



**A Study on
Identification of Non-Tariff Barriers Faced by Bangladesh in Exporting
Potential Exportable Products to Major Export Markets**

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Acronyms

| | |
|-------|---|
| ADB | Asian Development Bank |
| ADD | Anti-Dumping Duty |
| BIDA | Bangladesh Investment Development Authority |
| BIPET | Bangladesh Institute of Plastic Engineering and Technology |
| BSTI | Bangladesh Standards and Testing Institute |
| DFQF | Duty Free Quota Free |
| EBA | Everything But Arms |
| EPB | Export Promotion Bureau |
| EU | European Union |
| FAO | Food and Agricultural Organisation |
| FGD | Focus Group Discussion |
| FIQC | Fish Inspection and Quality Control |
| FY | Fiscal Year |
| FYP | Five Year Plan |
| GATT | General Agreement on Tariffs and Trade |
| GoB | Government of Bangladesh |
| GSP | Generalised System of Preferences |
| G20 | Group of 20 |
| HACCP | Hazard Analysis and Critical Control Point |
| HS | Harmonized System |
| ITC | International Trade Centre |
| JDP | Jute Diversified Products |
| LDC | Least Developed Country |
| NABL | National Accreditation Board for Testing and Calibration Laboratories |
| NRCP | National Residue Monitoring Programme |
| NTB | Non-tariff Barrier |
| NTM | Non-tariff measure |

| | |
|--------|--|
| RMG | Readymade Garments |
| SAFTA | South Asian Free Trade Area |
| SASEC | South Asia Sub-regional Economic Cooperation |
| SCCI | SAARC Chamber of Commerce and Industry |
| SME | Small and Medium Enterprises |
| SPS | Sanitary and Phytosanitary |
| TBT | Technical Barriers to Trade |
| UNCTAD | United Nations Conference on Trade and Development |
| UK | United Kingdom |
| US | United States |
| USAID | United States Agency for International Development |
| WTO | World Trade Organization |

Chapter One: Introduction

1.1 Introduction

With the successful conclusion of eight GATT Rounds, the ascendance of the forces of globalisation in the later part of the 20th century and the advent of World Trade Organisation (WTO), the world has witnessed a significant advancement towards trade liberalisation in goods and services resulting in an increased flow in international trade and investment. However, as trade liberalisation policies endorsed by the multilateral fora and practiced in WTO member countries focused mostly on reducing tariffs and easing trade processes, the remaining form of trade barriers, namely the Non-Tariff Barriers (NTBs), came to fill the void in trade protectionism. In recent years, countries have increasingly resorted to NTBs and use them as protectionist tools in international trade. In the short run, NTBs create hindrances to trade by increasing the price of products and services and reducing the consumption by businesses and end consumers. In the long run, however, countries imposing NTBs may end up hurting their own competitiveness.

NTBs are basically categorized into two main forms (Mozumder & Yusuf, 2017). Of them, the non-tariff measures (NTMs) arise as intentional or unintentional consequences of pursuance of trade policies by governments (e.g. sanitary and phytosanitary measures and technical barriers to trade). The United Nations Conference on Trade and Development (UNCTAD) describes NTMs as policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, prices, or both. Legitimate NTMs are associated with the WTO Agreement on Sanitary and Phytosanitary Measures (called the SPS Agreement), or the WTO Agreement on Technical Barriers to Trade (known as the TBT Agreement). However, it is the unjustified and improper application of NTMs that are causes for concern, especially for exporters and importers, as these restrict or discourage exports or imports. Traders from Least Developed Countries (LDCs) and developing countries face challenges in terms of complying with regulations, standards, and other requirements imposed by importing countries.

The other form of NTBs (Mozumder & Yusuf, 2017:13) involve the procedural obstacles that originate from the existence of inefficiencies in trade or customs administration systems, other government institutions, cumbersome trade documentation requirements, inadequate port and transport infrastructure, etc. These also include inefficiencies in standards and certification agencies, such as the Bangladesh Standards and Testing Institute (BSTI), Department of Plant Quarantine, etc., that contribute to delays in ensuring standards and health and food safety obligations in relation to agricultural products in Bangladesh.

More often than not, importing countries apply rigid and non-transparent NTMs, and makes frequent changes to them. Most of these relate to packaging, labeling, standards, certification of products (particularly food and food products), certification from specific labs in other countries, mandatory testing, need for excessive documentation, and frequent changes in rules and

regulations in this connection. An UNCTAD study (2016:18) noted that the failure to comply with stringent requirements causes an estimated loss of US\$ 23 billion per year for LDCs, which is equal to about 10 per cent of their exports to the Group of 20 (G20). Procedural NTBs similarly affect the trade flow from LDCs and developing countries.

Many exporters in Bangladesh find it extremely troublesome to comply with international standard certification requirements that their export products face in foreign markets. The case in South Asia may be viewed as an example. While trade liberalization in South Asia through the South Asian Free Trade Area (SAFTA) has reduced tariff barriers to a great extent, intra-regional trade still remains low due to the existence of numerous NTBs, including NTMs. Trade in South Asia are affected due to barriers created by unnecessary documentation, certification, bureaucratic procedures, etc. Further, NTBs are also used as instruments to provide protection to the domestic industry in importing countries. All these make intra-regional trade costly thereby reducing the trade competitiveness for the region. Of the NTBs, the SPS and TBT barriers comprise the largest share- more than 90 percent of the NTMs in the South Asian region. For example, Bangladesh faces many restrictions to enter into the Indian market. It is found that even the accreditation from the importing countries fails to remove barriers. For example, though the National Accreditation Board for Testing and Calibration Laboratories (NABL) of India accredited the Bangladesh Standard and Testing Institution's (BSTI) test certificates for chemicals, food, cement, and textile, there was a tendency among Indian local Customs authorities to reject those certification (SCCI, 2016).

It is also to be noted that exporters also face barriers in the home country while exporting their products, which include delay in clearance time, procedural delays, complex paper works, and lack of infrastructure etc. For example, as reported in an ITC Survey¹ conducted in 2015, a large number of exporters in Bangladesh are affected by in-country burdensome regulations.

1.2 Scope of the Study

Like the 6th Five Year Plan, the current 7th Five Year Plan (FYP) (GoB, 2015) emphasises on export-led growth through diversification of both its export base (generally termed as product diversification) and market destinations (generally termed as market diversification)². Even though Bangladesh demonstrated a superior performance in exports by experiencing a double digit export growth over the past two decades, this success was mainly due to one product group – readymade garments (RMG). With over four million jobs and 81% of export earnings from the RMG sector, such a narrow concentration on a single product makes the economy, jobs and income extremely vulnerable to external shocks arising from changes in the global demand for RMG (Ibid:197). Any

¹ NTM survey overview (Retrieved from: <http://ntmsurvey.intracen.org/ntm-survey-data/country-analysis/bangladesh/>)

² Product diversification involves efforts from a particular country to diversify its export base by incorporating new products into its export basket; on the other hand, market diversification involves efforts from a particular country to diversify its sources of exports by gaining market access to new countries (Samen, 2010).

sudden decline in demand for Bangladeshi RMG would send shock waves throughout the economy, and therefore, such a prospect must be avoided through ensuring a diversified export basket and a wide choice of market destinations.

Especially with the elevation of Bangladesh's status from a low income country into a lower middle income country in 2015, and the glorious performance in terms of achieving the first confirmation of graduation from the position of an LDC into a Developing Country in March 2018³, Bangladesh is poised to achieve its current goal of 'Vision 2021' and to jumpstart the realisation of the next dream of 'Vision 2041' taking the growth stages to its peak by achieving a Developed Country status by 2041. No doubt the robust export performance with diversified export base and markets will play a key role in achieving the government's visions. From that perspective, the government has continued to emphasise export diversification as a cornerstone of its export policy.

Some important non-traditional exports like jute and jute products⁴, footwear and leather products, frozen food (including shrimp), plastic products, agricultural products (including potato), etc. have high export potential and are likely to grow at a much faster rate in the future. To achieve the immediate goal of earning exports to the tune of US\$ 60 billion by 2021, and to achieve the longer vision of getting into the growth trajectory by witnessing solid and diversified exports, the export policy of the country has correctly emphasised the growth of these potential sectors, and concentrated on their capacity building and development. Addressing the NTBs that affect exports of these products from Bangladesh has therefore attained a higher priority among both the government and private sector policy makers.

Commensurate with the government policy highlighted above, this Study attempts to identify NTBs faced by Bangladesh in exporting products that have high export potential in major export markets. Such a study is important in the sense that even though businesses and exporters need to deal effectively with NTBs both home and abroad, they are often unable to specifically differentiate between valid NTMs and trade-hindering or trade-distorting NTBs. It is therefore necessary for the private sector, especially the exporters, to acquire a thorough understanding on standards, SPS and TBT measures, testing and certifications, customs formalities, procrastinating and unnecessary trade processes, etc. With the overall objective being "enhanced efficiency of Bangladesh in addressing NTBs faced by Bangladeshi exporters in trade negotiation", the Study aims to construct a database on those product-specific NTBs faced by Bangladesh in potential export destinations by selecting a number of sectors with high export potential. The database will assist our exporters to gain knowledge of existing NTBs including NTMs, and take necessary preparations and achieve adequate capacity to effectively comply with legitimate NTMs, such as

³ A similar confirmation in 2021 by the UN Committee on Development Policy for the second time will finally lead to the actual gradual into a Developing country in 2024.

⁴ Before the rise of RMG to prominence in terms of export performance in Bangladesh, jute and jute products used to dominate the export sector for many decades covering more than 70 percent of the country's exports until 1981.

standards and certification requirements in export markets. The Study will also highlight the numerous procedural NTBs, constituting both at the border and behind border barriers, within Bangladesh that enhance time and cost for shipment, and thus reduce competitiveness of our exports.

The Study is important in the sense that with the looming possibility of the country's graduation into a Developing Country by 2024, the erosion of preferential access to developed markets currently enjoyed as an LDC will mean facing a more stiff competition from other exporters, which in turn will warrant Bangladeshi export products to gain competitiveness through – (a) compliance with such legitimate NTMs in export markets, (b) elimination or reduction of trade-distorting NTMs, and (c) reduction in time and cost to exports through reduction or elimination of in-country procedural NTBs.

For conducting the research, the Study chooses the following sectors⁵ that have high export potential in major export markets, but faces difficulties due to the existence of numerous NTBs:

1. Jute and Jute Products;
2. Footwear;
3. Shrimp;
4. Plastic Products; and
5. Potato.

1.3 Literature Review:

While Bangladesh, as an LDC, currently enjoys duty free market access to almost all developed countries and some developing countries under the generalised systems of preference (GSP) and duty free quota free (DFQF) schemes, benefits of such preferential access often come to naught due to the presence of numerous NTBs in export destinations that hinder our exports. The ITC and the UNCTAD offer country reports on impact of NTBs, which attempt to focus on issues, such as - how in modern times NTBs have emerged as a key issue in trade policy and trade negotiations, and how laws and regulations of a country often give administrators flexibility in interpretation that results in restricting trade flows. They also have similar reports on NTBs faced by Bangladesh (ITC, 2015; UNCTAD, 2015). The ITC NTMs survey (ITC, 2015) results show that 91 percent of exporters in Bangladesh are affected by burdensome NTMs and other obstacles to trade.

Further, USAID has also attempted to identify NTBs affecting Bangladesh exports. For example, two USAID-funded studies examined the NTMs (Chemonics International, 2017) and procedural NTBs (Mozumder & Yusuf, 2017) respectively that hinder exports from Bangladesh. The first research (Chemonics International, 2017) made a general examination of NTMs associated with WTO Sanitary and Phytosanitary (SPS) or Technical Barriers to Trade (TBT) in South Asia and

⁵ The identification and selection of the 5 most important sectors with export potential will be made in Chapter 2. The justifications as to why these 5 sectors have been chosen for this Study will also be found in that chapter.

other NTBs that affect Bangladesh's regional trade. It also attempted present a National Action Plan for elimination of identified NTBs.

On the other hand, the second research (Mozumder & Yusuf, 2017) made a sector-specific examination to focus on the NTBs, procedural or otherwise, faced in Bangladesh by Bangladeshi exporters and importers in relation to trade in agricultural products, which affect clearance and processing at-the-borders and behind-the-borders of those products. The second USAID research was more vigorous in the sense that it provided an in-depth analysis of NTBs in Bangladesh that inhibits the country's agricultural imports and exports, and contributes to delays and increased costs in trade in vegetables, agricultural and agro-processed products and foods. It also provided an examination of the initiatives undertaken by relevant government agencies aimed at removing or reducing some of those barriers or hurdles.

Especially within the South Asian region, NTMs have remained a major concern in regional trade as intra-regional trade still remains a dismal 5.0 percent of the region's global trade. There are different types of NTBs⁶ in South Asia that affect our exports. Such NTBs include different administrative procedures, stringent packaging and marking requirements, mandatory testing requirements, non-acceptance of certificate/test report, various types of TBT and SPS measures, lack of ware house facilities, poor infrastructure in the border areas, etc. (Musa, 2015). Amidst the growing incidences of such NTBs around the world, interests among business community, government policy makers, researchers, academia and think tanks focus on identifying NTBs including legitimate NTMs, trade distorting NTMs and procedural NTBs, devising appropriate ways to overcome trade distorting NTMs and remove procedural NTBs, and building capacity to enhance compliance with legitimate NTMs.

An Asian Development Bank (ADB) study (Quoreshi, 2017) that aims to identify SPS and TBT measures in the SASEC (South Asia Sub-regional Economic Cooperation) sub-region affecting Bangladeshi exports, reveals that our export products face a staggering number of SPS/TBT measures administered by multiple authorities in some of the importing SASEC countries. For example, India and Sri Lanka have substantial number of SPS/TBT measures imposed on imports, while Nepal has a moderate number of measures, and Bhutan and Maldives have minimal number of SPS/TBT measures. The study also found that have potential for exports to Bhutan, but 20 Bangladeshi products face either SPS or TBT measures in Bhutan and have therefore no or limited exports. Again, in the case of India, it was found that 127 Bangladeshi products have potential for exports in India, but have either zero or limited exports in reality as all of these products face either SPS or TBT measures in that market.

Let us now begin with the existing research in the area of jute. Rahman & Khaled (2011) explores global market opportunities in the exports of jute. It highlights different challenges that exporters face due to various NTBs, SPS and TBT measures, Rules of Origin issues, visa requirements,

⁶ *The Daily Financial Express* (May 19, 2016), "Outlining strategy to deal with NTMs", retrieved from <https://thefinancialexpress.com.bd/views/outlining-strategy-to-deal-with-ntms>

labeling requirements, quantitative restrictions, consular information, etc. It also highlights various obligatory compliances, such as health, safety of workers, abolition of child labour, freedom of association, environmental compliances, etc. faced by Bangladesh exporters of jute.

de Vries (2007) examines the export of jute products from Bangladesh to the EU. It emphasises that though jute diversified products (JDP) have a huge export potential in that market, their exports to the EU have not been much from Bangladesh due to the lack of knowledge and awareness on requirements of entry, compliance issues and various NTMs among exporters (ibid). However, as the JDP market is increasingly growing, the SMEs who predominate in such JDP production in Bangladesh may reap benefits out of such expansion provided efforts are geared to raise awareness of NTBs.

Focusing on Indo-Bangla trade in jute, occasional imposition of NTBs have also been focused in some studies. For example, Islam (2011) noted that the Indian authority circulated an issue in 2011 that jute bags from Bangladesh must be labelled that it is made in Bangladesh in order to enter the Indian market which was clearly unnecessary NTB. Again, Kibria (2016) observed that upon allegation from Indian jute manufacturers that Bangladeshi manufacturers were getting huge subsidy and dumping jute goods in the Indian market, India initiated an investigation, and ultimately imposed Anti-Dumping Duty (ADD) on imports of jute yarns, jute sacks and jute bags from Bangladesh. This ADD acts as an NTM on Bangladeshi exporters of jute.

The main export destination for leather footwear from Bangladesh is the EU (54 percent of total exports) as our country enjoys duty free benefits in footwear under the Everything But Arms (EBA) scheme. Despite this special and differential treatment in terms of tariffs, footwear exporters from Bangladesh often face problems related to NTMs and their compliance, which hinders footwear exports from the country. As Andreosso-O'Callaghan (2014) noted, an unit rise in NTBs will decrease the export values of leather and leather footwear by 0.42 percent and 0.25 percent respectively, and thus concludes that the export of leather and leather footwear is hampered by NTBs.

Research (such as ITC, 2015) on NTBs, including NTMs, hindering the shrimp industry in Bangladesh highlighted a number of problems, such as – the impact of NTBs, food safety issues, the traceability issue, quality control, bacterial contamination problems, lack of standards at all levels in the value chain, and inadequate bio-security measures such as drainage, bacterial control, viral control and use of medication, etc.

However, it is also true that in the area of shrimp, the government has done a great job in instituting an effective quality control system in the country to facilitate compliance with international standards in the area of shrimp. The government's success in this regard was manifested from the recent easing of rules of entry into the EU of shrimps from Bangladesh due to a significant decline in the number of non-compliant consignments. Exporters have been exempted from attaching analytical test reports with the shrimp consignments. It is, therefore, necessary to ensure that such efforts are continued on a sustained basis. For, the failure to comply with food import regulations

in market destinations may cause the loss of competitiveness to shrimp exporters and hindrance to their exports. Maintenance of compliance will also ensure that Bangladesh does not suffer as it did from SPS-related ban on shrimps in the EU in 1997 (Yunus, 2009; Cato and Subhasinge, 2003).

Most of the researches in the plastics sector are related to the prospects, opportunities and challenges. While providing a detailed overview of the plastic industry in Bangladesh, Hossain (2016) identifies the lack of institutional arrangements in the industry as the main constraint in its growth. This leads to the absence of standard mold designs, skilled manpower, improper plastic waste management system and testing for quality control services, and the lack of quality infrastructure. Other researches (Moazzem & Sehrin, 2015; Begum & Shetu, 2018) identify maintenance of quality as one of major concerns in the Plastics sector since it is largely dominated by SMEs. There is lack of product-specific quality standards which hinder the technical product quality, which affects the competitiveness of the sector in the global arena (Begum & Shetu, 2018). Again, the development of a plastic testing laboratory and testing centre is emphasised, as there is a lack of testing laboratory in Bangladesh to test quality and strength of plastics goods (Moazzem & Sehrin, 2015). But there has been no specific research on identification of NTBs that affect plastic exports.

Notes (Islam, 2018; Parvez, 2017) on exports of Bangladeshi potato have also emphasised on NTMs affecting our exports. For example, exports of potato from Bangladesh to Sri Lanka, one of the potential markets for Bangladeshi potato, often face problems due to the existence of restrictions on the use of certain substances in foods, and due to the imposition of a number of additional levies and charges imposed by the Sri Lankan authority (Islam, 2018). Again, Russia stopped import of potatoes from Bangladesh in May 2015 on food safety grounds after detecting some consignments with health risks, the fallout of which was the decrease in potato exports to Russia in later years (Parvez, 2017).

It has been abundantly clear from the above analysis that while there are many research on analyzing the trade potential, there has not been any significant research, with respect to the five specific sectors selected for the purpose of conducting this Study, that offer any in-depth analysis of NTBs faced by exports of those sectors in market destinations. Again, while there has been one research (Mozumder & Yusuf, 2017) making a general focus on in-country procedural NTBs affecting our exports of agricultural products only, this Study makes a sector-specific analysis of such procedural NTBs in Bangladesh that affect exports of products from the five selected sectors.

Our Study in that sense is a unique one as its makes an exhaustive focus on NTBs, including NTMs, in export markets, and prepares a database of such NTBs so that exporters can equip themselves well in terms of compliance with legitimate NTMs, and the policy makers can effectively negotiate with foreign counterparts in removing or reducing trade-distorting NTBs in the following five sectors – (a) jute, (b) footwear, (c) plastics, (d) shrimp, and (f) potato.

1.4 Methodology

The Study focused on conducting an in-depth analysis of NTBs faced by Bangladeshi exporters in selected sectors in major export markets, and thereby creating a database of such NTBs. It also highlighted the procedural NTBs in Bangladesh that affect our exports in those sectors. The ultimate aim of the Study was that the awareness thus created will bring three-fold benefits for Bangladeshi exports in the selected product sectors. Firstly, it will increase the compliance capacity of Bangladeshi exporters in selected sectors in effectively addressing the legitimate NTBs. Secondly, it will enhance the ability of government agencies to reduce trade-distorting NTBs through negotiation with foreign counterparts. Finally, it will enable the in-country border trade agencies to take adequate measures to address at-the-border and behind-the-border procedural obstacles so as to reduce time and cost to our exports.

For the purpose of conducting the Study, five products, such as jute, shrimp, footwear, plastics and shrimp, were selected. The report will investigate trade barriers related to identified products through primary and secondary sources. A database will be created containing the list of NTBs faced by selected sectors in export markets. In order to carry out the task properly, the research Study will be conducted on the following lines, namely-

(i) Stakeholder Consultation:

The Study mainly focused on collecting primary data from the five identified sectors. To that end, it conducted interviews with key stakeholders using a Structured Questionnaire. The stakeholders in this case were sector associations, exporters, policy makers etc.

(ii) Desk Review:

The Study conducted an extensive desk review of existing research, information and literature relating to NTBs, including NTMs faced by Bangladesh exports in general, and the five selected products in particular.

(iii) Focus Group Discussion:

To ensure an in-depth analysis and research in the areas selected, the Study also conducted one focus group discussion (FGDs) of all the major stakeholders related to five products, and the research groups and think-tanks. Inputs generated from the FGDs were very much useful for the Study in collecting relevant information, verifying and obtaining in-depth details of information collected with other tools, and supplementing data received through the above three means (viz., stakeholder consultation, desk review and case studies).

(iv) Data Analysis and Report Writing:

In this phase, the Study synthesised all the data and information received through stakeholder consultation, focus group discussion, case studies and desk review. The process included (a) an analyses of data, obtained through both primary and secondary sources, and (b) an identification of non-tariff barriers faced by the selected products in their major markets, (c) creation of database containing the list of NTBs.

The draft findings of the study will have to be finalised through a validation workshop. Therefore, a workshop with key stakeholders would be organised where the draft findings will be presented and validated. After completion of the workshop, the final report along with key policy recommendations and suggestions would be submitted to the WTO Cell of the Ministry of Commerce.

2nd Draft

Chapter Two:

Identification of products and their export destinations

Having outlined the framework for the Study in Chapter 1, the research now proceeds first with the identification of product sectors with export potential and then with the determination of their export destinations in this chapter. As explained in the introductory chapter, for conducting the research, the Study has chosen 5 (five) sectors that have high export potential, but whose exports face many difficulties due to the existence of numerous NTBs either in major export markets or within Bangladesh. The five sectors selected include- (i) jute and jute products; (ii) footwear; (iii) shrimp; (iv) plastic products; and (v) potato. In addition to identifying the relevant product sectors and their main export destinations, Chapter 2 provides justifications as to why these 5 sectors have been identified for this Study.

2.1 Jute and Jute Products

Being the world's second-largest producer of jute and the largest exporter of the fiber⁷, Bangladesh considers jute as a vital sector from economic, agricultural, industrial, and commercial perspectives. Again, being biodegradable and recyclable, this natural fiber is considered an environment friendly product. Therefore, the increasing consciousness and awareness among western consumers of the hazards that environmentally unsafe synthetic products represent have meant that the jute sector has a huge potential to enhance export income for Bangladesh.

Despite some ups and downs over the years in terms of export performance, the sector has now made a strong comeback in the global market due to the diversification of jute products, as around 235 types of diversified jute products are now being produced by a total of 636 small and medium entrepreneurs⁸. These include different types of bags, shoes, gardening products and a wide range of household and daily items, such as cushion and pillow, basket, floor cover, table stationeries, ornaments, show-pieces, share, ladies and gents dress and table mat, etc. Again, as jute products are eco-friendly, the demand for them around the world is growing. For example, the demand for eco-friendly bags is increasing in the countries of Australasia, Middle East, Asia and Africa. The current global market size of jute-made shopping bags is approximately 500 billion pieces the manufacturing of which requires a huge quantity of jute (Begum, 2016).

While the production of the natural fiber in Bangladesh rose from over 42 lakh bales in 1971-72 to over 82 lakh bales in the last fiscal year 2016-17⁹, the sector has also experienced good growth in terms of exports. During 2017-18, total exported volume of jute and jute products was US\$ 1025.55 million, which was about 80 percent of the total production. Bangladeshi jute products are now being exported to at least 40 countries including the United States (US), United Kingdom

⁷ Bangladesh exports the world's 90 percent of raw jute and 60 percent of jute goods.

⁸ *The Daily Sun* (5th April, 2018), "Diversified jute products open new export avenues".

⁹ *The Dhaka Tribune* (07th March, 2018), "Jute production doubled since independence".

(UK), Australia, Canada, Japan, China, Singapore and different European countries. Table 2.1 below highlights the top export destinations for Bangladeshi jute and jute products during the last six years. While India, China, Turkey, Sudan and Pakistan are the main importers of Bangladeshi jute and jute products, Australia, United Arab Emirates, and Indonesia, the US, the UK, etc. are potential export destinations.

Table 2.1: Top Export Destinations of Jute during FY 2012-13 to FY 2017-18

| HS code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|--------------------------------|--|--|-------------------------------------|---|--|
| 5303.10: Jute and other textile based fibres, raw or netted | India Pakistan China | Pakistan China India | Pakistan China India | India Pakistan China | India Pakistan China | Pakistan India China |
| 5307.10: Yarn of jute or of other textile based fibres, single | Turkey China India | Turkey India China | Turkey China india | Turkey India China | Turkey China India | Turkey China Egypt |
| 5307.20: Yarn of jute or of other textile based fibres, multiple (folded) or cabled | Turkey Indonesia Belgium | Turkey Indonesia Iran | Turkey China Belgium | Turkey Indonesia China | Turkey India China | United Arab Emirates Argentina Australia |
| 5310.90: Woven fabrics of jute or of other textile based fibres, other than unbleached | Netherlands Egypt India | Netherlands Germany United States Australia | India Korea United Kingdom New Zealand Australia | Korea United States Australia | Korea United States Saint barthélemy Australia | Korea United States India |
| 6305.10: Sacks & bags for package of goods, of jute or of other textile based fibres | India Thailand Sudan | India Sudan Syria | Sudan India Indonesia | India Indonesia Netherlands | Sudan India Indonesia | Sudan Netherlands India Indonesia |

Source: Export Promotion Bureau (EPB)

For the purpose of understanding the potential of the jute sector, the Study emphasises jute and jute goods under the following Harmonized System (HS) Codes: 5307.10, 5307.20, 5303.10, 5310.90, and 6305.10. Table 2.2 and Figure 2.1 below present the total export earnings from the jute sector during FY2013 – FY2018 under these HS Codes. As evident from the statistics shown in Table 2.2, Bangladesh earned a substantial amount of foreign exchange by exporting jute and jute products over the last six years. However, exports of jute and jute products under HS Code 5307.10, 5307.20 and 6305.10 are the most prominent. Data also shows that export earnings from products under HS Code 5303.10 and 6305.10 fluctuated drastically over the years, while there was a significant progress in terms of exports of products under HS Code 5307.20.

Table 2.1: Export Earnings from Jute and Jute Goods from 2012-13 to 2017-18

(Value in Million US\$)

| HS Code & Description | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|---------|
| 5307.10: Yarn of jute or of other textile based fibres, single | 428.68 | 400.03 | 397.37 | 411.53 | 434.10 | 466.05 |
| 5307.20: Yarn of jute or of other textile based fibres, multiple (folded) or cabled | 78.05 | 132.78 | 154.95 | 147.20 | 173.79 | 181.66 |
| 5303.10: Jute and other textile based fibres, raw or retted | 218.70 | 121.21 | 106.66 | 156.22 | 157.29 | 141.15 |
| 5310.90: Woven fabrics of jute or of other textile based fibres, other than unbleached | 16.96 | 9.69 | 3.02 | 2.91 | 2.88 | 3.42 |
| 6305.10: Sacks and bags, for packaging of goods, of jute or of other textile based fibres | 237.42 | 110.05 | 139.45 | 122.53 | 127.53 | 122.82 |

Source: EPB

Figure 2.2: Export Earnings from Jute & Jute Goods from 2012-13 to 2017-18



Demand for new types of diversified jute products, such as blazers, money bags, calendars, hats, caps, hand bags, home textiles, household items, floor mats, carpets, non-woven textiles, shopping bags, etc., is very high in the global market. However, with the global decline in average tariff rates and quantitative restrictions in international trade, many NTBs are emerging that cause serious hindrances to exports of jute and jute products. Legal requirement of sanitary and phytosanitary certificates, chemical testing requirements, procedural delays, labeling criteria, etc. often makes it difficult for exporters to export their jute and jute products. Again, the current anti-

dumping duty on jute levied by India has emerged as a serious concern for our exporters of jute products.

It is therefore important for the government and private sector to have adequate information of such NTBs, including NTMs. This will enable the government to undertake appropriate measure to build capacity of our exporters and to remove forward supply side constraints. At the same time, the availability of such information will allow the private sector, e.g. the exporters of jute and jute products, to take necessary precautions and corrective measures so as to comply with different standard requirements and regulations related to jute and jute goods in different export markets.

2.2 Footwear

With a huge export potential, the leather footwear industry is considered as the next rising sector after the RMG. According to Bangladesh Investment Development Authority (BIDA), there are 3,500 domestic leather footwear units and 110 export oriented leather footwear units (Debnath, 2017). The footwear sector's exports have grown by almost 10 times over the last decade, as the foreign exchange earnings from footwear export have increased to \$598 million in 2017-18 from \$68 million in 2004. Although exports from Bangladesh still remains poor, the sector has a very potential global market with \$240 billion annual sales of all types of footwear including leather, manmade leather and denim or others fabrics (Uddin, 2016).

Major export destinations of leather footwear from Bangladesh is mainly the European Union (EU) countries that take 54 percent of our total footwear exports, mainly due to the availability of the EBA duty free quota free benefits for LDCs. Table 2.3 below highlights the country-wise top export destinations for Bangladeshi footwear during the last six years. It shows that in terms of country-wise exports, the Netherlands, the US, Germany, Japan, France and Denmark are the top export destinations for Bangladeshi footwear.

Table 2.3: Top Export Destinations of Footwear during FY 2012-13 to FY 2017-18

| HS Code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|--|--|--|--|---|---|---|
| 6403.20: Sandles, with leather soles and straps (over instep, around big toe) | United States Netherlands Japan Poland Hong Kong | Japan Poland Netherlands United States Belgium | United States Netherlands Japan Poland Hong Kong | United States Netherlands Japan Poland United Kingdom | United States Netherlands Japan Poland United Kingdom | Netherlands Poland United States United kingdom Japan |
| 640420: Footwear with leather or composition leather soles and textile uppers | France Germany United Kingdom Italy Colombia | France Germany Italy Spain Senegal | Spain Senegal France Australia Japan | France Senegal Spain Australia Netherlands | France Spain Australia Senegal St. Barthelmy | France Spain Senegal Australia Germany |
| 6403.99: | Japan | Japan | Japan | Japan | Japan | Germany |

| | | | | | | |
|---|---|---|---|---|---|--|
| Footwear with rubber... soles, leather uppers, not covering the ankle | Germany Netherland Italy United States | Japan Netherlands Italy United states |
|---|---|---|---|---|---|--|

Source: EPB

Again, Bangladesh can be a global manufacturing hub for the leather footwear industry and emerge as an important source of employment generation. About 51,000 people are currently employed in leather footwear sector¹⁰. The sector has a strong backward linkage as it uses mostly locally sourced inputs and raw materials, which is possible due to the availability of bovine hides on the occasion of Eid-ul-Azha festival. This together with competitive labour wage are the key strengths of our leather footwear industry. Again, due to the rise of the middle class in China and India and the rise in labour cost in those countries buyers are shifting to producers in other countries, such as Vietnam, Bangladesh, Philippines, etc. Bangladesh needs to grab this opportunity so as to enhance their footwear exports. Considering its potential, the footwear sector has been prioritised in various government policies. For example, under the 7th FYP (GoB, 2015) of the government, the footwear industry is considered as highly potential export earning industry. Again, the leather and leather footwear sector is given priority in the *Export Policy 2015-2018*.

For the purpose of understanding the potential of the footwear sector, the Study emphasises footwear products under the following HS Codes: 6403.20, 6403.99, and 6404.20. Table 2.4 and Figure 2.2 below present the total export earnings from the jute sector during FY2013 – FY2018 under these HS Chapters and HS Codes. As evident from the statistics shown in Table 2.4, the export of footwear under HS Codes of 6403.20 and 6403.99 have been increased steadily during the last six years, as Bangladesh now holds a strong position by exporting \$136.87 million and \$221.65 million respectively in FY 2017-18. There has also been a significant change in the export volume of sandles under HS Code 6403.20 during the last six years.

Table 2.4: Total Export Earnings from Footwear from 2012-13 to 2017-18

| HS Code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|---------|
| 6403.20: Sandles, with leather soles and straps (over instep, around big toe) | 56.04 | 72.28 | 116.88 | 109.98 | 128.80 | 136.87 |
| 6403.99: Footwear with rubber... soles, leather uppers, not covering the ankle | 183.7 | 198.04 | 206.78 | 208.24 | 239.78 | 221.65 |
| 6404.20: Footwear with leather or composition leather soles and textile uppers | 1.98 | 3.62 | 6.31 | 4.4 | 3.59 | 4.48 |

Source: EPB

¹⁰ Data collected from Business Promotion Council.

Figure 2.2: Total Export Earnings from Footwear from 2012-13 to 2017-18



However, as an agro-based industry footwear exports need to comply with many certifications and standard requirements in export markets. Often this compliance with standards and certification requirements along with various technical barriers creates obstacles to exporters of leather footwear. A study (Andreosso-O'Callaghan et al., 2014) reported that an unit rise in NTBs will decrease the export values of leather and leather footwear by 0.42 percent and 0.25 percent respectively. Empirical results from this study reflect that exports of leather and leather footwear are hampered by the existence of NTBs. The government needs to take necessary steps aimed at effectively addressing such NTBs, and especially enhancing compliance with legitimate NTMs faced by footwear exports. A study concentrating on identifying NTBs and NTMs faced by Bangladeshi footwear exports and creating a database for them is therefore extremely necessary, as it would also assist the government to formulate necessary policies to effectively address such NTMs.

2.3 Shrimp

The shrimp industry provides direct employment to over one million people, who in turn support over 3.5 million dependents. Again, a large variety of ancillary industries, such as- shrimp processing plants, feed mills, ice plants, hatcheries, net factories, home-based bamboo screen, mat, baskets, and boat are supported by this sector.

Among different categories of frozen foods exported from Bangladesh, the shrimp industry makes the most significant contribution. Being the third largest export sector of the country, shrimp accounts for approximately 90 percent of our frozen food exports. Bangladesh exports quality frozen shrimp and other fishes and fishery products to destinations such as the EU, the US, Japan, France, Hong Kong, Singapore, Saudi Arabia, etc. However, Table 2.5 below highlights the country-wise top export destinations for Bangladeshi shrimp during the last six years. It shows that

in terms of country-wise exports, the UK, the Netherlands and Belgium are the leading export destinations.

Table 2.5: Top Export Destinations of Shrimp during FY 2012-13 to FY 2017-18

| HS Code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|--|---|---|--|
| 0306.17: Other shrimps and prawns | United Kingdom, Belgium, Netherlands | Belgium, United Kingdom, Netherlands | Belgium, Netherlands United Kingdom | United Kingdom, Netherlands, Belgium | Netherlands, United Kingdom, Belgium | Netherlands Belgium Germany United Kingdom |

Source: EPB

Bangladeshi shrimp, especially tiger prawn, is almost organic in nature as well as tasty comparing to shrimp varieties from other countries. In FY 2017-18, Bangladesh earned nearly US\$ 408 million by exporting shrimp. For the purpose of understanding the potential of the shrimp sector, the Study emphasises frozen shrimps and prawns under the HS Code of 0306.17, as Bangladesh exports shrimps mainly under this HS code. Table 2.6 and Figure 2.3 below present the total export earnings from shrimps and prawns during FY2013 – FY2018 under this HS Code. As evident from the statistics shown in Table 2.6, the export of shrimp peaked in FY 2013-14, and since then it showed a decreasing trend.

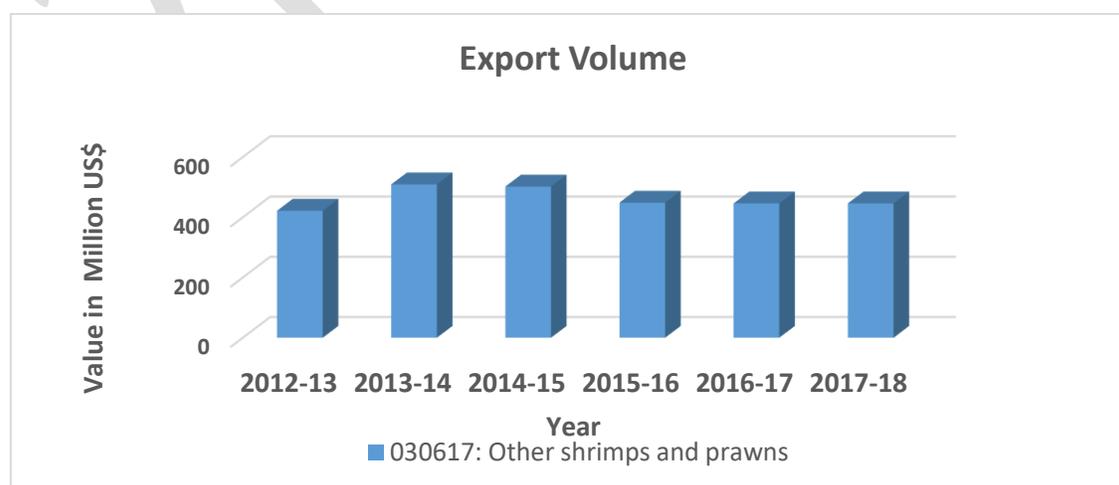
Table 2.6: Export Earnings from Shrimp (2012-13 to 2017-18)

(Value in Million US\$)

| HS Code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|---------|
| 0306.17: Frozen shrimps and prawns, even smoked, whether in shell or not, including shrimps and prawns in shell | 421.59 | 509.06 | 501.79 | 448.55 | 445.85 | 408.65 |

Source: EPB

Figure 2.3: Export Earnings from Shrimp (2012-13 to 2017-18)



Despite its enormous export potential, shrimp exports from Bangladesh face a host of challenges. Though the shrimp industry has grown smoothly over the years, ensuring safety and quality continued to affect its development. With increasing adoption of product quality standards, especially with respect to health and safety in export destinations, especially in the EU, occurrences of shrimp shipments failing to meet those legitimate NTMs have emerged as a major concern for exporting countries like Bangladesh. The lack of quality standards had in the past forced Bangladesh to temporarily suspend its shrimp exports, particularly to the EU countries. In addition to NTMs in export markets, procedural NTBs in Bangladesh, such as procedural delays and institutional weakness also affect exports.

The government has over the years tried to minimise the quality and safety assurance issue so that the shrimp continues to grow. It adopted the National Shrimp Policy 2014 to help develop the sector. These enhanced the capacity of the country's shrimp sector to export quality shrimps and prawns through proper implementation of National Residue Monitoring Programme (NRCP), credible laboratory testing services, and Hazard Analysis and Critical Control Point (HACCP) in processing establishments. Despite all these, there are still rejections of Bangladeshi shrimps mainly at EU ports. Therefore, a study concentrating on identifying NTBs and NTMs faced by Bangladeshi shrimp exports and creating a database will assist the government to weather off the newly emerging challenges for the sector in terms quality and standards and other NTBs. This in turn will help enhance the export competitiveness of the sector.

2.4 Plastics

The plastic industry in Bangladesh emerged as a promising industrial sector over the last two decades, and made an important contribution to the economy. There are about 3,000 manufacturing units in the plastic sector, 98 percent of which belongs to Small and Medium Enterprises (SMEs). According to Bangladesh Institute of Plastic Engineering and Technology (BIPET), the sector provides employment opportunities for more than 1.2 million people either directly or indirectly¹¹. Currently, the plastic industry produces 2,500 types of plastic products. Value addition in manufacturing plastic products is reasonably high ranging from 51 percent to 70 percent (Afrooz, 2016). Plastics also create ways of innovation in other sectors in the economy including packaging, textile, healthcare, construction, electronics, energy generation, automotive etc.

Plastics have some features which make them accepted globally. Their light weight, attractive color, ease of processing, non-rusting property, and low cost make them highly demanded worldwide¹². As a result, the demand for plastic products are increasing day by day both in the domestic and international markets. Export earnings from plastics come from both direct and deem

¹¹ Retrieved from <http://bipet.org.bd/>.

¹²http://ijsmmed.smef.org.bd/upload/issues/past_issues/articles/4_Prospects_and_Challenges_of_Plastic_Industris_in_Bangladesh.pdf

(RMG accessories) exports with China, India, Germany, and the US being the major export destinations.

This sector has a huge potential of creating important ways for diversifying the country's export basket. The government has also given importance on the plastic sector in its Export Policy Regime 2015-18 and specially encouraged to increase its production and trade through joint initiative of both public and private sector. Table 2.7 below highlights the top export destinations for Bangladeshi plastic products during the last six years. It shows that China, the US and Japan have consistently remained as the top export destinations for Bangladesh, while Saint Barthélemy, Hong Kong, the United Arab Emirates and Canada remained important destinations.

Table 2.7: Top Export Destinations of Plastics during FY 2012-13 to FY 2017-18

| HS Code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---|--|--|--|--|-------------------------------------|
| 3915.90: Plastics waste and scrap nes. (Plastic Chips/Granular) | China; Hong Kong; India | China; Saint Barthélemy Hong Kong | China; Saint Barthélemy Hong Kong | China; Saint Barthélemy Hong Kong | China; Saint Barthélemy Hong Kong | China India Taiwan |
| 3924.90: Household and toilet articles nes, of plastics | Spain United Kingdom Poland | United States United Arab Emirates Canada | United States India South Africa | United States United Arab Emirates Canada | United States Canada Philippines | Canada United States India |
| 3926.20: Apparel and clothing accessories (including gloves) of plastics | Saint Barthélemy India United States | Japan Saint Barthélemy India | Saint Barthélemy; Sri Lanka India | Japan Saint Barthélemy India | Japan Saint Barthélemy Sri Lanka | Japan India Sri Lanka |

Source: EPB

For the purpose of understanding the export potential of the plastic sector, the Study emphasises plastic products under the following HS Codes: 3915.90, 3924.90, and 3926.20, based on importance and export volume in the past few years. Table 2.8 and Figure 2.4 below present the total export earnings from the plastic sector during FY2013 – FY2018 under these HS Chapters and HS Codes.

Table 2.8: Export Earnings from Plastics (2012-13 to 2017-18)

(Value in

Million US\$)

| HS Code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|---------|
| 3915.90: Plastics waste and scrap nes | 39.02 | 30.04 | 32.33 | 22.35 | 30.65 | 13.53 |
| 3924.90: Household and toilet articles nes, of plastics | 3.23 | 8.75 | 8.82 | 8.75 | 14.08 | 17.30 |

| | | | | | | |
|---|------|------|------|------|------|------|
| 3926.20: Apparel and clothing accessories (incl gloves) of plastics | 3.19 | 5.54 | 3.35 | 5.54 | 5.93 | 4.91 |
|---|------|------|------|------|------|------|

Source: EPB

Figure 2.4: Export Earnings from Plastics (2012-13 to 2017-18)



As evident from the statistics shown in Table 2.8, export of plastic products under HS Code 3915.90 was the most prominent. However, its export experienced a rapid decline from US\$ 30.65 million in FY 2016-17 to US\$ 13.53 million in FY 2017-18, while it hovered around US\$ 30 million to US\$ 39 million during FY13 to FY15. On the other hand, plastic products under HS Code 3924.90 experienced rapid increase, reaching its peak during FY 2017-18 with an export volume of US\$ 17.3 million.

The above statistics show that there has been a substantial growth trend in the exports of plastic products from Bangladesh in recent years, but it slowed down in FY 2017-18. Needless to say that the existence of stringent and complex NTMs have in some ways affected their exports. Since most of the exporters in the plastic sector are SMEs, reducing the NTBs and NTMs will help them reduce their costs of production and thereby increase their exports. A Study aimed at identifying these barriers that affect exports of plastic products will thus be of immense assistance to those SME exporters from Bangladesh.

2.5 Potato

Potato has remained the fourth most important food crop throughout the world after rice, wheat and corn¹³. Potato is the source of key nutrition such as vitamin C, potassium, and dietary fibres.

¹³ Source: <https://www.netafim.co.za/offering/irrigation/agriculture/field/potato/?id=80>

Grown in over 125 countries, potato is consumed by more than a billion people worldwide (Beals, 2016). Potato is appreciated widely for its taste and is used in dishes cooked in restaurants, hotels and at home. Its most popular dishes are French fries, potato salad, potato mash, potato chips, potato pancakes, potato mixed curry, etc. Boiled potatoes can also be eaten raw or mixed with masalas for Indian and South Asian sub continental dishes.

During the last couple of years, potato has emerged as a promising industrial sector in Bangladesh. The favourable climate in the country makes possible the production of very high quality potatoes. According to statistics from Food and Agricultural Organisation (FAO), Bangladesh achieved the seventh rank with 8.6 million ton of potato production¹⁴. While potato is the second staple food item in Bangladesh at present, its exports have also grown. Malaysia, Sri Lanka, Singapore, Russia are among the major export destinations for Bangladeshi potatoes. Table 2.9 below highlights the top export destinations for Bangladeshi potatoes during the last six years. It shows that Malaysia has consistently remained the top export destination for Bangladesh, while Singapore, Sri Lanka, United Arab Emirates and Kuwait remained other leading export destinations for our potatoes.

Table 2.9: Top Export Destinations of Potato over the Years

| Product | HS code | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---------|--|--|--|--|--|------------------------------------|-------------------------------------|
| Potato | 070190: Potatoes, fresh or chilled nes | Malaysia Singapore Sri Lanka | Malaysia Russian Federation Sri Lanka | Malaysia Nepal Russian federation | Malaysia Singapore United Arab Emirates | Malaysia Sri Lanka Singapore | Malaysia Nepal Singapore |
| | 071010: Potatoes, frozen | Malaysia Qatar United Arab Emirates | United Arab Emirates Malaysia Singapore | | United States | Kuwait | United Arab Emirates Malaysia |
| | 0701: Potatoes | Malaysia Singapore Sri Lanka | Malaysia Russian Federation Sri lanka | Malaysia Nepal Russian Federation | Malaysia Singapore United Arab Emirates | Malaysia Sri Lanka Singapore | Malaysia Nepal Singapore |

Source: EPB

Considering its export potential, the government has begun providing a greater emphasis on substantially increasing its production and exports. For the purpose of understanding the export potential of the potato sector, the Study emphasises potatoes under the following HS Heading of 07.01. Table 2.10 below present the total export earnings from potatoes during FY2013 – FY2018 under these HS Codes. As evident from the statistics shown in Table 2.10, export of potatoes hovered around US\$ 10 million to US\$ 11 million every year during the last six years except for FY 2014-15, when potato export reached its peak with an export volume of US\$ 32.22 million.

¹⁴ <http://www.jointstockcompany.org/potato-export-from-bangladesh/>

Table 2.10: Export Earnings from Potatoes (2012-2013 to 2017-18)

(Value in Million

| HS Code | US\$) | | | | | |
|-----------------------|---------|---------|---------|---------|---------|---------|
| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| 0701: Potatoes | 10.93 | 10.07 | 32.22 | 10.07 | 12.96 | 11.26 |

Source: EPB

The above statistics shows that while exports accelerated in FY 2014-15, it slowed down during the last two years, as stringent and complex NTBs, including NTMs, hindered their exports. Therefore, the Study has chosen the potato sector in order to identify the NTBs that affect potato exports from Bangladesh so that appropriate measures, including compliance, can be taken to improve the situation.

Chapter 3: Product specific NTMs (including NTBs) in Export Destinations

This chapter provides a precise description of NTMs (including identified NTBs) that selected Bangladeshi products face in export destinations of Bangladesh. In Chapter 1, it has been stated that five products (jute and jute products, footwear, shrimp, plastic products and potato) have been selected for this study. For each export item selected, the non-tariff measures have been collected country-wise for major export destinations. Secondary sources such as the database of ITC and regulations of destination countries have been used to obtain the NTMs. Besides, the chapter also identifies the NTMs that are perceived or turn out to be more restrictive than necessary and thus difficult to comply with. These measures thus emerged as Non-tariff barriers.

These are mainly import measures and measures regarding standards, certifications and quality maintenance. The Chapter also provides some explanation on the legislations under which NTMs are set. Further details on the exact requirements under each NTM will be provided in the database.

3.1 Product Specific NTMs (including NTBs) in export destinations:

3.1.1 Potatoes

NTMs Applied on Potatoes Export from Bangladesh by Major Importing Partners:

HS code 070190- Potatoes, fresh or chilled nes:

The major export destinations for Bangladeshi potatoes (HS code 070190) are Malaysia, Sri Lanka, Kuwait and Singapore. Analysis of the NTMs applied or imposed at a country level shows that SPS measures are the main measures that countries apply to regulate import of potatoes. In most cases, the country-level regulations are legitimate and are based on international standards. The following table lists the NTMs applied by Sri Lanka and Kuwait while importing potatoes. For Sri Lanka, measures are taken to regulate imports of genetically modified potatoes and importers are required to have special authorization from the Sri Lankan Chief Food Authority. The country also imposes measures on quality and material of potato container. Prohibition of use limit on extent of certain chemical in the packaging materials are legislated in the Food (Packaging Materials and Articles) Regulations, 2010, so that harmful substances cannot migrate to the potatoes. Exporting to Sri Lanka also requires complying with Good Manufacturing Practices (NTMs).

While exporting to Kuwait, the standard or legislation that Bangladesh needs to comply with is the GCC regulations that Kuwait follows. The conditions mainly include use of materials that are not inconsistent with the principles of Islamic law, cultural or moral values.

Table 3.1: Country-wise NTMs for Potatoes

| Importing Country | Nature Code | Description of the NTM | Legislation |
|-------------------|-------------|---|---|
| Sri Lanka | A310- SPS | Food containing sweeteners must be clearly labelled according to the Regulations. | Food (Sweeteners) Regulations, 2003. Published in the Gazette of the Democratic Socialist |

| Importing Country | Nature Code | Description of the NTM | Legislation |
|-------------------|--|--|---|
| | | | Republic of Sri Lanka (Extraordinary) No. 1323/1. |
| | A220- SPS | The use of any sweetener in food prepared for infants or young children is prohibited. | Food (Sweeteners) Regulations, 2003. of the Democratic Socialist Republic of Sri Lanka (Extraordinary) Gazette No. 1323/1. |
| | A310-SPS | The label on or attached to a package of genetically modified food or food ingredients used in the preparation of good must include the statement 'genetically modified' in conjunction with the name of that food or ingredients used in the preparation of food, or processing aid irrespective of the size of the label or package. | Food (Control of Import, Labelling and Sale of Genetically Modified Foods) Regulations, 2006. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1456/22. |
| | B310 - TBT | The label on or attached to a package of genetically modified food or food ingredients used in the preparation of good must include the statement ' <i>genetically modified</i> ' in conjunction with the name of that food or ingredients used in the preparation of food, or processing aid irrespective of the size of the label or package. | Food (Packaging Materials and Articles) Regulations, 2010. Democratic Socialist Republic of Sri Lanka (Extraordinary) Gazette No. 1660/30. |
| | A220- SPS | This measure relates to restrictions on food packaging material or article which under normal and foreseeable conditions (a) is injurious to human health ; (b) deteriorates the organoleptic characteristics of food ; or (c) changes the nature, substance and quality of food. (substances contained in the food-containers that might migrate to food) | Food (Packaging Materials and Articles) Regulations, 2010. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1660/30. |
| | A310-SPS (please tell me how this code is different | This measure relates to restrictions on substances contained in the food-containers that might migrate to food. | Food (Control of Import, Labelling and Sale of Genetically Modified Foods) Regulations, 2006. Published in |

| Importing Country | Nature Code | Description of the NTM | Legislation |
|-------------------|--|--|---|
| | from the code A 220 used above) [A 310 Labelling requirement] | Mandatory and positive labeling regulation on GM food (i.e. it contains GMO) | the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1456/22. |
| | A490- SPS | All items imported into Sri Lanka shall, at the point of entry into the country, possess a minimum period of 60 per cent of unexpired shelf life. The aforesaid shelf life shall not be enforced in respect of imported fresh fruits and vegetables and potatoes which have not been peeled or cut. | Food (Shelf Life of Imported Food Items) Regulations, 2011. Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No.1694/5. |
| | B140-TBT | No person shall, import, store, transport, distribute, sell or offer for sale food containing genetically modified organisms without the approval of the Chief Food Authority. | Food (Control of Import, Labelling and Sale of Genetically Modified Foods) Regulations, 2006. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1456/22. |
| | A140-SPS | No person shall, import, store, transport, distribute, sell or offer for sale food containing genetically modified organisms without the approval of the Chief Food Authority. | Food (Control of Import, Labelling and Sale of Genetically Modified Foods) Regulations, 2006. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1456/22. |
| | B310-TBT (Labeling requirements) | This measure relates to restrictions on substances contained in the food-containers that might migrate to food. | Food (Packaging Materials and Articles) Regulations, 2010. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1660/30. |

| Importing Country | Nature Code | Description of the NTM | Legislation |
|-------------------|--------------------------------|--|---|
| | B150- TBT | Registration requirement for importers for TBT reasons: Requirement that importers should be registered in order to import certain products: To register, importers need to comply with certain requirements, documentation and registration fees.This measure applies to: | Food (Control of Import, Labelling and Sale of Genetically Modified Foods) Regulations, 2006. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1456/22. |
| | F650- Finance Measures | This measure applies to: (a) any genetically modified organism as food for human consumption; (b) any food containing or consisting of genetically modified organisms;(c) Any food produced from or containing ingredients produced from genetically modified organisms. | |
| | A400- SPS | Requirements related to food quality, composition and safety, which are usually based on hygienic and good manufacturing practices (GMPs), recognized methods of analysis and sampling: The requirements may be applied on the final product (A410) or on the production processes (A420). | Food (Irradiation) Regulations, 2005. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1420/5. |
| | A830- SPS | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country. | Food (Irradiation) Regulations, 2005. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1420/5. |
| | A840- SPS | Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. | Food (Irradiation) Regulations, 2005. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1420/5. |
| Kuwait | E321- Quality Control measures | All materials that are inconsistent with the principles of Islamic law or moral values. Summary: Various requirements attesting the absence of diseases and other | Legislation No-19, 2009 related to quarantine system of the Gulf Cooperation Council countries (GCC) |

| Importing Country | Nature Code | Description of the NTM | Legislation |
|-------------------|--------------------------------|---|--|
| | | microbiological contaminants in plants and vegetal products | |
| | A140- SPS | Importer should receive authorization, permit or approval from a relevant government agency of the destination country for SPS reasons: In order to obtain the authorization, importers may need to comply with other related regulations and conformity assessments. | Legislation No-19, 2009 related to quarantine system of the Gulf Cooperation Council countries (GCC) |
| | B140- TBT | Exportation is limited to Citizens only and companies with majority shareholders of Kuwaitis citizens. Summary: Authorisation to export products to Kuwait is limited only to citizens or Local companies with majority of Kuwaitis shareholder. | Legislation No- 43, 1964 related to export |
| | B700-TBT | To comply with National, Gulf or international standard specifications | Legislation No- 131, 2012 related to food products |
| | E321- Quality Control measures | Products containing Pig fats | Legislation No- 131, 2012 related to food products |
| | | | Summary: Various requirement to import food products |
| | A820- SPS | A requirement for products to be tested against a given regulation | Legislation No- 131 year 2012 related to food products |
| | A830-SPS | Sanitary and analysis certifications, should not contain radioactive materials | Legislation No- 131 year 2012 related to food products |
| | E321- Quality Control measures | Prohibition requirement to import products that are inconsistent with cultural values | Legislation No- 21/1993 ministry of trade |
| | A220-SPS | Should not exceed the tolerance limit of alcohol | Legislation No- 131; year 2012 related to food products |
| | E322- Quality Control measures | Prohibition requirement to import products containing the king's names and any materials that are | Legislation No- 409/1992 ministry of trade |

| Importing Country | Nature Code | Description of the NTM | Legislation |
|-------------------|-------------|---|---|
| | | inconsistent with public order or the political system | |
| | A830-SPS | Sanitary certification and a certificate attesting the absence of disease | Legislation No-14/1977 related to the import and export of vegetable products |

Are the measures fully legitimate or are burdensome?

The measures, especially the tolerance limit, sanitary certification requirement, requirement for product inspection (A840) in the importing country, shelf life and quality control measures etc. of the countries are based on or close to the requirements in international standards like Codex, OIE, IPPC. (The required minimum shelf-life of imported food items is 75% remaining upon arrival in Kenya). These measures are also necessary to ensure legitimate health concerns and protect the interests of the importer. For instance, products containing pig fats are prohibited in Kuwait. This seems to have been based on religious and health grounds.

But the buyers at times impose some additional requirements which basically turn out to be NTBs for the potato exporters. For instance, different buyers have different packaging requirement and it is hard and costly for exporters to comply with. Another stringent barrier for potato exporter is the color and size of potatoes. The buyers do not accept potatoes that have black or red skins and only white skin potatoes are eligible to export. The exportable potatoes should have the weight limit of 80-140 grams. These stringent quality criteria pose additional burden to the exporters. These criteria and requirement of the buyers are discriminatorily stringent for Bangladesh due to the negative image of the sector in international market.

Syndicate among some countries is one of the barriers which obstruct potato export from Bangladesh to some countries. Some exporters indicated that Sri Lanka, India, China, and Pakistan have formed a kind of syndicate like relationship among themselves. These countries tend to trade among themselves and restrict entrance of other countries like Bangladesh.

NTB in Russian Market: Apart from certification of disease-free potatoes, a major NTB Bangladesh faces in its attempt to export potato to Russia is the lack of proper banking channel. Russia was the big market for Bangladesh's potato export even a few years ago. For instance, Bangladesh exported 20,000 tonnes of potato to Russia out of a total of 103,000 tonnes in the FY 2013-14¹⁵. However, potato export to Russia is now banned from Bangladesh after Russia detected brown rot disease in potato.

Another problem that the buyers face is their limited experience of conducting transaction with TT, as most of the potato trade is conducted through TT.

¹⁵ POTATO EXPORTS TREBLE, The Daily Star,

The government legislations of the importing countries have some set criteria on packaging and grading of potato.

3.2 Jute and Jute Products:

Though the quality of Bangladeshi jute is undoubtedly one of the best in the world, the exporters of jute and jute products face various measures and stringent conditions while exporting. India is the major importer of Bangladeshi jute and jute sacks and bags. Looking at the NTMs imposed by different countries reflect that India imposes higher number of NTMs on jute and jute products than other countries.

Import of Jute and Jute goods in India is regulated by Plant Quarantine Order (Regulation of Import into India), 2003, and the Jute Grading and Marking Rules, 1978, Jute Bags Marking Order of 4th July, 2002. Exporters need to pay inspection and fumigation fees ranging from around Rs. 900 to Rs. 9000 per shipment. Twelve (12) land ports¹⁶ of entry are specified in the legislation through which jute and other plants can be exported to India.

Table: 3.2 NTMs imposed by India on Raw Jute, Jute Yarn and Jute Sacks & bags

| HS Code | Applicable NTM Code and Nature | Description of the NTM | Legislation |
|---|--------------------------------|--|--|
| 530310 (Jute and other textile bast fibres, raw or retted) | F690-Finance Measures | The importer shall pay the fees prescribed in Schedule IX (described in plant quarantine (regulation of import into India) order, 2003) towards the inspection, fumigation, disinfestation and disinfection of the consignment, as appropriate. | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Jan 2015 |
| | A830-SPS | No consignment shall be permitted unless accompanied by an original copy of the Phytosanitary Certificate issued at the country of origin. Additional declarations and special conditions apply to products listed in Schedule VI (described in plant quarantine (regulation of import into india) order, 2003). | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Jan 2015 |
| | B420-TBT | Jute shall be in dry and storable condition. | Jute Grading and Marking Rules,1978 |

¹⁶ Agartala (Tripura); Bongaon (West Bengal); Gede Road Rly. Stn. (West Bengal); Jogbani (Bihar); Moreh (Manipur); Panitanki (West Bengal); Raxual (Bihar); Zokhwathar (Mizoram); Changrabandha (West Bengal); Ghozadanga (West Bengal); Mehadipur (West Bengal); Vittamod (Bihar)

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| C300-Pre-shipment inspection and other query requirement | All the consignments of plants and plant products shall be imported through ports of entry as specified in Schedule I (described in plant quarantine (regulation of import into india) order, 2003). | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Jan 2015 |
| B150-TBT | Importers of any commodity for sale, distribution or delivery shall register his name and complete address | Legal Metrology (Packaged Commodities) Rules, 2011 |
| B820-TBT | Import consignments shall be accompanied by a pre-shipment certificate stating that the product does not contain any of the hazardous dyes prohibited by the Government of India. In cases where such certificates are not available, the consignment will be cleared after getting a sample of the imported consignment tested & certified. | DGFT Notification No 19/2015-2020 |
| B210-TBT | Jute shall be free from hunka mud and other foreign materials. | Jute Grading and Marking Rules,1978 |
| B310-TBT | All packaged commodities must bear a label with the name and address of the manufacturer or importer, the common or generic names of the commodity, the net quantity and the month and the year it is packed. Quantities must be given in metric values. | Jute Grading and Marking Rules,1978 |
| B330-TBT | The error, in excess or in deficiency, in the length, number, area or net quantity by weight or volume of any commodity shall not exceed the maximum as specified in Tables I-II of Jute Grading and Marking Rules, 1978. | Jute Grading and Marking Rules,1978 |
| B700-TBT | Product is subject to a quality grade based on strength, density, fineness, etc. | Jute Grading and Marking Rules,1978 |
| B830-TBT | Import consignments shall be accompanied by a pre-shipment certificate stating that the product does not contain any of the hazardous dyes prohibited by the Government of India. In cases where such certificates are not available, the consignment will be cleared after getting a sample of the imported consignment tested & certified. | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Jan 2015 |

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| 530710: Yarn of jute or of other textile bast fibres, single | B31-TBT | Labelling requirements – All manufacturers, importers and traders of jute and jute textiles must label such items with country of origin information subject to specific size, font and location requirements. | Jute Bags Marking Order of 4th July, 2002 |
| | B82-TBT | Testing Requirement-A requirement for products to be tested against a given regulation, such as performance level: It includes sampling requirement. | DGFT Notification No 19/2015-2020 |
| | B83-TBT | Certification Requirement- Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country | DGFT Notification No 19/2015-2020 |
| | B31-TBT | Labelling requirements – Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer | Legal Metrology (Packaged Commodities) Rules, 2011 |
| | B33-TBT | Packaging Requirement- | Legal Metrology (Packaged Commodities) Rules, 2011 |
| | | Measures regulating the mode in which goods must be or cannot be packed, and defining the packaging materials to be used | |
| | B21-TBT | Tolerance limits for residues of or contamination by certain substances – A measure that establishes a maximum level or "tolerance limit" of substances, which are used during their production process but are not their intended ingredients | Jute Grading and Marking Rules,1978 |
| | B42-TBT | TBT regulations on transport and storage – Requirements on certain conditions under which products should be stored and/or transported. | Jute Grading and Marking Rules,1978 |
| | B7-TBT | Product Quality and Performance Requirement code- Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) | Jute Grading and Marking Rules,1978 |

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| | A14-SPS | Special Authorization requirement for SPS reasons – A requirement that importer should receive authorization, permit or approval from a relevant government agency of the destination country for SPS reasons | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Mar 2016 |
| | A83-SPS | Certification requirement – Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country. | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Mar 2016 |
| | A84-SPS | Inspection Requirement- Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Mar 2016 |
| | C3- Pre shipment and other entry requirement | Requirement to pass through specified port of customs – Obligation for imports to pass through a designated entry point and/or customs office for inspection, testing, etc. | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Mar 2016 |
| | F65- Financial Measures | Import License fee | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Mar 2016 |
| | F69- Financial Measures | Additional charges not elsewhere specified- The importer shall pay the fees prescribed in Schedule IX (Plant Quarantine Order, 2016) towards the inspection, fumigation, disinfection and disinfection of the consignment, as appropriate | Plant Quarantine Order (Regulation of Import into India), 2003 as amended up to Mar 2016 |
| 630510: Sacks & bags, for package of goods, of jute | B420-TBT | Jute shall be in dry and storable condition | Jute Grading and Marking Rules, 1978 |
| | B830-TBT | Import consignments shall be accompanied by a pre-shipment certificate stating that the product does not contain any of the hazardous dyes prohibited by the Government of India. In cases where such certificates are not available, the consignment will be cleared after getting a sample of the imported consignment tested & certified. | DGFT Notification No 19/ 2015-2020 |

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|----------|--|--|
| B210-TBT | Jute shall be free from hunka mud and other foreign materials. | Jute Grading and Marking Rules,1978 |
| B150-TBT | Importers of any commodity for sale, distribution or delivery shall register his name and complete address | Legal Metrology (Packaged Commodities) Rules, 2011 |
| B310-TBT | All packaged commodities must bear a label with the name and address of the manufacturer or importer, the common or generic names of the commodity, the net quantity and the month and the year it is packed. Quantities must be given in metric values. | Jute Bags Marking Order of 4th July, 2002 |
| B820-TBT | Import consignments shall be accompanied by a pre-shipment certificate stating that the product does not contain any of the hazardous dyes prohibited by the Government of India. In cases where such certificates are not available, the consignment will be cleared after getting a sample of the imported consignment tested & certified. | DGFT Notification No 19/ 2015-2020 |
| B330-TBT | The error, in excess or in deficiency, in the length, number, area or net quantity by weight or volume of any commodity shall not exceed the maximum as specified in Tables I-II | Legal Metrology (Packaged Commodities) Rules, 2011 |
| B700-TBT | Product is subject to a quality grade based on strength, density, fineness, etc. | Jute Grading and Marking Rules,1978 |
| | | |

Some of the NTMs listed above pose unnecessary burden or threat for Bangladeshi exporters. For instance, India's labelling requirements for jute and jute textiles (B31-TBT) is such a measure.

(India issued a rule in 2010 by which labeling of a country of origin for jute bags becomes mandatory for importers. In effect, it will be mandatory for exporters to print/mark the country of origin before exporting to India.) As per the Jute Bags Marking Order of 4th July 2002, the label should be printed on black on white or grey background and the size should be 10 cm x 8 cm¹⁷. Label should be machined stitched on all the four sides on the outside of both sides of the bag.

¹⁷ <http://www.jutecomm.gov.in/orders5.htm>

Complying with this requirement raises the manufacturing cost for the exporters. This requirement thus becomes an NTB hindering Bangladeshi exports of jute bags.

Further, India imposed (on 5 January, 2017) anti-dumping duty ranging from \$19 to \$351.72 a tonne on import of jute and jute products from Bangladesh for the next five years. For example, the Anti-dumping duties on Erans Group on hessian fabric, jute twine, sacks are US\$ 351.72 /metric ton, US\$ 162.245 /metric ton, US\$ 138.97 /metric ton respectively. The Government of India has also initiated anti-circumvention investigation on Bangladeshi jute sacking cloth. In addition, Brazil has also imposed Anti-dumping duty on jute bags and cloths at the rate of US\$ 160 per metric ton (source??). The anti-dumping duty imposed on jute/jute products turned out to be a non-tariff barrier as Bangladeshi exporters, indeed were not dumping into Indian market; Bangladeshi exporters' lack of understanding about complex ADD investigation suddenly put them in a precarious situation. Only 25/26 out of 258 jute exporting firms were able to submit completed questionnaire during ADD investigation. Others could not even understand the implications of ADD investigation. Moreover, our exporters' cost accounting system is not systematically maintained.

Apart from India, Turkey and China are the major buyers of Bangladeshi jute and jute products. Regulated by the Circular for Textile, Garment, Leather and Leather Products and the customs law, Turkey requires inspection of products before entrance to the Turkey Market and limits the use of certain substances. These are tantamount to non-tariff barriers as these requirements add to the complexity and costs of exports.

Table 3.3: Product-wise NTMs imposed by China & Turkey

| Product | Importing Country | Applicable NTM Code and Nature | Description of the NTM | Legislation |
|---|-------------------|--------------------------------|--|--|
| 530310 (Jute and other textile bast fibres, raw or retted); 530710: Yarn of jute or of other textile bast fibres, single; 530720: Yarn of jute or of oth textile bast fibres, multiple (folded) or cabled | China | B15-TBT | Registration requirement for importers for TBT reasons - (TBT): Requirement that importers should be registered in order to import certain products: To register, importers need to comply with certain requirements, documentation and registration fees. | Notice by the State Commodity Inspection Bureau on issuing the regulations on imported fabric inspection |
| 530710: Yarn of jute or of other textile bast fibres, single; | Turkey | B840-TBT | Inspection is required before entry is allowed | Circular for Textile, Garment, Leather and Leather Products (Export: 2015/1) |

| | | | |
|--|--|--|---|
| 530720: Yarn of jute or of oth textile bast fibres,multiple (folded) or cabled | B840-TBT | Products must be inspected before entry is allowed | Customs Law - (No 4458) (04.11.1999 t. 23866 s. R.G.) |
| | B150-TBT | Importers should comply with certain requirements to be registered | Circular for Textile, Garment, Leather and Leather Products (Export: 2015/1) |
| | B700-TBT | Products should respect certain conditions | Circular for Textile, Garment, Leather and Leather Products (Export: 2015/1) |
| | G400- Pre-inspection and other entry requirement | Terms of Payment | Customs Law - (No 4458) (04.11.1999 t. 23866 s. R.G.) |
| | B210 -TBT | Maximum level for certain substances | Circular for Textile, Garment, Leather and Leather Products (Export: 2015/1). |
| | B140 - TBT | Importation must be approved by the government | Circular for Textile, Garment, Leather and Leather Products (Export: 2015/1). |
| | B220 –TBT | Certain substances are forbidden | Circular for Textile, Garment, Leather and Leather Products (Export: 2015/1). |

Apart from these major export destinations, the exporters face difficulties in their efforts to export to some other countries and regions. For instance, exporters face L/C transaction-related problem while exporting to the African and middle-eastern region. There is no direct L/C system and thereby no direct payment mechanism with African countries. Transactions have to be done via a third country. The transactions are carried out in Euros in the African region and gets converted into dollars afterwards. This double conversion is a complex and costly process resulting in lower transaction rates, creating burden for the exporters.

3.3 Shrimps

The European Union is the major buyer of Bangladeshi Shrimp. Among the EU countries, Netherlands, Belgium and the United Kingdom are the major buyers. Though Bangladesh had to go through bans and restriction for exporting Shrimps to EU in the past, the country has been successful to ensure the quality of its shrimp. As a result the ban imposed earlier has been withdrawn.

Table 3.4: NTMs on Shrimp by EU

| NTM Code and Nature | Description of Requirements |
|---------------------|--|
| A12-SPS | Geographical restrictions on eligibility – |
| | Prohibition of imports of specified products from specific countries or regions due to lack of evidence of sufficient safety conditions to avoid sanitary and phytosanitary hazards. |
| A21-SPS | Tolerance limits for residues of or contamination by certain (non-microbiological) substances – |
| | A measure that establishes a maximum residue limit (MRL) or "tolerance limit" of substances such as fertilisers, pesticides, and certain chemicals and metals in food and feed, which are used during their production process but are not their intended ingredients. |
| A31-SPS | Labelling requirements- |
| | Labelling is any written, electronic, or graphic communication on the consumer packaging or on a separate but associated label. Example: a) Labels that must specify the storage conditions such as "5 degree C maximum" • ; b) potentially dangerous ingredients such as allergens, |
| A4-SPS | Hygienic requirements – |
| | Requirements related to food quality, composition and safety, which are usually based on hygienic and good manufacturing practices (GMPs), recognized methods of analysis and sampling: |
| A41-SPS | Microbiological criteria of the final product – |
| | Statement of the microorganisms of concern and/or their toxins/metabolites and the reason for that concern, the analytical methods for their detection and/or quantification in the final product: |
| A82-SPS | Testing requirement – |
| | A requirement for products to be tested against a given regulation, such as MRL: It includes sampling requirement. |
| A83-SPS | Certification requirement – |
| | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country. |
| A84-SPS | Inspection requirement – |
| | Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. |
| B14-TBT | Authorization requirement for TBT reasons – |
| | Requirement that the importer should receive authorization, permit or approval from a relevant government agency of the destination country, for reasons such as national security reasons, environment protection etc. |
| B83-TBT | Certification requirement – |

| | |
|--|--|
| | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country Example: Certificate of conformity for electric products is required. |
|--|--|

For importing shrimp, the EU mostly put SPS-related NTMs for ensuring health safety of its consumers. SPS and quality certification, therefore, is the major criteria that needs to be complied with in order to export Shrimp from Bangladesh. At present 78 processing plants have qualified maintaining EU standards and are approved by the EU authority. The FIQC of Bangladesh provides the health certificate for exporting shrimp to EU. Though the certificate is recognised by the EU, what makes the legitimate matter problematic for Bangladesh is that the cost of obtaining the certification has increased by almost 75%. Sometimes, traceability certificates are required by the buyers of EU and Middle East and Bangladesh lack this certification. Illegal, Unreported and Unregulated (IUU) certificate is also needed to export sea case shrimp to EU, which is difficult to comply for Bangladeshi exporters.

The buyer’s specific packaging requirements are burdensome for the exporters. It is costly to make different patterns and sizes of cartons for each buyer. Exporting Shrimp to the USA has been perceived to be a matter of hassle by some exporters. USA buyers require pre-inspection of first five consignments. If all the five consignments get approved, only then exporter is temporarily permitted to export.

Another non-tariff barrier faced by the exporter is the requirement of labelling in local language for Belgium and some middle-eastern countries. This increases the cost of production of the exporters.

3.4: Leather Footwear

Bangladesh needs to comply with various TBT requirements relating to product quality, certification, inspection, use and limit on certain substances while exporting leather footwear to EU countries. However, due to image crisis of the sector, big buyers often cancel several consignments beyond NTM requirements. The NTMs imposed by the EU are shown in Table xxx

Table 3.5: NTMs imposed by EU on Leather Footwear

| HS Code | Applicable NTM Code and Nature | Description of the NTM |
|--|--------------------------------|---|
| 640320: Footwear, outsole/uppr of leather, strap across the instep | B11- TBT | Import prohibition for reasons set out in B1: Example: Imports are prohibited for hazardous substances including explosives, certain toxic substances covered by the Basel Convention such as aerosol sprays containing CFCs, a range of HCFCs and BFCs, halons, methyl chloroform and carbon tetrachloride |
| | | |

| | | |
|--|-----------|--|
| | B31- TBT | Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer: Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used. |
| | | |
| | B7 - TBT | Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) |
| | B83- TBT | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country |
| | B84 - TBT | Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. |
| 640420: Footwear with outer soles of leather and uppers of textile materials | B11- TBT | Import prohibition for reasons set out in B1: Example: Imports are prohibited for hazardous substances including explosives, certain toxic substances covered by the Basel Convention such as aerosol sprays containing CFCs, a range of HCFCs and BFCs, halons, methyl chloroform and carbon tetrachloride |
| | | |
| | B31- TBT | Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer: Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used. |
| | | |
| | B7 - TBT | Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) |
| | B83 - TBT | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country |

| | | |
|---|-----------|--|
| 640510: Footwear with uppers of leather or composition leather, nes | B11 - TBT | Import prohibition for reasons set out in B1: Example: Imports are prohibited for hazardous substances including explosives, certain toxic substances covered by the Basel Convention such as aerosol sprays containing CFCs, a range of HCFCs and BFCs, halons, methyl chloroform and carbon tetrachloride |
| | B31- TBT | Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer: Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used. |
| | B7- TBT | Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) |
| | B83 - TBT | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country |
| | B84 – TBT | Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. |
| 640399: Footwear, outer soles of rubber/plastics uppers of leather, nes | B11- TBT | Import prohibition for reasons set out in B1: Example: Imports are prohibited for hazardous substances including explosives, certain toxic substances covered by the Basel Convention such as aerosol sprays containing CFCs, a range of HCFCs and BFCs, halons, methyl chloroform and carbon tetrachloride |
| | B31 - TBT | Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer: Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used. |
| | B7 - TBT | Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) |
| | B83 - TBT | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country |

| | | |
|--|-----------|--|
| | B84 – TBT | Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. |
|--|-----------|--|

NTB that exporters face in exporting leather footwear to EU market

The pre shipment requirement (if it is a pre shipment inspection requirement, it will be C1¹⁸) has been observed to be the major NTB for footwear exporters as it is costly. The pre-shipments are conducted by international third party companies like Sedex. The exporters need to bear the cost of the pre-shipment, including the mission visit of the auditors. This increases the overall cost of production and lowers the profit margin. Due to some non-compliant consignments, the pre-inspection has been made mandatory for Bangladesh, which is not the case for all other countries. Requirement of environmental friendly chemical usage certification is another barrier to trade;

3.5 Plastics:

Plastic goods from Bangladesh are mainly exported to Hong Kong, Japan, Middle East, EU and USA. The product- and country-specific NTMs for the top export destinations are listed in the following tables.

The Consumer Goods Safety Regulation, 1997, Consumer Goods Safety Ordinance, 1997, and the Waste Disposal Ordinance, 1980, are the major regulations that deals with import of Plastics waste in Hong Kong. The legislations impose quality control measures, authorization of importers under certain environmental regulations, labelling and packaging requirements etc. Authorization for disposal of imported plastic waste is required. Bilingual labelling in both English and Chinese for any kind of warning or caution is one of the requirements¹⁹.

China imposes regulations on Product Registration, packaging rules, product inspection and pre-shipment inspection, Conformity Assessment etc. China has set its waste material import standard higher. The country has recently put a limit to the import of plastic waste. Exporter or domestic importers require to register at the GAQSIQ or the entry-exit inspection and quarantine body going for trade. A state-level pre- inspection will be conducted for plastic waste import and certification will be provided by the entry-exit inspection and quarantine bodies or the inspection organs designated by the GAQSIQ. The code-wise SPS and TBT measures for Plastics waste and scrap nes. (Plastic Chips/Granular) are listed below.

¹⁸ Pre-shipment inspection: Compulsory quality, quantity and price control of goods prior to shipment from the exporting country, conducted by an independent inspecting agency mandated by the authorities of the importing country.

¹⁹[https://www.elegislation.gov.hk/hk/cap456A!en.assist.pdf?FILENAME=Assisted%20Monolingual%20PDF%20\(English\).pdf&DOC_TYPE=K&PUBLISHED=true](https://www.elegislation.gov.hk/hk/cap456A!en.assist.pdf?FILENAME=Assisted%20Monolingual%20PDF%20(English).pdf&DOC_TYPE=K&PUBLISHED=true)

Table: 3.6 NTMs imposed on import of HS 391590: Plastics waste and scrap nes. (Plastic Chips/Granular)

| Importing Country | Applicable NTM Code and Nature | Description of the NTM | Legislation |
|--------------------------|---------------------------------------|---|--|
| Hong Kong | E120- Quality Control measures | Any waste of a kind specified in the Sixth Schedule, unless the waste is uncontaminated and is imported for the purpose of a reprocessing, recycling or recovery operation or the reuse of the waste. | Cap 354, Waste Disposal Ordinance, 1980 |
| | B140-TBT | Requirement that the importer should receive authorization, permit or approval from a relevant government agency of the destination country, for reasons such as national security reasons, environment protection etc. | Cap 354, Waste Disposal Ordinance,1980 |
| | B310- TBT | Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer | Cap 456A, Consumer Goods Safety Regulation, 1997 |
| | B70- TBT | Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) | Cap 456, Consumer Goods Safety Ordinance, 1997 |
| China | B830- TBT | Certification of conformity with a given regulation, required by the importing country but may be issued in the exporting or the importing country | Order No. 12 of 2011 Decree by the Department of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs, AQSIQ, on the disclosure of the imports of solid waste management approach |

| | | | |
|--|--------------------------------|---|--|
| | B840- TBT | Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing only, may be subject to specific volume or quantity inspection. | Order No. 12 of 2011 Decree by the Department of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs, AQSIQ, on the disclosure of the imports of solid waste management approach |
| | B810- TBT | Product registration requirement in the importing country showing the restriction on import of a specific product. | Implementation regulations on the Import and Export Commodity Inspection Law of the PRC |
| | B330- TBT | Measures regulating the mode in which goods must be or cannot be packed, and defining the packaging materials to be used | Order No. 12 of 2011 Decree by the Department of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs, AQSIQ, on the disclosure of the imports of solid waste management approach |
| | B420- TBT | Requirements on certain conditions under which products should be stored and/or transported | Order No. 12 of 2011 Decree by the Department of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs, AQSIQ, on the disclosure of the imports of solid waste management approach |
| | E129- Quality Control measures | Licensing for non-economic reasons not elsewhere specified | |

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|--|---|--|--|
| | B830- TBT | Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country | Order No. 12 of 2011 Decree by the Department of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs, AQSIQ, on the disclosure of the imports of solid waste management approach |
| | B810- TBT | Product registration requirement in the importing country where only the registered plastic products may be imported. | Order No. 12 of 2011 Decree by the Department of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs, AQSIQ, on the disclosure of the imports of solid waste management approach |
| | C9-Pre-shipment inspection and other entry requirements | Other formalities, not elsewhere specified. (NTM code - C9) | |

The Philippines is a major market for household items of plastics from Bangladesh. The country imposes various NTMs in the form of SPS, TBT, Distribution and Financial Measures.

Table 3.6: NTMs of Philippines for importing HS 392490: Household and toilet articles nes, of plastics

| Applicable NTM Code and Nature | Description of the NTM | Legislation |
|--------------------------------|---|--------------------------------------|
| A312 –SPS | Importing country requires certifications that are granted in the IMPORTING country | BPI Quarantine Admin Order 3, s 2005 |
| A340 - SPS | Imports require inspection and/or clearance to be accepted. Inspection can be done by public or private entities. | BPI Quarantine Admin Order 3, s 2005 |

| | | | |
|---------------------|--------------|--|--------------------------------------|
| J10- measurers | Distribution | Restriction to limit the sales of goods to certain areas within the importing country | E.O. 226, as amended by RA 7918 |
| A330- SPS | | Measures regulating the mode in which goods must be or cannot be packed, or defining the packaging materials to be used, which are directly related to food safety. E.g. Use of PVC films for food packaging is restricted. | BPI Quarantine Admin Order 3, s 2005 |
| J20- measurers | Distribution | Restriction to limit the sales of imported products by designated retailers | Memorandum Order No. 247 |
| F2-Finance Measures | | An arrangement in which the exporter agrees to keep the price of his goods above a certain level in order to defuse trade friction with major importing countries. This is a VEPR process initiated by the importing country and is thus considered as an import measures. | ASEAN data |

Apparel and clothing accessories (including gloves) is another important export plastic item for Bangladesh. The major destinations for this product include Sri Lanka, China and India. The number of NTMs for this plastic products listed by the countries are not quite high.

Table 3.7: NTMs for exporting HS 392620: Apparel and clothing accessories (including gloves)

| Importing Countries | Nature Code | Description of the NTM | Legislation |
|---------------------|-------------|---|--|
| Sri Lanka | B830 | | Imports (Standardization and Quality Control) Regulations, 2013. Published in the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1844/49. |
| | B840 | | |
| | A840 | | |
| | A830-SPS | Sanitary certification and a certificate attesting the absence of disease | |
| Japan | B310-TBT | Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer | Industrial Standardisation Act, 1949 |
| | B420-TBT | Requirements on certain conditions under which products should be stored and/or transported | Civil Aeronautics Act, 1952 |

| | | | |
|-------|----------|--|--|
| India | B310-TBT | All packaged commodities must bear a label with the name and address of the manufacturer or importer, the common or generic names of the commodity, the net quantity and the month and the year it is packed. Quantities must be given in metric values. | Legal Metrology (Packaged Commodities) Rules, 2011 |
| | B330-TBT | The error, in excess or in deficiency, in the length, number, area or net quantity by weight or volume of any commodity shall not exceed the maximum as specified in Tables I-II | Legal Metrology (Packaged Commodities) Rules, 2011 |

Apart from the Non-Tariff Measures imposed by the importing countries, plastics and plastics products exported by Bangladesh face some additional measures which turn out to be barriers for exporters. These are:

Higher charges of testing and certification for laboratory testing of plastic items:

The charges of the buyer's specific standard certification agencies are quite high in Bangladesh. This is because the authorized or recognised certified agencies do not have proper laboratory in Bangladesh. So the samples are sent to India or China for testing. This increases the cost of certification and makes it difficult for small exporters to export to developed country markets. In this respect, exporting countries such as India have competitive edge over Bangladesh as they have these testing facilities. For example, the cost of certification for exporting plastic goods to the USA is around US\$ 2000, which is US\$ 5600 for the EU. Cost of testing is sometimes 15% of the total cost of production. The overall export margin of SMEs are, in many cases, even lower than this. The exporters bear the charges of testing, certification etc., which is not the case for developed country exporter, and is a discriminatory behavior to the Bangladeshi exporter.

Excessive number of documents required by India is an NTB: Discriminatory behaviour is seen in terms of product marketing as well, especially in India. India also wants additional documents from Bangladeshi exporters which is costly and time consuming. For example, with every consignment, 15 copies of commercial invoice, 15 copies of SAFTA certificate and 15 copies of packaging list etc. are necessary (Interview with Pran-RFL). In addition, India specifies price of plastic products on the basis of weight of the consignment, rather than their type and quality, which lowers the prices of products.

Several testing of samples in China: Getting confirmation of samples from China is a time-consuming process as they conduct several testing as per buyer's requirement. This delays the production of the consignment. (Reference: Interview, 2018).

NTBs plastic exporters confront in Middle East: In terms of exporting to middle-east, the exporters indicated that the countries often change their import requirements. As a result, exporters

find it difficult to keep track and comply with those. Middle-eastern countries have made testing of each article mandatory, which have further increased the cost of certification.

For countries like Saudi Arabia where Arabic is the official language, buyers require the product labelling to be in Arabic. The label needs to be approved by the respective importing country's embassy, which costs around US\$ 200 per document

It is to be noted that Bangladeshi exporters are improving their positions with regard to quality and compliance. Earlier the European Union EU Customs authority used to test 20 percent of frozen fish consignments from Bangladesh to be sure about quality. It was a difficult barrier for Bangladeshi firms to export shrimp to EU. The EU lifted the testing requirement restriction in Nov 2011 (which was slapped two years ago) after the country made progress in its residue monitoring system over the past several years. Similarly, with registration of 190,000 shrimp farms, implementation of traceability has become easier²⁰.

Still, there are some NTBs that Bangladesh just cannot address. In order to promote our export interests, exporters will have to comply with the buyers' requirements; otherwise buyers may switch to other sourcing nations (who satisfies their requirements) and we may be lose ground to other competitors.

²⁰ The Daily Star (2011) EU stops mandatory test of Bangladeshi frozen fish, November 28, Dhaka

Chapter Four: Infrastructure Related and Procedural NTBs in Bangladesh

This chapter provides a comprehensive account of NTMs/NTBs²¹ that Bangladeshi exporters of potato, jute and jute products, frozen shrimps and prawns, footwear and plastic waste and scrap²² face in export markets. Chapter 5 highlights the trade barriers arising from underdeveloped trade infrastructure and institutions that are widely present in Bangladesh. Exporters usually face delay and complexities in ports, customs and other agencies in exporting their goods. As the infrastructure shortage and other barriers complicate all import and exports, NTBs arising from such limitations, lack of awareness on the part of exporters/stakeholders and capacity constraints have been discussed in general without mentioning these as product wise. However, in applicable cases, examples of product specific NTBs have been included.

4.1 NTBs arising from shortage or underdeveloped trade infrastructure: The interview findings with selected exporters (including their officials) reveal that they have face delay due to inadequate infrastructure of port, customs and capacity constraints in standards and certification agencies. Such capacity constraints also contribute to delays in obtaining certificates/permits/NOCs from the BSTI, Plant Quarantine necessary to process export consignments.

The major findings on delays, complications, inefficiencies that exporters face are presented below:

4.1.1 Inadequate Infrastructure and Capacity Constraints at Chittagong Port

The capacity constraint and lack of efficiency at the Chittagong Port act as NTBs for traders, including those involved in export of selected products. Port users remarked during the interviewing that vessels, especially container laden, need to wait at outer anchorage for longer periods than usual, due to severe port congestion and lack of berth space. Time taken for an import-cargo/ container laden vessel to get berth at Chittagong Port from the outer anchorage is shown in Table 5.1 below.

Table 4.1: Time Taken to Get Berthing at Chittagong Port

| | Type of Berthing Activity for Vessels at Chittagong Port | Time Taken |
|---|---|-------------------|
| 1 | From outer anchorage to General Cargo Berth (GCB) | 3-4 days |
| 2 | From outer anchorage to Chittagong Container Terminal (CCT) | 5-7 days |
| 3 | From outer anchorage to New Mooring Container Terminal (NCT) | 7-10 days |

(Source: Interview with port users, 2017)

²¹ When non-tariff measures are trade restrictive and more stringent than necessary, they are termed as Non-tariff barriers. The scope of NTB is very wide as evidenced in Deardorf and Stern (1997), who broadly define NTBs as all barriers to trade that are not tariffs. At the same time, they note that NTBs may include trade-expanding regulations as well (e.g. subsidies). Hillman (1991) points out also to the discriminative nature of NTBs and defines them as “any governmental device or practice other than a tariff which directly impedes the entry of imports into a country and which discriminates against imports, but does not apply with equal force on domestic production or distribution”.

²² Bangladesh exports more than 50,000 tonnes of Polyethylene Terephthalate (PET) bottle flakes a year, valued at US\$ 25 million.

Table 4.1 reflects the general trend in recent times, however, it can take even more time for ships to unload import consignments and load export cargoes. For instance, a recent report in *the Daily Prothom Alo* (2017) revealed that on average, non-containerized vessels had to wait for two weeks at the outer anchorage. Most of these vessels carry inputs/ raw materials and capital machinery for manufacturing export goods. The inordinate delay in getting berth and unloading goods results in increased costs of doing business. The export-import business in the country also incurs huge losses as the shipping companies charge more for overstay at the outer anchorage of the Chittagong Port and delayed port operations. The grave situation was echoed in a statement made by a leader of Chittagong C&F Agents Association:

“Chittagong Port has been facing huge vessel congestion in the last 2-3 months, delaying berthing schedules to many ships waiting at the outer anchorage. This congestion is largely due to the lack of adequate infrastructure at the port.” (25 July 2017 in an interview)

During the past few years, the cargo and container handling at the Chittagong Port grew by 16 percent to 17 percent; however, no new jetties were constructed during the last nine years. This is one of the main reasons for the said congestion²³. An importer mentioned that on average, 12 to 15 container vessels now have to wait every day at the outer anchorage to get the schedule for berthing in the jetties.

The average stay time for a container vessel at the outer anchorage should not be more than two days under normal circumstances, as is the case in Singapore. This raises question on the efficiency of the Chittagong Port. The actual scenario at the Port was described by a director of Chittagong Chamber of Commerce & Industry,

“Container vessels now have to stay 7-10 days while the cargo vessels have to stay 25-30 days at the outer anchorage of Chittagong Port.” (*Daily Dhaka Tribune*, 20 July 2017, “Chittagong port congestion may result in huge losses for businesses”)

Moreover, Chittagong Port lacks necessary infrastructure and equipment such as gantry cranes and container handling equipment. Shortage of jetty, yard and equipment facilities at the port adversely affects the port’s efficiency and container handling growth rate. The port is now running with a capacity of only 30-40 percent of the needed equipment (*Daily Bonik Barta*, 24 October 2017, p. 2). The port has four gantry cranes against the need for at least 26. Two of the cranes were damaged on 25 June 2017, being hit by an Egyptian flagged container vessel, *Xpress Suez*²⁴, and remain non-functional. Similarly, the number of container loading and unloading equipment currently in use at the port is only one-third of the actual requirement. There is also a serious shortage of container terminals, depots, berthing spaces (*The Daily Financial Express*, 8 August 2017) and physical examination bays (inside the port jetty) for Customs.

The lack of efficiency at the Chittagong Port can be gauged from the time taken to clear containers from the ship by cranes. According to international standards, 33-35 containers can be cleared (unloaded) per hour from the ship using a crane. At the Chittagong port, about 10 containers can

²³ The delay in getting containers out of the port, and the poor control that the port has over the forklift and crane drivers with unions exerting undue control are also often cited as important reasons for such congestion.

²⁴ Dwaipayan Barua (2017), “Crane accident hampers container handling at Chittagong port”, *The Daily Star*, June 3

be unloaded from the ship per hour. As a result, it takes three days to unload/clear a container loaded ship at the Port (*Daily Bonik Barta*, 24 October 2017, p. 1-2).

However significant improvement in the efficiency of Chittagong port took place due to enhancement in its capacity after procurement of necessary equipment. In August 2018, Chittagong Port procured three new gantry cranes from Chinese company Shanghai Zhenhua Heavy Industries Company Ltd with a view to boosting its container handling capacity. The new cranes will reduce the time to 48 hours if they are provided with enough space in the port yard (Barua, 2018)²⁵.

5.1.2 Delay in transshipment of goods to private Inland Container Depot (ICDs) from the Chittagong Port:

At the moment, there are 18 private ICDs that are operational to receive 37 primarily low duty types of goods from Chittagong Port. While the standard time to carry these goods in in-bound trailers (loaded with containers) from the Chittagong Port to private ICDs is 24 hours, it takes 4 to 5 days, in some cases even 10 days, due to the lack of container handling equipment, lack of workers and lack of trailers in the private ICDs. Poor road conditions for accessing the ICDs also lead to this delay (Mozumder & Yusuf, 2017).

4.2 Inadequate storage capacity and open yards at land ports:

An on-site visit to the Benapole Land Port revealed that there is no separate warehouse to store vegetables, fruits, seeds, spices, etc., at Benapole and therefore, all agricultural products are delivered on a truck-to-truck basis. The storage capacity in Benapole Customs House was also found to be limited compared to actual needs.

The warehouses at Benapole Port are in a dilapidated condition (see **Figure 5.1**), with staff in port warehouses/ offices ‘suffocated’ due to a lack of adequate fans. Poor or non-existent toilet facilities and generally shabby condition result in a non-congenial work atmosphere. Further, inadequate infrastructure such as lack of a dedicated truck stand, absence of a full-fledged traffic unit in Benapole (Benapole Police Station performs temporary traffic control functions) results in frequent traffic jams causing long delay in taking export consignments to Benapole Customs house from the rest of the country.

Dilapidated conditions of warehouses of the Benapole port (shown in Fig 5.1) is also a big concern for exporters through this port as the quality of exportable goods deteriorates in such warehouse. A similar visit to the Bhomra Land Port revealed that there is no cold storage facility at the port to store perishable goods. The Customs office at Bhomra LCS is regularly inundated with water during heavy rainfall. These infrastructural limitations cause delay in the clearance of goods, lead to damage, and increase costs to traders.

The port area inside Sonamasjid Land Port is not ‘concrete paved’. It is still “*soft-shoulder*” (made of soil; fully kutcha road) condition, with not even a single paved/ cement concrete road inside the port jetty area (Figures 5.2 and 5.3 manifest this). As such, the port becomes unusable and muddy/slippery if there is rainfall. Customs office and port is often inundated with rainwater resulting in suspension of operations.

²⁵ D Barua (2018). Ctg port gets three more gantry cranes, *The Daily Star*, Aug 16

Figure 4.1 Dilapidated condition at Benapole Port



Figure 5.2 Sonamasjid Port Area (Not paved; soft shoulder)



Figure 5.3 Poor state of Jetty area inside Sonamasjid LCS

The result is that during rainfall, Customs officials cannot enter the jetty area with their vehicles to perform their part of jobs with regard to exportable goods. During the summer (dry) season, the Sonamasjid area experiences huge dust-storms that worsen the working condition there (Mozumder & Yusuf, 2017).

One trader (engaged in imports-exports of food items) indicated that due to the lack of storage facilities, and poor road infrastructure were prevalent, especially in Benapole, Akhaura, Burimari, and Sheola, quality of goods deteriorates while awaiting customs clearance for export.

4.2.1 Lack of separate roads for entry-exit of trucks, and narrow entry-exit passage at land ports:

Interview findings reveal that there is only one road for entry and exit of trucks at the Hili port, and therefore import and export goods are carried through a single route. Empty trucks also use the same route for exit. This causes long queues resulting in hours of delay in clearance with imported goods in queue for 2 to 6 hours on occasion to exit the port. The port operator (Panama Hili Port Link) at the Hili LCS reported to the BTFA that they also wanted to construct a separate exit road from the Hili port, but “*the authority could not construct a separate exit route from the port due to pending court case with individual land owners*”.

A similar situation was found at the Sonamasjid Port where import and export consignments are carried through a single route. The situation in Sonamasjid is compounded by the fact that the sole entry-exit gate is very narrow, negatively affecting the smooth flow of trade traffic. In the words of importers and exporters, “*The entry-exit passage at zero point between Bangladesh and India (the India- Bangladesh gateway) is so narrow that two trucks cannot move at a time side by side. When an outgoing truck/ vehicle is on the move, the incoming truck has to remain standstill, only due to narrowness of the gateway*”. This causes delay in getting trucks loaded with various products imported and exported through Sonamasjid²⁶.

5.2.2 Capacity constraints at land ports:

The Study found that the Benapole Land Port, which handles the bulk of land border trade between India and Bangladesh and is the largest LCS (the Benapole Custom House), suffers less in terms of capacity constraints compared with other land ports, but a lack of functioning cranes and forklifts does cause delay in the loading and unloading of goods (M.S. Reja, 2017, “*Traders unhappy over additional charges at Benapole port*”, *Daily Dhaka Tribune*, 11 August 2017)).

At other land ports, such as Sonamasjid, Hili, Burimari, etc., there is a severe shortage of space (building), fork-lift trucks, cranes and other port operating equipment. At Sonamasjid Port it has been found that although the port operator, Panama Port Link, was under contractual obligation to create necessary facilities (as highlighted in **Table 5.2** below) within eight years starting from the signing of Concessions Agreement in 2006, they have not complied; as a result, the port is running in a non-conductive condition.

Table 4.2: Current Situation at the Sonamasjid Land Port in terms of Infrastructure and Capacity

| Serial no | Description | Infrastructure to be made available (Under Concessions Agreement with GoB in 2006-2007) | Actual condition/state | Remarks |
|-----------|-------------------------------|---|------------------------|----------------------------|
| 1 | Admin building 12,400 sft. | 12400 sft. | Not yet completed | - |
| 2 | One steel structure | 16000 sft. | Not yet completed | Lack of storage facilities |

²⁶ The Mahadipur Exporters’ Association of Malda district in West Bengal, India in a letter (23 August 2016) addressed to the Indian Border Security Force complained the narrowness of the India-Bangladesh gateway and asked for widening of the gateway. (Ref no. MEA/16/63 date 23 Aug 2016)

| | | | | |
|---|--|---|--|---|
| | godown in block D | | | |
| 3 | One steel structure godown | for 16,000 sft. near gate no 04 (Specialized addition) | Under process of procurement | - |
| 4 | One steel structure transshipment shed | For 10000 sft. near gate no 3 | Not yet built (Panama Port Link claimed that they completed 50%) | Panama Port Link claimed that they built a 6000-sft transshipment yard |
| 5 | Equipment | Procurement of various types of equipment as per Concession Agreement | Procurement under process | Importers and C&F Agents interviewed claimed that nothing has been done so far |
| 6 | Forklift | 1 | Procurement under process | Nothing has been done so far (Panama Port Link however claimed that they procured 1 forklift of 3000 lb capacity) |
| 7 | Mobile crane | 1 | Procurement under process | Do |
| 8 | Truck mounted crane | 1 | Procurement under process | Do |
| 9 | Trolleys | 2 | Procurement under process | Do |

(Source: Mozumder & Yusuf 2017)

4.2.3 Lack of cold storage, cool-chain facilities and Loose Container Load (LCL) sheds at the HSIA and land ports:

A majority of respondents indicated that the lack of storage facilities especially cold storage/ cool chain in Customs ports and land customs stations (e.g. the HSIA, Mongla Sea Port, and Benapole, Bhomra, Hili, Burimari and Sonamasjid land ports) is a major constraint in the storing of **shrimps and potatoes**. Key informants from importers and exporters indicated that a temperature control system is needed from the time of receiving vegetables/potatoes until the time of shipment.

4.2.4 INFRASTRUCTURAL AND CAPACITY CONSTRAINTS IN STANDARDS AGENCIES

(I) Lack of adequate BSTI offices, and capacity constraints at BSTI:

Interview findings reveal that there is no BSTI office in Benapole. Similarly, there is no BSTI office at the Mongla port in Bagherhat district. A member of the trading community in Benapole observed that the absence of a BSTI office in Benapole results in increased time and costs in

obtaining BSTI certificates. It currently takes approximately 15 to 20 days to obtain a certificate (from the Khulna-based BSTI office) and this delay affects the quality of imported and exported goods through the Mongla Sea Port, and Benapole and Bhomra land port

Lack Capacity in producing more refined quality of waste plastic: China used to import PET scrap from Bangladesh for recycling and reuse. It, however, stopped the import of PET scrap in 2017. Now, China wants to import a more refined quality of waste plastic. But unfortunately, Bangladeshi plastic goods manufacturers do not have the technology to produce (Chakma, 2018)²⁷) refined quality of waste plastic.

4. 3 NTBS ARISING OUT OF PROCEDURAL OBSTACLES/ HURDLES (CUSTOMS & OGAs)

(i) Main reasons for delay in Customs processing and clearance:

The Study findings suggest that processing of import export clearance activities in Customs are often delayed mainly due to the following reasons:

- I. frequent problems with the ASYCUDA World (AW) server;
- II. the lack of dedicated sheds for physical examination;
- III. the lack of skills (e.g. tariff classification and valuation);
- IV. Insufficient equipment (e.g. Pangaon Customs House has no scanner); and
- V. Incomplete submission of declarations (e.g. lack of necessary documents with the goods declaration).

Key respondents termed frequent stoppage of the AW as an important NTB causing delay at Customs. A number of C&F Agents indicated that this problem arises frequently due to - (a) inadequate server capacity and (b) insufficient internet speed. The NBR ICT team mentioned that users' often do not have adequate bandwidth (around 2000 users- internal and external- agents, officials) to send and receive data from the AW server, which slows down the server, resulting in data traffic congestion causing the server to close down (Mozumder & Yusuf 2017).

(ii) Lack of adequate manpower in Customs:

The Study team heard that an acute shortage of manpower within the Customs department was a major constraint in quick Customs processing. The Customs department is said to be understaffed by about 40 percent. In some stations such as Pangaon Customs House, the shortage is even higher; i.e. the Customs department is running its operations with only 60 percent of its approved personnel in most of its stations. The situation is worse in Chittagong and Benapole Customs Houses. **Table 5.3** shows that Benapole Customs House runs its business with just under 50 percent of its approved number of officials.

²⁷ Chakma, J. (2018). Plastic export tumbles, The Daily Star, August 12, Dhaka

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Annex-III
Questionnaire for NTM study

Name of the Respondent:
 Organisation / Company Name:
 Address:
 Contact Number:

1. What type of products do you export (Please put \checkmark mark)?

Shrimp Potato Plastic Footwear Jute

2. Please mention the name of your major export items (Please mention 6-digit HS code-wise).

3. What are the major export destinations of your products?

4. What are the NTMs faced by these products in different countries (especially in top importing countries)?

| Name of the Product | Importing Country | Applied NTMs [(Please mention the name from the list of NTMs (A-P)*] | Nature of the NTMS (Please put the \checkmark mark) | Why these NTMs are burdensome [(please mention from the list of Procedural Obstacles (A1-H1)**] |
|---------------------|-------------------|--|--|---|
| 1. | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| 2. | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| 3. | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |
| | | | <input type="checkbox"/> Govt.-mandated <input type="checkbox"/> Private(Voluntary) | |

***List of Applied NTMs**

- A. Technical requirements (Sanitary and Phyto-sanitary certificates)
- B. Conformity assessment (testing, inspection, certification and traceability)
- C. Pre-shipment inspection and other entry requirements
- D. Charges, Taxes, and other para-tariff measures (para-tariff measures, Customs surcharges and general sales taxes)

- E. Quality Control measures (e.g. Licenses, Quotas, prohibitions)
- F. Finance Measures
- G. Price Control Measures (measures implemented to control the prices of imported articles in order to: support the domestic price of certain products when the import price of these goods is lower)
- H. Anti-competitive measures (grant exclusive or special preferences or privileges to one or more limited groups of economic operators)
- I. Trade-related Investment measures (restrict investment by requesting local content, or requesting that investment be related to export to balance imports)
- J. Distribution measures (related to the internal distribution of imported products)
- K. Restriction on post-sales services
- L. Subsidies
- M. Restriction on Govt. Procurement
- N. Intellectual Property Rights
- O. Rules of Origin and related certificate of origin (patents, trademarks, industrial designs, layout designs of integrated circuits, copyright, geographical indications and trade secrets)
- P. Export related measures (export taxes, export quotas or export prohibitions)

****Procedural Obstacles faced inside the country to comply with the requirement (NTMs) from importing countries:**

| | |
|---|--|
| A. Administrative burdens related to regulations | A1. Large number of different documents A2. Documentation is difficult to fill out A3. Difficulties with translation of documents from or into other languages A4. Numerous administrative windows/organizations involved, redundant documents |
| B. Information/transparency issues | B1. Information on selected regulation is not adequately published and disseminated B2. No due notice for changes in selected regulation and related procedures B3. Selected regulation changes frequently B4. Requirements and processes differ from information published |
| C. Discriminating behaviour of officials | C1. Arbitrary behaviour of officials regarding classification and valuation of the reported product C2. Arbitrary behaviour of officials with regards to the reported regulation |
| D. Time constraints | D1. Delay related to reported regulation D2. Deadlines set for completion of requirements are too short |
| E. Informal or unusually high payment | E1. Unusually high fees and charges for reported certificate/regulation E2. Informal payment, e.g. bribes for reported certificate/regulation |
| F. Lack of sector-specific facilities | F1. Limited/inappropriate facilities for testing F2. Limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks F3. Other limited/inappropriate facilities, related to reported certificate/regulation |
| G. Lack of recognition/accreditations | G1. Facilities lacking international accreditation/recognition G2. Other problems with international recognition, e.g. lack of recognition of national certificates |
| H. Other | H1. Other procedural obstacles, please specify |

5. How much additional cost is needed to fulfill the requirement of NTMs?

| S.I | NTMs (Please mention the code from the above list) | Additional cost requirement to fulfill the requirement |
|-----|--|--|
| | | |
| | | |
| | | |

6. Do your competing countries have to face the same NTMs or Bangladesh faces additional requirements (both govt. and voluntary)?
7. What type of Measures the Govt. should take to minimize the effect of NTMs on export?
8. What are the steps/initiatives you have already taken to comply with NTM requirement by the importing countries?
9. What type of initiatives the private sector should take to deal with the NTMs more effectively?
10. What should be the role of Bangladesh Accreditation Board (BAB) to operationalize the MRAs (Mutual Recognition agreements) for reducing the NTMs/NTBs?
11. What are the existing gaps in institutional mechanisms in order to address the issue of lack of adequate information on NTMs?
12. What type of capacities the private sector should be build up for understanding the implications that NTMs have in international trade?
13. What type of measures, you suggest, should take by the Govt. to address the Procedural Obstacles to fulfill the NTMs requirement?
14. To have a detailed account of the problem faced by you, please fill out the following template. (Please use as many templates as there are problems)

Case:

Exporter:

Shipment Details:

Affecting NTM/NTB:

Nature of problem:

Additional Cost:

Date:

Interviewee's Signature:

.....

Annex-III
Questionnaire for the Policy Makers/ Associations (NTM study)

Name of the Respondent:
Organisation / Company Name:
Address:
Contact Number:

1. What type of products (*shrimps, potatoes, plastic products, leather footwear, and jute products*) do you think is exported from Bangladesh?
2. What are the major export destinations of the mentioned products?
3. What are the NTMs faced by the exporters of this products in different countries (especially in top importing countries)?
4. Do you think the exporters of Bangladesh face any sort of discriminatory NTMs by the importing country?
5. How much additional cost is needed to fulfill the requirements of the NTMs? At what extent does this additional cost make our products non-competitive?
6. According to you, who are the authorities in Bangladesh responsible to prepare the exporters to meet the requirement of NTMs (Like certifying authorities, clearance authorities and officials)?
7. Do you think our concerned institutions and authorities are well equipped to facilitate our exporters to meet the requirements of the NTMs? What are the drawbacks/lackings of these institutions according to you if any?
8. Is there any policies currently taken by the government regarding NTMs and the preparedness of the exporters of Bangladesh facing it? If yes, is the policy properly implemented?
9. What are some of your policy recommendations regarding this issue?
10. What role can the government play to prepare the exporters in order to face such NTMs? Mention some problem specific suggestions.
11. What role can the private sector play to in this regard?
12. What is the responsibility of the exporters association of these selected product groups in order to equip the exporters of these products to comply with the requirements of the NTMs?
13. Additional recommendations

Date:
Interviewee's Signature:
.....