National Stakeholder Meeting on Non-Tariff Measures (NTMs) in Bangladesh


09 November 2015
Dhaka, Bangladesh
The following slides were used for the National Stakeholder Meeting on Non-Tariff Measures in Bangladesh on 09 November 2015.

The presentation is based on a survey of 1000 exporters and importers in Bangladesh.

The results and recommendations are preliminary.

ITC will conduct additional research and have discussions with key stakeholders before the final report and recommendation is published.
## Agenda

**MONDAY 09 NOVEMBER 2015, 09:00 – 16:30**  
DCCI, DHAKA, BANGLADESH

### NATIONAL WORKSHOP ON NON-TARIFF MEASURES

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30</td>
<td>Arrival and registration</td>
</tr>
<tr>
<td>09:30</td>
<td>Welcome and opening remarks</td>
</tr>
<tr>
<td></td>
<td>DCCI, ITC, FBCCI</td>
</tr>
<tr>
<td>09:45</td>
<td><strong>SESSION I: BACKGROUND AND OVERALL RESULTS</strong></td>
</tr>
<tr>
<td></td>
<td>The ITC programme NTMs, survey implementation in Bangladesh, general and sector specific results</td>
</tr>
<tr>
<td>12:30</td>
<td>Lunch</td>
</tr>
<tr>
<td>13:30</td>
<td><strong>SESSION II: THEMATIC ROUND TABLES</strong></td>
</tr>
<tr>
<td></td>
<td>- Round table 1: Rules of origin, border clearance procedures</td>
</tr>
<tr>
<td></td>
<td>- Round table 2: Technical requirements, standards, conformity assessment</td>
</tr>
<tr>
<td>15:00</td>
<td>Coffee Break</td>
</tr>
<tr>
<td>15:15</td>
<td>Summary of round table discussions</td>
</tr>
<tr>
<td>15:30</td>
<td><strong>SESSION III: Recommendation and conclusion</strong></td>
</tr>
<tr>
<td>16:30</td>
<td>Concluding Remarks and Closing</td>
</tr>
</tbody>
</table>
SESSION I: BACKGROUND AND OVERALL RESULTS

Introduction to ITC
What is ITC?

ITC works with local and regional institutions and businesspeople to build trade capacity.

Our mission

To foster inclusive and sustainable growth and development through trade and international business development.
ITC’s six focus areas and goals
ITC’s Market Analysis And Research Services

1. Information transparency (Global Public Goods)
   - Trade Map
   - Market Access Map
   - Investment Map
   - Standards Map

2. Country-level trade diagnostics & research on global trade trends
   (including NTM Business Surveys)

3. Building Capacity in market analysis and research
Understanding Non-Tariff Measures
What are non-tariff measures (NTMs)?

Official policy measures on export and import, other than ordinary customs tariffs, than can potentially have an effect on international trade in goods, changing quantities traded, or prices or both.

Mandatory requirements, rules or regulations legally set by the national authorities of the exporting, importing or transit country (in contrast to private standards which are not legally set)

Can affect both export and import

Include technical measures and standards, as well as regulations on customs procedures, para-tariff measures, financial measures, prohibition, etc.
Oranges with light green colour are allowed, provided the colour does not exceed one fifth of the total surface of the fruit.

### III. PROVISIONS CONCERNING SIZING

Size is determined by the maximum diameter of the equatorial section of the fruit.

#### A. Minimum size

<table>
<thead>
<tr>
<th>Fruit Type</th>
<th>Minimum Diameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lemons</td>
<td>45 mm</td>
</tr>
<tr>
<td>Mandarins, excluding clementines</td>
<td>45 mm</td>
</tr>
<tr>
<td>Clementines</td>
<td>35 mm</td>
</tr>
<tr>
<td>Oranges</td>
<td>53 mm</td>
</tr>
</tbody>
</table>
Example of a Mayonnaise for a Swiss supermarket – labeling requirements

- BIO. Private standard by Swiss retailer MIGROS

- Mandatory requirements by Switzerland

- Information is provided in 3 languages
ITC’s Programme on NTMs
Motivation, projects and methodology
### The Three Pillars

**Pillar 1**
- **NTM Regulatory Mapping**
  - Codifying and classification of national trade-related regulations
  - Data dissemination through Market Access Map (MAcMap)

**Pillar 2**
- **Business Survey**
  - Large-scale surveys of businesses on their experiences with government regulations when exporting or importing

**Pillar 3**
- **Follow Up Actions**
  - Design and implementation of actions to address companies’ difficulties with NTMs
  - E.g.: Trade Obstacle Alert (TOA) mechanism

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**OBJECTIVE: INCREASE TRANSPARENCY ABOUT NTMs**

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**ITC’s response: Project on NTMs**
NTMs and other trade obstacles

**NTMs**
Regulations on trade and products, other than tariffs, which may negatively affect the international trade of goods.

**Private Standards**
demanded by buyers for social, environmental and ethical reasons

**Excessively strict/complex requirements**
The requirements are too strict or complex to comply with.

**Procedural Obstacles**
Practical challenges or administrative hurdles which make compliance with NTMs difficult.

**NTBs:** NTMs that have a ‘protectionist or discriminatory intent’

**Business Environment**
General operating conditions in the country that are not related to NTMs but which may hinder company’s ability to trade.
A. Technical requirements
B. Conformity assessment
C. Pre-shipment inspection and other entry formalities
D. Trade remedies (anti-dumping, countervailing and safeguards)
E. Quantity control measures (e.g. licences, quotas, prohibitions)
F. Charges, taxes and price control measures
G. Finance measures
H. Anti-competitive measures
I. Trade-related investment measures
J. Distribution restrictions
K. Restriction on post-sales services
L. Subsidies
M. Government procurement restrictions
N. Intellectual property
O. Rules of origin and related certificate of origin

P. Export-related measures
II. Procedural obstacles

- ITC survey captures not only NTMs, but also the types of impediments related to a NTM.
- **Procedural obstacles** refer to practical issues rather than the regulatory measure itself.
- Procedural obstacles are issues such as **processes and procedures** which exporters or importers must go through to comply with a given regulation but find it problematic.
- For example: Kenyan exporters need to submit EUR.1 certificate of origin form when exporting to EU countries. To get this certificate, the exporters have to submit a lot of documents to the authorities to prove that the product is made in Kenya.

PO: A1. Large number of different documents

NTM: OA0. Rules of Origin
List of Procedural Obstacles (PO) to comply with the measures, and other obstacles to trade

<table>
<thead>
<tr>
<th>A. Administrative burdens related to regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Large number of different documents</td>
</tr>
<tr>
<td>A2. Documentation is difficult to fill out</td>
</tr>
<tr>
<td>A3. Difficulties with translation of documents from or into other languages</td>
</tr>
<tr>
<td>A4. Numerous administrative windows/organizations involved, redundant documents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Information/ transparency issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1. Information on selected regulation is not adequately published and disseminated</td>
</tr>
<tr>
<td>B2. No due notice for changes in selected regulation and related procedures</td>
</tr>
<tr>
<td>B3. Selected regulation changes frequently</td>
</tr>
<tr>
<td>B4. Requirements and processes differ from information published</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. Discriminatory behavior of officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1. Arbitrary behavior of officials regarding classification and valuation of the reported product</td>
</tr>
<tr>
<td>C2. Arbitrary behavior of officials with regard to the reported regulation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D. Time constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1. Delay related to reported regulation</td>
</tr>
<tr>
<td>D2. Deadlines set for completion of requirements are too short</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E. Informal or unusually high payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1. Unusually high fees and charges for reported certificate/regulation</td>
</tr>
<tr>
<td>E2. Informal payment, e.g. bribes for reported certificate/regulation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>F. Lack of sector-specific facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1. Limited/inappropriate facilities for testing</td>
</tr>
<tr>
<td>F2. Limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks</td>
</tr>
<tr>
<td>F3. Other limited/inappropriate facilities, related to reported certificate/regulation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G. Lack of recognition/accreditation</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1. Facilities lacking international accreditation/recognition</td>
</tr>
<tr>
<td>G2. Other problems with international recognition, e.g. lack of recognition of national certificates</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H. Other</th>
</tr>
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<tbody>
<tr>
<td>H1. Other obstacles (please specify)</td>
</tr>
</tbody>
</table>

Important: Where further information can be given e.g. number of days of delay, number of documents to be submitted, type of facilities required, please ensure these are specified.
NTMs – Why a concern for exporters and importers?

• Products need to comply with a wide range of NTMs; NTMs often vary across products and countries and can change quickly.

• The nature of NTMs has changed over time – they have become less visible and direct, but rather more complex.

• The problems companies face in relation to NTMs and their compliance are often linked to lack of capabilities, infrastructure and efficient procedures (“procedural obstacles”) in a country.

• Often there is no transparency and easy access to relevant information about NTMs that are applied by the destination country.

• Policy makers often lack a clear understanding about the current obstacles to trade their private sector is facing. This makes it difficult to define policies and strategies overcoming these challenges.
NTMs: A complex and growing issue

- Trade liberalization: growing international trade but falling tariff rates
- NTMs are omnipresent and are becoming increasingly complex
  - Use of national regulations as a trade policy instruments
  - Increasing consumer awareness: Swift in focus from protection to precaution.
  - Products need to comply with wide range of NTMs; NTMs often vary across products and countries and can change quickly
- Impediments companies face in relation to NTMs and their compliance are often linked to lack of capabilities, infrastructure and efficient procedures (“procedural obstacles”) in the country
- No transparency on and easy access to relevant information about NTMs that are applied by the destination market
- Policy makers often lack a clear understanding about the current obstacles to trade their private sector is facing – making it difficult to define policies and strategies overcoming these challenges
ITC business surveys on NTMs

- **Business perspective in focus:** Exporters (and importers) have to deal with NTMs and other obstacles on a day-to-day basis – they know best which challenges they face and to which extent they are affected.

- **Direct empirical research through company level surveys:** Surveying directly the business sector in Bangladesh enables to assess the impact of non-tariff obstacles on products and sectors.

- **In-depth analysis of survey results as diagnostic of the current situation of companies** with regards to NTMs. Results shall help to assess needs and define action plans to overcome obstacles to trade.

- In close collaboration with national and international partners.

- In the framework of ITC’s programme on NTMs.
NTM Business Survey: Why & How

Global methodology

…based on large-scale company level surveys

…representative by sector and company size

…adjusted to country-specific requirements

Identify trade impediments faced by companies on product and partner country level.

Enable companies to voice their concerns and needs regarding the identified problems and create dialogue among national stakeholders.

Reinforce country capacity: survey and analysis implemented in collaboration with local specialists, after intensive training.
# Surveys Methodology: Scope

## Goods
- Covers companies involved in international trade in goods.
- Products from all sectors included except minerals and arms.
- Sectors with more than a 2% share in total exports are included.
- Cumulatively, sectors covered account for at least 90% of country's total export value.

## NTM Survey covers the following sectors:
1. Fresh food and raw agro-based products
2. Processed food and agro-based products
3. Wood, wood products and paper
4. Yarn, fabrics and textiles
5. Chemicals
6. Leather
7. Metal and other basic manufacturing
8. Non-electric machinery
9. Computers, telecommunications; consumer electronics
10. Electronic components
11. Transport equipment
12. Clothing
13. Miscellaneous manufacturing

## Services
- The survey **does not cover** companies involved in cross-border trade in services such as tourism, banking, finance, telecommunication and BPO.
- A survey on trade in services requires a different methodology.
Two-step interview process

**Step 1**
Phone Screens (PS)
- 300 – 1100 samples per country
- 6-8 min per interview
- Identify products exported by the company and partner countries
- Identify if the company face problems with burdensome regulations

**Step 2**
Face-to-Face interviews (FTF)
- Companies facing problems with NTMs as identified in PS interviewed
- 120-600 face-to-face interviews per country
- 60-90 min per interview
- All details of the problem faced by the company recorded
As of 26 October 2015

NTM Surveys in numbers

22,344 Phone Interviews

6,164 Face-to-face interviews

More than 21,000 reported trade obstacles...

...concerning trade with 185 partner countries

From over developing countries 30

+ 28 EU countries

→ A MILLION DATA POINTS TO EXPLOIT FOR HIGHER TRTA IMPACT

As of 26 October 2015
Things to keep in mind…

1. **Perception data:** respondents are asked to report burdensome regulations representing *an impediment* to their exports or imports. They may have different scales for judging what constitutes an impediment (cultural, political, social, economic and linguistic differences);

2. **Unavailable or incomplete business registers:** As a result, it may be difficult to ensure random sampling within each sector, and a sufficient rate of participation in smaller sectors;

3. **Limited knowledge:** for example, exporters may not know the demand-side constraints behind the borders, e.g. ‘Buy domestic’ campaigns.
Survey results and dissemination

- Discussion and dissemination of survey results in a national stakeholder workshop to foster public-private dialogue

- Survey results provide basis to define national and sectoral action plans

- In collaboration with ITC and other regional and international organisations, through technical assistance and capacity building programmes, obstacles to trade can be reduced and removed.
Survey Implementation in Bangladesh

Introduction
In close collaboration with national and international partners

Government of Bangladesh

National Partner

ITC

Main Donor

TRADE IMPACT FOR GOOD

Survey Implementation Partner

srgb

Bangladesh Flag
NTM Survey Implementation: Timeline

April 2014
- Training of interviewers by ITC staff.
- SRG Bangladesh contracted to implement the survey

April 2014 – February 2015
- Survey implementation
- 998 companies surveyed in phone screening
- 411 companies in detailed face-to-face interviews

March 2015 – September 2015
- Quality control of data
- Data analysis
- First draft of the country report

2016
- Publication of the report “Bangladesh: Company Perspectives. An ITC Series on NTMs”.
- Initiation of follow up activities

09 November 2015 (Today)
- Stakeholder meeting in Dhaka to discuss main findings and policy options
- Public sector inputs to the report

ITC
TRADE IMPACT FOR GOOD
Survey Implementation

• Survey implemented in Bangladesh by:

  Centre For Research & Management Consulting

• Selected through a competitive UN Process

• Training of SRGB staff by ITC in April 2014

• SRGB Team:
  • 1 Project Manager
  • 1 Project Associate
  • 15 Field Interviewers
Over 1600 companies contacted...

- Business Registry compiled from various sources
- Original business registry outdated – needed additional sources of contacts
- Companies randomly selected
- A total of 1602 contacted
- Quality Control of data – jointly done by SRGB and ITC

Interviewed: 62%
Refused: 23%
Wrong contacts: 11%
Unable to reach the relevant person: 4%
Business no longer operational: 4%
The survey targeted high level managers familiar with trade related issues

- Proprietor, CEO, General Manager: 47%
- Managers: 45%
- Officers: 8%
Survey Implementation

• Survey Questionnaire has 4 sections:
  ➢ **Business operation** - questions about the company
  ➢ **Main products and partner countries** - products export/import and the origin and destination country or countries
  ➢ **Barriers to Trade** - challenges faced with certain regulations or procedures
  ➢ **Business environment** – problems with business environment

• Questionnaires translated into Bangla

• All interviews conducted in Bangla

• Extensive training to the Field Teams - jointly given by ITC and SRGB

• Quality Control of Data – jointly done by SRGB and ITC
Survey Implementation in Bangladesh
Profiles of interviewed companies
Bangladesh NTM Survey: Company Profile

998
Companies interviewed in initial phone screening (PS) stage

411
Companies interviewed in detail face-to-face (FTF) stage

Export

Export + Import

Import

- Company exports only (56%)
- Company exports and imports (27%)
- Company imports only (17%)
Distribution of interviews by company size

Company size based on number of employees:

- **Small**: Up to 100 employees
- **Medium**: 100 – 250 employees
- **Large**: +250 employees
Distribution of interviews by company location

- Dhaka
- Chittagong
- Khulna

The survey covered 3 major regions in Bangladesh with the majority of companies based in Dhaka, Chittagong, and Khulna.
Survey coverage by import and export sectors

- **Exporters**: N = 832
- **Importers**: N = 435

<table>
<thead>
<tr>
<th>Sector</th>
<th>Exporters</th>
<th>Importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh food</td>
<td>27%</td>
<td>7%</td>
</tr>
<tr>
<td>Processed food</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Wood products</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>Textiles</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Leather products</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>Basic manufactures</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Non-electronic machinery</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>IT &amp; Consumer electronics</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Electronic components</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>5%</td>
<td>16%</td>
</tr>
<tr>
<td>Clothing</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Miscellaneous manufacturing</td>
<td>2%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Exporters manufacturing or producing the goods they export: 97%

Bangladeshi exporters taking care of compliance to regulations and customs procedures on their own: 94%
Exporters’ main export destination: by sector

- **Agricultural**
  - N = 145
  - SAARC: 16%
  - Asia (except SAARC): 46%
  - Europe: 30%
  - Others: 6%
  - North America: 3%

- **Manufacturing**
  - N = 687
  - SAARC: 11%
  - Asia (except SAARC): 32%
  - Europe: 44%
  - Others: 8%
  - North America: 5%
Company Profile: Women Employment

Employees in trading companies are female

22%

Larger companies employ more women
Company Profile: Women Employment

17% Companies employed no women

15% Companies employed more women than men

2% Companies with over 75% of their workforce women

Out of 998 surveyed companies
Most exporters have been operational for at least 5 years and are fully Bangladeshi owned.

**Number of years of operation**
- Less than 1 year: 1%
- 1 to 5 years: 8%
- 5 to 10 years: 25%
- 10 to 20 years: 39%
- +20 years: 27%

**Ownership of business**
- No foreign ownership: 96%
- Up to half foreign owned: 1%
- More than half foreign owned: 3%

*Note: Information based on second stage face-to-face interviews*
Aggregate results
Trade barriers affecting Bangladeshi exporters and importers
Rank of Bangladesh out of 189 countries on Ease of Trading Across Borders

<table>
<thead>
<tr>
<th>EconomyName</th>
<th>Bangladesh</th>
<th>South Asia</th>
<th>OECD high income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time to export: Border compliance (hours)</td>
<td>100</td>
<td>61</td>
<td>15</td>
</tr>
<tr>
<td>Cost to export: Border compliance (USD)</td>
<td>408</td>
<td>376</td>
<td>160</td>
</tr>
<tr>
<td>Time to export: Documentary compliance (hours)</td>
<td>147</td>
<td>80</td>
<td>5</td>
</tr>
<tr>
<td>Cost to export: Documentary compliance (USD)</td>
<td>225</td>
<td>184</td>
<td>36</td>
</tr>
<tr>
<td>Time to import: Border compliance (hours)</td>
<td>183</td>
<td>114</td>
<td>9</td>
</tr>
<tr>
<td>Cost to import: Border compliance (USD)</td>
<td>1,294</td>
<td>653</td>
<td>123</td>
</tr>
<tr>
<td>Time to import: Documentary compliance (hours)</td>
<td>144</td>
<td>108</td>
<td>4</td>
</tr>
<tr>
<td>Cost to import: Documentary compliance (USD)</td>
<td>370</td>
<td>349</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Doing Business dataset
**Existing Literature (2/2)**

The Global Enabling Trade Report 2014

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**Enabling Trade Index 2014**

<table>
<thead>
<tr>
<th>Indicator, Units</th>
<th>Rank/138</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subindex A: Market access (25%)</strong></td>
<td>57</td>
<td>(out of 139)</td>
</tr>
<tr>
<td>Pillar 1: Domestic market access</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>Pillar 2: Foreign market access</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Subindex B: Border administration (25%)</strong></td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>Pillar 3: Efficiency &amp; transparency of border administration</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td><strong>Subindex C: Infrastructure (25%)</strong></td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>Pillar 4: Availability &amp; quality of transport infrastructure</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Pillar 5: Availability &amp; quality of transport services</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>Pillar 6: Availability &amp; use of ICTs</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td><strong>Subindex D: Operating environment (25%)</strong></td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Pillar 7: Operating environment</td>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>

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Source: The Global Enabling Trade Report 2014
Bangladesh: NTM Sample Frame

Number of companies that participated in telephone interviews: 998
- Exporting companies: 563
- Exporting and importing companies: 269
- Importing companies: 166

Number of screened companies that reported facing restrictive or obstacles to trade: 832
- Exporting companies: 519
- Exporting and importing companies: 246
- Importing companies: 147

Number of companies that participated in face-to-face interviews: 411
- Exporting companies: 182
- Exporting and importing companies: 150
- Importing companies: 79
Exporters from all sector are highly affected by NTMs but there are differences

- Basic manufacturing, machinery, electronics & transport equipment: 98%
- Fresh food: 96%
- Processed food: 96%
- Leather products: 96%
- Chemicals: 94%
- Textile products: 92%
- Bangladesh Average: 91%
- Clothing: 88%
- Miscellaneous manufacturing: 86%
- Wood products: 84%
- Fresh food: 98%
- processed food: 96%
- leather products: 96%
- chemicals: 94%
- textile products: 92%
- bangladesh average: 91%
- clothing: 88%
- miscellaneous manufacturing: 86%
- wood products: 84%

Figure corresponds to share of exporters from specific industries who reported to be facing difficulties or have faced difficulties complying with NTMs in the past 1 year.
Most of the NTMs perceived as burdensome by exporters are partner (importing) country regulations.

Share of burdensome NTMs applied by partner and home country

Partner countries (77%)  Bangladesh (23%)
SAARC and Middle-East region perceived as relatively more difficult to export to

*Share of burdensome NTMs applied by partner and home country*

<table>
<thead>
<tr>
<th>Partner countries (77%)</th>
<th>Bangladesh (23%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Bangladesh's export</td>
<td>Share of reported NTM cases</td>
</tr>
<tr>
<td>Export share vs NTM share (regional level)</td>
<td></td>
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</tbody>
</table>

- **SAARC**: 2% (export), 10% (NTM)
- **EU28**: 56% (export), 40% (NTM)
- **Middle East**: 2% (export), 6% (NTM)
- **Rest of Asia**: 12% (export), 17% (NTM)
- **United States**: 19% (export), 15% (NTM)
- **Rest of the world**: 9% (export), 12% (NTM)

Being the largest market, the most of the burdensome regulations faced by exporters also originate from the EU. However, given the relatively small size of the SAARC market for Bangladeshi exporters (2%), the share of burdensome NTMs that originate from these markets is very high and most of these NTM cases were applied by India.
Types of NTMs faced by exporters

Share of burdensome NTMs applied by partner and home country

- Partner countries (77%)
- Bangladesh (23%)

- Technical requirements: 24%
- Conformity assessment: 51%
- Pre-shipment inspection and other entry formalities: 10%
- Charges, taxes and other para-tariff measures: 4%
- Quantity control measures: 9%
- Others: 1%
- Rules of origin and related certificate of origin: 1%

n = 1457
Types of NTMs faced by exporters: by Sector

Share of burdensome NTMs applied by partner and home country

Partner countries (77%)

Bangladesh (23%)

Agriculture

n = 363

- Technical requirements: 13%
- Pre-shipment inspection and other entry formalities: 12%
- Charges, taxes and other para-tariff measures: 6%
- Quantity control measures: 6%
- Rules of origin and related certificate of origin: 6%

Manufacturing

n = 1094

- Conformity assessment: 27%
- Charges, taxes and other para-tariff measures: 4%
- Quantity control measures: 4%
- Rules of origin and related certificate of origin: 12%
- Others: 46%
Types of destination market NTMs faced by exporters: by Company size

Share of burdensome NTMs applied by partner and home country

Partner countries (77%)
Bangladesh (23%)

- Technical requirements
- Pre-shipment inspection and other entry formalities
- Quantity control measures
- Rules of origin and related certificate of origin

SME
- n = 478
- 61%

Large
- n = 964
- 46%

Conformity assessment
Charges, taxes and other para-tariff measures
Others
Export clearance is perceived as the most burdensome export regulation.

Share of burdensome NTMs applied by partner and home country

Partner countries (77%)

Bangladesh (23%)

- **Export clearance**: 42%
- **Export Inspection**: 17%
- **Licensing or permit**: 17%
- **Export taxes and charges**: 13%
- **Others**: 11%
Why exporters find NTMs burdensome

Procedural hinderances is a major concern to exporters that make compliance to regulations difficult

- Regulatory obstacles (regulations too strict or difficult to comply with): 12%
- Both regulatory and procedural obstacles: 7%
- Proceedings Obstacles (PO): 81%

Because of related Procedural Obstacles (PO)
Strict or difficult conditions the main problem for technical requirements; procedural hindrances cause of concern for other NTM types.

- Technical requirements: 69% regulation too strict/difficult, 28% both regulatory and procedural obstacle, 3% of the related procedural obstacles.
- Conformity assessment: 91% regulation too strict/difficult, 6% both regulatory and procedural obstacle, 3% of the related procedural obstacles.
- Pre-shipment inspection & entry formalities: 85% regulation too strict/difficult, 15% both regulatory and procedural obstacle.
- Rules & certificate of origin: 80% regulation too strict/difficult, 16% both regulatory and procedural obstacle, 4% of the related procedural obstacles.
- Bangladeshi export regulations: 89% regulation too strict/difficult, 7% both regulatory and procedural obstacle, 4% of the related procedural obstacles.
Types of POs experienced by exporters

86% Procedural obstacles occurring in Bangladeshi agencies

52% due to Time constraints / delays in administrative procedures

32% High fees and charges or Informal payments

- Delay related to reported regulation
- Informal payment
- High fees and charges
- Arbitrary behavior of officials
- Large number of different documents
- Limited or inappropriate facilities (eg. for testing)
- Facilities or certification lacking international accreditation or recognition
- Other obstacles

Number of PO cases

- Bangladesh
- Partner Country
- Transit Country
NTMs faced by importers - applied by Bangladesh

Most of the regulatory difficulties importers face in Bangladesh relates to pre-shipment inspection and customs formalities. For example, importers report that "while importing electrical appliances from India the Bangladesh Customs gives the clearance certificate only after inspecting the Bill of Entry, which leads to harassment. It causes delay in unloading the shipment. Moreover, we have to bribe in order to get the certificate."
Procedural obstacles experienced by importers

- Delay related to reported regulation
- Informal payment
- Arbitrary behavior of officials
- High fees and charges
- Large number of different documents
- Numerous administrative windows, redundant documents
- Other obstacles

For example, importers report that "while importing labels, badges and similar woven articles of textile materials from China we have to bribe 50000 taka to Customs officials for clearance if there is a government imposed quota on importing the particular goods."
Companies’ perception on general business environment in Bangladesh

<table>
<thead>
<tr>
<th>Share of companies whose business is negatively affected by the current business environment condition</th>
<th>How the business environment conditions have changed in the last 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal payments</td>
<td>83%</td>
</tr>
<tr>
<td>Time delays</td>
<td>78%</td>
</tr>
<tr>
<td>Lack of access to inputs for production</td>
<td>70%</td>
</tr>
<tr>
<td>Complex clearance mechanism</td>
<td>67%</td>
</tr>
<tr>
<td>Problems with electricity supply</td>
<td>59%</td>
</tr>
<tr>
<td>Limited transportation system</td>
<td>57%</td>
</tr>
<tr>
<td>Limited or extremely expensive airline...</td>
<td>54%</td>
</tr>
<tr>
<td>Lack of human resources in the agencies involved</td>
<td>53%</td>
</tr>
<tr>
<td>Low security level for persons and goods</td>
<td>49%</td>
</tr>
<tr>
<td>Lack of access to information, no enquiry point</td>
<td>32%</td>
</tr>
<tr>
<td>Lack of accredited testing laboratories</td>
<td>29%</td>
</tr>
<tr>
<td>Lack of storage facilities, including cooling</td>
<td>25%</td>
</tr>
<tr>
<td>Lack of electronic or computerized procedures</td>
<td>25%</td>
</tr>
<tr>
<td>Limited or lack of access to trade finance services</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Improved</th>
<th>Same</th>
<th>Deteriorated</th>
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<tr>
<td>Informal payments</td>
<td>54%</td>
<td>16%</td>
<td>30%</td>
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<tr>
<td>Time delays</td>
<td>58%</td>
<td>27%</td>
<td>14%</td>
</tr>
<tr>
<td>Lack of access to inputs for production</td>
<td>54%</td>
<td>36%</td>
<td>10%</td>
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<tr>
<td>Complex clearance mechanism</td>
<td>62%</td>
<td>25%</td>
<td>13%</td>
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<tr>
<td>Problems with electricity supply</td>
<td>44%</td>
<td>47%</td>
<td>9%</td>
</tr>
<tr>
<td>Limited transportation system</td>
<td>55%</td>
<td>28%</td>
<td>17%</td>
</tr>
<tr>
<td>Limited or extremely expensive airline...</td>
<td>47%</td>
<td>17%</td>
<td>36%</td>
</tr>
<tr>
<td>Lack of human resources in the agencies involved</td>
<td>51%</td>
<td>36%</td>
<td>12%</td>
</tr>
<tr>
<td>Low security level for persons and goods</td>
<td>42%</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>Lack of access to information, no enquiry point</td>
<td>58%</td>
<td>30%</td>
<td>13%</td>
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<tr>
<td>Lack of accredited testing laboratories</td>
<td>50%</td>
<td>25%</td>
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<td>39%</td>
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<td>Limited or lack of access to trade finance services</td>
<td>54%</td>
<td>32%</td>
<td>14%</td>
</tr>
</tbody>
</table>

ITC
TRADE IMPACT FOR GOOD
Non-tariff measures affecting agriculture sector
Perception of agro-food exporters
Agriculture Sector – An Overview

Size of the sector

Composition of agricultural exports

In US$ thousand

ITC
TRADE IMPACT FOR GOOD
Types of NTMs faced by agricultural exporters, by company size

- **Technical requirements**
  - SME: 61%
  - Large: 54%

- **Conformity assessment**
  - SME: 4%
  - Large: 17%

- **Pre-shipment inspection and other entry formalities**
  - SME: 20%
  - Large: 15%

- **Charges, taxes and other para-tariff measures**
  - SME: 7%
  - Large: 1%

- **Quantity control measures**
  - SME: 3%
  - Large: 7%

- **Rules of origin and related certificate of origin**
  - SME: 3%
  - Large: 1%

- **Export related measures (applied by Bangladesh)**
  - SME: 2%
  - Large: 6%

- **SME**
  - N = 216

- **Large**
  - N = 202

SMEs face more problems than the large companies both at home and abroad due to three reasons:

1. SMEs export different products than the large companies.
2. SMEs export mostly to the non-traditional markets, especially in South Asia.
3. SMEs have much lower capacities than the large companies in meeting many of the challenges at home and abroad.
Share of agricultural export and share of NTMs applied by partner countries

The European Union is the export market that applies the highest number of burdensome NTMs. However, the share of burdensome regulations experienced by exporters in EU is lower than the share of exports to these countries.

Countries in the Middle East and other Asian countries were responsible for more reported burdensome NTM cases in relation to their import shares.
Agro-food export: Type of NTM by partner

The European Union is the export market that applies the highest number of burdensome NTMs. However, the share of burdensome regulations experienced by exporters in EU is lower than the share of exports to these countries. Countries in the Middle East and other Asian countries were responsible for more reported burdensome NTM cases in relation to their import shares.

NTMs applied by partner countries affecting agricultural goods are mostly related to Conformity assessment.
NTMs affecting agricultural goods are mostly related to POs.

- Both regulatory and procedural obstacles: 8%
- Regulatory obstacles (regulations too strict or difficult to comply with): 12%
- Because of related procedural obstacles (PO): 71%
POs are more at home than in partner countries

- 76% POs at home
- 24% POs at partner countries
Technical requirements refer to **product-specific properties**.

They are **legally binding** and usually set by the country where the product is exported to (or imported from) – 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.
Agro-food exporters do not have adequate capacity to meet the technical requirements

- Partner country (in particular the EU, US, Japan) do not allow preservatives on food products (mostly shrimps).
  - Some exporters find it difficult to comply with this requirement as they claim the products decompose very fast without it.

- Some countries restrict use of colouring agents on food products

- Some partner countries require very detailed information on the product labels (food stuff) – Eg. Product composition, chemicals used, nutrition facts etc.
  - Some companies find it complex and difficult to comply with the labelling requirement

- Traceability requirements for fresh food products
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.

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 normally unavoidable for most agricultural products as they are put in place to meet public policy objectives, such as protection of human health.

- Reported mostly by exporters of rice and cereals, fish products, and fruits and vegetables.
- Exporters find conformity assessment related NTMs difficult to comply with more because of the related procedural obstacles rather than the regulations itself being too strict or complex.
- Delays in obtaining the certificates and the high associated costs seem to be the main procedural obstacle.
Conformity assessment procedures are burdensome to agro-food exporters

- Food items (fresh or processed) have to be tested for various health parameters (such as microbiology, melamine, preservatives etc).
  - Usually done by Bangladesh Standards And Testing Institution (BSTI)
  - Administrative hurdles a concern –
    - Time delay (average 6 days)*
    - Informal payments

- Inadequate or expensive testing/certification facilities for some tests in Bangladesh
- In some case, some exporters needed to do the tests abroad or bring in foreign inspectors – costly + time consuming.
  - Eg. British Retail Consortium (BRC), Hazard Analysis and Critical Control Point (HACCP)

*Based on 57 reported incidents of delays in BSTI by agro-food exporter
Other Issues with partner regulations

• Customs clearance issue in Japan
  • To benefit from GSP preferences from Japan – direct consignment shipping required. (Shrimp products)
  • Customs clearance possible only in on port (Yokohama) in Japan. (Bone and horn exporter). According to exporter Osaka would have been easier

• Saudi Arabia temporarily prohibiting import of fruits and vegetables from Bangladesh
  • Lack of adequate cooling facilities
Exporters’ experiences with regulations in Bangladesh

- About 14% of the difficult regulations faced by exporters were applied by Bangladesh on its exports.

- Exporters cited 58 NTM cases applied by Bangladeshi authorities, among which:
  - 18 on export inspection,
  - 17 on export clearance procedures performed by various Bangladeshi agencies
  - 10 on export taxes and charges
  - 9 on licensing or permit to export.

- Majority of the reported export related measures are difficult due to the associated POs.
Agro-exporters’ difficulties in Bangladesh

- Bangladesh Customs takes longer time for verification of documents.
  - It also delays delivering the Customs Clearance Certificate, which in turn, delays export of shipment.
  - During inspection they create “unnecessary hassles” and ask for informal payments.
- Sometimes C&F (clearing and forwarding) 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 have to pay informal payments to Custom officials which add costs to their exports.
Jute exports & subsidy

• Government offers subsidy to Jute traders, BUT
  • Exporters claim:
    – Smaller companies not getting fair share,
    – Most of the subsidy benefiting larger companies
    – Need political consideration or need to bribe to get subsidies.

• New Development
  • India revoking the licenses of importers and asked them to apply for new permits
  • Buyers of imported jute also require registration
Customs Clearance – the MAIN problem

- Very inefficient customs clearance system / process
  - Manual process – document checks
  - Slow – can be several days of waiting
  - Corruption – to clear shipment or expedite it

- Various fees and charges: stamp tax, processing fee etc that add up the trading cost

- The main problem for both exporters and importers

- Modernization / Automatization of customs procedures needed.
Exporters’ experiences with POs related to agricultural products

- Out of the 494 cases of POs
  - 80% involve domestic agencies and institutions.
  - 20% from partner countries.
- 49% of the POs are related to delays in administrative procedures.
  - These delays usually occurred during inspection or while certificates and permits were being issued.
  - Delays in administration process is also the main PO reported by exporters that occur in partner countries.
- Informal payments make up 26% of the reported PO cases.
  - This problem mainly occurs when obtaining product certification or during customs clearance
General Business Environment: Transportation issues

- Vegetable exporters expressed concerns with current transportation infrastructure / facilities
  - Shipping to EU or US takes too long on cargo ships → products go bad
  - Air Cargo is the only viable alternative BUT
    - It is much more expensive (fine with exporters)
    - Not enough air cargo capacity / facility

- Difficulties with shipping faced by shrimps & lobster exporters in Khulna
  - Mongla is the closest available port, BUT
    - It is not a deep sea port
    - Is not able to handle large ships
    - Hence, exporters cannot ship directly to destination (eg. Japan, EU, USA)
  - Goods need to be shipped via Chittagong port.
    - More expensive and time consuming
    - Not enough container handling facilities
Non-tariff measures affecting agriculture sector
Perception of agro-food importers
Agricultural Imports

$11 billion
Value of Bangladeshi agricultural imports

Top 5 imported products

- Cotton: $2.4 b
- Fixed vegetable fats and oils (not soft): $2.4 b
- Sugars, molasses and honey: $1.2 b
- Fixed vegetable fats and oils (soft): $1.1 b
- Wheat and meslin, unmilled: $1 b

Main import partners

- Indonesia: 2.1
- India: 1.2
- Brazil: 1.2
- Thailand: 1.2
- Argentina: 0.9
- United States of America: 0.5
Import of agro-food products – burdensome NTMs applied by Bangladeshi authorities: Examples

Most of the difficulties faced by importers of agricultural products were related to conformity assessment or pre-shipment and other custom formalities.
NTMs applied by Bangladesh and the reasons making them burdensome: Examples

The major POs affecting the imports of agricultural products are related to delays, informal payment, e.g. bribes for reported certificate/regulation, complicated procedures, arbitrary behavior of officials, and limited or inappropriate facilities for testing.
Non-tariff measures affecting manufacturing sector

Perception of exporters
Types of NTMs faced by manufacturing exporters, by company size

Difficulties with are more prominent on SMEs (33% of NTM cases) compared to large companies (23%). Conformity assessment related issues are the major issue for both SME and large firms. Rules of origin is also a concern for both SMEs and large companies.
The European Union is the export market that applies the highest number of burdensome NTMs. However, the share of burdensome regulations experienced by exporters in EU is lower than the share of exports to these countries.

Over 10% of the burdensome NTM originate from the SAARC region. This share of NTMs is disproportionately high compared to the regions import share,
NTMs applied by partner countries affecting manufacturing goods are mostly related to Conformity assessment and rules of origin

Export of manufacturing products – types of NTMs applied by partner countries

- Rules of origin and related certificate of origin
- Finance Measures
- Charges, taxes and other para-tariff measures
- Conformity assessment
- Distribution restrictions
- Quantity control measures
- Pre-shipment inspection and other entry formalities
- Technical requirements
More than 80% of NTMs affecting manufacturing goods are related to POs.

- 81% Because of related Procedural Obstacles (PO)
- 13% Regulatory obstacles (regulations too strict or difficult to comply with)
- 6% Both regulatory and procedural obstacles
81% of the POs are originating at home
## Major POs affecting manufacturing goods

<table>
<thead>
<tr>
<th>NTM (Chapter)</th>
<th>Procedural obstacle</th>
<th>Home</th>
<th>Partner countr</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Technical requirements</td>
<td>D1. Delay related to reported regulation</td>
<td>21</td>
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<td>E1. Unusually high fees and charges for reported certificate/regulation</td>
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<tr>
<td></td>
<td>F1. Limited/inappropriate facilities for testing</td>
<td>3</td>
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<tr>
<td></td>
<td>A1. Large number of different documents</td>
<td>21</td>
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<tr>
<td></td>
<td>C1. Arbitrary behavior of officials regarding classification and valuation of the reported product</td>
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<td>E1. Unusually high fees and charges for reported certificate/regulation</td>
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<td>11</td>
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<td>E2. Informal payment, e.g. bribes for reported certificate/regulation</td>
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<td></td>
<td>F1. Limited/inappropriate facilities for testing</td>
<td>36</td>
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<td></td>
<td>F2. Limited/inappropriate facilities for sector-specific transport and storage</td>
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<td></td>
<td>G1. Facilities lacking international accreditation/recognition</td>
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<td>G2. Other problems with international recognition, e.g. lack of recognition of national certificates</td>
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<td>H1. Other procedural obstacles, please specify</td>
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<td>B. Conformity assessment</td>
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<td>C2. Arbitrary behavior of officials with regards to the reported regulation</td>
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<td>D1. Delay related to reported regulation</td>
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<td>C. Pre-shipment inspection and other entry formalities</td>
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<td>E2. Informal payment, e.g. bribes for reported certificate/regulation</td>
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<td>D. Charges, taxes and other para-tariff measures</td>
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<td>1</td>
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<tr>
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<td>E1. Unusually high fees and charges for reported certificate/regulation</td>
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<tr>
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<td>E2. Informal payment, e.g. bribes for reported certificate/regulation</td>
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<tr>
<td>E. Quantity control measures</td>
<td>D1. Delay related to reported regulation</td>
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<tr>
<td></td>
<td>E1. Unusually high fees and charges for reported certificate/regulation</td>
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<td>3</td>
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<tr>
<td></td>
<td>F3. Other limited/inappropriate facilities, related to reported certificate/regulation</td>
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<tr>
<td></td>
<td>H1. Other procedural obstacles, please specify</td>
<td>0</td>
<td>1</td>
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<tr>
<td>O. Rules of origin and related certificate of origin</td>
<td>A1. Large number of different documents</td>
<td>12</td>
<td>3</td>
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<td>F3. Other limited/inappropriate facilities, related to reported certificate/regulation</td>
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<td></td>
<td>H1. Other procedural obstacles, please specify</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>Total PO Cases</strong></td>
<td>1134</td>
<td>270</td>
</tr>
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</table>
Garment sector – obtaining product quality certification can be expensive and time consuming

- Exporters have to prove compliance to various quality / safety standards (AZO, SGS, ISO tests etc.) depending upon the buyer and destination

  - Most expressed no difficulties complying with these product standards

BUT

- Obtaining the certification can be time-consuming and expensive for some
Garment Sector – difficulties with working conditions

- Increasing number of buyer countries demanding better work conditions + higher wages for labors
  - Increased scrutiny – lack of trust
  - Some expressed difficulties / higher cost in complying with multitude buyer demanded conditions
  - Different / conflicting requirements
  - Certification usually obtained from Bangladesh Garments Manufacturers and Exporters Associations (BGMEA)

- US suspended GSP preferences to Bangladesh due to work condition related issues
Pharmaceutical exporters’ difficulties

- Few have proper accreditations to export to large well regulated markets
- Long waiting time to get proper license from Directorate General of Drug Administration (DGDA)
  - Companies raise the issue of insufficient staffs at DGDA given the growing pharmaceutical industry
- Lack of proper national drug standard
  - Companies adhering to different manufacturing quality standards (eg. World Health Organisation standard, UK national standards, etc).
- Limited testing laboratories and insufficient capacity
  - Eg. for bio-equivalence testing
Ceramic Exporters’ difficulty – Bangladeshi certification not recognized internationally

- Ceramic exporters need safety (FDA) certification to export to USA and other EU countries.
  - In Bangladesh, BSTI can issue this certificate BUT
  - BSTI issued certificate not recognized by partner country
  - Need to get FDA certification from laboratories in UK – more expensive and time consuming
Obstacles in the regional SAARC

• Exporting leather products to India requires health certificate and S.G.S test
  • Expensive (at least taka 10,000) and time consuming (4-10 days).
• Exporting cement to India requires permit following testing from Bureau of Indian Standards (BIS) (4-5 months of waiting time)
• Exporting to India requires a licence (eg. ceramic products)
  • Need to pay State Tax in addition to duty
  • These extra charges a big burden to companies
• Arbitrary behaviour of officers at the Indian Customs:
  • Not granting duty preferences as per the SAFTA agreement (eg. for plastic products).
  • Demanding bribes to clear shipment
• Need to pay transit fee when exporting to Nepal via India
• Denim fabrics to Sri Lanka and Bhutan, different tests, like AZO and SGS tests are required which are costly (10,000 to 20,000 taka) and time consuming.
Exporters’ difficulties – Rules of Origin

- Garment exporters benefit from GSP preference (e.g. from UK, Germany, Japan)
  - Administrative hurdles to get the certificate of origin
  - Waiting time – around 7 days
  - Need to pay extra (informal payments)
Exporters’ difficulties

- Difficulties with duty drawback scheme
  - Take as long time to get money back (6 – 12 months)
  - Difficult to deal with officers at the relevant agency
  - Company usually resorts to paying bribes
Exporters’ experiences with regulations in Bangladesh

• Exporters cited 388 NTM cases reported to be applied by Bangladeshi authorities, majority of which were issues related to export clearance procedures.
• Other major issues include license or permit to export, export inspection and high charges.
Exporters’ experiences with regulations in Bangladesh

• Majority of these regulations are related to
  • Export inspection,
  • Export registration,
  • Export taxes and charges,
  • Licensing or permit to export,
  • Export clearance measures
Exporters’ experiences with POs to manufacturing products

• Out of the 2061 cases of POs
  • 87% involve domestic agencies and institutions.
  • 13% from partner or transit countries.
• 53% of the POs are due to delays related to reported regulation.
  • These delays usually occurred during inspection or while certificates and permits were being issued.
  • Delays in reported regulation is also the main PO reported by of exporters that occur in partner countries.
• Informal payments make up 17% of the reported PO cases.
Non-tariff measures affecting manufacturing sector

Perception of importers
Import of manufacturing products – burdensome NTMs applied by Bangladeshi authorities

• A total of 185 cases of NTMs applied by Bangladesh on imports was recorded, followed by 19 applied by partner (exporting) countries.
• Pre-shipment inspection and customs together with charges, taxes and para-tariff measures are the two main types of burdensome NTMs reported by the importers of manufactured products.
• Electronic products and parts (SITC 751 – 778) in particular faced the most number of burdensome NTMs (44).
Import of manufacturing products – burdensome NTMs applied by Bangladeshi authorities: Examples

Most of the difficulties faced by importers of manufacturing products were related to pre-shipment; other entry formalities, charges, taxes and other para-tariff measures; and conformity assessment.

“While importing Self-adhesive paper and paperboard, surface-coloured, surface-decorate from China, Bangladesh customs requires a pre-shipment Inspection Certificate which must include information regarding quality, quantity and type of goods. But gaining that certificate is very difficult for us. This is why, it takes a long time (5-7 days) for us to unload pre-shipment Inspection”
## NTMs applied by Bangladesh and the reasons making them burdensome

<table>
<thead>
<tr>
<th>NTM chapter</th>
<th>Number of NTM cases</th>
<th>POs and inefficient business environment making NTMs difficult</th>
<th>Number of cases in home country</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Technical requirements</td>
<td>1</td>
<td>D1. Delay related to reported regulation&lt;br&gt; E2. Informal payment</td>
<td>1&lt;br&gt; 1</td>
</tr>
<tr>
<td>B. Conformity assessment</td>
<td>36</td>
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<td>2&lt;br&gt; 3&lt;br&gt; 2&lt;br&gt; 31&lt;br&gt; 26</td>
</tr>
<tr>
<td>C. Pre-shipment inspection and other entry formalities</td>
<td>66</td>
<td>A1. Large number of different documents&lt;br&gt; C1. Arbitrary behavior of officials regarding classification and valuation of the reported product&lt;br&gt; C2. Arbitrary behavior of officials with regards to the reported regulation&lt;br&gt; D1. Delay related to reported regulation&lt;br&gt; D2. Deadlines set for completion of requirements are too short&lt;br&gt; E1. Unusually high fees and charges for reported certificate/regulation&lt;br&gt; E2. Informal payment</td>
<td>6&lt;br&gt; 9&lt;br&gt; 6&lt;br&gt; 55&lt;br&gt; 1&lt;br&gt; 4&lt;br&gt; 26</td>
</tr>
<tr>
<td>D. Charges, taxes and other para-tariff measures</td>
<td>51</td>
<td>C1. Arbitrary behavior of officials regarding classification and valuation of the reported product&lt;br&gt; C2. Arbitrary behavior of officials with regards to the reported regulation&lt;br&gt; D1. Delay related to reported regulation&lt;br&gt; E1. Unusually high fees and charges for reported certificate/regulation&lt;br&gt; E2. Informal payment</td>
<td>15&lt;br&gt; 8&lt;br&gt; 33&lt;br&gt; 15&lt;br&gt; 14</td>
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<tr>
<td>E. Quantity control measures</td>
<td>21</td>
<td>A2. Documentation is difficult to fill out&lt;br&gt; A4. Numerous administrative windows/organizations involved, redundant documents&lt;br&gt; B1. Information on selected regulation is not adequately published and disseminated&lt;br&gt; C1. Arbitrary behavior of officials regarding classification and valuation of the reported product&lt;br&gt; D1. Delay related to reported regulation&lt;br&gt; E2. Informal payment</td>
<td>3&lt;br&gt; 11&lt;br&gt; 1&lt;br&gt; 4&lt;br&gt; 11&lt;br&gt; 8</td>
</tr>
<tr>
<td>F. Finance Measures</td>
<td>8</td>
<td>A1. Large number of different documents&lt;br&gt; C2. Arbitrary behavior of officials with regards to the reported regulation&lt;br&gt; E2. Informal payment</td>
<td>2&lt;br&gt; 2&lt;br&gt; 2</td>
</tr>
<tr>
<td>O. Rules of origin &amp; certificate of origin</td>
<td>2</td>
<td>D1. Delay related to reported regulation&lt;br&gt; E2. Informal payment</td>
<td>2&lt;br&gt; 2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>185</strong></td>
<td></td>
<td><strong>337</strong></td>
</tr>
</tbody>
</table>
NTMs applied by Bangladesh and the reasons making them burdensome: Examples

The major POs affecting the imports of manufacturing products are related to delays, informal payment, e.g. bribes for reported certificate/regulation, complicated procedures, arbitrary behavior of officials, and unusually high fees and charges for reported certificate/regulation.

“While importing drilling, threading or tapping tools from China, it takes a long time for customs clearance in Bangladesh. We need to show hardware association certificate. We have to pay bribe (10000-20000 TK) to get custom clearance.”
Importers’ difficulty

• Importer of sodium silicates (to manufacture ceramic product) facing difficulty with product classification
  • Customs officers classify it as medical product (plaster of paris)
  • As a result, need to pay higher duties
Preliminary recommendations and the way forward
Issues to address

- Challenges related to Quality and Standard Requirements
- Difficulties with customs clearance procedures
- Other cross-cutting issues
Challenges related to Quality and Standard Requirements

1. Lack of company capacity to meet international requirements
2. Absence of proper national traceability system of food products
3. Inadequate or insufficient capacity of testing and certifying agencies
4. Knowledge / communication gap on available quality related services
• Lack of company capacity to meet international requirements

• Capacity building of enterprises can facilitate and expand trade.

• Companies should be made aware and ready to face the new trade realities
  • Quality & safety standards / requirements in most markets are bound to stay – and become tougher overtime
  • Companies must adapt to the higher requirements and improve their production / shipping process.

• Companies should be provided with:
  • Latest market access, market requirement and compliance process information.
  • Workshops should include training sessions, such as how to identify new markets, understanding market access conditions, marketing strategies, supply chain management and advocacy.

• ITC can provide targeted SME trainings on Quality, Productivity & Innovation
• Absence of proper national traceability system of food products

• National traceability system must be setup –
  • One of the key demands from important markets for shrimps

• Scale up the FAO - Department of Fisheries (DOF)’s pilot project on semi-web-based traceability system for shrimps and prawn.
  • Funded by the STDF
  • Farmers to be made award of benefits / incentives to produce high quality traceable products
• Inadequate or insufficient capacity of testing and certifying agencies (1/2)

• Strengthening the capacity of Bangladesh Standards and Testing Institution (BSTI) to carry out required accredited testing and certification is critical

• The capacity of BSTI needs to be significantly improved.
  • increasing staffing levels, training and retention
  • increasing investment in equipment and facilities
  • introducing Single Window depository and dissemination of all required documentation

• Bangladeshi authorities should formulate and implement standards, regulations and norms in compliance with international standards, especially for major and potential export sectors.
Insufficient staffs and technical capabilities of Directorate General of Drug Administration (DGDA) has been cited as hurdle given the growing pharmaceutical industry

- Enhance the authority and resources of DGDA to effectively regulate the industry
- Increase the human resources at DGDA and build capacity of its technical staffs
- Develop a proper national drug manufacturing standard that meet international standards
- Establish accredited testing laboratories (Eg. for bio-equivalence testing)
Mapping and audit of quality related certification facilities necessary

- Information availability for companies on testing and certification facilities in the country should be improved.

- ITC working on a catalog of testing and certification bodies / facilities in Bangladesh together with other relevant information, including:
  - Types of services, tests they offer,
  - Types of products covered,
  - Location
  - Their accreditations and recognition in the international market
  - Fees
- The catalog will be available in April 2016

- Regular monitoring and audit of testing/certification bodies necessary
Difficulties with customs clearance procedures

1. Inadequate customs infrastructure and inadequate dissemination of information about customs clearance and related documents
2. Issues related to the availability and training of officials
3. Procedural obstacles during customs clearance
4. Insufficient coordination between agencies within the country
Inadequate customs infrastructure and dissemination of information about customs clearance and related documents

Speed up customs modernization process in Bangladesh

Difficulties with customs clearance is the most common issue both exporters and importers face in Bangladesh in the form of taking much longer time while inspecting, often assigning inappropriate HS code and informal payments.

- The National Board of Revenue, with the help from the World Bank, IFC, Asian Development Bank and USAID, is implementing a number of reform programs. These programs need to be properly implemented.
- Ongoing:
  - Development of the ASYCUDA World
  - Review of customs processes, risk management and valuation procedures
- Implement the national single window
- Develop and regularly update Business Guide on how to export and import – in line with latest customs procedures, regulation and system.
- Clear guidelines on product valuation to reduce ambiguity and misuse of authority by field officials during imports are needed.
• Issues related to the availability and training of officials

Insufficient customs officers and highly skilled staff has led to slow customs clearance and slowed down customs modernization

• Additional human resources are urgently required.

• Training facilities for new recruits should be upgraded
  • Current facilities and resources may not be sufficient for the large number of additional staff required

• ITC has a MoU with World Customs Organisation to provide training to customs officials
Implement the WTO TFA

- Given the high incidents of POs at the border, Bangladesh should consider implementing the WTO’s Trade Facilitation Agreement (TFA).

- Bangladesh should formulate projects and approach donors for support to implement TFA measures such as:
  - advance ruling,
  - authorized economic operators,
  - risk management and
  - post-clearance audit.

- The private sector must also be made aware of the various aspects of TFA.
Presenting ITC’s integrated TF program

Improving SMEs Competitiveness for exports

- Scheduling commitments under the WTO TFA
- Improving inter-agency coordination and SME involvement in PPD
- Enhancing transparency and access to information
- Improving efficiency of cross-border procedures
- Strengthening SMEs ability to cross borders

A holistic approach beyond TFA

- Facilitating public-private dialogue in trade policy formulation
- Collaborating with leading public and private TF agencies
- Implementing TFA to promote and deepen regional integration
• Insufficient coordination between agencies within the country

• Enhance the scope and capacity of Trade Facilitation Committee for a proper inter-agency dialogue and coordinated action
Other cross-cutting issues

1. Administrative hurdles to obtain licenses, permits and certification (including certificate of origin)
2. Lack of information and communication gaps
3. Lack of harmonized system / standards in regional trade
4. Lack of proper and fast channel for companies to report trade obstacles
5. Negative country image of the international markets
6. Concentrated export basket
Multiple and duplicate documentation, long processing times and common practice of informal payments are the main issues that need to be addressed.

- Relevant authorities must simplify and expedite the processes of issuing export licences, permits and certificates.
  - Online application submission will facilitate the process
  - Electronic payments
Many problems encountered during export and import procedures, such as errors, delays and misunderstandings, are due to companies not having a reliable source of information on the trade requirements of partner countries and Bangladesh.

Information is scattered and not updated which often mislead companies.

New developments and services to facilitate trade are sometimes not communicated adequately

- Better and updated information and transparency needed on trade rules and procedures.
  - Bangladesh needs a reliable source and proper dissemination (business guide / trade portal etc.) of information for exporters and importers.
  - Improve communication channels between authorities and business associations; and between business associations and their members.
• Lack of harmonized system / standards in regional trade

• Bangladeshi exporters face a considerable number of obstacles when trading within South Asia. Most of the regional NTMs are related to conformity assessment.

• Scope for improvement through regional integration in South Asia

• The establishment of South Asian Regional Standards Organization (SARSO), with its headquarter in Dhaka, has created a great opportunity for Bangladesh to push for harmonization of standards across the South Asian countries and non-conditional acceptance of national certification in every member country.
• Lack of proper and fast channel for companies to report trade obstacles

• Establish an online reporting mechanism and NTM Monitoring Committee.

• To monitor and address the various difficulties faced by exporters and importers, an online reporting mechanism should be established.
  
  • This portal would allow users to report problems directly via text message or online.

• An NTM Monitoring Committee should be established to monitor complaints and follow up and correct these issues.

• ITC’s Trade Obstacle Alert Mechanism (TOAM) successfully implemented in two countries: Mauritius and Ivory Coast – in collaboration with the national governments.
  
  • Similar exercise a possibility in Bangladesh
Bangladesh garment industry has suffered from negative image due to labor / work environment conditions.

Rebranding of country image as a safe and fair work place is necessary especially for the Garment industry

• National technical framework on labour / work environment must be reviewed and enhanced that meet high international standards.
  • This will eliminate companies’ difficulties complying with multituded of buyer mandated standards that are sometimes conflicting
• Training of regulatory bodies and proper implementations.
• Country re-branding necessary:
  • Effort should be made to promote Bangladeshi garment industry as a safe workplace and fair labour practices following proper review / implementation of national standards.
Bangladesh should diversify its export portfolio and trading partners, and encourage value addition.

- To effectively integrate with the international market and global value chain and to reduce its vulnerability to external shocks Bangladesh should diversify its export portfolio and its export markets.

- These will require further liberalization of tariff and removal of different supply side bottlenecks including access to finance, weak physical infrastructure, inefficient ports and high transport costs, shortage of skilled workers, technological bottlenecks, lack of entrepreneurship and management skills, lack of information, and high costs of doing business.
For more information:

ITC publication series on NTMs

Making Regional Integration Work –
Company perspectives on Non-Tariff Measures in Arab States (Oct 2015)

The Invisible Barriers to Trade –

Country reports

Burkina Faso (French, 2011)    Morocco (French, 2012)
Cambodia (English, 2014)      Paraguay (Spanish, 2013)
Côte d’Ivoire (French, 2014)  Peru (English, 2012; Spanish, 2013)
Guinea (French, 2015)         Rwanda (English, 2014)
Jamaica (English, 2013)       Senegal (French, 2014)
Kazakhstan (English, Russian, 2014)  Sri Lanka (English, 2011)
Madagascar (French, 2013)     Trinidad and Tobago (English, 2013)
Malawi (English, 2013)        Tunisia (French, 2014)
Mauritius (English, 2014)     Uruguay (Spanish, 2013)

Available from: www.ntmsurvey.org/publication
ITC Survey results online:

www.ntmsurvey.org

Launched in July 2015
Thank you!

For further information:

**ITC Programme on NTMs**

Market Analysis and Research
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[ntm@intracen.org](mailto:ntm@intracen.org)

[www.ntmsurvey.org/bangladesh](http://www.ntmsurvey.org/bangladesh)