

**Workshop on
Augmenting Competitiveness by Improving Trade Facilitation
14 September 2022
NEC Conference Room, Planning Commission, Dhaka**

OUTCOME DOCUMENT

Support to Sustainable Graduation Project (SSGP) of Economic Relations Division (ERD) in collaboration with Metropolitan Chamber of Commerce & Industry (MCCI) organized a workshop on 'Augmenting Competitiveness by Improving Trade Facilitation' on 14 September 2022 at the NEC Conference Room, Sher-e-Bangla Nagar, Dhaka.

Hon'ble Commerce Minister Mr. Tipu Munshi, MP graced the workshop as the Chief Guest. Secretary of the Ministry of Shipping Mr. Md. Mostafa Kamal and the President of MCCI Mr. Md. Saiful Islam attended the event as special guests. ERD Secretary Ms. Sharifa Khan chaired the workshop.

Trade facilitation ensures simplification, modernization as well as harmonization of rules, regulations, and procedures relating to trade. It reduces the time and cost of trade transactions, which in turn enhances competitiveness. An improved trade facilitation system is critical for significantly enhancing the overall trade performance.

It has long been observed that Bangladesh needs to undertake all possible trade facilitation measures for augmenting the competitiveness and to overcome the probable negative impacts due to the gradual loss of the Duty Free Quota Free (DFQF) market access after the country's graduation from the Least Developed Country (LDC) category.

It is notable that a comprehensive WTO Trade Facilitation Agreement (TFA) was concluded at the Ninth WTO Ministerial Conference in 2013 to facilitate global trade. Bangladesh ratified the Agreement in 2016 and TFA became effective in 2017. Bangladesh is now implementing the TFA, which has various flexibilities for LDCs. Under such flexibilities, each LDC has got the opportunity for implementing the TFA in a phased manner. However, such flexibilities will be reduced upon graduation.

In this context, the workshop was organized to discuss that how improved trade facilitation and logistics system can contribute to offsetting the probable impacts due to the loss of the DFQF market access and other International Support Measures (ISMs) after graduation from the LDC category. It also discussed the implications of legal, administrative, and technical/technological matters on trade facilitation measures and suggested necessary reforms thereof.

Senior Customs Specialist of the USAID-funded 'Feed the Future Bangladesh Trade Activity' project Mr. Md. Raich Uddin Khan delivered the keynote presentation of the event.

Member of the National Board of Revenue (NBR) Dr. Abdul Mannan Shikder, Additional Secretary of the Finance Division Dr. Md. Khairuzzaman Mozumder, Director of BGMEA

Mr. Asif Ashraf and Chairman of the Policy Exchange of Bangladesh Dr. M. Masrur Reaz spoke during the event. Stakeholders from the public and private sectors as well as research organizations participated in the workshop.

Mr. Farid Aziz, Additional Secretary of ERD and Project Director of SSGP delivered the welcome address of the event.

Recommendations

Regulatory reforms and enhanced coordination

- Speedy and effective rolling out of the ‘single window’ scheme would facilitate necessary coordination among the relevant agencies while helping to expedite the whole procedure.
- Interoperability is essential among 39 agencies that are involved in trade-related procedures for cross-border trade. Key agency identification is also important.
- Streamlining of the processes and documentation must be given priority.
- Regulatory barriers for engaging third party logistical firms should also be removed.
- Small and medium enterprises should be given special care so that they can reap the benefits of improved trade facilitation measures.
- Import General Manifest (IGM) scheme should be introduced and the relevant private sector entities should be encouraged to adopt this scheme.
- Many important issues relating to transportation, port facilities, and trade logistics remain outside the scope of the TFA. Improvements in these areas (TFA+) are also necessary to enhance trade competitiveness, export growth, and diversification as well as to attract more investment.
- Development partners should be encouraged to provide technical support for improving trade facilitation measures. ERD, as the nodal agency for dealing with the development partners (DPs), would continue to play vital role in this regard. Already, a number of projects are being implemented with support from the DPs for bringing necessary regulatory reforms and to build necessary infrastructure for facilitating the trade, while a number of such projects are also in the pipeline.
- A holistic approach should be followed in the automation of customs procedure.
- National Board of Revenue (NBR) has already been working to brand itself as a business-friendly entity. However, much more should be done to promote it as a business-friendly agency to the private sector.
- The existing process of license renewal is quite a time consuming and cumbersome. In this context, the tenure of a trade license should be increased to five years to lessen the hassle for the private sector entities.

Implementation of the WTO TFA measures

- Elimination of redundant process and documents (available electronically) in trade.

- Implementation of pre-arrival processing including penalty provision for late filing should be introduced to expedite the release of imported goods.
- Activation of Green Channel for low risk as well as Authorised Economic Operator (AEO) cargo.
- Implementation of Automated Risk Management System supported by AEO and Post Clearance Audit (PCA) program.
- Other Government Agencies (OGAs) are to implement risk management principle.
- Automation of manual processes of customs and port.
- Other border agencies should implement e-payment.
- Streamlining of the cargo examination process.

Transport Connectivity

- Multimodal and integrated transport strategy need to be developed.
- Capacity and quality of highways need to be improved. Currently, roads are inefficiently operated while congestions and delays are frequent. Inland waterways are not properly maintained.
- Accessing the waterways from Dhaka city is quite cumbersome. Railways are also underutilized as there is only one rail-based Inland Container Depot (ICD).

Port and Land Ports

- Bangladesh should look at attracting foreign investment in port management and operations. Relevant regulatory provisions should also be eased accordingly to attract foreign direct investment in this sector.
- The efficiency and capacity of Chattogram port should be enhanced on priority basis. At present, there is no warehouse facility for perishable and temperature sensitive goods (except plug in facility for refrigerated container). Port should be accessible for mother vessels.
- Warehousing, parking and other facilities at Benapole and port must be enhanced.
- Cold chain facility should be developed at major ports.
- Potential of Mongla port must be fully realized.
- More cargo handling equipment for land ports
- Capacity development for Container based import through land ports.
- Developing a national strategy to increase logistical efficiency.

Private ICD

- New ICDs are to be established to meet the increasing demand as the export volume is growing at a rate of 15% or more.
- A rail-based ICD with higher capacity may reduce the costs of export.

Aviation

- Biman Bangladesh Airlines should be equipped with adequate cargo handling equipment.
- Allocation of more spaces at courier and cargo unit at Hazrat Shahjalal International Airport.

Miscellaneous

- Implementation of measures related to advance ruling (i.e.- HS classification) needs to be geared up.
- Tariff rationalization is an important prerequisite for trade facilitation.
- The provision of minimum import price should be abolished.
- Bangladesh Bank should work to regularly update its import data.
- At present, farmers are being compelled to bear higher production cost due to lengthy and cumbersome customs procedure followed during the import of raw materials for agro-chemicals. In this context, One Stop Service (OSS) scheme should be introduced for agrochemical producers of the country.

Conclusion

The workshop has resulted in increased awareness and understanding of the existing trade facilitation and trade logistics situation in Bangladesh. It came up with a number of valuable recommendations for strategies and actions for faster implementation of the WTO Trade Facilitation Agreement and improving trade logistics in order to enhance the overall trade performance. It also provided a number of effective recommendations for formulating strategies and actions for utilizing trade facilitation and logistics system to overcome the probable challenges due to the loss of the DFQF market access and other ISMs after the graduation from the LDC category.