Bangladesh Customs
TFA Implementation
National Experiences

MD MASUDUL KABIR
CUSTOMS ATTACHE
Outline

At a glance Bangladesh Customs
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At a Glance Bangladesh Customs

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Collection</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>32870.00</td>
<td>33244.92</td>
<td>2.89%</td>
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<tr>
<td>2014-15</td>
<td>37500.00</td>
<td>38333.37</td>
<td>15.31%</td>
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<tr>
<td>2015-16</td>
<td>42500.00</td>
<td>45199.01</td>
<td>17.91%</td>
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<tr>
<td>2016-17</td>
<td>55000.00</td>
<td>54281.87</td>
<td>20.10%</td>
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<tr>
<td>2017-18</td>
<td>64000.00</td>
<td>61817.88</td>
<td>13.88%</td>
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</table>
# Import Statistics:

<table>
<thead>
<tr>
<th>Year</th>
<th>No of Active LCS (Using ASYCUDA World)</th>
<th>Bill of Entry No</th>
<th>Value of Import In crore Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>41</td>
<td>30,46,644</td>
<td>6,66,157</td>
</tr>
<tr>
<td>2017</td>
<td>47</td>
<td>33,59,617</td>
<td>7,59,346</td>
</tr>
<tr>
<td>2018 (up to August)</td>
<td>50</td>
<td>25,49,663</td>
<td>6,03,697</td>
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</tbody>
</table>
World Trade Organization (WTO)

- World Trade Organization (WTO) is an intergovernmental organization that regulates international trade.

- WTO officially commenced on 1 January 1995, under the Marrakesh Agreement, signed by 124 nations on 15 April 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948.

- Binding commitments from Member Countries and apply for all.

- It’s mainly a member driven organization and enforce through dispute settlement.
Trade Facilitation Agreement (TFA)

• Trade Facilitation Agreement (TFA) was concluded at 9th WTO Ministerial Conference at Bali, Indonesia on December, 2013.

• For the TFA to come into force, acceptance by the two-third (110) of its 164 members is required.

• With the ratification by 112 countries, TFA was entered into force in 22 February, 2017.
Objectives & Goal of TFA

OBJECTIVES:
• Expedite movement, release & clearance of goods
• Improve co-operation between customs and stakeholders
• Enhance technical assistance and capacity building

GOAL: Fast, fair, predictable and transparent processing and clearance of imports and exports at lowest transaction cost to the trading community
Bangladesh and the TFA

• As a member of WTO and signatory of WTO TFA it became obligatory for Bangladesh to implement TFA provisions.
• Bangladesh has initiated Strategic Action Plan 2014-2017 for proper and timely implementation of the said provisions.
• During 2014-2017 WBG, ADB, USAID BTFA has provided technical support to implement TFA provisions.
• We have a remarkable achievement in TFA implementation till August 2018, but we have to complete the rest issues also.
• What Bangladesh Customs has achieved so far in WTO TFA, that will be discussed in the next slides.
Bangladesh and the TFA

• Bangladesh has ratified TFA on September, 2016

• Bangladesh is the 94th member of WTO and 24th member of LDC to ratify TFA

• There are 53 provisions/measures in TFA and those are divided into 3 categories (A, B, C)

- Category for Bangladesh:
  - A category: 21 provisions
  - B category: 19 provisions
  - C category: 13 provisions
WTO TFA: Articles and Sub-Articles

Category | Key Articles and Sub-articles
--- | ---
B (to be completed by 20 Feb 2020) | Publication, Notification, Consultation and Opportunity to comment, Appeal Procedure, Notification for Inspection, Test Procedure, Discipline on fees and charges and penalties, Electronic payment, Temporary Admission and Inward/Outward processing, Customs Cooperation
C (To Be Determined by member country) | Enquiry Points, Pre-Arrival Processing, Risk Management, PCA, AEO, Border Agency Cooperation, Formalities and Documentation Requirements, NSW, Freedom of Transit
# Benefits of TF Measures

<table>
<thead>
<tr>
<th>Measures</th>
<th>Benefits for Traders</th>
<th>Benefits for Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency + Fairness</td>
<td>• Predictability</td>
<td>• Better compliance</td>
</tr>
<tr>
<td></td>
<td>• Reduce time</td>
<td>• Better quality decisions</td>
</tr>
<tr>
<td></td>
<td>• Reduce cost</td>
<td></td>
</tr>
<tr>
<td>Good Governance</td>
<td>• Reduce costs</td>
<td>• Better compliance</td>
</tr>
<tr>
<td></td>
<td>• Reduce delays</td>
<td>• More effective government</td>
</tr>
<tr>
<td></td>
<td>• Reduce complexity</td>
<td>• More efficient government</td>
</tr>
<tr>
<td>Modernization</td>
<td>• Reduce clearance time</td>
<td>• Align with modern business practice</td>
</tr>
<tr>
<td></td>
<td>• Reduce clearance cost</td>
<td>• More effective &amp; efficient Govt.</td>
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Modernization Activities, Taken by Bangladesh Customs

- Authorized Economic Operator (AEO)
- Risk Management (RM)
- National Single Window (NSW)
- Advance Ruling (AR)
- Publishing Information (Website)
- National Enquiry Point (NEP)
- Post Clearance Audit (PCA)
- Release Time of goods
- PAP, API/PNR, Expedited Shipment
Authorized Economic Operator (AEO)

Why AEO?
• Simplified declaration
• Convenient clearance
• Fewer controls
• Priority Treatment
• Recognition
• Reward for compliant traders

Present Status:
• Customs Act has been amended to introduce AEO
• An SRO on AEO has been issued detailing methods
• Training events organized for NBR officers as well as business communities
• Three Pharmaceutical companies have already been selected for piloting
• USAID and ADB are working together for capacity building
Risk Management

Present Status:

- NBR has amended the Customs Act 1969 to introduce Risk Based Customs control.
- Central and Local RM Teams have been formed, office allocated and baseline study conducted to set impact target.
- NBR Working for establishing a full-fledged RM Directorate and Organogram, ToI&E drafted for this purpose.
- SRO/ Standing Order drafted for Auto Selectivity through RM.
- RM Software to be developed by WBG, RM Team will finalize it.
With implementation of National Single Window for trade in Bangladesh, 319,000 traders (exporters and importers) are expected to be benefitted in the 5th year of the operation of the solution. During the same year, the average processing time for import is expected to be reduced to 122 hours and average processing time for export is expected to be reduced to 88 hours.

**Present Status:**

- NBR (Bangladesh Customs) is the Lead agency.
- Bangladesh Regional Connectivity-1 project supported by the WBG is implementing NSW for trade.
- PIU for NSW has been formed, officers assigned, workplan developed and procurements initiated.
- NBR has signed Memorandum of Understanding with 39 Ministries and government agencies.
- Design specifications drafted in 2016 is being updated.
Advance Ruling (AR)

Why does it matter?

➢ For Trader:
  • Adds certainty & predictability to international trade.
  • Helps traders to make proper business decisions.

➢ For Customs:
  • Acquire advance knowledge on classification, origin etc.
  • Advance information on import and for risk management

Present Status:

• An Advance Ruling Unit already formed in NBR.
• An SRO issued detailing the procedures of AR.
• USAID BTFA worked with NBR to institutionalize AR.
• Already Issued 11(eleven) AR on Classification.
• All AR’s are preserved in the Customs website.
• Anyone can visit previous decisions of AR.
• Awareness seminar on AR conducted in Dhaka & Chattagram.
Customs Website

- The WTO-TFA emphasized on Publication of trade-related information, that is why, Bangladesh Customs introduced a comprehensive website on Customs matters.
- The website address is: [www.bangladeshcustoms.gov.bd](http://www.bangladeshcustoms.gov.bd)
- The website contains almost all customs related information.
- Repealed but Important SRO’s and Orders are available.
National Enquiry Point (NEP) for Customs

- NBR developed NEP mechanism where relevant day to day questions are archived as FAQ.
- Anyone can send a query to NEP visiting Bangladesh Customs Website.
- If the answers are not available in the FAQ, the enquirer may send question to NEP.
- NEP team of NBR will give answer of the query.
- Standing Order for formation and function of NEP team is waiting for final approval.
Post Clearance Audit

There are Two Types of Post Clearance Audit (PCA)-

- System Based PCA
- Transaction Based PCA
Post Clearance Audit

**Present Status:**

- ToT Manuals prepared by ADB and USAID both for Systems and Transaction based PCA.
- For Systems based PCA ADB has trained 40 Customs officials and 100 officials have been trained by USAID BTFA on Transaction based PCA.
- ADB and USAID BTFA worked on PCA implementation issues.
- A transaction-based PCA Manual is ready for publication.
- An office order for conducting PCA is ready to publish.
- Customs Valuation and Internal Audit Commissionerate is mainly responsible for customs audit.
- Local PCA Unit also formed in all Custom Houses/Stations.
1. NBR Conducted 4 Time Release Studies from 2014-2016 in Chattagram, Benapole, Dhaka, ICD Custom Houses with support from WBG.

2. National Workshop on TRS conducted in Chattagram in October 2017 with support from the WBG and WCO.

3. WBG is supporting in implementing priority reforms at these four Custom houses based on the validated findings of the TRS. These reforms are crucial to improve performance in Doing Business rankings.

4. NBR would expect all the custom houses and LC stations to conduct TRS regularly based on the data available in ASYCUDA World to get regular updates on customs clearance time.

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<tr>
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</thead>
<tbody>
<tr>
<td>Chattagram</td>
<td>11 d 09 h 45 m (2014)</td>
<td>8-9 days</td>
<td>04 d 22 h 38 m (2014)</td>
<td>2-3 days</td>
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<tr>
<td>Benapole</td>
<td>05 d 18 h 24 m (2014)</td>
<td>5-6 days</td>
<td>04 d 05 h 26 m (2014)</td>
<td>2-3 days</td>
</tr>
<tr>
<td>DCH</td>
<td>04 d 10 h 36 m (2016)</td>
<td>6-7 days</td>
<td>04 d 01 h 54 m (2016)</td>
<td>2-3 days</td>
</tr>
<tr>
<td>Dhaka ICD</td>
<td>06 d 16 h 32 m (2016)</td>
<td>6-7 days</td>
<td>04 d 02 h 52 m (2016)</td>
<td>3-4 days</td>
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</table>
PAP, API/PNR & Expedited Shipment

• Several meetings held on Pre Arrival Processing (PAP), Advance Passenger Information(API/PNR) and Expedited Shipment issues.

• To address the above issues amendment of Customs Act is necessary.

• USAID BTFA has already prepared and submitted the amendment proposal of the Customs Act to address PAP and API/PNR issues.

• API/PNR issues will be addressed by the Civil Aviation Authority and they will be the custodian. A committee is working on it.

• Customs will have access to API/PNR system and be able to generate data from the system.

• A committee has been working on Expedited Shipment and submitted their report last week. The issue is now under active consideration.
Proposed New Customs Act

• Competent to ensure compliance with RKC, WTO TFA and SAFE FoS
• Legal Vetting has been completed addressing all the unresolved issues (except for one)
• Will be placed before the cabinet for final approval and after that at the Parliament for enactment.
• Proposed new Customs Act was drafted with support from WBG, ADB and USAID since 2013.
• Latest English version of the proposed Customs Act has been drafted by the WBG, and shall be open for stakeholder consultation.
Strategic Action Plan for Bangladesh Customs 2018-2021
<table>
<thead>
<tr>
<th>Program Area</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Program Area- 1</td>
<td>Strategic Planning and Management</td>
</tr>
<tr>
<td>Key Program Area- 2</td>
<td>Modernization and Reform</td>
</tr>
<tr>
<td>Key Program Area- 3</td>
<td>Human Resource Management &amp; Training</td>
</tr>
<tr>
<td>Key Program Area- 4</td>
<td>Infrastructure Development</td>
</tr>
<tr>
<td>Key Program Area- 5</td>
<td>Legislation, Policy and Procedures</td>
</tr>
<tr>
<td>Key Program Area- 6</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>Key Program Area- 7</td>
<td>External Communication and Partnerships</td>
</tr>
<tr>
<td>Key Program Area- 8</td>
<td>Governance and Integrity</td>
</tr>
<tr>
<td>Key Program Area-9</td>
<td>Trade Facilitation</td>
</tr>
<tr>
<td>Key Program Area-10</td>
<td>Revenue Collection</td>
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Why New Action Plan?

• NBR needs to review the existing action plan of 2014-2017.
• Globally innovation in Customs is being introduced every year.
• Alignment to RKC, TFA and SAFE Framework of Standards would require us to ramp up modernization initiatives.
• Increased volume of trade with limited resources demand modern policies, procedures, infrastructure and logistics to facilitate trade.
• Sustainability of modernization initiatives has become a key concern.
• Nothing is permanent except Change. So reform initiatives become priority to make any change in any system.
• The size of the department as well as the Economy has expanded, so we need to redesign our action plan or procedure.
To overcome the trade facilitation challenges, have we set the right vision?

Do we have the right mission?

Do we have a strategy?

Do we need to revisit our values?

Have we set the right vision?

The Action Plan has 10 program areas. Have we covered everything or do we need more?

Are the activities under each program area specific enough?

Are we missing anything?

Do we know what do we need to achieve them?

Do we have the right resources in place?

Do we have the right mindset?

Are the program areas sufficient?

What are our priorities for this period?

Have we ensured right policies, required process change, necessary human resources and organogram, infrastructure and logistics?

Do we need external support?

What is our storyline?

What will be the impacts? Can we measure?