



Status and Challenges of Trade Facilitation and Supply Chain Efficiency Improvements in Bangladesh

Presented by

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Bangladesh and TF

- Bangladesh adheres to the developments spearheaded by WTO and WCO in respect of TF and international supply chain management
- A working group is formed with representatives from 18 relevant government and private organizations.
- Aim is to identify the current position of Bangladesh in the light of standards of TF negotiations under DDA.
- It sits periodically to assess and identify the needs of relevant agencies to facilitate trade in the country.\
- It is supported by an expert group headed by Bangladesh tariff Commission.



Major TF Measures in Bangladesh (1)

- Full automation of customs clearance through ASYCUDA.
- Direct traders input (DTI) to allow faster lodgement of declaration and quicker assessment.
- Containerized FCL cargoes are allowed to get unstuffing and delivery at Private ICDs.
- Efficiency of Chittagong Port has seen significant improvement in terms of handling of ships and loading and unloading of cargo.



Major TF Measures in Bangladesh (2)

- Container scanners are installed at Chittagong Port.
- About 100% of export consignments are assessed and cleared within a day.
- About 90% of the volume of trade flow is fully automated (covered by ASYCUDA).
- Electronic Single Window is introduced in Chittagong and Dhaka Custom Houses.



Trade Facilitation with Neighboring Countries (1)

Focus on Regional Cross-border trade:

- Bangladesh gives special attention on improving cross border trade with the sub-regional countries.
- Most important TF issue is improvement of infrastructure, including warehousing facilities at LCSs.
- LCSs accounts for 50% of total trade between India and Bangladesh, and 100% of total trade of Bangladesh with Nepal and Bhutan.
- At present, there are at least 28 operational LCSs.
- Movement of cargo from and to Nepal takes place through 3 LCSs and from and to Bhutan through 2 LCSs.



Trade Facilitation with Neighboring Countries (2)

Challenges for Bangladesh in LCSs:

- Major challenges are-
 - (a) developing physical and institutional infrastructure,
 - (b) ensuring free movement of trucks for goods loading & unloading,
 - (c) synchronizing working hours between border control points.
- Delays in clearance at LCSs could be due to –
 - (a) physical inspection of all consignments on both sides,
 - (b) absence of bonded warehouse facility,
 - (c) narrow or insufficient road infrastructure.



Trade Facilitation with Neighboring Countries (3)

Measures Undertaken:

- Regular meetings of customs and trade officials from India & Bangladesh are held to address issues that require policy directions.
- Bangladesh and India have signed SOP for movement of vehicles from and to India, Nepal and Bhutan upto customs points at border sides.
- To facilitate Indo-Bangladesh trade through river, a new port with modern facility to be opened soon in addition to four existing ports.
- Regular consultations between neighboring countries have resulted in the reduction or elimination of many NTBs.
- To boost trade at remote border areas, Bangladesh and India opened one border haat, while another would be opened soon.
- Possibility of opening four more border haats are being considered.



Importance of Transit Trade to Bangladesh (1)

- Providing transit facility to neighboring and other countries in proximity is a priority agenda for Bangladesh.
- Development of such facilities will benefit both Bangladesh and the countries availing transit.
- Transit connectivity will enhance trade flow by 2.6% (Bangladesh), 4.74% (India), 9.10% (Bhutan) and 4.05% (Nepal).
- Increase in net exports will be: 3.24% (Bangladesh), 33.64% (India), 9.47% (Bhutan) and 6.52% (Nepal).
- Bangladesh can become a hub for transit trade of India, Bhutan, Nepal, Myanmar and southern part of China.



Importance of Transit Trade to Bangladesh (2)

- Bangladesh provides transit to India for movement of goods between North East and mainland India through **river**.
- It also provides transit to Nepali cargo through **railway**.
- Bangladesh and Bhutan have a transit agreement, but it is not operational.
- Bangladesh actively considers allowing transit to its neighboring countries through **all modes (road, rail and river)**.
- If allowed, initial freight through transit traffic of India, Nepal and Bhutan to be about 18 million tons, with 2% annual growth.
- Amount of appropriate fees or charges for providing such transit facilities, in line with WTO regulations, will have to be decided.



Major Trade Agreements in the Sub-Region

(i) SAFTA:

- Member countries: Bangladesh, Bhutan, India, Pakistan, Maldives, Nepal and Sri-Lanka.
- Bangladesh will progressively reduce tariffs on non-sensitive products to 0-5% by 2016.

(ii) APTA:

- Member countries: Bangladesh, India, Sri Lanka, China, Korea and Lao PDR.
- Bangladesh accorded tariff concessions on 209 products at the rate of 10%-60%.



Probable Role by ESCAP/UNECE/ADB/WB at the Regional/Sub-regional Level

- UNESCAP, UNECE, ADB can play an important role in facilitating intra-regional cooperation initiatives on TF.
- UNNExT has the potential of developing a common regional SW or paperless trade environment in Asia Pacific region.
- Determining appropriate fees to be charged to the transit recipient countries is a challenging task for the countries giving such facility.
- UNESCAP or ADB or WB, individually or collectively could undertake studies to determine the economic basis of transit transport pricing.
- Such studies will be beneficial for countries to make a proper analysis of their cost and benefit assessment.



Benefits and Challenges in Moving forward with a Sub-regional SW or Paperless Trade Initiative (1)

- Efforts towards implementing a paperless trading system began in early 1990's with computerization of customs procedures.
- ASYCUDA is now used by all Customs Houses, e.g., Chittagong, Dhaka, Benapole and Mongla.
- Bangladesh introduced partial SW in Chittagong in 2008, that allows users to use online facilities through interfacing.
- SW has later been introduced in Dhaka Custom House.
- Government has also plans to introduce it in other customs stations soon.



Benefits and Challenges in Moving forward with a Sub-regional SW or Paperless Trade Initiative (2)

- Bangladesh signed SAARC Agreement on Mutual Administrative Assistance in Customs Matters.
 - It enables sharing of customs data with sub-regional countries.
- An working plan to share Customs intelligence information electronically is being discussed with India.
 - Aim is to tackle different forms of customs violations.
- ADB launched SASEC in 2001 to facilitate economic cooperation initiatives among sub-regional countries.
 - Aim is to develop trade related road, rail infrastructure, improve customs arrangements for transit cargoes.



Benefits and Challenges in Moving forward with a Sub-regional SW or Paperless Trade Initiative (3)

Benefits of Developing Cross-border Single Window:

- UNNExT may be able to help bring effective trade facilitation in South Asia sub-region.
- Developing SW across the sub-region would bring a number of benefits:
 - (a) SW facilities can simplify the data submission process for import and export operations.
 - (b) SW allows for sharing of information amongst government agencies in respect of international trade transactions.



Way Forward and Key Recommendations

- Countries need to engage more on dialogue so that an effective and win-win relation in respect of trade and transit could be developed among the South Asian countries.
- Countries should include in the dialogue are Bangladesh, India, Nepal and Bhutan
- For effective implementation of SW, best practices should be adopted by the countries lagging behind
- To make the TF measures effective, private sectors should be involved more. PPP initiatives should be encouraged where ever possible.
- UNNEXT could make valuable contribution for the introduction of SW at national level, which in turn could enable countries to establish regional SW.



Way Forward and Key Recommendations (2)

- For establishing a sub-regional SW, following complexities need to be properly addressed:
 - (a) Cross-border electronic communications in trade;
 - (b) Trade facilitation and e-single window (data collection, sharing, access and archiving);
 - (c) Privacy, confidence and Intellectual Property Rights in cross-border data flow; and
- Lack of uniformity in terms of legislative and judicial procedures needs to be recognized and addressed.



Thank You