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Trade Facilitation, WTO Agreement and Implementation Status in Bangladesh

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Presentation Outline

- Bangladesh at a glance
- Trade Facilitation and Bangladesh's Initiatives
- WTO Trade Facilitation Agreement (TFA)
- National Trade Facilitation Committee in Bangladesh
- Implementation challenges of TFA for Bangladesh



Bangladesh at a Glance

Bangladesh at a Glance



- ***Location:***

Between $20^{\circ} 34'$ and $26^{\circ} 38'$ north latitude and between $88^{\circ} 01'$ and $92^{\circ} 41'$ east longitude

- ***Boundary:***

- ⊕ North: India (West Bengal and Meghalaya)
- ⊕ West: India (West Bengal)
- ⊕ East: India (Tripura and Assam)
- ⊕ South East: Myanmar
- ⊕ South: Bay of Bengal

- ***Area:*** 147,570 square km.

- ***Total population:*** 160 million

- ***Life expectancy at birth:*** 69 years

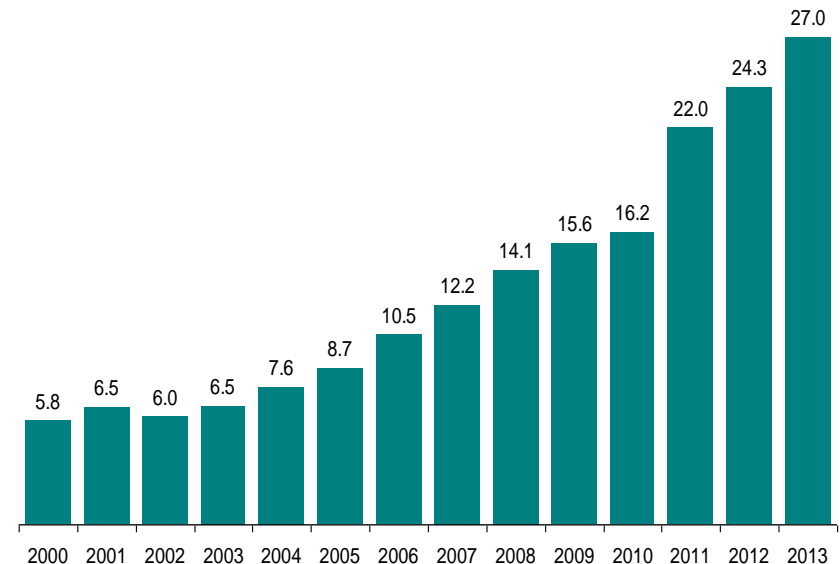
- ***Political system:*** Parliamentary democracy

- ***Capital:*** Dhaka (biggest city in Bangladesh)

Bangladesh at a Glance (Cont...)

- **Macroeconomic indicators (2013-14):**

- ❑ **Total GDP at current price :** 173.82 billion
- ❑ **GDP per capita:** US\$ 1115
- ❑ **GDP growth rate (%):** 6.12
- ❑ **Total exports:** US\$ 27454.3 million
- ❑ **Total imports:** US\$ 40732 million
- ❑ **Current account balance:** US\$ 1547 million
- ❑ **Overall balance:** US\$ 5483 million
- ❑ **Total FDI inflow:** US\$ 1480.34 million
- ❑ **Worker's remittance:** US\$ 14228 million
- ❑ **Forex reserves:** US\$ 21508 million (As on 30.06.2014)



Export Trend US\$ bn

Trade Facilitation And Bangladesh's Initiatives



Trade Facilitation

- Trade Facilitation means systematic rationalization of procedures and documentation for international trade.
- The main objective of trade facilitation is to improve trade environment with a view to reducing or elimination any transaction costs between business and government.

Trade Facilitation Initiatives in Bangladesh

- Bangladesh has already pursuing liberalized trading regime
- All rules, regulations and statutory orders related to trade facilitation are published and made available in the website.
- Import licensing system was abolished back in 1985 for all products other than the products which require special import permit for health, environment and other reason.
- Number of pre-clearance signatures has gone down to 5 from 25, & export clearance time for 95% of consignments has been reduced from 72 hours in 1999 to 3 hours now and Customs is trying to further reduce the procedure and release time by automation.

Trade Facilitation Initiatives in Bangladesh (Cont....)

- ASYCUDA world, has been put in all Customs stations in Bangladesh
- In 2009, Customs installed four container scanners at the Chittagong port to detect contraband/illegal shipments and weapons, aimed at ensuring security while facilitating legitimate trade.
- A selectivity system has also been implemented at the ports
- Chittagong Port Authority (CPA) has introduced container management system (CTM), which has facilitated automation of import operations.

Trade Facilitation Initiatives in Bangladesh (Cont....)

- A post-audit system is also under development 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.
- The introduction of Authorized Economic Operators (AEO) and the Single Window (SW) system is under active consideration at the NBR



WTO Trade Facilitation Agreement

WTO Trade Facilitation Agreement (TFA)

Objectives:

- Expedite movement, release & clearance of goods
- Improve cooperation between customs/other authorities
- Enhance technical assistance and build capacity

WTO TFA (Cont...)

- **Section I:**
 - ❖ 12 articles of technical measures
- **Section II:**
 - ❖ Special and differential treatment (SDT) provisions for developing and least developed country members
- **Section III:**
 - ❖ Institutional arrangements and final provisions



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AGREEMENT ON TRADE FACILITATION

Preamble

SECTION I

ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION

ARTICLE 2: OPPORTUNITY TO COMMENT, INFORMATION BEFORE ENTRY INTO FORCE AND CONSULTATION

ARTICLE 3: ADVANCE RULINGS

ARTICLE 4: APPEAL OR REVIEW PROCEDURES

ARTICLE 5: OTHER MEASURES TO ENHANCE IMPARTIALITY, NON-DISCRIMINATION AND TRANSPARENCY

ARTICLE 6: DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION

ARTICLE 7: RELEASE AND CLEARANCE OF GOODS

ARTICLE 8: BORDER AGENCY COOPERATION

ARTICLE 9: MOVEMENT OF GOODS UNDER CUSTOMS CONTROL INTENDED FOR IMPORT

ARTICLE 10: FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION AND TRANSIT

ARTICLE 11: FREEDOM OF TRANSIT

ARTICLE 12: CUSTOMS COOPERATION

ARTICLE 13: INSTITUTIONAL ARRANGEMENTS

SECTION II

SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS FOR DEVELOPING COUNTRY MEMBERS AND LEAST DEVELOPED COUNTRY MEMBERS

FINAL PROVISIONS

WTO TFA (Cont...)

National Trade Facilitation Committee (NTFC)



- As per provision of Article 23.1 WTO Committee on Trade facilitation has been formed.
- As per Article 23.2 each member is obligated to establish and/or maintain a national committee on trade facilitation.



WTO TFA (Cont...)

NTFC of Bangladesh

- National Board of Revenue (NBR) has formed a 19 members committee under the chairmanship of Member (Customs) comprising officials/representatives of relevant ministries/ departments / trade bodies
- In order to achieve the goal of WTO TFA, the Committee will:
 - ❖ Lead the implementation of the TFA
 - ❖ Undertake reform programs to improve trading environment in Bangladesh
 - ❖ Provide stakeholders a platform for suggesting new ideas & raising issues regarding trade facilitation

Implementation Challenges

- WTO Trade Facilitation measures involves
 - Customs &
 - Other Border/Government Agencies (OGAs) that are involved in trade
- Though Customs remains the key player, implementation of TFA requires modernization of both Customs and OGAs

Implementation Challenges (Cont...)

- Other OGAs (in Bangladesh) having major responsibility include-
 - Chief Controller of Import & Export
 - Plant Quarantine Department
 - Atomic Energy Commission
 - Drug Administration Directorate
 - Bangladesh Standard Testing Institute
 - Bangladesh Export Processing Zone Authority
 - Port authorities

Implementation Challenges (Cont...)

- Customs has undergone significant changes since the early 1990s through many donor-funded reforms programs.
- Customs is more advanced in terms of its own modernization and implementation of TFA measures but OGAs are not so advanced. Therefore, implementation of TFA measures remain critical challenges for OGAs
- Resource constraint for modernization of OGAs

Development Partners Engaged in TF Implementation in Bangladesh

- World Bank program
- Asian Development Bank SASEC program
- International Finance Corporation SARTI program
- USAID Bangladesh program

Reforms Undertaken

- Customs legislative reforms accommodating the legal provisions under the TFA have already been undertaken
- Draft of new Customs Act has been approved in principle by Cabinet, and will soon be placed in National Parliament for approval.
- With assistance from Development Partners, a number of reform initiatives have been undertaken such as SASEC Trade and Transport facilitation.

Thank You

Q & A

