Hossain, Syed Saifuddin; Rahman, Md. Tariqr

Working Paper

Facilitating trade through simplification of trade processes and procedures in Bangladesh

ARTNeT Working Paper Series, No. 93

Provided in Cooperation with:
Asia-Pacific Research and Training Network on Trade (ARTNeT), Bangkok

Suggested Citation: Hossain, Syed Saifuddin; Rahman, Md. Tariqur (2011) : Facilitating trade through simplification of trade processes and procedures in Bangladesh, ARTNeT Working Paper Series, No. 93, Asia-Pacific Research and Training Network on Trade (ARTNeT), Bangkok

This Version is available at:
http://hdl.handle.net/10419/64291

Terms of use:
Documents in EconStor may be saved and copied for your personal and scholarly purposes.
You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.
If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.
Facilitating Trade through Simplification of Trade Processes and Procedures in Bangladesh

by

Syed Saifuddin Hossain
Md. Tariqur Rahman

Authors are working at Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. This work was carried out with the aid of a grant from IDRC, Canada and is part of an ARTNeT Trade Facilitation Study on Improving Regional Trade Procedures and Process (see www.artnetontrade.org for details). The technical support of the United Nations Economic and Social Commission for Asia and the Pacific is gratefully acknowledged. This paper benefited from comments received from participants during the ARTNeT Trade Facilitation Research Team Meeting on Improving Regional Trade Procedures and Process and Asia-Pacific Trade Facilitation Forum, 4-6 October 2010, Kuala Lumpur, Malaysia. The opinion figures and estimates are the responsibility of the author and should not be considered as reflecting the views or carrying the approval of the United Nations, ARTNeT and CPD. Any errors are the responsibility of the authors, who can be contacted at saif@cpd.org.bd, tariq@cpd.org.bd.

The Asia-Pacific Research and Training Network on Trade (ARTNeT) is aimed at building regional trade policy and facilitation research capacity in developing countries. The ARTNeT Working Paper Series disseminates the findings of work in progress to encourage the exchange of ideas about trade issues. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. ARTNeT working papers are available online at www.artnetontrade.org. All material in the working papers may be freely quoted or reprinted, but acknowledgment is requested, together with a copy of the publication containing the quotation or reprint. The use of the working papers for any commercial purpose, including resale, is prohibited.
# Table of Contents

I. Introduction ......................................................................................................................... 4  
   I.1. Objective .......................................................................................................................... 5  
   I.2. Methodology .................................................................................................................... 5  
   I.3. Review of Relevant Literature ...................................................................................... 6  

II. Rationale for Product and Partner Country Selection ....................................................... 7  

III. An Overview of Export and Import Processes in Bangladesh ...................................... 9  

IV. Export Process Analysis for Selected Products ............................................................... 12  
   IV.1. Export of Woven Garments to India .......................................................................... 12  
      IV.1.1. Business Process of Exporting Woven Garments to India from Bangladesh .... 13  
      IV.1.2. Key Observations from the BPA of Export of Woven Garments from Bangladesh to India ............................................................ 16  
   IV.2. Export of Frozen Shrimps to Japan ........................................................................... 19  
      IV.2.1. Business Process of Exporting Shrimp to Japan from Bangladesh ................. 19  

V. Import Process Analysis for Selected Products ............................................................... 24  
   V.1. Import of Fabrics from India by Land .......................................................................... 24  
      V.1.1. Business Process Analysis of Importing Cotton Fabrics from India ............... 24  
   V.2. Import of Raw Sugar from Thailand ........................................................................... 27  
      V.2.1. Business Process Analysis of Importing Sugar from Thailand ....................... 27  

VI. Concluding Remarks ....................................................................................................... 30  

References ............................................................................................................................. 33  

Annex I: Tables and Figures .................................................................................................. 35  

Annex II: BPA Charts ............................................................................................................ 43  

Executive Summary

The urge for simplification of trade processes and procedures in the context of trade facilitation is nothing new. For decades, countries around the globe have been adopting strategies and spending many resources to minimise cumbersome trade processes, both technical and non-technical, and garner maximum benefits from bilateral, regional and multilateral trading practices. As a member of the international trading system, and more as a least developed country (LDC), Bangladesh has been focusing on the issue of trade facilitation for several decades now. Various policies adopted in the context of trade liberalisation and automation of customs procedures surely bear this out. However, the country still faces significant challenges in terms matching the standard set by its trading partners. Despite all the awkwardnesses, the business community in Bangladesh seems to be contented with the existing dynamics involved in export-import procedures. Nevertheless, considerably limited use of modern technology in government offices and banks in the context of international trade has been highly criticised by all the stakeholders.

This study analyses the business procedures involved in a typical trade transaction for selected products namely export of ready made garments (RMG) and shrimp and import of cotton fabrics and sugar. The broad objective has been to capture the cost, documentation and time component of such trade transactions with a view to identify areas for further improvement. As the analysis revealed, business process for export of RMG from Bangladesh by sea involves 12 steps, 26 documents and 13 different agencies, and can generally be completed within 40 days on an average. The report contains similar findings for all the other products mentioned above.

Discussions with the business community also resulted in articulation of a number of suggestions for further improvement of the supply chain. These include:

- Full automation of all customs houses;
- Adopting policies and designing required modalities to facilitate use of documents in electronic/digital format;
- Development of infrastructure at port areas (e.g. container terminals, berthing stations, shaded warehouse in the customs controlled areas) on urgent basis; and
- Strengthening collaboration between Government and business chambers to ensure better business environment.
I. Introduction

During the last two decades, Bangladesh has gradually transformed itself from an aid dependent country to a trade dependent one. This largely owes to the various policy reform measures undertaken by successive governments with a view to better integrating the country into the global trading system. The process of trade liberalisation took place in three phases since 1981-82. In the subsequent years, a number of trade facilitative strategies were adopted to ease the process, and reduce the cost, of doing business. These included, among others, customs modernisation and automation, infrastructure development and capacity development at the ports, and construction and maintenance of multimodal transport facilities (Bhattacharya and Hossain, 2006). Reports by various international organisations such as the World Bank (WB) also suggest that Bangladesh has been able to move to a somewhat better place in terms of trading across borders over the years. According to the WB’s latest Logistics Performance Index (LPI), Bangladesh moved to 79th position in 2008 from 87th in 2007 (World Bank, 2010).

While such policy measures hold significant merit from institutional point of view, ensuring proper implementation remains the major task to reap the benefits from such endeavours. This is particularly important due to the fact that the ability of countries to deliver goods and services in time and at low costs is a key determinant of their participation in the global economy. If this is to be done, the first and foremost priority needs to be given to improving competitiveness of the domestic industry by reducing unnecessary bureaucratic requirements and harmonising relevant processes. A simple but effective supply chain can play a significant role in eliminating the overwhelming inefficiencies related to preparation of transport and regulatory documents, unclear border procedures and overzealous cargo inspection (UNNExT, UNESCAP and UNECE, 2009).

It is in realisation of the above that stakeholders, both at domestic and international levels, have come up with a set of common indicators such as number of documents required, number of days spent and the cost involved in a business-as-usual scenario to assess the effectiveness of various trade facilitative measures. However, the fact remains that results from such exercises are likely to vary, at different degrees, depending on the nature of the product, size of firms and/or requirements of the trading partner. From this perspective, a conscientious analysis of the product specific business process involving all commercial, transport, regulatory and financial procedures is likely to have profound impact on the overall conduct of international trade through identification and elimination of administrative and procedural constraints.

---

1 FY1982-1986 (first phase), FY1987-1991 (second phase) and FY1992 onwards (third phase). The first two phases coincided with the advent of two industrial policies: the New Industrial Policy (NIP) of 1982 and the Revised Industrial Policy (RIP) of 1986. However, the third phase is considered to be more forward looking than the earlier two in terms of intensity of trade liberalisation.

2 LPI is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics ‘friendliness’ of the countries in which they operate and those with which they trade.
I.1. Objective

The increased level of cross-border trade, both export and import, has contributed much in the way of Bangladesh’s economic growth (Annex Table 1). To maintain this growth, Bangladesh has to be competitive in the world market which requires not only the efficient production process with cheap inputs or factors of production but also efficient delivery of these items on time. The cross-border trade requires a number of steps to be performed to complete a transaction involving several actors and documents at various stages sometimes resulting in delay and increased cost of import or export of the product. Hence, to be more competitive in international trade, it is essential to identify the steps and associated costs involved in concluding an international transaction. Along with this, the study envisages to put forward a set of carefully articulated policy recommendations to be taken into account both by the policy makers and the business community with a view to simplifying and improving the overall trade process.

I.2. Methodology

The study presents trade process mapping for four selected products (two for export and two for import) with a view to identify the steps, actors, documents, time and cost involved in the overall transaction procedure. The Business Process Analysis Guide to Simplify Trade Procedures has been used for this purpose. Besides, necessary information for the analyses has been collected through face-to-face interviews, and telephonic and e-mail communication with relevant stakeholders including entrepreneurs, clearing and forwarding (C&F) agents, and members of various business associations.

In line with the scope of the study, the products selected for export process analysis in the Bangladesh context are woven garments and frozen shrimp with the partner countries respectively being India and Japan. On the other hand, cotton and fabrics and raw sugar have been selected for import process analysis. In this case, India and Thailand are respectively the trading partners. While share of these products in the country’s overall export and import performance was one of the indicators, the selection was mostly guided by the study requirement of selecting one product for a South Asian trade partner and another for extra-South Asian country for both export and import. The products have also been selected based on their nature (one agricultural and another industrial for the both types of trade flows).

In case of intra-regional level India has been selected for both types of trade flow analysis not only for its geographical proximity, rather its importance as the trading partner of Bangladesh. Besides, analysis of trade procedures between India and Bangladesh will allow the study team to look into trading through land routes. However, in case of extra-regional trading partners, the importance of an individual country depends on trade of specific products. As a result, Japan has been chosen for the export process analyses and Thailand has been chosen for import process analysis (Rationale for product and partner country selection has been discussed in detail in Section II).

3 UNNExT, UNESCAP and UNECE (2009).
I.3. Review of Relevant Literature

UNECE (2007) suggests that a typical export process involves 27 parties, more than 40 documents, and more than 300 copies of documents and the average customs transaction involves 20 to 30 parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times), and the re-keying of 60-70 percent of all data at least once, which entails significant costs. The benefits that can result from different types of trade facilitation related measures i.e. reducing the number of documents required per transaction, are always positive, although the actual magnitude varies (Nathan, 2009). Alavi (2005), presenting a fragmented international trade transaction process, pointed out the possible benefits that might come through shifting from paper-based trade to paper-less trade. Based on gravity model simulation exercises for manufacturing trade of 75 countries, Wilson et al. (2005) concluded that the scope and benefits from unilateral trade facilitation reforms can be substantial, where trade facilitation measures include “border” elements, such as port efficiency and customs administration, and “inside the border” elements, such as domestic regulatory environment and the infrastructure to enable e-business usage. The importance of behind-the-border regulations in facilitating trade of Asian countries was further highlighted by Duval and Utoktham (2010).

The apparel industry is a buyer driven value chain industry, and this is also the case of Bangladesh (Gereffic and Memedovic, 2003). To be competitive in the global apparel market, having low cost production advantage is not sufficient condition due to the concern of lead time, which requires simplification of the trade related documents and reduction of associated times required for the preparation of these documents.

Trade transaction modeling (TTM), a flowchart that identifies the people or organizations involved in each step of the export or import process, uses Unified Modelling Language (UML) activity diagrams to represent the steps in a trade transaction, over time, related to the agent or organization responsible for the action (UNCTAD, 2007). Using activity diagrams, TTM provides a better way of communicating the logical paths of a trade transaction to all concerned. In this context, UNNExT, UNESCAP and UNECE (2009) have detailed out the methodology to analyze the complete business process.

Most of the studies on the trade transaction processes are industry specific supply chain based. They map the supply process primarily in the internal market and those which are focused on international trade have identified the process under a broader heading of the activities involved or at disaggregated level of a single broad step of the overall trade process. The standard procedure of process analysis is associated with identifying the steps involved in completing the cycle, starting from getting an order for export or placing an order for import and the time required to complete each stage with associated costs both in accounting and economic terms.

Value chain or supply process differs significantly from product to product, country to country and from factory to factory, even for the similar type of products within the same country depending on the farm size, method of production and other factors (Nathan and Werner, 2007). The business process also varies based on the mode of transportation of the items e.g. if the product under consideration is transported solely by land route or waterways then the process
will be much different than if the same product is carried with other mode of transportation. And so the time and associated cost of transportation with export or import also differ to a large degree.

Again the length and time requirement for the same product for same purpose, export or import, might be different depending on the geographical location of the reporting firm, along with their size. And, with the advancement of transportation and information technology, the business transaction process varies overtime for the same firm, even for the same product and same partner. The process will be different also for different items under a broad industry category. Hence, it is required to analyze the process for any particular product with her specific trading partner.

II. Rationale for Product and Partner Country Selection

With her economic development, Bangladesh is being integrated with the global economy increasingly. The increased level of cross-border trade, both export and import, has contributed much in the way of country’s economic growth. Overtime the volume of trade, both in terms of imports and export, has increased for Bangladesh, with an impressive average annual growth of 34.57 per cent and 17.47 per cent respectively in over the period of 2002 to 2008 (Annex Table 2). The four products which have been identified for the analysis (Table 1) of trade procedures have also enjoyed double digit growth during this period, except for the case of shrimp. To sustain the current level of economic growth and to boost it further, Bangladesh has to be competitive in the world market which requires not only the efficient production process with cheap inputs or factors of production but also efficient delivery of these items on time. It is also to be noted that cross-border trade requires a number of steps to be performed to complete any transaction involving a number of actors and documents associated within this process continuum. Hence, to be more competitive in international trade, it is essential to identify the steps and associated costs involved to perform an international transaction.

Table 1: Selected Products and Trading Partners

<table>
<thead>
<tr>
<th>Process Analysis</th>
<th>Product</th>
<th>Trading Partner</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>Woven Garments</td>
<td>India</td>
<td>South Asia</td>
</tr>
<tr>
<td></td>
<td>Shrimp</td>
<td>Japan</td>
<td>Outside South Asia</td>
</tr>
<tr>
<td>Import</td>
<td>Cotton Fabrics</td>
<td>India</td>
<td>South Asia</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
<td>Thailand</td>
<td>Outside South Asia</td>
</tr>
</tbody>
</table>

Besides, there are several specialised industry associations in Bangladesh for all the four selected products which would be interested in the work carried out for enhancing business competitiveness in their respective sectors. Of these, the major ones are Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Textile Mills Association (BTMA) for cotton and fabrics and woven garments; Bangladesh Frozen Food Exporters Association (BFFEA) for frozen shrimp; and Bangladesh Sugar Refiners’ Association (BSRA) for raw sugar. In addition, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) acts as a common platform for the various industry associations.
**Woven Garments**

Export of ready-made garments (RMG) has long been the major source of foreign exchange earnings for Bangladesh accounting for 75.6 per cent (US$4.35 billion) of total export in FY2000 and 79.3 per cent (US$12.35 billion) in FY2009. However, share of woven garments in total RMG has been declining over the years (from 70.4 per cent in FY2000 to 47.9 per cent in FY2009). Nevertheless, this sub-sector still dominates and plays a significant role in the overall economic development of the country.

India is currently Bangladesh’s major trading partner within the South Asian region with the highest positive trade balance of US$2.6 billion. During 2003 to 2008, although export of woven garments from Bangladesh has achieved positive growth, with varying degrees, the growth pattern to Indian market was very much volatile (Annex Figure 1). One reason for this volatile nature of woven export to the neighbouring country is the very low amount of export compared to her global export of this item (only 0.01 percent of Bangladesh woven export was destined to India in year 2002, which reached at 0.05 percent in year 2008). It may be noted here that Bangladesh’s major market destinations for RMG products are US, EU and Canada.

**Frozen Shrimp**

Contribution of frozen shrimp in overall export from Bangladesh has decreased from 5.4 percent in 2002 to only 2.5 percent in 2008, although during this period shrimp export enjoyed a moderate annual growth of above 7 per cent per year. However, unlike the case of woven garments export to India, the pattern of export to Japan resembles positive growth in 2008 despite negative growth in terms of overall export performance of the sector at the global level (Annex Figure 2). Japan accounted for about 4.9 per cent of Bangladesh’s total market share in shrimp export in 2008 with the product share being 10.32 per cent.

**Cotton Fabrics**

The RMG sector in Bangladesh remains heavily dependent on India for import of raw materials particularly cotton and fabrics. This is corroborated by the fact that Bangladesh imported RMG raw materials worth US$711.4 million in 2008 from India which accounted for about 29.4 per cent of her total import of the product from world. It is also pertinent to note that this import has been growing overtime (Annex Figure 3).

**Sugar**

Bangladesh currently has a demand of about 1.2 million tonnes of refined sugar which is largely met by the local private refineries. On the other hand, these refineries solely depend on imported sugar from a number of countries including Brazil and Thailand. During FY2009, import of raw sugar was over 1 million tonnes. In 2008, import of raw sugar from Thailand was more than 9 per cent of Bangladesh’s total import of the product from the world (Annex Figure 4). It is also encouraging to note that despite a downfall in import of raw sugar from Thailand during 2004 to 2006, the momentum has been gained again with positive growth registered in recent times. While, Brazil remains the major import market, Thailand has been selected for the analysis to meet the requirement of the study.

---

4 Bangladesh’s total export in FY2000 was about US$5.75 billion and in FY2009 it was US$15.57 billion
III. An Overview of Export and Import Processes in Bangladesh

Importance of a simplified process for both export and import has long been felt by the policy makers in Bangladesh. This has led to adoption of various trade facilitation measures over time. Both the existing Export Policy (2009-2012) and Import Policy (2009-12) also emphasise the need to reduce bottlenecks in the process of conducting international trade. In addition, the Customs Act 2002 lays down the powers and responsibilities of the Customs Authority in completing the processes and procedures involved at various stages of export and import. The government also proposes various tariff related measures when the national budget for a certain fiscal year is announced in the parliament. These are further supplemented by Statutory Regulatory Orders (SROs) which are issued on an ad-hoc basis between two national budget announcements.

Over the last decade, measures were taken to simplify the import clearance and export procedures by reducing the number of signatures needed for clearance of consignments and frequency of inspection of the goods being traded. Table 2 articulates such endeavours of the government towards simplifying the customs procedure.

Table 2: Major steps towards customs automation in Bangladesh

<table>
<thead>
<tr>
<th>Year</th>
<th>Automation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Introduction of ASYCUDA at the Dhaka Customs House (DCH)</td>
</tr>
<tr>
<td>1996</td>
<td>Introduction of ASYCUDA at Chittagong Customs House (CCH)</td>
</tr>
<tr>
<td>1999</td>
<td>Initiation of the Customs Administration Modernization Project-1</td>
</tr>
<tr>
<td>2001</td>
<td>“ASYCUDA++ Migration Project” designed to interface the ASYCUDA++ software with the computer system at five Customs Houses in the country.</td>
</tr>
<tr>
<td>2003</td>
<td>Introduction of direct trader input (DTI)</td>
</tr>
<tr>
<td>2008</td>
<td>Initial automation of CCH; Operation of Import General Manifest (IGM) and Export General Manifest (EGM) launched</td>
</tr>
<tr>
<td>2008</td>
<td>CCH Automated; Full operation started on 6 October 2008</td>
</tr>
<tr>
<td>2008</td>
<td>Dhaka Chambers of Commerce and Industry signed a contract with DataSoft Management Services for the automation of DCH.</td>
</tr>
<tr>
<td>2009</td>
<td>DCH Automated</td>
</tr>
</tbody>
</table>

Source: Hossain, Deb and Al Amin, 2009

While 25 signatures were required for clearance of import and export consignments in 1999, in 2002 the number was reduced to only 5. Since 2002, customs officials physically inspect only 10 per cent of the import consignments, while 100 per cent consignments were previously inspected. Introduction of automation in customs procedures has further simplified the whole process. As a result, average processing time for clearance of goods from customs has been reduced to 1 to 3 days for import and 3 to 8 hours for exports. It may be noted here that

---

5 In the National Budget for FY2009-10, import tariff structure was revised and now has a four tier framework comprising 3.0 per cent on capital machinery and parts, 5.0 per cent on basic industrial raw materials, 12 per cent on intermediate raw materials and 25 per cent on finished products.
apart from a very small number of entrepreneurs, almost all the exporters and importers rely on clearing and forwarding agents (CFA) to deal with the customs clearance.

According to World Bank Doing Business reports\(^6\), Bangladesh has been able to reduce the overall time required for completing an export process from 35 days in 2005 to 25 days in 2008. As for import, the reduction has been more significant with 57 days in 2005 to 29 days in 2008. Besides, number of documents required for completing an import process is currently eight while it was twelve in 2005 (Table 3). However, a cross-country analysis shows that Bangladesh is still lagging behind most of its trading partners including countries as India, Japan and Thailand in simplifying trade processes and procedures (Annex Table 3). This is also true when Bangladesh’s indicators for trading across borders is compared South Asian and OECD averages (Annex Table 3(a). Following is a list of documents generally required in Bangladesh for the conduct of export and import:

**Table 3: Export and Import Documents in Bangladesh**

<table>
<thead>
<tr>
<th>Export documents</th>
<th>Import documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill of lading</td>
<td>Bill of lading</td>
</tr>
<tr>
<td>Certificate of origin</td>
<td>Cargo release order</td>
</tr>
<tr>
<td>Commercial invoice</td>
<td>Certificate of origin</td>
</tr>
<tr>
<td>Customs export declaration</td>
<td>Commercial invoice</td>
</tr>
<tr>
<td>Packing list</td>
<td>Customs import declaration</td>
</tr>
<tr>
<td>Pre-shipment inspection (clean report of findings)</td>
<td>Packing list</td>
</tr>
<tr>
<td>Technical standard/health certificate</td>
<td></td>
</tr>
<tr>
<td>Terminal handling receipts</td>
<td></td>
</tr>
</tbody>
</table>

Although the number of documents required in export and import processes may vary depending on the kind of goods being traded, it is the overall impression of the business community that it does not hamper their trade.\(^7\)

*Export Process in Bangladesh*

In general, the export process in Bangladesh comprises of the following steps:

**Table 4: Export Process in Bangladesh**

<table>
<thead>
<tr>
<th>Major Steps</th>
<th>Documents</th>
<th>Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive export order from buyer</td>
<td>Proforma Invoice (PI)</td>
<td>Exporter and importer</td>
</tr>
<tr>
<td>Collect L/C or Open Back to back L/C</td>
<td>Sales Contract (SC); PI; Letter of Credit Authorisation (LCA)</td>
<td>Exporter’s bank</td>
</tr>
<tr>
<td>Produce/collect goods for export</td>
<td></td>
<td>Exporter; Supplier</td>
</tr>
<tr>
<td>Obtain inspection certificate</td>
<td>Application for inspection</td>
<td>Exporter, inspecting authority (independent or importer)</td>
</tr>
</tbody>
</table>

\(^7\) Discussion with entrepreneurs and C&F agents.
Reserve space with shipping agent  SC; Commercial Invoice (CI)  Exporter; Shipping Agent
Obtain insurance certificate  CI; PL; PL  Insurance Company, Exporter
Submit documents for customs approval  CI; Packing List (PL); Certificate of Origin (CO); EXP Form; Insurance certificate  Exporter; C&F Agent; Customs; Chamber
Transport goods to port/ICD  Challan (description and quantity of goods)  Exporter; C&F Agent; Port authority
Complete cargo examination (if necessary)  Customs declaration; CO  Customs
Stow container on vessel  PL; CI  Shipping agent
Obtain Bill of Lading (B/L)  Shipping agent
Collect payment  B/L; CI; PL; CO; Insurance document, Certificate of Inspection  Exporter; Exporter’s bank

Source: Discussion with exporters and C&F Agents

In addition to the above, there are a number of other documents required for export of specific products. These include Certificate of Generalised System of Preferences (GSP); Health Certificate; Utilisation Declaration. It is also to be noted that depending on the goods being exported, a host of government and non-government entities are involved at various stages of the process. These are Bangladesh Association of Software and Information Services (BASIS), Bangladesh Aushad Shilpa Samity, Bangladesh Bank (BB), Bangladesh Export Processing Zones Authority (BEPZA), Bangladesh Finished Leather and Leather Goods and Footware Exporters Association, Bangladesh Frozen Food Exporters Association (BFFEA), Bangladesh Garment Manufacturers & Exporters’ Association (BGMEA), Bangladesh Knitwear Manufacturers & Exporters’ Association (BKMEIA), Bangladesh Textiles Mills Association (BTMA), National Board of Revenue (NBR), Export Promotion Bureau (EPB), Bangladesh Tariff Commission (BTC), Bangladesh Textile Mills Owners’ Association (BTMA), Leather Goods and Footware Manufacturers and Exporters Association of Bangladesh, Metropolitan Chamber of Commerce & Industry (MCCI), Ministry of Commerce, Office of the Chief Controller of Imports & Exports, Sadharan Bima Corporation, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Import Process in Bangladesh

Import process in Bangladesh is much simpler than that of export and in a business-as-usual scenario the whole process of customs clearance is completed within hours. The major steps and actors involved in the customs clearance process can be illustrated as per the following table.

<table>
<thead>
<tr>
<th>Step</th>
<th>Actors involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission of Import General Manifest (IGM)</td>
<td>Career</td>
</tr>
<tr>
<td>Filing of Bill of Entry</td>
<td>Importer/CHA</td>
</tr>
<tr>
<td>Assessment of declaration</td>
<td>Customs</td>
</tr>
<tr>
<td>Dues notified</td>
<td>Customs, importer, CFA, Port</td>
</tr>
<tr>
<td>Payment to bank</td>
<td>Importer, CFA, Bank</td>
</tr>
<tr>
<td>Bank notifies receipt of duty payment</td>
<td>Bank, customs, importer, CFA, Port</td>
</tr>
</tbody>
</table>

Table 5: Import Process in Bangladesh
At present, the import process in mostly automated with some degree of manual processing still being practiced. Once the IGM is submitted online by the shipping agent, the nominated C&F agent completes the bill of entry from their own premise. Thanks to the recent initiative by the government to automate the customs procedures, most CFAs now use the automation service for customs clearance. Necessary documents such as bill of lading, commercial invoice, packing list, etc. are then taken to the customs house to facilitate assessment of declaration. By this time, container is unloaded from the vessel and moved to shipper’s shade or customs warehouse. Upon satisfactory assessment (including inspection, if required), necessary duties are paid to the bank situated within the customs house. All these processes are done within 2 to 5 hours. It is then a matter of couple of hours to move the container (or goods from the container) out of the port area before transferring to the importer’s premise.

It is also mentionable here that Bangladesh customs has a risk management system for inspection of imported goods and consignments. This includes a three level risk assessment system: Green Channel, Yellow Channel and Red Channel. Goods which are considered to be of low risk are passed through the Green Channel after minimum documentation check. For the Yellow Channel, imports receive full documentation check and, if necessary, may be upgraded to Red Channel. At present, majority of the shipments fall under this category. Finally, the Red Channel requires full documentation check and physical inspection of the goods. At present, about 10 to 12 per cent of the total imports fall under this category.

On a general note, discussions with exporters, importers and CFAs indicated that the business community is mostly satisfied with the existing pattern of trade process and procedures. Their concern relates more to government’s policy decisions with regard to enhancing access to business credits, ensuring uninterrupted supply of essential utilities such as gas and electricity, and improving the country image of Bangladesh at the international level by ensuring good governance.

While the above discussion provides a general overview of the existing trade procedures in Bangladesh, the following section presents product and partner specific export and import process analysis in a business-as-usual scenario.

IV. Export Process Analysis for Selected Products

IV.1. Export of Woven Garments to India

Being members of the same sub-region, the flow of trade between Bangladesh and India has always remained low marked by a high degree of trade imbalance for Bangladesh. With regard to Bangladesh’s export of RMG products to India, the practice is more of infrequent in nature. Besides, due to the fact that both the countries are major exporters of RMG to USA and EU, there is very little scope for using each other’s market as export destinations. Nevertheless, Bangladesh has been exporting some RMG products, both knit and woven, to India for quite
some time. *Ayan Fashions Ltd.*,\(^8\) has been engaged in exporting woven garments to India for about a decade. Major products which the company exports to its South Asian partner include T-Shirts and Trousers. With regard to mode of exporting, both sea and land routes are used by the company with the latter route used in most occasions. The following business process analysis exercise for Bangladesh’s export of US$50,000 worth of woven garments to India in a 20 feet container has been conducted based on the information provided by the commercial division of *Ayan Fashions Ltd.*\(^9\) A detailed mapping of the process is presented in *Annex 2*.

**IV.1.1. Business Process of Exporting Woven Garments to India from Bangladesh**

*Step 1: Buy*

Based on buyer’s expression of interest to enter into a business deal, the exporter prepares a price quote and terms of trade. A proforma invoice is then sent to the importer for approval. In case some modifications are required, the document is returned back to the exporter for necessary amendments. Once both the parties find the terms agreeable, the importer confirms intent to purchase. An L/C is then opened by the importer and forwarded to the exporter’s nominated bank in Bangladesh. The whole process of communication between the buyer and the exporter are mainly done through exchange of emails. However, if required, supporting documents are sent through courier services.

*Step 2.1: Import Raw Material*

[This step is a complete buy-sell process between the primary exporter from Bangladesh and the exporter of raw materials in India. Details of this step are presented in the BPA mapping of import of raw materials from India by Bangladesh.]

*Step 2.2: Arrange Shipment/Space Booking*

Exporter requests space booking with designated shipping line. In most cases, an email is sent with details of the shipment. Based on the request, the Carrier/Shipping Line issues a draft bill of lading for consideration by the client. Based on the document and confirmation by the Shipping Line, the exporter schedules pick-up and delivery of the container with the inland haulage company. A booking confirmation is then issued by the latter and kept with both the parties for executing of further activities.

*Step 2.3: Prepare Export Document*

Once the raw materials arrive in Bangladesh, the Bangladeshi exporter starts preparing the documents which will be later required for exporting the final product. In doing so, completing the EXP Form is considered to be the initial step. This format of this Form developed by the Bangladesh Bank and respective banks supply the Form in the prescribed format to the

---

\(^8\) Imaginary name of the respondent company  
\(^9\) While such an order may sometimes be exported in a 20 feet container as a full container load, it may sometimes be less than full container load. This depends on the nature of the export item (e.g. material, design, etc.)
Step 2.4: Arrange Inspection

Depending on the buyer’s requirement, the exporter/manufacturer requests the authorised inspection agency to visit the manufacturing plant and inspect quality of the product. Initially, a request letter is sent to the agency along with copies of proforma invoice, packing list and lab test report. The inspector(s) then visit the factory, collect samples and performs inspection. In case any problem is found with the product, the exporter is asked to rectify it. Once the inspector is satisfied with the product quality, an Inspection Certificate is issued and supplied to the manufacturer.

Step 2.5: Obtain Cargo Insurance for Inland Transportation

Exporter applies to the respective insurance company for an insurance certificate for the consignment. This step involves submission of a duly filled in Cargo Insurance Application Form supported by copies of L/C, Commercial Invoice, Packing List, Transport Contract and Draft Bill of Lading. Upon finding the application complete, the insurance company issues an Insurance Policy in favour of the exporter who then pays the premium.

Step 2.6: Provide Customs Declaration Online

This step is completed by the exporter’s clearing and forwarding (C&F) agent. The agent submits the online Bill of Entry (BE) on the custom’s website. This is a members only service where the C&F agent is required to log in with its unique member ID and password. Submitting the BE requires the agent to provide electronic copies of a number of supporting documents including Commercial Invoice, Packing List, EXP Form, GSP Certificate (in some cases), Certificate of Origin, Insurance Certificate, and UD. Customs authorities then verify the documents and issue a ‘C’ Number upon finding the document satisfactory. The exporter’s agent then acknowledges receipt of the ‘C’ Number and takes a print out of the acknowledgement receipt for conducting customs clearance at a later date.

Step 2.7: Transport to Port of Departure

As per the transport contract, the inland haulage company collects the goods from the factory premise and transports to the port. In a normal situation, it takes about 8-10 hours for a consignment to reach the Chittagong Port from Dhaka. On arrival, the C&F agent requests entry of the vehicle into the port area (in case the goods are to be taken to a private container terminal, it is taken directly to the private depot). The Port Authority/Private Depot then records details of the truck/container and issues an entry pass allowing the cargo/container to move inside the
controlled area. Date and time of entry of the cargo/container is then officially recorded. The goods are then taken to the designated area where cargo inspection is to take place.

**Step 2.8: Clear Goods through Customs**

The C&F Agent submits a copy of the ‘C’ Number Acknowledgement Receipt to the customs along with hard copies of all the supporting documents. Customs then retrieves information from the previously lodged online declaration and cross checks with the handed documents. An Inspector is then authorised to inspect the cargo and certify compliance with the declaration. If any misconduct is found, export of the shipment is stopped and a case is filed against the exporter. However, if no discrepancy is found, Customs issues a Shipping Bill and seals the container. The C&F Agent then receives the Shipping Bill on behalf of the exporter and signs the EXP Form a copy of which is then kept by the Customs.

**Step 2.9: Handle Container at Terminal and Stow on Vessel**

This step involves a number of parallel activities by the Career/Shipping Line and the Port Authority. The Career/Shipping Agent co-ordinates handling of the container at the terminal and moves it to the berth area with permission from the Port Authority. It is the responsibility of the Career/Shipping Agent to prepare a Container Loading List and a Container List Message to be used for berthing the container and stowing it on the designated vessel in a coordinated manner. While the container is in the process of being stowed onto the vessel, the Shipping Agent prepares the final Bill of Lading which is supplied to the C&F Agent. An export Manifest is also prepared and submitted to the Customs to obtain clearance to export the goods. Parallel to this process, the port authority prepares a list of outward going containers to be stowed on the vessel and ensures that the Career verifies the list. Once all these activities are completed and cargo release order is received from the Customs, the ship is set to sail as per schedule.

**Step 2.10: Prepare Documents for Importer**

The exporter is then required to collate all the documents that will be needed by the importer to receive the consignment in the importing country. In view of this, the RMG exporter in Bangladesh needs to obtain the Certificate of Origin (CO) and the SAPTA Combined Declaration Certificate (generally known as the ‘SAPTA’ Certificate). The first document is issued by the BGMEA upon receipt of a formal application supported by copies of Commercial Invoice, Bill of Lading, Insurance Certificate and Packing List. Parallel to this activity, the exporter also applies to the Export Promotion Bureau (EPB) for the SAPTA Certificate. Upon finding the evidences satisfactory, both this authorities issue their respective certificates in favour of the applicant.

**Step 3: Pay**

This is the final step in the whole business process. As soon as the documents for the importer are ready, these are then submitted to the local bank by the exporter. The bank verifies all the documents against the conditions laid down in the initial L/C sent by the importer’s bank. In case any discrepancy is found, the exporter is notified and is required to resubmit ensuring
rectification of the problem. Once the documents are found to be fully compliant with the L/C conditions, the exporter’s bank forwards the documents to L/C issuing bank in the importing country. The importer’s bank then transfers the payment to the exporter’s bank which then notifies the exporter of deposit of the payment in the respective account. The exporter then collects the payment and completes the deal.

IV.1.2. Key Observations from the BPA of Export of Woven Garments from Bangladesh to India

It is the general impression of the respondent entrepreneur that the procedures involved in completing an export order is quite simple and does not entail any significant hassle in Bangladesh. It is also encouraging to note that there is hardly any differentiation between large and small sized businesses in the context of services provided by different authorities involved in the process. However, length of relationship with such agencies like Banks and Chambers sometimes helps slightly expediting the process of obtaining a document. While Figure 1 and Table 6 present a summary of the processes involved in the export of woven garments from Bangladesh to India by sea, with a calculation of the time required in a business-as-usual scenario, Figure 2 and Table 7 portray the same for export by land.

**Figure 1: Time Procedure Chart: RMG Export from Bangladesh to India (by Sea)**

| Source | CPD-ARTNeT Survey on BPA |
Table 6: Overview of Processes Involved in Export of Woven Garments from Bangladesh to India by Sea

<table>
<thead>
<tr>
<th>RMG Export by Sea Breakdown</th>
<th>Public or private procedure?</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.1. Import raw material</td>
<td>Private</td>
<td>15</td>
</tr>
<tr>
<td>2.3. Prepare export documents</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.4. Arrange inspection</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.5. Obtain cargo insurance for inland transportation</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.10. Prepare documents required by importer</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Claim payment of goods</td>
<td>Private</td>
<td>3</td>
</tr>
<tr>
<td><strong>Export Time Total Document preparation</strong></td>
<td></td>
<td>21.5</td>
</tr>
<tr>
<td>2.2. Arrange shipment/ space booking</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.7. Transport to port of departure</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Export Time Total Inland carriage and Handling</strong></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2.6. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
</tr>
<tr>
<td>2.8. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total Inland Customs</strong></td>
<td></td>
<td>1.5</td>
</tr>
<tr>
<td>2.9. Handle container at terminal and stow on vessel</td>
<td>Public and private</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total Terminal Handling Time</strong></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL TIME</strong></td>
<td></td>
<td>25</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNeT Survey on BPA

Figure 2: Time Procedure Chart: RMG Export from Bangladesh to India (by Sea)

Source: CPD-ARTNeT Survey on BPA
Table 7: Overview of Processes Involved in Export of Woven Garments from Bangladesh to India by Land

<table>
<thead>
<tr>
<th>RMG Export by Land Breakdown</th>
<th>Public or private procedure?</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. Import raw material</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2. Prepare export documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3. Arrange inspection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.4. Obtain cargo insurance for inland transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8. Prepare documents required by importer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Pay- Claim payment of goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Document preparation</td>
<td>21.5</td>
<td>45.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export Time Total Inland carriage and Handling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.6. Transport to port of departure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5. Provide customs declaration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7. Clear goods through customs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Inland Customs</td>
<td>1.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Truck waiting and unloading as part of activity 2.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export Time Total Terminal Handling Time</td>
<td>0.5</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL TIME</td>
<td>24</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNeT Survey on BPA

Although the average time shown in the above tables are respectively is 40 days and 38 days, one needs to be cautious while interpreting the duration. This is particularly true for the case of import of raw materials which is a vital step in the overall business process. While the time required for this step has been calculated to be within the range of 15 to 30 days, the activity may sometime take a substantially more time depending on a number of factors including size of order, production capacity of the raw material supplier, customs procedure in the supplying country, etc. Besides, the analysis excludes the production phase where the exporter in Bangladesh manufactures goods for exportation. This again is a phase which highly depends on the quantity ordered, technical design of the product, availability of electricity, etc. It is also to be noted here that inspection and insurance for inland transportation are mostly optional. While the former depends on buyer’s requirement, the latter is done if the exporter/manufacturer considers being necessary.

In terms of costs involved at various stages of the procedure, the respondent was of the view that apart from using a paltry speed money during the customs clearance stage (ranging between US$$15-20 per consignment) there is no other issue which creates any abnormality. Discussions with various actors involved in the process reveal that the exporter may complete a typical export process by spending around US$1015 (see Annex Table 4). However, there is a point of caution with regard to the expenses involved in opening a back-to-back L/C. The major cost in this step is the commission charged by the banks and this amount varies significantly depending on the L/C amount.

\[10\] For export by Land, this average cost comes to about US$935.
IV.2. Export of Frozen Shrimps to Japan

*Rahat Seafoods* (imaginary name) has been engaged in export of frozen shrimps from Bangladesh for over two decades. While its major markets are EU and USA, the company also exports to the Japanese market. Like majority of exporters in Bangladesh *Rahat Seafoods* uses C&F agents for customs clearance of its export consignments. *Annex 3* presents a detailed BPA of export of frozen shrimp from Bangladesh.

**IV.2.1. Business Process of Exporting Shrimp to Japan from Bangladesh**

*Step 1: Buy*

Based on buyer’s expression of interest to enter into a business deal, the exporter prepares a price quote and terms of trade. A proforma invoice is then sent to the importer for approval. In case some modifications are required, the document is returned back to the exporter for necessary amendments. Once both the parties find the terms agreeable, the importer confirms intent to purchase. An L/C is then opened by the importer and forwarded to the exporter’s nominated bank in Bangladesh. The whole process of communication between the buyer and the exporter are mainly done through exchange of emails. However, if required, supporting documents are sent through courier services.

*Step 2.1: Procure Raw Material from Local Supplier*

The exporter determines the quantity of shrimp to be procured from the local supplier. Generally, the supplier’s firm is located within the vicinity of the exporter’s factory. Based on the quantity, a price quote is served by the exporter to the supplier. Upon finding the terms and conditions of the product to be supplied, the supplier confirms intent to supply and signs a contract with the exporter. Having one or more preferred supplier of raw materials is a common factor in the shrimp business. Once the delivery is made to the exporter’s premise, the exporter requests its designated bank to complete payment to the raw material supplier. In this case, a copy of the sales contract and the supplier’s invoice is submitted to the bank. The bank adjusts this payment at the end of the business cycle when final payment is received from the overseas importer.

*Step 2.2: Arrange Shipment/Space Booking*

Exporter requests space booking with designated shipping line. In most cases, an email is sent with details of the shipment. Based on the request, the Carrier/Shipping Line issues a draft bill of lading for consideration by the client. Based on the document and confirmation by the Shipping Line, the exporter schedules pick-up and delivery of the container with the inland haulage company. A booking confirmation is then issued by the latter and kept with both the parties for executing of further activities. This step in generally completed during collection of raw materials.
The exporter initially conducts sample tests in its own laboratory which is located within the factory premise. A request letter is then forwarded to the Fish Inspection and Quality Control (FIQC) of the Department of Fisheries (DoF) to conduct quality inspection and issue health certificate. Supporting documents which are supplied with the application are proforma invoice, packing list and lab test reports. Once the duly filled in application is received by the FIQC, an inspector is appointed for the task who visits the factory and initially assesses the quality control facilities available at the factory. If the assessment results in dissatisfactory outcome, it is then the responsibility of the exporter to put in place the necessary equipment and ensure hygiene within the factory. The whole application process will then need to be repeated. On the other hand, if satisfied with the overall environment of the factory, the inspector collects samples of the shrimps to conduct bacteria and antibiotic tests. While the first test is generally done in the regional FIQC office (in this case, the FIQC Khulna) and takes about 10 to 15 days, the antibiotic test is carried out mostly at the Bangladesh Council of Scientific and Industrial Research (BCSIR), Dhaka and takes about 15 to 20 days to be completed. In case the samples fail any of the test, the exporter is asked to rectify the issue and apply fresh. On the other hand, if results are satisfactory, Quality Certificate is issued on the products tested and forwarded to the exporter.

**Step 2.4: Prepare Export Document**

Firstly, the exporter fills in the EXP Form and then requests a Packer’s Certificate from the respective industry association which, in this case, is the Bangladesh Frozen Food Exporters’ Association (BFFEA), Dhaka. This document along with the EXP Form, Commercial Invoice, Quality Certificate, L/C, and Packing list are then compiled by the exporter to lodge customs declaration.

**Step 2.5: Obtain Cargo Insurance for Inland Transportation**

This is more of a voluntary step which is undertaken by the exporter on ad hoc basis. To obtain the insurance, the exporter lodges an application with the insurance company along with copies of commercial invoice, L/C, packing list and cargo booking confirmation. Based on satisfactory documentary evidences, the insurance company issues a policy. The exporter then pays the premium to the company and the step is completed.

**Step 2.6: Provide Customs Declaration Online**

This step is completed by the exporter’s clearing and forwarding (C&F) agent. The agent submits the online Bill of Entry (BE) on the custom’s website. This is a members only service where the C&F agent is required to log in with its unique member ID and password. Submitting the BE requires the agent to provide electronic copies of a number of supporting documents including Commercial Invoice, Packing List, EXP Form, GSP Certificate (in some cases), Certificate of Origin, Insurance Certificate, and UD. Customs authorities then verify the documents and issue a ‘C’ Number upon finding the document satisfactory. The exporter’s agent
then acknowledges receipt of the ‘C’ Number and takes a print out of the acknowledgement receipt for conducting customs clearance at a later date.

**Step 2.7: Transport to Port of Departure**

As per the transport contract, the inland haulage company collects the goods from the factory premise and transports to the port. In a normal situation, it takes about 8-10 hours for a consignment to reach the Chittagong Port from Dhaka. On arrival, the C&F agent requests entry of the vehicle into the port area (in case the goods are to be taken to a private container terminal, it is taken directly to the private depot). The Port Authority/Private Depot then records details of the truck/container and issues an entry pass allowing the cargo/container to move inside the controlled area. Date and time of entry of the cargo/container is then officially recorded. The goods are then taken to the designated area where cargo inspection is to take place.

**Step 2.8: Clear Goods through Customs**

The C&F Agent submits a copy of the ‘C’ Number Acknowledgement Receipt to the customs along with hard copies of all the supporting documents. Customs then retrieves information from the previously lodged online declaration and cross checks with the handed documents. An Inspector is then authorised to inspect the cargo and certify compliance with the declaration. If any misconduct is found, export of the shipment is stopped and a case is filed against the exporter. However, if no discrepancy is found, Customs issues a Shipping Bill and seals the container. The C&F Agent then receives the Shipping Bill on behalf of the exporter and signs the EXP Form a copy of which is then kept by the Customs.

**Step 2.9: Handle Container at Terminal and Stow on Vessel**

This step involves a number of parallel activities by the Career/Shipping Line and the Port Authority. The Career/Shipping Agent co-ordinates handling of the container at the terminal and moves it to the berth area with permission from the Port Authority. It is the responsibility of the Career/Shipping Agent to prepare a Container Loading List and a Container List Message to be used for berthing the container and stowing it on the designated vessel in a coordinated manner. While the container is in the process of being stowed onto the vessel, the Shipping Agent prepares the final Bill of Lading which is supplied to the C&F Agent. An export Manifest is also prepared and submitted to the Customs to obtain clearance to export the goods. Parallel to this process, the port authority prepares a list of outward going containers to be stowed on the vessel and ensures that the Career verifies the list. Once all these activities are completed and cargo release order is received from the Customs, the ship is set to sail as per schedule.

**Step 2.10: Prepare Documents Required by Importer**

The exporter is collates all the documents that will be needed by the importer to receive the consignment in the importing country. The Certificate of Origin (CO) is obtained from the local Chamber and the GSP Certificate is issued by the Export Promotion Bureau (EPB) upon finding the evidences satisfactory.
Step 3: Pay

This is the final step in the whole business process. As soon as the documents for the importer are ready, these are then submitted to the local bank by the exporter. The bank verifies all the documents against the conditions laid down in the initial L/C sent by the importer’s bank. In case any discrepancy is found, the exporter is notified and is required to resubmit ensuring rectification of the problem. Once the documents are found to be fully compliant with the L/C conditions, the exporter’s bank forwards the documents to L/C issuing bank in the importing country. The importer’s bank then transfers the payment to the exporter’s bank which then notifies the exporter of deposit of the payment in the respective account. The exporter then collects the payment and completes the deal.

IV.2.2. Key Observations from the BPA of Export of Shrimps from Bangladesh to Japan

Analysis of business process of export of frozen shrimps from Japan shows that this is rather a simple process and the business community are, in general, satisfied with the procedures involved therein. The notable issue that was raised with regard to simplifying the process related to the ‘sampling and examining’ phase. It was reported that the time required to obtain reports for ‘Bacteria Test’ and ‘Antibiotic Test’ is somewhat lengthy and could be minimised if the relevant government agencies take necessary measures to expedite the procedure.

Figure 3: Time Procedure Chart: Shrimp Export from Bangladesh

Source: CPD-ARTNNeT Survey on BPA
On the whole, the overall process can be completed within an average timeframe of about 37 days (of course, it is the product examination phase that takes about 18 days to be completed) (see Figure 3 and Table 8). To compare, the BPA of shrimp export from Thailand takes around 30 days to be completed with product examination taking 14 days (Figure 4).

With regard to costs involved in the process chain, it is reported that an exporter needs to spend about US$500 per 20 feet container to complete the whole procedure (see Annex Table 4) till the claim for payment is made to the lien bank.
Table 8: Overview of Processes Involved in Export of Frozen Shrimp from Bangladesh to Japan by Sea

<table>
<thead>
<tr>
<th>Shrimp Export by Sea breakdown</th>
<th>Public or private procedure?</th>
<th>Time required (days)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2.1. Procure shrimp from local source</td>
<td>Private</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>2.3. Have products sampled and examined</td>
<td>Private and public</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>2.4. Prepare export documents</td>
<td>Private</td>
<td>0.5</td>
<td>2</td>
</tr>
<tr>
<td>2.5. Obtain cargo insurance for inland transportation</td>
<td>Private</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>2.10. Prepare documents required by importer</td>
<td>Private</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3. Pay- Claim payment of goods</td>
<td>Private</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Export Time Total Document preparation</strong></td>
<td></td>
<td>22</td>
<td>38.5</td>
</tr>
<tr>
<td>2.2. Arrange shipment/ space booking</td>
<td>Private</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>2.7. Transport to port of departure</td>
<td>Private</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td><strong>Export Time Total inland carriage and Handling</strong></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2.6. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2.8. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Export Time Total Inland Customs</strong></td>
<td></td>
<td>1.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2.9. Handle container at terminal and stow on vessel</td>
<td>Public and private</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td><strong>Export Time Total Terminal Handling Time</strong></td>
<td></td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL TIME</strong></td>
<td></td>
<td>25.5</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNeT Survey on BPA

V. Import Process Analysis for Selected Products

V.1. Import of Fabrics from India by Land

Ayan Fashions Ltd., a leading RMG exporter from Bangladesh, sources raw materials from India on a non-regular basis (it is to be noted here that the company’s major source is China). On an average, around 2-3 consignments of fabrics are imported from India every couple of months. The overall mapping of the import process is presented in Annex 4.

V.1.1. Business Process Analysis of Importing Cotton Fabrics from India

Step 1: Buy

Based on the terms of contract with the buyer, the RMG exporter from Bangladesh enters into a buying contract with the Indian exporter of cotton fabrics who quotes the price and sends a proforma invoice for consideration by the Bangladeshi counterpart. In case some
modifications are required, the document is returned back to the exporter for necessary amendments. Once both the parties find the terms agreeable, the importer from Bangladesh confirms intent to purchase. A BB L/C is then opened by the importer and forwarded to the exporter’s nominated bank in India. The whole process of communication between the buyer and the exporter are mainly done through exchange of emails and over the phone. However, if required, supporting documents are sent through courier services.

**Step 2.1: Collect and Endorse Documents for Import**

Once the exporter in India forwards the Commercial Invoice, Truck Challan, Packing List and Insurance Certificate to the importer in Bangladesh, the latter collects the IMP Form from its designated bank and also gets all the abovementioned documentation endorsed by the bank.

**Step 2.2: Prepare Other Import Documents**

For import of cotton fabrics, this refers to the Utilisation Declaration (UD) which is issued by the business chamber, the BGMEA, in Bangladesh. This is a mandatory document to import raw materials for the RMG sector. Copies of these documents are then forwarded to the C&F Agent to lodge customs declaration sometime well ahead of arrival of the consignment at the port.

**Step 2.3: Provide Customs Declaration**

This step is completed by the importer’s clearing and forwarding (C&F) agent. To complete the process, the first step is to visit the Direct Trader Input (DTI) office at the Benapole Customs House. The C&F Agent submits the document to the data entry operator at the DTI who then keys the details of the shipment on the Bill of Entry form. This requires a fee of Tk.50 (US$0.75). After the data is entered, a ‘C’ Number is issued against the Bill of Entry. A hard copy print is then taken and verified by the customs officer who then signs the document and specifies the duty to be paid (if any). The C&F Agent receives the document and waits for the consignment to arrive at the customs area.

**Step 2.4: Clear Goods through Customs**

Once the cargo/truck arrives at the port, goods are unloaded at the customs area and inspection is carried out by the customs officials to confirm compliance with the Bill of Entry. If no misconduct is found, customs signs the UD and issues a Release Order from the customs controlled area.

**Step 2.5: Transport to Importer’s Premise**

The goods are then reloaded on Bangladeshi truck/container and taken out to the customs area for transportation to the importer’s premise. Before the cargo leaves the port area, an exit permit has to be issued by the port authority. For this, the port authority records detailed information about the cargo and the vehicle is then moved to the exit point. At the gate, date and
time of exit of the cargo is recorded and it is then allowed to move out of the port area. Once the cargo reaches the importer’s premise, goods are unloaded and stored in the warehouse.

**Step 3: Pay**

Having found the imported cotton fabrics as per the contract conditions, the importer directs the designated bank in Bangladesh to proceed with the payment. The bank verifies the documents against the L/C terms. If no misconduct is found, fund is transferred to the exporter’s bank in India.

**Key Observations from the BPA of Import of Fabrics from India to Bangladesh**

As has been noted earlier, the process of import is rather very easy in Bangladesh and the business community has been found to be quite comfortable with the requirements related to documentation and customs procedures. In most cases, as has been reported, the import process can be completed within 10 days (Figure 5 and Table 9). However, preparation of documents may sometimes add another 2 to 3 days depending on the work pressure faced by the regulatory authorities.

![Figure 5: Time Procedure Chart: Cotton Fabrics Import from India](source: CPD-ARTNeT Survey on BPA)
Calculation of costs involved at various stages of import of cotton fabrics from India shows that the whole process is generally completed with the importer spending around US$415 per 20 feet container (see Annex Table 5). As mentioned earlier, it is only the speed money, provided to customs for clearance, which the business community seems to be somewhat complaining. However, they are also of the view that as this payment expedites goods clearance (and also because it is a nominal amount) they do not consider it to be a bottleneck in the process.

Table 9: Overview of Processes Involved in Import of Fabrics from India to Bangladesh by Land

<table>
<thead>
<tr>
<th>Fabrics Import by Land breakdown</th>
<th>Public or private procedure?</th>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.1. Collect and endorse documents for import</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>2.2. Prepare other import documents</td>
<td>Private and public</td>
<td>1</td>
</tr>
<tr>
<td>3. Pay- Verify claim for payment</td>
<td>Private</td>
<td>1</td>
</tr>
</tbody>
</table>

**Import Time Total Document preparation**

<table>
<thead>
<tr>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

**Import Time Total Customs**

<table>
<thead>
<tr>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5</td>
</tr>
</tbody>
</table>

**Import Time Total Inland Transportation**

<table>
<thead>
<tr>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5</td>
</tr>
</tbody>
</table>

**TOTAL TIME**

<table>
<thead>
<tr>
<th>Time required (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

V.2. Import of Raw Sugar from Thailand

V.2.1. Business Process Analysis of Importing Sugar from Thailand

*Step 1: Buy*

The importer in Bangladesh enters into a formal contract with the exporter from Thailand. Upon mutual agreement with regard to price and quality of the raw sugar, a Proforma Invoice is issued by the exporter. Based on that, the importer from Bangladesh opens an L/C with the local bank. The bank then forwards it to the exporter’s bank in Thailand.

*Step 2.1: Collect and Endorse Documents for Import*

---

11 Import of Cotton Fabrics from India by land mostly takes place in trucks or covered vans. For this study, responses were sought with regard to import of raw material that could be accommodated in a 20 feet container.
Once the exporter in India forwards the Commercial Invoice, Bill of Lading, Health Certificate, Radiation Certificate and Insurance Certificate to the importer in Bangladesh, the latter collects the IMP Form from its designated bank and also gets all the abovementioned documentation endorsed by the bank.

**Step 2.2: Provide Customs Declaration Online**

Importer’s nominated C&F Agent submits the online Bill of Entry (BE) on the custom’s website. Submitting the BE requires the agent to provide electronic (scanned) copies of documents sent to the importer by the exporter. Customs authorities then verify the documents and issue a ‘C’ Number upon finding the document satisfactory. The exporter’s agent then acknowledges receipt of the ‘C’ Number and takes a print out of the acknowledgement receipt for conducting customs clearance at a later date.

**Step 2.3: Clear Goods through Customs**

The C&F Agent submits a copy of the ‘C’ Number Acknowledgement Receipt to the customs along with hard copies of all the supporting documents. Customs then retrieves information from the previously lodged online declaration and cross checks with the handed documents. An Inspector is then authorised to inspect the cargo and certify compliance with the declaration. If any misconduct is found, goods are ceased and a case is filed against the importer. However, if no discrepancy is found, Customs issues a release order.

**2.4: Transport Goods to Importer’s Premise**

Upon receiving the Release Order from Customs, the C&F Agent hand over the document to the Shipping Agency who then arranges the raw sugar to be unloaded from the Mother Vessel (MV) and reloading it on the Lighterage. This involves obtaining permission from the port authority. The port authority also arranges for the equipment, upon request by the Shipping Agent, to unload and reload the raw sugar. Once this process is completed, permission from the port authority is sought to move the lighterage out of port area. Once the exit permit is obtained, the lighterage carries the raw sugar to the importer’s factory through waterway. First the lighterage anchors at the jetty of the importer and then the raw sugar is unloaded and stored in the importers factory.

**3: Pay**

Having found the imported sugar as per the contract conditions, the importer directs the designated bank in Bangladesh to proceed with the payment. The bank verifies the documents against the L/C terms. If no misconduct is found, fund is transferred to the exporter’s bank in Thailand.
**Key Observations from the BPA of Import of Raw Sugar from Thailand to Bangladesh**

*Skyline Sugar Refinery* (imaginary name) imports raw sugar from Brazil and Thailand. As was in the case of fabrics importer, this company also felt that the import process and procedures in place in Bangladesh are business friendly and do not involve any mentionable bottleneck. *Annex 5* presents a detailed mapping of the import process of raw sugar from Thailand. Besides, as Figure 6 and Table 10 show, the process can be completed in about 10 days in a business-as-usual scenario.

**Figure 6: Time Procedure Chart: Sugar Import from Thailand**

![Time Procedure Chart: Sugar Import from Thailand](image)

1. Buy – Conclude sales contract and trade terms
2. Collect and endorse documents for import
3. Provide customs declaration online
4. Clear goods through customs
5. Transport to importer’s premise
6. Pay – Verify claim for payment

*Source: CPD-ARTNeT Survey on BPA*

The cost aspect of sugar import from Thailand is also something which does not seem to bothering the business community in a negative sense. Spending about US$525 per 20 feet container to complete the whole process raw sugar is considered by the importer as a common phenomenon and nothing unusual (see Annex Table 5). Rather, stakeholders in this sector are more concerned with government policies related to domestic pricing of refined sugar.
Table 10: Overview of Processes Involved in Import of Sugar from Thailand to Bangladesh

<table>
<thead>
<tr>
<th>Sugar Import by Sea breakdown</th>
<th>Public or private procedure?</th>
<th>Time required (days)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>1. Buy- Conclude sales contract and trade terms</td>
<td>Private</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2.1. Collect and endorse documents for import</td>
<td>Private</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>3. Pay- Verify claim for payment</td>
<td>Private</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Import Time Total Document preparation</strong></td>
<td></td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>2.2. Provide customs declaration</td>
<td>Private</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2.3. Clear goods through customs</td>
<td>Public and private</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Import Time Total Customs</strong></td>
<td></td>
<td>1.5</td>
<td>3.5</td>
</tr>
<tr>
<td>2.5. Transfer goods to importer's premise</td>
<td>Private</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Import Time Total Inland Transportation</strong></td>
<td></td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL TIME</strong></td>
<td></td>
<td>5.5</td>
<td>13.5</td>
</tr>
</tbody>
</table>

VI. Concluding Remarks

An overview of the business procedures involved in the international trade of the selected products is presented in Table 11.

Table 11: Summary of Findings from BPA of Selected Products

<table>
<thead>
<tr>
<th>Product</th>
<th>Steps in BP (Use Case)</th>
<th>No. of Docs.</th>
<th>No. of Actors Involved</th>
<th>Avg. Time (Days)</th>
<th>Avg. Cost (US$/20 feet container)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Export</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMG (by Land)</td>
<td>10</td>
<td>17</td>
<td>12</td>
<td>38*</td>
<td>935</td>
</tr>
<tr>
<td>RMG (by Sea)</td>
<td>12</td>
<td>26</td>
<td>13</td>
<td>40*</td>
<td>1015</td>
</tr>
<tr>
<td>Shrimp</td>
<td>12</td>
<td>24</td>
<td>14</td>
<td>36.75</td>
<td>500</td>
</tr>
<tr>
<td>WB Doing Business 2010</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Import</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton Fabrics</td>
<td>7</td>
<td>10</td>
<td>8</td>
<td>10**</td>
<td>415</td>
</tr>
<tr>
<td>Sugar</td>
<td>6</td>
<td>11</td>
<td>7</td>
<td>9.5</td>
<td>525</td>
</tr>
<tr>
<td>WB Doing Business 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Source: Compilation/calculation based on Interviews; World Bank Doing Business Website
* Excludes production time
** Excludes time required by Indian exporter in completing the BP in India

Although the processes involved in importing and exporting goods to and from Bangladesh are currently regarded as not so unfriendly by the business community, there are a number of peripheral issues which sometimes increases the cost of doing business. These include natural calamities, political condition, sporadic events when workers at the port start
demonstrating protests, etc. Nevertheless, the recent initiatives taken by the government, in collaboration with the private sector, have been able to facilitate trade processes and procedures in a significant way. It is in this context that automation of the Chittagong Customs House (CCH) and the Dhaka Customs House (DCH) deserves high appreciation and demonstrates the effectiveness of public private partnership (PPP) in trade facilitation.

Having noted that, it needs to be admitted that the situation is not always the same and vessel waiting time either at the port or at the outer anchorage area may sometimes increase the time for customs clearance significantly. Such situation arises mainly in the event of poor cargo handling, lack of adequate manpower, and/or lack of space for container storage at the terminals and berthing places.

In view of the above discussion, a number of key observations are presented below:

- Export/Import processes in Bangladesh are, in general, business friendly.
- Number of documents required to complete the process is acceptable (for a complete list of documents required to complete business processes for the selected products, please see Annex Table 6). However, problems arise when different trading partners ask for different documents in the process of exporting or importing the same product.
- Use of ICT in the overall business process is very limited.
- Customs declaration (with the Chittagong Customs House) is currently the only stage in the BP where ICT is significantly used. However, submission of paper-based documents is still required to verify online declaration.
- All forms (except Bill of Entry/Exit) are to be filled in manually (handwritten or typed).
- Exporters/importers need to apply on paper to obtain different certificates.
- Electronic versions of documents are not acceptable to banks.
- Getting products inspected before exporting sometimes take longer than usual time (particularly in case of Shrimp export).
- Coordination among various actors involved in the business process is not up to the mark.
- Inadequate infrastructure at the port areas often increases trading time resulting in higher cost of doing business.

However, the entrepreneur and customs agents felt that forward looking initiatives by the government, in collaboration with the private sector, can play a vital role in changing the current situation. To eliminate the existing bottlenecks in conducting international trade, the following policy recommendations can be taken into cognisance.

- Immediate automation of all customs houses;
- Establishing a Single Window so that all the actors involved in the business process are linked together;
- Adopting policies and designing required modalities to facilitate use of documents in electronic/digital format;

12 As for this study, the vessel waiting time has been taken into account as part of (i) handling container at terminal and stowing on vessel for the export process analysis, and (ii) clearing goods through customs for import process analysis.
- Development of infrastructure at port areas (e.g. container terminals, berthing stations, shaded warehouse in the customs controlled areas) on urgent basis;
- Expediting the process of issuing inspection certificates;
- Strengthening collaboration between Government and business chambers to ensure better business environment;
- Formation of a National Trade Facilitation Task Force;
- Publication (including online) of trade related information, rules, procedures, etc.; and
- Conducting sector-wise needs based analyses to identify specific bottlenecks.
References


Annex I: Tables and Figures
Annex Table 1: Bangladesh’s Degree of Openness and Extent of Globalisation (Million US$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Export (X)</td>
<td>725.0</td>
<td>1718.0</td>
<td>6467.0</td>
<td>14088.0</td>
<td>15565.2</td>
</tr>
<tr>
<td>2. Import (M)</td>
<td>1954.0</td>
<td>3472.0</td>
<td>9335.0</td>
<td>20217.0</td>
<td>22507</td>
</tr>
<tr>
<td>3. Remittance (R)</td>
<td>379.0</td>
<td>764.0</td>
<td>1882.0</td>
<td>7915.0</td>
<td>9689.3</td>
</tr>
<tr>
<td>4. ODA Disbursed</td>
<td>1146.0</td>
<td>1733.0</td>
<td>1369.0</td>
<td>1873.0</td>
<td>1664.0</td>
</tr>
<tr>
<td>5. FDI (net)</td>
<td>N/A</td>
<td>24.0</td>
<td>550.0</td>
<td>650.0</td>
<td>941.0</td>
</tr>
<tr>
<td>Total (1-5)</td>
<td>4204.0</td>
<td>7710.5</td>
<td>19603.4</td>
<td>44743.8</td>
<td>50366.4</td>
</tr>
<tr>
<td>GDP (Current Price)</td>
<td>19811.6</td>
<td>30974.8</td>
<td>47306.0</td>
<td>78996.9</td>
<td>89548.2</td>
</tr>
<tr>
<td>Degree of Openness (Export + Import as % of GDP)</td>
<td>13.5</td>
<td>16.8</td>
<td>33.4</td>
<td>43.4</td>
<td>42.5</td>
</tr>
<tr>
<td>Extent of Globalisation</td>
<td>21.2</td>
<td>24.9</td>
<td>41.4</td>
<td>56.6</td>
<td>56.3</td>
</tr>
<tr>
<td>X as % of M</td>
<td>37.1</td>
<td>49.5</td>
<td>69.3</td>
<td>69.7</td>
<td>69.2</td>
</tr>
<tr>
<td>(X+R) as % of M</td>
<td>56.5</td>
<td>71.5</td>
<td>89.4</td>
<td>108.8</td>
<td>112.2</td>
</tr>
<tr>
<td>ODA as % of GDP</td>
<td>5.8</td>
<td>5.6</td>
<td>2.9</td>
<td>2.4</td>
<td>1.86</td>
</tr>
<tr>
<td>ODA as % of Export</td>
<td>158.1</td>
<td>100.9</td>
<td>21.2</td>
<td>13.3</td>
<td>10.69</td>
</tr>
</tbody>
</table>

*Source: CPD-IRBD Database (2009)*

Annex Table 2: Trade Pattern of Bangladesh and Share of Selected Products

<table>
<thead>
<tr>
<th>Item</th>
<th>Volume (Million USD)</th>
<th>Annual Average Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Trade</td>
<td>14632.41</td>
<td>21962.11</td>
</tr>
<tr>
<td>Total Export</td>
<td>5417.27</td>
<td>9331.58</td>
</tr>
<tr>
<td>Woven Garments (Share in total export)</td>
<td>2613.85 (48.25)</td>
<td>3498.61 (37.49)</td>
</tr>
<tr>
<td>Shrimp (Share in total export)</td>
<td>293.28 (5.41)</td>
<td>349.78 (3.75)</td>
</tr>
<tr>
<td>Total Import</td>
<td>9215.13</td>
<td>12630.53</td>
</tr>
<tr>
<td>Cotton &amp; T&amp;C (Share in total import)</td>
<td>958.00 (10.40)</td>
<td>1394.79 (11.04)</td>
</tr>
<tr>
<td>Sugar (Share in total import)</td>
<td>41.41 (0.45)</td>
<td>178.17 (1.41)</td>
</tr>
</tbody>
</table>

*Source: Calculated based on UNComtrade Statistics.*
*Note: Data for year 2008 are “Mirror Statistics” from International Trade Centre (ITC).*
## Annex Table 3: Export and Import Procedures in Bangladesh vis-à-vis Selected Countries

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Duration (days)</th>
<th>Cost (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bangladesh</td>
<td>India</td>
</tr>
<tr>
<td><strong>Nature of export procedures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Document preparation</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Customs clearance and technical control</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Ports and terminal handling</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Inland transportation and handling</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Total for all</td>
<td>25</td>
<td>17</td>
</tr>
</tbody>
</table>

| **Nature of import procedures**   |                 |            |         |          |            |            |         |          |
| Documents preparation             | 20              | 8          | 5       | 8        | 455        | 390        | 200     | 300      |
| Customs clearance and technical control | 3             | 4          | 2       | 2        | 135        | 120        | 116     | 75       |
| Ports and terminal handling       | 4               | 6          | 2       | 2        | 585        | 200        | 238     | 200      |
| Inland transportation and handling | 2               | 3          | 2       | 1        | 200        | 250        | 493     | 220      |
| Total for all                     | 32              | 20         | 6       | 13       | 1375       | 960        | 1047    | 795      |

*Source: World Bank Doing Business Website*
Annex Table 3(a): Bangladesh’s Performance in Trading Across Border in 2010

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Bangladesh</th>
<th>South Asia</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>6</td>
<td>8.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>25</td>
<td>32.4</td>
<td>10.5</td>
</tr>
<tr>
<td>Cost to export (US$ per container)</td>
<td>970</td>
<td>1,364.10</td>
<td>1,089.70</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>8</td>
<td>9</td>
<td>4.9</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>29</td>
<td>32.2</td>
<td>11</td>
</tr>
<tr>
<td>Cost to import (US$ per container)</td>
<td>1375</td>
<td>1,509.10</td>
<td>1,145.90</td>
</tr>
</tbody>
</table>


Annex Table 4: Cost of Export Processing for Woven Garments and Frozen Shrimp

<table>
<thead>
<tr>
<th>Major Procedures</th>
<th>RMG</th>
<th>Shrimp</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By Sea</td>
<td>By Land</td>
</tr>
<tr>
<td>Assembling and preparing documents</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>L/C Cost</td>
<td>650*</td>
<td>650</td>
</tr>
<tr>
<td>Customs clearance</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Ports and Terminal handling costs</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>Inland transportation and handling costs</td>
<td>120</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>1015</strong></td>
<td><strong>935</strong></td>
</tr>
</tbody>
</table>

Source: Discussion with entrepreneurs

* Includes cost of opening back-to-back L/C

Annex Table 5: Cost of Import Processing for Fabrics and Raw Sugar

<table>
<thead>
<tr>
<th>Major Procedures</th>
<th>Fabrics</th>
<th>Sugar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembling and preparing documents</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>L/C Cost</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Customs clearance</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Ports and Terminal handling costs</td>
<td>120</td>
<td>200</td>
</tr>
<tr>
<td>Inland transportation and handling costs</td>
<td>120</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>415</strong></td>
<td><strong>525</strong></td>
</tr>
</tbody>
</table>

Source: Discussion with entrepreneurs
Annex Table 6: List of Documents Required at Various Stages of Business Process

<table>
<thead>
<tr>
<th>Products</th>
<th>Documents</th>
</tr>
</thead>
</table>
| RMG (by land)_Export | 1. Proforma Invoice  
|                   | 2. Letter of Credit (L/C)  
|                   | 3. Back-to-Back Letter of Credit (BB L/C)  
|                   | 4. EXP Form  
|                   | 5. Commercial Invoice  
|                   | 6. Utilisation Declaration  
|                   | 7. Packing List  
|                   | 8. Insurance Certificate  
|                   | 9. Inspection Certificate  
|                   | 10. Lab Test Report  
|                   | 11. Transport Contract  
|                   | 12. Bill of Lading/Truck Chalan  
|                   | 13. GSP Certificate  
|                   | 15. Bill of Entry  
|                   | 16. Port Entry Receipt  
|                   | 17. SAPTA Combined Declaration and Certificate  |
| RMG (by sea)_Export | 1. Proforma Invoice  
|                   | 2. Letter of Credit (L/C)  
|                   | 3. Back-to-Back Letter of Credit (BB L/C)  
|                   | 4. EXP Form  
|                   | 5. Commercial Invoice  
|                   | 6. Utilisation Declaration  
|                   | 7. Packing List  
|                   | 8. Insurance Certificate  
|                   | 9. Inspection Certificate  
|                   | 10. Lab Test Report  
|                   | 11. Transport Contract  
|                   | 12. Bill of Lading  
|                   | 13. GSP Certificate  
|                   | 15. Bill of Entry  
|                   | 16. Port Entry Receipt  
|                   | 17. SAPTA Combined Declaration and Certificate  
|                   | 18. Shipping Bill  
|                   | 19. Manifest  
|                   | 20. Career Booking Request  
|                   | 21. Career Booking Confirmation  
|                   | 22. Inland Haulage Booking Request  
|                   | 23. Inland Haulage Booking Confirmation  
|                   | 24. Container Loading List  
|                   | 25. Container List Message  
|                   | 26. Outward Container List  |
| Shrimp_Export      | 1. Proforma Invoice  
|                   | 2. Letter of Credit  
|                   | 3. Sale’s Contract  
|                   | 4. Supplier’s Invoice  
|                   | 5. Career Booking Request  
|                   | 6. Career Booking Confirmation  
|                   | 7. Inland Haulage Booking Request  
|                   | 8. Inland Haulage Booking Confirmation  
<p>|                   | 9. Packing List  |</p>
<table>
<thead>
<tr>
<th></th>
<th>Cotton Fabrics Import</th>
<th>Sugar Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Proforma Invoice</td>
<td>Proforma Invoice</td>
</tr>
<tr>
<td>2.</td>
<td>Letter of Credit</td>
<td>Letter of Credit</td>
</tr>
<tr>
<td>3.</td>
<td>Bill of Lading/Truck Chalan</td>
<td>Bill of Lading</td>
</tr>
<tr>
<td>4.</td>
<td>Packing List</td>
<td>Insurance Certificate</td>
</tr>
<tr>
<td>5.</td>
<td>Insurance Certificate</td>
<td>Radiation Certificate</td>
</tr>
<tr>
<td>6.</td>
<td>Utilisation Declaration</td>
<td>Health Certificate</td>
</tr>
<tr>
<td>7.</td>
<td>IMP Form</td>
<td>IMP Form</td>
</tr>
<tr>
<td>8.</td>
<td>Bill of Entry</td>
<td>Bill of Entry</td>
</tr>
<tr>
<td>9.</td>
<td>Release Order</td>
<td>Release Order</td>
</tr>
<tr>
<td>10.</td>
<td>Exit Permit</td>
<td>Delivery Order</td>
</tr>
<tr>
<td>11.</td>
<td></td>
<td>Exit Permit</td>
</tr>
</tbody>
</table>

Source: CPD-ARTNeT Survey, 2010
Annex Figure 1: Trend of Woven Garments Export from Bangladesh

Annex Figure 2: Trend of Shrimp Export from Bangladesh
Annex Figure 3: Trend in Cotton and Fabrics Import by Bangladesh

Annex Figure 4: Trend of Raw Sugar Import by Bangladesh
Annex II: BPA Charts
Business Processes of Woven Garments Export from Bangladesh by Land
1. Buy

Exporter or Representative

- Quote price and term of trade
- Proforma Invoice
- Prepare the shipment of goods

Importer

- Purchase Order/L/C
- Confirm the intent to purchase

Acceptable
- Not acceptable
  - Cancel

Acceptable
- Confirm the intent to purchase

Not acceptable
- Cancel

Acceptable
2.1. Import Raw Material (Fabrics)

- Exporter or Representative:
  - Collect L/C and Open BB L/C
  - Collect Challan
  - Endorse Challan From Bank
  - Provide Customs Declaration
  - Receive Bill of Entry
  - Obtain 'Utilisation Declaration' (UD)
    - BE
    - CI
    - Insurance
  - Receive UD
  - Submit documents For customs clearance
  - Transport Cargo to Factory Premise

- Exporter’s Bank:
  - Forward L/C to Supplier’s bank
  - Collect Challan
  - Endorse Challan

- Supplier:
  - Arrange raw materials for shipment
  - Send Truck Challan To importer
  - Truck Challan

- Chamber:
  - Issue UD
  - UD

- Customs:
  - Issue Bill of Entry
  - Bill of Entry
  - Verify documents
    - Incorrect
    - Correct
  - Issue Cargo Release Order
2.2. Prepare Export Document

Request EXP Form from bank

Collect and complete EXP Form

Compile EXP and other documents

Exporters Bank

Receive request

EXP Form

Exporter or Representative

Commercial invoice

EXP Form

Utilisation Declaration

Packing list

Insurance certificate

L/C
2.3. Arrange Inspection

Exporter or Representative:
- Send request for inspection
- Forwarding letter
- Proforma invoice
- Packing List
- Lab test report
- Rectify identified problems
- Receive inspection certificate

Authorised Inspecting Agency:
- Receive documents
- Visit factory
- Select samples for inspection
- Conduct inspection
- Not approved
- Approved
- Issue Inspection Certificate
- Inspection certificate
2.4. Obtain Cargo Insurance for Inland Transportation

- **Exporter or Representative**
  - Apply for cargo insurance
  - Cargo Insurance Application Form
  - Commercial Invoice
  - Transport contract

- **Insurance Company**
  - Approve the insurance coverage
  - Issue Insurance Policy
  - Receive the payment of insurance premium
  - Collect Insurance Policy
  - Arrange the payment of insurance premium

- Decision diamond: Refuse or Accept
  - Accept
  - Issue Insurance Policy
  - Receive the payment of insurance premium

- Refuse
  - Accept
2.5. Provide customs declaration Online

- Exporter of Representative
  - Submit Bill of Entry Online
  - Verify submitted information
    - Declaration Reject
    - Correct
    - Incorrect
    - Issue declaration no. ('C' Number)
  - Acknowledge receipt of 'C' No.
    - Print a copy of Acknowledgement receipt
2.6. Transport to Port of Departure

Export or Representative

- Load goods on truck
- Transport to port
- Request port Entry

Port Authority/Private Depot

- Record cargo/container information
- Acknowledge payment of entry fee
- Receipt
- Record date and time of entry

Inland Haulage

- Take cargo to point of container inspection

Move cargo Customs area
2.7. Clear goods through customs

Inland Haulage

Customs

Retrieve declaration information

Cross check declaration information with handed in documents

Randomly selected

Inspect cargo

Randomly not selected

Misconduct found

Record a case to be filed

Misconduct not found

Record the quantity exported

Issue clearance order

Signed EXP Form

Unload goods at Designated area

Exportor or Representative

Submit copy of ‘C’ no. Acknowledgement Receipt with supporting documents

- CI
- EXP
- Pack List
- Insurance
- UD

Receive Shipping Bill and signed EXP Form
2.9. Prepare documents required by importer

- Prepare documents for importer
  - Commercial Invoice
  - Truck Challan
  - Packing list
  - Insurance Certificate

Verify submitted information
- Incorrect
- Correct

Issue and authenticate the certificate
- Certificate of Origin (CO)

Collect CO and SAPTA Certificate

Verify submitted information
- Incorrect
- Correct

Issue and authenticate the certificate
- SAPTA Combined Declaration and Certificate
Time-Procedure Chart from the Business Process Analysis of RMG Export from Bangladesh (by Land)

1. Buy - Conclude sales contract and trade terms
2. Import Raw Material
3. Prepare export documents
4. Arrange Inspection
5. Obtain cargo insurance for inland transportation
6. Provide customs declaration
7. Transport to port of departure
8. Clear goods through customs
9. Prepare documents required by importer
10. Pay - Claim payment of goods
Business Processes of Woven Garments Export from Bangladesh by Sea
1. Buy

Exporter or Representative

Quote price and term of trade

Proforma Invoice

Prepare the shipment of goods

Importer

Not acceptable

Cancel

Acceptable

Confirm the intent to purchase

Purchase Order/L/C
2.1. Import Raw Material (Fabrics)

- **Customs**
  - Issue Cargo Release Order

- **Chamber**
  - Issue UD

- **Supplier**
  - Send B/L to buyer

- **Exporter’s Bank**
  - Forward L/C to Supplier’s bank

- **Exporter or Representative**
  - Collect L/C and Open BB L/C
  - Collect B/L
  - Endorse B/L From Bank
  - Provide Customs Declaration
  - Receive Bill of Entry
  - Obtain ‘Utilisation Declaration’ (UD)
  - Receive UD
  - Submit documents For customs clearance
  - Transport Cargo to Factory Premise

- **Bill of Entry**
  - Issue Bill of Entry

- **BE**
  - **CI**
  - Insurance

- **Correct**
  - Verify documents

- **Incorrect**
2.2. Arrange Shipment/Space Booking

Carrier (Shipping Line) → Inland Haulage → Exporter or Representative

- Reserve cargo space and vessel
  - Booking Request
    - Acknowledge booking
      - Draft Bill of Lading
        - Incorrect
          - Schedule the pick-up and delivery of container
            - Booking Request
              - Acknowledge booking
                - Booking Confirmation
                  - Incorrect
                    - Acknowledge booking confirmation
                      - Correct
2.3. Prepare Export Document

Exporter or Representative

Request EXP Form from bank

Collect and complete EXP Form

Compile EXP and other documents

Exporters Bank

Receive request

EXP Form

Commercial invoice

EXP Form

Utilisation Declaration

Packing list

Insurance certificate

L/C
2.4. Arrange Inspection

**Exporter or Representative**
- Send request for inspection
- **Forwarding letter**
- **Proforma invoice**
- **Packing List**
- **Lab test report**

**Authorised Inspecting Agency**
- Receive documents
- **Visit factory**
- **Select samples for inspection**
- **Conduct inspection**
- **Rectify identified problems**
- Not approved
- **Approved**
- **Issue Inspection Certificate**
- **Inspection certificate**

**Receive inspection certificate**
2.5. Obtain Cargo Insurance for Inland Transportation

Exporter or Representative

Apply for cargo insurance

Cargo Insurance Application Form

Letter of Credit

Commercial Invoice

Packing List

Transport contract

Draft Bill of Lading

Insurance Company

Approve the insurance coverage

Issue Insurance Policy

Collect Insurance Policy

Insurance Policy

Arrange the payment of insurance premium

Receive the payment of insurance premium

Refuse

Accept
2.6. Provide Customs Declaration Online

- Exporter of Representative
  - Submit Bill of Entry Online
    - Commercial Invoice
    - Packaging list
    - EXP Form
    - GSP
    - Certificate of Origin
    - Insurance
    - UD
    - Acknowledge receipt of ‘C’ No.
    - Print a copy of Acknowledgement receipt

- Customs
  - Declare Reject
    - Verify submitted information
      - Incorrect
      - Correct
    - Issue declaration no. (‘C’ Number)

2.7. Transport to Port of Departure

Exporter or Representative

- Load goods on truck
- Transport to port
- Request port Entry
- Move cargo/container into depot

Port Authority/ Private Depot

- Record cargo/container information
- Acknowledge payment of entry fee
- Receipt
- Record date and time of entry

Inland Haulage

- Take cargo to point of container inspection
2.8. Clear goods through Customs

- Inland Haulage
  - Transfer container to point of inspection
  - Seal Container

- Customs
  - Retrieve declaration information
  - Cross check declaration information with handed in documents
  - Inspect cargo
  - Randomly selected
  - Randomly not selected
  - Misconduct found
    - Misconduct not found
      - Record a case to be filed
      - Record the quantity exported
      - Issue shipping bill
      - Shipping Bill

- Exporter or Representative
  - Submit copy of 'C' no.
  - Acknowledgement
  - Receipt with supporting documents
  - CI
  - EXP
  - Pack List
  - Insurance
  - UD

- Receive Shipping Bill and signed EXP Form
<table>
<thead>
<tr>
<th>Exporter or Representative</th>
<th>Customs</th>
<th>Carrier (Shipping Line)</th>
<th>Inland Haulage</th>
<th>Port Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive B/L</td>
<td></td>
<td></td>
<td>Transfer container to terminal</td>
<td>Stack container at terminal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coordinate container handling at terminal</td>
<td>Record date-time of when container is stacked</td>
<td>Coordinate a transfer of container to berth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prepare Container Loading List</td>
<td>Allocate required equipment</td>
<td>Transfer container to berth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Container Loading List</td>
<td></td>
<td>Stow container on vessel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Container List Message</td>
<td></td>
<td>Record a number of container stowed on vessel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coordinate a transfer of container to berth</td>
<td></td>
<td>Prepare Outward Container List</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manage stowing of container on vessel</td>
<td></td>
<td>Outward Container List</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prepare B/L</td>
<td></td>
<td>Determine service charge to be collected</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bill of Lading</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prepare Manifest</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manifest</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acknowledge and approve</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Release goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acknowledge cargo release</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acknowledge service charge to be paid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.9. Handle Container at Terminal and Stow on Vessel
2.10. Prepare Documents Required by Importer

Exporter or Representative

Prepare documents for importer

- Commercial Invoice
- Bill of Lading
- Packing list
- Insurance Certificate
- Application for Certificate of Origin

Chamber

- Verify submitted information
  - Incorrect
  - Correct

- Issue and authenticate the certificate

- Certificate of Origin (CO)

Export Promotion Bureau

- Verify submitted information
  - Incorrect
  - Correct

- Issue and authenticate the certificate

- Collect CO and SAPTA Certificate

- SAPTA Combined Declaration and Certificate
3. Pay

**Exporter or Representative**
- Arrive the fee payment
- Collect L/C
- Prepare documents required during importation as listed in L/C
- Request the payment of goods

**Exporter’s Bank**
- Call for the collection of L/C
- L/C (Letter of Credit)
- Verify submitted documents

**Importer’s Bank**
- Verify submitted information
- Approved
- Issue L/C
- Not Approved
- L/C
- Decline the request to make payment of goods

**Importer**
- Apply for L/C
- Proforma Invoice
- Application for L/C
- Receive the payment
- Transfer the payment
- Collect the payment
- Make the payment
- Collect documents required for import

**Documents**
- Commercial Invoice
- Packing List
- Insurance Policy
- Bill of Lading
- Certificate of Origin
- Other document required by L/C
- EXP Form

**Other**
- Notify the decline for the payment of goods
- Decline the request to make payment of goods
- Other documents required by L/C
- Request the payment of goods
- Receive the payment
- Transfer the payment
- Collect the payment
- Make the payment
- Collect documents required for import
1) Buy

2) Ship

2.1) Import raw Material (Fabrics)
2.2) Arrange shipment/space booking
2.3) Prepare export documents
2.4) Arrange inspection
2.5) Obtain cargo insurance for inland transportation
2.6) Provide customs declaration online
2.7) Transport to port of departure
2.8) Clear goods through customs
2.9) Handle container at terminal and stow on vessel
2.10) Prepare documents required by importer

3) Pay

Exporter or Representative

Exporter’s Bank
Importer’s Bank

Chamber
Port Authority/Private Depot
Inland Haulage
Customs
Exports Promotion Bureau
Career (Shipping Line)

Insurance Company
Inspecting Agency

Raw Supplier
Raw Material Supplier

Insuring Company

Importer

Export

Importer's Bank
Exporter's Bank
1. Buy - Conclude sales contract and trade terms
2. Import Raw Material
3. Arrange shipment/space booking
4. Prepare export documents
5. Arrange Inspection
6. Obtain cargo insurance for inland transportation
7. Provide customs declaration online
8. Transport to port of departure
9. Clear goods through customs
10. Handle container at terminal and stow on vessel
11. Prepare documents required by importer
12. Pay - Claim payment of goods
Business Processes of Shrimp Export from Bangladesh by Sea
1. Buy

Exporter or Representative

- Quote price and term of trade
- Proforma Invoice
- Prepare the shipment of goods

Importer

- Confirm the intent to purchase
- Purchase Order/L/C

Not acceptable: Cancel

Acceptable: Confirm the intent to purchase
2.1. Procure Raw Material from Local Supplier

- Exporter or Representative
  - Quote product, Quantity and price
  - Receive raw material
  - Request bank to pay supplier

- Local Supplier
  - Confirm intent to supply
  - Sign contract
  - Supply raw material To exporter

- Exporter’s Bank
  - Verify documents
  - Process Payment
  - Receive Payment

- Not acceptable
  - Cancel
  - Acceptable

- Sales Contract
- Supplier’s invoice
2.2. Arrange Shipment/Space Booking

- **Carrier (Shipping Line)**
  - Acknowledge booking
  - Booking Confirmation

- **Inland Haulage**
  - Booking Request
  - Reserve cargo space and vessel
  - Incorrect
  - Correct
  - Schedule the pick-up and delivery of container
  - Booking Request
  - Incorrect
  - Correct
  - Acknowledge booking confirmation

- **Exporter or Representative**
2.3. Have Products Sampled and Examined

- Exporter or Representative
  - Prepare product for inspection
  - Send request for inspection to FIQC, DoF
    - Forwarding letter
    - Proforma invoice
    - Packing List
    - Lab test report

- Department of Fisheries
  - Receive documents
  - Appoint Inspector
  - Visit factory
  - Assess QC facilities at the factory
    - Not satisfied
      - Satisfied
    - Collect samples for examination
      - Conduct Bacteria Test
      - Conduct Antibiotic Test
        - Failed
          - Passed
            - Issue Quality Certificate
              - Quality Certificate
2.4. Prepare Export Document

**Exporter or Representative**
- Request EXP Form from bank
- Collect and complete EXP Form
- Request Packer’s Certificate
- Commercial invoice
- EXP Form
- Packing list

**Exporter’s Bank**
- Receive request
- EXP Form

**Industry Association**
- Verify documents
- Incorrect
  - Correct
  - Issue Certificate
  - Packer’s Certificate

**Compilation of Documents**
- Receive Certificate
- Compile documents for customs
- Commercial invoice
- EXP Form
- Health Certificate
- Packing list
- Insurance certificate
- Packer’s certificate
- L/C
- Quality Certificate
2.5. Obtain Cargo Insurance for Inland Transportation

Exporter or Representative

Apply for cargo insurance

Cargo Insurance Application Form  L/C
Commercial Invoice  Packing List
Cargo Booking Confirmation

Insurance Company

Refuse

Accept

Approve the insurance coverage

Issue Insurance Policy

Collect Insurance Policy

Arrange the payment of insurance premium

Receive the payment of insurance premium
2.6. Provide Customs Declaration Online

Exporter of Representative

Submit Declaration Online

- Commercial invoice
- EXP Form
- Health Certificate
- Packing list
- Insurance certificate
- Packer’s certificate
- L/C
- Quality Certificate

Verify submitted information

- Incorrect
- Correct

Issue declaration no. (‘C’ Number)

Declaration Reject

Acknowledge receipt of ‘C’ No.

Print a copy of Acknowledgement receipt
2.7. Transport to Port of Departure

Exportor or Representative

- Load goods on truck
- Transport to port
- Request port Entry

Port Authority

- Record cargo information
- Acknowledge payment of entry fee
- Receipt
- Record date and time of entry

Inland Haulage

- Take cargo to Designated place
- Move cargo into port area
2.8. Clear Goods through Customs

Inland Haulage

- Transfer container to point of inspection

Customs

- Retrieve declaration information
- Cross check declaration information with handed in documents
- Randomly selected
- Inspect cargo
  - Misconduct not found
  - Misconduct found
    - Record a case to be filed

- Randomly not selected

- Misconduct found
  - Record the quantity exported

- Record the quantity exported
- Issue shipping bill
- Seal Container
- Receive Shipping Bill and signed EXP Form

Exporter or Representative

- Submit copy of ‘declaration with supporting documents
- Commercial invoice
- EXP Form
- Health Certificate
- Packing list
- Insurance certificate
- Packer’s certificate
- L/C
- Quality Certificate
2.9. Handle container at Terminal and stow on vessel

- **Receiver or Representative**: Receive B/L

- **Customs**
  - Prepare B/L
  - Bill of Lading
  - Prepare Manifest
  - Manifest
  - Correct
  - Acknowledge cargo release
  - Acknowledge service charge to be paid
  - Release goods

- **Carrier (Shipping Line)**
  - Coordinate container handling at terminal
  - Prepare Container Loading List
  - Container Loading List
  - Coordinate a transfer of container to berth
  - Container List Message

- **Inland Haulage**
  - Transfer container to terminal
  - Stack container at terminal
  - Record date-time of when container is stacked

- **Port Authority**
  - Coordinate transfer of container to berth
  - Allocate required equipment
  - Transfer container to berth
  - Stow container on vessel
  - Record a number of container stowed on vessel
  - Prepare Outward Container List
  - Outward Container List
  - Determine service charge to be collected
  - Incorrect
  - Accept
  - Acknowledge service charge to be paid
2.10. Prepare documents required by importer

- Exporter or Representative
  - Prepare documents for importer
    - Commercial Invoice
    - Bill of Lading
    - Packing list
    - Insurance Certificate
    - Application for Certificate of Origin
    - Application for GSP Certificate
  - Collect CO and GSP Certificate

- Chamber
  - Verify submitted information
    - Incorrect
    - Correct

- Export Promotion Bureau
  - Verify submitted information
    - Incorrect
    - Correct
  - Issue and authenticate the certificate
    - GSP Certificate
2) Ship

2.1) Procure Shrimp
2.2) Arrange shipment/space booking
2.3) Have products Sampled and examined
2.4) Prepare export documents
2.5) Obtain cargo insurance for inland transportation
2.6) Provide customs declaration online
2.7) Transport to port of departure
2.8) Clear goods through customs
2.9) Handle container at terminal and stow on vessel
2.10) Prepare documents required by importer

1) Buy

1.1) Procure Shrimp
1.2) Arrange shipment/space booking
1.3) Have products Sampled and examined
1.4) Prepare export documents
1.5) Obtain cargo insurance for inland transportation
1.6) Provide customs declaration online
1.7) Transport to port of departure
1.8) Clear goods through customs
1.9) Handle container at terminal and stow on vessel
1.10) Prepare documents required by importer

3) Pay

3.1) Pay Exporter or Representative
3.2) Pay Importer
3.3) Pay Importer's Bank
3.4) Pay Exporter's Bank
3.5) Pay Local Shrimp Supplier
3.6) Pay Department of Fisheries
3.7) Pay Inland Haulage
3.8) Pay Industry Association
3.9) Pay Customs
3.10) Pay Export Promotion Bureau
3.11) Pay Career (Shipping Line)
3.12) Pay Port Authority
3.13) Pay Chamber
1. Buy - Conclude sales contract and trade terms
2. Procure shrimp from local source
3. Arrange shipment/space booking
4. Have products sampled and examined
5. Prepare export documents
6. Obtain cargo insurance for inland transportation
7. Provide customs declaration online
8. Transport to port of departure
9. Clear goods through customs
10. Handle container at terminal and stow on vessel
11. Prepare documents required by importer
12. Pay - Claim payment of goods
Business Processes of Fabrics Import from India by Land
1. Buy

Exporter

- Quote price and terms of trade
- Proforma Invoice
- Prepare the shipment of goods

Importer or Representative

- Express intent to purchase
- Not acceptable
  - Cancel
  - Acceptable
  - Confirm the intent to purchase
  - Purchase Order/L/C
2.1. Collect and Endorse Documents for Import

**Importer or Representative**
- Receive documents
  - Sent by exporter
- Commercial invoice
- Truck Challan
- Packing List
- Other documents
- Insurance certificate
- Request IMP Form
- Collect Documents

**Importer’s Bank**
- Receive request
- Endorse Documents
- Provide IMP Form
- IMP Form
2.2. Prepare Other Import Documents

- Importer or Representative
  - Request ‘Utilisation Declaration’ (UD)
    - Commercial invoice
    - Truck Challan
    - Packing List
    - L/C
    - Insurance certificate
  - Collect UD

- Chamber
  - Receive request
  - Verify Documents
    - Incorrect
    - Correct
  - Issue UD
  - UD
2.3. Provide customs declaration

- Importer of Representative
  - Submit Bill of Entry At the DTI
    - Commercial Invoice
    - Packaging list
    - IMP Form
    - Insurance
    - UD
    - Other documents (if required)
    - Acknowledge receipt of ‘C’ No.
      - Print a copy of Acknowledgement receipt
- Customs
  - Declaration Reject
  - Verify submitted information
    - Incorrect
    - Correct
  - Issue declaration no. (‘C’ Number)
2.4. Clear goods through customs

Inland Haulage

Transfer container to point of inspection

Unload goods at Designated area

Customs

Retrieve declaration information

Cross check declaration information with handed in documents

Randomly selected

Inspect cargo

Randomly not selected

Misconduct not found

Misconduct found

Record a case to be filed

Record the quantity exported

Issue clearance order

Receive Release Order

Release Order

Importor or Representative

Submit copy of 'C' no. Acknowledgement Receipt with supporting documents

CI

Truck Challan

Packing List

Insurance

UD
2.5. Transport to Importer’s Premise

Importer or Representative

- Load goods on truck
- Request port Exit

Port Authority/ Private Depot

- Record cargo/container information
- Issue Exit Permit
- Exit Permit

- Move Truck to Point of Exit
- Record date and time Of exit

Inland Haulage

- Transport cargo to Importer’s premise
- Unload goods from Truck/container
Use Case: Import of Fabrics from India by Land

1) Buy
- Exporter
- Exporter’s Bank

3) Pay
- Importer or Representative
- Importer’s Bank

2) Transport
- Collect and endorse Documents for import
- Prepare other import documents
- Provide customs declaration online
- Clear goods through customs
- Transport to Importer’s premise

Related parties:
- Chamber
- Customs
- Inland Haulage
- Port Authority
Time-Procedure Chart from the Business Process Analysis of Cotton-Fabrics Import from India

1. Buy - Conclude sales contract and trade terms
2. Collect and endorse documents for import
3. Prepare other import documents
4. Provide customs declaration
5. Clear goods through customs
6. Transport to importer’s premise
7. Pay – Verify claim for payment
Business Processes of Sugar Import from Thailand
1. Buy

Exportor

Quote price and terms of trade

Proforma Invoice

Prepare the shipment of goods

Importer or Representative

Express intent to purchase

Not acceptable

Cancel

Acceptable

Confirm the intent to purchase

Purchase Order/L/C
2.1. Collect and Endorse Documents for Import

Importer or Representative

- Receive documents
  - Sent by exporter

- Commercial invoice
- B/L
- Insurance certificate
- Health Certificate
- Radiation Certificate

- Request IMP Form

Importers Bank

- Receive request
- Endorse Documents
- Provide IMP Form
  - IMP Form

Collect Documents
2.2. Provide customs declaration Online

- Submit Bill of Entry Online
  - Commercial Invoice
  - B/L
  - IMP Form
  - Insurance
  - Health Certificate
  - Radiation Certificate

- Verify submitted information
  - Incorrect
  - Correct

- Issue declaration no. (‘C’ Number)

- Declaration Reject

- Acknowledge receipt of ‘C’ No.
- Print a copy of Acknowledgement receipt

Importer of Representative

- Customs
2.3. Clear Goods through Customs

Customs

Retrieve declaration information

Cross check declaration information with handed in documents

Inspect cargo

Misconduct not found

Misconduct found

Record a case to be filed

Record the quantity imported

Issue clearance order

Release Order

Importer or Representative

Submit copy of "C" no. Acknowledgement Receipt with supporting documents

Commercial Invoice

B/L

Health Certificate

Insurance

Radiation Certificate

Receive Release Order
2.4. Transport Goods to Importer’s Premise

**Importer or Representative**
- Hand over cargo release Order to shipping agent

**Career/Shipping Agent**
- Retrieve Release Order
- Arrange unloading of goods From Mother Vessel (MV)
- Book Burge/Lighterage
- Request equipment to unload
- Load goods on Burge/Lighterage from MV
- Request port exit
- Delivery Order
- Commercial Invoice
- Receive Permit
- Transport goods to Importer’s premise

**Port Authority**
- Receive request
- Confirm Burge/Lighterage
- Allocate equipment
- Receive Request
- Record details
- Issue port Exit permit
- Exit Permit
Use Case: Import of Sugar from Thailand

1) Buy
   - Exporter
   - Exporter's Bank

2) Ship
   - Importer or Representative
   - 1) Collect and endorse Documents for import
   - 2) Provide customs declaration online
   - 3) Clear goods through customs
   - 4) Transfer goods To Importer's premise

3) Pay
   - Importer's Bank

Career (Shipping Agent)
Customs
Port Authority
Time-Procedure Chart from the Business Process Analysis of Sugar Import from Thailand

1. Buy - Conclude sales contract and trade terms
2. Collect and endorse documents for import
3. Provide customs declaration online
4. Clear goods through customs
5. Transport to importer’s premise
6. Pay – Verify claim for payment