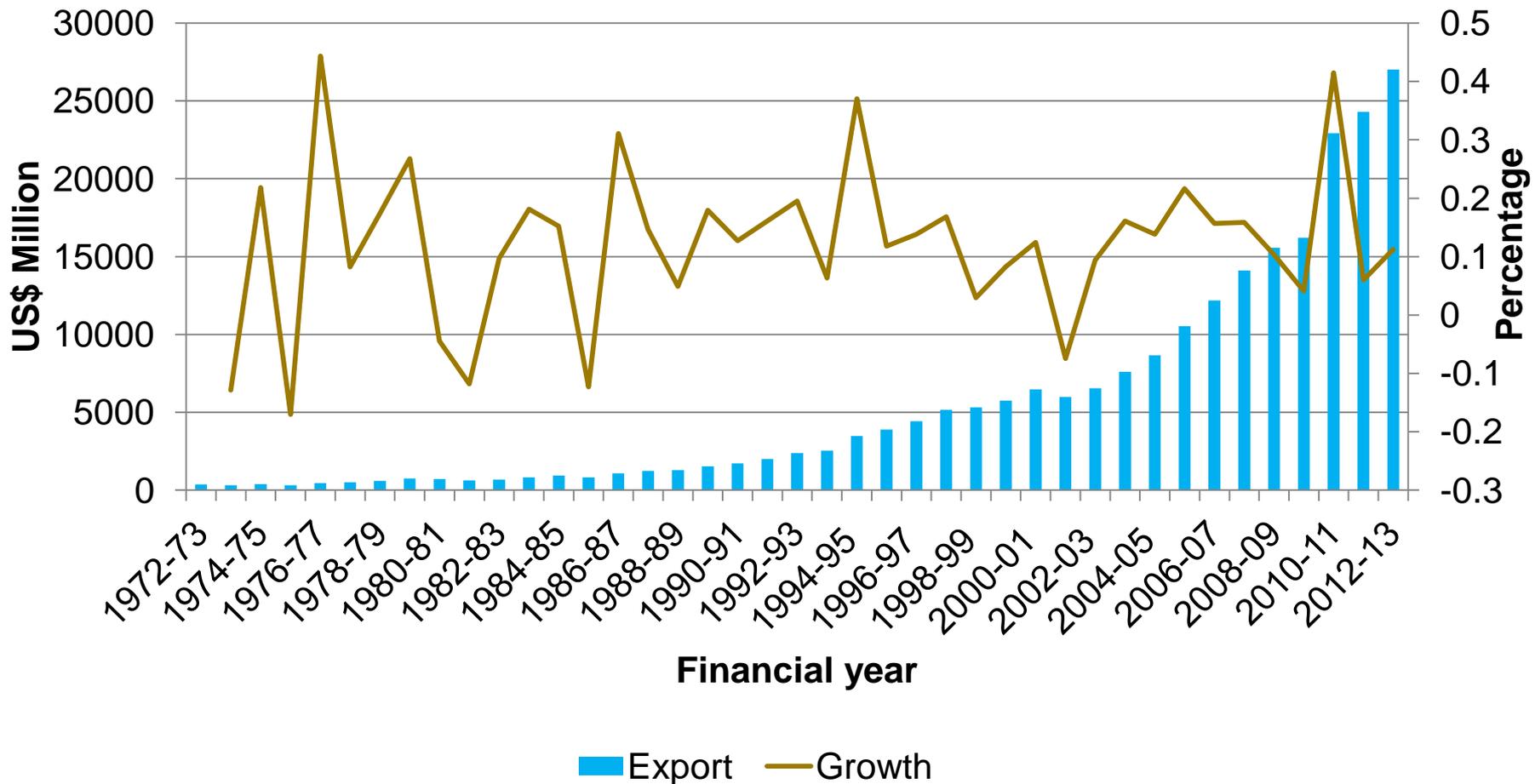


Overview of Trade Performance of Bangladesh (Import)

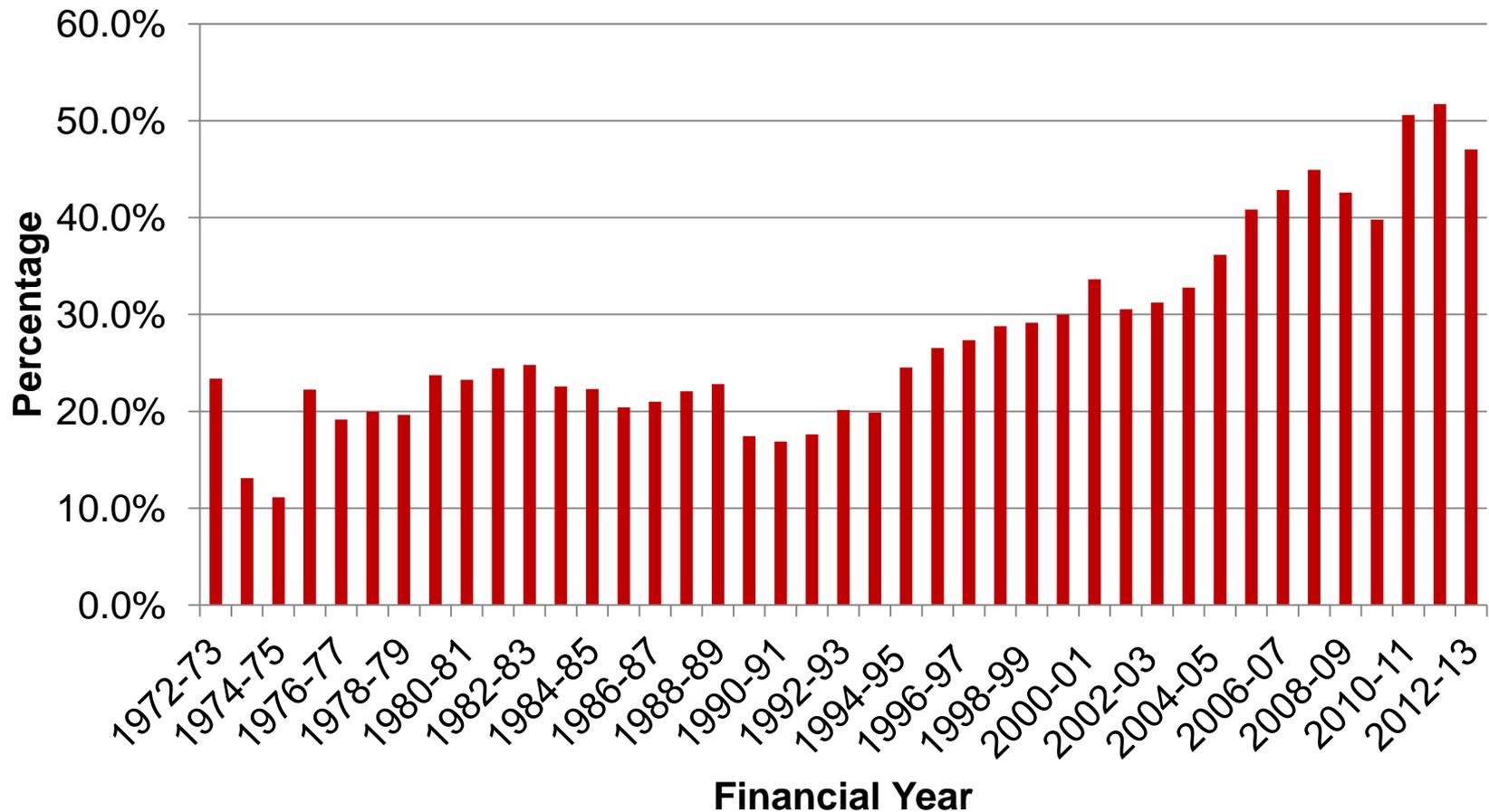


Trade Facilitation Challenges in Bangladesh

Overview of Trade Performance of Bangladesh (Export)



Overview of Trade Performance of Bangladesh (Trade-GDP Ratio)



Existing Trade Facilitation Measures in Bangladesh

- Bangladesh has 2 seaports, 1 internal container depot (ICD), 3 airports for international transaction of goods and 28 Land Customs stations. However, more than 90% of internationally trade goods are carried by sea.
- All rules, regulations and statutory orders are published
- Any changes made during budget are also available via internet
- import licensing system was abolished back in 1985 for all products other than the products which require special import permit for health, environment, SPS and other reason.
- While 25 signatures were required for clearance of import and export consignments in 1999, in 2002 the number was reduced to five and Customs is trying to further reduce the procedure and release time by automation.
- Initiative was taken to introduce ASYCUDA in 1992.



Existing Trade Facilitation Measures in Bangladesh

- The latest version of ASYCUDA, i.e. ASYCUDA++, has been put in place in Dhaka Customs House, Chittagong Customs House (CCH), Benapole Customs House, Mongla Customs, and the Export Processing Zone.
- Direct traders input (DTI) has been introduced in Dhaka and Chittagong Customs Houses allowing electronic submission of bill of entry
- In 2009, Customs installed four container scanners at the Chittagong port to detect contraband/illegal shipments and weapons, aimed at ensuring security while facilitating legitimate trade.
- A selectivity system has also been implemented at the port of Chittagong, where shipments are screened against pre-determined risk criteria and then processed through the appropriate channel.
- Chittagong Port Authority (CPA) operationalized its container management system (CTM), which has facilitated automation of import operations.



Existing Trade Facilitation Measures in Bangladesh

- The categories are "green channel" imports that are released with minimal documentation checks and no physical inspection, "yellow channel" imports that undergo a full documentation check, and "red channel" imports that account for 10% to 12% of the total and receive full documentation and physical inspection.
- A post-audit system is also under development to verify the accuracy of green channel and yellow channel clearances. The Government plans to extend the system to include both imports and exports and to implement the system at other customs offices.
- The turn-around time at Chittagong port has, according to the authorities, improved due to various measures, including privatization of port-handling operations, introduction of modern handling equipment and introduction of CTMs.
- The port of Chittagong clears 40% of bills of entry in two working days or less.



Existing Trade Facilitation Measures in Bangladesh

- Work has been underway to upgrade ASYCUDA to ASYCUDA WORLD and install the system to all Customs stations. ASYCUDA WORLD has already been installed at Chittagong Customs House and DHAKA ICD.
- IT is centrally operated under DC-DR concept. One data center (DC) at NBR connecting all customs stations/houses with one disaster recovery (DR) site at Chittagong. Nationwide connectivity through fibre optic cables (NBRNET) from two service providers to ensure 99.98% up time.
- All authorized stakeholders can login from anywhere & not required to come to custom houses to submit declarations. Paperless operations limited to bill of entry, assessment notices etc., meaning as soon as assessment is completed no print outs are given from customs. All assessed docs are sent to importers/agents directly by email. Documents contain barcode to prevent frauds. This also helps importers to know when assessment is completed.
- The introduction of Authorized Economic Operators (AEO) and the Single Window (SW) system is under active consideration at the NBR



Existing Trade Facilitation Measures in Bangladesh

- Development initiatives
- Government through using own resource with technical support from UNCTAD : Introduction of ASYCUDA WORLD
- Asian development Bank: Modern and effective customs administration and/or management.
- IFC: Development of Trade Portal
- USAID: Trade-Related Information and Transparency Improved, website enhancement, Single Window



WTO Agreement on Trade Facilitation

- Agreement contains 2 sections:
- Section I: substantive
- Section II : Capacity building
- Section I covers:
 - Ensuring availability of information to all and provisions for consultation before entry onto force of any measures
 - Advance ruling
 - Appeal and review procedures
 - Measures to Enhance Impartiality, Non-Discrimination and Transparency
 - Discipline on Fees and Charges



Core elements of Trade facilitation Agreement

- Release and clearance of goods
- Border Agency cooperation
- Movement of Goods under Customs Control
- Formalities
- Freedom of transit
- Customs Cooperation
- Institutional arrangement



Core elements of Trade facilitation Agreement

- Section II Covers:
 - Modalities for implementation of section I provisions by developing and developed countries
 - Categorization of provisions for Implementation: A, B and C
 - Notification and implementation of Category A, B, C Measures
 - Early warning mechanism
 - Shifting between categories B and C
 - Application of Dispute Settlement Procedures on Developing and least developed countries
 - Provision of Assistance for Capacity building
 - Information on Assistance



Probable benefit of trade facilitation measures for Bangladesh

- Reduced cost of transaction
- Reduced time
- Ensuring availability of information especially to SMEs
- Ensuring timely delivery of inputs required for industry and increasing productivity in the industry through proper time management.
- Reducing tax evasion



Challenges for Bangladesh

- Making The rules and regulations available to all and continue the practice
- Coordination among the various regulatory authorities and bringing them under one umbrella
- Publishing import and export procedure for specific products
- Advance ruling
- Transit procedures
- Institutional capacity building
- Ensuring same system at all customs stations especially at LCSs
- Resource mobilization



Importance of TTFMM for Bangladesh

- Main Components of TTFMM
 - 1) to formulate/update and prioritize recommendations for advancing trade facilitation; and
 - 2) to measure and assess progress in trade facilitation
- Business Process analysis+ covering the entire set of trade processes/procedures enables us to find out redundancy in documentary requirement, time required for completion of whole process including the customs clearance and formulate recommendations for trade facilitating
- To find out indicators for assessing progress in trade facilitation
- These analyses will enable the trade facilitation Committee to identify bottlenecks, take actions in identified areas and assess the progress.
- In fact, TTFMM will identify additional actions, which are enlisted in trade Facilitation agreement but help substantially reduce the trade cost and time.





Thank you
