



## Workshop on Trade Facilitation for Improving the Competitiveness: Challenges and Way Forward



Organized by  
Support to Sustainable Graduation Project (SSGP), Economic Relations Division  
With Support from  
Chattogram District Administration

## Outcome Document

The Support to Sustainable Graduation Project (SSGP), Economic Relations Division (ERD), Ministry of Finance organized a workshop styled 'Trade Facilitation for Improving the Competitiveness: Challenges and Way Forward' at Chattogram in collaboration with the Chattogram District Administration on 04 November 2023.

Senior Secretary of ERD Ms. Sharifa Khan graced the occasion as chief guest while Vice Chairman of Export Promotion Bureau (EPB) Mr. A. H. M. Ahsan, Divisional Commissioner of Chattogram Mr. Md. Tofael Islam and Member of the Chattogram Port Authority (CPA) Mr. Md. Habibur Rahman attended the event as special guests. Deputy Commissioner of Chattogram Mr. Abul Bashir Mohammed Fakhruzzaman chaired the workshop.

Commissioner of Chattogram Customs House Mr. M. Faizur Rahman, President of Chattogram Chamber of Commerce & Industry Mr. Omar Hazzaz, Chairman of Bangladesh Shipping Agents' Association Mr. Syed Mohammad Arif and Senior Vice President of Bangladesh Freight Forwarders Association Mr. Amirul Islam Chowdhury spoke during the event as panelists.

Additional Secretary of ERD and the Project Director of SSGP Mr. Farid Aziz delivered the welcome remarks, while Component Manager of SSGP Dr. Mostafa Abid Khan made the keynote presentation of the event.



Major discussions and recommendations of the event are documented below:

### **Welcome Remarks from Mr. Farid Aziz, Project Director, SSGP and Additional Secretary & Wing Chief, DE Wing, ERD**

Mr. Farid Aziz, in his welcome remarks, observed that trade facilitation can ensure simplification, modernization as well as harmonization of trade-related rules, regulations, and procedures while reducing the time and cost of trade transactions. He pointed out that Bangladesh needs to employ all possible trade facilitation measures for augmenting its trade 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 LDC graduation. Afterwards, he underscored the importance of Chattogram — especially the Chattogram Port from the perspective of international trade and the overall trade

facilitation processes associated with this. Against this backdrop, he explained that the workshop had been organized to discuss the current situation of the trade facilitation system of the country; to discuss the existing situation of transportation, port facilities, and other trade logistics issues; to discuss the challenges and opportunities of improving trade facilitation of the country; and to discuss the recommendations and way forwards for improving trade facilitation system in order to enhance overall competitiveness of the trade.

**Keynote Presentation on “Trade Facilitation for Improving the Competitiveness: Challenges and Way Forward” by Dr. Mostafa Abid Khan, Component Manager-1, SSGP, ERD**

At the beginning of his presentation, Dr. Khan identified some major potential challenges of Bangladesh’s LDC graduation. He observed that the only way to face these challenges is to enhance the competitiveness of domestic products. He explained that all the factors influencing competitiveness are linked with trade facilitation. Highlighting the four major elements of trade facilitation—he pointed out that the Trade Facilitation Agreement of the WTO does not cover ‘Logistics Services’ and ‘Port Facilities’. Afterwards, he provided a detailed picture of the trade facilitation performance of Bangladesh vis-à-vis other countries on various key indicators. He also presented the scores of Bangladesh in the 2022 edition of the OECD’s trade facilitation indicators. He provided a comparative picture of activity-wise time release as well as stakeholder-wise share of time at Benapole, Chattogram and Dhaka port.

Subsequently, he identified some major challenges from the perspective of trade facilitation in the country:

- Import and export costs are much higher than competitive countries.
- In all logistics indexes, Bangladesh is lagging the competitive countries.
- In the case of trade facilitation measures, Bangladesh could not make substantial improvements in all areas except advance ruling and appeal procedures.
- The average release time is too high even for raw material and capital machinery due to the delay in submission of hard copies of documents.
- Container dwell time in Bangladesh is 9 days, while it is 3 days in India.
- Absence of National Logistic Policy and entry barrier to foreign logistic operator

Lastly, he put forward some major recommendations for enhancing the trade facilitation measures in the country:

- Operationalize National Single Window fully as soon as possible;
- Automatic assessment of duties and taxes through developing risk management system;
- Importers and Customs brokers need to submit the documents soon after the arrival of goods;
- Testing authorities need to establish risk management system for providing test certificates;
- Developing quality logistics services for reducing time.

## Discussions by the Panellists

### Mr. Amirul Islam Chowdhury, Senior Vice President, Bangladesh Freight Forwarders Association

Mr. Chowdhury, in his remarks, identified the 'Flag Protection Act' or 'The Bangladesh Flag Vessel (Protection) Ordinance, 1982' as an impediment to foreign trade in the country as the ordinance requires permissions from the Department of Shipping for use of every foreign vessel for importing goods, which is time consuming and hence called for rescinding this act. Underscoring the importance of skill development—he observed that the academic curriculum should encourage innovative and analytical approaches among the students and that should be in line with the industrial demand. He also opined that the customs clearance process of the country should be fully automated.

### Mr. Syed Mohammad Arif, Chairman, Bangladesh Shipping Agents' Association

Mr. Arif, in his remarks, pointed out that no additional port charge would be required if the cargoes could be delivered within 04 days. Hence, he called for reducing the time needed for cargo delivery for the sake of cost reduction. He also observed that the process of cargo delivery should be outsourced to reduce the backlog at the ports. He also opined that the products, especially the perishable items left at the Chattogram port should be auctioned promptly. Mr. Arif also called for the effective operationalization of the New Mooring Container Terminal (NCT) and Patenga Container Terminal (PCT). He also reiterated the call for repealing the Flag Protection Act—terming it as detrimental to foreign trade in the country. He also called for revising and streamlining the licensing policies and procedures for the shipping sector. He also underscored the need for digitizing the submission of export and import-related documents.

### Mr. Omar Hazzaz, President, Chattogram Chamber of Commerce & Industry:

Noting that the laboratory of the Chattogram Customs House is severely undermanned, Mr. Hazzaz called for increasing its manpower. He also pointed out that it takes a long time to carry out necessary testing of the imported food items as there is not enough such facility in Chattogram. He also opined that the HS code determination process still follows a manual modality which is quite time-consuming and subject to human error. In this context, he called for rolling out an automated national online platform for speeding up the HS code-related procedures. He also observed that apart from BUET or CHUET, other accredited engineering universities of the country, especially those situated in the close vicinity of the Chittagong Port should be authorized to test and certify imported plants and machinery. He also called for constructing an elevated expressway connecting Dhaka and Chattogram to drastically reduce the travel time between the capital and the main port city of the country.

### Mr. M. Faizur Rahman, Commissioner, Chattogram Customs House:

Mr. Rahman, in his speech, identified four pillars for enhancing the trade facilitation process in the country. The first of these pillars constitutes the necessary reforms of import and export policies to speed up the relevant testing procedures. Noting that the 'Fit for Human Consumption' test usually takes up to one month-- he called for incorporating a specific provision in the import policy order to oblige the importers to store their products at warehouses during that testing period. He also observed that the flexibilities offered in this case to products coming from SAARC countries can also be extended to other reliable import sources. Noting that an array of certifications is required for the import of capital machinery—he also called for easing this process. He pointed out that if the banks were able to issue the Bill of Lading (BL) to the importers before the arrival of ships—this would have reduced the time required for import-related procedures by 75 percent. In this context, he called for automation of BL issuance. He also said that banks should verify the market price of goods during the



issuance of LCs. He underlined the importance of responsive declaration by the importers to ensure proper valuation of goods.

Mr. Rahman identified infrastructure as the second pillar of improving the trade facilitation measures in the country. Noting that a total of 07 container scanners had been installed at the Chattogram port, he called for installing many more such scanners. Underscoring the importance of enhancing the capacity of the existing off-dock facilities—he called for the necessary investment in installing the required number of scanners at those off-dock facilities.

Mr. Rahman identified the change of mindset as the third pillar of improving the trade facilitation process. He asked the exporters and importers to submit all the required documents properly so that those documents could be easily and thoroughly processed. Lastly, he identified meaningful coordination among the relevant agencies as the fourth pillar. He observed that all the relevant agencies should act parallelly and should have the right mindset for extending the necessary collaboration among themselves.

### Open Floor Discussion

At this stage, the floor was opened for feedback from participants. During this session, the following feedback and suggestions came from them:

- The obligation to obtain 'Fit for Human Consumption' certificate is increasing the time and cost of doing business. As such, this provision should be reviewed and revised.
- The testing capacity of Bangladesh Standards and Testing Institution (BSTI) should be increased to speed up its testing procedures.
- The server of Bangladesh Bank closes at 03:30 PM on weekdays—participants urged for extending its operational hours for quicker processing of RTGS (real-time gross settlement).
- The process of acquiring permits for importing raw cotton for spinning mills should be streamlined.
- There should be a specific guideline from Bangladesh Bank regarding the processing of outward remittances for freight forwarders.
- The duty on the import of items and accessories related to the environmental compliance of factories should be reduced.
- RMG exporters are often subject to harassment as the discounts offered to international buyers are sometimes misunderstood as money laundering by the Bangladesh Bank.
- Business entities need to apply to the Bangladesh Energy Regulatory Commission for importing electric generator from abroad which is quite time-consuming.
- The process of obtaining boiler certificates is quite cumbersome.
- Women entrepreneurs should receive additional regulatory incentives to encourage their participation in business.
- Bangladesh should look to roll out the Maritime Single Window (MSW) scheme espoused by the International Maritime Organization (IMO) by 01 January 2024 to ensure necessary international compliance and uninterrupted maritime trade in the country.
- Obtaining the process of receiving clearance from the relevant customs officer upon the arrival of any ship at the seaports should be automated.
- The government should expedite the process of constructing an Inland Container Depot (ICD) at Dhirasram, Gazipur.
- There should be a dedicated site for destroying expired cargo items within Chattogram.

- The immigration process of foreign maritime personnel should be eased and streamlined.
- Container trades should be out of the purview of the Flag Protection Act.

### Speech by the Special Guests

#### **Mr. Md. Habibur Rahman (Joint Secretary), Member (Admin and Planning), Chattogram Port Authority**

Mr. Rahman, in his speech, informed that the CPA had introduced a Vessel Traffic Management System for real-time monitoring of the arrival and departure of vessels at the Chattogram port. He informed that the process to obtain permission or clearance for the arrival or departure of ships has also been automated. Recalling that the importers have already benefitted from the Terminal Operating System (TOS)—he said that exporters would also come under this scheme soon. He also projected that the quality-of-service delivery at the Patenga Container Terminal (PCT) would receive a big boost within a month. However, he observed that exporters should also streamline their internal procedures to ensure the timely arrival of export containers at the jetty. He affirmed that the laboratories of BSTI should be automated. He opined that the Flag Protection Act is not a barrier to receiving NOCs. He underscored the need for setting up more ICDs at the Chattogram port to ease the congestion. He observed that the customs clearance process should be carried out outside the premises of the Chattogram Port to speed up the core port-related functions. He called for setting up a truck terminal in Chattogram exclusively for export shipments. Noting the current capacity of the Chattogram port is 03 million TEUs—he projected that this capacity would be increased by 0.5 million TEUs once the PCT becomes fully operational. He also hoped that the Bay Terminal, which is expected to have a capacity of 4.5 million TEUs, would be operational by 2031. He informed that the One Stop Service (OSS) scheme would be rolled out at the Chattogram port within the next six months.

#### **Mr. Md. Tofael Islam, Divisional Commissioner, Chattogram**

Mr. Islam, in his remarks, observed that the government had initiated and implemented numerous development schemes in recent years which would go a long way in facilitating and augmenting the growth of trade in the country. He recalled that Bangladesh had achieved an average annual GDP growth rate of 6.7 percent over the last 14 years while the per capita income had reached USD 2,793. He hoped that the feedback coming from this workshop would provide valuable input into relevant policymaking.

#### **Mr. A.H.M. Ahsan, Vice Chairman, Export Promotion Bureau (EPB)**

Mr. Ahsan, in his speech, affirmed that addressing the trade facilitation-related issues would be crucial for increasing the competitiveness of Bangladesh at the global stage after LDC graduation. In this context, he underscored the importance of increasing the awareness of business entities regarding the relevant rules and regulations. He emphasized on automation of all the relevant platforms and processes. He observed that two distinct sets of policies should be formulated for addressing the before and at the border challenges.

### Speech by the Chief Guest: Ms. Sharifa Khan, Senior Secretary, Economic Relations Division

Ms. Khan, in his remarks, pointed out that Bangladeshi business entities could reduce their business cost by 14 to 18 percent by addressing the trade facilitation issues. She recalled that the Hon'ble Prime Minister Sheikh Hasina had provided necessary directions at a recent ECNEC meeting for reducing the product testing time at the laboratories. She also said that the issue of extending the operational hours

of the Bangladesh Bank server for quicker processing of RTGS (real-time gross settlement) would be brought to the attention of the central bank authority. She said that the issue of streamlining the process of acquiring permits for importing raw cotton for spinning mills would be looked into. She affirmed that the issue of revising the Flag Protection Act would be formally brought to the attention of the Shipping Ministry. However, she observed that there is a need for change in the mindset of the businesspeople to address the HS Code issues. She affirmed that further analysis would be carried out on whether there is any legal issue that impedes the immigration process of overseas shipping personnel. She observed that the airports have huge potential for becoming a major hub for cargo handling in the country. She called for effective monitoring of policy implementation at the ground level.

### **Conclusion Remarks by the Chair Mr. Abul Bashar Mohammed Fakhruzzaman, Deputy Commissioner and District Magistrate, Chattogram**

Mr. Fakhruzzaman, in his speech, observed that Bangladesh would be able to drastically reduce the lead time to export and import once the Matarbari seaport becomes operational. He also projected that such an infrastructural boost could double the export capacity of the country. However, he observed that several diversions should be built to effectively link the Bangabandhu Sheikh Mujibur Rahman Tunnel with the Matarbari deep sea port. He opined that the Chattogram Development Authority or the Chattogram City Corporation should come forward to build a truck terminal for the exclusive use of export shipments. He assured that the local district administration would provide necessary support concerning land acquisition for the terminal. Noting Chattogram's rail connectivity is still underutilized—he observed that necessary measures should be taken to ensure greater utilization of the rail infrastructure. He pointed out that Kalurghat industrial area would become an import hub once Matarbari port becomes operational. He opined that a jetty should be constructed at Kumira to enhance Chattograms's linkage with Khulna, Barishal and northern Bangladesh. He observed that both the customs authority and BEZA should play more active role in addressing the HS code issues. Blockchain technology can be used to tackle syndication problems in the export or import process. The Chair informed that the Chattogram district administration will formally approach BCSIR to establish a BSTI laboratory facility in Chattogram. He assured that the district administration would facilitate the land acquisition process in establishing a dedicated site for destroying expired cargo items. Lastly, he thanked ERD for taking the initiative in organizing the workshop in Chattogram. He thanked all the participants for their active participation and useful recommendations.

### **Major Recommendations**

The workshop came up with the following major recommendations:

- i. The foreign flag vessel or its Bangladeshi agent has to obtain certificate of waiver for carrying the export-import goods under the 'Bangladesh Flag Vessel (Protection of Interest) Act, 2019', which is cumbersome as well as time consuming process. Ministry of Shipping may take appropriate measures to ease the process of allowing foreign flag vessels for carrying trade cargo of Bangladesh.
- ii. The testing capacity of Bangladesh Standards and Testing Institution (BSTI) should be increased to speed up its testing procedures. BCSIR should establish adequate testing facilities in Chattogram. Both the entities should employ required number of skilled personnel in their respective offices in Chattogram to accelerate the processes of testing and certification. A

specific provision should be incorporated in the import policy order to oblige the importers to store their products at warehouses during that testing period. Apart from BUET or CHUET, other accredited engineering universities of the country, especially those situated in the close vicinity of the Chattogram port should be authorized by the NBR to test and certify imported plants and machinery.

- iii. The operational hours of Bangladesh Bank server should be extended for quicker processing of RTGS (real-time gross settlement). There should be a specific guideline from Bangladesh Bank regarding the processing of outward remittances for freight forwarders. The issuance of Bill of Lading (BL) should be automated. Banks should be able to issue the BL to the importers before the arrival of ships to reduce the required time. Banks should also verify the market price of goods during the issuance of LCs (Letter of Credits).
- iv. CPA, Chattogram Customs House and Chattogram District Administration should work together to establish a dedicated site for destroying expired cargo items in Chattogram. Measures should be taken to install adequate number of container scanners at the Chattogram port including the off-dock facilities.
- v. Bangladesh may look to roll out the Maritime Single Window scheme espoused by the International Maritime Organization (IMO) by 01 January 2024 to ensure necessary international compliance and uninterrupted maritime trade of the country.
- vi. Chattogram Development Authority or the Chattogram City Corporation should take the initiative to build a truck terminal in Chattogram for the exclusive use of export shipment.
- vii. Several diversions should be built to effectively link the Bangabandhu Sheikh Mujibur Rahman Tunnel with the Matarbari deep seaport. A jetty should be constructed at Kumira to enhance Chattogram's linkage with Khulna, Barishal and northern Bangladesh.