



# Bangladesh Regional Connectivity Project-1

## Ministry of Commerce

### ENHANCING TRADE PATHWAYS

### Summary Report on Dissemination Workshops



November 2024

## Foreword

It gives me great pleasure to present this summary report titled “**Enhancing Trade Pathways**” on the dissemination workshops organized under the Bangladesh Regional Connectivity Project 1 (BRCP-1), Ministry of Commerce. These workshops were instrumental in sharing the findings and recommendations of 09 studies conducted as part of the project’s commitment to advancing trade facilitation, policy coherence, and fostering women entrepreneurship in Bangladesh's trade landscape.

The studies summarized in this report cover diverse yet interconnected areas critical to enhancing Bangladesh’s trade ecosystem, including the implications of WTO's Special and Differential Treatment (S&DT) provisions, the simplification of trade procedures, and the promotion of trade to address the sanitary and phytosanitary measures. It also addresses pressing issues such as cross-border land port management and reform its regulatory measures, potential countries for free trade agreements, and the comparative analysis of trade policies with our major trading partners, export promotion of Agro-processing and Cut-flower sub sectors. Collectively, these efforts reflect the Ministry’s determination to align national policies with international obligations, foster sustainable economic growth, and prepare for the challenges of post-LDC graduation.

The workshops brought together a wide range of stakeholders, including policymakers, private sector representatives, trade experts, academicians and development partners. Their active participation and invaluable insights have enriched the findings of these studies and ensured that the recommendations are pragmatic, and action-oriented and aligned with our broader national priorities.

I extend my gratitude to the BRCP-1 team, especially Mr. Md. Munir Chowdhury, National Trade Expert, and Mr. Makshudul Alom Mokul Mondal, Jr. Trade Expert who made this endeavor successful. This report serves not only as a summary of the workshops but also as a roadmap for actionable reforms in the policy guidelines to strengthen Bangladesh’s domestic and international trade.

I trust that the findings and recommendations outlined in this report will provide necessary research-based evidence and inspire all stakeholders to collaborate further in fostering an enabling trade environment for Bangladesh. Together, let us work towards realizing our shared vision of a resilient, inclusive, and globally competitive economy.

### **Shaila Yasmin**

Project Director (Joint Secretary)

Bangladesh Regional Connectivity Project 1 (BRCP-1)

Ministry of Commerce

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## Background

The purpose of the study is to identify ways to overcome the graduation challenges related to the loss of WTO Special and Differential Treatment (S&DT) and suggest recommendations that may help policymakers formulate future strategies. The study recommends the necessity of formulating policy support and incentives alternative to export subsidies, strengthening the implementation of a prudent macroeconomic framework through tax and tariff policy reform and ensuring resource mobilization to increase the tax-to-GDP ratio, rationalizing the large trade protection through tariffs and para tariffs, facilitating private sector investment and creating an investment-friendly environment etc. to address the challenges. Bangladesh, being a net importer of basic foodstuffs, can request the Committee on Agriculture to be included in the WTO NFIDC list as per the agreed procedure. Government may request for extending transition period for availing the S&DTs from WTO and other regional and multilateral trade agreements due to current economic crisis led by Ukraine-Russia war. Counter the probable export losses from LDC graduation by diversifying the export base which requires a pragmatic measure, like minimizing the anti-export bias of trade policies and reducing the cost of doing business. Significant reforms are needed in setting up trade and industrialization policy based on a clear industrial strategy focused on investment, job creation, production and exports. Bangladesh needs to strengthen its competitiveness and diversify its export to engender faster growth.

Bangladesh has made a remarkable journey since the Independence in 1971, both economically and in social and human development terms, and is all set to graduate from the LDC status by 2026. LDC graduation has its challenges, including loss of preferential market access, and withdrawal of other special and differential treatments so far enjoyed by Bangladesh as a Least Developed Country. Examining the potential losses in absence of the special and differential treatments and assessment of how Bangladesh can adapt a smooth graduation strategy is important. This study attempts to do that.

## Objectives of the Study

1. **Addressing Graduation Challenges:** How Bangladesh can retain LDC-specific S&DTs post-graduation.
2. **Advancing Negotiations:** Strategies for graduated LDCs to secure a 12-year extension of S&DTs at the WTO.
3. **Mapping Benefits:** Reviewing S&DT advantages for Bangladesh's key exports and markets.
4. **Assessing Opportunities and Losses:** Evaluating post-graduation impacts on S&DT benefits and policy recommendations for Bangladesh.
5. **Securing Transition Periods:** Exploring negotiations for transitional benefits, such as EBA for graduating LDCs.
6. **Introducing International Support Measures:** Considering Special International Support Measures (SISM) for graduating LDCs.
7. **Expanding Market Access:** Potential for new access through GSP+ or similar facilities.
8. **Learning from Graduated LDCs:** Analyzing the experiences of past LDC graduates and their transition strategies.
9. **Formulating a Transition Strategy:** Developing a Smooth Transition Strategy to retain S&DT benefits for a designated period.

## Special & Differential Treatment Provisions under WTO

The WTO agreements contain special provisions which give developing countries special rights and allow other members to treat them more favorably. These are “special and differential treatment provisions” (abbreviated as S&DT). These S&DT provisions can be classified into five types:

1. **Enhanced Market Access:** Major trading partners offer DFQF access or preferential tariffs and rules of origin for products imported from LDCs.
2. **Protection of LDC Interests:** Developed and some developing countries provide DFQF/GSP/EU GSP+ market access to many products imported from LDCs.
3. **Commitment Flexibility:** Allows developing countries more leeway in meeting obligations.
4. **Implementation Transition Periods:** Extended timelines for adopting commitments.
5. **Technical Assistance:** Support for building trade-related capacity.

### LDC-specific Preferences Before and After Graduation in Major Export Destinations

Countries	LDC-Specific Schemes	Applicable schemes after graduation
European Union	Everything But Arms	Standard GSP or GSP+ (after 3-year smooth transition)
Turkey	Everything But Arms	Standard GSP or GSP+ (after 3-year smooth transition)
USA	GSP for LDCs (Bangladesh currently received no preferences)	Standard GSP, Bangladesh will continue to face MFN tariffs.
China	Preferential tariffs for LDCs	MFN for WTO members, general duty rates for non-members
Japan	GSP for LDCs	Standard GSP (no transition support)
Canada	GSP for LDCs	Standard GSP (no transition support)
Republic of Korea	Preferential tariffs for LDCs	MFN
India	Preferential tariffs for LDCs	MFN (Bangladesh to face SAFTA tariffs)
Switzerland, Russia	GSP for LDCs	Standard GSP
Australia	GSP for LDCs	Standard GSP/MFN Tariff

Source: UNCDP, 2018

## WTO Agreements and Special and Differential Treatment (S&DT)

1. **WTO Agreement on Agriculture (AoA):** Least Developed Countries (LDCs) and Net Food Importing Developing Countries (NFIDCs) have been granted the flexibility to continue certain agricultural export subsidies until 2030, while other developing countries are required to end such subsidies by 2023. Additionally, domestic support commitments provide allowances based on specific limits: product-specific support must not exceed 5% of the member's total production value for the relevant agricultural product, and non-product-specific support must not exceed 5% of the total agricultural production value. However, for developing countries, this de minimis threshold is set at 10%.
2. **Agreement on Subsidies and Countervailing Measures:** LDC members are exempt from the prohibition on export subsidies under Article 27.2 and Annex VII(a). Developing countries with a Gross National Product (GNP) per capita below \$1,000 (at 1990 prices) are similarly exempt from subsidy prohibitions, unless the product holds a 3.25% share of global exports, designating it as globally competitive (Annex VII(b)). Currently, only a subset of countries – Côte d'Ivoire, Ghana, Honduras, Kenya, Nicaragua, Nigeria, Pakistan, Senegal, and Zimbabwe – remain under this provision along with LDCs. Other countries have crossed the income threshold after maintaining a GNI per capita above \$1,000 for three consecutive years.



3. **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS):** Recognizing the unique challenges and needs of LDCs, the TRIPS Agreement exempts them from compliance requirements until July 1, 2034, or until a country graduates from LDC status, whichever comes first. This provision allows LDCs the flexibility to establish a technological base tailored to their economic and administrative capacity.
4. **Trade Facilitation Agreement (TFA):** To facilitate compliance, member countries must classify TFA measures into Categories A, B, and C. Category A includes measures to be implemented by developing countries by February 2017 and by LDCs by February 2018. Category B comprises measures requiring additional time, while Category C includes those needing both additional time and capacity-building support. Overall, LDCs receive extended timeframes to fulfill these commitments relative to developing countries.
5. **Trade-Related Investment Measures (TRIMs):** Under Article 4, developing countries are allowed temporary deviations from National Treatment and Quantitative Restriction provisions as per Article XVIII of GATT 1994, granting flexibility to prioritize local investment needs.
6. **General Agreement on Trade in Services (GATS):** The LDC Services Waiver, effective until December 2030, permits WTO members to grant LDCs preferential market access for services without extending these benefits to other WTO members, thus exempting LDCs from the Most Favored Nation (MFN) principle.
7. **Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements:** Both agreements allow LDCs transitional time periods, technical assistance, and flexibility in fulfilling commitments, acknowledging their capacity constraints and development needs.
8. **Understanding Rules and Procedure for Governing the Dispute:** Particular consideration should be given to LDC countries in all stage of dispute.

## S&DTs before and after graduation phase under WTO Agreements

SL NO	S&DT type	For LDCs before/during graduation	Graduated countries
1	Preferential market access in goods	Benefit from duty-free and quota-free (DFQF) market access of developed and developing members	Benefit from generalised system of preferences (GSP) schemes of developed members applicable to developing countries
2	Preferential treatment in services	Benefit from commitments made by developed and developing members under the LDC Services Waiver until 2030	Do not benefit from preferential treatment in services
3	General transition period regarding the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)	Exempted from implementing the TRIPS Agreement other than the core non-discrimination principles until 1 July 2034	Exempted from implementing the TRIPS Agreement other than the core non-discrimination principles until the time of graduation
4	Transition period for pharmaceuticals in the TRIPS Agreement	Exempted from providing patent protection for pharmaceutical products until 1 January 2033	Required to provide patent protection on pharmaceutical products
5	Flexibility to use policy instruments under the Agreement on Subsidies and Countervailing Measures (SCM)	Pursuant to Article 27.2 and Annex VII(a) of the SCM Agreement, LDCs have the flexibility to use export subsidies	Export subsidies are prohibited except for LDCs, and for certain other selected members Annex VII(b)
6	Technical assistance (TA) provided by the WTO	LDCs benefit from specific courses designed for their needs	No significant change in the entitlements under WTO's TA and Training Plan
7	TA provided by the Enhanced Integrated Framework (EIF)	The EIF programme exclusively assists LDCs in using trade as an engine for growth and sustainable development	Possibility of additional support for up to five years for graduated countries

## Strategies for Graduating LDCs to Mitigate the Loss of S&DT Benefits

1. **Retaining LDC-Specific Benefits Beyond Graduation:** Graduating LDCs like Bangladesh can explore mechanisms to retain some benefits of Special and Differential Treatment (S&DT) even after moving out of the LDC category. This strategy includes engaging the WTO and key trade partners to continue or adapt support provisions that aid the economic stability and growth of newly graduated countries.

- a. **Retention of S&DT under the Agreement on Agriculture (AoA):** Following LDC graduation, Bangladesh could seek inclusion in the WTO’s list of Net Food-Importing Developing Countries (NFIDCs) to retain certain agricultural flexibilities. This approach has precedent: Maldives successfully joined the NFIDC list upon its graduation in 2011 by petitioning the WTO Committee on Agriculture.
- b. **Retention of S&DT under the Agreement on Subsidies and Countervailing Measures:** For countries with GNP per capita below \$1,000 (1990 prices), graduating LDCs may continue to qualify as Annex VII beneficiaries, which grants flexibility on export subsidies. However, automatic inclusion post-graduation is unclear, so Bangladesh has raised this issue with the WTO, seeking clarification and possible extension of Annex VII status.

## 2. Developing a Support Package Proposal for the Next Ministerial Conference

Bangladesh could advocate at the WTO’s Sub-Committee for Least-Developed Countries to prepare a support package for graduating LDCs. This package would include time-bound extensions of S&DT provisions and support from major trade partners, such as the EU, India, China, Canada, and Japan, to extend LDC-specific Generalized System of Preferences (GSP) benefits for 6–9 years post-graduation.

## 3. Introducing New S&DTs and International Support Measures (ISMs)

Graduating LDCs could benefit from “new support measures” tailored to their unique transition needs:

- a. **Enhanced Financing:** Developed nations could prioritize grants over loans or offer low-interest loans, including blended financing models that incorporate both public and private funding for high-return sectors.
- b. **Investment in Infrastructure and Market Access:** Supporting industries, transport infrastructure, and other facilities that connect graduating LDCs to global markets can enable sustainable economic growth. Additionally, developed countries may offer access to disaster insurance and risk management instruments, like catastrophe bonds and GDP-indexed bonds.

## 4. United Nations Inter-Agency Task Force (IATF) on LDC Graduation Support

The IATF assists LDCs nearing graduation, offering coordination among agencies, donors, and trading partners to design tailored transition measures. The IATF could provide:

- a. **Extended LDC-specific support:** Including continued UN system support and incentives from development partners and private entities.
- b. **Joint Initiatives:** These include problem-solving for graduating LDCs, facilitating knowledge-sharing, and developing transition benchmarks. The IATF also offers resources to help countries with smooth transition planning, such as innovative approaches and monitoring tools to sustain graduation progress.

## Workshop Recommendations for Bangladesh’s Post-LDC Graduation Strategy

1. **Counter Export Losses through Diversification:** To offset potential export declines post-graduation, Bangladesh should diversify its export base. Key measures include reducing anti-export bias in trade policies and lowering the cost of doing business.
2. **Strengthen Macroeconomic Framework and Resource Mobilization:** Implement reforms in tax and tariff policies to boost resource mobilization, aiming to increase the tax-to-GDP ratio to at least 10% by FY2025-26.
3. **Facilitate Private Sector Investment:** Recognize and support the private sector as the primary growth engine by enhancing investment facilitation, streamlining policies, and reducing barriers.

4. **Adjust Trade and Tariff Policies:** Implement a five-year adjustment program to align trade and tariff policies with those of an Upper Middle-Income Country (UMIC), enabling Bangladesh's economy to transition smoothly post-LDC graduation.
5. **Pursue Strategic Free Trade Agreements (FTAs):** Explore FTAs with interested countries such as Malaysia, China, Thailand, and India (post-LDC graduation, as SAFTA already provides access).
6. **Address Export Subsidies for Post-LDC Context:** Consider new approaches to export promotion as traditional export subsidies will be limited after graduation. Strategically phasing out subsidies while supporting the domestic sector will be essential.
7. **Negotiate Extended Preferential Market Access:** Pursue extended S&DT access post-graduation, where countries may offer transitional periods. For example, the EU provides 3 years, Australia offers 5 years, and Canada has proposed flexible timeframes for Bangladesh's smooth transition.
8. **Utilize TRIPS Agreement Benefits:** Leverage TRIPS provisions to maintain flexibility in intellectual property commitments. Proactive government intervention is needed to secure and maximize these benefits.
9. **Retain Domestic Subsidies:** Consider maintaining domestic subsidies, particularly in non-trade-distorting forms like support for R&D and infrastructure.
10. **Support for R&D and Infrastructure:** Provide general subsidies to stimulate research and development, as well as access to affordable electricity, to boost competitiveness sustainably.
11. **Gradual Adjustment of Subsidies:** Avoid a disruptive large-scale subsidy approach pre-graduation. Instead, scale support gradually to build sectoral strength, minimizing risks to a smooth transition.
12. **Eligibility for Special Provisions as a Net Food-Importing Developing Country (NFIDC):** Seek inclusion in WTO's NFIDC list post-graduation to retain relevant flexibilities.
13. **Leverage WTO's Annex VII Provisions:** Countries with GNP per capita below \$1,000 (1990 prices) can retain certain subsidies unless the product holds a 3.25% share of global exports. Bangladesh can leverage this provision if applicable.
14. **Utilize the UK's Developing Countries Trading Scheme (DCTS):** The UK's DCTS offers more flexible rules of origin and favorable terms for LDCs, which Bangladesh could access post-graduation.

### Alternative Incentives to Export Subsidies

1. **Incentives for Compliance with Environmental, Social, and Quality (ESQ) Standards:** To encourage ESQ compliance, incentives could mirror models like Vietnam's, where RMG exports meeting EU quality standards benefit from reduced tax rates (e.g., 10% corporate tax for 15 years, instead of 20%).
2. **R&D Tax Incentives:** Consider tax exemptions on income earned through R&D activities, similar to Vietnam's policy, to drive innovation and competitiveness.
3. **Adopt a Remission of Duties and Taxes on Export Products (RoDTEP) Scheme:** Bangladesh could establish a RoDTEP program to support export competitiveness by reimbursing taxes and duties on export products.

## Simplification of Trade Procedures, Custom Modernization and Ease of Doing Business for Export Promotion to Ensure Policy Coherence between National Policy Priorities and International Obligations on TFA

### Background

The purpose of the study is to find the current status of Bangladesh in implementation of simplified trade procedures, customs modernization for ease of doing business for export promotion, the policy gaps between the obligation of the Trade Facilitation Agreement (TFA) and present situation in implementation of the TFA in Bangladesh. The recommendations are related to simplification of trade procedures including gradual full automation and digitalization of services and documentation, expediting the national single window, implementation of the recommendations of time release studied, integration, capacity development, and renewal of license period; customs modernization including resolving HS code dispute etc. are highlighted in the report. TFA commitments for single window, Border Agency Cooperation, Test procedures, Risk management, Perishable goods, and Formalities should be implemented as soon as possible to facilitate trade. (The indicative date is 30 June 2030.) Adequate policies and regulations needed to be formulated to facilitate multi-modal transport systems and linkage with land port, road, rail, sea and air connectivity AND Adequate policies and regulations needed to be formulated to facilitate multi-modal transport systems and linkage with land port, road, rail, sea and air connectivity.

### Objectives of Study

1. To identify the current status of Bangladesh in implementation of simplified trade procedures, customs modernization and ease of doing business for export promotion;
2. To identify the policy gaps between the obligation of the Trade Facilitation Agreement (TFA) and the present situation in the implementation of the TFA in Bangladesh;
3. To identify the policy/act/rules to support simplification of trade procedure, documentation, automation and paperless trade according to the international standards
4. To identify institutional weakness and procedural hindrance; and
5. To identify the best practices of the regional countries in implementing TFA.

### Key Initiatives for the Implementation of the Trade Facilitation Agreement (TFA) in Bangladesh

- **Ratification of TFA:** Bangladesh formally ratified the WTO's Trade Facilitation Agreement (TFA) on 27th September 2016, demonstrating the country's commitment to enhancing global trade efficiency and compliance with international standards.
- **Leadership of Ministry of Commerce (MoC):** The Ministry of Commerce (MoC) has played a pivotal role in coordinating and mobilizing various government agencies to devise a comprehensive strategy for fulfilling Bangladesh's TFA obligations. The MoC's leadership has been critical in ensuring a coordinated approach to TFA implementation across relevant sectors.
- **Bangladesh Trade Portal:** The Bangladesh Trade Portal has been fully operational since 2016, serving as a comprehensive, user-friendly platform for trade information. This portal has

significantly enhanced transparency, enabling businesses and stakeholders to access crucial trade data and procedures in real time.

- **Formation of Key Committees and Partnerships:** Bangladesh has established numerous committees and bodies to support TFA implementation, including the **National Trade Facilitation Committee (NTFC)**. This body facilitates collaboration between government authorities and private sector stakeholders, ensuring an inclusive approach to trade facilitation. In addition, multiple **Memoranda of Understanding (MoUs)** have been signed between authorities and key stakeholders to strengthen cooperation and streamline trade processes.
- **Customs Modernization Strategic Action Plan (2019-2022):** The National Board of Revenue (NBR) launched the **Customs Modernization Strategic Action Plan (2019-2022)**, which includes a series of time-bound interventions aimed at modernizing customs operations.

## Key Trade Facilitation Measures Adopted by Bangladesh

Bangladesh has taken significant steps to facilitate trade and enhance its position in the global market through various strategic reforms and initiatives. These measures include:

1. **Abolition of Import Licensing System (1984):** In a major move to liberalize trade, Bangladesh abolished its import licensing system under the Ministry of Commerce in 1984. This policy shift aimed to eliminate unnecessary barriers to trade, promote ease of access for international goods, and foster a more competitive market environment.
2. **Accession to the WCO's International Convention on the Harmonized Commodity Description and Coding System (1987):** In 1987, Bangladesh became a contracting party to the **World Customs Organization's (WCO)** International Convention on the Harmonized Commodity Description and Coding System.
3. **Introduction of the Automated System for Customs Data (ASYCUDA) in 1994:** Bangladesh introduced the **Automated System for Customs Data (ASYCUDA)** at the National Board of Revenue (NBR) in 1994, which marked a significant modernization effort in the country's customs operations.

## Enhancing Regional Trade Facilitation: Best Practices from Malaysia and India

### Malaysia: A Pioneer in Regional Trade Facilitation

Malaysia has emerged as a regional leader in implementing the Trade Facilitation Agreement (TFA). Key strategies include:

- **National Single Window:** A centralized platform for streamlined import and export processes, reducing paperwork and processing time.
- **Authorized Economic Operator (AEO) Program:** A risk-based approach to customs clearance, offering expedited procedures and reduced inspections for trusted businesses. As of August 2022, Malaysia boasted 114 AEOs, a significant increase from the previous year.
- **Cross-Border Coordination:** Strong collaboration with neighboring countries, particularly Thailand, to facilitate seamless trade flows and address common challenges.
- **E-Payment:** Adoption of electronic payment systems to expedite customs clearance and reduce administrative costs.
- **Time Release Study:** Regular assessment of cargo release times to identify bottlenecks and implement improvements.
- **Advance Rulings:** A mechanism for obtaining binding customs rulings on tariff classification, origin, and valuation within 90 days, providing certainty to businesses.

## India: Leveraging Technology for Trade Facilitation

India has made significant strides in leveraging technology to streamline trade procedures:

- **Trade Portal:** A unified digital platform for accessing trade-related information and services.
- **Digital Signature Adoption:** Enhanced security and efficiency in electronic transactions.
- **Indian Customs Electronic Data Interchange System (ICEDIS):** Electronic exchange of customs data between traders and customs authorities.
- **Single Window Interface for Facilitating Trade (SWIFT):** A centralized platform for submitting and processing trade documents.
- **Risk Management System:** A risk-based approach to customs clearance, focusing on high-risk shipments and reducing unnecessary inspections.
- **Post-Clearance Audit (PCA):** A targeted audit process to verify compliance with customs regulations after cargo release.

## Comprehensive Approach to Streamlining Trade Procedures in Bangladesh

### Digital Transformation and Automation

- **Full Digitalization:** Prioritize the complete digitalization of trade processes, including documentation and services.
- **National Single Window (NSW):** Expedite the implementation of the NSW to streamline procedures and reduce processing time.
- **Time Release Studies (TRS):** Continuously monitor and improve cargo release times, implementing recommendations from the 2022 TRS.
- **Interagency Integration:** Enhance coordination and data sharing between customs and other relevant agencies.
- **Capacity Building:** Invest in capacity building for customs officials and other stakeholders to effectively implement digital solutions.

### Customs Modernization

- **HS Code Classification:** Establish efficient mechanisms for resolving HS code disputes, such as classification committees.
- **WTO and WCO Compliance:** Align customs laws and procedures with international standards to facilitate trade.
- **ASYCUDA World:** Fully utilize the ASYCUDA World system to streamline customs processes.
- **Paperless Trade:** Promote paperless trade by digitizing documents and implementing electronic signatures.
- **Notification Dissemination:** Improve the dissemination of notifications and updates to stakeholders.

### Institutional Capacity Building

- **Infrastructure Development:** Invest in physical and digital infrastructure to support trade facilitation.
- **Capacity Building:** Provide regular training and development opportunities for customs officials.
- **Recruitment:** Fill vacant positions to strengthen the workforce.
- **Service Delivery:** Improve service delivery by publishing clear guidelines and timelines.
- **WTO Compliance:** Enhance understanding of WTO rules and regulations to ensure compliance.

## Additional Recommendations

- **Advance Rulings:** Utilize advance rulings to provide clarity on tariff classification and other customs matters.
- **AI and Chatbots:** Implement AI-powered solutions, such as chatbots, to improve customer service and provide real-time information.
- **Data Reporting:** Regularly report trade data to international organizations to improve data quality and facilitate analysis.
- **Capacity Building and 4IR:** Align capacity building programs with the Fourth Industrial Revolution to equip the workforce with future-ready skills.
- **Skills Upgrading:** Invest in upskilling and reskilling programs for port workers.
- **Communication:** Improve communication channels between customs authorities and traders.
- **Organizational Structure:** Review and optimize the organizational structure of ports to enhance efficiency.

## Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT), Coordination and Notification, Certification Process and Infrastructure for Promoting Trade

### Background

The primary objective of this study is to conduct a National Diagnostic Study (NDS) to better understand the Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) situation in Bangladesh and its implications for trade. The study aims to address the capacity-building needs at both local and regional levels by identifying common challenges across countries and facilitating coordinated regional responses. It will also identify exportable items subject to SPS/TBT measures imposed by importing countries. The study emphasizes the establishment of a network of accredited food testing facilities staffed with qualified personnel to ensure consumer access to safe food. Key recommendations include expanding accredited labs at strategic locations near industry clusters, ports, and trading hubs, and enhancing SPS/TBT notification procedures to the WTO. Additionally, it suggests aligning local and export-oriented products with international quality standards, introducing advanced testing methods (e.g., chemical residues, heavy metals, antibiotics, hormones, pesticides, and pathogens), and establishing diagnostic and reference labs. The study also proposes the formation of a national coordination body on SPS and TBT issues, involving relevant ministries, government agencies, private sector representatives, and business associations, along with the development of Mutual Recognition Agreements (MRAs) and Conformity Assessment Procedures with potential trading partners.

### Objectives of the Study

- **Review the Current SPS/TBT Landscape:** Assess the existing SPS/TBT measures in Bangladesh, focusing on the institutional framework, infrastructure facilities, and legal structure in place to manage these standards.
- **Identify Gaps in Compliance:** Analyze the gaps between Bangladesh's current SPS legislation, local practices, and international best practices to highlight areas for improvement.
- **Understand National Needs:** Build a comprehensive understanding of Bangladesh's specific SPS/TBT needs and challenges through a National Diagnostic Study (NDS).
- **Identify Exportable Products:** Identify specific items with export potential that are subject to SPS/TBT measures imposed by importing countries, helping to prioritize sectors for improvement.
- **Examine Regional Barriers:** Conduct studies to identify standards or regulations in SASEC (South Asia Subregional Economic Cooperation) countries that may be hindering trade for the identified exportable items.
- **Enhance WTO Notification Procedures:** Strengthen and streamline the process of notifying SPS/TBT measures to the World Trade Organization (WTO), ensuring greater transparency and compliance with international trade obligations.



## **Sanitary and Phyto-sanitary (SPS) Scenario in the Export and Import of Bangladesh Import Perspectives**

Bangladesh's import regulations under the SPS framework are designed to safeguard its environment and public health. For plant and plant products, an import permit is required to ensure proper control and safety. Imported food items must be accompanied by a certificate declaring their safety for human consumption, and a radiation test is required before shipment. Additionally, imports of plants, plant products, and animals are subject to quarantine procedures to prevent the introduction of harmful pests and diseases. For a wide range of products, a phytosanitary certificate is required, covering items like seeds, fruits, pulses, yarn, spices, and edible oils. In the case of animal-related imports, health certificates are mandatory for juvenile fish, fish feed materials, animal feeds, and animal products, including semen and chicks. Veterinary health certificates are also required for importing animals and animal products.

### **Export Perspectives**

Bangladesh's exports, particularly in the agro-product and food sectors, are also subject to SPS measures. Frozen foods and agro-products are regularly exported with necessary certifications to meet SPS requirements. Plant and plant products are certified by the Plant Quarantine Wing (DAE), with a phytosanitary certificate required for 13 exportable products, such as fruits, vegetables, rice, jute, foodstuffs, processed spices, frozen food, and wood packaging materials. For animal products, a veterinary health certificate is needed for exports of items such as milk, sweetmeats, meat, and domestic animals. In addition, health certificates are required for the export of meats, animal feeds, cow and buffalo semen, as well as plant and plant products. Exporters must ensure that their goods comply with the relevant SPS measures to avoid trade disruptions.

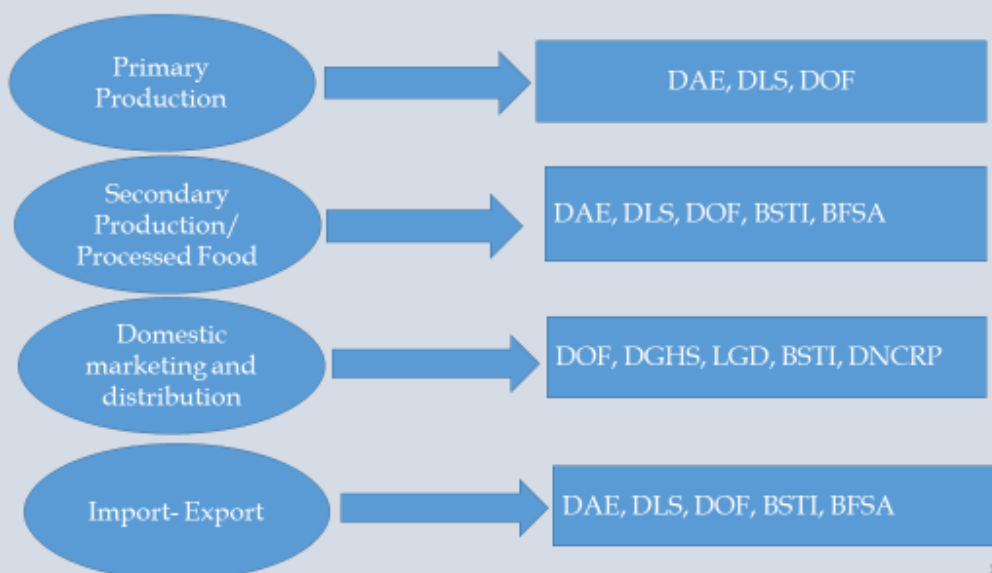
## **Technical Barriers to Trade (TBT) Scenario in the Export and Import of Bangladesh Import Perspectives**

Bangladesh also faces TBT measures in imports, which are regulated by the Bangladesh Standards and Testing Institution (BSTI). Importers are required to obtain compulsory certification for 79 products as mandated by the import policy order. These products include a range of items such as milk powders, fruit and vegetable juices, carbonated beverages, edible oils, and ceramic products, among others. In total, 229 products fall under the compulsory certification regime of BSTI, covering various sectors including food and agriculture, chemicals, jute and textiles, and electronics. Any product under this regime must be inspected and cleared by BSTI at the port warehouse before it can be marketed in Bangladesh.

### **Export Perspectives**

In terms of exports, Bangladesh faces varying product regulations, registration requirements, and packaging rules, which can differ significantly from one country to another. These regulatory measures include mandatory product markings, labeling, and packaging standards that must be adhered to for international markets. Exporters must be aware of the specific TBT requirements of each destination country to ensure compliance and avoid delays or rejection of goods at customs. These regulations are crucial in ensuring that products meet the safety, quality, and sustainability standards of importing countries, facilitating smoother trade flows.

## Various departments and agencies in SPS and TBT across the value chain



## Gap Analysis Regarding SPS and TBT Issues

### 1. Bangladesh Standards and Testing Institution (BSTI)

The Bangladesh Standards and Testing Institution (BSTI) has taken steps to establish regional offices and laboratories in each district, which is a positive move toward decentralizing testing and certification services. However, a major gap remains in that only 229 products require mandatory BSTI marks, while all other products do not need this certification. This leaves a significant portion of the market without regulatory oversight. Furthermore, BSTI faces a shortage of trained workforce, particularly at its regional offices and various sections, hindering its efficiency. Additionally, there are insufficient accredited lab facilities at the national level, and there is a lack of clear accreditation parameters and product categories that need certification.

### 2. Plant Quarantine Wing

The Plant Quarantine Wing has established Standard Operating Procedures (SOPs) for issuing Phytosanitary Certificates (PC), but it faces critical challenges in its operations. The lack of financial and logistical support hampers the ability of station officers to work efficiently and meet international standards. Moreover, there is a shortage of dedicated personnel at plant quarantine stations, further limiting the effectiveness of the wing. Another significant gap is the lack of accredited laboratories and adequate logistical facilities, which are essential for proper inspection and certification of plant and plant product imports and exports.

### 3. Department of Livestock Services (DLS)

The Department of Livestock Services (DLS) has established SOPs for health certificate provision, but it faces significant gaps in its regulatory framework. The Animal Diseases Act lacks sufficient provisions to

establish an animal disease information management system that can efficiently record and analyze data on animal diseases. Additionally, there is no clear legislative structure for setting standards for risk analysis of imported animals and animal products. The DLS is also weakly represented on the Pharmacy Board, with insufficient regulatory control over veterinary medicines and biological products, resulting in a lack of oversight in the livestock sector. Coordination between BSTI and DLS is also minimal, which affects the overall regulatory framework for animal and animal product health certification.

#### **4. Department of Fisheries Inspection and Quality Control Wing**

The Department of Fisheries Inspection and Quality Control Wing has world-class standard testing facilities that are accepted by the EU and USA, which is a significant achievement. However, there is a lack of coordination between the Department of Fisheries, the Water Development Board, and the Ministry of Agriculture for zoning and regulating aquaculture, which limits the effectiveness of the fisheries sector's management. Furthermore, there is a shortage of accredited laboratories and logistical facilities to handle the increasing demand for fisheries exports and quality control measures.

#### **5. Department of Agricultural Extension (DAE)**

The Department of Agricultural Extension (DAE) has appointed officials to oversee Good Agricultural Practices (GAP) and traceability, but its implementation faces several challenges. The reluctance of exporters to fully adopt GAP policies is a significant barrier to effective policy execution. Additionally, there is a lack of cooperation from exporters in maintaining traceability from the production to the export level, which undermines the ability to ensure that products meet international standards for quality and safety.

#### **6. Bangladesh Food Safety Authority (BFSA)**

The Bangladesh Food Safety Authority (BFSA) was established through the enactment of the Food Safety Act 2013, merging approximately 13 separate laws related to food safety. While this was a positive step toward consolidating food safety regulations, the implementation of this law in the context of international trade remains insufficient. Many of the laws directly impacting SPS regulations are outdated, and while some parts have been revised or amended, traders are often unaware of these updates. The BFSA is also constrained by limited financial and human resources, further hampering its ability to carry out its duties effectively. Additionally, there is a lack of skilled workforce and technical capability, which limits the BFSA's capacity to meet international food safety standards.

#### **7. Other issues include:**

- **Exporter reluctance** to comply with foreign import requirements and buyer demands.
- **Limited SPS and TBT knowledge** among trade bodies and private stakeholders.
- **Time-consuming export/import procedures**, particularly due to lengthy testing processes and SPS certification, compared to SASEC countries.
- In the **agriculture and fisheries sectors**, there is limited understanding of traceability, Good Agricultural Practices (GAP), Hazard Analysis and Critical Control Points (HACCP), and other international regulations.
- **Absence of Mutual Recognition Agreements (MRA)** with neighboring SASEC countries, and lack of conformity to international norms.

- **No Standard Operating Procedures (SOPs)** in place for testing and certification agencies, which affects consistency and transparency.
- **No incentive schemes** for testing laboratories, hindering their growth and capacity.
- **Lack of formal procedures** to resolve SPS and TBT-related issues between the government and private sector.
- **Poor inter-agency and public-private coordination**, which affects the efficiency of SPS and TBT management.

## Actionable Recommendations for Improving SPS and TBT Management in Bangladesh

1. **Conduct a Needs Assessment Study:** Initiate a national-level needs assessment to identify priority infrastructure, including major laboratories under agencies such as BSTI, DAE, Department of Fisheries, and BFSA. This will guide future investments in testing and certification infrastructure.
2. **Establish a National Coordination Board:** Create a national-level coordination board for SPS and TBT issues under the WTO Wing in the Ministry of Commerce. This board should include representatives from key ministries, trade bodies like FBCCI, DCCI, MCCI, BCI, and relevant associations.
3. **Increase Accredited Laboratories and Strategic Locations:** Expand the network of accredited laboratories and identify strategic locations near industry clusters, ports, and trading hubs to ensure efficient testing and certification services.
4. **Update SPS and TBT Laws:** Revise and align current SPS and TBT laws with international standards and the obligations concerning human, animal, and plant health. This will improve compliance and facilitate trade.
5. **Ensure Consistent Application of Quality Standards:** Apply consistent quality standards for both local and export-oriented products. Follow Codex standards for food additives in both domestic and international markets.
6. **Expand Accredited Testing Parameters:** Increase the number of accredited testing parameters by enhancing the technical and laboratory capacities of BSTI to support a broader range of products.
7. **Introduce Advanced Testing Facilities:** Establish new testing facilities for chemical residue, heavy metals, antibiotics, hormones, pesticides, viruses, bacteria, fungi, mycotoxins, and illness diagnostics, as well as reference labs.
8. **Develop SOPs for Certification Authorities:** Certification authorities should develop and implement Standard Operating Procedures (SOPs) to streamline testing processes, reduce costs, and improve the efficiency of SPS and TBT compliance.
9. **Introduce Incentive Programs for Laboratories:** Implement fiscal and non-fiscal incentives to attract investment in testing laboratories and other SPS-TBT-related infrastructure, including labs and qualified technical personnel.
10. **Organize Training and Awareness Programs:** Trade associations and business chambers should organize training programs and seminars to provide technical and policy support to exporters on SPS and TBT requirements.
11. **Develop Formal Response Procedures for SPS Notifications:** Establish formal procedures for responding to SPS and TBT notifications, similar to the Thai government's approach, to mitigate losses for exporters and farmers facing SPS barriers.

12. **Integrate SPS and TBT Training in Academic Institutions:** Technical and vocational institutions and universities should integrate courses on metrology, food safety, chemical and toxic hazards, and related subjects to build a skilled workforce.
13. **Promote Global Compliance Standards:** Encourage exporters to adhere to GLOBALGAP and develop formal procedures for closer cooperation between private producers and government regulators to ensure continuous compliance.
14. **Enhance Export Product Testing Capacity:** Strengthen the capability to test potential export products, particularly in emerging markets, to facilitate export diversification.
15. **Improve Logistic and Technical Support at Quarantine Stations:** Enhance logistic and technical support at plant quarantine stations at ports, and incentivize professionals with fiscal and non-fiscal rewards to improve efficiency.
16. **Develop Mutual Recognition Agreements (MRA):** Formulate MRAs with neighboring SASEC countries and other potential trading partners to ease trade barriers and promote regional cooperation.
17. **Expand the List of Certified Products:** Expand the current list of 229 products requiring mandatory BSTI certification marks to include additional items crucial to both domestic and export markets.
18. **Conduct a Priority Infrastructure Needs Assessment:** Reaffirm the need assessment for laboratories and other key infrastructure within relevant agencies such as BSTI, DAE, Department of Fisheries, and BFSA.
19. **Establish a Unified SPS-TBT Coordination Body:** The Ministry of Commerce should form a single national coordination body for SPS and TBT issues, involving key stakeholders from government agencies, the private sector, and business associations.
20. **Enhance International Conformity Assessment:** Develop Conformity Assessment Procedures and MRAs with SASEC countries and other potential trading partners to ensure smoother and more efficient trade exchanges.

## **Comparative Analysis of Trade Policies of Bangladesh and its Major Trade Competitors, namely China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam**

### **Background**

This report aims to provide a comprehensive analysis of Bangladesh's trade landscape in comparison to six of its key competing countries: China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam. The study explores the trade processes of Bangladesh and these nations, evaluating their compatibility and the impact of these processes on their export performance. The report begins with a detailed assessment of Bangladesh's current trading economy, followed by a comparative analysis of trade policies, tariff mechanisms, sector-specific policies, and economic challenges. It concludes with actionable recommendations based on best practices from the six competing countries, as well as other globally recognized trading nations.

The study identifies critical areas for policy reform, with a focus on technological advancements, economic integration into global trade, and fostering collaboration between the government and private sector. It emphasizes the importance of LDC graduation for Bangladesh's economic future and recommends intensifying efforts to sign Free Trade Agreements (FTAs), Preferential Trade Agreements (PTAs), and Comprehensive Economic Partnership Agreements (CEPAs). Drawing from the experiences of other countries that have graduated from LDC status, the report suggests that Bangladesh must enhance its export diversification strategy. This includes offering similar or even greater support to emerging sectors beyond the RMG sector to broaden the country's narrow manufacturing base.

The report further highlights the need for an inclusive and sustainable trade environment that can reduce trade costs, enhance competitiveness, and integrate modern technologies. This can be achieved through tariff reductions, easing non-tariff barriers, and digitizing trade-related procedures such as licensing and documentation. Specific strategies for export and import are also suggested, particularly for high-potential sectors such as ICT, pharmaceuticals, agriculture, and electronics. Furthermore, the report calls for policies to address unprecedented global crises, such as economic recessions and pandemics like COVID-19, and emphasizes the need for a robust investment climate, competitiveness enhancement, and accelerated infrastructure development.

In line with Bangladesh's LDC graduation, the report proposes that the government develop policy frameworks that encourage investment in high-tech industries, energy conservation, and environmental protection. It argues that creating a stable and conducive business environment is crucial for embracing new technologies and business models post-graduation. Lastly, the report recommends the creation of an efficient organizational structure to handle international trade issues, ensuring that Bangladesh's trade policy is well-coordinated and adaptive to global trade dynamics.

## Objectives of the Study:

1. **Comparative Analysis:** Conduct a thorough comparative analysis of trade policies between Bangladesh and its key competitors, including China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam, focusing on key trade mechanisms and success factors.
2. **Intra-Agency Coordination:** Examine the trade policy coordination mechanisms within the various trade-related ministries and agencies of the selected countries and compare them to Bangladesh's current trade governance structure.
3. **Trade Negotiation Authority:** Identify the authorized agencies responsible for trade negotiations in the competing countries, and compare these with the relevant Ministry/authority in Bangladesh.
4. **Recommendations for a Coordinated Trade Policy:** Provide actionable recommendations to establish an effective and efficient Comprehensive Trade Policy in Bangladesh, including identifying leading organizations, capacity-building needs, and inter-agency coordination improvements.
5. **Post-Graduation Trade Policy:** Offer recommendations on how Bangladesh can strategically revise and strengthen its trade policy in the post-LDC-graduation phase, focusing on export diversification, competitiveness, and global trade integration.

## Comparison of Export and Import strategies:

The export and import strategies of different countries are influenced by factors such as economic goals, market conditions, infrastructure, and government policies. Below is a comparison of export and import strategies across selected countries.

# Major Export Strategies

Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
<ul style="list-style-type: none"> <li>• Classification of product and service sector as 'highest priority sector and 'special development sector';</li> <li>• Special facilities for EPZs and EZ;</li> <li>• Enhancing the involvement of women in export-oriented industries;</li> <li>• Aims to enhance production capacity of export-oriented industries, improve product quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Follows a liberal trade policy that aims to cover most of their trade liberalization schemes;</li> <li>• Joint task force for dispute settlement with trading partner representatives;</li> <li>• Combined trade policy/act merging export policy and import Policy order</li> <li>• Complete paperless trade</li> <li>• VAT rebate to exporters.</li> </ul>	<ul style="list-style-type: none"> <li>• Indonesian Trade Promotion Center- implemented by the government to increase Indonesia's non-oil and gas exports;</li> <li>• Established Indonesia's National Single Window to facilitate exporters;</li> <li>• The EXIM bank, under the new legislation, offers exporting financing, guarantees and insurance in areas not entered into by commercial financial institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• In the automotive industry, Malaysia has phased out all remaining trade-related investment barriers as well as local-content requirements;</li> <li>• The Government has relaxed export requirements on manufacturing companies to enhance industrial linkages and domestic sales;</li> <li>• The RCEP Agreement aims to lower tariffs, open up trade in services.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide tax concessions for small and medium businesses;</li> <li>• Establish conditions required for existing value-added industries to boom through exports;</li> <li>• Through National export strategy, enabling the development of fledgling export sectors, thereby providing entire new job opportunities;</li> <li>• Agriculture policy to attract buyers through organic Agri-products .</li> </ul>	<ul style="list-style-type: none"> <li>□ Upgrade and enhance the productivity of MSMEs to move up the value chain and integrate them into global value chains;</li> <li>□ Foster utilization of intellectual property rights, innovation &amp; commercialization</li> <li>□ Promote Thailand's One Tambon, One Product (OTOP) products in international markets (One district, one product);</li> <li>□ Cultivate national image through Branding Thailand.</li> </ul>	<ul style="list-style-type: none"> <li>□ Aims "to diversify export-import markets";</li> <li>□ Focus to actively take part in the global production network and the value chains" ;</li> <li>□ Master Plan for Trade Development through focusing on accelerating trade by integrating Vietnam into foreign markets;</li> <li>□ Make use of the economy's comparative advantages, improve efficiency and export-import competitiveness.</li> </ul>



# Major Import Strategies

Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
<ul style="list-style-type: none"> <li>• The Import Policy Order lays forth a variety of import criteria and requirements, including import controls and bans, import permits, licenses, and renewal conditions.</li> <li>• Several agricultural and industrial items are classified as controlled goods</li> <li>• <b>Anti-dumping, countervailing and safeguards</b> are incorporated in the Customs Act, 1969 but not implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• Imports are divided into three categories in China: not restricted, restricted, and prohibited.</li> <li>• Government may also restrict or prohibit imports in "infant industries", agriculture, animal husbandry, and fishing, and the precious metals industry.</li> <li>• China applies reasonably steady amount of <b>anti-dumping measures</b></li> </ul>	<ul style="list-style-type: none"> <li>• Established Indonesia's National Single Window to facilitate exporters;</li> <li>• <u>Komite Anti-Dumping Indonesia (KADI)</u> has the authority to conduct anti-dumping and countervailing duty investigations on its own initiative or in response to a request from domestic industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Import license is required for animal and vegetable goods, wood, machinery, vehicles and transport equipment, and weaponry.</li> <li>• Imports of some iron and steel products are restricted unless they are imported with an import license in specific areas.</li> <li>• The number of investigations about antidumping was at its highest in Malaysia in 2015, and decisive anti-dumping measures was at its highest in 2016</li> </ul>	<ul style="list-style-type: none"> <li>• Sri Lanka places import restrictions on a variety of products for health, safety, security, environmental, and moral grounds.</li> <li>• There is no anti-dumping, countervailing, or safeguard legislation in Sri Lanka.</li> </ul>	<ul style="list-style-type: none"> <li>□ Used motorcycles and parts, domestic refrigerators that use chlorofluorocarbons (CFCs) and refurbished medical items, gaming machines, and computer peripherals are all barred.</li> <li>• Thailand applies reasonably steady amount of anti-dumping measures.</li> </ul>	<ul style="list-style-type: none"> <li>□ Import restrictions apply to a variety of chemicals, firearms, right-hand-drive automobiles, and second-hand consumer items.</li> <li>□ Vietnamese Law on Foreign Trade Management contains provisions for anti-dumping, countervailing, and safeguard measures</li> </ul>

## Specific Comparison of Policy: By Sectors

The specific comparison of trade policies across sectors highlights distinct trends and challenges in Bangladesh and its competing countries.

In the **agriculture** sector, agricultural commerce remains important in all countries, even as its share of national outputs has decreased. Vietnam, despite a higher percentage of agriculture in its GDP, experiences relatively low food exports and imports. Indonesia, while having a significant agricultural export base, particularly with palm oil accounting for 40% of its exports, shows that its agricultural exports are less diverse compared to imports. Notably, average MFN tariff protection for agriculture has generally risen across these countries, indicating an increasing level of trade protection in the sector.

The **mining and energy** sectors reveal a varied reliance on natural resources. Bangladesh's energy sector is heavily dependent on natural gas and imports, although efforts to encourage renewable energy and energy efficiency are underway. In contrast, China and Indonesia are major global producers and consumers of electricity, with China also being the world's largest gold producer. Thailand is notable for its diverse energy production, including crude oil, natural gas, coal, and hydroelectricity. Malaysia and Vietnam also have a wide range of mining resources, with expectations of increased annual production. Sri Lanka, however, has seen a decline in its mining GDP but aims to boost the sector by implementing export-oriented policies.

In the **manufacturing** sector, Bangladesh's manufacturing sector, predominantly driven by garments, has seen significant growth. From 2010 to 2019, its share of GDP grew from 16.8% to 19%, with the garment industry being the backbone. In Vietnam, textiles and garments made up 14.7% of the country's total exports in 2019, amounting to US\$38.8 billion. Thailand and Malaysia also have robust manufacturing sectors, with Thailand focusing on textiles and Malaysia on automation. Both countries have experienced significant growth in manufacturing since the 1980s, with each sector reflecting the strengths and diversification of their economies.

Finally, the **services** sector is a dominant contributor to GDP in many of these countries. In Bangladesh, services accounted for 54.6% of GDP in 2020, marking its position as the largest sector. China's services sector similarly contributed 54% of GDP in 2019. Sri Lanka's services sector has seen steady growth, driven by its tourism and finance sectors. In Vietnam and Indonesia, the services contribution has remained stable, while Thailand and Malaysia have seen gradual increases, with Malaysia's services sector being the fastest-growing in 2020. Thailand, with a significant tourism sector, saw services contribute 58% to its GDP in 2020, underscoring the growing importance of this sector in the economy.

## Incentives provided for export in major trading partners countries

### Thailand:

1. **Export Promotion Initiatives:** These include bonded warehouses, duty drawbacks, and various tax and non-tax incentives aimed at enhancing export activities.
2. **Export Credit Insurance:** Provided by the EXIM Bank of Thailand, this covers non-payment risks and ensures secure international transactions for exporters.
3. **Overseas Investment Support:** The government encourages investments abroad to leverage resources, raw materials, and lower labor costs, with EXIM Bank offering long-term facilities to protect against payment defaults due to commercial or political risks.

## Indonesia:

1. **Customs Duty and VAT Exemptions:** These exemptions are provided for materials bought domestically and used in the production of export goods.
2. **Comprehensive Exporter Support:** The Indonesian EXIM Bank provides financing, guarantees, insurance, and consultation services to enhance national export performance and supports export-oriented SMEs.
3. **Financial Institution Facilitation:** Efforts are made to overcome financing barriers for exporters, which is crucial for the country's economic growth.

## Vietnam:

1. **Vietnam Development Bank (VDB) Loans:** VDB provides loans for contracts related to the export/import of Vietnamese goods and offers low-interest loans to enterprises involved in exports.
2. **Overseas Importer Loans:** VDB also sanctions loans to overseas importers purchasing goods made and exported from Vietnam.
3. **Exemptions and Reductions:** There are exemptions on import duties for goods used to create fixed assets and materials not available domestically. The government also offers reductions on land rental and land use taxes.

## Sri Lanka:

1. **Government Fiscal Incentives:** These include income tax concessions, VAT exemptions, and deferments, as well as tax relief under the National Building Tax and Ports and Airports Development Levy.
2. **Duty Drawback Scheme:** Sri Lanka customs offers a duty drawback scheme to encourage exports.
3. **Export Development Reward Scheme (EDRS):** Established in 2020, this scheme rewards leading export companies, offering cash rewards based on export earnings. Larger exporters get 2% of additional earnings, while SME exporters get 3.5%.
4. **Export Credit Insurance:** The Sri Lanka Export Credit Insurance Corporation (SLECIC) offers innovative insurance and guarantee support services to boost exports.

## China:

1. **Export Credit and Financing Tools:** China uses various financing tools, including preferential export buyers' credits, export sellers' credits, mixed credits, and concessional loans, to promote exports and international trade.
2. **China Export and Credit Insurance Corporation (SINOSURE):** SINOSURE promotes exports, especially high-tech and high-value goods, and offers non-payment risk insurance to firms investing abroad.

## Malaysia:

1. **Export-Import Bank of Malaysia (MEXIM):** MEXIM provides trade credit insurance and banking facilities to help Malaysian businesses enter new markets.
2. **Export Credit Refinancing (ECR) Scheme:** This scheme offers competitively priced short-term trade finance to boost exports in sectors like manufactured goods, agriculture, and primary commodities.
3. **Multicurrency Trade Finance Scheme:** MEXIM insures Malaysian commercial banks against losses on trade finance advances related to export financing.

4. **Medium-Term Financing:** The bank also provides buyer credit guarantees, facilitating long-term finance for Malaysian exporters' international customers.

## Actionable Recommendations

### Policy Landscape

1. **Ensure Continuity in Policy Formulation:**
  - Establish a consistent framework for trade policies that aligns with long-term development goals. Continuous evaluation and revision should be part of the policy lifecycle to adapt to changing global trends.
  - Assign a dedicated task force within the Ministry of Commerce (MoC) for ongoing policy formulation and analysis.
2. **Replicate Garments Sector Success:**
  - Expand the successes of the ready-made garments (RMG) sector to other industries like leather, agriculture, and footwear. This can be achieved by introducing similar export incentives, access to technology, and capacity-building measures.
  - Develop sector-specific trade promotion policies, leveraging current global market demand.
3. **Reduce Import Tariffs and Anti-Export Bias:**
  - Review and reduce tariffs on raw materials and intermediate goods essential for domestic manufacturing. This will reduce production costs and make local industries more competitive.
  - Eliminate non-tariff barriers that negatively impact export activities and introduce policies to incentivize exporters across all sectors.
4. **Lower Logistic and Transportation Costs:**
  - Invest in infrastructure improvements to reduce the cost of logistics. This could include modernizing ports, improving road and rail links, and optimizing supply chain management systems.
  - Introduce digital platforms for faster customs clearance and reduce bureaucratic delays.
5. **Explore One Village One Product (OVOP) Model:**
  - Launch and scale the OVOP initiative across Bangladesh. Focus on promoting locally produced, unique products that can be branded for global markets.
  - Implement training programs for rural producers to enhance quality and compliance with international standards.
6. **Leverage Global Trade Integration:**
  - Pursue deeper integration into the global economy by expanding trade partnerships, including ASEAN, SAARC, and African markets.
  - Strengthen relationships with trading blocs and secure favorable market access for Bangladeshi goods and services.
7. **Improve Product Diversity and Standards:**
  - Invest in research and development (R&D) to diversify the domestic product portfolio.
  - Support the adoption of modern manufacturing technologies to improve product quality and standards, enhancing export competitiveness.

## **LDC Graduation**

### **1. Support Smooth Transition to MIC:**

- Prepare a strategic plan for LDC graduation, with a focus on building economic resilience and sustaining growth post-graduation.
- Strengthen institutional capacity for managing the transition and securing favorable terms in future trade agreements.

### **2. Negotiate More FTAs, PTAs, and CEPAs:**

- Expedite negotiations with key global markets to secure more FTAs and PTAs. Special attention should be given to agreements with high-growth regions like Africa and the Middle East.
- Pursue Comprehensive Economic Partnership Agreements (CEPAs) that align with Bangladesh's long-term trade and development goals.

## **Expansion of Exports**

### **1. Conduct Market and Product Analysis:**

- Implement targeted research on potential export markets and sectors where Bangladesh has competitive advantages.
- Use trade missions and market studies to identify and tap into high-demand markets, particularly in Asia, Africa, and Europe.

### **2. Broaden the Export Base:**

- Encourage the growth of non-traditional export sectors such as IT services, pharmaceuticals, and processed foods.
- Offer financial and technical support to emerging sectors like software and digital services to diversify export products.

## **Trading Environment**

### **1. Inclusive Trade and Sustainable Development:**

- Develop policies that not only support trade growth but also focus on social and environmental sustainability.
- Promote fair trade practices and ensure that SMEs have access to trade benefits and support systems.

### **2. Enhance Export and Trade Competitiveness:**

- Establish national export councils or similar bodies to coordinate export-related activities and support exporters with financial, technical, and market intelligence services.
- Streamline regulations and improve trade facilitation measures to boost competitiveness.

### **3. Encourage Entrepreneurship and Investment:**

- Create a more favorable environment for startups and SMEs to thrive by offering tax reliefs, grants, and low-interest loans.
- Foster investor confidence by offering transparent and efficient regulatory frameworks.

## **Digital Industrialization**

### **1. Build a Competitive Industrial Structure:**

- Prioritize the development of technology-driven industries and industrial parks, focusing on electronics, automation, and robotics.
- Create a strong link between academia, research institutions, and industry players to spur innovation and technological advancements.

## **2. Reduce Trade Costs Through Digitalization:**

- Accelerate the adoption of digital tools to automate trade processes, including electronic invoicing, digital customs declarations, and trade finance services.
- Develop a unified digital platform for trade information and services to reduce paperwork and streamline procedures.

## **3. Increase Export and Revenue through Technology:**

- Introduce policies to foster the growth of high-tech export products like electronics and digital services, backed by appropriate incentives.
- Establish training centers to upskill the workforce in advanced manufacturing technologies and digital tools.

## **4. Achieve Vision 2041:**

- Integrate technological advancements into key sectors such as agriculture, manufacturing, and services to achieve the vision of a Smart Bangladesh by 2041.
- Support the creation of an ecosystem that enables rapid digitalization of industries and services.

## **Investment Climate**

### **1. Encourage Investment in High-Tech and Green Industries:**

- Provide incentives for businesses investing in energy-efficient technologies, renewable energy, and environmental protection sectors.
- Foster partnerships between local and international firms to attract high-tech investments into Bangladesh.

### **2. Improve Investment Climate and Infrastructure:**

- Simplify regulatory processes to improve ease of doing business and enhance investor confidence.
- Increase investment in key infrastructure projects such as ports, roads, and energy facilities to make Bangladesh more attractive to foreign investors.

### **3. Attract FDI through Competitive Incentives:**

- Offer competitive incentives for foreign companies, including tax holidays, streamlined business registration, and expedited approvals.
- Ensure that Bangladesh's investment climate is on par with regional competitors like Vietnam, Malaysia, and Indonesia.

## **Governance Issues**

### **1. Streamline Trade Administration:**

- Establish a specialized department or think tank under the Ministry of Commerce to handle all trade-related policy and administrative functions.
- Regularly review and update trade policies to ensure alignment with global standards and evolving trade dynamics.

### **2. Develop Human Resources:**

- Invest in training and development programs to build capacity within government agencies responsible for international trade.
- Provide specialized training in international trade laws, negotiation skills, and global market analysis.

### **3. Simplify Trade Licensing and Procedures:**

- Simplify the trade licensing process and reduce bureaucratic delays. Promote the use of online platforms for trade licenses, making it easier for businesses to operate.
- Implement a "single-window" system to streamline all trade-related procedures, including customs, licensing, and taxation.

### **4. Data Availability for Better Policy Making:**

- Enhance the availability of sectoral data, particularly production capacity, to inform trade policy decisions.
- Invest in a centralized data repository for trade statistics, providing real-time insights into the domestic and global trade landscape.

## **Background**

The study aimed to assess Bangladesh's status in implementing Free Trade Agreements (FTAs) and compare it with other regional countries. It also examined best practices, measures taken by regional countries, and the implications of FTAs for developing nations. The study identified gaps between FTA agreements and their current implementation in Bangladesh and highlighted potential countries and regions for future FTA negotiations to maximize economic benefits.

Key findings include recommendations for Bangladesh to pursue FTAs with ten potential countries: the United States, India, China, the United Kingdom, Japan, Canada, South Korea, Singapore, Indonesia, and Morocco. Additionally, the study suggested engagement with five economic blocs: the European Union, RCEP, ASEAN, the Eurasian Economic Union (EAEU), and MERCOSUR.

The study emphasized the need for the government to streamline its regulatory framework, including rationalizing the tariff structure, to better position Bangladesh for signing FTAs or joining regional trade blocs. It also recommended diversifying the export basket, enhancing FTA negotiators' skills through advanced training, building institutional memory in related agencies, and improving coordination among ministries and agencies involved in FTA negotiations.

Recognizing that signing FTAs is a complex process for Bangladesh, the study underscored their importance in addressing the challenges of LDC graduation. It called for narrowing trade policy gaps to meet global FTA standards and ensuring the business community is adequately prepared across sectors. To facilitate this, the Ministry of Commerce was advised to collaborate with other ministries, think tanks, and private sector stakeholders to develop an indicative yet comprehensive guideline for FTA preparations. FTAs, the study concluded, are a critical tool for Bangladesh to navigate post-LDC challenges and enhance its global trade competitiveness.

## **Objectives of the Study**

1. **Assess Bangladesh's Current Status in FTA Implementation:** Evaluate the progress and challenges in implementing Free Trade Agreements in Bangladesh.
2. **Compare Bangladesh with Regional Counterparts:** Analyze and contrast Bangladesh's performance in FTA implementation with other regional countries.
3. **Examine Regional Best Practices and Measures:** Identify and document the strategies and measures adopted by regional countries for effective FTA implementation.
4. **Analyze the Implications of FTAs for Developing Countries:** Highlight how FTAs impact economic growth, trade dynamics, and policy frameworks in developing nations.
5. **Identify Gaps Between Agreements and Implementation:** Pinpoint discrepancies between FTA commitments and their real-world application in Bangladesh.
6. **Explore Potential FTA Partners and Coverage:** Recommend potential countries and sectors for future FTAs and define the scope for maximizing Bangladesh's economic benefits.

## **Bangladesh's Engagement in Regional Trade Agreements (RTAs)**

Bangladesh actively participates in several RTAs to enhance trade prospects. Its bilateral Preferential Trade Agreement (PTA) with Bhutan (BB-PTA) exemplifies efforts to strengthen trade ties. Regionally,



Bangladesh is part of the South Asian Free Trade Area (SAFTA) and BIMSTEC, while also engaging in regional PTAs such as the Asia-Pacific Trade Agreement (APTA), the Trade Preferential System among OIC Countries (TPS-OIC), the D-8 PTA, the South Asian Preferential Trade Agreement (SAPTA), and the Global System of Trade Preferences among Developing Countries (GSTP).

## **Current Status of FTAs and PTAs in Bangladesh**

Bangladesh's trade agreements include the SAARC Agreement on Trade in Services (SATIS), the Trade and Investment Cooperation Forum Agreement (TICFA) with the USA, and the Trade and Investment Framework Agreement with Australia. Notable progress includes a joint feasibility study on the Comprehensive Economic Partnership Agreement (CEPA) with India, soon to enter negotiations, and an ongoing study with Japan. While Bangladesh has signed 45 bilateral MoUs on trade, it has yet to sign a full-fledged bilateral Free Trade Agreement (FTA). Feasibility studies have been conducted with 26 countries, with priority steps being taken to sign FTAs, PTAs, or CEPAs with 10 countries and three regional blocs.

## **Regional Best Practices and Features of Standard FTAs**

Regional best practices highlight the complexity of FTAs, as measures effective for one partner may not work for another. Developed countries and trading blocs typically emphasize wide coverage, tariff reductions with defined timelines, safeguards, addressing Technical Barriers to Trade (TBT), and Sanitary and Phytosanitary (SPS) measures.

## **Implications and Challenges of FTAs for Developing Countries**

FTAs can significantly impact developing countries by driving investment, technology transfer, and business modernization. However, challenges like non-tariff barriers, accreditation requirements for standards, and fiscal constraints due to trade tax dependencies persist. In Bangladesh, limited export product diversification, reliance on import-related taxes, and cash incentive policies complicate FTA formulation.

## **Criteria and Potential Partners for FTAs**

Bangladesh prioritizes countries with political willingness, economic strength, and opportunities for market access. Potential partners include India, China, Japan, Singapore, the USA, the UK, Canada, South Korea, Indonesia, and Morocco. The rationale includes geographic proximity, trade volume, and investment potential.

## **Regional Blocs for FTAs**

Bangladesh targets regional blocs such as the European Union (EU), RCEP, ASEAN, the Eurasian Economic Union (EAEU), and MERCOSUR to diversify trade and investment opportunities. These blocs present significant market potential and align with Bangladesh's long-term trade and economic objectives.

By leveraging these opportunities and addressing challenges, Bangladesh aims to strengthen its global trade integration and prepare for post-LDC graduation.

## **Actionable Recommendations**

### **1. Diversify the Export Basket**

- Prioritize reducing over-reliance on the Ready-Made Garments (RMG) sector by exploring untapped exportable products and new destination markets.
- Promote non-traditional sectors such as IT, pharmaceuticals, agro-processed goods, and light engineering.

2. **Enhance Negotiation Skills**
  - Conduct advanced training programs and practical learning sessions for FTA negotiators, such as "learning by doing."
  - Develop a comprehensive **FTA Negotiation Handbook** tailored to address Bangladesh's specific needs and challenges.
3. **Streamline Regulatory Frameworks**
  - Rationalize tariff structures and other regulatory regimes to align with the requirements of modern FTAs.
  - Incorporate standardized features in FTAs, including services, investments, competition policy, and SPS/TBT measures.
  - Engage with trade partners to foster long-term collaborations in employment, trade facilitation, and mutual recognition of standards
4. **Strengthen Institutional Capacity**
  - Build and sustain institutional memory by documenting past negotiations and experiences to aid future discussions.
  - Enhance research capacity for data collection and analysis to support evidence-based FTA policymaking.
5. **Boost Inter-Ministerial Coordination**
  - Foster better coordination between the Ministry of Commerce, Ministry of Foreign Affairs, and other relevant agencies for seamless FTA negotiations.
6. **Sustain Exporters' Global Competitiveness**
  - Develop WTO-compliant alternatives to existing cash incentives and subsidies to support exporters post-LDC graduation.
7. **Leverage Bilateral and Regional Opportunities**
  - Continue pursuing FTAs and PTAs with key trade partners, including Japan, the USA, and GCC countries.
  - Explore opportunities with regional blocs such as the EU, ASEAN, and RCEP for expanded market access and investment.
8. **Develop Skilled Negotiators**
  - Create a pool of expert negotiators with support from the Ministry of Foreign Affairs and the Ministry of Commerce.
  - Conduct regular retraining programs to adapt to evolving global trade dynamics.
9. **Focus on Post-LDC Graduation Strategy**
  - Mitigate the impacts of losing Duty-Free Quota-Free (DFQF) market access by negotiating bilateral FTAs with developed countries.
  - Prepare a roadmap for sustaining export competitiveness through diversified products, markets, and WTO-aligned subsidies.

## **A compiled policy and regulatory guidelines/standard operating procedures (SOP) for Cross Border Land Port Management with respect to international trade and transport formalities, procedures, documentation and related matters**

### **Background**

Efficient management of cross-border land ports is critical for facilitating international trade, ensuring seamless transport connectivity, and supporting economic growth. As a trade-dependent economy, Bangladesh's land port management plays a pivotal role in enhancing trade competitiveness and enabling the smooth movement of goods across borders. However, the current infrastructure, institutional frameworks, and procedural systems often present challenges in meeting the demands of modern trade facilitation.

Bangladesh, with its strategic geographic position, shares land borders with India and Myanmar, making land ports essential hubs for cross-border trade. Despite their importance, the operations of these ports face several inefficiencies, including procedural delays, inadequate infrastructure, lack of coordination among agencies, and outdated documentation practices. These challenges impede trade flows, increase costs for exporters and importers, and undermine the country's efforts to integrate into global and regional supply chains.

Moreover, as global trade practices evolve, international standards for land port management now emphasize automation, digitization, and streamlined processes to reduce transaction costs and delays. Many countries have adopted advanced technologies and robust institutional frameworks to harmonize trade procedures, improve inter-agency coordination, and implement one-stop services at border points. Bangladesh, however, needs significant reform to align its land port management systems with these international best practices.

In this context, the study aims to develop **policy and regulatory guidelines/standard operating procedures (SOPs)** for land port management in Bangladesh, focusing on trade and transport formalities, procedures, documentation, and related matters. By identifying the current status, institutional weaknesses, coordination mechanisms, and implementation gaps, the study will offer actionable recommendations to enhance the efficiency and effectiveness of land port operations.

Additionally, the study will examine the requirements for legislative, administrative, and policy reforms to support trade facilitation efforts. It will also explore global best practices and technologies used in land port operations, offering insights for their potential adaptation in Bangladesh. Ultimately, the findings will help establish a harmonized and efficient land port management system, promoting seamless trade and boosting the country's economic prospects in the context of increasing global competition.

## Objectives of the Study

1. **Assess the Current Status:** To evaluate the existing management systems of Bangladesh's land ports, including the processes and procedures related to international trade, transport formalities, documentation, and associated issues.
2. **Identify Institutional Weaknesses:** To pinpoint major institutional shortcomings in trade facilitation and cross-border management, focusing on implementation gaps and procedural obstacles hindering efficiency.
3. **Examine Coordination Mechanisms:** To analyze the current coordination framework at border points and assess the implementation of one-stop services from both export and import perspectives, with a view to developing Standard Operating Procedures (SOPs).
4. **Explore International Standards and Best Practices:** To identify global benchmarks, best practices, and advanced technologies utilized in land port operations, facilitating their potential application for improved management in Bangladesh.
5. **Recommend Legislative, Administrative, and Policy Reforms:** To outline necessary legislative, administrative, and policy changes required for modernizing and streamlining land port management.
6. **Propose Adjustments for Enhanced Efficiency:** To suggest actionable adjustments or modifications aimed at ensuring efficiency, effectiveness, and harmonization in the management of Bangladesh's land ports, thereby enhancing trade facilitation.

## Procedure-Wise Documentation Requirements for Import and Export at Land Ports

### Import Documentation Requirements

The documentation process for imports begins with the border crossing of goods, requiring a car pass and customs transit declaration. To obtain a quarantine certificate, importers must provide a filled application form, an import permit, a phytosanitary certificate from the exporting country, and a truck receipt.

For customs declaration, a comprehensive list of 18 documents is typically required, including the bill of entry, car pass, transit declaration, LC copy, LCA copy, pro forma invoice, commercial invoice, certificates of origin, quarantine, and radioactivity tests, among others. Following inspection and goods clearance, transport to the importer's warehouse involves a gate pass and a signed bill of entry.

To establish payment guarantees through an LC, documents like the LC application, LCA, pro forma invoice, IRC, import permit, and insurance cover note are mandatory. Payments for imported goods require a commercial invoice, packing list, origin certificate, truck receipt, and phytosanitary certificate. Lastly, the customs-certified bill of entry must be submitted to complete the import process.

### Export Documentation Requirements

For exports, transportation to the port of departure necessitates 11 documents, including the bill of export, export registration certificate (ERC), TT copy, certificates of origin (CO and SAFTA CO), pro forma invoice, commercial invoice, packing list, and truck receipt. The same documents are required for customs declarations.

When handing over documents to the importer's representative and at the border crossing, an additional gate pass is included, increasing the number to 12 documents. After crossing the border, signed documents such as the bill of export, pro forma invoice, and original ExP form are sent back to the exporter.

To receive advance payment via TT, the application for TT, pro forma invoice, and ERC copy are required. Finally, obtaining a Proceed Realization Certificate (PRC) demands six key documents, including the bill of export, invoices, packing list, truck receipt, and ExP form.

## Time Requirements for Import and Export at Land Ports

Based on the 2022 Time Release Study (TRS) of Benapole Land Port, the average time required for import clearance, from truck arrival to final goods release, is **10 days, 8 hours, and 11 minutes**. The process can range from as little as 1 hour and 39 minutes to as much as 35 days, 8 hours, and 26 minutes. Import clearance for capital machinery, garment raw materials, and pharmaceuticals generally takes longer than for food items.

The breakdown of time spent indicates inefficiencies: **72% of the time** is attributed to importers and customs brokers, **20% to port authorities**, **7% to customs**, and **1% to other government agencies**. This highlights the need for streamlined processes and improved coordination among stakeholders to enhance trade facilitation at land ports.

Comparison of LPI Index of Bangladesh with ASEAN countries

Countries	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Singapore	1	4.3	4.2	4.6	4	4.4	4.4	4.3
Malaysia	26	3.6	3.3	3.6	3.7	3.7	3.7	3.7
Thailand	34	3.5	3.3	3.7	3.5	3.5	3.6	3.5
Philippines	43	3.3	2.8	3.2	3.1	3.3	3.3	3.9
Viet Nam	43	3.3	3.1	3.2	3.3	3.2	3.4	3.3
Indonesia	61	3	2.8	2.9	3	2.9	3	3.3
Bangladesh	88	2.6	2.3	2.3	2.6	2.7	2.4	3
Cambodia	115	2.4	2.2	2.1	2.3	2.4	2.8	2.7
Lao PDR	115	2.3	2.3	2.3	2.4	2.4	2.8	2.4

Source: LPI 2023, World Bank

## Weaknesses of Major Institutions in Cross-Border Management

- Bangladesh Land Port Authority (BLPA):** Land ports face insufficient infrastructure, including roads, parking spaces, cranes, forklifts, modern weighing scales, scanners, warehouses, sheds, accommodation facilities, and skilled manpower. Security measures, such as lighting and CCTV cameras, are inadequate.
- Customs:** Lacks full automation and is short of sufficient manpower to handle growing trade volumes effectively.
- Certification and Quality Control Authority:** Insufficient logistical support, limited testing facilities, and the absence of accredited laboratories near land ports hinder efficiency.
- Border Guard Bangladesh (BGB):** Prolonged cargo and passenger checking delays border crossing processes.
- Immigration:** Faces challenges like poor queue management, limited waiting rooms, and inadequate passenger facilities.
- Operators:** Lacks capacity to provide adequate security and automation services.

7. **C&F Agents:** Often lack adequate knowledge about HS codes, advance rulings, and customs measures, leading to inefficiencies.
8. **Transport and Logistics Companies:** Poor coordination with C&F agents and labor unions, compounded by syndicate issues, slows down operations.
9. **Importers and Exporters:** Limited trade knowledge and weak coordination with customs, land port authorities, and banks further impede trade facilitation.

## Import-Export Procedural Hindrances at Land Ports

### 1. Documentation

- Lengthy and time-consuming processes.
- Inefficient internet and networking systems.
- Lack of automation in documentation handling.

### 2. Time

- Poor transportation infrastructure within port areas.
- Space constraints in port zones.
- Insufficient inter-border coordination and skilled manpower.
- Delayed services due to lack of nearby fire stations, hospitals, and accredited testing labs.

### 3. Cost

- Syndicate issues inflate operational costs.
- Fluctuating documentation charges.
- Prolonged procedures add to overall expenditure.

## Other Procedural Hindrances

- **Customs Risk Management (RM):** Without a comprehensive RM strategy, customs tends to over-inspect consignments, although automated risk management software (ARMS) may improve this over time.
- **Duty Payment Delays:** Despite the availability of e-payment, duty payers often delay payments, causing shipment release delays.
- **ASYCUDA Limitations:** Full ASYCUDA functionality is absent at several land ports, necessitating manual submission of hard copies, which slows down procedures.
- **Perishable Goods:** Limited storage facilities and the absence of fast-track legal provisions delay the release of perishable commodities.
- **Passenger Congestion:** The lack of a token system and manual queue management creates bottlenecks at immigration counters.

## Coordination Mechanism at Border Points

Multiple ministries and agencies, such as customs, BLPA, BGB, and BSTI, oversee operations at land ports. While inter-agency coordination is improving, some entities like banks, plant quarantine, and BGB are not fully integrated into digital coordination systems, hindering data sharing and process optimization.

As organizations often operate under separate mandates, a policy framework mandating inter-agency cooperation is essential to bridge gaps and streamline operations. Private organizations, such as trade bodies, freight forwarders, and logistics companies, must also be part of this coordination effort for effective trade facilitation.

## International Standards for Land Port Management

Adopting global best practices is crucial for modernizing Bangladesh's land ports. Key standards include:

- Efficient land and border access.
- Advanced infrastructure for transport stations, road, and rail networks.
- Integrated systems for managing industrial areas and controlling vehicle movement.
- Environmental and hazardous cargo control.
- Robust safety and security systems.
- Streamlined immigration, customs, and health document controls.
- Modern warehouse facilities and efficient use of parking and sheds.
- Optimized cargo handling, storage, and distribution processes.

## Best Practices for Land Port Management

1. **Integrated Check Posts (ICP) of India:** India's ICPs are modern border facilities designed to streamline trade and passenger processing. These posts integrate customs, immigration, and border security functions under one roof, improving connectivity and facilitating multi-modal transportation. ICPs aim to enhance cross-border trade and people movement by providing comprehensive services at border checkpoints.
2. **Automated Border Management:** Automated Border Control (ABC) systems use technology to verify the identity of travelers at border crossings without human intervention. These systems typically include e-Gates, document readers, biometric capture devices, and management software, improving efficiency and security at border points.
3. **One-Stop Border Post (OSBP) Management (Africa):** The OSBP model focuses on integrating border management services to reduce clearance times and logistical costs. This model has been successful in African countries such as Zambia, Zimbabwe, Tanzania, and Kenya, where legal frameworks, simplified procedures, ICT systems, and improved infrastructure help facilitate smoother cross-border trade.
4. **Public-Private Partnerships (PPP) in European Ports:** The PPP model in European ports has improved management and infrastructure by involving private entities. For example, *Interporto Quadrante Europa* has adopted efficient and customer-friendly processes, enhancing trade facilitation through the collaboration of public and private sectors.
5. **Reformed Legislative Standards in India:** India's legislative reforms have focused on improving decision-making and inter-agency coordination in land port operations. By including representatives from various ministries, India's reforms have created a more effective governance structure, enhancing trade facilitation.
6. **21st Century Border Management Initiative (USA-Mexico):** This initiative focuses on streamlining trade data entry, cargo inspections, certification, and food safety measures. Trusted trader programs further simplify and expedite trade processes between the USA and Mexico, improving cross-border efficiency.

7. **Cross-Border Transport Agreement of Vietnam:** The agreement between Vietnam and Laos, signed in 2009, facilitates cross-border trade by simplifying customs and border procedures for motor vehicles. This agreement has streamlined bilateral trade between the two countries.
8. **Gulf Cooperation Council (GCC):** The GCC has created a customs union that simplifies border trade for landlocked countries. Measures include a single-entry point for imports, common customs regulations, and standardized customs value calculation, improving the efficiency of cross-border trade.
9. **Authorized Economic Operators (AEO) of Malaysia:** Malaysia's AEO program, based on the World Customs Organization's Customs-to-Business partnership, enables traders who meet specific criteria to benefit from streamlined processes and reduced time requirements. This program has enhanced trade facilitation by fostering collaboration between customs authorities and businesses.

## Actionable Recommendations for Improving Land Port Management

### 1. Coordination and Governance Enhancement

- **Enhanced Coordination and Cooperation:** Align working hours, procedures, and facilities across border agencies in line with the WTO's Trade Facilitation Agreement (TFA). Establish one-stop border posts and joint control mechanisms.
- **Centralized Border Control:** Establish an Immigration & Checkpoints Authority and make Customs the single point of contact for trade and revenue matters, following best practices from Singapore and Finland.
- **Formation of a Coordination Committee:** Set up a coordination committee co-chaired by Customs and BLPA, including all service providers at land ports to foster collaboration and streamline operations.
- **Harmonization of SOPs with Neighboring Countries:** Align Standard Operating Procedures (SOPs) with neighboring countries to ensure smooth cross-border trade, e.g., coordination with Indian authorities on cargo lanes.

### 2. Process and Procedural Streamlining

- **Optimizing Entry Procedures:** Improve the BGB entry process for car passes and introduce a single-entry automation system to simplify the procedure across agencies.
- **Online Custom Inspections:** Transition to an online system for Customs inspection and assessment to provide real-time reporting and quicker processing.
- **Automation of Bill Submissions:** Automate the bill of entry/export process to eliminate paper-based submissions, reducing time and enhancing efficiency.
- **E-Payment System for Port Dues:** Introduce e-payment for port dues, duties, and fees to streamline transactions and reduce manual processing.
- **Digital Channels Between Banks and Customs:** Establish a digital link between banks and Customs to speed up the assessment process as soon as an LC is opened.
- **Joint Signature Process Simplification:** Remove redundant Customs signatures in gate pass issuance once clearance is granted.



### 3. Infrastructure and Technological Improvements

- **Automated Warehouse Management:** Introduce automated real-time monitoring and management systems for warehouse space to improve utilization and reduce congestion.
- **Road Infrastructure Improvement:** Develop a four-lane road system to facilitate smoother transportation within the port area.
- **Smart ID Cards for Port Officials:** Implement smart ID cards for C&F agents and port management officials to streamline identification and improve security.
- **Parking System for Cargo Vehicles:** Introduce a serial-wise, demarcated parking system for import and export vehicles to reduce congestion in parking areas.
- **Private Sector Participation:** Encourage private investment in port infrastructure, including private warehouses and parking facilities, to improve operational capacity.

### 4. Customs and Trade Facilitation Enhancements

- **Mandatory E-Payment System for C&F Agents:** Extend the e-payment system to all C&F agents for paying duties, ensuring quicker and more efficient payments.
- **Product Testing and Sample Handling:** Implement an express courier system for the rapid delivery of product samples to testing facilities to reduce delays.
- **Emergency Testing and Reduced Timeframes:** Introduce an emergency testing system and set clear time frames to speed up product inspections.
- **Partial Shipment Allowance:** Allow partial shipments to reduce delays caused by mechanical issues or road conditions affecting entire consignments.
- **Freight Forwarding Facilities at Land Ports:** Establish freight forwarding services at land ports to enhance operational efficiency and support trade.

### 5. Passenger and Travel Facilitation

- **Dedicated Immigration Lanes:** Implement separate lanes for immigration and departure to facilitate faster and safer passenger movement.
- **Token System for Immigration:** Introduce a token system to manage immigration queues and reduce waiting times for travelers.
- **Traveler Experience Enhancements:** Improve accommodation and entertainment facilities for travelers, reducing congestion and enhancing the travel experience.
- **Streamlined BGB Checks for Travelers:** Reduce the number of BGB checks for travelers to minimize delays and enhance the travel experience.

### 6. Training, Knowledge, and Capacity Building

- **Training and Knowledge Enhancement for Port Users:** Initiate continuous training programs for port users to increase their understanding of customs regulations, including HS codes and advance rulings.
- **Increase Export Through Land Ports:** Improve export processes, especially for perishable goods, by enhancing infrastructure and customs procedures.

### 7. Research and Future Planning

- **New Study for Land Port Best Practices:** Conduct studies to explore the management practices of best-performing countries, replicating successful strategies in Bangladesh.
- **National Single Window Implementation:** Expedite the implementation of the National Single Window to streamline trade facilitation processes and reduce inefficiencies.
- **Inclusion of C&F Agents as AEOs:** Work towards including C&F agents alongside exporters and importers as Authorized Economic Operators (AEOs) to improve trade efficiency.

## Background

The Bangladesh Land Port Authority Act 2001 (BLPA Act) governs the operations, development, and management of land ports in Bangladesh. The Act was designed to facilitate the smooth movement of goods and people across the country’s land borders, enhancing trade efficiency and regional connectivity. However, over time, several challenges have emerged in the execution of the Act, including gaps in implementation, outdated provisions, and emerging trade demands that the existing law fails to address effectively.

As global trade dynamics evolve and technological advancements reshape border management systems, there is a growing need to reform the BLPA Act to align with international best practices, improve operational efficiency, and streamline cross-border trade. The reform process will ensure that Bangladesh’s land ports are more capable of managing increasing trade volumes, reducing procedural bottlenecks, and ensuring compliance with global trade agreements.

With the increasing importance of digital trade facilitation, cross-border paperless trade, and the integration of technology in border management, it is critical to review and modernize the regulatory framework to make the land ports more efficient, transparent, and responsive to the needs of exporters, importers, and transit operations.

## Objectives of the Study

1. **Review and Reform the BLPA Act 2001:** To assess and propose reforms to the Bangladesh Land Port Authority Act to meet current trade and border management needs.
2. **Identify Legal and Policy Constraints:** To identify challenges in the Act that hinder trade facilitation and cross-border management, focusing on implementation gaps and procedural issues.
3. **Incorporate International Best Practices:** To explore and recommend good practices from other countries for improving border management and trade facilitation in Bangladesh.
4. **Analyze Critical Laws and Regulations:** To examine the laws governing border operations, comparing them with South Asian and international models for effective revenue and trade facilitation.
5. **Align with International Trade Agreements:** To evaluate the alignment of the Act with trade-related international agreements and propose necessary adjustments.
6. **Facilitate Trade for Exporters and Importers:** To assess how the Act supports trade for exporters and importers, and align it with international best practices.
7. **Propose Reforms for Efficiency:** To recommend legislative, administrative, and policy reforms to improve the efficiency of land port operations.
8. **Promote Technology Integration:** To suggest modifications for integrating technology, enabling cross-border paperless trade, and improving trade facilitation.

## Bangladesh Land Port Authority (BLPA): Major Functions and Challenges

The **Bangladesh Land Port Authority (BLPA)** is responsible for formulating policies regarding the development, management, operation, and maintenance of land ports in Bangladesh. Key functions include appointing operators, preparing tariffs, executing contracts, and constructing infrastructure such

as roads, yards, and storage facilities at land ports. However, despite these responsibilities, the BLPA faces significant challenges. The coordination between multiple agencies, such as customs, immigration, and border security, remains inadequate. The lack of a clear delineation of responsibilities among these agencies complicates operational efficiency. Additionally, land ports, particularly those in remote areas, suffer from insufficient facilities like restaurants, hotels, and testing areas. Heavy traffic congestion and the lack of adequate health screening facilities, especially during the COVID-19 pandemic, further exacerbate the challenges. Moreover, preventing illegal cross-border activities like smuggling remains a major concern.

## Constraints and Challenges of the BLPA Act 2001

The Bangladesh Land Port Authority Act 2001 primarily focuses on the establishment of the BLPA and the management of international trade through land ports. However, the Act lacks detailed provisions on the operational aspects of land ports and does not clearly define the roles of various organizations working at land ports, such as customs, immigration, and quarantine agencies. Furthermore, there is no designated body responsible for coordinating the diverse functions and services required at land ports, leading to inefficiencies. The absence of specific laws governing land port operations and the lack of coordination across agencies are major hurdles in effective border management.

## Regional Comparisons

### India

India's land ports are governed by the **Land Ports Authority of India (LPAI)**, which manages integrated check posts (ICPs) along the border, offering services such as security, warehousing, and customs clearance. ICPs like *Agartala and Petrapole* are operational near Bangladesh, with additional facilities under construction. The LPAI also focuses on cross-border transport and trade facilitation, including the regulation of vehicle movement and maintaining security.

### Myanmar

In Myanmar, land ports are categorized as dry ports or intermodal inland terminals, serving both domestic and international trade. Ports like Ywa Thargyi and Myitnge are linked to Yangon Sea, while Maungdaw Land Port facilitates trade with Bangladesh. Myanmar lacks specific legislation governing dry ports, relying on informal management by various agencies.

### Nepal

Nepal operates three dry ports at its border with India, including Birgunj, Biratnagar, and Bhairahawa. The dry ports are guided by the **Multimodal Transportation of Goods Act, 2006**. Nepal's border ports, including those with Bangladesh, such as Banglabandha, are critical for regional trade. However, there is no dedicated law regulating dry port operations in Nepal.

### Bhutan

Bhutan's Phuentsholing Mini Dry Port and the newly developing Pasakha Dry Port are designed to improve trade facilitation. Bhutan's port management is guided by local authorities, and there is no specific national law governing dry ports.

## China

China's dry ports, part of its "Belt and Road" strategy, are integral to connecting inland regions with coastal and border ports. Managed under a public model with outsourced operations, China's dry ports, like the Chaoyang Dry Port, lack specific legislation governing their operation but are vital for the country's international trade initiatives.

## Vietnam

Vietnam's Inland Container Depots (ICDs) serve as dry ports and are primarily managed by seaport authorities. These ICDs play a key role in supporting seaports like Hai Phong and Ba Ria-Vung Tau. While the government prioritizes the development of ICDs, there is no dedicated law for their operation, with seaport authorities overseeing them.

## Action-Oriented Recommendations

### Legislative Reforms

1. **Clarify BLPA's Role:** The Bangladesh Land Port Authority (BLPA) Act 2001 should clearly define BLPA's functions, including:
  - Enhancing security measures.
  - Planning and maintaining essential infrastructure (roads, terminals, warehouses).
  - Providing facilities for immigration, customs, quarantine, and other services.
  - Developing amenities such as hotels, restaurants, and restrooms.
2. **Board Structure:** Establish a comprehensive board with functional roles, including representatives from trade organizations and worker associations. The board should be gender-sensitive, including women entrepreneurs.
3. **Coordination & Jurisdiction:** The BLPA Act should establish central coordination for each port, detailing the responsibilities of different agencies (customs, immigration, security forces, etc.) to streamline operations.
4. **Policy-Level Coordination:** Create a National Committee with relevant ministries, trade bodies, and think tanks to improve coordination in trade-related decisions.
5. **Legislative Revisions:** Regularly evaluate and amend the BLPA Act to accommodate changing trade dynamics and ensure penalties for non-compliance.

### Policy Reforms

1. **Private Sector Involvement:** Encourage greater private sector participation in both policy formulation and daily port operations.
2. **Simplify Procedures:** Conduct studies to streamline and simplify the import/export procedures at land ports. The BRCP-1 study recommends creating Standard Operating Procedures (SOPs) for better port management.
3. **Capacity Development:** Implement training programs for port staff and customs officials to enhance efficiency and ensure smooth operations.
4. **Feasibility & Sustainability Studies:** Conduct thorough feasibility studies before declaring new Land Customs Stations (LCS) and ensure long-term sustainability for existing ports.
5. **Incentives for Staff:** Provide attractive incentives for both technical and non-technical staff to improve performance and reduce turnover.
6. **Automation and Digitalization:** Introduce automation, such as digital cargo management systems and barcode scanning, to improve port efficiency.

7. **National Master Plan:** Develop a National Master Plan for land ports that includes long-term goals, modernization strategies, and infrastructural development plans.
8. **Regional Cooperation:** In trade agreements like FTA/CEPA/RTA, incorporate provisions for mutual recognition of certificates, information-sharing on non-tariff barriers, and joint weighing.

### Administrative Reforms

1. **Sustainable Supply Chain:** Build an environmentally sustainable and technically sound supply chain infrastructure at land ports, including multimodal transport connectivity (rail, road, and river).
2. **Infrastructural Improvements:** Develop necessary infrastructure such as office complexes, warehouses, and transport facilities, ensuring that ports are well-equipped to handle increased traffic.
3. **Financial Systems:** Establish a supportive financial system, including digital payment platforms, to enhance service delivery at ports.
4. **Passenger-Focused Amenities:** Improve amenities like restaurants, hotels, restrooms, and amusement spaces at land ports to ensure comfort for passengers and facilitate smooth border crossings.
5. **Immigration Passes for Frequent Traders:** Consider issuing special passes for importers/exporters frequently engaged in land port operations to simplify their movement within restricted areas.

### Workshop Recommendations for Operational Improvements

1. **Passenger Terminals:** The BLPA Act should account for the substantial increase in passenger traffic and include provisions for building and expanding passenger terminals at key land ports, such as Benapole and Burimari.
2. **One-Stop Border Posts (OSBPs):** Implement OSBPs to expedite the customs clearance process, allowing for simultaneous processing of goods and passengers.
3. **Inspection and Scanning Technology:** Introduce vehicle scanning technologies at land ports to automate inspections, reducing delays and improving efficiency.
4. **Customs Flexibility:** Allow for a small margin (1-2%) of excess weight tolerance for trucks to reduce delays caused by strict weight checks.
5. **Container Handling Capacity:** Improve the infrastructure and equipment for container handling at land ports, especially for high-volume goods.
6. **Enhanced Coordination:** Expand the BLPA Board to include representatives from relevant agencies like NBR, Ministry of Commerce, Border Guard Bangladesh (BGB), etc. This will ensure better inter-agency coordination.
7. **Paperless Trade:** Transition customs clearance processes to a paperless system, eliminating manual entry and document handling to improve processing times.
8. **Bonded Warehouses:** Establish bonded warehouses at key land ports and station customs officers at these locations to expedite clearance.
9. **On-Site Laboratories:** Establish on-site laboratories at land ports to facilitate quick testing of goods to meet sanitary and phytosanitary standards, particularly for agri-food imports.

## Diagnostic Studies about Export Promotion of Agro-Processing Sector in Bangladesh

### Background

The agro-processing sector is a cornerstone of Bangladesh's economy, bridging the gap between agriculture and manufacturing while playing a pivotal role in ensuring value addition and employment generation. This sector encompasses a wide range of activities, from the processing of fruits, vegetables, and cereals to the production of ready-to-consume and exportable food products.

Bangladesh has witnessed consistent growth in agricultural production over the last two decades, with significant increases in the cultivation and output of fruits, vegetables, and potatoes. Despite these achievements, the agro-processing industry contributes only about 2% to GDP, indicating untapped potential in this sector. The industry comprises around 6,000 establishments, primarily micro and small enterprises, alongside medium and large firms. However, challenges such as limited infrastructure, insufficient technology adoption, inadequate access to quality inputs, and fragmented value chains hinder its growth.

Globally, the demand for agro-processed products is increasing, creating opportunities for Bangladesh to expand its export base. The sector is already growing at an annual rate of 15%, valued at \$4.81 billion as of 2022, with an export share of 3.5%. Notably, women play a significant role in the agro-processing value chain but often face systemic barriers to participation and growth.

To unlock the full potential of this sector, it is essential to strengthen the value chains, address regulatory and infrastructural challenges, and focus on empowering women traders. This study is positioned to provide actionable insights to guide policy reforms, enhance capacity development, and promote exports, ultimately contributing to the socioeconomic development of Bangladesh.

### Objective of the Study

The study aims to analyze the current state of Bangladesh's agro-processing sector, focusing on its value chains, export potential, and regulatory environment. Key objectives include:

1. **Assessing Sector Dynamics:** Understand the present status and challenges through value chain analysis.
2. **Boosting Exports:** Identify opportunities and required support for expanding regional and international exports.
3. **Empowering Women:** Focus on enhancing the role and capacity of women traders in key value chains.
4. **Improving Regulations:** Recommend adjustments to streamline trade and support export facilitation.
5. **Strengthening Government Support:** Propose measures to build trader capacity and improve infrastructure.
6. **Fostering Inclusive Growth:** Empower traders, particularly women, to contribute to global markets sustainably.

## **Farmers are facing problems**

Farmers in Bangladesh face numerous challenges that hinder the growth and efficiency of the agro-processing sector. These include limited access to quality seeds and planting materials for high-value crops (HVC), substandard fertilizers and pesticides, and a lack of modern farming technologies. High levels of pest infestations and diseases further exacerbate productivity issues. Inadequate storage facilities, disorganized farmer networks, and exploitation by trader syndicates add to their difficulties. Transportation inefficiencies, including unusual tolls, insufficient government support, financial constraints, and weak infrastructure, collectively undermine the sector's potential for growth and competitiveness.

## **Key gaps in the Key-Products Value chain**

### **Production Gaps**

The agro-processing sector faces significant production challenges, including limited availability of quality seeds, healthy saplings, and high-yielding varieties, alongside the use of substandard fertilizers and pesticides. Farmers often lack adequate knowledge of modern production technologies and technical expertise in pest and disease management. Additionally, limited access to financial services further hampers their ability to enhance production, resulting in low-quality output.

### **Post-harvest Gaps**

High post-harvest losses are a critical issue due to the lack of cold chain infrastructure, integrated packing houses, and collection centers. Minimal practices for grading and sorting, coupled with the absence of quality standards for fresh produce and improper packaging, reduce the marketability of products and undermine export potential.

### **Processing Gaps**

Processing challenges include the unavailability of quality raw materials and the use of outdated technologies, which limit efficiency and competitiveness. Stakeholders also lack adequate knowledge of export market requirements, face high costs of labor and packaging, and contend with fluctuating export prices, all of which affect profitability and market expansion.

### **Export Gaps**

The sector struggles with scattered production areas and the seasonal nature of commodity production, which disrupts export supply chains. Low produce quality, the absence of standard packaging, and inadequate storage, cargo, port, and airfreight facilities are significant barriers. Additionally, the lack of GAP certification with traceability systems and modern packing houses constrains export compliance.

### **Knowledge Gaps**

Farmers and market players have limited access to reliable sources of information on market trends, food safety standards, and business opportunities. This knowledge deficit hinders their ability to align with international standards, access markets, and make informed decisions about production and trade.

## **Gender Gaps**

Women face considerable challenges in the sector, with limited participation in production activities and greater involvement in value addition. Barriers such as restricted access to capital, technologies, and resources, along with low levels of entrepreneurship, prevent women from fully engaging in agro-product trading and benefiting from its opportunities.

## **Capacity Building Gaps**

The lack of training on business management, post-harvest techniques, and export market requirements hampers the development of farmers and entrepreneurs. Awareness about food quality standards and regulations is also limited, while capacity-building interventions remain insufficient to address the evolving demands of the agro-processing sector.

## **Major Challenges in Export of Agro-Products**

Exporting agro-products from Bangladesh faces numerous hurdles. There is a lack of a dedicated nodal agency to provide essential support and services, compounded by weak research and development (R&D) facilities and the absence of crop zoning for export-oriented production. Supervised production practices like contract farming and the implementation of international standards such as GAP, GMP, and HACCP, along with proper certification systems, are largely missing.

High rates of interceptions due to non-compliance, quarantine pest infestations, and the absence of cold chain infrastructure significantly affect product quality. Moreover, poor packaging, the lack of accredited laboratories for testing, and inadequate airport facilities add to the bottlenecks, with high freight charges and limited air cargo space exacerbating the situation.

Weak linkages between producers and exporters, coupled with limited knowledge of produce quality standards and international market requirements, hinder effective market access. Additionally, severe competition in global markets, a shortage of capital, and insufficient institutional support make it challenging to scale agro-product exports effectively.

## **Challenges Faced by Women Entrepreneurs in Agro-Processing and Export Trading**

Despite their growing involvement in agro-processing and export trading, women entrepreneurs face significant challenges. While 88% of them are engaged in trading, only 16% operate agro-based enterprises. Key barriers include inadequate access to capital, bureaucratic hurdles in obtaining business permits, slow sales growth, and persistent gender discrimination. Limited literacy, insufficient technical knowledge, and lack of proper training further impede their progress. Personal traits like hard work and perseverance often offset weak management and marketing skills, as well as minimal familial or spousal support.

Financial constraints remain a predominant issue, with women entrepreneurs grappling with insufficient credit, high-interest rates, lengthy loan processing, and hidden charges. Additional barriers include demands for excessive documentation, short-term loans with large instalments, inadequate seasonal credit, and limited grace periods. Banks often require collateral and provide women-dedicated services managed by male officials, further complicating accessibility. Beyond financial hurdles, these entrepreneurs face



marketing, social, environmental, and family-related challenges, all of which collectively restrict their ability to thrive in the agro-processing sector.

## Actionable Recommendations

### 1. Policy-Level Interventions

- 1.1 Integrate gender-specific needs into SME and agro-processing policies, prioritizing women's entrepreneurship development.
- 1.2 Establish a national focal point to coordinate and promote women's entrepreneurship.
- 1.3 Develop and implement strategic policies for women's entrepreneurship, focusing on agro-processing, and address post-LDC challenges.

### 2. Market-Level Interventions

- 2.1 Train financial institutions to design and offer gender-sensitive credit products, including collateral-free loans, to women entrepreneurs.
- 2.2 Build local service providers' capacity to deliver gender-responsive training and entrepreneurship support.
- 2.3 Create physical and online women-focused business support desks for market and finance accessibility.
- 2.4 Establish mentoring programs and advocacy platforms for women entrepreneurs through associations.
- 2.5 Promote gender-responsive procurement practices in public, private, and donor-funded projects.
- 2.6 Organize award programs to recognize women's contributions to agro-processing and exports.

### 3. Enterprise-Level Interventions

- 3.1 Link women entrepreneurs with government financial schemes and matching grant programs.
- 3.2 Conduct financial literacy and export-readiness training for women entrepreneurs.
- 3.3 Facilitate cooperative formation and value chain integration for women-led enterprises.
- 3.4 Offer targeted training on value chain engagement, export regulations, and technical standards.

### 4. Export Promotion

- 4.1 Strengthen the **Hortex Foundation** as a nodal agency for export-oriented production, certification, and market access.
- 4.2 Implement **crop zoning** and promote **contract farming** to align production with export standards.
- 4.3 Develop cold storage, packing facilities, and transport systems through public-private partnerships.
- 4.4 Establish a **National Quarantine Authority** and upgrade the Plant Quarantine Wing for compliance with export standards.
- 4.5 Expand cargo and storage facilities at airports, automate inspection services, and improve the Central Packing House.
- 4.6 Harmonize quality standards with international benchmarks, enforce GAP, GMP, HACCP, and improve testing laboratory accreditation.
- 4.7 Train stakeholders on SPS, TBT measures, and export market requirements.
- 4.8 Offer flexible credit facilities to exporters with low interest rates and capital investment subsidies.

## **5. Capacity Building and Training**

- 5.1 Provide sector-specific training to women entrepreneurs on SPS, TBT compliance, and export documentation.
- 5.2 Enhance awareness programs for pesticide use, quality inputs, and integrated farming practices.
- 5.3 Build buyer-exporter linkages and organize producers into cooperatives for improved productivity and bargaining power.

## **6. Infrastructure and Technology**

- 6.1 Promote investment in cold chain systems, packing houses, and storage facilities, ensuring maintenance through PPP models.
- 6.2 Upgrade testing laboratories to meet international accreditation standards.
- 6.3 Introduce advanced processing and packaging technologies to improve product competitiveness.

## **7. Market Access and Advocacy**

- 7.1 Provide real-time market intelligence and ensure active engagement of Bangladeshi embassies in identifying export opportunities.
- 7.2 Encourage farmer-private sector partnerships for traceability and quality compliance.
- 7.3 Explore non-traditional markets such as the UK while developing strategies for import substitution.

## **8. Addressing Gender Gaps**

- 8.1 Organize training sessions to educate women on market standards, financing options, and entrepreneurship development.
- 8.2 Advocate for inclusive policies that address women's access to credit, land, and technology.
- 8.3 Promote women's active participation in trade associations, chambers of commerce, and cooperative groups.

## **9. Monitoring and Coordination**

- 9.1 Develop a comprehensive agro-food promotion plan integrating finance, technology, capacity building, and export promotion goals.
- 9.2 Strengthen coordination between government agencies, educational institutions, and industry stakeholders.
- 9.3 Introduce monitoring systems for CSR fund utilization to ensure equitable access and transparency.

## **10. Environmental and Sustainable Practices**

- 10.1 Train farmers on sustainable pesticide use and organic production practices.
- 10.2 Implement environmentally friendly production techniques to meet global market demands.

## **Action Plan Implementation**

- Launch pilot projects for export-oriented crops and markets.
- Establish matching grant support schemes for infrastructure and quality inputs.
- Facilitate forums to connect farmers, entrepreneurs, and exporters.
- Strengthen market research and data dissemination mechanisms.
- Focus on creating a conducive environment for agro-processing growth through regulatory improvements and capacity-building initiatives.

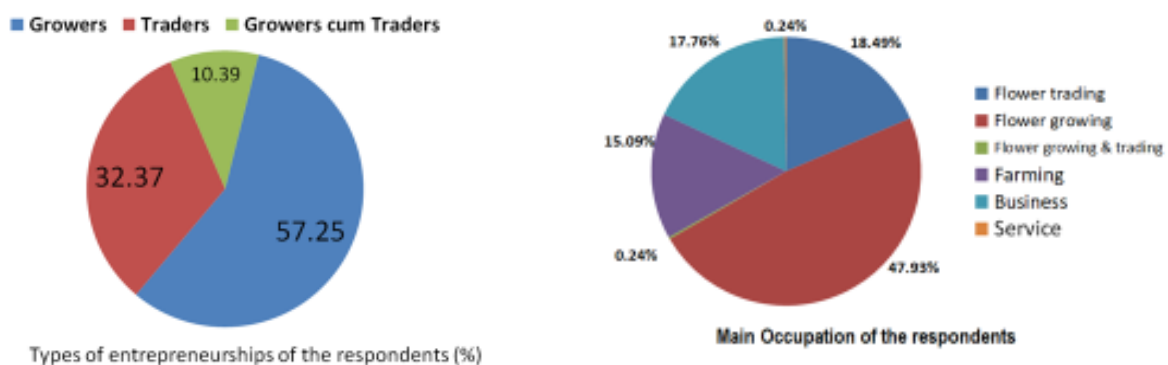
## Diagnostic Studies to Assess Female Traders and Entrepreneurs Export Potential in the Cut-flower sector

### Background

The floriculture industry in Bangladesh is experiencing significant growth, emerging as a lucrative subsector within the agriculture and horticulture industry. With an estimated profit yield 3 to 5 times greater than that of rice and 1.5 to 2 times more profitable than vegetable cultivation, floriculture has become an attractive business venture for farmers and entrepreneurs. Spanning approximately 12,000 hectares of land, the sector is predominantly engaged in the commercial production of various flowers such as marigold, tuberose, rose, gladiolus, gerbera, and chrysanthemum. These flowers are cultivated across 35 Upazilas within 25 districts, with major production hubs in districts like *Jashore, Jhinaidah, Chuadanga, Dhaka, Narayangonj, and Cox's Bazar*, contributing significantly to the local economy.

The sector directly employs around 20,000 producers, 60,000 laborers, and 7,500 packing house workers, providing vital livelihoods in rural areas. However, despite its growth and potential, the cut-flower industry in Bangladesh faces significant challenges when it comes to exports. In the 2019-2020 fiscal year, Bangladesh imported approximately 4,443 MT of cut flowers, including 2,793 MT of natural flowers and 1,650 MT of artificial flowers, valued between Tk. 2 to 3 million. This indicates a considerable demand for floral products, but the export potential remains underdeveloped, primarily due to issues with compliance with international export standards.

While the industry holds great promise, many women are playing a pivotal role in the production and cultivation of flowers. These women have demonstrated entrepreneurial resilience, establishing themselves as successful flower producers. Despite these achievements, women entrepreneurs in the floriculture sector face unique barriers in scaling up their businesses, particularly in terms of market access, export readiness, and compliance with quality standards. The diagnostic study will focus on assessing the challenges and opportunities for female traders and entrepreneurs in the cut-flower sector, with an emphasis on identifying strategies to enhance their export potential and improve their position in the global floriculture market.



## Objectives of the Study:

- **Assess the Current Status of the Cut Flower Sector:** Examine the growth and dynamics of the sector, focusing on women's roles in production, processing, and commercialization.
- **Analyze Regulatory Framework:** Review existing regulations impacting the sector, identify gaps, and propose improvements to enhance competitiveness and compliance, particularly for export.
- **Identify Infrastructure and Service Needs:** Evaluate the infrastructure and logistical requirements, including transportation, storage, and packaging, to support sector growth and reduce post-harvest losses.
- **Assess ICT Use in the Sector:** Investigate how information and communication technologies can improve production efficiency, market access, and transparency, especially for women entrepreneurs.
- **Examine Support Facilities:** Review the accessibility of financial products, transportation, storage, and market information services for women traders and entrepreneurs, and identify areas for improvement.
- **Enhance Women's Involvement in the Value Chain:** Identify opportunities for integrating more women into the value chain, overcoming barriers to finance, training, and market access, and boosting their export potential.

## Strengths of the Cut Flowers Sub-Sector:

- **Favorable Climatic Conditions:** The climate is conducive to the cultivation of high-quality cut flowers suitable for export.
- **Increasing Domestic Market Demand:** The domestic market for cut flowers is expanding steadily, providing a growing consumer base.
- **Competitive Workforce:** A skilled labor force is available across major production areas, ensuring efficient production.
- **International Connectivity:** Daily flight connections to key destinations facilitate export logistics.
- **Duty-Free Market Access:** The sub-sector enjoys duty-free access to important international markets, enhancing export potential.
- **Government Support:** The government has prioritized the development of the cut flower sub-sector, fostering growth and investment.

## Weaknesses of the Cut Flowers Sub-Sector:

- **Lack of Designated Government Support:** No specific government body is dedicated to assisting the sector at the field level.
- **Limited Quality Inputs:** There is a shortage of quality seeds, seedlings, and high-yielding varieties (HYV) necessary for consistent production.
- **Underdeveloped Production Technology:** There is no advanced production technology to ensure the consistent production of high-quality flowers.
- **Inadequate R&D:** The sector lacks robust research and development facilities to support innovation in production and marketing.
- **Limited Access to Cold Chain Facilities:** There is no comprehensive cold storage and transportation infrastructure to maintain flower quality during storage and export.
- **Insufficient Packaging Materials:** There is a lack of proper packaging materials that are essential for preserving flower quality during transport.

- **Limited Knowledge of Post-Harvest Treatment:** Many stakeholders lack knowledge about post-harvest treatments and additives to extend shelf life.
- **Financial Constraints:** SMEs in the sector face difficulties in managing export orders due to limited access to financial support and high capital costs.
- **Lack of Market Knowledge:** There is insufficient knowledge about local and international markets, marketing strategies, and regulatory requirements, including SPS and TBT measures.
- **Absence of Policy Support:** There is a lack of comprehensive policy support to promote and strengthen the sub-sector.

## Major Constraints Faced by Stakeholders:

- **Infrastructure Deficiencies:** The absence of proper infrastructure, including storage, cold chain, packaging, and transportation facilities, hampers the sector's growth.
- **Unavailability of Quality Inputs:** Limited access to quality seeds, seedlings, and varieties suitable for export, and the absence of tissue culture laboratories, hinder consistent production.
- **High Input Costs:** The cost of pesticides and labor is high, impacting the sector's competitiveness and profitability.
- **Limited Financial Access:** Access to financial assistance and credit is inadequate, limiting the ability of stakeholders to scale their operations.
- **Price Fluctuations:** Stakeholders face significant challenges due to price volatility and irregular demand for cut flowers, leading to unstable income.
- **High Perishability:** The perishable nature of flowers poses challenges in maintaining product quality during transportation and storage.
- **Lack of Regular Supply:** There is a lack of consistent and reliable supply of flowers, which affects market stability and customer satisfaction.
- **Inadequate Market Infrastructure:** The absence of a permanent marketplace and inadequate facilities for grading and packing further complicates the marketing and distribution process.
- **Deterioration in Flower Quality:** Flowers deteriorate quickly, resulting in substantial losses and wastage.
- **High Import Duties on Packaging Materials:** The high custom duty on packaging materials increases the overall cost of the flowers, making them less competitive in the global market.

## Suggestions for Cut Flower Market Development

Area of intervention	Local Market	Global Market
1. Market structure	Farmers groups, Associations can be created to increase their bargaining capacities.	Farmer's marketing groups. Associations can be established with proper supports by the relevant authority.
2. Infrastructure and logistics	a). Structured assembling facilities at the flower growing clusters can be developed. b). Cool chain from field to market shall be developed c). Specialized storage facilities shall be developed.	a). Specialized terminal flower market can be developed in capital city. b). Cool chain from field to market shall be developed
3. Financing	Input credit and export support for flower market development is required.	
4. Research & Technical	Development of high yielding varieties Establish tissue culture facilities Skill development training on post-harvest management of flowers for farmers and traders.	- Finding out international competitiveness of local flowers - Skill development training for stakeholders.
5. Packaging	-Low-cost packaging shall be developed.	- Packaging of international market standard shall be introduced.
6. Promotion	Producers group (CIGs/ SFGs/ FMGs) can initiate collective promotional schemes aiming at local markets and for import substitutions.	- Branding of Bangladeshi cut flowers shall be aimed. - Government support can be allocated for securing international certification schemes.
7. Information & market intelligence	Development of marketing information system for floricultural produce and make it easily accessible via affordable means. Develop calendar of international festive months and days to predict on the export market.	

## Recommendations and Workshop Summary for the Cut-Flower Sub-Sector

- **Establish a Platform for Growers:** The lack of associations for most cut-flower growers underscores the need for a platform that connects educational institutions, industry players, and farmers to foster collaboration and innovation in the sector.
- **Enhance Planting Material Availability:** Increase the availability of quality planting materials, promote protective cultivation methods, and improve packaging facilities for flowers, which are critical to strengthening the sector's competitiveness and reducing dependency on imports.
- **Develop Tissue Culture and Research Support:** Establish a commercial tissue culture laboratory and a Flower Research Center to drive research and development (R&D) in new flower varieties and production technologies. This will enable better quality control and create more value-added products.
- **Leverage Existing Horticulture Centers:** Utilize existing Horticulture Centers of DAE and BARI Research Stations to grow and distribute high-quality planting materials to farmers, thereby improving production standards across the sector.
- **Cold Storage and Cold Chain Infrastructure:** Developing specialized cold storage facilities, packing houses, and cold chain infrastructure through public-private partnerships (PPP) is critical for preserving flower quality during transport and mitigating post-harvest wastage. Additionally, incentivizing cold storage investments through matching grants could stimulate private-sector involvement.
- **Rail Transport for Fresh Flowers:** Facilitate flower transport through specialized railway wagons, which will help maintain flower quality during transit and reduce wastage associated with improper handling.
- **Strengthen Quarantine and Compliance:** Strengthen plant quarantine services and implement industry standards such as Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and Hazard Analysis Critical Control Point (HACCP) to ensure high-quality flower production and compliance with international export requirements.
- **Financial Support for Women Entrepreneurs:** Provide targeted financial assistance and preferential access to finance for women entrepreneurs, helping them expand their businesses and participate in international trade. This can also include establishing preferential arrangements for handling perishable goods during ferry transportation.
- **Skill Development and Awareness:** Prioritize skill development in production technology, particularly for women entrepreneurs, and enhance awareness of regulatory issues such as sanitary and phytosanitary (SPS) standards and Technical Barriers to Trade (TBT) measures. This will improve quality production and facilitate access to export markets.
- **Support Flower Associations:** Assist the Bangladesh Flower Associations in capacity building and strengthen linkages between stakeholders, ensuring better coordination and information sharing throughout the value chain.
- **Promote Women Entrepreneurs in Trade:** Increase the number of women entrepreneurs, particularly in international trade, by providing targeted training, market linkages, and access to technology. Address land ownership issues and facilitate technology transfer through Memoranda of Understanding (MoUs) with countries like the Netherlands.

- **Focus on Export Incentives:** Provide export incentives for cut flowers and establish a specific HS code for flowers to streamline trade processes, making it easier to track and regulate the export of flowers.
- **Encourage Diversification and R&D:** Diversify the cut flower sector by focusing on value-added products, protective cultivation, and intensive R&D to improve sector sustainability and profitability.
- **Strengthen Certification and Accreditation:** Improve seed and fertilizer quality, establish centralized support schemes for matching grants, and strengthen certification and accreditation processes to ensure high standards and foster buyer-exporter linkages.
- **Reduce Post-Harvest Wastage:** Explore viable solutions for post-harvest flower wastage, including incentivizing cold storage investment and focusing on traceability and quality standards to ensure better shelf-life and market competitiveness.
- **Private Sector Engagement and PPPs:** A Public-Private Partnership (PPP) model should be considered to strengthen the agro-processing and cut-flower sectors, encouraging private investment and expanding the sector's reach.
- **Address Infrastructure and Market Access:** Inadequate infrastructure, such as storage, packing, and transportation facilities, remains a major constraint. Solutions include upgrading existing infrastructure, addressing price volatility, and ensuring regular supply chains to stabilize market prices.
- **Increase Land Access and Technology Transfer:** Focus on overcoming land ownership challenges faced by women entrepreneurs and facilitate access to the necessary technology and technical knowledge to boost production and business efficiency.
- **Research and Soil Quality Improvement:** Prioritize improving soil quality through organic practices, while emphasizing the need for ongoing knowledge transfer to keep farmers and entrepreneurs informed of best practices and emerging technologies in the sector.

### **Shaila Yasmin**

Project Director (Joint Secretary), BRCP-1, Ministry of Commerce

Shaila Yasmin, a distinguished officer of the BCS Administration Cadre (21st Batch), is currently serving as Joint Secretary (WTO Section-2) and Project Director (Additional Charge) of the Bangladesh Regional Connectivity Project-1 (BRCP-1) under the Ministry of Commerce. Her rich and diverse career spans pivotal roles in field administration, including Assistant Commissioner and Magistrate in Manikganj and Dhaka Collectorate, Assistant Commissioner (Land) in Tangail Sadar, and UNO in Palash, Narsingdi, and Gouripur, Mymensingh. She has also contributed significantly as Deputy Director at the Bangladesh Energy Regulatory Commission and Deputy Secretary at the Ministry of Disaster Management and Relief.

Ms. Yasmin's extensive international exposure includes training and participation in programs in Japan, Australia, Turkey, China, Thailand, Malaysia, Indonesia, India, Belgium, Germany, and France, equipping her with a global perspective. With expertise in disaster management, energy regulation, and trade facilitation, she continues to play a vital role in advancing Bangladesh's trade, connectivity, and development objectives. She earned her bachelor's and master's degrees in Economics from the University of Dhaka.

### **Md. Munir Chowdhury**

National Trade Expert, BRCP-1, Ministry of Commerce

Md. Munir Chowdhury is a trade expert with over three decades of experience in public administration, specializing in international trade, policy formulation, and economic development. A veteran civil servant from the 1984 Bangladesh Civil Service (Administration) batch, he has served in key roles across various ministries, contributing to trade facilitation, disaster management, finance, and economic policy.

As Director General of the WTO Cell, Mr. Chowdhury led Bangladesh's engagement in multilateral trade negotiations and policy planning during the critical period of the nation's transition from LDC status. He has also played a pivotal role in shaping trade-related capacity-building initiatives and fostering policy coherence in line with global standards.

He holds a Master's in Development Economics from the University of Birmingham, an MBA from IBA, University of Dhaka, and certifications from Harvard Kennedy School and IMF Institute. He has taught international trade at the University of Dhaka, Bangladesh Public Administration Training Centre (BPATC) and National Defense College.

### **Makshudul AM Mondal**

Jr. Trade Expert, BRCP-1, Ministry of Commerce

Makshudul Mondal is an experienced policy professional with over a decade of impactful contributions to international think tanks, government initiatives, and development partner-funded projects. He is currently working with the Ministry of Commerce, Bangladesh, focusing on trade facilitation, LDC graduation, and private sector development with a special emphasis on empowering women entrepreneurs. Mondal holds an MSc in Innovation Management and Entrepreneurship (Distinction) from Alliance Manchester Business School and a BBA from IBA, University of Dhaka. He has attended over 20 prestigious training programs and certifications from institutions like the International Trade Centre, The World Bank, and the Asian Development Bank Institute, Harvard University, Australian National University, etc.



## List of Studies

1. A comparative analysis of trade policies of Bangladesh and its major trade competitors (India, Vietnam, Sri Lanka, Cambodia, China and Indonesia)
2. Identification of potential countries Bangladesh may enter into Free Trade Agreements with.
3. Review of the “Bangladesh Land Port Authority Act 2001”
4. Review of Bilateral Agreements related to trade, transit and transport
5. Compiled policy and regulatory guidelines/ standard operating procedures (SOP) for Cross Border Land Port Management
6. Study on Simplification of Trade Procedures, Custom Modernization ease of doing business for export promotion
7. Study on Sanitary and Phyto-sanitary (SPS) and Technical Barrier on Trade (TBT), co-ordination and notification, certification process and infrastructure for promoting trade
8. Diagnostic study to assess female traders and entrepreneurs export potential in the cut flower sector
9. Diagnostic Study about export promotion in agro-processing sector



## Bangladesh Regional Connectivity Project-1 Ministry of Commerce

**Address:** Level 12 (West) Probashi Kallyan Bhaban, 71-72, Eskaton Garden Road, Dhaka-1000  
Phone: +880255138022; Email: pdbcrcp1moc@gmail.com; Website: www.brcp-1.gov.bd