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NON-TARIFF BARRIERS TO TRADE IN BANGLADESH

NATIONAL ACTION PLAN



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NON-TARIFF BARRIERS TO TRADE IN BANGLADESH

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ACRONYMS

| | |
|--------|--|
| ADD | Anti-Dumping Duties |
| BAB | Bangladesh Accreditation Board |
| BUILD | Business Initiative Leading Development (Bangladeshi organization) |
| C&F | clearing and forwarding |
| CVD | Countervailing Duties |
| EU | European Union |
| ICPs | Integrated Check Posts |
| ITC | International Trade Centre |
| KPIs | key performance indicators |
| MARCA | Multilateral Arrangement on Recognition of Conformity Assessment |
| M&E | monitoring and evaluation |
| MFN | most-favored nation |
| NCTF | National Committee on Trade Facilitation |
| NTBs | non-tariff barriers |
| NTMs | non-tariff measures |
| ROO | rules of origin |
| SAARC | South Asian Association for Regional Cooperation |
| SAFTA | South Asia Free Trade Area |
| SARSO | the South Asian Regional Standards Organization |
| SPS | sanitary and phyto-sanitary standards |
| STCs | Sectoral Technical Committees |
| TBT | technical barriers to trade |
| UNCTAD | United Nations Conference on Trade and Development |
| WTO | the World Trade Organization |

EXECUTIVE SUMMARY

Despite signing the South Asia Free Trade Agreement (SAFTA) in 2004, South Asia remains among the least integrated regions. As a percentage of total South Asia exports in 2013, only 5.69 percent were destined for other countries in the region — lower than any other major regional economic bloc. Resolving non-tariff barriers (NTBs) is key to achieving regional integration. A recent study indicated that removing South Asian NTBs could yield an aggregate savings of \$1.22 billion a year. These internally and externally created NTBs impact all South Asian countries, including Bangladesh. In a 2015 International Trade Center (ITC) survey of NTBs in Bangladesh, 998 exporters and importers identified 364 non-tariff measures (NTMs) affecting agricultural exports and 1,094 NTMs affecting manufactured exports. The majority of these NTMs were related to conformity assessment, but also included such issues as taxes, fees, and rules of origin. Local think tanks have further documented many of NTBs and NTMs preventing Bangladesh from reaching its full economic potential.

NTB Action Planning Workshop. This report is the culmination of a one and a half day National NTB Action Planning workshop held on December 7th and 8th, 2016 in Dhaka Bangladesh. More than 60 participants attended the workshop, which was organized jointly by the USAID Asia and Middle East Economic Growth Best Practices Program (AMEG) and BUILD, a Bangladeshi organization that advocates trade and business environment reform. While the majority of the participants represent Bangladesh's private-sector, key Government of Bangladesh entities were also represented, including the Ministry of Commerce, the Bangladesh Accreditation Bureau (BAB), and the South Asian Regional Standards Organization (SARSO). The AMEG team used a participatory methodology to discuss the root problems underlying NTBs, prioritize the barriers inhibiting trade between Bangladesh and its neighbors, brainstorm ideas for addressing those NTBs. Given the recent ITC survey and other existing NTB research, the workshop and this plan are focused on opportunities for action.

Priorities. In the end, the NTB Action Planning workshop generated two important outcomes. First, it provided an opportunity for private-sector leaders to voice their top priorities for increasing Bangladesh's economic integration with India, Nepal, and other regional partners. Second, the workshop generated ideas for addressing priority NTBs. The workshop focused on four categories of high priority NTBs, as identified through existing research: (1) anti-dumping duties (ADD), countervailing duties (CVD), and para-tariffs; (2) conformity assessment; (3) trade facilitation; and (4) rules of origin. The majority of participants wanted to focus on trade facilitation — perhaps because it is a popular issue, given the WTO Trade Facilitation Agreement.

Overarching priorities identified by workshop participants include: improving inter-governmental coordination¹; improved cooperation and coordination between the

¹ Inter-governmental coordination will be addressed in part through a National Single Window. This is an on-going effort funded by the World Bank and, therefore, was not a major focus of the workshop.

Government of Bangladesh and its neighbors, particularly India; generally, helping elevate Bangladesh’s negotiating capacity and power. Top priorities for each of the four priority NTBs are highlighted in the Exhibit I below.

| EXHIBIT I. TWELVE PRIORITY SOLUTION AREAS | |
|--|---|
| <p>Group 1: Anti-Dumping Duties (ADD), Countervailing Duties (CVD), and Para-Tariffs</p> <ul style="list-style-type: none"> ▪ Review and update bilateral policies related to ADD/CVD/para-tariffs ▪ Training to raise awareness on maintaining proper documentation related to ADD and CVD ▪ Enhancing negotiation and legal skills for government and private sector | <p>Group 2 – Conformity Assessment</p> <ul style="list-style-type: none"> ▪ Harmonization of standards and regulations, particularly considering international standards ▪ Capacity building of quality assurance/standards institutions and implementation of risk management ▪ Establish effective enquiry points and regulations for sanitary and phyto-sanitary (SPS) and technical barriers to trade (TBT) |
| <p>Group 3 – Trade Facilitation</p> <ul style="list-style-type: none"> ▪ Activation of a robust National Trade Facilitation Committee with both public- and private-sector participation ▪ Legal reforms needed for Bangladesh to comply with the WTO Trade Facilitation Agreement ▪ Enhanced coordinated management at the border (particularly through the creation of a National Single Window) | <p>Group 4 – Rules of Origin</p> <ul style="list-style-type: none"> ▪ Capacity building for the government and private sector on rules of origin ▪ Documentation for cost accounting practices and verification ▪ Simplify rules of origin, such as Change Tariff Header |

Recommendations. One key takeaway from the workshop is that future efforts to removing NTBs must be more focused. The participants frequently lamented that in recent years there have been many meetings, studies, and projects from multiple donors on increasing intra-regional trade, but little actual implementation on relaxation of NTBs in South Asia has resulted. Likewise, participants cited “lack of focus” as a primary cause of this poor implementation record. For this reason, this action plan recommends that all future action be conducted using a taskforce methodology that adheres to international best-practice. The methodology attacks clearly defined NTBs, ensuring all action is as focused as possible on tangible outcomes.

AMEG recommends that the specific ideas identified by participants, some of which are presented below, be addressed using the taskforce methodology.

- Facilitate a cross-border workshop to increase coordination between the Government of Bangladesh and its neighbors, focusing on major land ports.
- Help the private-sector elevate its cost accounting systems so that the Government of Bangladesh and private-sector organizations can make stronger

arguments against countervailing and anti-dumping duties imposed on Bangladeshi exports.

- Take steps necessary to elevate the negotiating capacity of Bangladeshi officials.
- Activate a robust National Committee on Trade Facilitation (NCTF) for facilitating public-private collaboration in regards to the implementation of the WTO Trade Facilitation Agreement.
- Facilitate cross border cooperation between customs authorities, particularly as it relates to the synchronization of office hours, systems, and processes
- Increase the use of e-payment to duties and fees. To do this, Government banks need to be better equipped with advanced technologies.
- Roll out ASYCUDA World in all land ports with proper facilities and support.
- Organize a workshop on improvement of the documentation process regarding rules of origin.
- Create a task force focused on improving coordination among quality institutions and the Bangladesh Accreditation Board (BAB).

Context for consideration. It is important to take the workshop participants' recommendations presented in this report in context. As one can see above, the discussion spanned several types of non-tariff barriers, of varying degrees of technical complexity. As such, the quality of the recommendations depends in part on the extent to which participants in the workshop (1) possessed a strong technical understanding of the NTB, (2) are aware of other ongoing initiatives, and (3) grasp the internal workings of institutions relevant for the associated NTB. AMEG did as much as possible to focus the group on actions that do not require a nuanced technical understanding of, say, Countervailing Duties. The team also circulated this draft to several trade experts in Bangladesh to comment on the recommendations.

SECTION NO. I

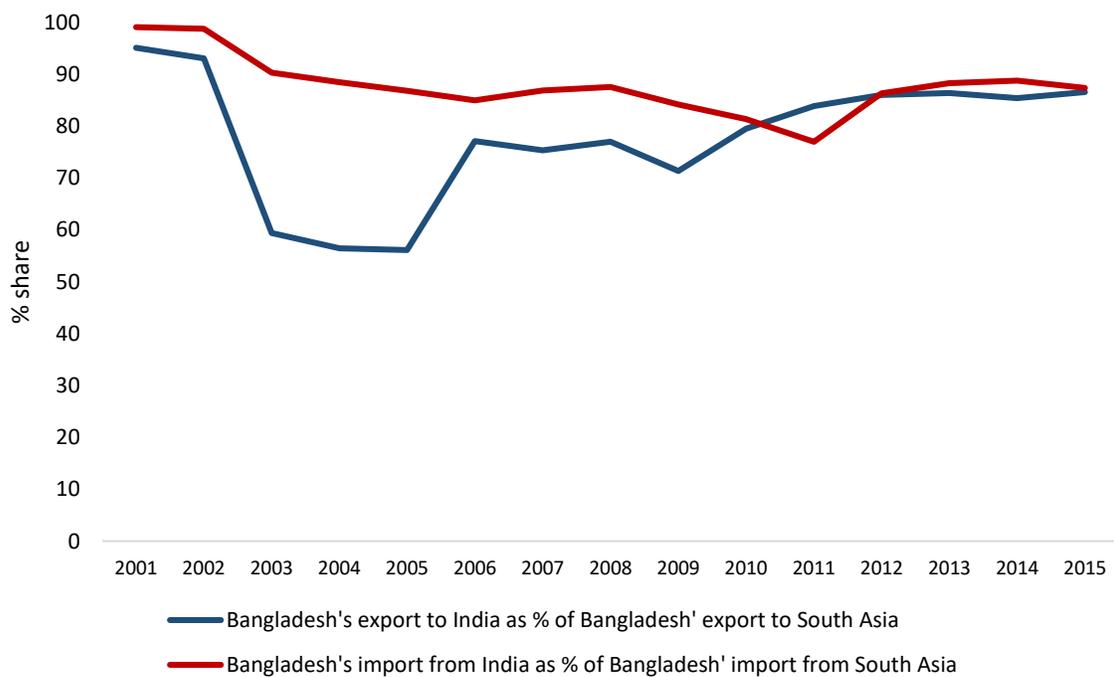
BANGLADESH BILATERAL TRADE IN SOUTH ASIA

This section provides an overview of Bangladesh’s trade with other countries in South Asia. This context is important for understanding the impact of non-tariff barriers (NTBs) in South Asia, and in Bangladesh particularly, and opportunities presented by addressing those NTBs.

I.1 BANGLADESH’S TRADE IN SOUTH ASIA

Bangladesh’s trade in South Asia is primarily trade with India. Figure I presents Bangladesh’s trade with India as a percentage of Bangladesh’s trade with all South Asian countries over the period stretching from 2001 and 2015. In the case of imports, the share has consistently been exceeded 80 percent — i.e., more than 80 percent of Bangladesh’s imports from South Asia come from India. In recent years the share has hovered just under the 90 percent mark. In the case of exports, with some fluctuation during the early 2000s, the share to India has exceed 86 percent in recent years.

Figure I: Dominance of India in Bangladesh’s trade in South Asia



Source: Calculated from the ITC Trade Map

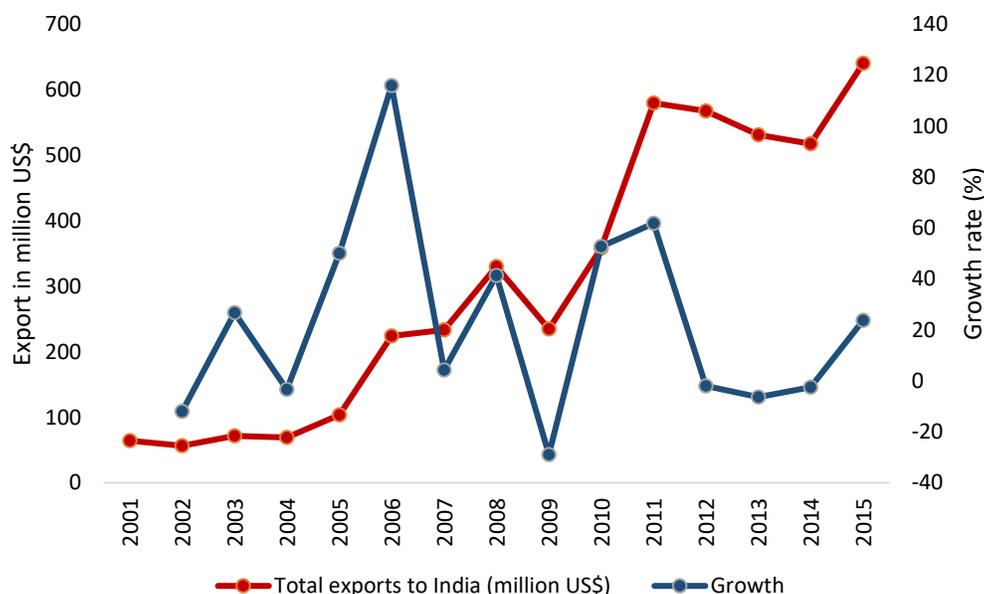
Over the years, Bangladesh’s exports has increased both in terms of quantity and number of products. Bangladesh’s exports to the world have increased from US \$5.39 billion in 2001 to US \$35.87 billion in 2015. Bangladesh’s major export destinations include the United States, United Kingdom, and other European Union (EU) countries. The exports of Bangladesh to the South Asian countries has not risen much over the years. In 2001, Bangladesh’s export to SAARC countries stood US\$ 0.06 billion which rose to US\$ 0.76 billion in 2015. In comparison to total Bangladeshi exports, the export volume to the South Asian countries has always been very low: around 2 percent. Although South Asian countries signed the South Asia Free Trade Agreement (SAFTA) in 2004, sluggish trade growth within South Asia has persisted. The reasons behind this sluggish intra-regional trade are complex, but can be attributed to the non-tariff measures adopted by the member countries and resultant non-tariff barriers. Another significant factor has been poor performance on implementation of identified solutions for reducing NTBs, e.g., delays in the implementation of Single Window.

1.2 BILATERAL TRADE BETWEEN BANGLADESH AND INDIA

1.2.1 GROWTH, VALUE, VOLUME

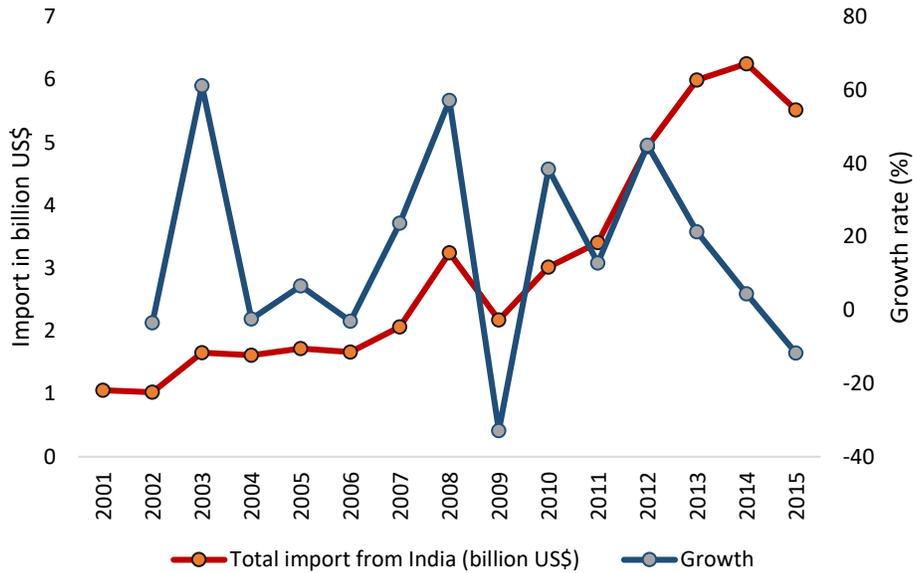
Bangladeshi exports to India were as low as US\$64 million in 2001, which increased to US\$639 million by 2015 (Figure 2). During 2009 and 2011, there was a notable rise in exports; however, during 2011 and 2014, exports experienced a declining trend, and in 2015, there was a rise again. In contrast, Bangladesh’s imports from India increased from little over US\$1 billion to more than US\$6 billion by 2014 (Figure 3). However, in 2015, imports from India fell to US\$5.5 billion. All these data demonstrate that Bangladesh has a widening bilateral trade deficit with India.

Figure 2: Bangladesh’s Exports to India



Source: ITC Trade Map

Figure 3: Bangladesh's Imports from India



Source: ITC Trade Map

1.2.2 SECTORAL COMPOSITION OF TRADE

Exports. The composition of Bangladesh's export to India has not changed significantly since the turn of the century (see Tables 1 to 4). In 2001, woven garments (product code 63), textile fibers, chemicals and, fish composed the top five export products to India. These four items remained at the top of the export basket in 2005 as well. Other noticeable major export products those were common between the years includes raw hides and skins, plastics and plastic goods, chemicals, and apparels. Prior to 2010, the export of apparels to India was less than US\$10 million. By 2015, apparel exports to India rose to US\$124 million (product codes 62 and 63) which accounted for about 25 percent of total export to India.

Table 1: Bangladesh's exports to India in 2001 (million US\$)

| Product code | Product label | Value (million US\$) |
|--------------|---|----------------------|
| 'TOTAL | All products | 64.12 |
| '63 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 18.63 |
| '53 | Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn | 18.51 |
| '28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ... | 12.35 |
| '03 | Fish and crustaceans, mollusks and other aquatic invertebrates | 6.16 |
| '31 | Fertilizers | 1.83 |
| '41 | Raw hides and skins (other than furskins) and leather | 1.74 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 1.71 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | 0.65 |
| '56 | Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof | 0.43 |
| '74 | Copper and articles thereof | 0.39 |

Source: ITC Trade Map

Table 2: Bangladesh's exports to India in 2005 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 103.70 |
| '28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals | 42.88 |
| '53 | Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn | 14.15 |
| '63 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 11.09 |
| '03 | Fish and crustaceans, mollusks and other aquatic invertebrates | 9.34 |
| '52 | Cotton | 3.60 |
| '56 | Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof | 2.91 |
| '41 | Raw hides and skins (other than furskins) and leather | 2.12 |
| '39 | Plastics and articles thereof | 1.84 |
| '08 | Edible fruit and nuts; peel of citrus fruit or melons | 1.81 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | 1.37 |

Source: ITC Trade Map

Table 3: Bangladesh's exports to India in 2010 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|--|----------------------|
| 'TOTAL | All products | 357.90 |
| '53 | Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn | 76.43 |
| '63 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 51.60 |
| '03 | Fish and crustaceans, mollusks and other aquatic invertebrates | 38.67 |
| '25 | Salt; sulphur; earths and stone; plastering materials, lime and cement | 30.00 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | 25.25 |
| '08 | Edible fruit and nuts; peel of citrus fruit or melons | 20.14 |
| '72 | Iron and steel | 14.35 |
| '41 | Raw hides and skins (other than furskins) and leather | 12.73 |
| '74 | Copper and articles thereof | 12.56 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 11.32 |

Source: ITC Trade Map

Table 4: Bangladesh's exports to India in 2015 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|--|----------------------|
| 'TOTAL | All products | 639.90 |
| '53 | Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn | 129.07 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 99.05 |
| '63 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 65.66 |
| '08 | Edible fruit and nuts; peel of citrus fruit or melons | 35.92 |
| '61 | Articles of apparel and clothing accessories, knitted or crocheted | 33.60 |
| '25 | Salt; sulphur; earths and stone; plastering materials, lime and cement | 22.65 |
| '03 | Fish and crustaceans, mollusks and other aquatic invertebrates | 21.33 |
| '28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals | 20.97 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | 20.05 |
| '89 | Ships, boats and floating structures | 16.38 |
| '52 | Cotton | 15.60 |

Source: ITC Trade Map

Import. India is a source of raw materials and foods and, as such, Bangladesh's imports from India has been on the rise over the past 15 years (Tables 5-8). Total imports from India rose from about US\$1 billion in 2001 to more than US\$5.5 billion in 2015. In 2001, the top ten import basket included food (cereals, sugar, edible vegetables, etc.) and raw materials (cotton, machines, vehicle parts, animal fodder, electrical machinery and iron and steel, etc.). Although the share of these components in the total exports changed in the analyzed time period, they remain major import goods for Bangladesh. Among the imported products, cotton's share of total imports rose from 17.13 percent in 2001 to around 30 percent between 2010 and 2015. Over the years, Bangladesh's import of cereals and foods has declined due to improved technologies, favorable weather, and bumper harvesting. This is also depicted in the scenario: the cereals' share of total exports declined from 21.45 percent in 2001 to around 6 percent.

Table 5: Bangladesh's Imports from India in 2001 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 1063.05 |
| '52 | Cotton | 182.15 |
| '10 | Cereals | 149.14 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 80.51 |
| '87 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 57.96 |
| '23 | Residues and waste from the food industries; prepared animal fodder | 48.99 |
| '17 | Sugars and sugar confectionery | 39.84 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | 37.18 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | 36.42 |
| '72 | Iron and steel | 35.47 |
| '07 | Edible vegetables and certain roots and tubers | 31.77 |

Source: ITC Trade Map

Table 6: Bangladesh's Imports from India in 2005 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|--|----------------------|
| 'TOTAL | All products | 1719.79 |
| '10 | Cereals | 368.96 |
| '52 | Cotton | 248.19 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ... | 137.58 |
| '07 | Edible vegetables and certain roots and tubers | 131.81 |
| '72 | Iron and steel | 83.85 |
| '87 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 71.75 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 71.55 |
| '29 | Organic chemicals | 48.81 |
| '25 | Salt; sulphur; earths and stone; plastering materials, lime and cement | 43.44 |
| '73 | Articles of iron or steel | 43.36 |

Source: ITC Trade Map

Table 7: Bangladesh's Imports from India in 2010 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|---------------|----------------------|
| 'TOTAL | All products | 3016.58 |
| '52 | Cotton | 936.37 |

| | | |
|-----|--|--------|
| '87 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 249.89 |
| '23 | Residues and waste from the food industries; prepared animal fodder | 239.13 |
| '07 | Edible vegetables and certain roots and tubers | 200.47 |
| '10 | Cereals | 157.13 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | 110.11 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 91.22 |
| '29 | Organic chemicals | 89.18 |
| '54 | Man-made filaments; strip and the like of man-made textile materials | 81.24 |
| '39 | Plastics and articles thereof | 73.97 |

Source: ITC Trade Map

Table 8: Bangladesh's Imports from India in 2015 (million US\$)

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 5521.52 |
| '52 | Cotton | 1590.55 |
| '87 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 544.86 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 358.92 |
| '10 | Cereals | 332.58 |
| '55 | Man-made staple fibers | 263.91 |
| '72 | Iron and steel | 191.73 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 180.30 |
| '29 | Organic chemicals | 166.28 |
| '32 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring ... | 156.45 |
| '39 | Plastics and articles thereof | 153.06 |

Source: ITC Trade Map

1.2.3 MAJOR ROUTES OF TRADE WITH INDIA

Trade between India and Bangladesh is mostly carried out via land routes as it is the most convenient and cheapest mode. More than 80 percent of trade is carried out through land due to the geographical proximity that the countries share, within this over 70 percent of trade is carried out through two LCSs (Land Customs Stations) of Petrapole-Benapole and Ranaghat-Gede (CUTS, 2014). India and Bangladesh also signed the Standard Operating Procedure (SOP) in New Delhi in November 2015, to operationalize the “Agreement on Coastal Shipping”, which started its operation in March 2016.

1.3 BILATERAL TRADE BETWEEN BANGLADESH AND OTHER SOUTH ASIAN COUNTRIES

1.3.1 TRADE WITH BHUTAN

Bangladesh's trade with Bhutan is very small. In 2015, Bangladesh only exported US\$5.5 million of goods to Bhutan and imported around US\$22 million (Figure 4). Bangladesh's major export products in 2015 included iron and steel, vegetables and plastic products (Table 9), whereas the import items included fruits and mineral products (Table 10).

Figure 4: Bangladesh's trade with Bhutan

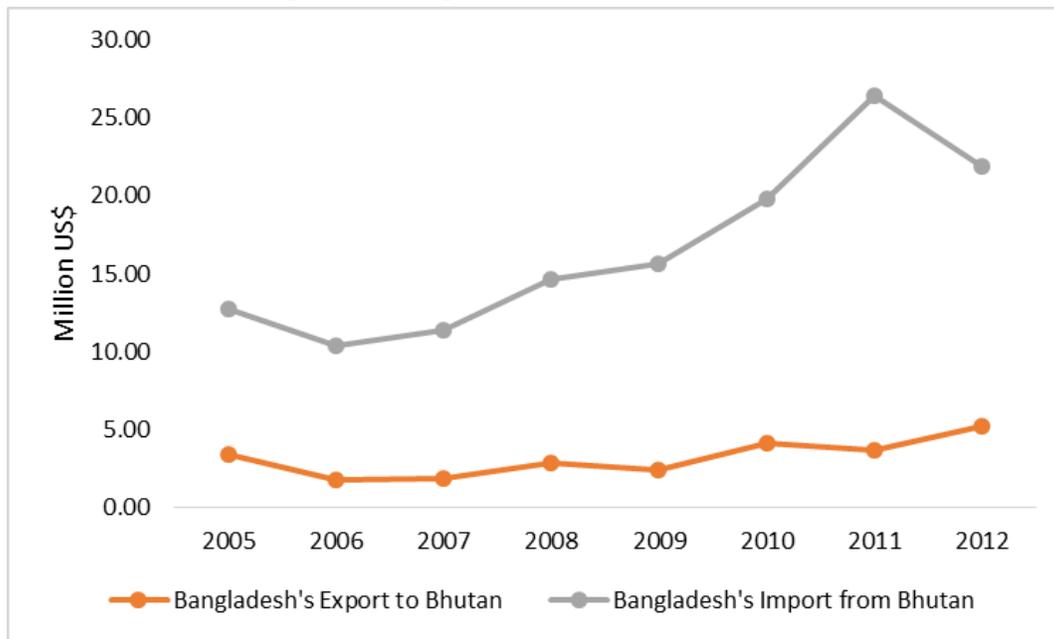


Table 9: Bangladesh's export to Bhutan in 2012 (Top 10 products)

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 5.25 |
| '73 | Articles of iron or steel | 1.77 |
| '20 | Preparations of vegetables, fruit, nuts or other parts of plants | 1.14 |
| '39 | Plastics and articles thereof | 0.54 |
| '19 | Preparations of cereals, flour, starch or milk; pastry cooks' products | 0.45 |
| '30 | Pharmaceutical products | 0.24 |
| '76 | Aluminum and articles thereof | 0.18 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 0.18 |
| '61 | Articles of apparel and clothing accessories, knitted or crocheted | 0.18 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 0.15 |
| '34 | Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ... | 0.15 |

Source: ITC Trade Map

Table 10: Bangladesh's Imports from Bhutan (Top ten products) in 2012

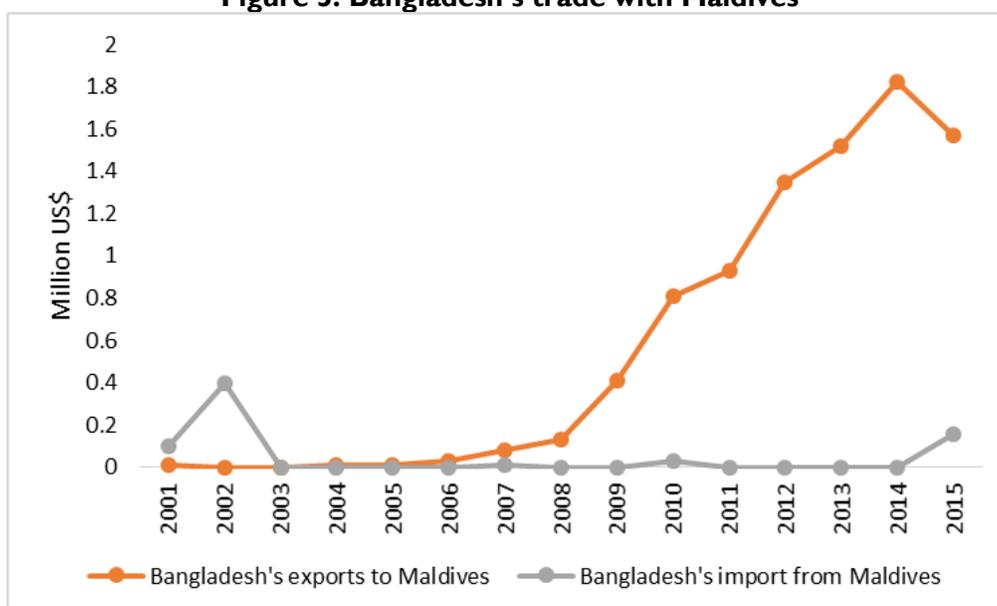
| Product code | Product label | Value (US\$ million) |
|--------------|--|----------------------|
| 'TOTAL | All products | 21.91 |
| '08 | Edible fruit and nuts; peel of citrus fruit or melons | 8.29 |
| '25 | Salt; sulphur; earths and stone; plastering materials, lime and cement | 7.78 |
| '09 | Coffee, tea, maté and spices | 4.84 |
| '72 | Iron and steel | 0.57 |
| '23 | Residues and waste from the food industries; prepared animal fodder | 0.35 |
| '21 | Miscellaneous edible preparations | 0.04 |
| '20 | Preparations of vegetables, fruit, nuts or other parts of plants | 0.02 |
| '07 | Edible vegetables and certain roots and tubers | 0.01 |
| '11 | Products of the milling industry; malt; starches; inulin; wheat gluten | 0.01 |

Source: ITC Trade Map

I.3.2 TRADE WITH MALDIVES

Bangladesh's trade with Maldives is also very small. In 2015, Bangladesh's exports to the Maldives were only valued at US\$1.6 million and imports were around US\$0.2 million (Figure 5). In 2015, Bangladesh's major export products included beverages, motor parts, and electronics (Table I 1), and import items included only fish products (Table I 2).

Figure 5: Bangladesh's trade with Maldives



Source: ITC Trade Map

Table I 1: Bangladesh's exports to Maldives in 2015

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 1.57 |
| '22 | Beverages, spirits and vinegar | 0.27 |
| '87 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 0.24 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 0.15 |
| '24 | Tobacco and manufactured tobacco substitutes | 0.13 |
| '02 | Meat and edible meat offal | 0.12 |
| '30 | Pharmaceutical products | 0.09 |
| '09 | Coffee, tea, maté and spices | 0.09 |
| '03 | Fish and crustaceans, mollusks and other aquatic invertebrates | 0.09 |
| '64 | Footwear, gaiters and the like; parts of such articles | 0.08 |
| '61 | Articles of apparel and clothing accessories, knitted or crocheted | 0.07 |

Source: ITC Trade Map

Table I 2: Bangladesh's imports from Maldives in 2015

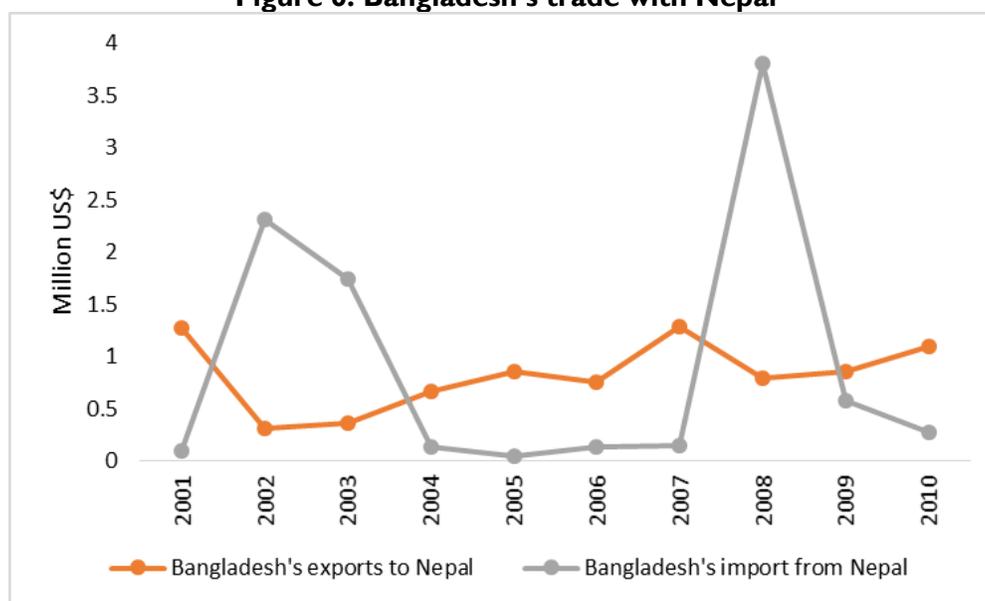
| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 0.16 |
| '23 | Residues and waste from the food industries; prepared animal fodder | 0.16 |

Source: ITC Trade Map

1.3.3 TRADE WITH NEPAL

There is no recent data available regarding Bangladesh's trade with Nepal. However, Bangladesh's trade with Nepal until 2010 was also very small. In 2010, Bangladeshi exports to Nepal were valued at US\$1.1 million and imports were valued at approximately US\$0.3 million (Figure 6). Bangladesh's major export products in 2010 included mineral products and pharmaceuticals (Table 13), and the import items included raw leather and cotton (Table 14).

Figure 6: Bangladesh's trade with Nepal



Source: ITC Trade Map

Table 13: Bangladesh's exports to Nepal in 2011 (Top products)

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 1.35 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | 0.55 |
| '30 | Pharmaceutical products | 0.48 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 0.13 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 0.09 |
| '61 | Articles of apparel and clothing accessories, knitted or crocheted | 0.07 |
| '49 | Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ... | 0.03 |
| '90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical | 0.01 |
| '65 | Headgear and parts thereof | 0.003 |
| '20 | Preparations of vegetables, fruit, nuts or other parts of plants | 0.002 |

Source: ITC Trade Map

Table 14: Bangladesh's imports from Nepal in 2011

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 0.11 |
| '41 | Raw hides and skins (other than furskins) and leather | 0.05 |

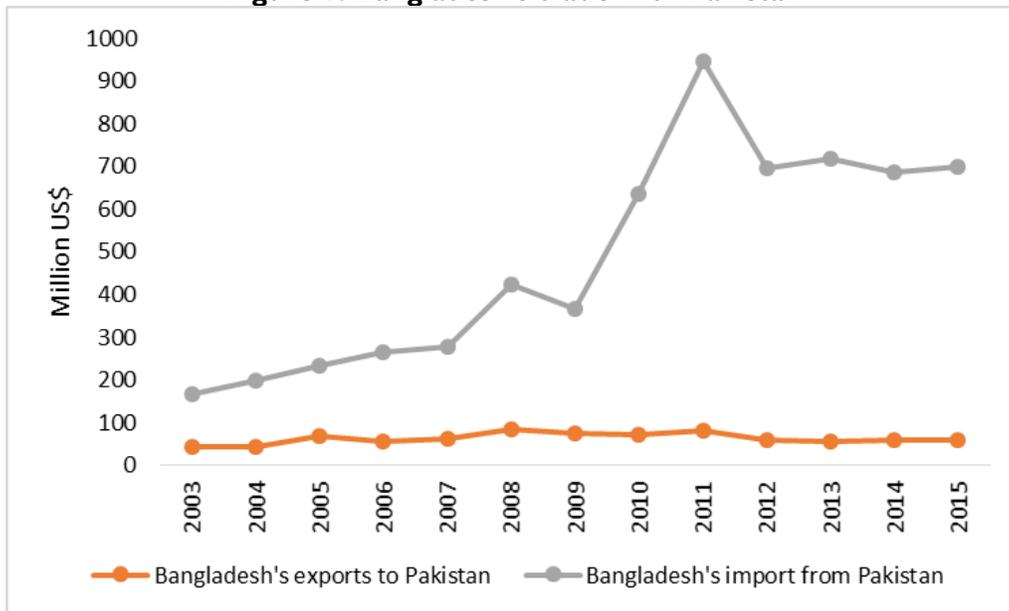
| | | |
|-----|---|-------|
| '52 | Cotton | 0.05 |
| '09 | Coffee, tea, maté and spices | 0.01 |
| '74 | Copper and articles thereof | 0.01 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 0.002 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | 0.002 |
| '48 | Paper and paperboard; articles of paper pulp, of paper or of paperboard | 0.001 |

Source: ITC Trade Map

1.3.4 TRADE WITH PAKISTAN

In South Asia, after India, Bangladesh's major trading partner is Pakistan. In 2015, Bangladesh' export to Pakistan was US\$60 million and import was US\$700 million (Figure 7). In 2015, Bangladesh's major export product was jute products (Table 15), and the major import item was cotton (Table 16).

Figure 7: Bangladesh's trade with Pakistan



Source: ITC Trade Map

Table 15: Bangladesh's exports to Pakistan in 2015 (Top 10 products)

| Product code | Product label | Value (US\$ million) |
|--------------|---|----------------------|
| 'TOTAL | All products | 60.25 |
| '53 | Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn | 41.42 |
| '89 | Ships, boats and floating structures | 7.70 |
| '24 | Tobacco and manufactured tobacco substitutes | 2.74 |
| '52 | Cotton | 2.01 |
| '09 | Coffee, tea, maté and spices | 1.09 |
| '61 | Articles of apparel and clothing accessories, knitted or crocheted | 1.02 |
| '28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ... | 0.79 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 0.77 |
| '96 | Miscellaneous manufactured articles | 0.68 |
| '63 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 0.45 |

Source: ITC Trade Map

Table 16: Bangladesh's imports from Pakistan in 2015

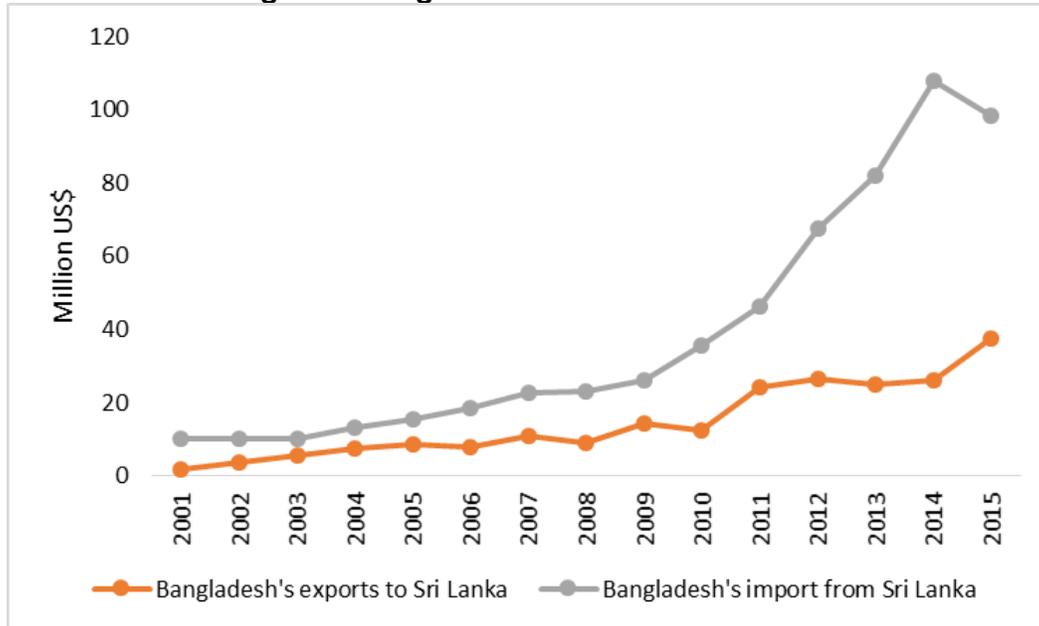
| Product code | Product label | Value (US\$ million) |
|--------------|--|----------------------|
| 'TOTAL | All products | 700.57 |
| '52 | Cotton | 602.01 |
| '84 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 17.93 |
| '41 | Raw hides and skins (other than furskins) and leather | 14.03 |
| '55 | Man-made staple fibers | 6.63 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ... | 6.60 |
| '39 | Plastics and articles thereof | 5.40 |
| '07 | Edible vegetables and certain roots and tubers | 5.28 |
| '60 | Knitted or crocheted fabrics | 4.76 |
| '32 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring ... | 3.58 |
| '89 | Ships, boats and floating structures | 3.19 |

Source: ITC Trade Map

I.3.5 TRADE WITH SRI LANKA

In South Asia Bangladesh's third largest trading partner is Sri Lanka. In 2015, Bangladesh exports to Sri Lanka were US\$38 million and import was US\$98 million (Figure 8). In the same year, Bangladesh's major export products included pharmaceuticals and cereals (Table 17), and the major import items included cotton, yarn, and plastic products (Table 18).

Figure 8: Bangladesh's trade with Sri Lanka



Source: ITC Trade Map

Table 17: Bangladesh's Exports to Sri Lanka in 2015 (Top 10 products)

| Product code | Product label | Value ('000 US\$) |
|--------------|---------------|-------------------|
| 'TOTAL | All products | 37.71 |

| | | |
|-----|---|-------|
| '30 | Pharmaceutical products | 11.69 |
| '10 | Cereals | 11.05 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 2.36 |
| '53 | Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn | 1.75 |
| '07 | Edible vegetables and certain roots and tubers | 1.52 |
| '52 | Cotton | 1.45 |
| '61 | Articles of apparel and clothing accessories, knitted or crocheted | 1.41 |
| '62 | Articles of apparel and clothing accessories, not knitted or crocheted | 0.86 |
| '28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ... | 0.81 |
| '39 | Plastics and articles thereof | 0.80 |

Source: ITC Trade Map

Table 18: Bangladesh's imports from Sri Lanka in 2015 (Top 10 products)

| Product code | Product label | Value ('000 US\$) |
|--------------|---|-------------------|
| 'TOTAL | All products | 98.48 |
| '52 | Cotton | 26.34 |
| '55 | Man-made staple fibers | 12.35 |
| '39 | Plastics and articles thereof | 11.48 |
| '60 | Knitted or crocheted fabrics | 10.25 |
| '34 | Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial | 6.15 |
| '48 | Paper and paperboard; articles of paper pulp, of paper or of paperboard | 4.50 |
| '27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral | 4.05 |
| '58 | Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery | 2.89 |
| '35 | Albuminoidal substances; modified starches; glues; enzymes | 2.86 |
| '85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television | 1.98 |

Source: ITC Trade Map

1.3.6 MAJOR ROUTES OF TRADE WITH OTHER SOUTH ASIAN COUNTRIES

Bangladesh's trade with Nepal and Bhutan happen through the Banglabandh land port. Trade with Pakistan, Sri Lanka, and Maldives happen through sea ports. Unfortunately, there are no reliable data available to measure the volume and type of trade occurring through these ports.

SECTION NO. 2

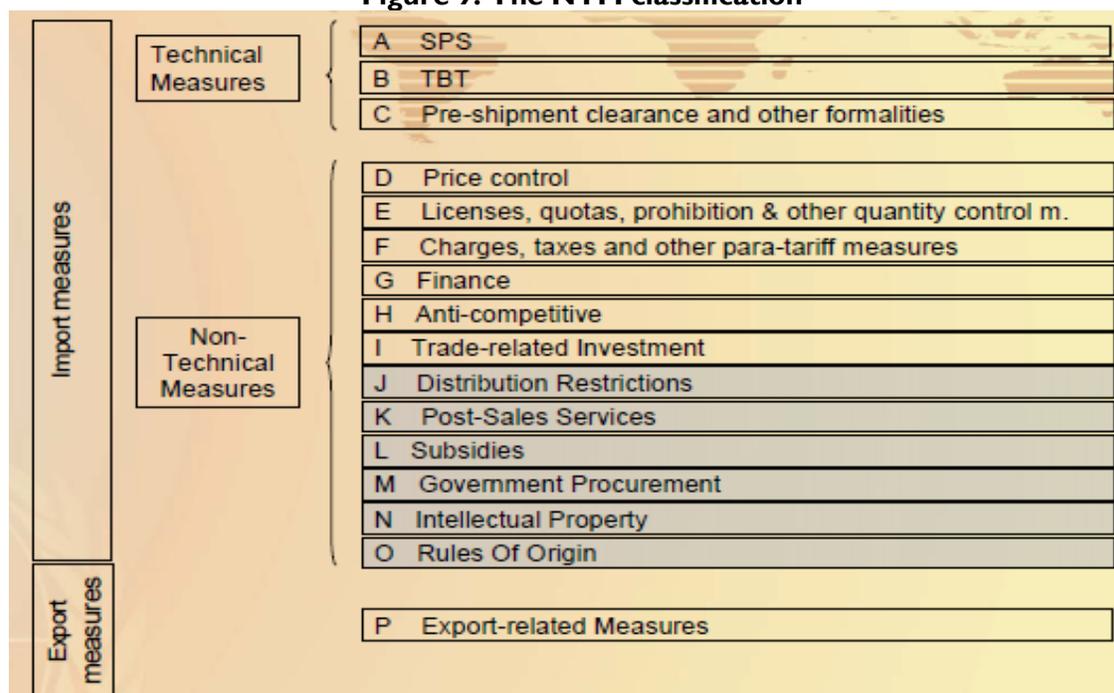
PRIORITY NON-TARIFF BARRIERS

This section presents an analysis of NTBs inhibiting Bangladesh’s trade with other South Asian nations. It is important to note that this report is not the result of an in-depth research activity. On the contrary, this section leverages previous research about NTBs in Bangladesh and South Asia to identify priority NTBs to be addressed. The following two sections also reflect input collected from private-sector leaders and Government of Bangladesh officials collected during the National NTB Action Planning Workshop.

2.1 OVERVIEW OF ALL NTBS IMPACTING BILATERAL TRADE

Non-tariff measures (NTMs) are official policy measures on export and import, other than ordinary customs tariffs, that can potentially have an effect on international trade in goods, changing quantities traded, or prices or both. NTMs are mandatory requirements, rules or regulations legally set by the government of the exporting, importing or transit country (in contrast to private standards which are not legally set). They can affect both export and import. NTMs include technical measures and standards, as well as regulations on customs procedures, para-tariff measures, financial measures, prohibition, etc. The NTM classification is provided in Figure 9.

Figure 9: The NTM classification



Source: Classification adopted by UNCTAD, ITC, and WTO

In contrast, NTBs are thought to be policy measures that surely affect the quantity traded and prices and have proven discriminatory effects against foreign firms. Although many private firms do not like NTMs, many have legitimate policy objectives and thus cannot be negotiated away. NTMs often impose additional costs on trading, and thus may have substantial effects on trade. For example, in South Asia many SMEs struggle to meet Sanitary and Phyto-sanitary (SPS) and Technical Barriers to Trade (TBT) standards. Due to the weak capacity of national standards authorities, certificates issued by them are not accepted in other countries. Lack of harmonization of standards and customs procedures exacerbate these problems.

Intra-regional trade in South Asia happens predominantly through the land borders. Many NTM related complaints are related to weak infrastructure at the land custom stations and lack of testing and laboratory facilities nearby the land custom stations. Due to various procedural obstacles, which are related to complicated bureaucratic processes, delays, corruption, and frequent changes in the policies, many legitimate NTMs turn into NTBs.

2.2 OVERVIEW OF NTBS IMPACTING BANGLADESHI REGIONAL TRADE

While there are many NTBs affecting trade between Bangladesh and its neighbors, a review of recent studies highlight five major categories of NTBs impacting Bangladeshi regional trade include:

- Conformity assessment
- Anti-dumping and countervailing duties
- Charges, taxes and other para-tariffs
- Rules of origin
- Lack of trade facilitation, particularly at land ports

2.2.1 NTB I: CONFORMITY ASSESSMENT

Conformity assessments refer to control, inspection, and approval procedures — such as testing — which confirm and control that a product fulfils the technical requirements and mandatory standards imposed by the importing country, for example to safeguard the health and safety of consumers.

Technical requirements refer to product-specific properties. They are legally binding and usually set by the country where the product is exported to — as opposed to voluntary standards. Technical requirements define product characteristics, technical specifications of a set of a product or the production process and post-production treatment. Technical regulations include sanitary and phyto-sanitary measures which are generally implemented to protect human, animal and plant life and health from pests and diseases.

Conformity assessment is required by the importing country, and either implemented prior to export, in the country of origin, or when the good is entering the importing

country. These measures are commonplace across the world as they are put in place to meet public policy objectives, such as the protection of human health.

One specific example is Sanitary and Phyto-sanitary (SPS) measures, which pertain to human, animal, and plant health and related food safety issues. SPS measures are applied to agriculture and food processing exports from Bangladesh and imports to Bangladesh. These products are subject to quarantine, certifications, and inspection requirement related to SPS issues.

The major conformity assessment problems faced by Bangladeshi exporters can be summarized as follows:

- **Non-acceptance of test certificates issued by Bangladeshi laboratories.** In the absence of testing facilities close to border crossings in India, the samples of food and processed food products are sent to far away laboratories which is a major barrier for exporting food and processed food items from Bangladesh.
- **Rules pertaining to shelf-life of food exports.** In the case of processed food products, India has made it mandatory to comply with the Food Adulteration (prevention) Act of 1954, which requires that Bangladeshi exports' shelf-life is not below 60 percent of the original shelf-life at the time of import. According to Bangladeshi traders, the method of determination of shelf-life is not clear.
- **Lack of risk-based approach to testing (1).** Indian authorities insist on testing all consignments, instead of the random drawing of samples, which is contrary to the generally accepted international practices for risk management. Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 of India requires testing for food safety and microbial presence, in addition to specific requirements for packaging and labelling.
- **Lack of risk-based approach to testing (2).** There is an official Notification (Circular No. 3/2011-Customs from Indian Department of Revenue), allowing provision for random sampling of 5 percent to 20 percent of consignments of a particular item imported, if the previous five consecutive consignments met the conformity criteria. However, exporters from Bangladesh reported that this allowance is not practiced at many ports and 100 percent consignments are made subject to testing.
- **Fees related to conformity assessment.** In addition to the official fees and levies (1 percent of the invoice value charged by the Port Authority, official fees for Customs Clearance, plus laboratory fees), traders must pay an additional 3.5 percent to 5 percent equivalent of the invoice value to various officials at borders on both sides combined, for each consignment of food and processed food products.
- **Technical barriers to trade.** Bangladeshi traders also face various kinds of packaging, labeling, certifications, and conformity assessments, or other restrictions falling under Technical Barriers to Trade (TBT). Most of these products belong to packaged food, household, and consumer products. In some cases, the root problem

is a lack of consistency in the way these standards, inspections, and requirements are implemented; yet a lack of knowledge among the private-sector about what the requirements are is also a major contributor to the problem.

- **Special labeling requirements.** India has made mandatory the special labeling, so that each jute bag/sack carries machine-stitched marking of the country of origin. But the rule is different than that for Indian-origin jute bags, which do not require special labeling.
- **Health certificate for leather products.** For Bangladeshi leather exports, Indian authorities ask for a Health Certificate of the goods. Also, the S.G.S test is required, which is expensive and time consuming.
- **Additional tests for textile exports.** For denim fabrics of cotton (<85% mixed with m-m fib, more than 200 g/m²), while exporting to Sri Lanka and Bhutan, different tests, like AZO and SGS tests are required which are costly and time consuming.
- **Pharmaceutical registration requirement.** India, Pakistan, and Nepal have made mandatory the registration of drugs with their central drug standard control organizations. Bangladesh finds the requirement to be 'arduous and highly time-consuming', that holds back export of pharmaceutical products.
- **Additional special registration requirements.** Products like cement, gelatin, condensed milk, electrical appliances, mineral water, steel products, leather products, X-ray equipment, dry cell batteries, thermometers, helmets and gas cylinders require registration with the Bureau of Indian Standards. Bangladesh views that the process is complex, time-consuming and costly, and the prerequisite is different from that needed for their domestic products.
- **Procedural obstacles more problematic than the regulations/standards.** Exporters find conformity assessment related NTMs difficult to comply with more because of the related procedural obstacles rather than the regulations being too strict or complex.
- **Distance from land ports to laboratories.** While importing all kinds of food products, India sends samples to testing laboratories located at places far from the customs points, which causes delays in the export process and results in increased demurrage costs.

Furthermore, Bangladesh Customs takes a long time to verification of documents and deliver the Customs Clearance Certificate, which in turn, delays export of shipment. During inspection, Customs creates unnecessary hassles and asks for informal payments. Sometimes clearing and forwarding (C&F) agents ask for additional payments. Shortage of transportation causes problems in business. Exporters exporting to India through the Beanpole port reported that Customs officials often suspend their operation without any notice. Some exporters reported that they had to pay different types of charges, such as stamp charge, other service charge etc. Often, exporters must pay informal payments to Custom officials which add costs to their exports.

2.2.2 NTB 2: ANTI-DUMPING AND COUNTERVAILING DUTIES

Dumping occurs when foreign manufacturers sell goods in the domestic market less than fair value, causing injury to the domestic industry. Dumping cases are company specific and Anti-Dumping Duties (ADD) are calculated to bridge the gap back to a fair market value. ADDs are for combating “dumping”, which means that an exporter is setting prices at such a low point, that they are intentionally losing money in order to harm the domestic producers of the importing country. It is a predatory pricing model where the exporter prices its goods below production costs or below what they sell for in their home market.

Countervailing Duties (CVD) cases are established when a foreign government provides assistance and subsidies enabling the manufacturers to sell their goods cheaper than domestic manufacturers. CVD cases are country specific, and the duties are calculated to duplicate the value of the subsidy. CVDs seek to counteract artificially low prices that are a result of subsidies. Governments often offer all sorts of subsidies on exports in the form of tax breaks and credits. Because of these subsidies, exporters are able to offer lower prices than domestic producers in the importing country. CVDs level the playing field and negate the advantage that exporters get from subsidies.

Both ADD and CVD essentially seek to remedy the same problem: artificially low priced imports. The root cause of the artificially low price is what differentiates antidumping and countervailing duties.

The major problems faced by Bangladeshi exporters are as follows:

- The Indian budget for 2013-14 imposed countervailing duty and additional tax of 3 percent on garments imported from Bangladesh. This action is based on the allegation that Government of Bangladesh subsidizes the readymade garment industries, which has been denied by Bangladeshi authorities and exporters. As a result, Bangladeshi garment exporters are not enjoying a duty-free market access in India, rather they are paying more than 15% tax.
- India's Directorate General of Anti-Dumping and Allied Duties (DGAD) recommended anti-dumping duty on certain jute products from Bangladesh. The DGAD recommended a duty of \$19.30 - \$351.72 per ton on a range of jute products from Bangladesh.

For background on the ADD imposed on Bangladeshi jute, in 2014, the Indian Jute Mills Association accused Bangladeshi exporters — for the first time in 40 years — of selling jute products at prices lower than those in India's domestic market. In October 2015, the Directorate General of Anti-Dumping and Allied Duties (DGAD) of India started its investigation into the matter. As part of the investigation, a team of the antidumping authority visited factories in Bangladesh and collected data, including the export prices of the shipped products to India and sales prices in the domestic market. Officials of the Tariff Commission of Bangladesh attended several hearings in India before the investigation concluded. In its final order issued in October 2016, the DGAD had come

to the conclusion that there is dumping of goods and the imports were "undercutting and suppressing the prices of the domestic industry". It said Indian jute producers are failing to compete with the imports, as Bangladeshi jute growers get 10 percent cash incentives. But the Dhaka Chamber of Commerce and Industry argued that there is no clear finding of injury caused by Bangladesh's export price and volume to Indian local finished products. The insignificant percentage of Bangladesh's share in the Indian market cannot have a major influence on the Indian jute market, according to the chamber.²

2.2.3 NTB 3: CHARGES, TAXES, AND OTHER PARA-TARIFFS

“Para-tariffs” means border charges and fees, other than “tariffs”, on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered as para-tariff measures. But indirect taxes and charges which are initially levied on both imports and domestic products but then domestic products are exempted can also be considered as para-tariffs.

Bangladeshi exporters often complain about beyond the border taxes/cess/levies in India. These duties include:

- *State-level para-tariffs*: A variety of state-level para-tariffs while entering India. Many of them are found discriminatory against imports.³
- *Secondary and Higher Education Cess*: 2 and 1 percent respectively on customs duties (CD+CVD).
- *Additional Excise Duty*: 4 percent, paid at customs point but rebatable when VAT is paid.

The total tax incidence can range from 8.3 to 12.7 percent.

ADDITIONAL CHARGES, TAXES, AND PARA-TARIFFS: WHAT DO THEY LOOK LIKE?

The Government of India imposes a special additional customs duty (SAD) on imports, with few exceptions. The idea of the SAD is to partially compensate for sales tax, state value-added tax, local tax, or other charges leviable on similar articles produced domestically in India. Since the SAD is an across-the-board tax applied at a flat rate on most goods, it may not always be equivalent to local sales taxes on similar domestically produced goods, which may be higher or lower.

Besides these duties and charges levied by the central government, additional taxes/charges are imposed by the state governments. For example, the State of Maharashtra levies an entry tax (octroi) on entry of domestic and imported goods (particularly petroleum products, tiles, and air conditioners) with rates ranging from 10 percent to 34 percent based on the product. Additionally, entry taxes are applied in several states, including Jammu and Kashmir, Himachal Pradesh, Rajasthan, Uttar Pradesh, Uttaranchal, Haryana, Punjab, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Bihar, Assam, Orissa, Arunachal Pradesh, Chhattisgarh, West Bengal, Maharashtra, Goa, Madhya Pradesh, and Gujarat.

² <http://www.thedailystar.net/business/jute-exports-stall-india-imposes-antidumping-duty-1343398>

³ See <http://sapkotac.blogspot.com/2013/04/nepal-india-trade-state-of-para-tariff.html>

2.2.4 NTB 4: RULES OF ORIGIN

Rules of origin are the criteria needed to determine the national source of a product. Rules of origin are used to determine whether imported products shall receive most-favored-nation (MFN) treatment or preferential treatment and to avoid trade deflection.

There is wide variation in the practice of governments with regard to interpreting and applying rules of origin. While the requirement of substantial transformation is universally recognized, some governments apply the criterion of change of tariff classification, others the ad valorem percentage criterion, and yet others the criterion of manufacturing or processing operation.

Bangladesh's experience in South Asia:

- In the case of the Bangladesh's export to other South Asian countries, the Rules of Origin are to be determined by the Agreement on South Asia Free Trade Area (SAFTA), which permits exports from Bangladesh to qualify for duty-free market access in India subject to the condition that at least 30 per cent value addition should take place in Bangladesh.
- Some exporters of readymade garments, plastic products, and chemical products complain about not being able to enjoy duty free market access in India due to rules of origin. Traders complain of corruption at the Indian customs. Despite showing certificates of origin, trader complain that the Government of India does not honor the certificates always and asks for bribes.

2.2.5 NTB 5: TRADE FACILITATION AT LAND PORTS

Trade facilitation is generally referred to as a reduction of transaction costs associated with unnecessary administrative burdens on cross-border movement of goods and services while safeguarding legitimate regulatory objectives. Trade costs associated with transportation charges, documentation requirements and delay in clearance at a national border are as important as traditional border such as tariffs and quantitative restrictions. 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. Easier movement of goods and services clearly drives export competitiveness and fosters diffusion of better technologies through imports and foreign direct investment.

Poor trade infrastructure and lack of trade facilitation are major challenges hindering trade of Bangladesh with its South Asian neighboring countries. Some specific trade facilitation challenges facing Bangladeshi trade in South Asia include:

- **Border-related infrastructure.** The conditions of land ports are far from satisfactory. Lots of improvements are needed at the Bangladesh side, as both Benapole and Akhaura check posts suffer from various infrastructural issues.

- **Capacity constraints at the border.** Most of land ports are plagued by labor problems, poor management, and lack of equipment. These problems result in weak coordination among border agencies — both intergovernmental coordination (among the Government of Bangladesh) and cross-border coordination with Bangladesh’s neighbors.
- **Informal payments.** Inefficiency and excessive costs at ports are further exacerbated by poor customs services. Apart from the delay in obtaining customs clearance, the payment of ‘extra’ money is required to complete the formalities and procedure.
- **Inland transport infrastructure.** Also, inland transportation suffers from poor road communication between factories and the land ports as the roads are not well developed.

All these increase the cost of production substantially and, as a result, many exporters find it extremely difficult to be competitive. However, Bangladesh has made some progress. One recent initiative to solve trade infrastructure problems is the creation of Integrated Check Posts (ICPs) at major land borders by the Government of India, to overcome existing infrastructure problems, create needed support facilities, and cater to growing demand of traders on both sides of the border. Two ICPs have already been set up at Agartala-Akhaura and Petrapole-Benapole. In addition, the World Bank and Government of Bangladesh are working to develop a National Single Window to improve inter-governmental coordination and use electronic systems for more efficient border processes.

PROPOSED SOLUTIONS

This section presents potential solutions for addressing key NTBs preventing Bangladesh from reaching its full economic potential. The recommendations come directly from discussions among Bangladeshi private-sector leaders and Government of Bangladesh officials. This section has been edited to focus on the ideas that have the highest probability of success. Annex B presents the unedited ideas that came out during the workshop.

3.1 OVERVIEW OF WORKSHOP METHODOLOGY

AMEG employed a participatory approach to the workshop inspired by human-centered design methods. Workshop participants were encouraged to use Post-it Notes to communicate their ideas, ensuring all attendees participated actively in the discussion. After a presentation by Dr. Selim Raihan highlighting key NTBs inhibiting Bangladesh's trade with South Asia, participants self-selected into four small breakout groups designated by the NTB categories presented by Dr. Raihan and highlighted in Section 2:

TABLE 19. NTB CATEGORIES BY BREAKOUT GROUP

| | |
|--|--|
| Group 1 – Anti-Dumping, Countervailing Duties, and Para-Tariffs | Group 2 – Conformity Assessment |
| Group 3 – Trade Facilitation | Group 4 – Rules of Origin |

To start the group activity, each breakout group discussed the roots of the problems, the key players most likely to influence change, potential solutions, and the risks and challenges associated with each solution area. By the end of Day 1, each group had selected three priority solution areas and presented the rationale for their selections to the larger group. On Day 2 workshop participants resumed these discussions in the same four breakout groups, focusing on specific actions for addressing NTBs.

Based on Day 1 discussions, the workshop facilitators decided that action planning sessions on Day 2 would be more effective by focusing on five types of action (see box). Given the focus of the workshop on “action”, the groups were asked to focus their discussions on a twelve-month implementation timeframe, on easy-wins (“low hanging fruit”), on areas of greatest economic impact (e.g. the Benapole/Petrapole border crossing in the case of trade facilitation), and activities that were in their controllable interest.

TYPES OF ACTION FOR ADDRESSING PRIORITY NTBS

- Workshops requiring international experts
- Advocacy support
- Procedural obstacles: process mapping and reengineering
- Training needs
- Research and information gaps

3.2 OVERARCHING THEMES

Before presenting the specific actions to address priority NTBs, it is worth noting some overarching themes that emerged strongly from the Bangladesh NTB Action Planning Workshop in Dhaka, as well as the Indo-Asia Connectivity for Shared Prosperity Conference in Kolkata on December 14 and 15, 2016. These themes can be summarized by the following two points:

Too many studies, not enough implementation. The participants frequently lamented that, in recent years, donors and South Asian governments have sponsored many meetings, studies, and projects focused on increasing intra-regional trade, but little action has been taken to relax NTBs in South Asia.

Lack of focus on specific NTBs. Participants cited a “lack of focus” as a primary cause of this poor implementation record. The root of this problem falls into the following categories:

- a. *Too many countries and stakeholders.* Often, too many countries and stakeholders are involved in the discussion, resulting in a lack of focus. One practical solution was offered: take an “N+1” approach to country involvement, i.e., begin with a bilateral approach, achieve some results, and then incrementally get more South Asian nations to adopt the solution.
- b. *Scope of problems too broad.* The scope of problems being addressed is often too large. The solution offered was “take a more granular, action-oriented approach.” Instead of nationwide customs reform, for example, take a pilot test approach to integrating customs operations at a specific border crossing, or in a specific sub-function such as an automated link between national customs messaging systems.
- c. *Focus on institution building rather than problem solving.* Finally, there has been greater focus historically on creating institutional bodies than on forging specific objective-oriented concrete solutions in reasonable timeframes. A potential solution is the use of a time-limited, objective-specific task force implementing mechanism.

The approach to addressing NTBs presented in Section 3.3 and the NTB action plan presented in 3.4 has been designed to reflect the above-mentioned themes.

3.3 MOVING FORWARD: NTB TASK FORCE IMPLEMENTING MECHANISM

3.3.1 TASK FORCE METHODOLOGY

While the NTB Action Planning Workshop yielded useful information related to private-sector priorities and potential solutions to addressing NTBs facing Bangladesh, the overarching themes presented in Section 3.2 highlight an important lesson learned for future activities: to avoid further loss of time and momentum creating new institutional bodies to address non-tariff barriers, regional integration activities should be focused on specific problems and solutions. As such, this action plan recommends a task force

approach which creates a small group that brings together a specific set of skills to accomplish a specific, time-limited objective. This approach is not novel; in fact, BUILD has used a nearly identical approach to tackle a variety of business environment reforms in Bangladesh. Task force success or failure usually boils down to three things:

- *The clarity of the task force's objective and goals.* An overarching objective is critical to task force success as are inevitable subsidiary goals that will serve as milestones. Both the objective and its subsidiary goals should be as specific (granular) as possible, and should be formalized in a task force charter from the outset.
- *Task force composition.* The members of the task force are key to its success. In particular, it is important to keep the group as small as possible, while having the right mix of relevant technical and leadership skills; organizational and advocacy clout; ability to understand and foresee roadblocks; and the capacity to forge implementable solutions. A versatile mix of technical expertise, leadership, foresight, and solution-oriented thinking from both the public and private sectors will bring multiple perspectives to the task, democratize buy-in, enhance communication, and ease the inevitable challenges of implementation.
- *Ability to collaborate.* Collaboration is vastly improved by clear delineation in the task force charter of the roles and responsibilities of the task force, as well as of others who may be essential in task success (e.g., senior management, line managers).

Task Force Charter. As mentioned above, a written charter is an essential initial element to task force success. Preferably, it should be no more than one page long, and it should specify (1) the objective of the task force and subsidiary goals to achieve that objective; (2) task force member roles and responsibilities; (3) an overall project timeline; (4) a list of specific tasks, associated expected work products, and work product delivery dates; (5) and the resources that will be made available by participating organizations. Chief among the required resources are the task force members themselves and their availability to do the work. Senior management in participating organizations need to ensure that members will have the time to participate.

The following items promote accelerated the task force progress if the group addresses them during the first meeting or two:

1. *Procedures.* Ask “What meeting agreements will we follow? What tools will we use to stay on track and move quickly? How will decisions be negotiated and finalized?”
2. *Logistics.* Define a process for distributing information and resources to members.
3. *Expectations.* Make agreements about members’ attendance, completing assignments, etc.
4. *Skills and Resources.* Identify and mobilize the resources within the task force and those available from the outside.
5. *Teamwork.* Discuss and enhance teamwork, using one of many exercises (e.g., team members identify their respective strengths and how they will support each other).

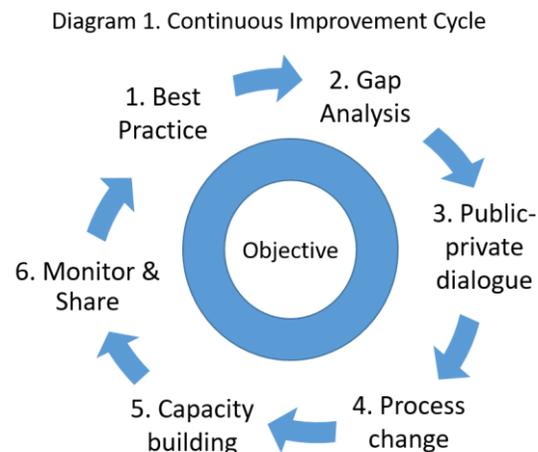
6. *Communication*. Identify members' styles, then discuss the best ways to get information across to each other, brainstorm creatively, and manage conflict.
7. *Leadership*. Fill roles such as group convener/leader, facilitator, recorder, and research coordinator.
8. *Work plan*. Identify specific tasks, who will be responsible for them, target dates for completion, and a budget if necessary.

Task forces that address these eight steps early achieve better results, show success more quickly, report a greater sense of accomplishment, and are more likely to volunteer for subsequent projects.

3.3.2 CONTINUOUS IMPROVEMENT CYCLE

To focus the scope of task force work from the outset, each task force will follow the continuous improvement cycle depicted in Diagram 1. The steps in this cycle are:

- **Step 1.** Identify international best practice related to achieving the objective or its parent topic;
- **Step 2.** Identify policy, legal, regulatory, and procedural gaps relevant to achieving international best practice. Where necessary to support any step herein, identify and conduct practical, results-oriented research in collaboration with local institutions;
- **Step 3.** Where necessary to the successful implementation, design and deliver *public-private dialogue sessions to gain buy-in and agreement among* participating institutions;
- **Step 4.** Identify opportunities to streamline regulations and procedures (process re-engineering) to effect changes necessary to achieve international best practice, including opportunities to automate procedures with state-of-the-art ICT solutions. Focus on changes that can be implemented with minimal legal and regulatory reform;
- **Step 5.** Identify structural and human capacity gaps in participating public and private institutions which inhibit successful implementation of the change envisioned in Step 4, and design and deliver practical technical assistance and training designed to close these gaps;
- **Step 6.** Identify key performance indicators (KPIs) which when achieved signal success, and design and use monitoring and evaluation (M&E) feedback loops to measure and report on progress toward achievement of these indicators.



3.2 NTB ELIMINATION ACTION PLAN

This section presents the key ideas brainstormed by participants at the NTB Action Planning Workshop. Using the Task Force Methodology and Continuous Improvement Cycle introduced in Section 3 will ensure that the recommended actions below are implemented as part of a thoughtful, action-oriented approach. Past experience has shown that actions implemented in isolation are less likely to yield significant results.

As mentioned above, workshop participants divided themselves into four breakout groups and, on Day 1, identified priority solution areas for their respective NTBs:

| TABLE 20. TWELVE PRIORITY SOLUTION AREAS | |
|--|---|
| <p>Group 1: Anti-Dumping Duties (ADD), Countervailing Duties (CVD), and Para-Tariffs</p> <ul style="list-style-type: none"> ▪ Review and update bilateral policies related to ADD/CVD/para-tariffs ▪ Training to raise awareness on maintaining proper documentation related to ADD and CVD ▪ Enhancing negotiation and legal skills for government and private sector | <p>Group 2 – Conformity Assessment</p> <ul style="list-style-type: none"> ▪ Harmonization of standards and regulations, particularly considering international standards ▪ Capacity building of quality assurance/standards institutions and implementation of risk management ▪ Establish effective enquiry points and regulations for sanitary and phyto-sanitary (SPS) and technical barriers to trade (TBT) |
| <p>Group 3 – Trade Facilitation</p> <ul style="list-style-type: none"> ▪ Activation of a robust National Trade Facilitation Committee with both public- and private-sector participation ▪ Legal reforms needed for Bangladesh to comply with the WTO Trade Facilitation Agreement ▪ Enhanced coordinated management at the border (particularly through the creation of a National Single Window) | <p>Group 4 – Rules of Origin</p> <ul style="list-style-type: none"> ▪ Capacity building for the government and private sector on rules of origin ▪ Documentation for cost accounting practices and verification ▪ Simplify rules of origin, such as Change Tariff Header |

The action planning sessions held on Day 2, which are the primary source of recommendations below, focused on these 12 priority solution areas.

Scope of this action plan. Given that 90 percent of Bangladesh’s trade with South Asian countries is with India, and keeping with the overarching theme of “greater focus”, the workshop and this action plan focuses primarily on NTBs inhibiting increased Bangladesh-India bilateral trade. This is consistent with the fact that India is by far the largest market in the region. It should be noted, however, that there are several ongoing multi-lateral efforts to increase South Asia’s intraregional trade. Examples include the BBIN (Bangladesh, Bhutan, India, and Nepal) Motor Vehicles Agreement, a near-final agreement that would allow trucks of any one of these nations to travel and carry freight across borders. Similarly, SAARC’s Multilateral Arrangement on Recognition of

Conformity Assessment (MARCA) aims to harmonize standards for and increase the mutual recognition of conformity assessments across South Asia.

Given the diverse group of workshop participants and technical complexity of some of the priority NTBs, some of the ideas presented need to be validated and explored in more detail. In addition, private sector participants identified some high priority items — such as intergovernmental coordination and the establishment of a Single Window in Bangladesh — that were not discussed in detail because the Government of Bangladesh and donors have already prioritized the problem and are already in the process of implementing the identified solution.

3.2.1 NTB I – ANTI-DUMPING DUTIES, COUNTERVAILING DUTIES, AND PARA-TARIFFS

This NTB category, Anti-dumping Duties (ADD), Countervailing Duties (CVD), and Para-Tariffs, was discussed by Breakout Group I. The three high priority solution areas defined by the group on Day I are highlighted in the box at right.

TOP PRIORITIES: ANTI-DUMPING, COUNTERVAILING DUTIES, AND PARA-TARIFFS

- Review and update bilateral policies related to anti-dumping/countervailing duties/para-tariffs
- Training to raise awareness on maintaining proper documentation related to anti-dumping issues
- Enhancing negotiation and legal skills for government and private sector

Given that ADD and CVD have been imposed on Bangladesh by other governments, the challenge in addressing this NTB category is focusing on actions within the manageable control of Bangladesh’s private-sector leaders. In particular, workshop participants struggled to brainstorm viable actions for addressing para-tariffs imposed by state-level government entities in India. For that reason, the actions below do not include specific actions related to para-tariffs.

At the workshop, the discussion focused on government to government negotiations, legal capacity, and private-sector financial transparency.⁴ The highest priority solution area identified by the group on Day I was *enhancing negotiation and legal skills for government and private sector*.⁵ Other relevant areas of need included establishing cells in Ministry of Commerce and concerned associations to handle *anti-dumping, countervailing and para-tariff issues*; raising capacity in financial analysis and legal skills in government and private institutions; developing uniform competition policy across South Asia with respect to anti-dumping (similar to that of EU states); and developing a cadre of

⁴ By elevating accounting standards and increasing financial transparency in Bangladesh, the government would be able to more easily demonstrate the cost structure of the products being impacted by ADD and CVD imposed by India and other countries.

⁵ Although enhanced negotiation and legal skills would invariably help address these NTBs, AMEG recommends further research before pursuing this type of activity. It is unclear whether the reason Bangladesh is “losing” negotiations over AD and CV issues is their ability to negotiate or other challenges, such as a lack of financial transparency.

consultants with expertise on best practice legal, regulatory, and procedural issues in these three areas.

In keeping with the overarching theme of “greater focus”, it must be recognized that ADD, CVD, and para-tariffs are separate and distinct topics, although there is some overlap in the issues underlying these NTBs and the governance institutions focusing on them. The action plans below have been designed with this in mind.

Establish action task force focused on Anti-dumping and Countervailing

Duties: The primary objective of this task force would be to (1) analyze the reasons India has imposed ADDs on Bangladesh previously, (2) review public-sector subsidies to Bangladeshi industry and evaluate the impact of those subsidies vis-à-vis the CVDs being imposed by other countries, (3) elevate relevant Bangladesh public and private sector institutions to parity with Indian counterparts in understanding the international regimes governing anti-dumping, and (4) establish the organizational structures and human capacity to negotiate successfully on behalf of affected Bangladeshi entities.

Potential activities to be implemented through the task force mechanism. All action plans should be considered dynamic, subject to change as implementation unfolds and new challenges arise. Within the context of the task force above or other task forces, workshop participants brainstormed the following potential activities to address ADD, CVD, and para-tariffs:

- Hire international experts to advise Bangladesh’s private-sector to improve the documentation and preparation of cost and pricing data. With more and better cost data, Bangladesh will be able to build more effective cases against anti-dumping and countervailing duties imposed on Bangladesh.
- Provide training to Bangladeshi lawyers on ADD and CVD law so they are able to more effectively build legal cases related to ADD and CVD and negotiate those cases, either bi-laterally or through multi-lateral entities such as the WTO.
- Review and upgrade the investigation process for responding to ADD and CVD cases imposed on Bangladeshi goods.
- Support a private-sector entity, such as BUILD, to conduct research focused on ADD, CVD, and para-tariffs and facilitate continued discussion on these technically complex topics among private-sector leaders and government officials.

A complete list of suggestions from workshop participants is included in Annex B.

3.2.2 NTB 2 – CONFORMITY ASSESSMENT

This NTB category, Conformity Assessment, was discussed by Breakout Group 2. The three high priority solution areas defined by the group on Day 1 are highlighted in the box on the top of the next page.

The number one priority solution area identified by the group on Day 1 was *Harmonization of standards and regulations, particularly considering international standards*. Other relevant areas of need included upgrading of government and private laboratories; reducing “sensitive lists” through bilateral discussions, MOUs, and other agreements; an electronic information hub; and harmonization in the context of International Standards Organization (ISO) standards.

TOP PRIORITIES: CONFORMITY ASSESSMENT

- Harmonization of standards and regulations, with particular attention to international standards
- Capacity building of quality assurance/standards institutions and implementation of risk management
- Establish effective enquiry points and regulations for sanitary/phyto-sanitary and technical barriers to trade

In 2011, SAFTA created South Asia Regional Standards Organization (SARSO)⁶ for this purpose. In addition, all SAFTA member states signed the SAARC Agreement on Multilateral Arrangement on Recognition of Conformity Assessment (MARCA) the expressed objective of which is “to facilitate the Parties to accept results of conformity assessment with a view to eliminate technical barriers to trade within SAARC”. However, progress in harmonization has been slow. Six Sectoral Technical Committees (STCs)⁷ have been established with representation from all member states, and they appear to be meeting on a semi-annual basis. Progress in meeting varies by STC. The action plans below have been designed with these facts in mind.

Potential activities through the task force framework. All actions should be considered dynamic, subject to change as implementation unfolds and new challenges arise. Workshop participants brainstormed the following potential activities to improve conformity assessment. It is recommended that these activities be carried out in the context of the task force model, which ensures buy-in from proper stakeholders and proper sequencing of reform efforts, among other benefits.

- Create a task force focused on improving coordination among quality institutions and the Bangladesh Accreditation Board (BAB).
- Support the creation of an online information hub that makes conformity assessment data, procedures, and regulations transparent and easy to find.
- Design training and other capacity building activities related to SPS and TBT for both the public and private sector.
- Conduct a gap analysis to identify capacity needed by Bangladeshi standards institutions in providing certifications of standards.

⁶ See [SARSO](#) and [MARCA](#) (see page 211 of link for text of MARCA)

⁷ STC-1: Food and Agricultural Products, STC-2: Jute, Textile and Leather, STC-3: Building Materials, STC-4: Electrical, Electronics, Telecom & IT, STC-5: Chemical and Chemical Products, and STC-6: Conformity Assessment

- Create a forum of regional and national standards/conformity assessment champions to meet bi-annually to discuss progress and advocate reform to the Government of Bangladesh.
- Conduct study to prioritize products based on their (1) total export potential for South Asia and (2) the extent to which they would benefit from regional standards harmonization by SARSO.
- JTC and JBC coordination with private sector leaders.
- Establish action task force focused on the implementation of MARCA and increased mutual recognition of conformity assessments in the region.

3.2.3 NTB 3 – TRADE FACILITATION

This third NTB category, Trade Facilitation, discussed by Breakout Group 3, was the most popular and active group at the NTB workshop.⁸ On Day 1, Group 3 identified the three high priority solution areas listed in the box at right. While some of these issues were extremely important for the group, the action plan omits some of the highest priorities, given ongoing work by donors and the Government of Bangladesh.

TOP PRIORITIES FOR TRADE FACILITATION

- Activation of a robust National Trade Facilitation Committee with both public- and private-sector participation
- Legal reforms needed for Bangladesh to comply with the WTO Trade Facilitation Agreement
- Enhanced coordinated management at the border (particularly through the creation of a National Single Window)

The top priority solution area identified by the group on Day 1 was *Activation of a robust National Committee on Trade Facilitation (NCTF) with both public- and private-sector participation*. An NCTF is a requirement under the WTO Trade Facilitation Agreement. According to workshop participants, the Government of Bangladesh has established an NTFC but the council is not yet an active and influential public-private institution tackling trade facilitation challenges. Notably, Bangladesh does not appear on the list⁹ of some sixty national contact points for Trade Facilitation in developing and LDC Members of the WTO. The activation of a robust NCTF will provide a sustainable mechanism for identifying and addressing trade facilitation NTBs inhibiting Bangladeshi trade.

The WTO Trade Facilitation Agreement (TFA)¹⁰ is an ambitious agreement that seeks to increase transparency and tackle red tape preventing increased trade flows across the world. Bangladesh ratified the TFA on September 27, 2016. By the end of 2016, 103

⁸ The popularity of the Trade Facilitation group may have been due to the importance of trade facilitation or the relative simplicity of trade facilitation issues in comparison with anti-dumping, conformity assessment, rules of origin, and other relatively complex NTBs discussed at the event.

⁹ [National contact points for Trade Facilitation](#) in developing and LDC Members on the TFA Facility website.

¹⁰ Find the approved Trade Facilitation Agreement and the Protocol of Amendment [here](#); see [TFA Facility](#).

WTO member states had ratified the agreement. Full ratification for the TFA is expected in early 2017. In a WTO first, the requirement to implement TFA is directly linked to the capacity of a country to do so. A WTO TFA Facility has been established to provide implementation assistance to countries that need it. The starting point for such assistance is a TFA Needs Assessment. From the group discussion, it was unclear whether Bangladesh has requested such assistance.

The final issue highlighted by the group is coordination at the border — both among Government of Bangladesh entities and between the Government of Bangladesh and counterparts in neighboring countries. Since the creation of a National Single Window remains the subject of an ongoing World Bank Group initiative, there was no further discussion of this solution area. However, the group brainstormed an initial activity designed to engender bilateral customs cooperation (discussed further below).

Other cited areas of need included strengthening the BBIN mechanism for advocating the elimination of NTBs; roll out of ASYCUDA World with proper facilities and support for business process mapping on trade processes with valuation processes in mind; and an update of the World Bank time release study completed in 2015 focused on trade flows through land ports.

Establish task force to tackle Bangladesh Trade Facilitation Reforms for compliance with WTO TFA. The objective of this task force would be (1) to support a needs assessment to identify all gaps preventing full Bangladesh compliance with WTO TFA and (2) to identify additional activities and task forces necessary to design, approve, and implement legal and regulatory reforms necessary for full compliance with the TFA. Given that the TFA is a wide ranging agreement and the Government of Bangladesh is in the process of implementing the TFA, further consultation is necessary before determining how to promote the implementation of this landmark agreement.

Activate a robust National Committee on Trade Facilitation (NCTF). The objective of this activity would be to review the current status of the NCTF and the root problems preventing it from becoming a robust and effective mechanism for public-private collaboration in identifying and addressing trade facilitation issues. In doing so, this activity should benchmark Bangladesh's NCTF to international best practice for a high-functioning NCTF. A specific activity put forward by workshop participants is to provide support to chambers of commerce and associations, such as BUILD, to improve their ability to advocate for and participate in the NCTF.

Create task force to organize and implement trade facilitation pilot for seamless express courier crossing at Benapole-Petrapole land port. Workshop participants highlighted the importance of improving cross-border coordination between the Governments of India and Bangladesh. Specifically, private-sector leaders recommended sponsoring a cross-border workshop/seminar at a major land port, such as Benapole or Tamabal.

To support this idea, this report recommends the creation of a cross-border task force focusing on a specific NTB — the lack of ground-based express courier service between Bangladesh and India. This approach will bring both sides together, while simultaneously demonstrating the workability and economic impact of removal of a tangible NTB. A demonstration pilot at the Benapole-Petrapole border crossing could also lay the foundation for a Bengal Borderless Alliance task force mechanism to expand and sustain regional dialogue on further NTB elimination, such as the cross-border synchronization of office hours (another suggestion from workshop participants).

This pilot would de facto involve at least a temporary demonstration of the efficacy of the still-to-be-ratified BBIN Motor Vehicles Agreement and provide an opportunity to further focus the BBIN mechanism on the elimination of NTBs.

Potential activities to be implemented by task forces. All action plans should be considered dynamic, that is subject to change as implementation unfolds and new challenges arise. Within the context of the task force approach, workshop participants brainstormed the following potential activities to improve trade facilitation and remove associated NTBs standing in the way of increasing trade between Bangladesh and its neighbors:

- Strengthen the BBIN Mechanism for advocating NTB issues.
- Roll out ASYCUDA World in all land ports with proper facilities and support.
- Harmonize documentation processes and other trade procedures across Bangladesh.
- Increase the use of e-payment to duties and fees. To do this, Government banks need to be better equipped with advanced technologies.
- Enhance the advanced ruling mechanism by harmonizing HS codes.
- Increase Government of Bangladesh capacity to detect valuation fraud.
- Develop a market prospective study with a focus on NTBs — for example, a guide to doing business in India for potential Bangladeshi exporters.
- Facilitate cross border cooperation between customs authorities, particularly as it relates to the synchronization of office hours.

3.2.4 NTB 4 – RULES OF ORIGIN (ROO)

NTB category 4, Rules of Origin, was discussed by Breakout Group 4. Group 4 identified the three high priority solution areas listed in the box at right. Specific areas of interest included non-recognition of the certificate of origin in the destination country, challenges surrounding the verification of

TOP PRIORITIES: RULES OF ORIGIN

- Capacity building for the government and private sector on rules of origin
- Documentation for cost accounting practices and verification
- Simplify rules of origin, such as Change Tariff Header

certificates of origin, a lack of standard procedure and best practices in issuing certificates of origin, the multitude of authorities issuing certificates of origin, and cost accounting, documentation, and auditing with respect to ROO verification.

It is worth noting that solving problems associated with rules of origin is not simply a matter of elevating capacity, gaps, but also requires efficient institutional structures in both the public and private sector. Discussions revealed a need to differentiate between the institutions and procedures related to issuance and recognition of certificates of origin, and those related to the cost accounting and related expertise necessary to properly determine origin. The action plans below have been designed with this in mind.

Potential activities to be implemented by task forces. Workshop participants brainstormed the following potential activities to address trade barriers related to rules of origin. It is recommended that these activities be carried out in the context of the task force model, which ensures buy-in from proper stakeholders and proper sequencing of reform efforts, among other benefits. All actions should be considered dynamic, subject to change as implementation unfolds and new challenges arise.

- Conduct private-sector training aimed at elevating cost accounting practices of exporters in Bangladesh, particularly for documenting value addition as it relates to rules of origin (training could overlap with issues related to ADD and CVD).
- Support advocacy initiatives related to data disclosure and taxation-related problems (targeting NBR, EPB, BTC, MOC, MOF, Ministry of Law, and trade bodies)
- Organize a workshop on improvement of the documentation process regarding rules of origin.
- Establish “Data confidentiality and non-disclosure” procedure.
- Advocate the creation of a “help-desk” enquiry point for traders with rules of origin related questions and concerns.

ANNEX A. WORKSHOP METHODOLOGY

Welcoming remarks from Ferdaus Ara Begum, CEO of Business Initiative Leading Development (BUILD), and John Macy, Enterprise Development Officer, USAID/Bangladesh, were followed on Workshop Day 1 by a presentation of NTB research findings by Dr. Selim Raihan, Professor of Economics at Dhaka University and Executive Director of the South Asia Network on Economic Modeling. Dr. Raihan ended discussion of each NTB category with several recommended solutions for workshop participants to consider. Mrs. Begum of Build then spoke on leveraging public-private partnerships as mechanisms for gaining ownership of, and driving the implementing of, priority solutions that the participants were expected to identify over the course of the workshop. She highlighted BUILD successes to date with similar initiatives. These presentations appear in Annexes A and B, respectively.

On the afternoon of the Day 1, participants self-selected into one of four small breakout groups designated by the NTB categories which emanated from Dr. Raihan’s presentation as follows:

| Table 1. NTB Categories by Breakout Group | |
|--|--|
| Group 1 – Anti-Dumping, Countervailing Duties, and Para-Tariffs | Group 2 – Conformity Assessment |
| Group 3 – Trade Facilitation | Group 4 – Rules of Origin |

The breakout groups then discussed the roots of the problems highlighted by Dr. Raihan, the key players most likely to influence change, additional solution areas to those recommended by Dr. Raihan, and the risks and challenges associated with each solution area. By the end of Day 1, each group had selected three priority solution areas and presented their selections, and the rationale for each, to the larger group. The twelve priority solution areas selected were as follows:

| Table 2. Twelve Priority Solution Areas by Breakout Group | |
|---|---|
| <p>Group 1 – Anti-Dumping, Countervailing Duties, and Para-Tariffs</p> <ul style="list-style-type: none"> ▪ Review and update bilateral policies related to anti-dumping/countervailing duties/para-tariffs ▪ Training to raise awareness on maintaining proper documentation related to anti-dumping issues ▪ Enhancing negotiation and legal skills for government and private sector | <p>Group 2 – Conformity Assessment</p> <ul style="list-style-type: none"> ▪ Harmonization of standards and regulations, particularly considering international standards ▪ Capacity building of quality assurance/standards institutions and implementation of risk management ▪ Establish effective enquiry points and regulations for sanitary/phyto-sanitary and technical barriers to trade |

| | |
|--|--|
| <p>Group 3 – Trade Facilitation</p> <ul style="list-style-type: none"> ▪ Activation of a robust National Trade Facilitation Committee with both public- and private-sector participation ▪ Legal reforms needed for Bangladesh to comply with the WTO Trade Facilitation Agreement ▪ Enhanced coordinated management at the border (particularly through the creation of a National Single Window) | <p>Group 4 – Rules of Origin</p> <ul style="list-style-type: none"> ▪ Capacity building for the government and private sector on rules of origin ▪ Documentation for cost accounting practices and verification ▪ Simplify rules of origin, such as Change Tariff Header |
|--|--|

On the morning of Day 2 of the workshop, participants, resumed these discussions in the same four breakout groups. Each group discussed their priority solution areas using the following action categories as a framework for identifying specific activities that would lead to elimination of NTBs.

| Table 3. Action Categories for Identifying Next-step Activities | |
|---|--|
| <ul style="list-style-type: none"> • Workshops requiring international experts • Advocacy support • Procedural obstacles for process mapping and reengineering | <ul style="list-style-type: none"> • Additional training needs • Research gaps |

The groups were asked to focus their discussions on a twelve-month implementation timeframe, on easy-wins (“low hanging fruit”), on areas of greatest economic impact (e.g. the Benapole/Petrapole border crossing in the case of trade facilitation), and activities that were in their controllable interest.

Groups inevitably had different levels of expertise and knowledge levels regarding the NTBs. This promoted very useful knowledge exchange, but it also meant that groups moved at different paces, took slightly different approaches, and varied in their ability to articulate the NTBs and approaches which would lead to their resolution. Frequently during the small group discussions groups lamented the poor record of implementation despite reams of previous studies on the various NTBs. Perhaps the most recurrent theme relating to these implementation failures was a lack of focus – either too many countries were involved or the technical approach to the solution was too all encompassing. Also mentioned was the plethora of institutional arrangements aimed at tackling the same problems (SARC, SAFTA, SARSO, BBIN, BIMSTEC, etc.) and their associated bureaucracies. In short, participants signaled that there has been a lack of focus and follow-through in previous attempts to reduce NTBs.¹¹

¹¹ Poor performance on implementation surfaced as a major issue, and similar solution themes also emerged, from discussion groups held the following week at the US Department of State-sponsored Indo-Asia Connectivity for Shared Prosperity conference in Kolkata, India. The term “N+1” surfaced frequently as code for “take a bilateral approach first instead of attempting to tackle NTB via larger groups of SA nations.” Many Kolkata participants were well-versed in previous failed attempts at reducing NTBs. They

There was no shortage of group enthusiasm in discussing these problems and suggesting solutions. Not all twelve priorities solution areas selected at the end of Day 1 were assigned next-step activities, however, and some groups did not to prioritize their identified activities. One very broad activity set, Single Window, was known to be a current focus of the World Bank Group, and therefore, to avoid donor activity duplication, Single Window was dropped from further consideration.

Overall, 154 activities were articulated by the four breakout groups, and the complete list of these activities appears in Annex C. Table 4 shows the distribution of the suggested

| Workshops (w/Int'l Expertise) & Training | Advocacy Support | Procedural Obstacles Streamlining | Research Gaps Elimination | Total |
|--|------------------|-----------------------------------|---------------------------|-------|
| 53 | 35 | 35 | 31 | 154 |
| 34% | 23% | 23% | 20% | |

activities across the previously-mentioned four broader activity areas. Note that “workshops requiring international expertise” and “additional training” (Table 4, Column 1) have been combined in this report since both are forms of capacity building.

suggested more “granular” approaches targeting smaller, very specific subsets of NTBs, (e.g. enabling small courier packages of less than 10 kilograms to cross borders by land instead of exclusively by air, a solution which would positively impact thousands of SMEs who are harnessing e-Commerce web platforms to expand their regional exports.) Several specific activities herein are designed to demonstrate progress emanating directly from both the Dhaka workshop and the Kolkata conference.

ANNEX B. RAW INPUTS FROM ACTION PLANNING WORKSHOP

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|--|--|--|--|---|
| Group 1 – Antidumping, Countervailing Duties, and Para-Tariffs | | | | |
| <i>NTB Solution #1: Enhancing negotiation and legal skills for government and private sector</i> | | | | |
| <p><i>Priority Activity:</i></p> <ul style="list-style-type: none"> ▪ Expert of Indian markets its product quality and financial matters <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> ▪ Consultants to formulate proper legislation on anti-dumping and countervailing duties ▪ Packing requirement on anti-dumping ▪ Research organization, such as BUILD ▪ Short-term international expert on advising on documentation and | <p><i>Priority Activities:</i></p> <ul style="list-style-type: none"> ▪ Regular monitoring of relevant authorities via PPD mechanism ▪ BUILD can bring a publication on anti-dumping <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> ▪ BUILD can conduct dialogue with chambers and businesses ▪ Training on para-tariffs which are discriminatory ▪ BUILD can bring public private dialogue only on anti-dumping ▪ Establishing anti-dumping cell in Ministry of Commerce and concerned associations | <p><i>Priority Activities:</i></p> <ul style="list-style-type: none"> ▪ Develop bargaining capacity of government and private sector ▪ Investigation process very cumbersome <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> ▪ Notice required to be given to exporter ▪ In investigation state before anti-dumping, the exporting country should be involved ▪ Indian Tariff Commission have financial analysts ▪ BUILD can make research papers for the real problems, such as Rahimafrouz, Meghana | <p><i>Priority Activity:</i></p> <ul style="list-style-type: none"> ▪ Training on negotiation; product quality; pricing; financial analysis; international law <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> ▪ Training on negotiation by negotiation experts ▪ Trainer on negotiation on anti-dumping issue | <p><i>Priority Activities:</i></p> <ul style="list-style-type: none"> ▪ Government and private sector jointly conduct research and development ▪ Capacity building designated focal points (Ministry of Commerce, Tariff Commission, Ministry of Foreign Affairs, Chambers of Commerce) <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> ▪ Legal assistance on arbitration by ICC ▪ Research on anti-dumping worldwide ▪ There is no research institute to conduct |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|--|---|---|----------|---|
| <p>preparation of cost and pricing</p> <ul style="list-style-type: none"> ▪ Audit certificate like SGS ▪ Dispute resolution organizations such as BIAC | <ul style="list-style-type: none"> ▪ Strengthen capacity of chamber in negotiation process ▪ Effective trade wing in our foreign mission ▪ Separate wing or cell of government and private sector to address anti-dumping, countervailing and para-tariff issues ▪ BUILD can conduct research on anti-dumping ▪ Private sector expertise on anti-dumping, countervailing and para-tariffs can assist government ▪ BUILD or DBI, DCCI can conduct training on international law in general ▪ Tariff Commission should appoint legal experts ▪ BUILD can discuss International cost analysis ▪ BUILD can provide training on negotiation | <ul style="list-style-type: none"> ▪ Loss analysis if anti-dumping measures have been taken ▪ Communication gap between exporter and country ▪ Documents exchange should be on time ▪ SAARC can have a uniform competition policy like EU in respect to anti-dumping ▪ Cost and time consuming to resolve the disputes | | <p>research on AD/CVD/PT issues</p> <ul style="list-style-type: none"> ▪ Situation analysis, strengths and weaknesses ▪ Anti-dumping in USA or other developed countries ▪ Anti-dumping in EU ▪ Contradiction of anti-dumping measures and constitution of the country ▪ Rationale behind measures in India or other SAARC countries ▪ Funds to be streamlined for R&D from independent sources ▪ Research on bilateral agreements ▪ WTO guidelines on anti-dumping |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|--|--|---|--|---|
| Group 2 – Conformity Assessment | | | | |
| <i>NTB Solution #1: Harmonization of standards and regulations, particularly considering international standards</i> | | | | |
| <ul style="list-style-type: none"> ▪ SARSO and private sector collaboration with other regional organizations ▪ Coordination among quality institutions and BAB ▪ Sector-based workshops ▪ Following reference standards ▪ Proper functioning of SAFTA for harmonization ▪ Harmonization of standards and regulations particularly considering international standards ▪ Outsourcing services from private labs considering international standards | <ul style="list-style-type: none"> ▪ Government support for proper functioning of mutual recognition agreement ▪ PPD needs to be formalized for getting the maximum benefit ▪ Functioning role of trade diplomats and missions ▪ JTC and JBC coordination with private sector leaders ▪ Reducing the sensitive list through bilateral discussions/MOU/Agreements ▪ Identifying regional and national champions and coordination among them ▪ Forum of regional and national champions can sit twice a year and discuss progress | <ul style="list-style-type: none"> ▪ Hostile relationship among member countries ▪ Big-brotherhood attitude of a few big economies among members ▪ Unnecessary requirements of importing countries ▪ Absence of electronic information hub ▪ No legal base of citizen charter ▪ Frequent transfer of line officials | <ul style="list-style-type: none"> ▪ Special training on international standards (ISO 17025) ▪ Case study and research based trainings ▪ Trainings on SPS and TBT for both public and private sector ▪ Regular trainings for creating a dedicated and knowledgeable lobbying group ▪ Training on trade negotiations | <ul style="list-style-type: none"> ▪ Sector-based – NTBs faced and their possible solutions ▪ Identifying products that have potential but facing NTBs in terms of standards ▪ Prioritizing products through research on their contribution to the total export for SARSO harmonization ▪ Analyzing the gap in capacity of institution in providing certifications of standards ▪ Identifying gaps among standards |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|--|--|--|--------------------------|--|
| <ul style="list-style-type: none"> Strengthening capacity of BSTI – considering international parameters | | | | |
| Group 3 – Trade Facilitation | | | | |
| Activation of a robust National Trade Facilitation Committee with both public- and private-sector participation Legal reforms needed for Bangladesh to comply with the WTO Trade Facilitation Agreement Enhanced coordinated management at the border (particularly through the creation of a National Single Window) | | | | |
| <p><i>Priority Activity:</i></p> <p>Coordinating border management – cross-border onsite workshop/seminar at land port like Benapole/Tamabal</p> <ul style="list-style-type: none"> Participants: public-private sector stakeholders from both sides of the border <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> Workshop with district chambers with local exporters along with public- and private-sectors from | <p><i>Priority Activity:</i></p> <p>Strengthening BBIN (PPI) Mechanism for advocating NTB issues</p> <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> Strengthening of chamber support groups and associations Research work on recommending means for implementing necessary action plans More active role of private sector (Chambers/Associations) in institutionalizing National Trade Facilitation Committee | <p><i>Priority Activity:</i></p> <ul style="list-style-type: none"> Roll out of ASYCUDA World in L/C Stations with proper facilities and support <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> Cross border synchronization of office hours Lack of capacity in detecting valuation fraud Absence of E-payment of duties (Government banks need to be better equipped with advanced technologies) Enhancement of advanced ruling mechanism | No activities identified | <p><i>Priority Activities:</i></p> <ul style="list-style-type: none"> Business process mapping on trade processes - valuation processes seems to be an opportunity Update time release study - focusing on land ports, conducted by the World Bank last year <p><i>Other Activities:</i></p> <ul style="list-style-type: none"> Market prospective study with a focus on NTBs - for example, a guide to doing business in India for potential |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|---|------------------|------------------------------------|----------|---|
| <p>both countries focused on trade facilitation</p> <ul style="list-style-type: none"> ▪ Nationwide harmonization of documentation process and other trade procedures ▪ Negotiating skills of related agencies (identifying negotiation skills gap) ▪ How to operationalize BBIN Motor Vehicle Agreement ▪ Simplification and harmonization of documentation ▪ Workshops on trade rules, laws, customs regulations at a regional level ▪ Simplification of documentation requirements ▪ Workshop to streamline cooperation between border agencies | | <p>(harmonization of HS codes)</p> | | <p>Bangladeshi exporters</p> <ul style="list-style-type: none"> ▪ Identification of cross-border infrastructure (potential frameworks) ▪ Study on facilitating transit and its economic benefit for providing TA) |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|---|--|--|---|--|
| <ul style="list-style-type: none"> ▪ Training and workshop on international commercial practice and international transport practice ▪ Capacity building for trade associations involved in trade and transport | | | | |
| Group 4 – Rules of Origin | | | | |
| <i>NTB Solution #1: Documentation for cost accounting practices and verification</i> | | | | |
| <ul style="list-style-type: none"> ▪ Fundamental training on ROO for both the public and private sectors ▪ Training on cost accounting practices for determining value addition ▪ Workshop on improvement of the documentation process regarding ROO | <ul style="list-style-type: none"> ▪ Advocacy on data disclosure and taxation-related problem (targeting NBR, EPB, BTC, MOC, MOF, Ministry of Law, and trade bodies) ▪ Advocacy Agent(s) → trade bodies, think tanks ▪ Advocacy Points(s) → Public agencies (NBR, EPB) ▪ Advocacy to establish “Data confidentiality and non-disclosure” procedure | <ul style="list-style-type: none"> ▪ Manual BOO documentation process ▪ “Wrong person in the right place” ▪ Lack of standard accounting practices (at firm level) ▪ Lack of time limit for performing a specific task relating to ROO ▪ Lack of single window ▪ Lack of virtual platform for ROO ▪ Lack of availability of the Internet ▪ Lack of knowledge on the part of exporters | <ul style="list-style-type: none"> ▪ Fundamental training on ROO ▪ Training on the technical aspects of ROO ▪ Training on cost accounting and auditing with respect to ROO ▪ Focus ROO training on: <ul style="list-style-type: none"> ○ Exporters ○ ROO Certificate issuing authority ○ Related government organizations | <ul style="list-style-type: none"> ▪ Relating to cost accounting practices of the exporters in Bangladesh ▪ Relating to the process of knowing/learning about export procedures in Bangladesh with special focus on ROO ▪ Relating to the value addition capacity of different sectors ▪ Relating to the value chain analysis of |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
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| | <ul style="list-style-type: none"> ▪ Advocacy on establishing a <u>single</u> “help desk” on ROO: <ul style="list-style-type: none"> ○ Technical aspects of ROO ○ Cost accounting and auditing for ROO ○ Documentation for ROO | | (e.g. Tariff Commission) <ul style="list-style-type: none"> ▪ Training on documentation related to ROO ▪ Training on verification and dispute settlement techniques | different export items (taking a cross-country perspective) |
| <i>NTB Solution #2: Simplify rules of origin, such as Change Tariff Header</i> | | | | |
| <ul style="list-style-type: none"> ▪ Workshop on trade negotiation under regional trade agreements ▪ Workshop on dispute handling ▪ Workshop on trade economics and diplomacy ▪ Workshop on maximizing value addition in export industries ▪ Workshop on game theory and negotiation | <ul style="list-style-type: none"> ▪ Advocate for relaxing ROO under SAFTA [using EU, Canada, ASEAN and other examples for reducing valuation ceilings, CTSH (Change Tariff Sub-Heading), and other approaches] ▪ Advocate for simplifying procedures related to ROO ▪ Advocate at the national level using think tanks, trade bodies, and exporters ▪ Advocate at the regional and bilateral level via forums hosted by | <ul style="list-style-type: none"> ▪ Non-recognition of the certificate of origin in the destination country ▪ Certificates of origin cannot be easily or properly verified ▪ Lack of standard procedure and best practices in issuing certificates of origin ▪ SAFTA negotiation meetings are not regular because of some non-trade-related reasons (e.g. political reasons) ▪ Many different authorities are issuing certificates of origin (this | <ul style="list-style-type: none"> ▪ Value chain analysis and training on cost accounting practices ▪ Training for exporters on how to fill out forms ▪ Training on documentation of certificates of origin ▪ Training on international trade negotiations ▪ Training for the private sector as well as public sector on determining ROO as well as in the areas listed above | <ul style="list-style-type: none"> ▪ Research on ways of filling up marginal gaps in value addition for potential exportable items ▪ Research on cross-boundary experience in negotiations on ROO ▪ Research on the vulnerability of domestic industry due to value addition relaxation ▪ Research on assessing country experience on |

| Workshops/International Expertise | Advocacy Support | Procedural Obstacles | Training | Research Gaps |
|---|--------------------------|--|----------|----------------------------------|
| | Government of Bangladesh | is both a question of designation and of capacity) | | possible benefits of easier ROO. |
| <i>NTB Solution #3: Capacity building for the government and private sector on rules of origin</i> | | | | |
| Since this solution group was very generic and cross-cutting, and has been covered as part of the discussion of priorities 1 and 2, Group 4 had no further comment on it. | | | | |

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