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Facilitating Trade through Simplification of Trade Processes and Procedures in Bangladesh

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Executive Summary

The push for simplification of trade processes and procedures in the context of trade facilitation is nothing new. For decades, countries around the globe have been adopting strategies and spending resources to minimize cumbersome trade processes and garner maximum benefits from bilateral, multilateral and regional trading agreements. As a member of the international trading system, and more as a least developed country (LDC), Bangladesh has been focusing on the issue of trade facilitation for several decades now. Various policies adopted in the context of trade liberalization and automation of customs procedures surely bear this out. However, the country still faces significant challenges in terms matching the standards set by its trading partners.

This study analyses the business procedures involved in four typical trade transactions: the export of woven garments to India and shrimp to Japan and the import of cotton fabric from India and raw sugar from Thailand. The broad objective was to capture the cost, documentation and time components of these trade transactions with a view to identifying areas for further improvement.

The analysis revealed that the business process for export of woven garments from Bangladesh to India by sea involves 12 steps, 26 documents and 13 agencies, and can generally be completed within 40 days, an average. The report contains similar findings for the other products mentioned above.

Despite the awkward procedures, the business community in Bangladesh seems to be content with the existing dynamics involved in export-import procedures. The limited use of modern technology in government offices and banks in the context of international trade has been highly criticized by all the stakeholders, however. Discussions with the business community also resulted in articulation of a number of suggestions for further improvement of the supply chain. These include:

- Full automation of all customs houses.
- Adopting policies and designing required modalities to facilitate use of documents in electronic/digital format.
- Development of infrastructure at port areas (e.g. container terminals, berthing stations and shaded warehouse in the customs controlled areas) on urgent basis.
- Strengthening collaboration between government and business chambers to ensure a better business environment.
I. Introduction

Over the past two decades, Bangladesh has gradually transformed itself from an aid dependent country to a trade dependent one. Reports by various international organizations, such as the World Bank (WB), suggest that Bangladesh has been able to make improvements in terms of trading across borders over the years. According to the WB’s 2010 Logistics Performance Index (LPI), Bangladesh moved up to 79th position in 2008 from 87th in 2007 (World Bank, 2010b). This improvement is largely owing to the various policy reform measures undertaken by successive governments with a view to better integrating the country’s economy into the global trading system. Since 1981/82, a process of trade liberalization has taken place. Furthermore, a number of trade facilitative strategies were adopted to ease businesses processes and reduce the cost of doing business. These included, among others, customs modernization and automation, infrastructure development and capacity development at the ports, and construction and maintenance of multimodal transport facilities (Bhattacharya and Hossain, 2006). While such policy measures hold significant merit from institutional point of view, ensuring proper implementation of these measures remains a major task. Proper implementation is important because the ability of countries to deliver goods and services on time and at low cost is a key determinant of their success in the global economy. If success is to be achieved, priority needs to be given to improving the competitiveness of domestic companies by reducing unnecessary bureaucratic requirements and harmonizing relevant processes. A simple but effective supply chain can play a significant role in eliminating inefficiencies in the preparation of transport and regulatory documents, and removing bottlenecks caused by unclear border procedures and overzealous cargo inspection (UNNExT, UNESCAP and UNECE, 2009).

It is in realization of the above, that stakeholders, at both the domestic and international levels, have come up with a set of common indicators to measure the effectiveness of trade facilitation measures. These indicators include: the number of documents required, number of days spent and the cost involved in a business-as-usual scenario. The effectiveness of trade facilitation measures vary between countries, however, depending on the nature of the product traded, the size of firms and the requirements of trading partners. From this perspective, an analysis of product-specific business processes, examining all commercial, transport, regulatory and financial procedures, is likely to be useful in identifying key areas for change and lead to growth in trade, through highlighting and eliminating administrative and procedural constraints.

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1 The LPI is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics ‘friendliness’ of the countries in which they operate and those with which they trade.

2 The process of trade liberalization took place in three phases: FY1982-1986 (first phase), FY1987-1991 (second phase) and FY1992 onwards (third phase). The first two phases coincided with the advent of two industrial policies: the New Industrial Policy (NIP) of 1982 and the Revised Industrial Policy (RIP) of 1986. But the third phase is considered to be more forward looking than the earlier two in terms of intensity of trade liberalization.
I.1. Objective

The increased level of cross-border trade in recent years, both in exports and imports, has contributed much in the way of Bangladesh’s economic growth (see Annex Table 1). To maintain this growth, Bangladesh has to be competitive in the world market, which requires not only efficient production processes, with cheap factors of production, but also efficient delivery of products, on time. Cross-border trade requires a number of steps to be performed to complete a transaction, and involves several actors and documents and a number of steps. Problems at any stage of the process can result in delay and increased costs. Hence, to be more competitive in international trade, it is essential to examine the steps and associated costs involved in concluding an international transaction and identify where the issues are, if any. This study aimed to do that in the context of Bangladesh and envisaged deriving a set of recommendations for measures to be taken to simplify and improve the overall trade process.

I.2. Method

The study conducted trade process mapping for four selected products (two export products and two import products) with a view to examining the steps, actors, documents, time and cost involved in the overall transaction procedure and identifying any areas in which improvements could be made so as to facilitate trade. The Business Process Analysis Guide to Simplify Trade Procedures\(^3\) was used as a guide for this study. Necessary information for the analyses was collected through face-to-face interview, and telephonic and e-mail communication with the relevant stakeholders, including entrepreneurs, clearing and forwarding (C&F) agents, and members of various business associations.

The products selected for export process analysis were woven garments and frozen shrimp, with the partner countries being India and Japan, respectively. For import process analysis, the products selected were fabric and raw sugar. For the import processes and products selected, India and Thailand were the trading partners. While the share of the selected products in the country’s overall export and import performance was one of the criteria for their selection, the selection was mostly guided by the study requirement of selecting a South Asian trade partner (India) and non-South Asian countries (Japan and Thailand) for examination. The products were also selected due their nature (agricultural and industrial products) for both types of trade flows (import and export).

From among the intra-regional (South Asia) countries that Bangladesh trades with, India was selected for both types of trade flow analysis not only for its geographical proximity, but also for its importance as a trading partner. Choosing to analyse trade procedures between India and Bangladesh also allowed the study team to examine the processes involved in trading through land routes. From among Bangladesh’s extra-regional (non-South Asia) trading partners, Japan was chosen for the export process analyses and Thailand was chosen for import process analysis.

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\(^3\) UNNExT, UNESCAP and UNECE. (2009).
I.3. Literature review

According to the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), figures gathered from across the world suggest that an export process involves, on average, 27 parties, more than 40 documents, more than 300 copies of documents and the re-keying of 60 to 70 per cent of all data at least once. This process entails significant costs. The benefits that can result from trade facilitation measures such as reducing the number of documents required per transaction, are always positive, although the magnitude varies depending on the context (Nathan Associates Inc., 2009). Alavi (2005), presenting a fragmented international trade transaction process, also pointed out the possible time-saving and cost-saving benefits that might come from shifting from paper-based trade to paperless trade.

Based on gravity model simulation exercises for manufacturing trade of 75 countries, Wilson et al. (2005) concluded that the scope and benefits of unilateral trade facilitation reforms can be substantial when trade facilitation measures include both “border” elements, such as port efficiency and customs administration, and “inside the border” elements, such as improvements in the domestic regulatory environment and the infrastructure to enable e-business usage. The importance of improvements in behind-the-border regulations in facilitating trade of Asian countries was also highlighted by Duval and Utoktham (2010).

In Bangladesh, as in the rest of the world, the apparel industry is a buyer-driven value chain industry (Gereffic and Memedovic, 2003). To be competitive in the global apparel market, having low-cost production is not sufficient, due to the issue of lead time. Reducing the time taken to conduct a trade transaction requires simplification of the relevant documents, so as to reduce the time required for the preparation of these documents.

Trade Transaction Modelling (TTM) identifies the people or organizations involved in each step of the export or import process and uses Unified Modelling Language (UML) activity diagrams to represent the steps in a trade transaction, over time, related to the agent or organization responsible for the action (UNCTAD, 2007). Using activity diagrams, TTM provides a clearer way of communicating the logical paths of a trade transaction to all concerned. With this method in mind, the Business Process Analysis Guide to Simplify Trade Procedures (UNNExT, UNESCAP and UNECE, 2009) details the steps involved in analyzing a complete business process.

Most studies of trade transaction processes are industry-specific supply chain based. They map the supply process primarily in the internal market. Those studies that examine international trade identify the processes under a broader heading of the activities involved or at the disaggregated level of a single broad step of the overall trade process. The standard procedure of process analysis is associated with identifying the steps involved in completing the cycle, starting

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4 UNECE. (2007).
from getting an order for export or placing an order for import, and the time required to complete each stage, while measuring the associated costs both in accounting and economic terms.

Value chain or supply processes differ significantly from product to product, country to country and from factory to factory, even for similar types of products within the same country, depending on the farm size, method of production and/or other factors (Nathan Associates Inc. and Werner, 2007). Business processes also vary depending on the mode of transportation of the items. The process for exporting the product under consideration by land will be different from the process for exporting the same product via sea, for example. Accordingly, the time and associated costs of transportation also differ to a large degree.

Similarly, the length and time requirement for exporting or importing the same product for the same purpose, can differ depending on the geographical location of the firm, along with their size. And, as firms adopt advanced transportation and information technology over time, the business transaction process can vary over time for the same firm, even for the same product and same partner. The process of exporting and importing also differs for different items under a broad industry category. Hence, it is necessary to analyze the process for a particular product and a specific trading partner country.

II. Rationale for product and country selection

The increased level of cross-border trade in the past decade has contributed much to the economic growth of Bangladesh. Over time, the volume of trade for both imports and exports has increased, with export growth of 34.57 per cent and import growth of 17.47 per cent over the period between 2002 and 2008 (Annex Table 2). Trade in the products identified for analysis in this study (Table 1) has also enjoyed double digit growth during this period, except for exports of shrimp. To sustain the current level of trade growth and to boost it further, Bangladesh has to be competitive in the world market, which requires not only efficient production processes but also efficient delivery of products.

Table 1: Selected products and trading partners

<table>
<thead>
<tr>
<th>Process Analysis</th>
<th>Product</th>
<th>Trading Partner</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>Woven garments</td>
<td>India</td>
<td>South Asia</td>
</tr>
<tr>
<td></td>
<td>Shrimp</td>
<td>Japan</td>
<td>Outside South Asia</td>
</tr>
<tr>
<td>Import</td>
<td>Cotton fabric</td>
<td>India</td>
<td>South Asia</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
<td>Thailand</td>
<td>Outside South Asia</td>
</tr>
</tbody>
</table>

Cross-border trade requires a number of steps to be performed to complete a transaction, each involving a number of actors and documents. Hence, to be more competitive in international trade, it is essential to examine the steps and associated costs involved in performing an international transaction and identify any inefficiencies or bottlenecks that could be removed.

Bangladesh has specialized industry associations for the products selected for this study. These include the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and
the Bangladesh Textile Mills Association (BTMA) for cotton fabric and woven garments; the Bangladesh Frozen Food Exporters Association (BFFEA) for frozen shrimp; and the Bangladesh Sugar Refiners’ Association (BSRA) for raw sugar. In addition, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) acts as a common platform for the various industry associations.

Woven garments

Export of ready-made garments (RMG) has long been the main source of foreign exchange earnings for Bangladesh, accounting for 75.6 per cent (USD4.35 billion) of total exports in financial year (FY) 2000 and 79.3 per cent (USD12.35 billion) in FY2009. The share of woven garments in total RMG has been declining over the past decade (from 70.4 per cent in FY2000 to 47.9 per cent is FY2009), nevertheless, this sub-sector of the RMG industry still plays a significant role in the country’s economy.

India is currently Bangladesh’s major trading partner within the South Asian region, with the highest positive trade balance of USD2.6 billion. Between 2003 and 2008, although exports of woven garments from Bangladesh achieved positive growth, in general, the pattern of exports of RMG to the Indian market was very volatile (see Annex Figure 1). One reason for the volatile nature of woven exports to India is the very low amount of exports to India compared with the total exports of this product from Bangladesh (only 0.01 per cent of Bangladesh woven exports were destined to India in 2002, although the percentage increased to 0.05 per cent in 2008). Bangladesh’s major markets for RMG products are the United States of America (USA), the European Union (EU) and Canada.

Frozen shrimp

Because of the growth of exports, the contribution of frozen shrimp exports to overall exports from Bangladesh decreased from 5.4 per cent in 2002 to only 2.5 per cent in 2008. During this period shrimp exports enjoyed growth of above 7 per cent per year. Unlike the case of exports of woven garments to India, exports of shrimp to Japan grew in 2008. Overall growth in exports of shrimp, at the global level, declined, however (see Annex Figure 2). Japan accounted for about 4.9 per cent of Bangladesh’s total shrimp exports in 2008 with the product share of the market being 10.32 per cent.

Cotton fabric

The RMG sector in Bangladesh remains heavily dependent on India for the import of raw materials, particularly cotton fabric. Bangladesh imported RMG raw materials worth US$711.4 million in 2008 from India, accounting for about 29.4 per cent of total imports of this product from the world. The amount of this product imported into Bangladesh has been growing over time (see Annex Figure 3).

Sugar

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5 Bangladesh’s total exports in FY2000 were about USD5.75 billion and in FY2009 it was USD15.57 billion.
Bangladesh currently has a demand of about 1.2 million tonnes of refined sugar per year, which is largely met by local private refineries. These refineries import raw sugar from a number of countries, including Brazil and Thailand. During FY2009, Bangladesh imported over 1 million tonnes of raw sugar. In 2008, imports of raw sugar from Thailand accounted for more than 9 per cent of Bangladesh’s total imports of the product from the world (see Annex Figure 4). While Brazil is the major import sugar market for Bangladesh, Thailand was selected for the analysis to meet the requirements of the study.

III. An overview of export and import processes in Bangladesh

The importance of simplified processes for exporting and importing has long been felt by the policy makers in Bangladesh. Both the Export Policy (2009-2012) and Import Policy (2009-2012) emphasize the need to reduce bottlenecks in the processes of conducting international trade. This concern led to the adoption of various trade facilitation measures over the past decade. Measures were taken to simplify the import clearance and export procedures by reducing the number of signatures needed for clearance of consignments and the frequency of inspection of the goods being traded. While 25 signatures were required for clearance of import and export consignments in 1999, in 2002 the number was reduced to only five. Since 2002, customs officials physically inspect only 10 per cent of the import consignments, while previously all consignments were inspected. Introduction of automation in customs procedures, in particular the Automated System for Customs Data (ASYCUDA), has further simplified the processes. As a result, the average processing time for clearance of goods through customs has been reduced from three days to one day for importing, and from eight hours to three hours for exporting. Table 2 presents the major steps the Bangladesh Government took towards automation of customs procedures between 1992 and 2009.

Table 2: Major steps towards customs automation in Bangladesh, 1992-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Automation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Introduction of ASYCUDA at the Dhaka Customs House (DCH)</td>
</tr>
<tr>
<td>1996</td>
<td>Introduction of ASYCUDA at Chittagong Customs House (CCH)</td>
</tr>
<tr>
<td>1999</td>
<td>Initiation of the Customs Administration Modernization Project-1</td>
</tr>
<tr>
<td>2001</td>
<td>“ASYCUDA++ Migration Project” designed to interface the ASYCUDA++ software with the computer system at five Customs Houses in the country.</td>
</tr>
<tr>
<td>2003</td>
<td>Introduction of direct trader input (DTI)</td>
</tr>
<tr>
<td>2008</td>
<td>Initial automation of CCH; Operation of Import General Manifest (IGM) and Export General Manifest (EGM) launched</td>
</tr>
<tr>
<td>2008</td>
<td>CCH Automated; Full operation started on 6 October 2008</td>
</tr>
<tr>
<td>2008</td>
<td>Dhaka Chambers of Commerce and Industry signed a contract with DataSoft Management Services for the automation of the DCH.</td>
</tr>
<tr>
<td>2009</td>
<td>DCH Automated</td>
</tr>
</tbody>
</table>

According to World Bank Doing Business reports, Bangladesh has been able to reduce the overall time required for completing an export process from 35 days in 2005 to 25 days in 2008. As for imports, the reduction has been more significant, going from 57 days in 2005 down to 29 days in 2008. In addition, the number of documents required for completing an import process has also been reduced; it is currently eight, while it was 12 in 2005. Table 3 presents a list of documents generally required in Bangladesh to conduct exporting and importing processes.

Table 3: Documents required for exporting and importing in Bangladesh

<table>
<thead>
<tr>
<th>Export documents</th>
<th>Import documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill of Lading</td>
<td>Bill of Lading</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>Cargo Release Order</td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>Certificate of Origin</td>
</tr>
<tr>
<td>Customs Export Declaration</td>
<td>Commercial invoice</td>
</tr>
<tr>
<td>Packing List</td>
<td>Customs Import Declaration</td>
</tr>
<tr>
<td>Pre-shipment inspection (clean report of findings)</td>
<td>Packing list</td>
</tr>
<tr>
<td>Technical standard/Health Certificate</td>
<td>Terminal handling receipts</td>
</tr>
</tbody>
</table>

A cross-country analysis indicates that Bangladesh is still lagging behind most of its trading partners, including India, Japan and Thailand, in terms of simplifying trade processes and procedures (see Annex Table 3). This is also the case when comparing Bangladesh’s indicators for trading across borders with South Asia and OECD averages (see Annex Table 3a).

Almost all exporters and importers rely on clearing and forwarding agents (CFA) to deal with the procedures involved in customs clearance. Discussions with exporters, importers and CFAs indicated that, given that CFAs are experienced in the various procedures and are used to the processes, it is the overall impression of the business community that the existing procedures do not hamper their trade. The business community is mostly satisfied with the existing pattern of trade process and procedures. Their concern relates more to government policy decisions with regard to enhancing access to business credit, ensuring an uninterrupted supply of essential utilities such as gas and electricity and improving the country image of Bangladesh at the international level by ensuring good governance.

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7 Discussion with entrepreneurs and CFAs.
Export Process in Bangladesh

In general, the export process in Bangladesh involves 12 steps, as listed in Table 4.

**Table 4: Export process in Bangladesh: Steps, documents and actors**

<table>
<thead>
<tr>
<th>Steps</th>
<th>Documents</th>
<th>Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive export order from buyer</td>
<td>Proforma Invoice (PI)</td>
<td>Exporter and importer</td>
</tr>
<tr>
<td>Collect Letter of Credit (L/C) or Open back to back L/C</td>
<td>Sales Contract (SC); PI; Letter of Credit Authorisation (LCA)</td>
<td>Exporter’s bank</td>
</tr>
<tr>
<td>Produce/collect goods for export</td>
<td></td>
<td>Exporter; Supplier</td>
</tr>
<tr>
<td>Obtain inspection certificate</td>
<td>Application for inspection</td>
<td>Exporter, inspecting authority (independent or importer nominated)</td>
</tr>
<tr>
<td>Reserve space with shipping agent</td>
<td>SC; Commercial Invoice (CI)</td>
<td>Exporter; Shipping Agent</td>
</tr>
<tr>
<td>Obtain insurance certificate</td>
<td>CI; PI; PL</td>
<td>Insurance Company, Exporter</td>
</tr>
<tr>
<td>Submit documents for customs approval</td>
<td>CI; Packing List (PL); Certificate of Origin (CO); EXP Form; Insurance certificate</td>
<td>Exporter; C&amp;F Agent; Customs; Chamber</td>
</tr>
<tr>
<td>Transport goods to port/ICD</td>
<td><strong>Challan</strong> (description and quantity of goods)</td>
<td>Exporter; C&amp;F Agent; Port authority</td>
</tr>
<tr>
<td>Complete cargo examination (if necessary)</td>
<td>Customs declaration; CO</td>
<td>Customs</td>
</tr>
<tr>
<td>Stow container on vessel</td>
<td>PL; CI</td>
<td>Shipping agent</td>
</tr>
<tr>
<td>Obtain Bill of Lading (B/L)</td>
<td></td>
<td>Shipping agent</td>
</tr>
<tr>
<td>Collect payment</td>
<td>B/L; CI; PL; CO; Insurance document, Certificate of Inspection</td>
<td>Exporter; Exporter’s bank</td>
</tr>
</tbody>
</table>

*Source: Interviews with exporters and CFAs.*

In addition to the documents listed in Table 4, other documents are required for the export of specific products. These include the Certificate of the Generalised System of Preferences (GSP), the Health Certificate and the Utilisation Declaration (UD). Furthermore, aside from the organizations listed in Table 4, various other entities are involved in the process, depending on the goods being exported. These include the Bangladesh Association of Software and Information Services (BASIS), Bangladesh Aushad Shilpa Samity, Bangladesh Bank (BB), Bangladesh Export Processing Zones Authority (BEPZA), Bangladesh Finished Leather and Leather Goods and Footware Exporters Association, Bangladesh Frozen Food Exporters Association (BFFEA), Bangladesh Garment Manufacturers and Exporters’ Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters’ Association (BKMEIA), Bangladesh Textiles Mills Association (BTMA), National Board of Revenue (NBR), Export Promotion Bureau (EPB), Bangladesh Tariff Commission (BTC), Bangladesh Textile Mills Owners' Association (BTMA), Leather Goods and Footware Manufacturers and Exporters Association of Bangladesh, Metropolitan Chamber of Commerce and Industry (MCCI), Ministry of Commerce, Office of the Chief Controller of Imports and Exports, Sadhuran Bima Corporation, and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).
Import Process in Bangladesh

The import process in Bangladesh is much simpler than that for exports and in a normal scenario the customs clearance process is completed within hours. The major steps and actors involved in the customs clearance process are listed in Table 5.

**Table 5: Import process in Bangladesh: Steps and actors**

<table>
<thead>
<tr>
<th>Steps</th>
<th>Actors involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission of Import General Manifest (IGM)</td>
<td>Carrier</td>
</tr>
<tr>
<td>Filing of Bill of Entry</td>
<td>Importer/CHA</td>
</tr>
<tr>
<td>Assessment of declaration</td>
<td>Customs</td>
</tr>
<tr>
<td>Dues notified</td>
<td>Customs, importer, CFA, Port</td>
</tr>
<tr>
<td>Payment to bank</td>
<td>Importer, CFA, Bank</td>
</tr>
<tr>
<td>Bank notifies receipt of duty</td>
<td>Bank, customs, importer, CFA, Port</td>
</tr>
<tr>
<td>Delivery from port</td>
<td>Customs, CFA</td>
</tr>
</tbody>
</table>

*Source: Hossain, Deb and Al Amin (2009)*

At present, the import process in mostly automated, with some degree of manual processing still being practiced. Thanks to the initiative by the government to automate the customs procedures, most CFAs now use the automated service for customs clearance. Once the Import General Manifest (IGM) is submitted online by the Shipping Agent, the nominated CFA completes the Bill of Entry (BE) from their own premises. Necessary documents, such as the Bill of Lading, Commercial Invoice, Packing List, etc. are then taken to the customs house to facilitate assessment of the import declaration. During this time, the container is unloaded from the vessel and moved to shipper’s shade or customs warehouse. Upon satisfactory assessment (including inspection, if required), necessary duties are paid to the bank, which is situated within the customs house. All these processes are completed within two to five hours. It is then a matter of couple of hours to move the container (or goods from the container) out of the port area before transferring it to the importer’s premises.

Bangladesh customs has a risk management system for inspection of imported goods and consignments. This system has three levels: Green Channel, Yellow Channel and Red Channel. Goods which are considered to be of low risk are passed through the Green Channel after the minimum documentation checks. For the Yellow Channel, imports receive a full documentation check and, if necessary, may be upgraded to Red Channel. At present, the majority of shipments fall under this category. The Red Channel requires a full documentation check and physical inspection of the goods. At present, about 10 to 12 per cent of total imports fall under this category.

While the above discussion provides a general overview of the existing trade procedures in Bangladesh, the following section presents product and partner specific export and import process analysis.
IV. Export process analysis for selected products

IV.1. Export of woven garments to India

Being members of the same sub-region, the flow of trade between Bangladesh and India has always been low, and is marked by a high degree of trade imbalance for Bangladesh. With regard to Bangladesh’s export of RMG products to India, the practice is infrequent. Due to the fact that both the countries are major exporters of RMG (to the USA and the EU), there is very little scope for using each other’s market as export destinations. Nevertheless, Bangladesh has exported some RMG products, both knit and woven, to India for quite some time.

One of the exporting companies interviewed for this study, Ayan Fashions Ltd., has been engaged in exporting woven garments to India for about a decade. Products exported to India include t-shirts and trousers. With regard to the mode of exporting, both sea and land routes are used by the company, with the latter route used on most occasions.

IV.1.1. Business process analysis of the export of woven garments to India

The following business process analysis exercise for Bangladesh’s export of USD50,000 worth of woven garments to India in a 20 foot container was conducted based on the information provided by the commercial division of Ayan Fashions Ltd. Detailed diagrams of the process are presented in Annex 2.

**Step 1: Buy**

Based on the buyer’s expression of interest to enter into a business deal, the exporter prepares a price quote and terms of trade. A Proforma Invoice is then sent to the importer for approval. If modifications are required, the document is returned to the exporter for the necessary amendments. Once both parties agree on the terms, the importer confirms an intent to purchase. A Letter of Credit (L/C) is then opened by the importer and forwarded to the exporter’s nominated bank in Bangladesh. The process of communication between the buyer and the exporter is mainly through exchange of emails. If required, however, supporting documents are sent through courier services.

**Step 2.1: Import raw material**

This step is a complete buy-sell process between the exporter of clothing (importer of fabric) in Bangladesh and the exporter of raw materials (fabric) in India. Details of this step are presented in the BPA mapping of the import of raw materials from India into Bangladesh.

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8 This study has not used the real names of the respondent companies.
9 While orders are often exported as a full container load, it may sometimes be less than full container load. This depends on the nature of the export item (e.g. material, design, etc.).
Step 2.2: Arrange shipment

The exporter requests a space with a shipping line. In most cases, an email is sent to the shipping line with details of the shipment. Based on the request, the shipping line issues a draft Bill of Lading for consideration by the client. Based on the document and confirmation by the shipping line, the exporter schedules pick-up and delivery of the container with the inland haulage company. A booking confirmation is then issued by the latter and this document is kept by both the parties for executing of further activities.

Step 2.3: Prepare export documents

Once the raw materials arrive in Bangladesh, the Bangladeshi exporter starts preparing the documents which will be required for exporting the final product. Completing the Export (EXP) Form is the initial step. This format of this Form was developed by the Bangladesh Bank. The exporters’ banks supply the Form in the prescribed format to their clients. Generally, exporters collect several copies of the Form from the banks with a view to avoiding procedural delays (i.e. collecting a new form each time) for every shipment. After filling in the Form manually (using a typewriter), a number of supporting documents are attached to it. These include the Commercial Invoice, Utilisation Declaration (UD), Packing List, Insurance Certificate and a copy of the L/C. The UD is obtained from the office of the Bangladesh Garments Manufacturers’ and Exporters’ Association (BGMEA).

Step 2.4: Arrange inspection

Depending on the buyer’s requirement, the exporter (manufacturer) requests the authorised inspection agency to visit the manufacturing plant and inspect the quality of the product. A request letter is sent to the agency along with copies of the Proforma Invoice, Packing List and Lab Test Report. The inspector(s) then visit the factory, collect samples and perform the inspection. If any problem is found with the product, the exporter is asked to rectify it. Once the inspector is satisfied with the product quality, an Inspection Certificate is issued and supplied to the manufacturer.

Step 2.5: Obtain cargo insurance for inland transportation

The exporter applies to an insurance company for an Insurance Certificate (policy) for the consignment. This step involves submission of a completed Cargo Insurance Application Form supported by copies of the L/C, Commercial Invoice, Packing List, Transport Contract and Draft Bill of Lading. Upon finding the application complete, the insurance company issues an Insurance Policy in favour of the exporter, who then pays the premium.

Step 2.6: Provide customs declaration online

This step is completed by the exporter’s clearing and forwarding agent. The CFA submits the online Bill of Entry on the Customs Department website. This is a member only service where the CFA is required to log in with a unique member identification number and password.
Submitting the BE requires the agent to provide electronic copies of a number of supporting documents including the Commercial Invoice, Packing List, EXP Form, Generalised System of Preferences Certificate (in some cases), Certificate of Origin, Insurance Certificate, and UD. Customs authorities then verify the documents and issue a ‘C’ Number upon finding the document satisfactory. The exporter’s agent then acknowledges receipt of the ‘C’ Number and makes a print out of the acknowledgement receipt for conducting customs clearance at a later date.

**Step 2.7: Transport to port of departure**

As per the transport contract, the inland haulage company collects the goods from the factory premises and transports them to the port. In a normal situation, it takes between eight and 10 hours for a consignment to reach Chittagong Port from Dhaka. On arrival, the CFA requests entry of the vehicle into the port area (or if the goods are to be taken to a private container terminal, the vehicle goes directly to the private depot). The Port Authority or Private Depot then records details of the truck/container and issues an entry pass allowing the truck/container to enter the controlled area. The date and time of entry of the truck/container is officially recorded. The goods are then taken to the designated area where cargo inspection is to take place.

**Step 2.8: Clear goods through customs**

The CFA submits a copy of the ‘C’ Number Acknowledgement Receipt to customs along with hard copies of all the supporting documents. Customs then retrieves information from the previously lodged online declaration and cross checks with the documents received from the CFA. An inspector is then authorised to inspect the cargo and certify compliance with the declaration. If any misconduct is found, export of the shipment is stopped and a case is filed against the exporter. If no discrepancy is found, customs issues a Shipping Bill and seals the container. The CFA then receives the Shipping Bill on behalf of the exporter and signs the EXP Form, a copy of which is kept by customs.

**Step 2.9: Handle container at terminal and stow on vessel**

This step involves a number of parallel activities by the Shipping Line and the Port Authority. The Shipping Agent coordinates handling of the container at the terminal and moves it to the berth area with permission from the Port Authority. It is the responsibility of the Shipping Agent to prepare a Container Loading List and a Container List Message to be used for berthing the container and stowing it on the designated vessel in a coordinated manner. While the container is in the process of being stowed onto the vessel, the Shipping Agent prepares the final Bill of Lading which is supplied to the CFA. An export Manifest is also prepared and submitted to customs to obtain clearance to export the goods. Parallel to this process, the Port Authority prepares a list of outward-going containers to be stowed on the vessel and ensures that the Shipping Line verifies the list. Once all these activities are completed and the cargo Release Order is received from customs, the ship sets sail as per schedule.
Step 2.10: Prepare documents for the importer

The exporter is then required to collate all the documents that will be needed by the importer to receive the consignment in the importing country (India). In view of this, the woven garment exporter in Bangladesh needs to obtain a Certificate of Origin (CO) and the SAPTA Combined Declaration Certificate (generally known as the SAPTA Certificate). The CO is issued by the BGMEA upon receipt of a formal application supported by copies of the Commercial Invoice, Bill of Lading, Insurance Certificate (Insurance Policy) and Packing List. Parallel to this activity, the exporter also applies to the Export Promotion Bureau (EPB) for the SAPTA Certificate. Upon finding the evidence satisfactory, both the authorities issue their respective certificates in favour of the applicant.

Step 3: Pay

As soon as the documents for the importer are ready, these are submitted to the exporter’s bank by the exporter. The bank verifies all the documents against the conditions laid down in the initial L/C sent by the importer’s bank. If any discrepancy is found, the exporter is notified and is required to resubmit the documentation, ensuring rectification of the problem. Once the documents are found to be fully compliant with the L/C conditions, the exporter’s bank forwards the documents to the L/C issuing bank in the importing country. The importer’s bank then transfers the payment to the exporter’s bank, which then notifies the exporter of the deposit of the payment in the exporter’s account. The exporter then collects the payment.

IV.1.2. Key observations from the BPA of export of garments from Bangladesh to India

The study found hardly any difference between large and small sized businesses in the context of services provided by different authorities involved in the process of exporting garments from Bangladesh to India. Furthermore, the study found that it is the general impression of the interviewed company that the procedures involved in completing an export order are quite simple and do not entail any significant hassles. However, it was observed that the process of obtaining a document is slightly expedited by a lengthy relationship with agencies such as banks and the Chamber of Commerce.

Table 6 and Figure 1 present a summary of the processes involved in the export of woven garments from Bangladesh to India by sea, with a calculation of the time required, in a normal scenario. Table 7 and Figure 2 portray the same for export by land.
Table 6: Overview of processes involved in export of woven garments from Bangladesh to India by sea

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Public or private procedure</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2.1. Import raw material</td>
<td>Private</td>
<td>15</td>
</tr>
<tr>
<td>2.3. Prepare export documents</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.4. Arrange inspection</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.5. Obtain cargo insurance for inland transportation</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.10. Prepare documents required by importer</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Claim payment of goods</td>
<td>Private</td>
<td>3</td>
</tr>
<tr>
<td><strong>Export Time Total Document preparation</strong></td>
<td>21.5</td>
<td>45.5</td>
</tr>
<tr>
<td>2.2. Arrange shipment/ space booking</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.7. Transport to port of departure</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Export Time Total Inland carriage and Handling</strong></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2.6. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.8. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total Inland Customs</strong></td>
<td>1.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2.9. Handle container at terminal and stow on vessel</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total Terminal Handling Time</strong></td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL TIME</strong></td>
<td>25</td>
<td>55</td>
</tr>
</tbody>
</table>

*Source: CPD-ARTNeT Survey on BPA*

Figure 1: Time procedure chart: Woven garments export from Bangladesh to India (by sea)

*Source: CPD-ARTNeT Survey on BPA*
Table 7: Overview of processes involved in export of woven garments from Bangladesh to India by land

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Public or private procedure</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2. Import raw material</td>
<td>Private</td>
<td>15</td>
</tr>
<tr>
<td>2.2. Prepare export documents</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.3. Arrange inspection</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.4. Obtain cargo insurance for inland transportation</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.8. Prepare documents required by importer</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Claim payment of goods</td>
<td>Private</td>
<td>3</td>
</tr>
</tbody>
</table>

**Export Time Total Document preparation**

<table>
<thead>
<tr>
<th>Export Time Total Document preparation</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.5</td>
<td>45.5</td>
<td>33.5</td>
</tr>
</tbody>
</table>

**Export Time Total Inland carriage and Handling**

<table>
<thead>
<tr>
<th>Export Time Total Inland carriage and Handling</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.5</td>
<td>1</td>
<td>0.75</td>
</tr>
</tbody>
</table>

**Export Time Total Inland Customs**

<table>
<thead>
<tr>
<th>Export Time Total Inland Customs</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.5</td>
<td>2.5</td>
<td>2</td>
</tr>
</tbody>
</table>

**Export Time Total Terminal Handling Time**

<table>
<thead>
<tr>
<th>Export Time Total Terminal Handling Time</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.5</td>
<td>3</td>
<td>1.75</td>
</tr>
</tbody>
</table>

**TOTAL TIME**

<table>
<thead>
<tr>
<th>TOTAL TIME</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24</td>
<td>52</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNeT Survey on BPA

Figure 2: Time procedure chart: Woven garments export from Bangladesh to India (by land)

Source: CPD-ARTNeT Survey on BPA
Although the average times for the transport of the woven garments by sea and by land are, respectively, 40 days and 38 days, one needs to be cautious when interpreting the time required for each step. This is particularly true for the case of import of raw materials, which is a vital step in this business process. While the time required for this step was calculated to be within the range of 15 to 30 days, the activity may sometimes take a substantially longer time depending on a number of factors, including size of order, production capacity of the raw material supplier and customs procedures in the supplying country. Furthermore, the analysis excludes the production phase in which the exporter in Bangladesh manufactures the goods for exportation. The length of this phase depends on the quantity ordered, technical design of the product, availability of electricity, etc. It is also to be noted that the inspection step and insurance for inland transportation are usually optional. While the former depends on buyer’s requirements, the latter is done if the exporter considers it to be necessary.

In terms of costs involved at various stages of the procedure, the respondent (interviewed company) was of the view that apart from the paltry “speed money” paid during the customs clearance stage (ranging between USD15 and USD20 per consignment) there is no other issue. Discussions with various actors involved in the process reveal that the exporter may complete a typical export process by spending around USD1,015 (see Annex Table 4).\textsuperscript{10} A point of caution should be noted with regard to the costs involved in opening a back-to-back L/C. The major cost in this step is the commission charged by the banks and this amount varies (significantly) depending on the L/C amount.

IV.2. Export of frozen shrimp to Japan

Rahat Seafoods has been engaged in export of frozen shrimp from Bangladesh for over two decades. While its major markets are the EU and the USA, the company also exports to Japan. Like the majority of exporters in Bangladesh, Rahat Seafoods uses CFAs for customs clearance of its export consignments. Annex 3 presents detailed diagrams of the BPA of the export of frozen shrimp from Bangladesh.

IV.2.1. Business process analysis of the export of shrimp to Japan

\textit{Step 1: Buy}

Based on a buyer’s expression of interest to enter into a business deal, the exporter prepares a price quote and terms of trade. A Proforma Invoice is then sent to the importer for approval. If modifications are required, the document is returned to the exporter for the necessary amendments. Once both parties agree on the terms, the importer confirms an intent to purchase. An L/C is then opened by the importer and forwarded to the exporter’s nominated bank in Bangladesh. The process of communication between the buyer and the exporter is mainly through exchange of emails. If required, however, supporting documents are sent through courier services.

\textsuperscript{10} For export by land, the average cost is about USD935.
Step 2.1: Procure shrimp from the local supplier(s)

The exporter determines the quantity of shrimp to be procured from the local supplier(s). Having one or more preferred suppliers of shrimp is a common practice in the shrimp exporting business. Generally, the suppliers’ firms are located within the vicinity of the exporter’s factory. Based on the quantity, a price quote is served by the exporter to the supplier. Upon agreement on the terms and conditions, the supplier confirms an intent to supply and signs a contract with the exporter. Once the delivery is made to the exporter’s premises, the exporter requests its bank to make payment to the shrimp supplier. For this, a copy of the sales contract and the supplier’s invoice are submitted to the bank. The bank adjusts this payment at the end of the business cycle when final payment is received from the overseas buyer.

Step 2.2: Arrange shipment booking

The exporter requests a space with a shipping line. In most cases, an email is sent to the shipping line with details of the shipment. Based on the request, the shipping line issues a Draft Bill of Lading for consideration by the client. Based on the document and confirmation by the shipping line, the exporter schedules pick-up and delivery of the container with the inland haulage company. A booking confirmation is then issued by the latter and this document is kept by both the parties for executing of further activities. This step in generally completed at the same time as the procurement of shrimp from the supplier(s).

Step 2.3: Have products sampled and examined

The exporter initially conducts sample tests of the shrimp in its own laboratory, which is located within the warehouse premises. A request letter is then forwarded to the Fish Inspection and Quality Control (FIQC) of the Department of Fisheries (DoF) to conduct quality inspection and issue a Health Certificate. Supporting documents supplied with the application are the Proforma Invoice, Packing List and Lab Test Report. Once the completed application is received by the FIQC, an inspector visits the warehouse and assesses the quality control facilities available at the warehouse. If the inspector is not satisfied, it is the responsibility of the exporter to put in place the necessary equipment and ensure hygiene within the factory.

The whole application process will then need to be repeated. On the other hand, if the inspector is satisfied with the overall environment of the factory, the inspector collects samples of the shrimps to conduct bacteria and antibiotic tests. While the bacteria test is generally done in the regional FIQC office (in this case, the FIQC Khulna office) and takes between 10 and 15 days, the antibiotic test is usually carried out at the Bangladesh Council of Scientific and Industrial Research (BCSIR) in Dhaka and takes between 15 and 20 days. If the samples fail any of the tests, the exporter is asked to rectify the issue and reapply. On the other hand, if the results are satisfactory, a Quality Certificate is issued on the products tested, which is forwarded to the exporter.
Step 2.4: Prepare export documents

Firstly, the exporter fills in the EXP Form and then requests a Packer’s Certificate from the relevant industry association, which, in this case, is the Bangladesh Frozen Food Exporters’ Association (BFFEA) in Dhaka. This document, along with the EXP Form, Commercial Invoice, Quality Certificate, L/C, and Packing List are then compiled by the exporter to lodge a customs declaration.

Step 2.5: Obtain cargo insurance for inland transportation

This is a voluntary step, which is undertaken by the exporter on ad hoc basis. To obtain insurance, the exporter lodges an application with the insurance company, along with copies of the Commercial Invoice, L/C, Packing List and cargo Booking Confirmation. Based on satisfactory documentary evidence, the insurance company issues a policy. The exporter then pays the premium to the company.

Step 2.6: Provide a customs declaration online

This step is completed by the exporter’s CFA. The agent submits the online Bill of Entry on the custom’s website. Submitting the BE requires the agent to provide electronic copies of a number of supporting documents including the Commercial Invoice, Packing List, EXP Form, GSP Certificate (in some cases), Certificate of Origin and Insurance Certificate (Insurance Policy). Customs authorities then verify the documents and issue a ‘C’ Number upon finding the document satisfactory. The exporter’s agent then acknowledges receipt of the ‘C’ Number and makes a print out of the acknowledgement receipt for conducting customs clearance at a later date.

Step 2.7: Transport to port of departure

As per the transport contract, the inland haulage company collects the goods from the factory premises and transports them to the port. In a normal situation, it takes between eight and 10 hours for a consignment to reach Chittagong Port from Dhaka. On arrival, the CFA requests entry of the vehicle into the port area (or if the goods are to be taken to a private container terminal, the vehicle goes directly to the private depot). The Port Authority or Private Depot then records details of the truck/container and issues an entry pass allowing the truck/container to enter the controlled area. The date and time of entry of the truck/container is officially recorded. The goods are then taken to the designated area where cargo inspection is to take place.

Step 2.8: Clear goods through customs

The CFA submits a copy of the ‘C’ Number Acknowledgement Receipt to customs along with hard copies of all the supporting documents. Customs then retrieves information from the previously lodged online declaration and cross checks with the documents received from the CFA. An inspector is then authorised to inspect the cargo and certify compliance with the declaration. If any misconduct is found, export of the shipment is stopped and a case is filed.
against the exporter. If no discrepancy in found, customs issues a Shipping Bill and seals the container. The CFA then receives the Shipping Bill on behalf of the exporter and signs the EXP Form, a copy of which is kept by customs.

**Step 2.9: Handle container at terminal and stow on vessel**

This step involves a number of parallel activities by the Shipping Line and the Port Authority. The Shipping Agent coordinates handling of the container at the terminal and moves it to the berth area with permission from the Port Authority. It is the responsibility of the Shipping Agent to prepare a Container Loading List and a Container List Message to be used for berthing the container and stowing it on the designated vessel in a coordinated manner. While the container is in the process of being stowed onto the vessel, the Shipping Agent prepares the final Bill of Lading which is supplied to the CFA. An export Manifest is also prepared and submitted to customs to obtain clearance to export the goods. Parallel to this process, the Port Authority prepares a list of outward-going containers to be stowed on the vessel and ensures that the Shipping Line verifies the list. Once all these activities are completed and the cargo release order is received from customs, the ship sets sail as per schedule.

**Step 2.10: Prepare the documents required by the importer**

The exporter collates all the documents that will be needed by the importer to receive the consignment in the importing country. The Certificate of Origin is obtained from the local Chamber of Commerce and the GSP Certificate is issued by the Export Promotion Bureau (EPB) upon finding the evidence satisfactory.

**Step 3: Pay**

As soon as the documents for the importer are ready, these are submitted to the exporter’s bank by the exporter. The bank verifies all the documents against the conditions laid down in the initial L/C sent by the importer’s bank. If any discrepancy is found, the exporter is notified and is required to resubmit the documentation, ensuring rectification of the problem. Once the documents are found to be fully compliant with the L/C conditions, the exporter’s bank forwards the documents to the L/C issuing bank in the importing country. The importer’s bank then transfers the payment to the exporter’s bank, which then notifies the exporter of the deposit of the payment in the exporter’s account. The exporter then collects the payment.

**IV.2.2. Key observations from the BPA of export of shrimp to Japan**

The analysis of the business process of exporting frozen shrimp from Bangladesh to Japan found that this is a rather simple process and the business community is, in general, satisfied with the procedures involved therein. The notable issue that was raised with regard to simplifying the process was related to the sampling and examining phase. The respondent noted that the time required to obtain reports for the bacteria test and antibiotic test is lengthy and could be reduced if the relevant government agencies take necessary measures to expedite the procedure.
On the whole, the overall process can be completed within an average timeframe of about 37 days (this includes the product examination phase, which takes about 18 days to complete). See Table 8 and Figure 3.

**Table 8: Overview of processes involved in export of frozen shrimp from Bangladesh to Japan by sea**

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Public or private procedure</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>1. Buy - Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.1. Procure shrimp from local source</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>2.3. Have products sampled and examined</td>
<td>Private and public</td>
<td>15</td>
</tr>
<tr>
<td>2.4. Prepare export documents</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.5. Obtain cargo insurance for inland transportation</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.10. Prepare documents required by importer</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Claim payment of goods</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td><strong>Export Time Total Document preparation</strong></td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>2.2. Arrange shipment/ space booking</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.7. Transport to port of departure</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Export Time Total inland carriage and Handling</strong></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2.6. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.8. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total Inland Customs</strong></td>
<td></td>
<td>1.5</td>
</tr>
<tr>
<td>2.9. Handle container at terminal and stow on vessel</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total Terminal Handling Time</strong></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL TIME</strong></td>
<td></td>
<td>25.5</td>
</tr>
</tbody>
</table>

*Source: CPD-ARTNeT Survey on BPA*
To compare, the BPA of shrimp export from Thailand found that it takes around 30 days to complete, with product examination taking 14 days (Figure 4).
With regard to costs involved in the process chain, it is reported that an exporter needs to spend about USD500 per 20 foot container to complete the whole export procedure (see Annex Table 4).

V. Import process analysis for selected products

V.1. Import of fabric from India by land

Ayan Fashions Ltd., a leading RMG exporter from Bangladesh, sources fabric from India (although the company’s major source is China). On average, around two or three consignments of fabric are imported from India every couple of months. The diagrams for the mapping of the import process are presented in Annex 4.
V1.1. Business process analysis of the import of cotton fabric from India

Step 1: Buy

Based on the terms of the contract with the ultimate buyer of the RMG products, the RMG manufacturer in Bangladesh enters into a buying contract with an Indian exporter of cotton fabric who quotes the price and sends a Proforma Invoice for consideration by the Bangladeshi counterpart. If modifications are required, the document is returned to the exporter for necessary amendments. Once both the parties agree on the terms, the importer from Bangladesh confirms intent to purchase. An L/C is then opened by the importer and forwarded to the exporter’s nominated bank in India. The process of communication between the buyer and the exporter is mainly through exchange of emails and over the phone. If required, however, supporting documents are sent through courier services.

Step 2.1: Collect and endorse documents for import

Once the exporter in India forwards the Commercial Invoice, Truck Challan, Packing List and Insurance Certificate to the importer in Bangladesh, the latter collects the Import (IMP) Form from its bank and also gets all the documentation endorsed by the bank.

Step 2.2: Prepare other import documents

For import of cotton fabric, the documentation required includes the Utilisation Declaration (UD), which is issued by the business chamber, the BGMEA. This is a mandatory document to import raw materials for the RMG sector. Copies of these documents are then forwarded to the CFA to lodge a customs declaration some time well ahead of the arrival of the consignment at the port.

Step 2.3: Provide customs declaration

This procedure is completed by the importer’s CFA. The first step is to visit the Direct Trader Input (DTI) office at the Benapole Customs House. The CFA submits the declaration document to the data entry operator at the DTI who then keys the details of the shipment on the Bill of Entry form. This requires a fee of BDT50 (USD0.75). After the data is entered, a ‘C’ Number is issued against the Bill of Entry. A hard copy is then printed out and verified by the customs officer who then signs the document and specifies the duty to be paid (if any). The CFA receives the document and waits for the consignment to arrive at the customs area.

Step 2.4: Clear goods through customs

Goods are unloaded at the customs area and inspection is carried out by the customs officials to confirm compliance with the Bill of Entry. If no misconduct is found, customs signs the UD and issues a Release Order from the customs controlled area.
Step 2.5: Transport to importer’s premises

The goods are then loaded on the importer’s truck and taken out of the customs area for transportation to the importer’s premises. At the gate of the customs area, the date and time of exit of the cargo is recorded and the truck is then allowed to move out of the port area. Once the cargo reaches the importer’s premises, goods are unloaded and stored in the warehouse.

Step 3: Pay

Having found the imported cotton fabrics as per the contract conditions, the importer directs the designated bank in Bangladesh to proceed with the payment. The bank verifies the documents against the L/C terms. If no misconduct is found, the funds are transferred to the exporter’s bank in India.

V1.2. Key observations from the BPA of import of fabric from India to Bangladesh

As noted earlier, the process of exporting and importing is rather easy in Bangladesh and the business community is quite comfortable with the requirements related to documentation and customs procedures. With regard to fabric imports from India, the import process can be completed within 10 days (see Table 9 and Figure 5). Preparation of documents may sometimes take another two to three days, however, depending on the work load of the regulatory authorities.

Table 9: Overview of processes involved in import of fabric from India to Bangladesh by land

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Public or private procedure</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.1. Collect and endorse documents for import</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.2. Prepare other import documents</td>
<td>Private and public</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Verify claim for payment</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>Import Time Total Document preparation</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>2.3. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.4. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td>Total Time Inland Transportation</td>
<td></td>
<td>0.5</td>
</tr>
<tr>
<td>TOTAL TIME</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNeT Survey on BPA
Calculation of costs involved at various stages of the process of importing cotton fabric from India indicates that the whole process is generally completed with the importer spending around USD415 per 20 foot container (see Annex Table 5). As mentioned earlier, the only issue is the “speed money”, provided to customs to speed up clearance. However, some business people are of the view that as this payment expedites goods clearance, and they do not consider it to be a bottleneck in the process (also because it is only a small amount).

11 Import of cotton fabrics from India by land mostly takes place in trucks or covered vans. For this study, responses were sought with regard to import of raw material that could be accommodated in a 20 foot container.
V.2. Import of raw sugar from Thailand

V.2.1. Business process analysis of the import of raw sugar from Thailand

**Step 1: Buy**

The importer in Bangladesh enters into a formal contract with the exporter from Thailand. Upon mutual agreement with regard to the price and quality of the raw sugar, a Proforma Invoice is issued by the exporter. Based on that, the importer from Bangladesh opens an L/C with a local bank. The bank then forwards the L/C to the exporter’s bank in Thailand.

**Step 2.1: Collect and endorse documents for import**

Once the exporter in India sends the Commercial Invoice, Bill of Lading, Health Certificate, Radiation Certificate and Insurance Certificate to the importer in Bangladesh, the importer collects the IMP Form from its bank and has all the documentation endorsed by the bank.

**Step 2.2: Provide customs declaration online**

The importer’s CFA submits the online Bill of Entry on the customs website. Submitting the BE requires the agent to provide electronic (scanned) copies of the documents sent to the importer by the exporter. Customs officers verify the documents and issue a ‘C’ Number upon finding the documents satisfactory. The exporter’s agent then acknowledges receipt of the ‘C’ Number and makes a print out of the acknowledgement receipt for conducting customs clearance at a later date.

**Step 2.3: Clear goods through customs**

The CFA submits a copy of the ‘C’ Number Acknowledgement Receipt to customs along with hard copies of all the supporting documents. Customs then retrieves the information from the previously lodged online declaration and cross checks with the documents provided by the CFA. An inspector is then authorised to inspect the cargo and certify compliance with the declaration. If any misconduct is found, a case is filed against the importer. However, if no discrepancy is found, customs issues a Release Order.

**2.4: Transport goods to importer’s premises**

Upon receiving the Release Order from Customs, the CFA gives this document to the Shipping Agency, which then arranges for the raw sugar to be unloaded from the Mother Vessel (MV) and loaded on the Lighterage. This involves obtaining permission from the Port Authority and requires requesting the Port Authority to supply the equipment needed to unload and reload the raw sugar. Once this process is completed, permission from the port authority is sought to move the Lighterage out of the port area. Once the exit permit is obtained, the Lighterage carries
the raw sugar to the importer’s factory via waterways. When the Lighterage arrives at the jetty of the importer, the raw sugar is unloaded and stored in the importer’s factory.

3: Pay

Having received the imported sugar as per the contract conditions, the importer directs the designated bank in Bangladesh to proceed with the payment. The bank verifies the documents against the L/C terms. If no misconduct is found, the funds are transferred to the exporter’s bank in Thailand.

V2.2. Key observations from the BPA of the import of raw sugar from Thailand to Bangladesh

Skyline Sugar Refinery imports raw sugar from Brazil and Thailand. As was in the case for the fabric importer, this company also felt that the import process and procedures in place in Bangladesh are business friendly and do not involve any major bottlenecks. As Table 10 and Figure 6 show, the process of importing sugar can be completed in about 10 days in a normal scenario. Annex 5 presents detailed diagrams for the mapping of the process of importing raw sugar from Thailand.

Table 10: Overview of processes involved in import of raw sugar from Thailand to Bangladesh

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Public or private procedure</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.1. Collect and endorse documents for import</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Verify claim for payment</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>Import Time Total Document preparation</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>2.2. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.3. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td>Import Time Total Customs</td>
<td></td>
<td>1.5</td>
</tr>
<tr>
<td>2.5. Transfer goods to importer's premise</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>Import Time Total Inland Transportation</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>TOTAL TIME</td>
<td></td>
<td>5.5</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNet Survey on BPA
The cost aspect of importing sugar from Thailand is also something that does not seem to bother the business community. Spending about USD525 per 20 foot container to complete the whole process raw sugar is considered by the importer as normal (see Annex Table 5). Rather, stakeholders in this sector are more concerned with government policies related to domestic pricing of refined sugar.

**VI. Concluding remarks and recommendations**

Although the processes involved in importing and exporting goods to and from Bangladesh are currently regarded as not so unfriendly by the business community, there are a number of peripheral issues that sometimes increase the costs of doing business. These include natural calamities, the political situation, and protests by workers at the port. The study observed that the recent initiatives taken by the government, in collaboration with the private sector, have been able to facilitate trade processes and procedures in a significant way. It is in this context that automation of the Chittagong Customs House (CCH) and the Dhaka Customs House (DCH) deserves appreciation and demonstrates the effectiveness of public-private partnership (PPP) in trade facilitation.

The study found that the situation varies depending on the product traded and vessel waiting time, either at the port or at the outer anchorage area, and issues can arise that can significantly
Incorporate the time for customs clearance. Issues arise mainly in the event of poor cargo handling, lack of adequate manpower and lack of space for container storage at the terminals and berthing places.

An overview of the business procedures involved in the international trade of the products examined in this study is presented in Table 11.

**Table 11: Summary of findings from the BPA of the selected products**

<table>
<thead>
<tr>
<th>Product</th>
<th>Steps in BP (Use Case)</th>
<th>No. of Docs.</th>
<th>No. of Actors Involved</th>
<th>Avg. Time (Days)</th>
<th>Avg. Cost (USD/20 foot container)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Export</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woven garments <em>(by land)</em></td>
<td>10</td>
<td>17</td>
<td>12</td>
<td>38*</td>
<td>935</td>
</tr>
<tr>
<td>Woven garments <em>(by sea)</em></td>
<td>12</td>
<td>26</td>
<td>13</td>
<td>40*</td>
<td>1015</td>
</tr>
<tr>
<td>Shrimp</td>
<td>12</td>
<td>24</td>
<td>14</td>
<td>36.75</td>
<td>500</td>
</tr>
<tr>
<td>WB Doing Business 2010</td>
<td>12</td>
<td>6</td>
<td>14</td>
<td>25</td>
<td>970</td>
</tr>
<tr>
<td><strong>Import</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton Fabrics</td>
<td>7</td>
<td>10</td>
<td>8</td>
<td>10**</td>
<td>415</td>
</tr>
<tr>
<td>Sugar</td>
<td>6</td>
<td>11</td>
<td>7</td>
<td>9.5</td>
<td>525</td>
</tr>
<tr>
<td>WB Doing Business 2010</td>
<td>8</td>
<td>8</td>
<td>29</td>
<td></td>
<td>1375</td>
</tr>
</tbody>
</table>

* Source: Compilation/calculation based on Interviews; World Bank Doing Business Report 2010
** Excludes time required by Indian exporter in completing the BP in India

In view of the above discussion, a number of key observations are presented below:

- Export and import processes in Bangladesh are, in general, business friendly.
- The number of documents required to complete the process is acceptable (for a complete list of documents required to complete business processes for the selected products, please see Annex Table 6). Problems arise, however, when different trading partners ask for different documents in the process of exporting or importing the same product.
- Use of information and communication technology (ICT) in the overall business process is very limited.
- Lodging of the customs declaration (with the Chittagong Customs House) is currently the only stage in the business process in which ICT is used significantly.
- Submission of paper-based documents is still required to verify the online declaration.
- Most forms (except Bill of Entry/Exit) are completed manually (handwritten or typed).
- Exporters and importers need to apply on paper to obtain certain certificates.
- Electronic versions of documents are not acceptable to banks.
- Getting products inspected before exporting is sometimes a lengthy process (particularly in case of shrimp exports).
- Coordination among the various actors involved in the business process is not adequate.

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12 Vessel waiting time has been taken into account as part of (i) handling container at terminal and stowing on vessel for the export process analysis, and (ii) clearing goods through customs for import process analysis.
Inadequate infrastructure at the port areas often increases trading time, resulting in a higher cost of doing business.

With regard to these issues, the entrepreneurs and customs agents felt that forward-looking initiatives by the government, in collaboration with the private sector, can play a vital role in changing the current situation.

To eliminate the existing bottlenecks in conducting international trade, the following policy recommendations are made:

- Immediate automation of all customs houses.
- Establish a Single Window so that all the actors involved in the business process are linked together.
- Adopt policies and design required modalities to facilitate use of documents in electronic/digital format.
- Develop infrastructure at port areas (e.g. container terminals, berthing stations, shaded warehouses in the customs controlled areas) on an urgent basis.
- Expedite the process of issuing inspection certificates.
- Strengthen collaboration between government and business chambers to ensure a better business environment.
- Form a National Trade Facilitation Task Force.
- Publish (including online) trade related information, rules, procedures, etc.
- Conduct sector-wise needs analyses to identify specific bottlenecks.
References


Annex 1: Tables and figures

Annex Table 1: Degree of openness and extent of globalisation in Bangladesh (million USD)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Export (X)</td>
<td>725.0</td>
<td>1718.0</td>
<td>6467.0</td>
<td>14088.0</td>
<td>15565.2</td>
</tr>
<tr>
<td>Import (M)</td>
<td>1954.0</td>
<td>3472.0</td>
<td>9335.0</td>
<td>20217.0</td>
<td>22507</td>
</tr>
<tr>
<td>Remittance (R)</td>
<td>379.0</td>
<td>764.0</td>
<td>1882.0</td>
<td>7915.0</td>
<td>9689.3</td>
</tr>
<tr>
<td>ODA Disbursed</td>
<td>1146.0</td>
<td>1733.0</td>
<td>1369.0</td>
<td>1873.0</td>
<td>1664.0</td>
</tr>
<tr>
<td>FDI (net)</td>
<td>N/A</td>
<td>24.0</td>
<td>550.0</td>
<td>650.0</td>
<td>941.0</td>
</tr>
<tr>
<td>Total (1-5)</td>
<td>4204.0</td>
<td>7710.5</td>
<td>19603.4</td>
<td>44743.8</td>
<td>50366.4</td>
</tr>
<tr>
<td>GDP (Current Price)</td>
<td>19811.6</td>
<td>30974.8</td>
<td>47306.0</td>
<td>78996.9</td>
<td>89548.2</td>
</tr>
<tr>
<td>Degree of Openness</td>
<td>13.5</td>
<td>16.8</td>
<td>33.4</td>
<td>43.4</td>
<td>42.5</td>
</tr>
<tr>
<td>(Export + Import as % of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent of Globalisation</td>
<td>21.2</td>
<td>24.9</td>
<td>41.4</td>
<td>56.6</td>
<td>56.3</td>
</tr>
<tr>
<td>X as % of M</td>
<td>37.1</td>
<td>49.5</td>
<td>69.3</td>
<td>69.7</td>
<td>69.2</td>
</tr>
<tr>
<td>(X+R) as % of M</td>
<td>56.5</td>
<td>71.5</td>
<td>89.4</td>
<td>108.8</td>
<td>112.2</td>
</tr>
<tr>
<td>ODA as % of GDP</td>
<td>5.8</td>
<td>5.6</td>
<td>2.9</td>
<td>2.4</td>
<td>1.86</td>
</tr>
<tr>
<td>ODA as % of Export</td>
<td>158.1</td>
<td>100.9</td>
<td>21.2</td>
<td>13.3</td>
<td>10.69</td>
</tr>
</tbody>
</table>

Source: CPD-IRBD Database (2009)

Annex Table 2: Trade pattern of Bangladesh and share of the selected products

<table>
<thead>
<tr>
<th>Item</th>
<th>Volume (millions, USD)</th>
<th>Annual Average Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Trade</td>
<td>14632.41</td>
<td>21962.11</td>
</tr>
<tr>
<td>Total Export</td>
<td>5417.27</td>
<td>9331.58</td>
</tr>
<tr>
<td>Woven Garments (Share in total export)</td>
<td>2613.85 (48.25)</td>
<td>3498.61 (37.49)</td>
</tr>
<tr>
<td>Shrimp (Share in total export)</td>
<td>293.28 (5.41)</td>
<td>349.78 (3.75)</td>
</tr>
<tr>
<td>Total Import</td>
<td>9215.13</td>
<td>12630.53</td>
</tr>
<tr>
<td>Cotton &amp; T&amp;C (Share in total import)</td>
<td>958.00 (10.40)</td>
<td>1394.79 (11.04)</td>
</tr>
<tr>
<td>Sugar (Share in total import)</td>
<td>41.41 (0.45)</td>
<td>178.17 (1.41)</td>
</tr>
</tbody>
</table>

Source: Calculated based on UNComtrade Statistics.
Note: Data for year 2008 are “Mirror Statistics” from International Trade Centre (ITC).
### Annex Table 3: Export and import procedures in Bangladesh vis-à-vis the selected countries

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Duration (days)</th>
<th>Cost (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bangladesh</td>
<td>India</td>
</tr>
<tr>
<td><strong>Nature of export procedures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Document preparation</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Customs clearance and technical</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ports and terminal handling</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Inland transportation and handling</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total for all</strong></td>
<td>25</td>
<td>17</td>
</tr>
<tr>
<td><strong>Nature of import procedures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Documents preparation</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Customs clearance and technical</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ports and terminal handling</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Inland transportation and handling</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total for all</strong></td>
<td>32</td>
<td>20</td>
</tr>
</tbody>
</table>

*Source: World Bank Doing Business Website*
### Annex Table 3(a): Bangladesh’s performance in trading across borders in 2010

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Bangladesh</th>
<th>South Asia</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>6</td>
<td>8.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>25</td>
<td>32.4</td>
<td>10.5</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>970</td>
<td>1,364.10</td>
<td>1,089.70</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>8</td>
<td>9</td>
<td>4.9</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>29</td>
<td>32.2</td>
<td>11</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>1375</td>
<td>1,509.10</td>
<td>1,145.90</td>
</tr>
</tbody>
</table>


### Annex Table 4: Cost of export processing for woven garments and frozen shrimp (in USD)

<table>
<thead>
<tr>
<th>Major procedures</th>
<th>Woven garments</th>
<th>Shrimp</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By Sea</td>
<td>By Land</td>
</tr>
<tr>
<td>Assembling and preparing documents</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>L/C Cost</td>
<td>650*</td>
<td>650</td>
</tr>
<tr>
<td>Customs clearance</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Ports and Terminal handling costs</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>Inland transportation and handling costs</td>
<td>120</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>1015</strong></td>
<td><strong>935</strong></td>
</tr>
</tbody>
</table>

Source: Discussion with entrepreneurs
* Includes cost of opening back-to-back L/C

### Annex Table 5: Cost of import processing for fabric and raw sugar (in USD)

<table>
<thead>
<tr>
<th>Major procedures</th>
<th>Fabric</th>
<th>Sugar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembling and preparing documents</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>L/C Cost</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Customs clearance</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Ports and Terminal handling costs</td>
<td>120</td>
<td>200</td>
</tr>
<tr>
<td>Inland transportation and handling costs</td>
<td>120</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>415</strong></td>
<td><strong>525</strong></td>
</tr>
</tbody>
</table>

Source: Discussion with entrepreneurs
Annex Table 6: List of documents required at various stages of business processes

<table>
<thead>
<tr>
<th>Products</th>
<th>Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven garments Export</td>
<td>1. Proforma Invoice</td>
</tr>
<tr>
<td>(by land)</td>
<td>2. Letter of Credit (L/C)</td>
</tr>
<tr>
<td></td>
<td>3. Back-to-Back Letter of Credit (BB L/C)</td>
</tr>
<tr>
<td></td>
<td>4. EXP Form</td>
</tr>
<tr>
<td></td>
<td>5. Commercial Invoice</td>
</tr>
<tr>
<td></td>
<td>6. Utilisation Declaration</td>
</tr>
<tr>
<td></td>
<td>7. Packing List</td>
</tr>
<tr>
<td></td>
<td>8. Insurance Certificate</td>
</tr>
<tr>
<td></td>
<td>9. Inspection Certificate</td>
</tr>
<tr>
<td></td>
<td>10. Lab Test Report</td>
</tr>
<tr>
<td></td>
<td>11. Transport Contract</td>
</tr>
<tr>
<td></td>
<td>12. Bill of Lading/Truck Chalaan</td>
</tr>
<tr>
<td></td>
<td>13. GSP Certificate</td>
</tr>
<tr>
<td></td>
<td>15. Bill of Entry</td>
</tr>
<tr>
<td></td>
<td>16. Port Entry Receipt</td>
</tr>
<tr>
<td></td>
<td>17. SAPTA Combined Declaration and Certificate</td>
</tr>
<tr>
<td></td>
<td>18. Shipping Bill</td>
</tr>
<tr>
<td></td>
<td>19. Manifest</td>
</tr>
<tr>
<td></td>
<td>20. Career Booking Request</td>
</tr>
<tr>
<td></td>
<td>21. Career Booking Confirmation</td>
</tr>
<tr>
<td></td>
<td>22. Inland Haulage Booking Request</td>
</tr>
<tr>
<td></td>
<td>23. Inland Haulage Booking Confirmation</td>
</tr>
<tr>
<td></td>
<td>24. Container Loading List</td>
</tr>
<tr>
<td></td>
<td>25. Container List Message</td>
</tr>
<tr>
<td></td>
<td>26. Outward Container List</td>
</tr>
<tr>
<td>Woven garments Export</td>
<td>1. Proforma Invoice</td>
</tr>
<tr>
<td>(by sea)</td>
<td>2. Letter of Credit (L/C)</td>
</tr>
<tr>
<td></td>
<td>3. Back-to-Back Letter of Credit (BB L/C)</td>
</tr>
<tr>
<td></td>
<td>4. EXP Form</td>
</tr>
<tr>
<td></td>
<td>5. Commercial Invoice</td>
</tr>
<tr>
<td></td>
<td>6. Utilisation Declaration</td>
</tr>
<tr>
<td></td>
<td>7. Packing List</td>
</tr>
<tr>
<td></td>
<td>8. Insurance Certificate</td>
</tr>
<tr>
<td></td>
<td>9. Inspection Certificate</td>
</tr>
<tr>
<td></td>
<td>10. Lab Test Report</td>
</tr>
<tr>
<td></td>
<td>11. Transport Contract</td>
</tr>
<tr>
<td></td>
<td>12. Bill of Lading</td>
</tr>
<tr>
<td></td>
<td>13. GSP Certificate</td>
</tr>
<tr>
<td></td>
<td>15. Bill of Entry</td>
</tr>
<tr>
<td></td>
<td>16. Port Entry Receipt</td>
</tr>
<tr>
<td></td>
<td>17. SAPTA Combined Declaration and Certificate</td>
</tr>
<tr>
<td></td>
<td>18. Shipping Bill</td>
</tr>
<tr>
<td></td>
<td>19. Manifest</td>
</tr>
<tr>
<td></td>
<td>20. Career Booking Request</td>
</tr>
<tr>
<td></td>
<td>21. Career Booking Confirmation</td>
</tr>
<tr>
<td></td>
<td>22. Inland Haulage Booking Request</td>
</tr>
<tr>
<td></td>
<td>23. Inland Haulage Booking Confirmation</td>
</tr>
<tr>
<td></td>
<td>24. Container Loading List</td>
</tr>
<tr>
<td></td>
<td>25. Container List Message</td>
</tr>
<tr>
<td></td>
<td>26. Outward Container List</td>
</tr>
<tr>
<td>Shrimp Export</td>
<td>1. Proforma Invoice</td>
</tr>
<tr>
<td></td>
<td>2. Letter of Credit</td>
</tr>
<tr>
<td></td>
<td>3. Sale’s Contract</td>
</tr>
<tr>
<td></td>
<td>4. Supplier’s Invoice</td>
</tr>
<tr>
<td></td>
<td>5. Career Booking Request</td>
</tr>
<tr>
<td></td>
<td>6. Career Booking Confirmation</td>
</tr>
<tr>
<td></td>
<td>7. Inland Haulage Booking Request</td>
</tr>
<tr>
<td></td>
<td>8. Inland Haulage Booking Confirmation</td>
</tr>
<tr>
<td>Cotton Fabric Import</td>
<td>Raw Sugar Import</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>1. Proforma Invoice</td>
<td>1. Proforma Invoice</td>
</tr>
<tr>
<td>2. Letter of Credit</td>
<td>2. Letter of Credit</td>
</tr>
<tr>
<td>7. IMP Form</td>
<td>7. IMP Form</td>
</tr>
<tr>
<td>10. Exit Permit</td>
<td>10. Delivery Order</td>
</tr>
<tr>
<td></td>
<td>11. Exit Permit</td>
</tr>
</tbody>
</table>

*Source: CPD-ARTNeT Survey, 2010*
Annex Figure 1: Trend of woven garments exports from Bangladesh

Annex Figure 2: Trend of shrimp exports from Bangladesh
Annex Figure 3: Trend of cotton fabric imports by Bangladesh

Annex Figure 4: Trend of raw sugar imports by Bangladesh
Annex 2: BPA charts
Business Processes of Woven Garments Export from Bangladesh by Land
1. Buy

Exporter or Representative

- Quote price and term of trade
  - Proforma Invoice
    - Prepare the shipment of goods

Importer

- Not acceptable
  - Cancel
  - Acceptable
    - Confirm the intent to purchase
      - Purchase Order/L/C
# 2.1. Import Raw Material (Fabrics)

<table>
<thead>
<tr>
<th>Exporter or Representative</th>
<th>Exporter’s Bank</th>
<th>Supplier</th>
<th>Chamber</th>
<th>Customs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect L/C and Open BB L/C</td>
<td>Forward L/C to Supplier’s bank</td>
<td>Arrange raw materials for shipment</td>
<td>Issue UD</td>
<td>Issue Bill of Entry</td>
</tr>
<tr>
<td>Collect Challan</td>
<td>Endorse Challan From Bank</td>
<td>Send Truck Challan To importer</td>
<td>UD</td>
<td>Bill of Entry</td>
</tr>
<tr>
<td>Provide Customs Declaration</td>
<td>Receive Bill of Entry</td>
<td>Truck Challan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obtain ‘Utilisation Declaration’ (UD)</td>
<td>Obtain ‘Utilisation Declaration’ (UD)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BE</td>
<td>CI</td>
<td>Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receive UD</td>
<td>Submit documents For customs clearance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport Cargo to Factory Premise</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Incorrect
- Correct
- Issue Cargo Release Order
- Verify documents
- Endorse Challan From Bank
- Endorse Challan
2.2. Prepare Export Document

- Exporter or Representative
  - Request EXP Form from bank
  - Collect and complete EXP Form
  - Compile EXP and other documents
  - Commercial invoice
  - EXP Form
  - Utilisation Declaration
  - Packing list
  - Insurance certificate
  - L/C

- Exporter’s Bank
  - Receive request
  - EXP Form
2.3. Arrange Inspection

Exporter or Representative

- Send request for inspection
  - Forwarding letter
  - Proforma invoice
  - Packing List
  - Lab test report

Authorised Inspecting Agency

- Receive documents
- Visit factory
- Select samples for inspection
- Conduct inspection
- Not approved
- Approved
  - Issue Inspection Certificate
  - Inspection certificate

Receive inspection certificate

Rectify identified problems
2.4. Obtain Cargo Insurance for Inland Transportation

Exporter or Representative

Apply for cargo insurance

- Cargo Insurance Application Form
- Commercial Invoice
- Transport contract

Insurance Company

Approve the insurance coverage

- Letter of Credit
- Packing List
- Draft Bill of Lading

Collect Insurance Policy

Issue Insurance Policy

Arrange the payment of insurance premium

Receive the payment of insurance premium
2.5. Provide customs declaration Online

Exporter of Representative

Submit Bill of Entry Online

- Commercial Invoice
- Packaging list
- EXP Form
- GSP
- Certificate of Origin
- Insurance
- UD

Customs

Declaration Reject

Verify submitted information

- Incorrect

Correct

Issue declaration no. (‘C’ Number)

Acknowledge receipt of ‘C’ No.

Print a copy ofAcknowledgement receipt
2.6. Transport to Port of Departure

Exporter or Representative

- Load goods on truck
- Transport to port
- Request port Entry

Port Authority/ Private Depot

- Record cargo/container information
- Acknowledge payment of entry fee
- Receipt
- Record date and time of entry

Inland Haulage

- Take cargo to point of container inspection
2.7. Clear goods through customs

- Inland Haulage
- Customs
- Exporter or Representative

- Transfer container to point of inspection
- Retrieve declaration information
- Cross check declaration information with handed in documents
- Randomly selected
- Inspect cargo
- Randomly not selected
- Misconduct not found
- Misconduct found
- Record a case to be filed
- Record the quantity exported
- Issue clearance order
- Signed EXP Form
- Receive Shipping Bill and signed EXP Form

Unload goods at Designated area

Submit copy of 'C' no. Acknowledgement Receipt with supporting documents

- CI
- EXP
- Pack List
- Insurance
- UD

Export or Representative

Insurance

Receive Shipping Bill and signed EXP Form

Unload goods at Designated area

Export or Representative
2.9. Prepare documents required by importer

- Exporter or Representative
  - Prepare documents for importer
    - Commercial Invoice
    - Truck Challan
    - Packing list
    - Insurance Certificate

- Chamber
  - Verify submitted information
    - Incorrect
      - Collect CO and SAPTA Certificate
    - Correct
      - Issue and authenticate the certificate
      - Certificate of Origin (CO)

- Export Promotion Bureau
  - Verify submitted information
    - Incorrect
      - Correct
      - Issue and authenticate the certificate
      - SAPTA Combined Declaration and Certificate
1. Buy - Conclude sales contract and trade terms
2. Import Raw Material
3. Prepare export documents
4. Arrange Inspection
5. Obtain cargo insurance for inland transportation
6. Provide customs declaration
7. Transport to port of departure
8. Clear goods through customs
9. Prepare documents required by importer
10. Pay - Claim payment of goods
Business Processes of Woven Garments Export from Bangladesh by Sea
1. Buy

Exporter or Representative

- Quote price and term of trade
  - Not acceptable
    - Cancel
  - Acceptable
    - Confirm the intent to purchase
      - Purchase Order/L/C
        - Prepare the shipment of goods
          - Importer
2.1. Import Raw Material (Fabrics)

- **Exporter or Representative**
  - Collect L/C and Open BB L/C
  - Collect B/L
  - Endorse B/L From Bank
  - Provide Customs Declaration
  - Receive Bill of Entry
  - Obtain ‘Utilisation Declaration’ (UD)
  - Receive UD
  - Submit documents For customs clearance
  - Transport Cargo to Factory Premise

- **Exporter’s Bank**
  - Forward L/C to Supplier’s bank
  - Endorse B/L

- **Supplier**
  - Arrange raw materials for shipment
  - Send B/L to buyer
  - Bill of Lading

- **Chamber**
  - Issue UD
  - UD

- **Customs**
  - Issue Bill of Entry
  - Bill of Entry
  - Verify documents
    - Incorrect
    - Correct
  - Issue Cargo Release Order
2.2. Arrange Shipment/Space Booking
2.3. Prepare Export Document

- Request EXP Form from bank
- Collect and complete EXP Form
- Compile EXP and other documents
- Receive request

- Exporter or Representative
- Exporter’s Bank

- Commercial invoice
- EXP Form
- Utilisation Declaration
- Packing list
- Insurance certificate
- L/C
2.4. Arrange Inspection

Exporter or Representative

- Send request for inspection
- Forwarding letter
- Proforma invoice
- Packing List
- Lab test report
- Rectify identified problems

Authorised Inspecting Agency

- Receive documents
- Visit factory
- Select samples for inspection
- Conduct inspection
- Not approved
- Approved
- Issue Inspection Certificate
- Inspection certificate
- Receive inspection certificate
2.5. Obtain Cargo Insurance for Inland Transportation

- **Exporter or Representative**
  - Apply for cargo insurance
  - Cargo Insurance Application Form
  - Commercial Invoice
  - Transport contract

- **Insurance Company**
  - Approve the insurance coverage
  - Letter of Credit
  - Packing List
  - Draft Bill of Lading
  - Issue Insurance Policy
  - Collect Insurance Policy
  - Arrange the payment of insurance premium
  - Receive the payment of insurance premium
2.6. Provide Customs Declaration Online

- Exporter of Representative
  - Submit Bill of Entry Online
    - Commercial Invoice
    - Packaging list
    - EXP Form
    - GSP
    - Certificate of Origin
    - Insurance
    - UD
  - Acknowledge receipt of ‘C’ No.
    - Print a copy of Acknowledgement receipt
  - Declaration Reject
- Customs
  - Verify submitted information
    - Incorrect
    - Correct
  - Issue declaration no. (‘C’ Number)
  - Acknowledge receipt of ‘C’ No.
2.7. Transport to Port of Departure

Exporter or Representative

- Load goods on truck
- Transport to port
- Request port Entry

Port Authority/ Private Depot

- Record cargo/container information
- Acknowledge payment of entry fee
- Receipt
- Record date and time of entry

Inland Haulage

- Take cargo to point of container inspection

Move cargo/container into depot
2.8. Clear goods through Customs

Inland Haulage

- Transfer container to point of inspection

Customs

- Retrieve declaration information
- Cross check declaration information with handed in documents
- Randomly selected
- Inspect cargo
- Misconduct found
  - Record a case to be filed
- Misconduct not found
  - Randomly not selected
  - Inspect cargo
  - Misconduct found
  - Record a case to be filed
  - Misconduct not found

- Record the quantity exported
- Issue shipping bill
- Shipping Bill

- Seal Container

Exporter or Representative

- Submit copy of 'C' no. Acknowledgement Receipt with supporting documents
  - CI
  - EXP
  - Pack List
  - Insurance
  - UD

- Receive Shipping Bill and signed EXP Form
2.10. Prepare Documents Required by Importer

- Prepare documents for importer
  - Commercial Invoice
  - Bill of Lading
  - Packing list
  - Insurance Certificate
  - Application for Certificate of Origin

- Exporter or Representative
  - Exporter or Representative

- Chamber
  - Verify submitted information
    - Incorrect
    - Correct
    - Issue and authenticate the certificate
      - Certificate of Origin (CO)
  - Collect CO and SAPTA Certificate

- Export Promotion Bureau
  - Verification
    - SAPTA Combined Declaration and Certificate
      - Correct
3. Pay

- **Exporter or Representative**
  - Arrange the fee payment
  - Collect L/C
  - Prepare documents required during importation as listed in L/C
  - Commercial Invoice
  - Packing List
  - Certificate of Origin
  - Insurance Policy
  - Bill of Lading
  - EXP Form
  - Other document required by L/C
  - Request the payment of goods

- **Exporter’s Bank**
  - Call for the collection of L/C
  - Notify the decline for the payment of goods
  - Verify submitted documents
  - Fail to meet conditions in L/C
  - Meet conditions in L/C
  - Forward submitted documents

- **Importer’s Bank**
  - Verify submitted information
  - Not Approved
  - Approved
  - Issue L/C
  - L/C (Letter of Credit)

- **Importer**
  - Apply for L/C
  - Proforma Invoice
  - Application for L/C
  - Other document required by L/C
  - Request the payment of goods
  - Verify submitted documents
  - Fail to meet conditions set in L/C
  - Meet conditions set in L/C
  - Verify submitted documents
  - Approved
  - Not approved
  - Transfer the payment
  - Collect the payment
  - Make the payment
  - Collect documents required for import
  - Transfer the payment
  - Collect L/C
  - Receive the payment
1. Buy - Conclude sales contract and trade terms
2. Import Raw Material
3. Arrange shipment/space booking
4. Prepare export documents
5. Arrange Inspection
6. Obtain cargo insurance for inland transportation
7. Provide customs declaration online
8. Transport to port of departure
9. Clear goods through customs
10. Handle container at terminal and stow on vessel
11. Prepare documents required by importer
12. Pay - Claim payment of goods
Business Processes of Shrimp Export from Bangladesh by Sea
1. Buy

- Exporter or Representative
  - Quote price and term of trade
  - Proforma Invoice
  - Prepare the shipment of goods

- Importer
  - Not acceptable → Cancel
  - Acceptable
    - Confirm the intent to purchase
    - Purchase Order/L/C

- Prepare the shipment of goods

- Confirm the intent to purchase
2.1. Procure Raw Material from Local Supplier

Exporter or Representative

- Quote product, Quantity and price
  - Not acceptable
    - Cancel
  - Acceptable
    - Confirm intent to supply
    - Sign contract
    - Supply raw material To exporter
    - Request bank to pay supplier
    - Receive raw material
    - Sales Contract
    - Supplier’s invoice

Local Supplier

- Exporter’s Bank

- Verify documents
  - Incorrect
  - Correct
  - Process Payment
  - Receive Payment

- Sign contract
  - Supply raw material To exporter
  - Receive raw material

- Exporter’s Bank
2.2. Arrange Shipment/Space Booking

Carrier (Shipping Line) -> Inland Haulage -> Exporter or Representative

- Acknowledge booking
- Booking Confirmation

Incorrect
- Correct
- Schedule the pick-up and delivery of container
- Booking Request
- Acknowledge booking confirmation

Incorrect
- Correct
- Reserve cargo space and vessel
- Booking Request
- Acknowledge booking
- Booking Confirmation
2.3. Have Products Sampled and Examined

- Exporter or Representative
  - Prepare product for inspection
  - Send request for inspection to FIQC, DoF
    - Forwarding letter
    - Proforma invoice
    - Packing List
    - Lab test report

- Department of Fisheries
  - Receive documents
  - Appoint Inspector
  - Visit factory
  - Assess QC facilities at the factory
    - Not satisfied
      - Satisfied
        - Collect samples for examination
          - Conduct Bacteria Test
          - Conduct Antibiotic Test
            - Failed
              - Passed
                - Issue Quality Certificate
                  - Quality Certificate
2.4. Prepare Export Document

- Request EXP Form from bank
- Collect and complete EXP Form
- Request Packer’s Certificate
- Receive Certificate

Exporter or Representative

- Compile documents for customs

Exporter’s Bank

- Receive request
- EXP Form

Industry Association

- Verify documents
  - Incorrect
  - Correct
- Issue Certificate
- Packer’s Certificate

- Commercial invoice
- EXP Form
- Packing list

- Health Certificate
- Packer’s certificate
- Insurance certificate
- L/C
- Quality Certificate
2.5. Obtain Cargo Insurance for Inland Transportation

Exporter or Representative

Apply for cargo insurance

Cargo Insurance Application Form

Commercial Invoice

L/C

Packing List

Cargo Booking Confirmation

Insurance Company

Refuse

Accept

Approve the insurance coverage

Issue Insurance Policy

Insurance Policy

Collect Insurance Policy

Arrange the payment of insurance premium

Receive the payment of insurance premium
2.6. Provide Customs Declaration Online

Exporter of Representative

Submit Declaration Online

Commercial invoice
EXP Form
Health Certificate
Packing list
Insurance certificate
Packer’s certificate
L/C
Quality Certificate

Customs

Declaration Reject

Verify submitted information

Incorrect
Correct

Issue declaration no. ('C' Number)

Acknowledgment receipt of 'C' No.

Print a copy of Acknowledgement receipt
2.7. Transport to Port of Departure

Exporter or Representative

- Load goods on truck
- Transport to port
- Request port Entry

Port Authority

- Record cargo information
- Acknowledge payment of entry fee
- Receipt
- Record date and time of entry

Inland Haulage

- Take cargo to Designated place
2.8. Clear Goods through Customs

1. **Inland Haulage**
   - Transfer container to point of inspection

2. **Customs**
   - Retrieve declaration information
   - Cross check declaration information with handed in documents
   - Randomly selected
   - Inspect cargo
     - Misconduct not found
   - Misconduct found
     - Record a case to be filed
     - Randomly not selected
     - Record the quantity exported
     - Issue shipping bill

3. **Exporter or Representative**
   - Submit copy of ‘declaration with supporting documents
   - Commercial invoice
   - EXP Form
   - Health Certificate
   - Packing list
   - Insurance certificate
   - Packer’s certificate
   - L/C
   - Quality Certificate

4. **Shipping Bill**
   - Receive Shipping Bill and signed EXP Form

5. **Seal Container**
   - Seal Container
2.9. Handle container at Terminal and stow on vessel

- **Receive B/L**
- **Prepare Manifest**
- **Prepare Outward Container List**
- **Prepare B/L**
- **Bill of Lading**
- **Manifest**
- **Release goods**
- **Determine service charge to be collected**
- **Acknowledge and approve**
- **Correct**
- **Incorrect**
- **Stow container on vessel**
- **Record a number of container stowed on vessel**
- **Allocate required equipment**
- **Transfer container to berth**
- **Coordinate container handling at terminal**
- **Prepare Container Loading List**
- **Container Loading List**
- **Transfer container to terminal**
- **Stack container at terminal**
- **Record date-time of when container is stacked**
- **Coordinate transfer of container to berth**
- **Allocate required equipment**
- **Transfer container to berth**
- **Manage stowing of container on vessel**
- **Prepare Container Loading List**
- **Container List Message**
- **Coordinate a transfer of container to berth**
- **Prepare Container Loading List**
- **Inland Haulage**
- **Carrier (Shipping Line)**
- **Port Authority**
- **Export or Representative**
- **Customs**
2.10. Prepare documents required by importer

- Prepare documents for importer
  - Commercial Invoice
  - Bill of Lading
  - Packing list
  - Insurance Certificate
  - Application for Certificate of Origin
  - Application for GSP Certificate

Verify submitted information:
- Incorrect
- Correct

Issue and authenticate the certificate:
- GSP Certificate

Collect CO and GSP Certificate
1) Buy

Exporter or Representative

2) Ship

2.1) Procure Shrimp
2.2) Arrange shipment/space booking
2.3) Have products Sampled and examined
2.4) Prepare export documents
2.5) Obtain cargo insurance for inland transportation
2.6) Provide customs declaration online
2.7) Transport to port of departure
2.8) Clear goods through customs
2.9) Handle container at terminal and stow on vessel
2.10) Prepare documents required by importer

3) Pay

Importer

Exporter's Bank

Importer's Bank

Local Shrimp Supplier

Department of Fisheries

Inland Haulage

Industry Association

Insurance Company

Customs

Export Promotion Bureau

Career (Shipping Line)

Port Authority

Chamber
1. Buy - Conclude sales contract and trade terms
2. Procure shrimp from local source
3. Arrange shipment/space booking
4. Have products sampled and examined
5. Prepare export documents
6. Obtain cargo insurance for inland transportation
7. Provide customs declaration online
8. Transport to port of departure
9. Clear goods through customs
10. Handle container at terminal and stow on vessel
11. Prepare documents required by importer
12. Pay - Claim payment of goods
Business Processes of Fabrics Import from India by Land
1. Buy

Exporter

- Quote price and terms of trade
- Proforma Invoice
- Prepare the shipment of goods

Importer or Representative

- Express intent to purchase
- Not acceptable (Cancel)
- Acceptable
  - Confirm the intent to purchase
  - Purchase Order/L/C
2.1. Collect and Endorse Documents for Import

- Importer or Representative
  - Receive documents
    - Sent by exporter
    - Commercial invoice
    - Truck Challan
    - Packing List
    - Other documents
    - Insurance certificate
  - Request IMP Form
  - Collect Documents
- Importer’s Bank
  - Receive request
  - Endorse Documents
  - Provide IMP Form
  - IMP Form
2.2. Prepare Other Import Documents

- Importer or Representative
- Request ‘Utilisation Declaration’ (UD)
- Commercial invoice
- Truck Challan
- Packing List
- L/C
- Insurance certificate

- Chamber
- Receive request
- Verify Documents
- Issue UD
- UD

Correct
Incorrect
2.3. Provide customs declaration

- Importer of Representative
  - Submit Bill of Entry At the DTI
    - Commercial Invoice
    - Packaging list
    - IMP Form
    - Insurance
    - UD
    - Other documents (if required)
  - Acknowledge receipt of ‘C’ No.
  - Print a copy of Acknowledgement receipt

- Customs
  - Declaration Reject
    - Verify submitted information
      - Incorrect
      - Correct
    - Issue declaration no. (‘C’ Number)
2.4. Clear goods through customs

- **Inland Haulage**: Transfer container to point of inspection
- **Customs**:
  - Retrieve declaration information
  - Cross check declaration information with handed in documents
  - Randomly selected
  - Inspect cargo
  - Randomly not selected
  - Misconduct found
  - Record a case to be filed
  - Misconduct not found
  - Record the quantity exported
  - Issue clearance order
  - Release Order
- **Importer or Representative**:
  - Submit copy of 'C' no. Acknowledgement Receipt with supporting documents
  - CI
  - Truck Challan
  - Packing List
  - Insurance
  - UD
- **Receive Release Order**
  - Unload goods at Designated area
2.5. Transport to Importer’s Premise

- Importer or Representative
  - Load goods on truck
  - Request port Exit

- Port Authority/ Private Depot
  - Record cargo/container information
  - Issue Exit Permit
  - Exit Permit
  - Move Truck to Point of Exit
  - Record date and time Of exit

- Inland Haulage
  - Transport cargo to Importer’s premise
  - Unload goods from Truck/container
Use Case: Import of Fabrics from India by Land

1) Buy
- Exporter
- Exporter's Bank
- Importer or Representative
- Importer's Bank

3) Pay
- Exporter's Bank
- Importer's Bank

2) Transport
- 2.1) Collect and endorse Documents for import
- 2.2) Prepare other import documents
- 2.3) Provide customs declaration online
- 2.4) Clear goods through customs
- 2.5) Transport to Importer's premise

Other Participants:
- Chamber
- Customs
- Inland Haulage
- Port Authority
Time-Procedure Chart from the Business Process Analysis of Cotton-Fabrics Import from India

1. Buy - Conclude sales contract and trade terms
2. Collect and endorse documents for import
3. Prepare other import documents
4. Provide customs declaration
5. Clear goods through customs
6. Transport to importer’s premise
7. Pay – Verify claim for payment
Business Processes of Sugar Import from Thailand
1. Buy

Exporter

Quote price and terms of trade

Proforma Invoice

Prepare the shipment of goods

Importer or Representative

Express intent to purchase

Not acceptable

Cancel

Acceptable

Confirm the intent to purchase

Purchase Order/L/C
2.1. Collect and Endorse Documents for Import

Importer or Representative

- Receive documents Sent by exporter
  - Commercial invoice
  - B/L
  - Insurance certificate
  - Health Certificate
  - Radiation Certificate

Request IMP Form

Collect Documents

Importer’s Bank

- Receive request
- Endorse Documents
- Provide IMP Form
  - IMP Form
2.2. Provide customs declaration Online

- Importer of Representative
- Submit Bill of Entry Online
- Verify submitted information
- Correct
- Incorrect
- Radiation Certificate
- Health Certificate
- Insurance
- IMP Form
- B/L
- Commercial Invoice
- Declaration Reject
- Issue declaration no. ('C' Number)
- Acknowledge receipt of 'C' No.
- Print a copy of Acknowledgement receipt
2.3. Clear Goods through Customs

Customs

Retrieve declaration information

Cross check declaration information with handed in documents

Inspect cargo

Misconduct not found

Misconduct found

Record a case to be filed

Record the quantity imported

Issue clearance order

Release Order

Importer or Representative

Submit copy of ‘C’ no. Acknowledgement Receipt with supporting documents

Commercial Invoice
B/L
Health Certificate
Insurance
Radiation Certificate

Receive Release Order
2.4. Transport Goods to Importer’s Premise

Importer or Representative

Hand over cargo release Order to shipping agent

Career/ Shipping Agent

Retrieve Release Order

Arrange unloading of goods From Mother Vessel (MV)

Book Burge/ Lighterage

Request equipment to unload

Load goods on Burge/ Lighterage from MV

Request port exit

Delivery Order
Commercial Invoice

Receive Permit

Transport goods to Importer’s premise

Port Authority

Receive request

Confirm Burge/ Lighterage

Allocate equipment

Receive Request

Record details
Issue port Exit permit

Exit Permit

Unload goods from Burge/ Lighterage
Use Case: Import of Sugar from Thailand

1) Buy
2) Ship
   - 2.1) Collect and endorse Documents for import
   - 2.2) Provide customs declaration online
   - 2.3) Clear goods through customs
   - 2.4) Transfer goods To Importer’s premise
3) Pay
   - Importer or Representative
   - Importer’s Bank
   - Exporter’s Bank
   - Customs
   - Career (Shipping Agent)
   - Port Authority
1. Buy - Conclude sales contract and trade terms
2. Collect and endorse documents for import
3. Provide customs declaration online
4. Clear goods through customs
5. Transport to importer’s premise
6. Pay – Verify claim for payment