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An Evaluation of the Need and Cost of Selected Trade Facilitation Measures in Bangladesh: Implications for the WTO Negotiations on Trade Facilitation

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Acronyms and Abbreviations

ASYCUDA	Automated System for Customs Data
BDXDP	Bangladesh Export Diversification Programme
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIWTA	Bangladesh Inland Water Transport Authority
BLPA	Bangladesh Land Ports Authority
C&F	Clearing and Forwarding
CAM	Customs Administration Modernisation
CCI	Certified Internetwork Expert
CHC	Customs House of Chittagong
CPA	Chittagong Port Authority
CPD	Centre for Policy Dialogue
DCH	Dhaka Customs House
DTI	Direct Traders Input
EPZ	Export Processing Zone
ERC	Export Registration Certificate
FBCCI	Federation of Bangladesh Chamber of Commerce and Industry
FTA	Free Trade Area
GATT	General Agreement on Tariff and Trade
ICD	Internal Container Depot
IDA	International Development Assistance
IRC	Import Registration Certificate
IRD	Internal Resources Division
IRTC	Inland River Container Terminal
IT	Information Technology
ITCC	Import Trade Control Committee
L/C	Letter of Credit
LCA	Letter of Credit Authorisation
LCSs	Land Customs Stations
LDC	Least Developed Country
MFA	Multi-fibre Arrangement
NBR	National Board of Revenue
NMCT	New Mooring Container Terminal
NPOA	National Program of Action
NTBs	Non Tariff Barriers
PLI	Post Landing Inspection
PSI	Pre Shipment Inspection
RMG	Ready Made Garments
S&DT	Special and Differential Treatment
SAARC	South Asian Association for Regional Cooperation
SACEPS	South Asia Centre for Policy Studies
SAFTA	South Asian Free Trade Area
SASEC	South Asian Sub-Regional Economic Cooperation
SBW	Special Bonded Warehouse
TF	Trade Facilitation
UNCTAD	United Nations Centre for Trade and Development
WTO	World Trade Organisation

Executive Summary

With the ongoing customs reforms in Bangladesh, possible future WTO negotiations on trade facilitation will have profound impacts on Bangladesh, as well as on other least developed and developing countries. These countries will benefit greatly from new trade facilitation initiatives. Simultaneously, these countries may face enormous challenges in implementing their commitments in the area of trade facilitation. It is, thus, imperative for these countries to closely monitor the Doha negotiations in this area and be prepared their negotiating strategies. They should also continue with customs administration reform and trade facilitation capacity building programs in order to develop their own internal capacities.

Successive governments in Bangladesh have taken a number of initiatives to liberalise the country's trade regime to enable an environment conducive to enhancing international trade. Bangladesh has come a long way to get rid of the lack of transparency that previously prevailed in customs procedures. Moreover, the government has been undertaking a number of trade facilitating measures such as a customs administration modernisation programme, development of the prime sea ports, establishment of new infrastructures, and simplification of documentation procedures. Nevertheless, the private sector business community in the country seems to be somewhat frustrated and disappointed regarding the level of implementation of various trade facilitation measures under GATT Articles V, VIII and X. The main criticism is that human and financial resources as well as the basic information technology infrastructure to support customs operations are extremely limited. Lack of political will on the part of the policy makers has also contributed to the current scenario.

Some of the major issues that have been highlighted by a relatively large number of private sector representatives as major hurdles in operating business in the country include: the complex nature of documentation, longer time in releasing and clearing goods from ports, and corruption among the customs personnel. An enquiry about the level of satisfaction among the private sector as regards the various trade facilitation measures in place in Bangladesh brought to the forefront their utter dismay with the situation. A sheer majority (65%) of the respondents were upset with the existing customs and trade regulations and procedures. They mentioned that such cumbersome administrative procedures impose a great deal of extra cost on doing business. This can also be corroborated by the fact that as many as 90% of the respondents felt that the major difficulties faced in the export and import context emanate domestically. Under the present context, the private sector has come up with a number of suggestions to facilitate trade, including adequate measures to eliminate corruption from the customs system, simplification of customs valuation and documentation procedures.

As for implementation costs of various trade facilitation measures, the qualitative assessment reveals that although set up and operating costs are large, the long term savings gains from such measures are likely to outweigh the costs.

Most of the evolving trade facilitation standards and exemplar models are those devised by developed countries in the light of their own needs, experiences, capacities and objectives to develop command of state-of-the-art technology and tools. It is, thus, in the interests of least developed and developing countries to make haste

slowly so that they can manage the balancing of the costs and benefits of trade facilitation. If not, trade facilitation could thus become another arduous obligation on least developed and developing countries and provide developed countries with yet another sophisticated instrument for creating a stumbling block towards economic development in LDCs such as Bangladesh.

1. Introduction

With the evolving nature of complexity in trade among nations, the costs of moving goods across international borders is now as important as tariffs in determining the cost of landed goods. The ability of countries to deliver goods and services in time and at low costs is a key determinant of their participation in the global economy; and easier movement of goods and services clearly drives exports competitiveness. Trade facilitation is about ensuring that customs procedures are trade friendly and facilitate cross border movement of goods and services. Thus, trade facilitation assumes an even greater importance now in the arena of international trade given the recent trends in the structure of goods and services traded and the sophistication of such products.

Originally, trade facilitation was understood to be the harmonisation and standardisation of different regimes, and the mutual recognition of different customs administrations. It aimed to identify and simplify or remove mainly administrative, logistical or procedural obstacles to the movement of goods and services across borders.¹ Both the WTO and the World Customs Organization (WCO) have been working to establish common sets of international standards and good customs practices for their member countries. However, the challenge remains to implement the customs procedures and other administrative measures based on these international standards.

In recent years, the idea of trade facilitation expanded to include the modernisation and automation of import procedures in order to ease the adoption of international standards. It is generally understood that trade facilitation involves the reduction of transaction costs for all parties in the enforcement, regulation and administration of trade policies. Trade facilitation has been described as the “plumbing of international trade” which focuses on the efficient implementation of trade rules and regulations. By nature, trade facilitation is very technical and detailed. For example, UN Conference on Trade and Development (UNCTAD) estimates the average customs transaction involves 20-30 different parties, 40 documents, 200 data elements and the repeated entry of the same data in the reporting process.

1.1. Bangladesh’s Experience with Trade Facilitation

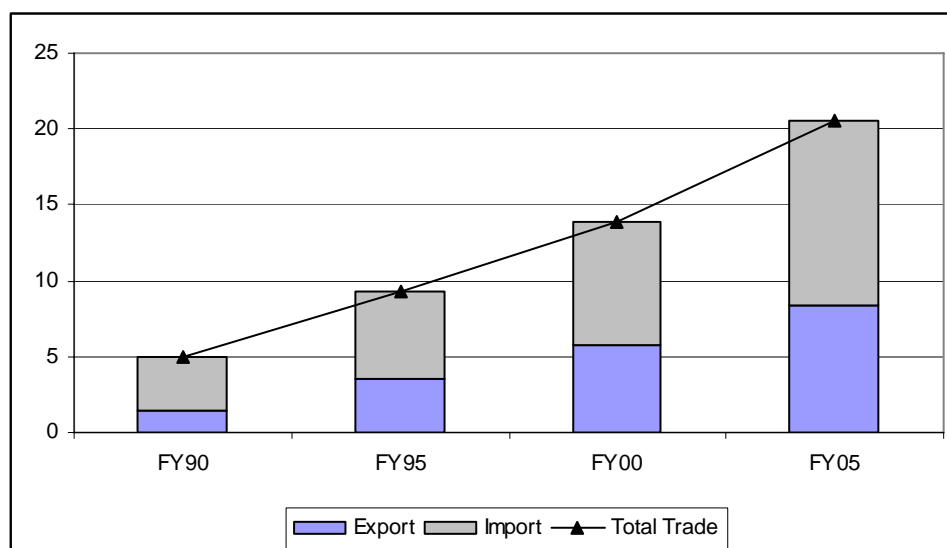
Bangladesh has been experiencing a steady growth in terms of trading with its global partners since the early 1990s. This is corroborated by the rise in total export earnings: from earnings equivalent to US\$ 1,524 million in FY1990 to US\$ 5,748 million in FY2000 and an increase to US\$ 8,435 million in FY2005. On the other hand, figures for import payments for these respective years were US\$ 3,509 million, US\$ 8,228 million and US\$ 12,083 million. Statistical figures show that growth rates for export and import for FY2005 over FY2004 were 11.0 percent and 11.4 percent respectively.

In the above context, the external sector performance during the last decade and a half shows some encouraging signs for the country’s economic development. Statistics show that Bangladesh was able to register a four fold growth as regards its total trade (export + import) over the period 1990 to 2005 (Figure 1). While the value

¹ WTO, WT/COMTD/W/57 “Development Aspects of Trade Facilitation: Note by the Secretariat.”

of total exports in 2005 was about six times higher than that in 1990, total imports also increased about 3.5 times.

Figure 1
Decomposition of Bangladesh's External Sector Performance

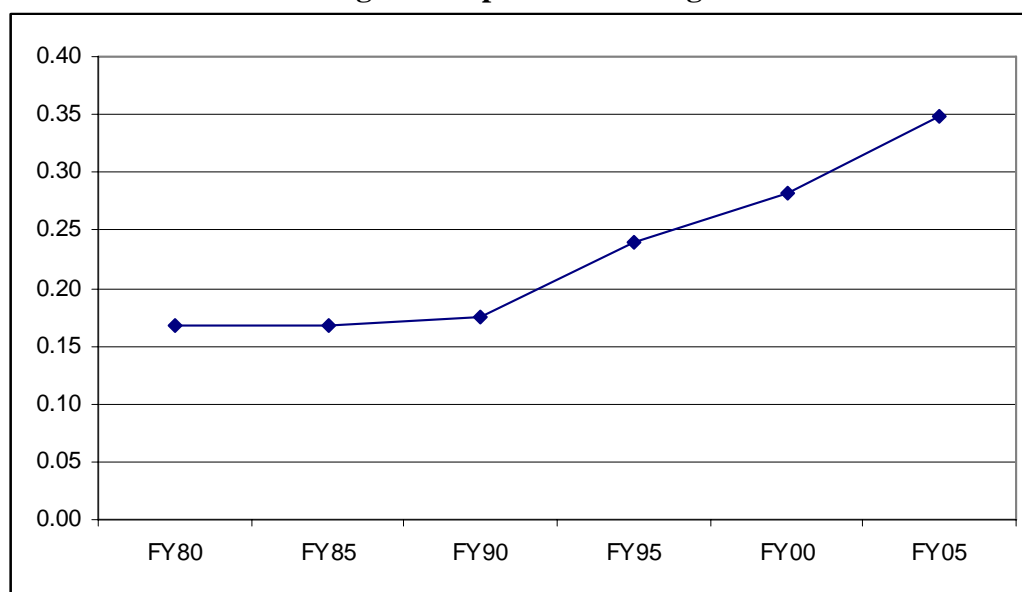


Source: CPD Database

Such expansion in trade volume in Bangladesh can be attributed to the trade policy reform measures taken by successive governments since the early 1980s. These reforms during the last two decades have led to withdrawal of quantitative restriction, notable opening up of trade in many restricted items, significant rationalisation and reduction of import tariffs and complete liberalisation of the foreign exchange regime. This process of trade liberalisation was designed to make the economy more outward oriented. The agenda moved forward 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. However, the third phase is considered to be more forward looking than the earlier two in terms of intensity of trade liberalisation.

As Figure 2 depicts, the degree of openness during the period following the 1980s is seen to have gained an upward going momentum. Nevertheless, the phasing out of the MFA has brought Bangladesh formidable challenges to continue the growing trend of international trade. It is, therefore, imperative for the country to design a set of pragmatic policy options to enhance its competitiveness as regards moving along with its trading partners.

Figure 2
Degree of Openness in Bangladesh



Source: CPD Database

The World Bank funded Bangladesh Export Diversification Programme (BDXDP) project included a Customs Administration Modernization (CAM) programme as a sub-component, aiming at customs reforms, trade and tariff policy reforms. Earlier, UNCTAD helped install the Automated System for Customs Data (ASYCUDA++) for electronic data control. It allows random data selection of consignments and staff for inspection purposes. The system was installed in Chittagong, Mongla, Benapole, Dhaka Customs House and also in ICD Dhaka. The Customs Act was amended and a single administrative document covering import and export was developed for introduction of the system. The conventional bill of entry system was formatted differently for export and import and electronic bill of entry was not acceptable, according to customs law.

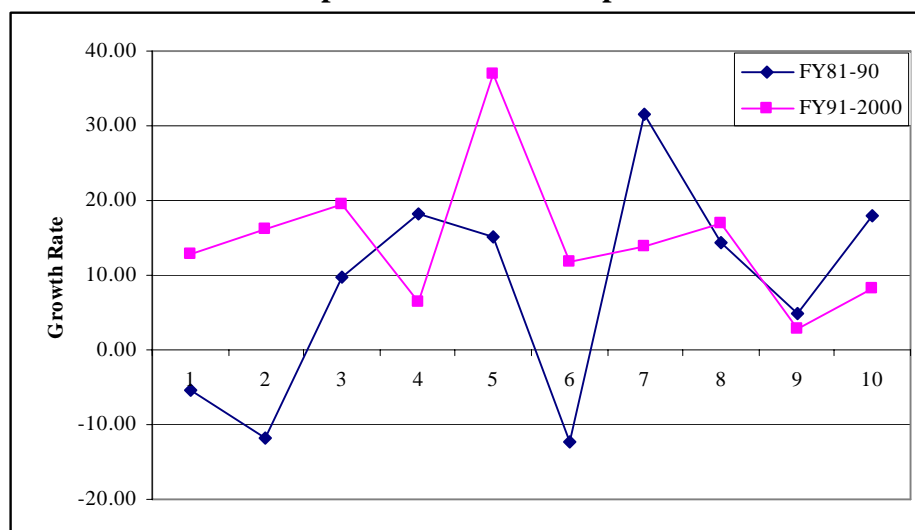
Attempts were also made to implement a closed loop principle in the ASYCUDA system. Under this principle, a local Direct Traders Input (DTI) facility was developed to enable the C&F agents to fill bills of entry electronically in the local premises. This led to full automation of exports and imports declaration under ASYCUDA++ and substantially reduced exports and imports clearance times. The whole process, however, took much longer to implement than originally expected leading some, particularly in the port administration, to feel that it has now become outdated. The customs authorities are now waiting for the completion of the computerisation project of the Chittagong Port Authority (CPA). This computerisation programme is supposed to be completed by June 2006 when the cargo import and export interface between customs clearance and port clearance will be established.

1.2. Challenges to Export Competitiveness

A close look at Bangladesh's export performance shows a mixed picture as regards the country's varying year to year experience. As Figure 3 shows, the first decade after implementation of trade liberalisation policies raised the country's

exports growth rate to more than 30 percent (during the second half of the 1980s). Nevertheless, the scenario was much more convincing during the third phase of the trade liberalisation process (as discussed earlier) where maximum growth took place during the middle of the 1990s. However, this growth trend declined during the second half of the decade.

Figure 3
Trends in Total Exports: FY81-90 Compared to FY91-2000



Source: CPD External Sector Database

It is evident that Bangladesh's exports performance has been experiencing ups and downs during the last two decades. In this context, the major challenges for the country's exports competitiveness can be identified as follows:

- Lack of adequate infrastructure at ports (both land and sea) imposes heavy business costs in terms of longer lead times and stagnation of export items, among others. Moreover, the current transport infrastructure in the country is also far from conducive to an effective business environment.
- Rules and regulations have not been as conducive to international trade as expected by the business community. Timely notification of relevant and required amendments to existing laws has hardly been done to facilitate trade. Furthermore, there is hardly any scope for the private sector to participate in the policy formulations by way of providing suggestions through mutual discussions.
- Customs valuation and tariff classification ambiguities have long been a major concern for the private sector.
- Pervasiveness of corruption among the customs personnel is another major factor that raises the costs of doing business in Bangladesh.
- Inefficiency of the government bureaucracy has always been a major bottleneck for the country's international trade.

It is thus imperative for Bangladesh to overcome the abovementioned setbacks with due policy planning and by providing adequate support to the private sector to provide a much stronger base for the country's international trade in general and exports in particular.

1.3. Relevance of WTO Negotiations on Trade Facilitation to Bangladesh

The current state of WTO negotiations, particularly with regard to trade facilitation is of significant concern for the LDCs such as Bangladesh. Articles V (Freedom of Transit), VIII (International Standards, Fees and Documentation) and X (Marks of Origin and Publication/Information Issues) of the GATT 1994 penned down the issues of trade facilitation in a clear and concise fashion.

Although there had been little development on trade facilitation since its adoption at the Singapore Ministerial in 1996, the most significant achievement has been the designing of the negotiating modalities on trade facilitation stated in *Annex D* to the July Package. The Package underscored the following issues: (a) S&D treatment (with special emphasis on additional S&D treatment for the LDCs); (b) work on areas of particular interest to developing countries and LDCs; and (c) technical assistance and support for capacity building. Apart from these, the July Package also reflected some key demands by the developing countries and the LDCs as regards compliance and implementation issues.

At present, the WTO trade facilitation agenda is limited to offers and requests made by members to provide momentum to the negotiations in this area. It is, thus, imperative for a country like Bangladesh to stay in tune with the current developments in the negotiations and prepare herself with a view to raise her voice in the multilateral trading system.

1.4. Design of the Study

The study is designed in such a manner as to elicit the maximum possible information from various sources, both primary and secondary, with a view to carry out rigorous analysis of various components related to trade facilitation in Bangladesh in the context of the ongoing WTO negotiations in this area. While Section I of the report presents a general introduction to the study, Section II deals in an extensive manner with the state of trade facilitation in Bangladesh and focuses on the various projects and programmes undertaken by the government of Bangladesh in facilitating trade. Chapter III presents an assessment of the trade facilitation situation in Bangladesh pursuant to the GATT Articles V, VIII and X. Information in this section derives from a questionnaire-based interview with high level government officials working in the customs department of Bangladesh. Section IV delves into the needs and priorities of the business community in Bangladesh underscoring their concerns regarding the extent of implementation of various trade facilitation measures in the country. Section V presents a qualitative assessment of the costs related to implementation of selected trade facilitation measures in Bangladesh while Section VI highlights the implications for WTO negotiations on trade facilitation particularly from Bangladesh's point of view. Finally, Section VII closes with an overall discussion and concluding remarks.

Objective of the Study

The present study scrutinises: the current state of trade facilitation in Bangladesh, future needs to strategise Bangladesh's negotiating stance, what Bangladesh could achieve from the ongoing WTO negotiations on trade facilitation and how the achievement could be maximised, and where Bangladesh needs to

position itself with regards to the WTO negotiations on Trade Facilitation. In this context, attempt has also been made to understand the cost implications for implementation of various trade facilitation measures in Bangladesh. In a nut shell, the underlying objective of the study is to identify the following:

- i. Trade facilitation measures related to the three GATT articles under negotiation (Article V, VIII, and X of GATT 94) that are already in place and their implementation costs (estimated in terms of time, expenditure, human resource allocations, and costs of associated capacity building projects).
- ii. Trade facilitation measures that are not yet in place and their implementation costs (estimated in terms of time, capital, and human resources needs, as well as technical assistance or capacity building needs).
- iii. Trade facilitation measures that are of particular interest to Bangladesh (in facilitating access to foreign markets) and may need to be included in the trade facilitation negotiations.
- iv. Policy and negotiation recommendations that can be derived from the research results.

Methodology

Given the scope of the paper, the present study is based on both primary and secondary data and information from a number of sources. There is a very limited existing literature concentrated on trade facilitation from Bangladesh's point of view. Keeping this in mind, the existing literature and relevant websites of various organisations were scrutinised and consulted to obtain secondary information.

Checklist-based interviews were conducted to elicit information from government sources regarding the current state of trade facilitation in Bangladesh. This was done with a view to point out which trade facilitation measures are in place and which are not. A questionnaire-based survey was conducted to capture the views of private sector representatives.² Finally, an expert opinion survey was carried out to collect information regarding the costs of trade facilitation and selected trade facilitation measures in Bangladesh.

2. Trade Facilitation in Bangladesh: An Overview

In Bangladesh, exports diversification has always been the prime objective of trade facilitation initiatives that have taken place in the context of customs reforms. In the past, many customs procedures lacked transparency and were outdated and subject to corruption. The levels of inefficiency and corruption reached such a scale that revenue loss estimates as a result of such malpractices ranged to as high as one-third of the potential revenue collection. The basic infrastructure for information technology support of customs operations as well as human and financial resources was extremely limited. Previous attempts at reform were met with political opposition from those whose interests lay in maintaining the status quo.

Bangladesh has two seaports, one Internal Container Depot (ICD), three airports for international transaction of goods and 28 Land Customs stations. According to a European Commission report, over 90% of Bangladesh's international trade in goods is carried by sea. On average, the Chittagong port, the largest seaport in

² A detailed methodology on this is presented in Section IV.

the country, handles about 75% of exports and 90% of imports.

While the two seaports, Chittagong and Mongla, handled around 0.9 million tonnes of sea-borne cargo in the 1990s, these seaports handled about 4.7 million tonnes in 2001 alone. This handled cargo is likely to triple by 2015. There is no denying that such a growth in international trade demands more efficient port services, cargo-handling services and customs clearance for a cost-effective business environment. Moreover, intermediate inputs and capital machinery constitute a major share in total imports. Delivery delays of these goods no doubt hamper production and increase the costs of doing business.

2.1. *Review of Literature*

The literature on trade facilitation in the context of Bangladesh is very limited in number and, in most cases, relatively narrow in scope. The study team scanned as much of the literature as possible to understand the nature and extent of trade facilitation in Bangladesh with regard to the WTO provisions.

Khan (2004) analyses the existing WTO provisions on trade facilitation and examines the scope and coverage of GATT articles V, VIII and X. In an effort to underscore the importance of trade facilitation in Bangladesh and to elaborate Bangladesh's experience with trade facilitation, the author presented some statistical evidence which highlights the changing pattern in gains from trade in the country. The paper also identifies various trade policy reform measures that have been undertaken by successive governments since the early 1990s. It mentions that the following initiatives have resulted in positive gains from trade including: withdrawal of the licensing system and passbook entry, implementation of the ASYCUDA to ease and speed up customs clearance, introduction of the PSI system, amendment in the customs Act to introduce ASYCUDA++, reduction in numbers of signatures for clearance of import and export consignment, and frequency of inspection of the consignments. However, as the paper points out, there are several areas which require urgent attention by the government. One major area that has been identified in the paper is the need for capacity building measures to enhance the technical know-how for efficient customs and administration performance. In this context, the author notes, "Any undertaking with time bound obligation may not be implemented by Bangladesh because of lack of technical know-how and necessary resources."

Molla (2001) mentions that customs reforms in Bangladesh were taking place within the wider scope of export diversification and government encouragement of the commercial sector to expand, diversify, and improve economic performance. He also underscores four critical issues as regards the customs procedures in Bangladesh: (i) lack of transparency and over-complexity contribute to corruption and harassment of the importers; (ii) information technology support for basic Customs functions is limited; (iii) linkages to other agencies (for example the Chittagong Port Authority – Bangladesh's major seaport) do not exist; and (iv) resources, both staff and budgets, are severely constrained. Molla (2001) also underscores the need to identify the evaders and avoiders belonging to the private sector whose activities impose negative impact on the government's revenue collection. To conclude, the paper talks of future strategies which the government, with donor support, was intending to undertake to modernise the customs procedures in the country.

Bhattacharya, Rahman and Raihan (2003) discuss the issue of trade facilitation

with a view to identify Bangladesh's possible stance with regard to the ongoing negotiations in the WTO. In doing so, the authors articulate a number of arguments both for and against trade facilitation from the LDC view point. The paper also put forward a set of policy recommendations which were thought to be of crucial importance for Bangladesh to clarify its position on trade facilitation. One major recommendation was that Bangladesh should demand that TF should be adopted only as guiding principles or as flexible best endeavour provisions, not enforceable through the dispute settlement process.

Cai and Geddes (2003) meticulously analyses trade facilitation to identify the implications of the issue for Bangladesh and other LDCs. One major segment of the paper is the discussion on the implementation issues related to trade facilitation. In this regard, the paper states, "Implementation of trade facilitation measures in a country is usually associated with the use of new technologies and building capacity in order to provide an enabling environment and adequate infrastructure for reforms to take hold." It further underscores that benefits from automation can only be achieved if effective administrative and commercial practices are in place prior to computerization. Cai and Geddes also identifies the various projects which were then being implemented by the government of Bangladesh for ensuring efficient performance customs and administration. In the concluding remarks, the paper recommends that Bangladesh should closely monitor the developments in the Doha negotiations and, simultaneously, continue with customs administration reform and trade facilitation capacity building programs in order to develop its own capacity.

Wilson, Mann and Otsuki (2004) in their paper titled "Assessing the Potential Benefit of Trade Facilitation: A Global Perspective" uses the four factor scenario (port efficiency, customs environment, domestic regulatory framework and service sector infrastructure) to measure gains from trade facilitation. The study shows that among South Asian countries, Bangladesh accrues the highest percentage gain (32.5%) in terms of exports due to improvement in ports. However, the paper expressed its limitation in not finding relevant data for Bangladesh with regard to the customs environment. Considering the services sector infrastructure while South Asia gains the most (20.0%) as exporter, Bangladesh accrues the highest within the region in percentage terms (30.6%). Reforms in the regulatory environment have led Bangladesh to obtain the maximum percentage gain (68.3%) within South Asia. The paper, however, cautiously points out that these gains by Bangladesh come principally on account of its own improvements, rather than improvements by its trading partners. Furthermore, the authors conduct a gravity model analysis, concentrating on the aforementioned four factors, to underscore the relative gains from putting in place trade facilitating measures in all the four areas.

Wilson and Otsuki (2004) present an overview of trade facilitation in South Asia. It states that trade facilitation in South Asia has become increasingly important as the region has adopted more open trade policies since the late 1980s. It then highlights some of the regional initiatives such as SAARC, SAFTA, BIMST-EC in strengthening trade relationships among regional members. Some of the findings indicate that while it takes 2 to 3 days to clear a vessel in Bangladesh, the same is only a couple of hours in Singapore or Thailand. The study notes that scarcity of logistics is a major problem for trade facilitation in Bangladesh, and that the average transport costs on the Kolkata-Petrapole route between Bangladesh and India is Rs2543 (about 40 percent higher than other highways). The authors note that road

transport costs are also high in South Asia.

Filmer (2003) contains a case study on the state of customs administration in Bangladesh. While the paper identifies various areas where reform measures are in place and the benefits due to such measures, it further underscores the issues in the reform programme that need to be addressed. It also highlights the role of international credit programmes aimed to facilitate customs reforms in Bangladesh. Particular mention, in this regard, is made of the Customs Administration Modernization (CAM) project and the implementation of the ASYCUDA++ software implemented by the government of Bangladesh with support by IDA credit.

Das and Pohit (2004) argue that informal trade barriers inhibit trade in developing countries. Complex customs procedures, which sometimes change, and capacity constraints, given limited facilities and/or corruption at the border, are identified as critical factors. The paper attempts to quantify the relevant costs resulting from informal barriers that impinge upon trade between India and Bangladesh through the land customs stations (LCSs) at Petrapole (West Bengal) and Benapole (Bangladesh). The study is based on primary data collated through surveys conducted in West Bengal. Estimates presented in the paper show that the aggregate delay pertaining to all the phases of exports is approximately four days for a single shipment. It also shows that the additional transaction costs in terms of delays and speed money incurred by the Indian exporters trading with Bangladesh is about 10 per cent of shipment value. The authors suggest that informal barriers/para-tariffs in India-Bangladesh trade are already high and further trade liberalisation without improving infrastructure would be counterproductive. The paper ends with feasible policy recommendations to make trade between India and Bangladesh more vibrant.

SACEPS (2003) argues that a reduction of all traditional non-trade barriers (NTBs) should take place within seven years of the South Asian Free Trade Area (SAFTA) entering into force. The paper, which summarizes a number of task force reports from regional experts, recommends that minimum trade facilitation measures must occur, which should go into a free trade agreement (FTA) because trade facilitation is a very wide topic. This can broadly include transport arrangement, transit, and infrastructure. However, there is minimum set of elements for trade facilitation, which include establishment or mutual recognition of standards for movement of goods, quality of products, simplification and harmonisation of customs nomenclatures, and a common valuation system.

2.2. *Major On-going Capacity Building Projects*

At present, the average time required for imports to clear ports and customs in Bangladesh is seven days, and five days for exports³ (Chowdhury, 2005). This time, required for customs clearance, could be reduced with proper trade facilitation measures. Trade facilitation is also essential for small and medium size enterprises, which are the backbone of the manufacturing sector and employment in the country. Several studies show that the business costs are the highest for this sector. These costs also include compliance of import and export procedures, which are much lower for larger firms.

The benefits of trade facilitation in Bangladesh are also visible from the

³ This refers to the time required not only to clear the customs procedures, but also the period for which import or export goods are kept/stagnated within the port area.

growth of Export Processing Zones (EPZ) in Bangladesh, import into and export from which are outside the purview of customary import and export regulation. Due to this facility along with other incentives, EPZs have become an attractive place both for foreign and local investors. There is no denying that trade facilitation along with other domestic measures can stimulate investment and contribute substantially to the country's export performance.

It is against this backdrop that Bangladesh has undertaken a number of trade facilitation measures in recent years. Considering the real need for export growth and export diversification, the following measures have been initiated during the last decade.

Improving Capacity of the Chittagong Port

Despite trade volume increases, the country's largest seaport, Chittagong, suffers from insufficient space management, shortage of handling equipment, and lack of through-transit facilities for containers. These bottlenecks cause serious delays and traffic congestion. The port authority has been taking various steps to improve the port's services, which are considered to be inadequate.

The Chittagong Port Authority (CPA) is currently undertaking a computerisation programme to facilitate cargo movements in the port. This programme, due to be completed in June 2006, is likely to result in further trade facilitation in the country. Likely benefits of the project will then be evident in the form of consignees being able to make online payments to CPA, and loading and unloading of containers being faster, reducing turn around time from 4-4.5 days to 1-2 days. CPA has already been able to reduce ships turn around time from 5-7 days to 4-5 days. The situation is expected to be improved further after completion of New Mooring Container Terminal (NMCT) by September, 2006.

Box 1

Chittagong Port: Some Stylised Fact

- Chittagong port connects Colombo, Madras, Calcutta – Thailand
- 85%-90% of the trade flows of Bangladesh pass through Chittagong port
- High shipping and port costs
- Inadequate handling equipment
- Lack of efficient port management system
- Capacity is to handle 0.2 mln TEUS (twenty feet equivalent units per annum) handled 0.69 mln of TEUS in 2004
- With average 15% export growth per annum, should be required to handle 1.175 million TEUS by 2011
- Cost of handling a 20 feet container in Chittagong port is around US\$ 600 whereas in other regional hub ports like Singapore, Colombo, Mumbai and Bangkok, the cost is around US\$ 216, US\$ 220, US\$ 450 and US\$ 360
- Turn round time: 4 to 5 days - compared to Colombo is 1-2 days, Madras 4 –5 days, Bangkok 2 days and Singapore 1 – 2 days.
- 48 endorsement for release of goods
- Long turn round time & inefficient handling cost additional US \$ 20,000 per vessel

In order to get rid of the hassles related to document clearance and expedite the procedure, the Chittagong Port Authority has recently introduced one stop service. The

CPA claims that this initiative has been successful in reducing the time required for clearance of export cargo at the port area to a larger extent; it now takes less than 30 minutes for documents to clear at the port. Earlier in 2003, a government appointed Secretaries' Committee recommended improving the procedures at the port to complete documents processing, including banking formalities, within two hours at the port area. This recommendation was approved by the government and implemented within two months. This, however, excludes the time taken in the customs area, which was limited to one hour as recommended by the above committee. The number of signatures required was brought down from 17 to 5 at the same time (2003).

Development of New Terminal

The New Mooring Container Terminal (NMCT), being constructed by the CPA, is scheduled to be completed by September 2006. The underlying assumption is that it is going to be an important addition to the existing capacity. Four rail-mounted gantry cranes had been commissioned at the Chittagong Port in January 2006. These were imported from Japan and installed at the container terminal by the Chittagong Port Authority at a cost of Tk 150 crore. Commissioning of the cranes are likely to increase the per hour container handling capacity to 100 TEUs from 30 TEUs and shorten the turn around period of ships in the port, now an average 4.24 days to about a half day. The CPA fixed US\$ 10 for each 40-foot container and \$7.0 for each 20-foot container for the first 60 days. This will be rescheduled at \$21 for each 40-foot container and \$15 for each 20-foot container after two months. However, wide protest by shipping agents and feeder vessel operators against the additional charges has occurred.

The one kilometre long new terminal is likely to increase CPA's capacity to handle containers by half a million TEUs. The terminal will be operated by private companies under a new "land-lordship" concept where the port authority would keep ownership of the terminal. The lessee will have operational freedom and is expected to run the terminal with modern equipments and sophisticated facilities. A foreign proposal for setting up a private container terminal near the NMCT was unfortunately not initially materialised due to the administrative bottleneck, indecision at the political level and ultimately on account of a court verdict. Delay in setting up the NMCT also affected trade facilitation measures. Despite these difficulties, CPA claims that it clears a container within 3 days, while the consignees normally take an average of 20 days to take delivery of their consignments.

Inland River Container Terminal and Multi-modal Transport

Taking the fact into account that about 70% of the containers arriving at Chittagong port are sent to Dhaka (of which about 20% is transported via railway), the Ministry of Shipping of the Government of Bangladesh (GoB) has planned to construct an inland river container terminal (IRCT) to reduce the existing pressure on the Chittagong-Dhaka highway, having only one lane each way. This terminal, being set up at Pangaon near Dhaka, is expected to be completed by June 2007. It will be a joint venture between the Bangladesh Inland Water Transport Authority (BIWTA) and the CPA. The underlying assumption of the project is that water-based container movement is generally cheaper than railway or road transport.

Additionally, a Tk.15 billion project is now under implementation for improving

the road transportation between Chittagong and Dhaka. The aim is to convert the existing two-lane highway into a four-lane highway. A portion of the highway, about 40 kilometres, has already been upgraded and the entire length is expected to be upgraded within three years. This might take a longer time due to inadequate funding arrangements. There is, however, a proposal from a Malaysian company for constructing an express highway between Chittagong and Dhaka. Once the proposal is finalised the construction is expected to start sometime in 2006.

Bangladesh Railway operates two to three dedicated cargo trains every day for ferrying containers to Dhaka. It also plans to increase the number of dedicated cargo trains to five every day. This would double the capacity of Railway, hopefully within 18 months. A large inland container depot (ICD) is being planned now at Joydevpur, 20 kilometres away from Dhaka.

Development of Land ports

Bangladesh Land Ports Authority (BLPA) has 13 land ports under its jurisdiction. The BLPA initiated a programme to improve efficiency of the land ports by handing over the operations of port handling to the private sector. These private sector operators will develop required infrastructure, which is at present lacking in most of the land ports except Benapole. The Authority has meanwhile signed agreements with four firms to hand over lands of the following four ports: (i) Banglabandha (targeting adjacent North-Eastern States of India, Nepal and Bhutan); (ii) Hilly; (iii) Sonamasjid; and (iv) Bibirbazar.

The fifth land port, Biral, scheduled to be developed during the first phase, is being delayed due to railway track problems. During its second phase, four more land ports (Teknaf, Tamabil, Akhaura and Burimari) will be assigned to the private companies, leaving Haluaghat, Bhomra and Darshana for the third phase. BLPA has no plans to sign similar agreements for its flagship land port at Banapole. Banapole is now a fairly developed land port while the Petrapole on the Indian side of the border has not yet been developed, hampering exports to India.

A similar situation exists at Fulbari, which is situated opposite the Banglabandha land port. Trade facilitation measures at Fulbari will give a boost to international trade between Bangladesh and the North-Eastern States of India, Nepal (Kakorvita) and Bhutan (Foontsolling). Foontsolling is situated about 56 kilometres from Banglabandha. Trade facilitation measures at Fulbari will benefit the South Asian Sub-Regional Economic Cooperation (SASEC), promoted by the Asian Development Bank. Coordinated trade-related infrastructure development will only be possible if financial and technical support for Trade Related Capacity Building (TRCB) is made available to the three countries of the sub-region, namely, Bangladesh, Nepal and Bhutan.

Development of E-Commerce

E-Commerce in Bangladesh is expected to upgrade trade facilitation. This may, however, take some time and require a major effort. Cyber law has not yet been enacted and banking facilities/arrangements have not yet been developed to the desired level. Inter-bank online services have started, but are limited to second-generation private banks. E-Commerce will become very important in international trade in the coming years for countries like Bangladesh. Capacity development in this area should be given

due priority. Developed countries and stronger economies in the region may assist us in this regard. E-Commerce should be included as an important element of the TRCB programme for LDCs in the Doha Implementation Programme.

2.3. *Major Government Initiative and Institutions Involved*

Bangladesh Customs works under the umbrella of the National Board of Revenue (NBR) which is the apex body for direct and indirect tax revenue in Bangladesh. NBR is the major organ of Internal Resources Division (IRD) under the ministry of Finance, Government of Bangladesh. The Customs wing of the NBR formulates policy concerning levy and collection of customs duty and customs-related taxes/charges and administration.

The three major objectives of the Bangladesh customs are to:

- Introduce speedy customs clearance through automation of the process;
- Ensure transparency in customs clearance process as well as in revenue collection activities; and
- Extend maximum possible facilities to the trade communities.

Other institutions that are involved in trade related matters in Bangladesh are the Department of Shipping (DOS), Bangladesh Inland Water Transport Authority (BIWTA), Bangladesh Inland Water Transport Corporation (BIETC), Chittagong Port Authority (CPA), Mongla Port Authority (MPA), Bangladesh Land Port Authority (BLPA), Bangladesh Shipping Corporation (BSC), Maritime Academy, and the National Maritime Institute.

In 1999, the Bangladesh Export Diversification Project (BDXDP) was created with the goal of strengthening the country's economy by increasing exports trade. Funding and support for the project has been provided jointly through the World Bank and the World Customs Organisation. Trade facilitation initiatives in Bangladesh include WCO-sponsored experts from other customs administrations providing technical assistance workshops; a team of international and local experts, coupled with NBR staff for planning, training and the drafting of legislation; and the installation of the ASYCUDA++ system by UNCTAD for electronic data control.

The Automated System for Customs Data (ASYCUDA++) is an electronic data system that allows random selection of consignments and staff for inspection purposes in order to cut down on the opportunity for bribes. The system was installed by a national team of eight members from customs administration, in coordination with an international consultant (Clapp and Mayne) representing UNCTAD. The original version of ASYCUDA was introduced to Dhaka and Chittagong between 1992 and 1996. The ASYCUDA++ project was designed to introduce the updated system at 5 customs ports: ICD, Dhaka, Chittagong, Benapole and Mongla. The system covers most foreign trade procedures, including manifests and customs declarations, accounting procedures, risk management, and warehousing procedures. It serves as a database of detailed information about foreign trade transactions, which is helpful in economic analysis and planning. An UNCTAD study observes that ASYCUDA "cannot be successfully implemented without first undertaking a major reform of customs procedures." In other words, computerisation alone cannot result in more efficient customs administration.

Under the BDXDP, the Customs Administration Modernisation Project (CAM Project) is funded by the World Bank for the support of export diversification, which

includes customs reforms, trade and tariff policy reforms, and support to companies seeking to develop export products and expand markets. The project was under the purview of the Ministry of Industry, GoB, and funded by the International Development Authority (IDA). The project is one of the main components of the Bangladesh Export Diversification Programme (BDXDP) and simultaneously the first step of the Revenue Administration Modernisation Programme (RAMP).

Box 2

Major achievements from CAM (including ASYCUDA++) Project

- Introduction of PSI: Physical inspection of consignments reduced from 100% in 1999 to 10% in 2002.
- Reduction in number of signatures: 25 in 1999 to 5 at present.
- Export clearance time for 95% of consignments has been reduced from 72 hours in 1999 to 3 hours in 2002.
- Introduction of Direct Trader Input (DTI) facility in September 2003
- Establishment of Trial Centre has simplified documentation processing.

In the past, customs inspected every imported shipment, resulting in delays and harassment of importers. To counter this, the GoB introduced the use of Pre-Shipment Inspection (PSI) in February 2000. Although it was introduced on a voluntary basis in 1993, it was made mandatory 15 February 2001. The designated PSI companies were given responsibility to certify the price, quantity and HS codes. Introducing the PSI system substantially reduced the harassment faced by importers and the time of import clearance. PSI verifies unit prices and examines and reports the quantity and quality of exports before they are sent to the importing country. In terms of trade facilitation, PSI can create more efficient administrations by controlling over- or under-invoicing of imports, misclassification of imports, under-collection of taxes on imports, misappropriation of funds, and compliance with national regulations.

The Bangladesh-PSI project was designed by the NBR in consultation with both importers and staff. Three private PSI companies were contracted to inspect goods to be imported to Bangladesh and certify the accuracy of the related information. One of the rules guiding the PSI project in Bangladesh limits the physical examination of shipments by customs to 5 percent of the total of all shipments, while the rest undergo documentation checks only. The port of Chittagong now clears 40 percent of bills of entry in two working days or less. The number of bills of entry cleared in two days or less has increased by close to 25 percent per month. The number of bills of entry taking 7 days or more for clearance has been reduced from 26 percent to 21 percent. The target of the GoB is to clear all bills of entry in less than two days with the exception of goods that need to be fully inspected for customs purposes.

A selectivity system was also implemented at the port of Chittagong, where shipments are screened against pre-determined risk criteria and then processed through the appropriate channel. The categories are “green channel” imports that are released with minimal documentation checks and no physical inspection, “yellow channel” imports that undergo a full documentation check, and “red channel” imports that account for 10 to 12 percent of the total and receive full documentation and physical inspection.

A post-audit system is also underdevelopment to verify the accuracy of green

channel and yellow channel clearances. The government plans to extend the system to include both imports and exports and to implement the system at other customs offices.

Introduction of the PSI scheme has also reduced customs point delays. Physical inspection of consignments was reduced from 100% in 1999 to 10% in 2002, which has significantly helped importers. There is also a demand for revising the PSI scheme further in order to reduce delays and costs involved. Additionally, there are allegations against PSI companies⁴ by the private sector business community, but the customs authority is not in favour of making further liberalisation of the scheme. One way of solving this problem may be the introduction of Post Landing Inspection (PLI) by a separate agency. Any lapses of the PSI companies would be checked by the PLI agencies and hopefully eliminate the concerns of the customs authority.

Implementation of these initiatives in Bangladesh has not been without challenges. One of the initial obstacles was to ensure adequate political will to implement the changes. Administrative reforms can be subject to resistance from those who profit from a corrupt and inefficient regime. However, in the case of Bangladesh, the government perceived that the need to raise revenues could be met through reforming an inefficient and corrupt customs administration. Pressure for change also came from the private sector, especially from exporters who were unable to meet the costs of doing business in a corrupt system.

The project also entails extensive training and retraining of customs officials that sometimes means bringing about a change in values as well as physical working conditions and wages. To a certain extent, these changes have been assisted by the external support of the World Bank, the WCO and UNCTAD in providing both financial and technical assistance. This external support has likely had a positive psychological impact, weakening the strength of critics of the reforms. On the other hand, more funding will be needed to ensure long-term customs reforms in order to promote trade facilitation in the country.

With the liberalisation of import and export policy, successive governments of Bangladesh have undertaken several measures to facilitate trade. A first step towards trade facilitation was the withdrawal of the licensing system and passbook in the early 1990s. Currently, an importer and exporter require Import Registration Certificate (IRC) or Export Registration Certificate (ERC). The Chief Controller of Import and Export issues these certificates upon the applicant's submission of the trade license from the local authority, and a membership certificate of the relevant trade association or chamber of commerce and industry. In general, importers are allowed to import with a Letter of Credit Authorisation (LCA) form, prescribed for authorisation of the opening of an irrevocable Letter of Credit (L/C).

Along with the LCA form, importers have to submit an L/C application form, an invoice, and an insurance cover note. The import procedures have also been relaxed in certain cases, where imports are allowed with the LCA form without opening an L/C. These include: (i) import of books, journals, magazines and periodicals; (ii) import of any permissible item for an amount not exceeding US\$ 5,000; (iii) import under commodity aid, grant or such other loans for which there are specific procurement procedures for imports of goods without opening an L/C; and (iv)

⁴ The four PSI companies working at present in Bangladesh are Cotecna Inspection S. A.; MS Bureau Veritas (Bivac) Bangladesh Ltd; MS Inspectorate Bangladesh (Pvt) Ltd; and Intertek Testing Service International Ltd.

import of “international chemical references” through bank drafts by recognized pharmaceutical (allopathic) firms on the approval of the Director, Drug Administration, for the purpose of quality control of their products. Further, an L/C is not required for import of perishable goods for eventual re-exportation valued between US\$ 5,000 and US\$ 7,500 per consignment, or for import of machinery and raw materials by export-oriented industries.

A first initiative to ease and speed up the customs clearance was taken in 1992 through a project funded by the World Bank as a first step to improve customs administration and customs clearance procedures.

Bangladesh, like many other countries, maintains special schemes for exports. Currently, two such schemes, special bonded warehouse (SBW) and duty draw facilities, are in place. In order to facilitate exports, it is essential to reduce the cost of exports and imports clearance procedures for SBW by simplifying customs procedural requirements and at the same time improving the monitoring system within the SBW by customs in order to avoid revenue leakage.

For speedy customs clearance of goods it is essential to shift from transaction-based processes towards risk management and port-clearance audit processes. While the government intends to introduce these systems, implementation requires changes in the philosophy of customs clearance procedures along with changes in: customs acts, development of audit methodology, tools and procedures, development of risk management policy and tools, mechanism and procedures for risk analysis, identification of risk factors, training of officials and necessary equipment to implement the system. As of 2003, the necessary amendments in the Customs Act have been made, and necessary tools, procedures and mechanisms for risk management and post audit clearance have been developed.

Import clearance procedures have been further simplified by reducing the number of signatures needed for clearance of import and export consignment and frequency of inspection of the consignments. While 25 signatures were required for clearance of import and export consignments in 1999, in 2002 the number was reduced to only 5. Since 2002, customs officials physically inspected only 10 per cent of the import consignments, while 100 per cent consignments were previously inspected. As a result, average processing time for clearance of goods from customs was reduced to 1 to 3 days for import and 3 to 8 hours for exports (Khan: 2004).

The huge increase of trade volume during the 1990s in Bangladesh necessitated an efficient customs clearance system. Due to budget constraints it was not possible for the government to increase the number of customs officials, forcing the government to go for computerisation of customs clearance procedures. Accordingly, the CAM project has undertaken a task to equip the major customs stations and the NBR with modern information technology through installation of ASYCUDA++, which covers most trade procedures.

It is clear from the above discussion that the various initiatives taken by the government of Bangladesh with a view to facilitate trade are, indeed, encouraging measures. However, much depends on proper maintenance and implementation which, in turn, depend on bold measures, an efficient workforce and professional ethics. For example, if the customs automation is to bring the desired benefits to the country's trade performance, there is the need for adequate and efficient manpower to maintain and oversee the overall programme. Besides, once the infrastructure development in the port and transport sector is adequately done the business competitiveness in the

country will be largely enhanced.

3. Assessment of Trade Facilitation Situation

Information provided in this section is based on both primary and secondary sources. As part of the former, a checklist-based interview⁵ was conducted (see Annex I).

3.1. Article X

Publication and Availability of Information

It is of particular importance for all agents involved in international trade to be aware of all the rules and procedures of entering and operating in a market. Thus, availability and accessibility of information is crucial from the operational aspect. The Bangladesh government has been trying to make all information related to international trade available to the relevant stakeholders, including laws and regulations, tariff schedule, duty and tax rates, amendments in rules and other issues which are of critical importance from a systematic operational perspective. Most of the information is published in the National Gazette, Customs Bulletin, statutory regulatory order (SRO), press release, and public notices, while others can be accessed via the internet⁶. However, this information is not always readily available to entities other than customs authorities. On the other hand, all information relating to rules, laws, and amendments, among others, is published in *Bangla*. Anybody requiring such information in any other language has to commission their own translations. Any information on request is supplied by the customs authority for a lump sum payment of Tk.20/-. The provision also exists of supplying binding rulings on classification, valuation, or origin by the administration on application.

Customs does not publish all proposed changes or new requirements and/or relevant information in advance of their respective entries into force for interested parties. However, the customs authority invites proposals for changes from interested groups during December – January every year. This offer closes in February. The authority of accepting or rejecting any or all proposals, nevertheless, lies solely with the government. Therefore, one may say that the participation capacity of non-government actors in influencing government decisions is very limited as far as customs rules and procedures are considered. All changes are made public during the budget declaration. As for information services, CPA has initiated a one step service to reduce the time traditionally required for documentation and clearance. However, it should always be kept in mind that consultative and feedback mechanisms ensure higher degrees of predictability of regulatory environments, improve public confidence and support and improve the prospect of compliance.

⁵ The interview was based on a checklist developed by the WTO Secretariat based on the more comprehensive WCO Self-assessment Checklist submitted by WCO to the negotiation group.

⁶ Most of the information are available on the official website (www.nbr-bd.org) of the National Board of Revenue (NBR). The CPA website (www.cpa.gov.bd) also provides a great deal of information.

Time Period between Publication and Implementation

No specific timeline is drawn as far as implementation of published rules and amendments are concerned. Whenever any new rule is adopted (also in the case of amendment of existing provisions) a target is fixed for its implementation. Such target may vary from several months to a year. Any new rule or order published and/or disseminated comes into effect from the date mentioned in the SRO or Gazette.

Consultation and Commenting on New or Amended Rules

As mentioned above, the participation of the private sector in shaping or redesigning the rules and regulations related to trade facilitation in Bangladesh is quite limited and depends solely on the intention of the government. The government does invite proposals from the business community for amendments to existing laws. This is done particularly prior to the budget declaration. However, reflection of the concerns of the private sector in the amendments is never guaranteed. Besides, there exists no defined procedure of consultation with, or inviting comments or feedback from, the private sector.

Advance Rulings/Advance Lodgement of Data

Advance lodgement and processing of data is an important tool in reducing the time required to process data, apply risk assessment arrangements and reach decisions by the concerned authorities. Bangladesh introduced the Direct Traders Input (DTI) in September 2003. This facilitated the shipping agents to lodge all the necessary information in a prescribed form before the consignment's arrival. However, the process is still at an early stage and will require more time to get into full swing. Nevertheless, the underlying provision is that only a registered (by the Commissioner of Customs) person or institution may transmit to, or receive information from, a Customs computer system.

Appeal Procedures

Every international trade actor understands the need for appropriate mechanisms for reviewing and correcting administrative actions related to customs and border matters. In Bangladesh, a provision is in place for binding customs rulings, and the right for appeal is well established. With a view to deal with such judicial matters, the Commissioner (Appeal) and the Customs Tribunal are in place. These two entities form the internal review mechanism. There is also the provision for any party to appeal to the Supreme Court. Appeal processes in Bangladesh have a specific time limit of three months. Goods are permitted to be released pending the outcome of any appeal. However, a bank guarantee or commercial undertaking is required for security purposes.

Other Measures to Enhance Impartiality and Non-Discrimination

The Bangladesh customs does not authorise any individual or institution with a special credence to apply any simplified or special procedures. All traders are treated equally. However, in some cases, traders with long term satisfactory track

records in all aspects of importation/exportation, may enjoy the privilege of faster release or clearance of their goods.

3.2. Article VIII

Fees and Charges Connected with Importation and Exportation

Fees and charges related to importation and exportation are clearly defined by the Bangladesh customs authority. The concerned administration charges a lump sum amount of Tk.20/- for each trade related information (e.g. copy of an SRO, tariff related information, etc.). This fee is published in the Bangladesh Customs Act.

Formalities Connected with Importation and Exportation

The CPA has repeatedly stated that development of the ASYCUDA++ has automated the customs authority to a large extent, expediting the procedures related to exportation and importation. Along with this, establishment of the DTI has enabled the traders to put all the necessary information in a prescribed form at a single place. This, undoubtedly, supports the activities of the customs authority and reduces the hassles faced by the traders with regard to documentation. The customs authority also shares all the information related to importation and exportation in CD format.

However, one needs to be cautious while underscoring the level of implementation of the ASYCUDA++. In practice, as has been found during a field visit to the Chittagong port and Chittagong Customs House, most of the paperwork still exists in the customs procedure. The only automation service that is extended to an importer or exporter is the noting system⁷.

Bangladesh customs does exercise separate expedited procedures for express consignments. Section 78 of the Bangladesh Customs Act 2002 mentions such matter under the heading **Power to Permit Immediate Discharge**. It needs to be mentioned here that such express consignment shipment facility is in place only for perishable goods such as rice, wheat, sugar, cotton, leather, and clinker as well as petroleum products and relief goods. Goods can also be partially released prior to completion of all clearance formalities. Both audit based controls and risk analysis are partially implemented in Bangladesh. Apart from these, all government, semi-government and autonomous institutions, diplomatic missions, and especially designated institutions and personnel are eligible to take advantage of express consignment shipment.

Consularisation

No information on implementation of the process of consularisation in Bangladesh could be obtained.

Settlement of Disputes

⁷ This refers to issuance of a printed version of the Bill of Entry/Export after a manually filled in copy of the same is provided to the DTI Hallroom, and then an Assessment Notice.

In case of a dispute between an importer and customs official, the Import Trade Control Committee (ITCC) plays the role of the adjudication body. The committee consists of local representatives of the Customs Authority, the Cisco Certified Internetwork Expert (CCIE) and the chamber of commerce and industry. The committee generally makes decisions within 15 days of receiving the importer's request. The importer, not being satisfied with the decision, can appeal to the central ITCC, comprising the CCIE, the NBR, the concerned sponsoring agency and the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI)⁸.

Border Agency Coordination

Coordination among various border agencies with the Customs Authority is an ongoing practice. In case of chemical testing, the Customs seeks the cooperation of the Bangladesh Council of Scientific & Industrial Research (BCSIR). For quality control purposes, the Bangladesh Standard Testing Institute (BSTI) is called in. The customs also call upon the assistance of the experts from the Bangladesh Atomic Energy Commission (BAEC) whenever there is a necessity for testing radioactivity of a certain product. In some cases, where required, the Customs and other authorities carry out their inspection simultaneously. However, no authority is permitted to discharge the duty, or take the responsibility, of any other specialized authority.

Release and Clearance of Goods

Release and clearance of goods are also of high importance for the traders. In this regard, the customs authority undertakes a pre-arrival assessment of the consignment. This is done as a part of risk assessment which depends on advance lodgement and processing of data. There is also the provision for immediate release/clearance of certain categories of goods such as petroleum and perishable goods such as rice, wheat, and sugar. Four companies have been nominated by the authority to conduct PSI in Bangladesh. In this context, the Bangladesh Customs Act states, "The government may, by notification in the official Gazette, impose pre-shipment inspection service charge on imported goods required to be inspected by pre-shipment inspection agencies at a rate not exceeding one percent of the value of such goods and this charge shall be collected as if it were a customs duty leviable...".

Tariff Classification

Bangladesh is a contracting party to the WCO HS Convention and uses the HS nomenclature as a basis for designing customs tariffs. For the last fiscal year (FY2005), tariff classification for importation and exportation was decided upon to be of three categories: 7.5% on basic raw materials, 15% on intermediate goods, and 25% on finished goods. However, there is the option of supplementary duties which in some cases accede the highest ceiling of 25%. Besides, there is the provision of exemption from duty in special circumstances such as for goods which are only temporarily imported for subsequent exportation or goods that will be used in Bangladesh for production, manufacturing, processing or repairing.

⁸ Wickramasinghe, 2004

3.3. *Article V*

Matters Relating to Goods Transit

Bangladesh is neither a landlocked country nor an immediate neighbouring country of a landlocked country. However, Bangladesh has two seaports at Chittagong and Mongla, and two countries, Nepal and Bhutan, of this region are landlocked. There is a great potential, due to its geographical location, to provide effective and efficient transit facilities to landlocked countries of this region for accessing sea. Nepal and Bhutan have also shown keen interest to use Bangladeshi seaports for their international trade. It may be mentioned here that India, Bangladesh and Nepal have so far not acceded to the international transit conventions like the TIR Convention or the ATA Convention.

Bangladesh is willing to provide such transit facilities for landlocked countries of this region. Such arrangement of transit would benefit both the landlocked country and transit providing country. With the transit facility, landlocked countries will gain sea access for their international trade. As a result they will be able to reduce their business costs and in turn they will become more competitive. On the other hand, a transit providing country would also be benefited by generating various economic activities, which will create opportunities for many sectors, such as the service, employment, and infrastructure sectors. However, as far as the issue of providing transit to India is concerned there is a degree of reluctance on the part of Bangladesh which fears that Indian goods might enter Bangladeshi territory.

To increase our trade with neighbouring countries and also with a view to provide transit facilities to landlocked countries in the region, Bangladesh is developing and improving facilities at various land ports. Recently we have developed a land port at Banglabandha at the north-western point of the country with particular attention to Nepal and Bhutan. Through this land port Nepal and Bhutan will be able to use our seaports. Moreover, we have constructed the Jamuna Bridge on the river Jamuna and Lalan Shah Bridge over the river Padma. Bangladesh will also construct another bridge named Rupsha Bridge over the river Rupsha. The main objective of constructing these bridges is to bring the entire country into an uninterrupted road network without any river ferry. This road network will provide the easy transportation system for goods within the country as well as facilitate international trade by providing easy access to seaports. This road network will also be very useful for landlocked Nepal and Bhutan to get easy access to our seaports.

In the context of interest shown by Nepal and Bhutan, Bangladesh is trying to conclude transit arrangements with those countries. One such arrangement named “Operating Modalities for the Carriage of Transit Cargo between Nepal and Bangladesh” is at the final stage.

To develop multimodal transit transport arrangements involving road, railway and waterways, we would require technical and financial assistance due to the high costs and investment needs.

From the above discussion, Bangladesh still has a long way to go in terms of meeting the requirements to facilitate trade in a more conducive manner. One issue, which is of particular importance, is the lack of government initiatives to discuss the various issues related to trade facilitation with the private sector. Thus, a public-private mutual understanding is of paramount interest. Although a number of

initiatives to ease the formalities regarding customs declaration and release of goods have been taken, much more needs to be done to create a more enabling business environment in the country.

4. Trade Facilitation Needs and Priorities of the Private Sector

According to the Global Competitiveness Report (GCR), published by the World Economic Forum (WEF), Bangladesh seriously lacks a competitive business environment which is a prerequisite for any country to gear its economic development. As per the GCR 2005, Bangladesh was ranked 100 among 117 countries in terms of business competitiveness. The country's rank in the previous year was 95 out of 104 countries.⁹ The major cause for such a downslide was identified as the deterioration in the quality of the business environment. Furthermore, corruption within the public institutions was reported to be one of the major bottlenecks hindering Bangladesh's economic growth.

While lack of adequate facility in conducting trade in a sound manner results in revenue loss and administrative complexities for a country, it is the private sector business organisations which "suffer from both direct border related costs, such as expenses related to supplying information and documents to the relevant authority, and indirect costs, such as those arising from procedural delays, lost business opportunities and lack of predictability in the regulations".

Data and Methodology

The information presented here has been collected from respondents from the private sector in Bangladesh through a survey. Questionnaires were sent to 150 prospective respondents from which feedback was received from 73 firms. This included 52 export oriented business firms and companies, 15 freight forwarders, 4 shipping agencies and 2 international courier service providers (FedEx and DHL).

In order to quantify the responses to the questions on the perceived level of implementation of GATT Articles V, VIII and X, and articulating the needs and priorities of the private sector, each option for response was attributed a number (starting from 1 for 'Strongly Disagree' to 7 for 'Strongly Agree'). Then these numerical responses were divided by the total number of respondents to calculate the average. For example:

If, for a particular question, 10 respondents tick Disagree (that is $10 \times 2 = 20$ in numeric terms), 5 tick Slightly Agree ($5 \times 5 = 25$) and 3 tick Strongly Agree ($3 \times 7 = 21$), then the average score for that question is $(20+25+21)/(10+5+3)$ or 3.67.

For the question on identification of most problematic factors in conducting trade, a weighted average was calculated to rank the factors.

4.1. Perceived Level of Implementation of GATT Articles V, VIII and X

Given the country's competitiveness in the business environment, the respondents to this particular query expressed their opinion based on their practical experiences. As has been noted earlier, the disappointment of the business community

⁹ Global Competitiveness Report 2005-2006

is clearly manifested through their responses. While the business community may not quite be critical of the lack of impartiality of the rules, regulations and judicial decisions, they also blame the authorities for failing to control use of irregular and arbitrary payments as a means to expedite release of goods from the customs. A broader picture of the perception of the private sector in Bangladesh as regards level of implementation of GATT Article V, VIII and X is presented below:

Table 1
Level of Implementation of Selected Trade Facilitation Measures

Issues	Opinion
Documentation requirements for import/export are excessive and time consuming	Strongly Agree
Irregular and arbitrary payments are often required to expedite release of goods from customs	Strongly Agree
An independent system to appeal trade and/or customs authorities' decisions is available and operates effectively	Disagree
Laws, regulations and judicial decisions are applied in a uniform, impartial, and reasonable manner	Disagree
Penalties and fines for minor breaches of customs regulation (e.g., due to typing mistakes) are small and reasonable	Slightly Disagree
Submitting required trade documentation to trade/customs authorities for approval is easy	Slightly Disagree

Source: Private Sector Survey

The above table also depicts the business community's significant discomfort with the documentation requirements and the lengthy time required for processing of documents by the concerned authorities. Moreover, they are also of the view that the legislative body is not functioning to its best level to bring disputes to an end. However, they do appreciate the automation of the customs which has resulted in minimizing the procedural time length.

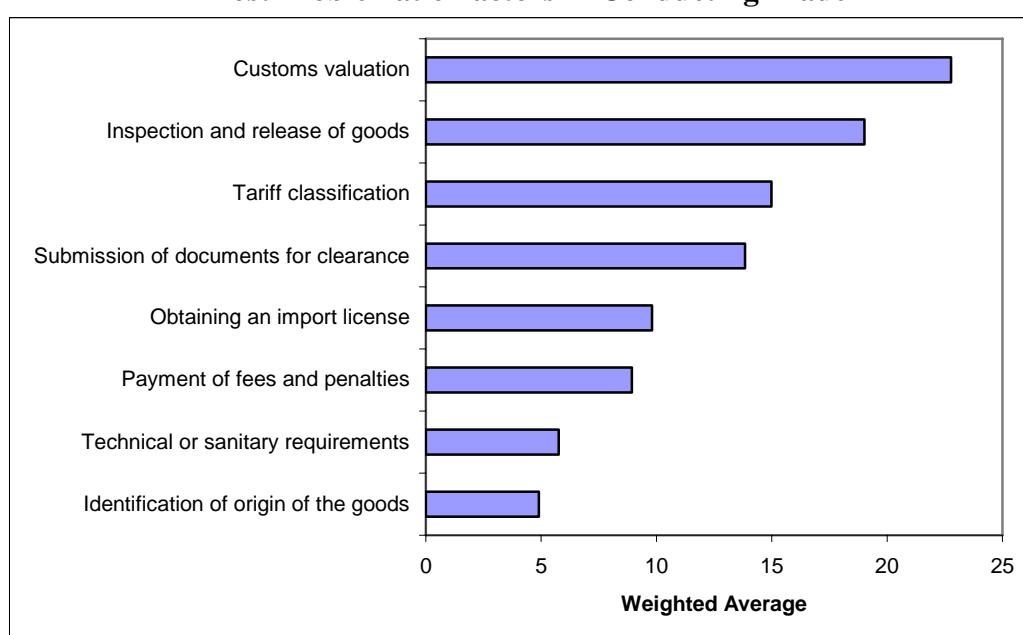
From an operational point of view, the above picture is far from satisfactory and the government of Bangladesh needs to take significant action in order to reverse the situation. However, one cannot put the blame solely on the government and/or its organs for the current scenario. Much lies on the part of the private sector as well. Because, at the end of the day, it is the private sector which involves itself in irregular payments to get their goods released more quickly. Moreover, they have to understand the government's resource and capacity constraints.

It may be noted here that the private sector itself, sometimes, causes inconveniences for its own business. One example is the readymade garments (RMG) sector, the largest import-export sector in Bangladesh (about 80% of RMG exporters also import their fabrics from outside the country, 15% in the case of knitwear exporters). It was reported that the RMG exporters normally take an average of nine days to clear consignments from the ports. This is rather surprising considering the long-standing and repeated complaints of the RMG exporters about extra lead-time. CPA feels that small and medium sized RMG exporters and other port users lack the capacity to expeditiously clear their consignments. Information concerning ships arrival at the port, timely receipt of shipping documents, banking formalities, and IT connectivity, among others, have been identified as major problem areas. It is obvious

that IT-based operations by the port authority, customs authority and the port users including shipping agencies, freight forwarders and others, will reduce the time taken for clearance of consignments from the port.

The private sector representatives, when asked to identify the most problematic factors in conducting trade in Bangladesh, overwhelmingly ranked customs valuation as first followed by inspection and release of goods (Figure 4). From the previous discussion on the level of implementation of GATT Articles V, VIII and X, it was quite evident that irregular and arbitrary payments play a major role in expediting inspection and release of goods. Inconveniences related to submission of documentation were also another major concern of the private sector. This has once again been reflected in identification of problematic factors.

Figure 4
Most Problematic Factors in Conducting Trade



Source: Private Sector Survey

The private sector's discomfort with the tariff classifications indicates that the business community does find the existing three tier tariff schedule a bit inconvenient for conducting business in a friendly condition. As far as quality control requirements are concerned, it is also evident from the findings that the nature of technical and/or sanitary requirements is also cumbersome for the traders.

4.2. Trade Facilitation Priorities of the Private Sector

Identification of the most problematic factors in doing business captures the private sector's perception of the government's current administrative efficiency in terms of international trade. It is also of no less importance to assess the view of the business community as to which concerns in the area of trade facilitation need to be addressed at the earliest. The following table underscores the top ten (full list in Annex II) trade facilitation measures which the private sector in Bangladesh thinks should be brought in line with the interest of the business community.

Table 3
Top Ten Priority Areas in Trade Facilitation

Sl.	Issues
1	Reduction and simplification of documentation requirements
2	Elimination of bribery and other corrupt practices of customs personnel
3	Establishment of a single window for one-time submission
4	Harmonisation and standardisation of documentation requirements based on international standards
5	Independent appeal mechanism for traders
6	Improvement in customs inspection and control procedures
7	Computerisation and automation of trade procedures
8	Timely and comprehensive publication and dissemination of trade rules and regulations
9	Completing clearance of goods before they have arrived physically in the Customs territory
10	Establishment of enquiry points and/or call centres

Source: Private Sector Survey.

Additionally, the Centre for Policy Dialogue (CPD) conducts a yearly survey of the top business executives in the country.¹⁰ The 2005 survey brought to the forefront the most problematic factors which, according to the business community in the country, impose higher costs of doing business. The factors identified, starting with the most problematic factor, were: corruption, inefficient government bureaucracy, inadequate supply of infrastructure, policy instability, crime and theft, and access to financing. Thus, both survey exercises confirm that corruption, in terms of bribery and corrupt practices of customs personnel, and inefficiency of government bureaucracy are the two most problematic factors in conducting business in Bangladesh.

The above table clearly shows the concerns of the business community particularly in the contexts of simplifying documentation requirements and elimination of corruption. There is no denying the fact that these two issues do play a major role in increasing the costs of doing business. While emphasis has also been placed on customs inspection and control procedures, there seems to be less enthusiasm in the context of computerisation and automation of trade procedures. This is particularly because of the installation of the ASYCUDA++ and establishment of the DTI.

Having taken note of the above, the private sector respondents have put forward a set of key suggestions regarding prioritisation of trade facilitation measures in Bangladesh. These are:

- Customs valuation procedures need to be straight forward
- Payment of penalties must be on merit – Not on expert judgement
- Port facility (infrastructural) needs to be more scientific
- Berthing delay should be minimised

¹⁰ The CPD has been carrying out this survey since 2001 in collaboration with the World Economic Forum (WEF).

- Import clearance need to be decentralised i.e. outside the CPA
- Documentation should be simplified
- Procedure/steps (for approval) should be reduced in the PSI valuation
- Customs automation needs to be strengthened further
- Single window facility should be initiated at the earliest
- Internal transport and communication infrastructure has to be developed

It needs no further clarification that the business community in Bangladesh bears a somewhat pessimistic view on the current state of trade facilitation. Identification of the most problematic factors in doing business clearly highlights the major concerns of the private sector. The trade facilitation measures that have been identified as top priorities to be put in place expresses the urgency for the government to undertake more pragmatic policy decisions.

5. Cost of Trade Facilitation and Selected Trade Facilitation Measures

Before engaging a detailed assessment of trade facilitation costs, obtaining accurate quantitative information on the cost of various trade facilitation measures has not been possible as far as this particular case study is concerned. The central limitation has been the reluctance of concerned authorities to provide classified and non-circulatory information. A limited range of information is presented here obtained from secondary sources including reports prepared by the financing agencies of various projects.

The WB funded CAM-1 Project under the BDSDP commenced in August 1999 with a budget of USD 9.61 million. The main goals were: the reform and simplification of customs procedures; a shift to post-entry audits for warehouse imports; bringing the private sector into the process of export reform through raising awareness with programs such as training seminars and publication of research; and facilitating diversification of exports by electronic information for speedy processing, effective risk management and policy decisions.

The project is specifically targeted at the ready-made garment sector in order to increase efficiency and simplify the customs clearance process for both imports and exports. Under Phase 1 of the CAM Project, the NBR made legislative changes to the Customs Act of 1969 facilitating the use of electronic processing, post-clearance audit, binding rulings, management rights to transfer staff, and limitations on shipment detention. The tariff structure has also been simplified so that import assessments would be more consistent. Changes to legislation and details concerning regulations have been published and can be accessed on the Internet. Private Pre-Shipment Inspection companies have replaced customs inspections for most imports, and a task force has been formed to address delays at the main port of entry. The project is a part of the NBR's long-term plan to modernise the whole revenue administration in Bangladesh.

The government's initiative to allocate Tk. 15 billion to convert the existing two-lane highway between the port city of Chittagong and the capital city Dhaka into four-lanes is commendable.

The proposed Chittagong Port Trade Facilitation Project (CPTFP), which was scheduled to commence on 1 July 2005 and be completed by 1 July 2008, is still lying on the shelves due to administrative complexities. However, the initial cost estimation

of the project, as designed by the Asian Development Bank, was USD 41.3 million. While 74 per cent of the total cost will be borne by the ADB, the government of Bangladesh is supposed to take care of the rest (Table 4).

As for the expenditure by the government of Bangladesh, the agencies which will be involved are the Customs House of Chittagong (CHC), Chittagong Port Authority (CPA), and the Roads and Highways Department (RHD). Government budgetary allocations will finance the CHC and RHD components. The CPA component will be financed out of its own funds.

Table 4
Project Cost of CPTFP

Source/Component	Foreign Exchange (\$ million)	Local Currency (\$ million)	Total Cost	Percent of Project Cost
ADB	30.6	0.0	30.6	74.1
Government				
CPA Component	0.0	2.7	2.7	6.5
CHC Component	0.0	0.6	0.6	1.5
RHD Component	0.0	7.4	7.4	17.9
<i>Total</i>	<i>30.6</i>	<i>10.7</i>	<i>41.3</i>	<i>100.0</i>

Source: ADB estimates.

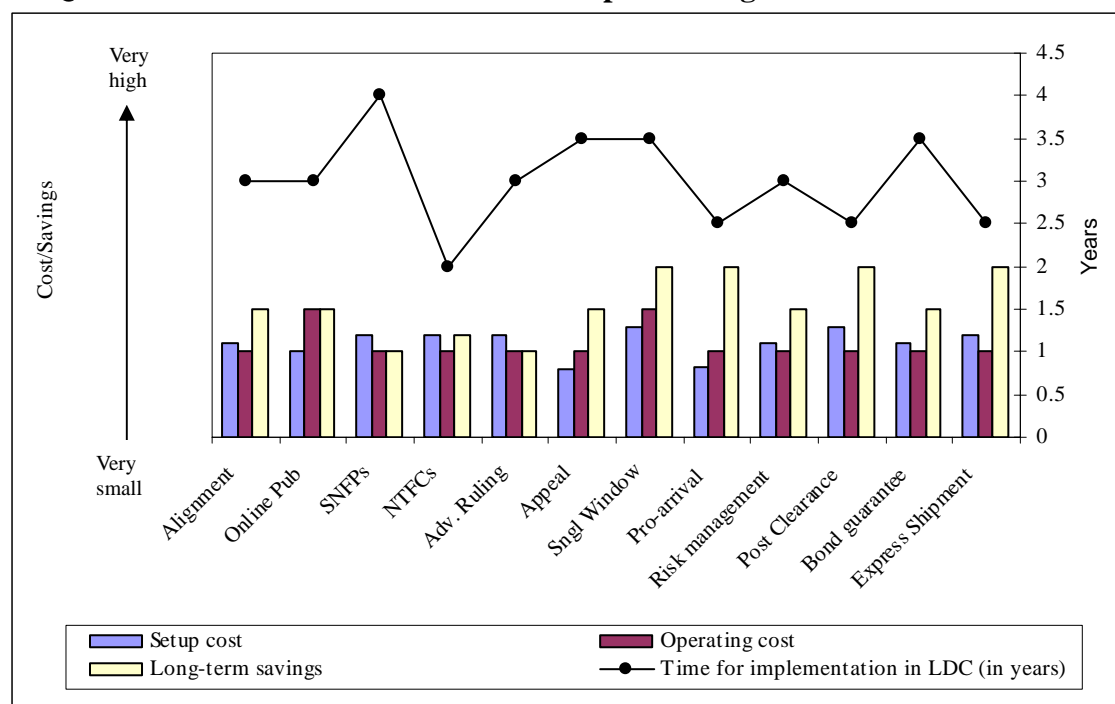
Faced with a paucity of quantitative data required for the study, a qualitative assessment of the cost implications of selected measures was conducted through a questionnaire-based interview¹¹. We hope the findings of this particular exercise will add value to the study. The following discussions are based on the information generated through the interview.

Figure 5 depicts the cost involvement of various trade facilitation measures at three different phases of implementation, setup cost, operating cost, and long-term savings. Predictions are made of the required time for implementation of 12 trade facilitation measures. These measures are (i) Alignment of trade documents according to the UN Layout Key for trade documents, adoption of the HS nomenclature and use of internationally agreed standard data elements for trade documents; (ii) Systematic and timely online publication of relevant trade regulations and procedures, including fees and charges, in the local language and in English; (iii) Establishment of enquiry points and single national focal points for trade regulations and other issues; (iv) Establishment of a national trade facilitation committee to comment on new and amended rules prior to their entry into force as well as to conduct periodic reviews of trade procedures; (v) Establishment of a single window system, defined as a system allowing traders to submit all relevant documents at one time and place for approval by all government agencies. This system may or may not be IT based; (vi) Provision of advance rulings on tariff classification, valuation, and origin that are binding (for a specific time period); (vii) Establishment of an effective appeal procedure for Customs and other agencies rulings; (viii) Establishment and systematic use of pre-arrival clearance mechanisms, processing of goods declaration received in advance of goods arrivals, and pre-arrival clearance; (ix) Implementation of modern risk

¹¹ The questionnaire used may be found in Annex 2 of ARTNeT Working Paper No.3, www.artnetontrade.org

management systems for release and clearance of goods; (x) Expedited procedures for express shipments and qualified traders/companies; (xi) Establishment and wider use of audit-based customs (post-declaration audits); and (xii) Expedited clearance of goods (subject to post-clearance audit) based on a bond, guarantee, or audit deposit arrangement.

Figure 5
Qualitative Assessment of the Cost of Implementing Selected TF Measures



Source: Expert Opinion Survey on Cost of Trade Facilitation

Along with the above information, the exercise also highlighted five trade facilitation measures to be of highest priority for inclusion of Articles V, VIII and X or a WTO Agreement on Trade Facilitation. This information is based particularly on the cost and time required for various trade facilitation measures. These, starting with the highest priority, are (i) Alignment of trade documents according to the UN Layout Key for trade documents, adoption of the HS nomenclature and use of internationally agreed standard data elements for trade documents; (ii) Elimination of corruption; (iii) Establishment of a single window system, defined as a system allowing traders to submit all relevant documents at one time and place for approval by all government agencies. This system may or may not be IT based; (iv) Establishment of a national trade facilitation committee to comment on new and amended rules prior to their entry into force as well as to conduct periodic reviews of trade procedures; and (v) Expedited clearance of goods (subject to post-clearance audit) based on a bond, guarantee, or audit deposit arrangement.

Table 5 is a compilation of the information gathered from the earlier mentioned interviews. Experts were asked to categorise various trade facilitation measures according to order of implementation. As can be seen, category 1 represents those measures which need urgent attention for implementation. The rest (categories 2

and 3) will be put in place subsequently.

Table 5
Sequencing of Selected Trade Facilitation Measures

Trade Facilitation Measure	Group
Alignment of trade documents according to the UN Layout Key for trade documents, adoption of the HS nomenclature and use of internationally agreed standard data elements for trade documents	1
Systematic and timely online publication of relevant trade regulations and procedures, including fees and charges, in the local language and in English	1
Establishment of enquiry points and single national focal points for trade regulations and other issues	1
Establishment of a national trade facilitation committee to comment on new and amended rules prior to their entry into force as well as to conduct periodic reviews of trade procedures	1
Establishment of a single window system, defined as a system allowing traders to submit all relevant documents at one time and place for approval by all government agencies. This system may or may not be IT based	1
Provision of advance rulings on tariff classification, valuation, and origin that are binding (for a specific time period)	2
Establishment of an effective appeal procedure for Customs and other agencies rulings	2
Establishment and systematic use of pre-arrival clearance mechanisms, processing of goods declaration received in advance of goods arrivals, and pre-arrival clearance	2
Implementation of modern risk management systems for release and clearance of goods	2
Expedited procedures for express shipments and qualified traders/companies	2
Establishment and wider use of audit-based customs (post-declaration audits)	3
Expedited clearance of goods (subject to post-clearance audit) based on a bond, guarantee, or audit deposit arrangement	3

Source: Expert Opinion Survey on Cost of Trade Facilitation

6. *Implications for The WTO Negotiations on Trade Facilitation*

6.1. *Background of Negotiations on Trade Facilitation*

Although trade facilitation appears as a new agenda within the WTO system, it is in fact not new within the context of trade negotiations or to other international organisations. For example, the United Nations, its affiliated commissions and institutions as well as other specialised institutions such as the WCO have been working on trade facilitation for over half a century. Trade facilitation was very much so a part of the GATT since its inception (SAWTEE, 2004). However, the issue gathered momentum when brought under the mandate of negotiations in the 1996 Singapore Ministerial.

Singapore Ministerial

The 1996 Singapore Ministerial Declaration established working groups to analyse issues related to investment, competition policy and transparency in government procurement. It also directed the WTO Council for Trade in Goods to “undertake exploratory and analytical work [...] on the simplification of trade procedures in order to assess the scope for WTO rules in this area”, taking into account the work of other relevant organisations in order to assess the scope for WTO rules in this area.

The Doha Ministerial

The Doha Ministerial in November 2001 was the major milestone in the WTO’s involvement in trade facilitation, which established that negotiations on trade facilitation would take place after the Fifth Session of the Ministerial Conference in 2003 in Mexico. The Doha Declaration (Para 27), after several failed texts, finally agreed on the following: *“Recognizing the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations. In the period until the Fifth Session, the Council for Trade in Goods shall review and as appropriate, clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 and identify the trade facilitation needs and priorities of members, in particular developing and least developed countries. We commit ourselves to ensuring adequate technical assistance and support for capacity building in this area.”*¹²

Cancún Ministerial

In 2003, the WTO continued its work on trade facilitation under the Doha mandate and on the three core agenda items: (i) GATT Articles V, VIII and X; (ii) trade facilitation needs and priorities of members, especially of developing and least developed countries; and (iii) technical assistance and capacity building. The draft Cancún Ministerial noted that, while “considerable progress” was made, “more work needs to be done in some key areas to enable us to proceed towards the conclusion of the negotiations in fulfilment of the commitments we took at Doha”. Ministers, therefore, instructed their officials to continue working on outstanding issues with a renewed sense of urgency and purpose, taking fully into account all the views expressed in the Conference.

Since the Cancún collapse, informal meetings at the Heads of Delegation level discussed potential approaches to the Singapore issues. Enthusiasm to discuss trade facilitation emerged by the first week of December 2003. Bangladesh, on behalf of the least-developed countries group, supported by 15 other developing countries including China and India, submitted a communication on the Singapore issues (WT/GC/W/522) requesting that investment, competition and transparency in government procurement be dropped. Lack of consensus inspired the Chair to suggest continuing discussions on issues like trade facilitation and transparency in

¹² Doha Ministerial Declaration paragraph 27, November 2001.

government procurement. The debate carried on until April 2004, when a ‘core-group’ of developing countries and LDCs opined that they were prepared to discuss trade facilitation, but only for the purpose of clarifying substantive modalities for negotiations. In addition to insisting that negotiations must be based on ‘explicit consensus’, they called for the remaining Singapore issues to be dropped altogether from the WTO work programme, and expressed a desire to see prior movement in issues such as agriculture before starting discussions on trade facilitation.

July Package

The ‘July Package’ adopted by the General Council on 1 August 2004 called for negotiations on trade facilitation, while other Singapore Issues (competition, investment and transparency in government procurement) had been dropped from the Doha mandate. Annex D of the July Package elaborated on the modalities for negotiations on trade facilitation, which stipulated that negotiations “shall aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit.” Moreover, providing the core modalities, the trade facilitation text also contains relatively strong ‘development language’, which provides the scope for developing countries not to implement their part of the commitments absent technical assistance.

Hong Kong Ministerial

The Ministerial declaration stated that “We recall and reaffirm the mandate and modalities for negotiations on Trade Facilitation contained in Annex D of the Decision adopted by the General Council on 1 August 2004. We note with appreciation the report of the Negotiating Group, attached in Annex E to this document, and the comments made by our delegations on that report as reflected in document TN/TF/M/11. We endorse the recommendations contained in paragraphs 3, 4, 5, 6 and 7 of the report.”

Mandated Deadline

As the agreement by explicit consensus to launch negotiations on trade facilitation makes the issue part of the Doha single undertaking, the negotiations will conclude when the Doha Round does.

Table 6
Doha Work Programme on Trade Facilitation: Timelines For 2006

Agenda	Timeline	Comments
Submission and discussion of proposals on all three pillars (Articles, Special & Differential Treatment and Technical Assistance & Capacity Building).	February, 2006	8 proposals were put at Negotiating Group (15-16 February)
First full draft report to the TNC.	July, 2006	

Source: WTO

6.2. LDC Interests in the Context of the Ongoing Negotiations

To date, most of the trade facilitation standards evolved and held up as models were those devised by developed countries in the light of their own needs, experiences,

capacities and objectives to bring state-of-the-art technology and tools to their command. Though compliance with such standards may virtually stand to be cost-free developed countries, these will result in heavy spending by the developing and least developed countries as they are positioned as the standard-takers rather than standard-setters. Needless to say, these countries would have a double disadvantage in upgrading their trade infrastructure, and adopting something which is not home-grown, as well as bearing the cost of adjustment.

It is in the interests of developing and least developed countries to manage the balancing of the costs and benefits of trade facilitation and integration according to their ability, technological and institutional preparedness as well as control across the supply chain of efficiency. At the same time, the external elements of trade facilitation also need to be taken into account. It must be kept in mind that the commitments by the developed countries are *not open ended*.

One tends to agree with the broadly held perception that it would be particularly harmful to LDCs like Bangladesh to lodge trade facilitation with binding rules in the WTO, with the possibility of enforcing them through the dispute settlement mechanism. Bangladesh will find it difficult to meet standards of automation and modernisation at all its ports, airports and land customs stations. Promises of S&D (in this matter as in others) cannot be taken at face value given the lack of progress in this area in the Doha negotiations so far. Besides, the “One size fits all” approach is not appropriate in case of customs harmonisation rules and it would be unfair on LDCs, as they would need to maintain high standards of trade facilitation which will involve costly adjustments. Moreover, the structure and functions of present customs are not uniform across the countries. Trade facilitation would thus become another arduous obligation on developing and least developed countries, potentially creating a stumbling block towards economic development in LDCs such as Bangladesh.

LDC friendly provisions in the July Package

As is explicitly spelt out in the July package, negotiations on trade facilitation in the WTO will extend a number of S&D treatment measures to the LDCs. The mandate underscores the issues in the following manner:

- Results of the negotiations shall take fully into account the principle of special and differential treatment for developing and least developed countries.
- The principal of S&DT should be extended beyond granting of traditional transition periods for implementing commitments.
- LDCs will not be required to undertake any commitment beyond their capacity.
- Identification of needs and priorities, and addressing the concerns as regards cost implications of proposed measures have been pronounced as integral parts of the negotiations.
- Technical assistance and capacity building support should be provided to enable LDCs to fully participate in and benefit from the negotiations as well as to implement commitments resulting from the negotiations.

Some of these promises need clarification. However, this demonstrates progress, and the LDCs must play a pro-active role to bring the promises in line with their interests.

6.3. Existing Proposals, and Priorities for Bangladesh

The paper has already discussed the trade facilitation measures of critical importance for enhancing Bangladesh's international trade performance. In this context, however, a comparative analysis of current trade facilitation proposals and the priorities of Bangladesh (as identified by the private sector) proves useful to provide a guide to the country's stance with regard to the ongoing negotiations in the WTO.

Table 7
WTO Proposals on Trade Facilitation and Priorities for Bangladesh

Bangladesh Priorities	Reflection in Members' Proposals	
	Relevant Proposals	Major Issues Raised
Reduction and simplification of documentation requirements	<p><i>Symbol:</i> (TN/TF/...) W/17, W/18, W/24, W/30, W/31, W/36, W/45, W/46, W/62, W/67 and W/70.</p> <p><i>Sponsors:</i> Japan, Mongolia, Peru, Chinese Taipei, Korea, New Zealand, Hong Kong, China, Norway, Switzerland, Turkey, EC, Chile</p>	<ul style="list-style-type: none"> • Non-discrimination • Periodic Review of Formalities and Requirements • Reduction/Limitation of Formalities and Documentation Requirements • Use of International Standards • Uniform Customs Code • Acceptance of Commercially Available Information and of Copies • Automation • Single Window/One-time Submission • Elimination of Pre-Shipment Inspection • Phasing out Mandatory Use of Customs Brokers
Elimination of bribery and other corrupt practices of customs personnel	<p><i>Symbol:</i> (TN/TF/...) W/8, W/60</p> <p><i>Sponsors:</i> Japan, Mongolia, Chinese Taipei, Pakistan, Peru, Dominican Republic</p>	<ul style="list-style-type: none"> • Establishment of a Code of Conduct • Computerised System to Reduce/Eliminate Discretion • System of Penalties • Technical Assistance to Create/Build up Capacities to Prevent and Control Customs Offences • Appointment of Staff for Education and Training • Coordination and Control Mechanisms
Establishment of single window for one-time submission	<p><i>Symbol:</i> (TN/TF/...) W/17, W/18, W/30, W/45, W/46, W/70</p>	<ul style="list-style-type: none"> • Introduction of procedures for allowing one-time submission • Acceptance of single

Bangladesh Priorities	Reflection in Members' Proposals	
	<i>Relevant Proposals</i>	<i>Major Issues Raised</i>
	<i>Sponsors:</i> Japan, Mongolia, Chinese Taipei, Peru, Korea, Turkey, EC, Chile	documentary submission <ul style="list-style-type: none"> • Single window as a clearinghouse for all documents and data submission • Establishment of single window at borders or ports with efficient computer back-up • Inter-agency coordination
Harmonisation and standardisation of documentation requirements based on international standards	<i>Symbol:</i> (TN/TF/...) W/17, W/18, W/30, W/36, W/45, W/46, W/62, W/67, W/70 <i>Sponsors:</i> Turkey, EC, New Zealand, Norway, Switzerland, Chile, Japan, Mongolia, Chinese Taipei, Peru, Korea, Turkey	<ul style="list-style-type: none"> • Use of international standards as a basis for documentation and data requirements • Development and adoption of common international trade requirements and procedures
Independent appeal mechanism for traders	<i>Symbol:</i> (TN/TF/...) W/6, W/8 <i>Sponsors:</i> EC, Japan, Mongolia, Chinese Taipei, Pakistan, Peru	<ul style="list-style-type: none"> • Obligation to provide non-discriminatory, legal right of appeal against customs and other agency rulings and decisions • Development of legal and administrative appeal systems for lodging objections • Release of goods in the event of appeal
Improvement in customs inspection and control procedures	<i>Symbol:</i> (TN/TF/...) W/39 <i>Sponsors:</i> Paraguay, Rwanda, Switzerland	<ul style="list-style-type: none"> • Avoidance of inspection and controls more than once over the same shipment unless it is completely necessary • Non-imposition of veterinary, medicosanitary or phytosanitary inspection for goods in transit
Computerisation and automation of trade procedures	<i>Symbol:</i> (TN/TF/...) W/30, W/45 <i>Sponsors:</i> Peru, Turkey	<ul style="list-style-type: none"> • Automation of customs and other agency import/export procedures • Introduction of automated and Electronic Data Interchange

Bangladesh Priorities	Reflection in Members' Proposals	
	<i>Relevant Proposals</i>	<i>Major Issues Raised</i>
		(EDI)
Timely and comprehensive publication and dissemination of trade rules and regulations	<p><i>Symbol:</i> (TN/TF/...) W/6, W/7, W/8, W/13, W/26, W/30, W/32, W/40, W/45, W/70</p> <p><i>Sponsors:</i> Chinese Taipei, Korea, Peru, Japan, Mongolia, EC, Chile, Pakistan, China, US, Hong Kong, Argentina, Turkey</p>	<ul style="list-style-type: none"> • Make rules and regulations available on a non-discriminatory basis • Information should be widely available • Publication of rules and regulations in at least one of the official WTO languages • Ensuring dissemination of information through readily and promptly accessibly official media
Completing clearance of goods before they have arrived physically in the customs territory	<p><i>Symbol:</i> (TN/TF/...) W/10, W/17, W/18, W/46, W/53, W/70</p> <p><i>Sponsors:</i> Chinese Taipei, Korea, Peru, Japan, Mongolia, EC, Chile</p>	<ul style="list-style-type: none"> • Enabling importers to file entries prior to arrival of goods at the port of entry • Introduction of procedures for accepting and examining documents prior to arrival of goods • Commitment by members to introduce simplified customs release and clearance procedures including pre-arrival processing
Establishment of enquiry points and/or call centres	<p><i>Symbol:</i> (TN/TF/...) W/6, W/7, W/10, W/26, W/30, W/45, W/70</p> <p><i>Sponsors:</i> Chinese Taipei, Korea, Peru, Japan, Mongolia, EC, Chile, Pakistan, China</p>	<ul style="list-style-type: none"> • Establishment of enquiry points providing information on all measures and information • Single National Focal Point as a centre for communication with other domestic competent authorities • Enquiry points with competent officers

Source: Compiled from TN/TF/43/Rev.5

The above compilation attempts to establish a linkage between the Bangladesh priorities and the submissions tabled by the Member countries. Although most of the issues regarding various trade facilitation measures may seem to be “apparently innocent”, it is pertinent to scrutinise these from a developmental perspective particularly in the context of LDCs’ interests like Bangladesh. It may be recalled here that the July Framework was the first initiative towards integrating TRCB with the issue of trade facilitation.

6.4. *Recommendations for Future Negotiations on Trade Facilitation*

Although Bangladesh is yet to put forward a full fledged proposal in the WTO, there seems to be much concern as regards designing the strategies to come up with concrete suggestions which will be supported by the other LDC members of the WTO. Thus in view of the preceding discussions, particularly taking the private sector findings into account, a set of recommendations for future WTO negotiations on trade facilitation include:

- Any modality for identification of trade facilitation needs and cost must be finalised in consultation with LDC Members.
- In order to realise full and faithful operationalisation of flexibilities (S&DT) agreed in the Modalities for Negotiations on Trade Facilitation, LDC Members will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.
- Adequate financial and technical assistance and capacity building support for infrastructure development are the primary requirements for the LDCs to meaningfully integrate themselves into the global trade regime. Besides, sustained funding flow is a crucial issue. Hence, members of the apex trade body must come up with a needs-based assistance programme to take the current negotiations to any further milestone.
- Flexibility, especially in terms of transitional periods, in implementing specific commitments in a progressive manner must be provided to the LDCs as part of the commitment of S&DT.
- Necessary technical assistance for harmonising and standardising documentation procedures will be an integral part of any agreement on trade facilitation. Successful implementation of international standards can significantly decrease and simplify import and export documentation requirements.
- Detailed quantitative assessment in terms of cost implications in establishing enquiry points, and risk management and post clearance audit systems must be carried out prior to embarking upon any agreement.
- Submissions by the developed Members regarding enforcement of legal obligations such as “binding advance rulings” is a major concern for the LDCs. Any agreement on such issues would mean that an act of non-compliance may expose LDCs like Bangladesh to the WTO dispute settlement system.
- There needs to be adequate support for establishment of a cross-border cooperation scheme that would enable landlocked Members and their neighbouring Members to consult and cooperate on the issue of traffic in transit.

For most LDCs and developing countries, implementation of trade facilitation obligations negotiated in the WTO may involve broad and detailed domestic customs and trade administration reforms. As a result, LDCs will require substantial technical and financial assistance from developed countries and international organisations in order to fulfil their obligations. In addition, there is increased concern among LDCs that dispute settlement procedures could be used against them simply because they lack the technical and financial capacity to implement their obligations on trade

facilitation. It is, thus, of crucial importance for Bangladesh and other LDCs that any negotiation on trade facilitation in the WTO is carried out with due recognition to the constraints and limitations of the LDCs.

7. Conclusion

The foregoing analysis allows us to conclude that the impact of any agreement on trade facilitation under the WTO will have significant implications for Bangladesh. Bangladesh needs to prepare itself if it is to reap the benefits of any such agreement. Under the present context Bangladesh will have to deal with the issue in three different forms.

Firstly, simplification of rules and procedures related to export and import is direly need. One specific issue in this context is the customs valuation procedure. The participation of the private sector in formulation of and amendment to customs laws and regulations has to be ensured to create a more enabling business competitiveness environment. Development of adequate infrastructure at all the ports should be completed within the shortest possible time period for the country's business to catch up with the international system.

Secondly, there should be sufficient opportunity for the relevant customs officials and other agency personnel to be trained in a manner to expedite all customs related formalities at ports and borders. The government should ensure a corruption free administration to deal with issues related to international trade. This issue is also pertinent from the special and differential treatment (S&DT) point of view. A WTO agreement with particular emphasis on human resource capacity building in the LDCs will be a welcomed initiative.

Thirdly, pragmatic policy measures and strategies should be developed to deal with the emanating challenges from the ongoing WTO negotiations on trade facilitation.

There is no doubt that significant progress in the ongoing trade facilitation negotiations is of critical importance for the LDCs to be effectively integrated into the international trading system. Although a fairly large number of proposals have already been submitted by the WTO members, hardly any tangible development has been noticed till date. Issues of heightened interest to the LDCs are special and differential treatment (S&DT), and support for capacity building. From this point of view, the July 2006 draft report will stand out to be a crucial document for the LDCs.

Reaching a platform to sign an agreement on trade facilitation does not mean imposition of rigid and impractical obligations on weaker states. Rather it means understanding the constraints and limitations of the weaker members and helping them by providing technical assistance and capacity building support, recognising that these countries need special attention from the developed countries.

The preceding discussions have been an attempt to underscore the present condition of trade facilitation measures in Bangladesh. The private sector views have also been highlighted to understand their concerns. The set up costs of various trade facilitation measures are, in many cases, higher than operating costs. Nevertheless, one cannot sideline the long-term benefits that are likely to emanate from putting in place effective measures to facilitate trade in a country like Bangladesh. What one needs to bear in mind is that there is a simple chain of causality - human development is enhanced through income growth, income growth is greater with more cross border

trade, and trade is increased through trade facilitation efforts. Thus, as a member of the apex trade body in the world, Bangladesh should look forward to having a successful agreement on trade facilitation which will not undermine the interest of the LDCs and where weaker members will not be subject to any rigorous binding commitment to make concessions as is currently the case with many WTO negotiations.

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Annex I: Annotated WTO WCO Self Assessment Checklist

Question		Response [Yes=1; No=0; Not Applicable =N/A]	Comments and Precisions
Questions/Issues related mainly to Article X (publication and administration of trade regulations)			
PUBLICATION/AVAILABILITY OF INFORMATION			
1	Is any of the following published?		
	Laws/Acts/Ordinances	1	
	Regulations/Rules/Orders	1	
	Documentary Requirements	1	Changes
	Standard Operating Practices	1	Sectoral
	Standard Processing Times	1	3 days for PSI
	Specific Customs Procedures	1	
	Tariff Classification	1	
	Valuation	1	GATT valuation
	Exemptions, Prohibitions, Restrictions	1	Statutory Regulatory Orders (SROs)
	Duty & Tax Rates	1	Tariff classification/tax schedule
	Fees and Charges	1	
	Administrative Arrangements & Requirements	1	
	Management Plans	1	Strategic development plan
	Rulings/ Judicial Decisions	1	
	Facts Regarding Trade or Trade Related Agreements with Other Countries	1	
	Other?		Nothing verbal; all published; dispatch is poor
2	Is relevant Customs and trade related information made available via the internet?	1	
3	Is relevant Customs and trade related information made available in:		
	Customs offices	1	
	Embassies/ Consulates	1	Occasionally sent to them
	Trade Missions/Offices	1	Do
	Government Buildings/Offices	1	Do
	Public Buildings/Offices	1	Do
	Other?		
4	Is relevant information made available in English, French or Spanish or any other Languages?	0	Only in Bangla
5	Does Customs charge for information provided?	1	Tk. 20 for particular information
6	When charges are made, are costs limited to only the service provided?	1	
7	Does Customs publish all proposed changes or new requirements and/or relevant information in advance of the entry into force for interested parties to take into account?	0	However, the customs authority invites proposals for changes from interest groups during December-January period; this offer closes in February.
	If so, where and how are these published?		
8	Do stakeholders have the opportunity to contribute/develop/influence/question all proposed changes of new requirements in advance of the entry into force?	1	However, the decision is upto the government whether or not to take any proposal into account.
	If no, then do they have say in <u>major</u> proposed changes?		

	Question	Response [Yes=1; No=0; Not Applicable =N/A]	Comments and Precisions
9	Does Customs invite comments from the public and business/trade-bodies on all proposed changes or new requirements in advance of the entry into force?	0	Not as such, but seeks new proposals from the stakeholder groups. This final decision is upto the government. All changes are informed during the Budget declaration.
10	Has Customs established information services such as:		
	Client/Help Desk	0	
	Enquiry Point	0	
	Customer/Trader Contacts	0	
	Call Center	0	
	Other?	0	

Rulings

11	Does a system exist of national legislation establishing appropriate provisions for binding rulings by Customs?	1	
12	Does national legislation provide for Customs to furnish rulings within a specified period?	1	
13	Are ruling processes established with specific time limits?	1	
14	Do ruling procedures provide the opportunity for appeal with review and/or judicial process?	1	The Commissioner (Appeal), and the Customs Tribunal are in place.
15	Does the administration provide binding rulings for:		
	Valuation	1	
	Classification	1	
	Origin	1	
	Other Customs Purposes?	1	

Appeals and Review

16	Are internal appeal and review mechanisms established?	1	
17	Are internal appeal and review mechanisms independent?	1	
18	Are provisions established for an initial appeal to Customs?	1	
19	Are provisions established for a further appeal to an authority independent of Customs?	1	
20	Are provisions established for a final right of appeal to a judicial authority?	1	May go to the Supreme Court
21	Do appeal processes have specific time limits?	1	Three months to 1 year
22	Are goods released pending the outcome of an appeal?	1	
23	Is a security or other form of guarantee required?	1	Bank guarantee or Commercial undertaking

Management

24	Are systems in place to monitor and evaluate the performance of Customs against established standards and/or indicators?	1	
25	Are training programmes established for Customs clearance procedures?	1	The Customs Training Academy provides such courses along with refresher courses
26	Are all Customs staff given training on integrity matters?	0	
27	Has a Code of Conduct/Code of Ethics been developed and implemented by Customs?	0	Nothing formal; only the Service Rule for the Civil Servants in Bangladesh is followed

Systems and Procedures

28	Is the customs automated?	1	As part of the ASYCUDA++
29	Is electronic filing of entry documents provided for?	1	The Direct Trader Input (DTI) system
30	Do customs and other agencies share information electronically?	1	In CD format
31	Are pre-arrival clearance procedures used?	1	Pre-arrival assessment is done; not clearance
	Is there any system of pre-inspection from the port of	1	Four companies are conduct the Pre-Shipment Inspection

Question		Response [Yes=1; No=0; Not Applicable =N/A]	Comments and Precisions
	exit?		
32	Does the administration grant immediate release/clearance procedures to any category of goods?	1	Petroleum, and perishable goods such as rice, sugar, wheat etc.
33	Does the administration specify a minimum value/minimum amount of duties and taxes below which no duties and taxes will be collected?	1	Specific Rate of Duty
34	Do you have separate expedited procedures for express consignment shipments?	1	Petroleum, and perishable goods such as rice, sugar, wheat etc.
35	Can data be submitted prior to arrival of the goods?	1	
36	Can goods be released prior to completion of all clearance formalities?	1	Partly
37	Do you have weight or value restrictions for express consignment shipments?	1	Tariff value for Petroleum
38	Does the administration use risk analysis to determine which goods should be examined?	1	Parametres are there; but partly implemented
39	Do Customs control systems include audit based controls?	1	Partly done
40	Does the Customs administration authorize persons with an appropriate compliance record for simplified and special procedures?	0	
41	For authorized persons:		
	Can goods be released on the provision of minimum information with full clearance being finalized subsequently? Time period?		
	Can goods be cleared at the declarant's premises?		
	Other?		

Questions/Issues related mainly to Article VIII (Fees and Formalities connected with importation/exportations)			
42	Does the administration charge for the provision of information to the trade?	1	BD Tk. 20 per information
43	Do fees for customs processing reflect the cost of services rendered?	0	
44	Are fees published?	1	
	Is the amount due published?	1	
	Is the time due published?	1	
	Does publication mention the entity assessing the fee?	1	
	Is the procedure for how payment can be made published?	1	
45	Are fee amounts published on the internet?	1	

Questions/Issues related mainly to Article V (Freedom of Transit)			
General			
46	Have regional transit systems been implemented?	0	
47	Have international transit systems been implemented?	0	
48	Is the Customs territory a landlocked country?		
	Transit facility for land-locked countries (e.g. Nepal) to use our port.		
49	Are transit corridors established within the Customs territory?		
50	Are transit routes prescribed?		
51	Are transit routes agreed in consultation with trade operators?		
52	Is abuse of the Customs transit system a concern in the Customs territory?		
53	Is a strict route stipulated for all high risk goods?		
54	Is Customs escort required for all high risk goods?		

	Question	Response [Yes=1; No=0; Not Applicable =N/A]	Comments and Precisions
55	Are time limits imposed for transit goods?		
56	Are current border posts and Customs offices suitably located for effective transit operations within the Customs territory?		
57	Are operating hours coordinated with other Customs administrations?		
58	Are controls and responsibilities at border posts coordinated with other border agencies?		
59	Are controls and responsibilities at border posts coordinated with other country's Customs administrations?		
Documentation			
60	Is a Goods declaration required for all goods in transit?		
61	Is a standardized Customs transit declaration/document in use?		
62	Have documentary requirements for transit coordinated with other border agencies?		
63	Are documentary requirements for transit coordinated with other border agencies?		
64	Are simplified transit declarations in use?		
Securities and Guarantees			
65	Are goods in transit relieved of the payment of duties and taxes?		
66	Are any fees and charges levied in connection with Customs transit?		
67	Has an international guarantee system been implemented?		
68	Are securities and/or guarantees required for all goods in transit?		
69	Are cash deposits required for goods in transit?		
70	Are securities and/or guarantees discharged as soon as the obligations have been fulfilled?		
Examination			
71	Are examinations for goods in transit based on the application of risk assessment?		
Authorized Trades			
72	Are simplified procedures established for authorized consignors involved in the transit procedure?		
Seals and Fastening			
73	Are seals and identification marks affixed by foreign Customs accepted for Customs transit operations?		

This Questionnaire was developed by WTO based on the WCO Self Assessment Check List

Annex II: Private Sector Survey Instrument

Key Findings from the Survey of the Trade Facilitation Needs and Priorities of the Private Sector in Bangladesh

1. Perceived Level of Implementation of GATT Articles V, VIII and X

Sl.	Issues	Average Score (out of 7)
1.1	Trade and customs procedures and regulations are publicly available and easily accessible	3.4
1.2	Information about changes in regulations and procedures are made available promptly and conveniently to the public	3.1
1.3	Laws, regulations and judicial decisions are applied in a uniform, impartial, and reasonable manner	2.7
1.4	An independent system to appeal trade and/or customs authorities' decisions is available and operates effectively	2.6
1.5	A formal and effective private sector consultation mechanism exists, allowing traders to comment on proposed changes to regulations and procedures before they are issued and implemented	3.7
1.6	An effective advance ruling system is in place	4.1
1.7	Documentation requirements for import/export are excessive and time consuming	6.1
1.8	On average, fees and charges levied on export and import are reasonable	3.4
1.9	Penalties and fines for minor breaches of customs regulation (e.g., due to typing mistakes) are small and reasonable	3.3
1.10	Irregular and arbitrary payments are often required to expedite release of goods from customs	6.2
1.11	Submitting required trade documentation to trade/customs authorities for approval is easy	3.1
1.12	Computerisation and automation of customs and trade procedures have noticeably reduced average time of clearance	4.2
1.13	Treatment of goods and vehicles in transit is non-discriminatory	4.1
1.14	Goods in transit are subject to unreasonable transit duties or transit charges	4.7
1.15	Regulation and procedures for goods in transit are clearly defined and widely available	3.4
1.16	Vehicles in transit are allowed to use the most convenient routes to their destination	4.3

Note: 1 = Strongly disagree; 4 = No opinion; 7 = Strongly agree

1.17. Most Problematic Factors in Conducting Trade

Rank	Factor	Weighted Avg.
1	Customs valuation	22.77%
2	Inspection and release of goods	19.02%
3	Tariff classification	14.99%
4	Submission of documents for clearance	13.83%
5	Obtaining an import license	9.80%
6	Payment of fees and penalties	8.93%
7	Technical or sanitary requirements	5.76%
8	Identification of origin of the goods	4.90%

1.18. Customs and Trade Regulations and Procedures Result in Significant Costs in Doing Business

Percentage of respondents to the question

Yes	No
65%	32%

1.19. In the Context of Export/Import, Major Difficulties Faced are

Percentage of respondents to the question

Domestic	Foreign
90%	10%

2. Identifying Trade Facilitation Needs and Priorities in Bangladesh

Sl.	Issues	Average Score (out of 5)
2.1	Reduction and simplification of documentation requirements	4.7
2.2	Elimination of bribery and other corrupt practices of customs personnel	4.7
2.3	Establishment of a single window for one-time submission	4.6
2.4	Harmonisation and standardisation of documentation requirements based on international standards	4.5
2.5	Independent appeal mechanism for traders	4.3
2.6	Improvement in customs inspection and control procedures	4.2
2.7	Computerisation and automation of trade procedures	4.2
2.8	Timely and comprehensive publication and dissemination of trade rules and regulations	4.2
2.9	Completing clearance of goods before they have arrived physically in the Customs territory	3.9
2.10	Establishment of enquiry points and/or call centres	3.9
2.11	Establishment of consultation mechanism for trader inputs	3.8
2.12	Establishment of an advance ruling system	3.7
2.13	Implementation of international and regional transit systems based on international standards and practices	3.6
2.14	Separating release from clearance procedures, i.e., allowing goods to be released before all clearance formalities have been completed	3.4

Note: 3 = High priority; 4 = Very high priority; 5 = Highest priority