



Business Process Analyses of Export of Jute Hessian Bags and Import of Wheat in Bangladesh

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The Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and Southeast Asia (SATNET Asia) aims to support innovation by strengthening South–South dialogue and intraregional learning on sustainable agriculture technologies and trade

The Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and Southeast Asia (SATNET Asia) aims to support innovation by strengthening South–South dialogue and intraregional learning on sustainable agriculture technologies and trade facilitation. Funded by the European Union, SATNET facilitates knowledge transfer through the development of a portfolio of best practices on sustainable agriculture, trade facilitation and innovative knowledge sharing. Based on this documented knowledge, it delivers a range of capacity-building programmes to network participants.

SATNET Asia is implemented by the Centre for Alleviation of Poverty through Sustainable Agriculture (CAPSA) in collaboration with the AVRDC – The World vegetable Centre, the Asia Pacific Centre for the Transfer of Technology (APCTT), the Food Security Centre of the University of Hohenheim and the Trade and Investment Division of UNESCAP.

This study has been conducted as part of the initial diagnostic studies for trade facilitation in the target project countries in South and Southeast Asia. The objective of this study was to mainly identify constraints and recommend a few relevant measures with regard to export or import processes of selected agricultural or food products.

Business Process Analysis: Export of Jute Hessian Bags and Import of Wheat in Bangladesh

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1. Introduction

The external sector significantly contributes to the growth performance of Bangladesh. Trade liberalization process since early 1990s has markedly increased the openness of the economy; it now stands at more than 50 percent. However, lack of diversification in terms of products and markets is a major weakness of Bangladesh's trade regime. Diversification of products and trade partners requires simplified process of trade. The less the formalities associated with trade, the more rapidly the trade will expand given that trading country improves efficiency through trade facilitation measures, which will in turn reduce costs. As geographical distance is an important issue in trade expansion, many countries now concentrate on expanding trade with their neighboring countries. Such trade often takes place through land borders. Bangladesh is no exception to this as the country is striving to expand trade with the other members of South Asian Free Trade Area (SAFTA) countries. Even though geographical proximity may increase bilateral trade, complexities in terms of documents required, inspection needed, and Customs procedures obliged may jeopardize such potential. In order for Bangladesh to facilitate trade with the neighboring countries, it is important to remove these impediments as much as possible. To that end, a detailed business process analysis (BPA) is necessary. Even though some segments of the business processes are common across products and across imports and exports, other segments of the processes differ across traded goods. Thus, separate analyses are required for different products. This study aims to delineate the business processes of trade of Bangladesh with India for export through land border and import of commodities through seaport. In both the cases, the analyses will cover product-specific business processes, examining all commercial, transports, regulatory, and financial procedures to identify key areas of limitations for expanding trade and ways to minimize them even if complete elimination is not feasible.

2. Methodology

The study carried out trade process mapping for one export product (jute hessian bag) and one import product (wheat) of Bangladesh with India. Thus, business processes of two products were analyzed to examine the steps, actors, documents, time, and costs involved in the overall transaction procedures. The main objective of the analysis is to identify areas in which improvements can be made to facilitate trade following the UNNExT,

UNESCAP and UNECE (2012).¹ Necessary information for the analyses have been collected through face-to-face interviews, and telephonic and e-mail communications with the relevant stakeholders, including entrepreneurs, clearing and forwarding (C&F) agents, and members of various business associations.

3. Foreign Trade of Bangladesh

Trade liberalization measures that Bangladesh initiated during 1980s marked a shift from import substituting industrialization strategy of 1970s to an export-led industrialization one. Because of various trade liberalization measures,² the Bangladesh economy has become more integrated into the world economy. From mere 17 percent in FY-91³, the trade openness⁴ of Bangladesh has increased to more than 30 percent during the first half of the last decade and further increased to more than 40 percent during the second half; the trade openness stood at 48.23 percent during FY-12.

While both imports and export of Bangladesh grew at 2-digit level during the first half of the last decade with negative growth experienced in FY-02, growth of imports surpassed that of exports in most of the time (Table 1). The resilience of the external economy is evident in that growth of both imports and exports maintained at 2-digit levels during the beginning of the global financial crisis. Growth rates of export and import were 5.47 and 4.11 percent respectively in FY-10 compared to the respective performance in the previous fiscal year. However, during the end of the crisis the rates increased to an unusual extent at more than 40 percent in FY-11 and appear to be stabilized at less than 10 percent in FY-12.

Bangladesh's export earnings rose from US\$ 6,467 million in FY-01 to about US\$ 8,655 by the end of the first half. Since then the export earnings surpassed the US\$ 10 billion mark and in FY-12 Bangladesh's export earning was US \$ 24,302 million. In contrast, import payments surpassed US\$ 10 billion mark during the middle of the first half of the decade and in FY-12 import payments stood at US\$ 32,464 million. Thus, trade deficit in that fiscal year was US\$ 8,162 million. Export comprises 20.65 percent of GDP while share of import is 27.58 percent. The higher share of imports than exports results in trade deficit. Exports accounted for 75 percent of imports in FY-12. Since FY-10, the trade deficit appears

¹ UNNExT, UNESCAP and UNECE (2012): Business Process Analysis Guide to Simplify Trade Procedures:

² Such as liberalization of tariff, exchange rate, privatization of industries, simplification of Customs procedures, etc.

³ The fiscal year in Bangladesh begins on 01 July and ends on 30 June.

⁴ Trade openness is measured as sum of the absolute values of import and export expressed as percentages of GDP.

to be rising; while it comprised 5.20 percent of GDP in FY-10 it increased to 6.93 percent in FY-12.

Table 1: Bangladesh's Foreign Trade

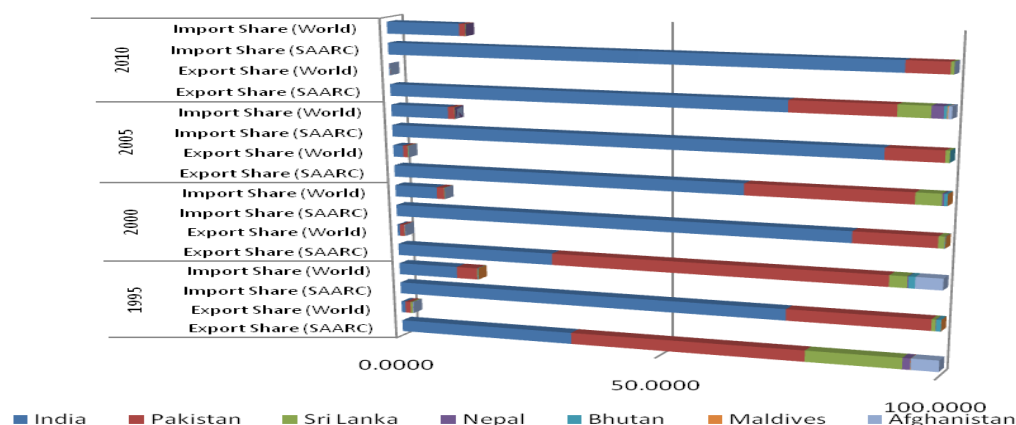
(in million US \$ and %)

Items	FY-01	FY-02	FY-03	FY-04	FY-05	FY-06	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12
Total Trade (Export +Import)	15802	14526	16206	18506	21802	25272	29335	35740	38072	37563.07	52971.36	56765.89
Growth in total trade (%)		-8.07	89.77	14.19	17.81	15.92	16.08	21.83	6.52	4.91	41.02	7.16
Imports	9335	8540	9658	10903	13147	14746	17157	21629	22507	21391.01	30043.14	32463.99
Growth in imports (%)	11.5	-8.5	13.1	12.9	20.6	12.2	16.4	26.1	4.1	5.47	40.45	8.06
Exports	6467	5986	6548	7603	8655	10526	12178	14111	15565	16172.06	22928.22	24301.90
Growth in export (%)	12.43	-7.44	9.39	16.1	13.83	21.63	15.69	15.87	10.31	4.11	41.78	5.99
Export as a percentage of Import	69.28	70.09	67.80	69.73	65.83	71.38	70.98	65.24	69.16	68.27	76.32	74.86
Trade deficit	-2868	-2554	-3110	-3300	-4492	-4220	-4979	-7518	-6942.00	-5218.95	-7114.92	-8162.09
GDP in current price	46989.21	47567.06	51913.64	56497.55	60382.22	61975.53	68443.82	79563.39	89358.91	100364.27	111943.23	117702.01
Share of Total Trade in GDP (%)	33.63	30.54	31.22	32.76	36.11	40.78	42.86	44.92	42.61	37.43	47.32	48.23
Share of Import in GDP (%)	19.87	17.95	18.60	19.30	21.77	23.79	25.07	27.18	25.19	21.31	26.84	27.58
Share of Export in GDP (%)	13.76	12.58	12.61	13.46	14.33	16.98	17.79	17.74	17.42	16.11	20.48	20.65
Share of Trade deficit in GDP (%)	6.10	5.37	5.99	5.84	7.44	6.81	7.27	9.45	7.77	5.20	6.36	6.93

Sources: Export Promotion Bureau (*Monthly Export Statistics*) and Bangladesh Bank (*Monthly Economic Trends*).

Bangladesh mainly exports readymade garment products (both woven and knitted garments), which comprises 75 percent of the country's total exports. Bangladesh's import mainly includes various machineries, industrial raw materials, petroleum products, consumer goods etc. European Union and the USA are the two main export destinations of Bangladesh while the imports are mainly sourced from China, India, Japan, Korea, Singapore and Malaysia. Though member countries of South Asian Association for Regional Cooperation (SAARC) except India are not important trading partners of Bangladesh, trade relationship with them is rising.

Figure 1: Share of SAARC Countries in Exports and Imports of Bangladesh



Source: Authors' calculation on the basis of data from COMTRADE Database.

3.1. Bangladesh's Trade Relations with India

Bangladesh's export earnings from India increased from less than US\$ 100 million during the first half of the last decade to around US\$ 400-500 million by the turn of the decade. Consequently, it accounted for about 1 percent of Bangladesh's total export during the first half of last decade, increased to around 2 percent by the turn of the decade and remained so in recent years (Table 2). In contrast, Bangladesh's imports from India increased from around US\$ 1 billion during the first half of the last decade to around US\$ 3-4 billion by the turn of the decade. In other words, share of India in Bangladesh's total imports hovered around 12-15 percent during the period. Bangladesh mainly exports fish, dairy products, plants, flowers, ready-made garments, etc. to India and imports vegetable products, animal based products, chemical products, textiles, mineral products, machineries, etc. from India. Among the South Asian countries, India is the main trading partner of Bangladesh. Except for 25 products (at 6-digit level) Bangladesh's export items have received duty free entry into Indian market since January 2012. Most importantly, ready-made garment, the main export item of Bangladesh, has also received this duty free facility. It is expected that greater market access of Bangladeshi products will increase exports to India and will reduce the trade gap between the two countries that has secularly increased from US\$ 1 billion since the turn of the century.

Table 2: Bangladesh's Trade with India

(in million US \$ and %)

Sources: Export Promotion Bureau (*Monthly Export Statistics*) and Bangladesh Bank (*Monthly*

Items	FY-01	FY-02	FY-03	FY-04	FY-05	FY-06	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12
Total import from India									2843	3206	4562	
Total import of Bangladesh	1164	1012	1355	1598	2009	1851	2227	3384	22507	23738	33658	
Share of India in total import of Bangladesh (%)	9335	8540	9658	10903	13147	14746	17157	21629	12.63	13.50	13.55	
Total export to India	12.46	11.85	14.03	14.66	15.28	12.55	12.98	15.65		304.6	512.5	498.4
Total export from Bangladesh	63.4	50.2	83.6	89.3	143.7	242.2	289	359.2	277.2	16205.00	22928.22	24301.90
Share of India in total export from Bangladesh (%)	6467	5986	6548	7603	8655	10526	12178	14111	15565			
Balance of trade with India	0.98	0.84	1.28	1.17	1.66	2.30	2.37	2.55	1.78	1.88	2.24	2.05
	-1100	-962	-1271	-1509	-1865	-1609	-1938	-3025	-2566	-2901	-4050	

Economic Trends).

3.1.1 Export of Jute Hessian Bags to India

Hessian jute bags, also popularly known as gunny bags, made of the 'golden fiber' of Bangladesh are the most environment-friendly products used as sacks to ship goods. It is breathable and thus resists condensation and associated spoilage of the contents. It is also durable enough to withstand rough handling in transit. Advantages of jute goods include desirable insulating and antistatic properties, as well as having low thermal conductivity and

moderate moisture regain. Other advantages of jute bags include acoustic insulating properties and manufacture with no skin irritations.

Bangladesh exported US\$ 20-30 million worth of jute hessian bags to India during second half of the last decade. However, the export earnings doubled to around US\$ 60 million during each of the last three fiscal years (Table 3). While Jute hessian bags accounted for around 6 percent of total export of Bangladesh to India in middle of the second half of the last decade it increased to around 12 percent in recent years. In FY-12 Bangladesh exported US\$ 61.6 million worth of jute hessian bags to India. The export shows rising trend overtime: more than one third of total export of jute hessian bags from Bangladesh is destined to India in recent years.

Table 3: Export of Jute Hessian Bags to India

(in million US \$ and %)

Items	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12
Export of jute hessian bags to India	19.71	20.18	32.88	59.7	60.1	61.6
Total export to India	289	359.2	277.2	304.6	512.5	498.4
Jute hessian bags export as % of total export (%)	6.8	5.6	11.9	19.6	11.7	12.4
Export of jute hessian bags to the world	72.22	87.15	103.93	119.9	167.5	185.3
Share of India in total jute hessian bags export from Bangladesh (in %)	27.28	23.16	31.63	49.82	35.87	33.27

Source: Bangladesh Export Promotion Bureau (*Product-wise Export Data*)

3.1.2 Import of Wheat from India

Though only 0.002 percent of Bangladesh's total wheat import originates from India, it is an important import source for Bangladesh due *inter alia* to geographic proximity. This is because Bangladesh depends mainly on imports to meet demand for wheat and India plays a crucial role in case of soaring prices of wheat flour during crisis. Import value of wheat from India was US\$ 0.02 million in FY-11, which was 0.0004 percent of Bangladesh's total import from India (Table 4).

Table 4: Import of Wheat from India

(in million US \$ and %)

Items	FY-09	FY-10	FY-11
Import of Wheat from India	0.02	0.01	0.02
Total import from India	2843.13	3205.55	4562.05
Wheat import as % of total import from India (%)	0.0008	0.0003	0.0004
Import of wheat from the world	643	761	1081
Share of India in total Wheat import of Bangladesh (%)	0.003	0.001	0.002

Source: Bangladesh Bank (*Balance of Payment Report*)

It is expected that India will remain an important trading partner of Bangladesh and the trade relationship will increase further if various non-tariff barriers prevailing between these two countries could be abolished or at least minimized.

4. An Overview of Export and Import Processes in Bangladesh

Bangladesh has undertaken various trade facilitation measures over the past decades in order to simplify the import clearance and export procedures by reducing the number of signatures needed for clearance of consignments and the frequency of inspection of the goods traded. While 25 signatures were required for clearance of import and export consignments in 1999, it was reduced to only five signatures since 2002. While all consignments were physically inspected until 2001, Customs officials physically inspect only 10 percent of the import consignments since 2002. The Customs processes have been further simplified with the introduction of automation in Customs procedures, particularly the Automated System for Customs Data (ASYCUDA++) and the ASYCUDA World. As a result, the average processing time for clearance of goods through Customs has been reduced for exports and imports.

According to the World Bank Doing Business reports (2005, 2008, 2012), Bangladesh has been successful in reducing the total time required for completing an export process from 35 days in 2005 to 25 days in 2008. However, according to the same report of 2012, there has not been any improvement since then in the time required for completing the export process. For imports, time required completing the process reduced from 57 days in 2005 to 29 days in 2008, but it has risen to 34 days again in 2012. Most part of the time span is spent for preparing the required documents for both exports and imports. The number of documents required for completing an import process has also been reduced from 12 in 2005 to 8 at present. Table 5 presents a list of documents generally required in Bangladesh for export and import of commodities.

Table 5: Documents Required for Export and Import in Bangladesh

Documents Needed for	
Export	Import
Bill of Lading	Bill of Lading
Certificate of Origin	Cargo Release Order
Commercial Invoice	Certificate of Origin
Customs Export Declaration	Commercial Invoice
Packing List	Customs Import Declaration
Pre-shipment Inspection (clean report of findings)	Packing List
	Technical Standard/Health Certificate
	Terminal Handling Receipts

Source: World Bank Doing Business Report, 2012

Almost all of the exporters and importers perform the procedures involved in Customs clearance through C&F agents as the latter group is experienced in the various Customs procedures and can deal with all the formalities with efficiency. Specially, for the new entrants in export or import, there is hardly any alternative but to depend on the C&F agents.

In addition to the general documents listed above, some specific documents may be needed for specific products. These include the Certificate of the Generalized System of Preferences (GSP), the Health Certificate and the Utilization Declaration (UD). Usually export or import of commodities involves the following parties or institutions – the exporter, the importer, relevant banks of exporter and importer, Customs, and C&F agents. Nevertheless, depending on the product concerned some other authorities may get involved in the process. Some of the important ones include Bangladesh Bank (BB), Bangladesh Export Processing Zones Authority (BEPZA), Bangladesh Finished Leather and Leather Goods and Footwear Exporters Association, Bangladesh Frozen Food Exporters Association (BFFEA), Bangladesh Garment Manufacturers and Exporters' Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters' Association (BKMEA), 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 Footwear Manufacturers and Exporters Association of Bangladesh, various Chambers of Commerce and Industry, Bangladesh Association of Software and Information Services (BASIS), Bangladesh Aushad Shilpa Samity, Ministry of Commerce, Office of the Chief Controller of Imports and Exports, Sadharan Bima Corporation, and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Table 6: Logistic Performance Index Ranking of South Asian Countries

Economy	2010 LPI		2007 LPI	
	LPI Rank	LPI Score	LPI Rank	LPI Score
India	47	3.12	39	3.07
Bangladesh	79	2.74	87	2.47
Pakistan	110	2.53	68	2.62
Sri Lanka	137	2.29	92	2.40
Bhutan	128	2.38	128	2.16
Nepal	147	2.20	130	2.14
Maldives	125	2.40	n/a	n/a
Afghanistan	143	2.24	150	1.21

Source: LPI Report of the World Bank, 2007 and 2010

Logistic Performance Index (LPI) is an in-depth cross-country assessment of the logistic gap among countries conducted by World Bank. For “2010 Logistic Performance Index” developed by World Bank, Bangladesh was ranked 79 out of 155 countries. Table

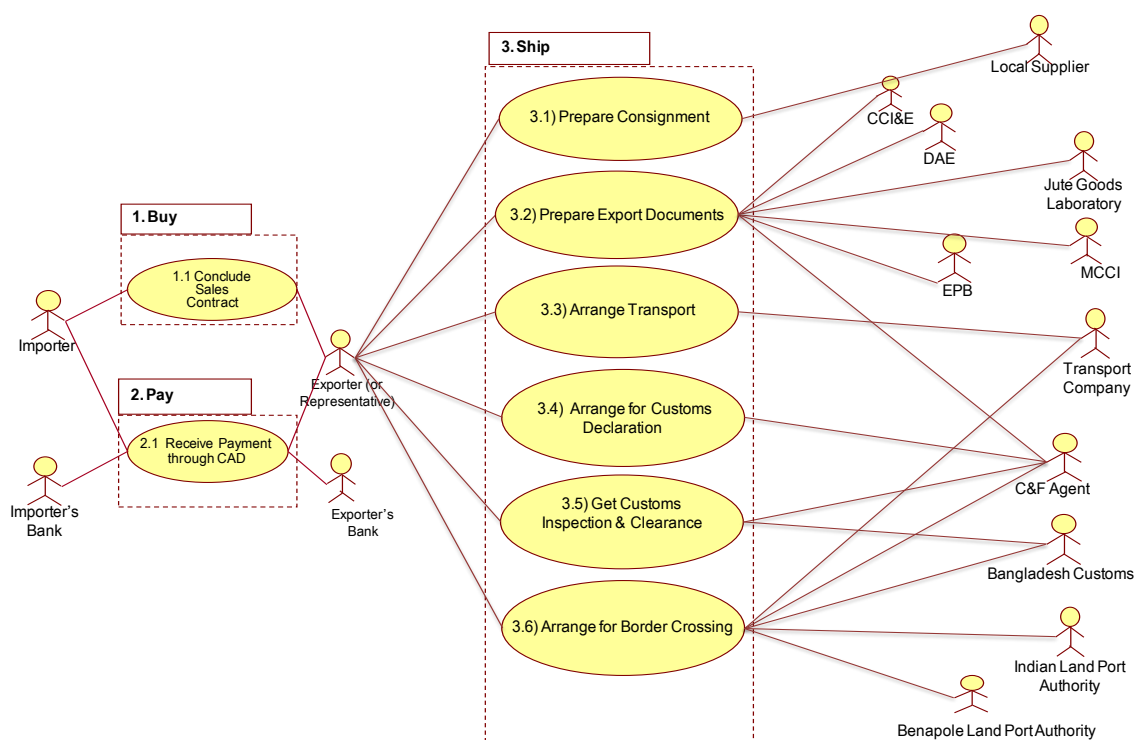
6compares LPI of South Asian countries between 2007 and 2010. It shows lower ranking for Bangladesh compared with India. It is noticeable that Bangladesh has managed to make some visible improvements in its rankings in LPI 2010 (79) compared to LPI 2007 (87). Bangladesh has emerged as an over performing country by improving efficiency of trading goods around the world, according to World Bank's LPI 2010.

With this overview on the general procedures of export and import, the following sections will discuss the business process of export of jute hessian bags and import of wheat to and from India.

5. Export Process of Jute Hessian Bags to India

It has been noted above that 33.27 percent export of Bangladesh's jute hessian bag is destined to India mainly through the Benapole Land Port. The following BPA presents export of jute hessian bags by truck through this route. The BPA diagrams of the export process of jute hessian bags from Bangladesh are presented in Figure 2 and Annex A. This analysis is based on information provided by a number of exporters and their business agents. Some of the exporters covered in this study are the producers-cum exporters of jute hessian bags while others collect these bags from local producers and exports to India. The following steps constitute the whole process of export of jute hessian bags from Bangladesh to India based on a full truckload of shipment:

Figure 2: Use Case: Export of Jute from Bangladesh



5.1. The Buy Processes

5.1.1. Conclude Sales Contract (See Process 1.1 in Annex A)

The process of concluding the sales contract starts with the fact that exporter has a list of Indian importers of jute bags. Indian importers usually visit websites of Bangladeshi jute traders (if available) or contact the Bangladeshi trade agencies to gather initial information about the capability of the relevant exporters. Meanwhile the exporter collects information regarding price of raw jute from the local market and costs of other materials for processing jute bags for shipment. As Bangladesh, as an exporter of jute goods, is well known to India, orders are directly placed by the Indian importers. In the process both the parties correspond through telephone or exchange of e-mails. In some cases fax or courier services are also used. Eventually, the exporter prepares a proforma invoice to inform potential importers about price and sales terms. Importer reviews the quotation and determines if the quoted price and sales terms are acceptable. If the quoted price and sales terms are not acceptable, importer negotiates with the exporter. If importer finds the quoted price and sales terms to be acceptable, he confirms the purchase of goods with a purchase order. Exporter acknowledges the receipt of the purchase order and sends the sales contract, in which the exporter confirms that the jute bags will be delivered according to established conditions and terms. In this process usually 2 to 3 rounds of email communication are required to mainly determining the price quote of intended import quantity.

5.2. The Pay Processes

5.2.1. Receive Payment through CAD (See Process 2.1 in Annex A)

After receiving the documents (proforma Invoice and sales contract) through international courier service the importer arranges payment through 'cash against document' (CAD) of the whole consignment value that has been agreed upon on the sales contract with his bank. The importer submits various papers to its bank to open a CAD account. He also deposits the full payment amount in the bank. The importer's bank issues the CAD, i.e. makes payment to exporter's bank. Exporter's bank receives the details of the payment via SWIFT code. The importer sends a hard copy of the CAD along with duly signed sales contract to the exporter through courier service. After receiving the hard copy of the CAD, the exporter initiates the collection of CAD money by submitting hard copy of the CAD, proforma invoice and sales contract to his bank. Exporter's bank verifies the documents against the information received earlier from the importer's bank. If any inconsistency is identified between the two sets of information, exporter's bank declines to make the payment

to the exporter. If satisfied, the bank fills up the export collection form and sends it to the importer's bank and transfers the amount to the exporter's account. Thus, the exporter receives the advance payment and starts processing the shipment of goods.

5.3. Ship Processes

5.3.1. Prepare Consignment (See Process 3.1 in Annex A)

After receiving the signed sales contract, the exporter passes it to his factory manager. The factory manager checks whether there is sufficient stocks in the warehouse or new production/procurement is needed. If sufficient stocks are available the factory manager starts the process for the consignment. If stocks are not sufficient, the manager issues requisition slip for collecting raw materials to make jute bags from various local markets and traders, sometimes from regional big suppliers. The order may be placed over phone. Sometimes his representative physically inspects the quality of the raw jute and places the order. The supplier bears the cost of transportation and delivers the raw jute into exporter's business premises. Usually within 2 to 4 days exporters arrange the quantity of raw materials for processing into jute bags. Besides, exporter needs to collect chemicals from the local market to use for preservation of the jute bags in the shipment process. After collection of all raw materials the jute bags are processed and the consignment is prepared for shipment.

5.3.2. Prepare Export Documents (See Process 3.2 in Annex A)

Different types of export documents are required before moving the consignment towards the Land Port. These documents are collected from different sources. The process of collecting different export documents is described below.

Obtain Export Registration Certificate

The exporter collects prescribed application form from the office of the Chief Controller of Imports & Exports (CCI&E), duly fills it up and attaches the following documents- trade license, membership documents of business chamber and original *chalan* copy of registration fee. After attaching all necessary documents, the exporter submits the application form to the office of CCI&E for approval. The office of the CCI&E verifies all documents and decides whether to issue the certificate or not. If satisfied with the documents, the CCI&E issues the Export Registration Certificate (ERC) to the exporter. This process takes approximately 10-12 days. For exporters, this is a one-time procedure before starting the first export transaction.

Obtain SAPTA Certificate

After obtaining the ERC, the exporter processes documents to obtain SAPTA⁵ certificate. The documents required to obtain the SAPTA certificate include undertaking letter, association membership letter, proforma invoice, packing list, ERC, copy of CAD, and original copy of *chalan* fee. After attaching all these necessary documents, the exporter submits the application form to the Export Promotion Bureau (EPB). The office of the EPB verifies all documents and decides whether to issue SAPTA certificate or not. If submitted documents meet the requirements, EPB issues the SAPTA certificate.

Obtain Certificate of Origin

This process also starts after receiving the ERC. Thus, this process may start simultaneously with the process of obtaining SAPTA certificate. The Certificate of Origin (COO) is issued by the Metropolitan Chamber of Commerce and Industries (MCCI) of Bangladesh. To obtain COO, several documents need to be submitted including association membership letter, proforma invoice, packing list, ERC and copy of CAD. After attaching all necessary documents, the exporter deposits required fees. The MCCI verifies all documents and if satisfied issues the COO.

Conduct Laboratory Test of the Consignment

To test the level of oil content in the jute bags, laboratory test is required. This test is done by Bangladesh Jute Goods Laboratory (BJGL). This process may also start after obtaining the ERC. Therefore, the exporter can proceed with this process simultaneously with the processes of obtaining SAPTA certificate and the COO.

The exporter applies for oil content test of the consignment with a request letter to the BJGL. Together with the application, the exporter sends sample of the product. The BJGL processes the application and a schedule for testing is arranged. The BJGL conducts the testing according to schedule. The test results report the oil content of the consignment. An oil content certificate is then issued to the exporter.

Obtain Phytosanitary Certificate

The process of obtaining phytosanitary certificate may start after obtaining COO and the oil content certificate. The phytosanitary certificate is issued by Department of Agricultural Extension (DAE). The exporter submits several documents to DAE to obtain the phytosanitary certificate. These documents include proforma invoice, packing list, oil content certificate, and the COO. The exporter sends these documents and samples of the product to his C&F agent to work on his behalf. The C&F agent deposits tax and submits application

⁵ SAARC Preferential Trading Arrangement (SAPTA)

for phytosanitary testing. The DAE Authority processes the application of the exporter and a schedule for testing is arranged. The DAE performs the testing according to schedule and if satisfied with the test report, issues the phytosanitary certificate to the exporter. If the test result is not satisfactory, the DAE refuses to issue the certificate and the exporter is asked to resolve the problem before submitting application again.

5.3.3. Arrange Transport (See Process 3.3 in Annex A)

The exporter usually hires an inland truck company for transporting the shipment to Benapole Land Port. For delivering the hessian bags to the Port of departure usually a local 5 to 7 tones truck is hired. The exporters and the truck agency usually make an agreement on the official pad of the trucking company. A copy of the invoice is given to the exporter to include it with the other export documents. The transport company sends trucks to the factory premises to load the consignment. The shipment is not insured, as it is not mandatory for the importers or required by Customs. The consignment is then transported to the Benapole Land Port. A representative of the exporter usually escorts the consignment during the transit process. After reaching Benapole Land Port, the transporter contacts exporter nominated C&F agent.

5.3.4. Arrange for Customs Declaration (See Process 3.4 in Annex A)

The pre-contracted C&F agent usually completes the Customs declaration process. Exporter prepares documents for Customs declaration. These documents include COO, invoice of transportation, copy of sales contract, packing list. The C&F agent fills up export/bill of entry form, after collecting the form from the Customs Authority. The C&F agent receives one set of the above documents prepared by the exporter. Another set of the documents is kept by the exporter, which is submitted later to the Customs Authority after C&F agent receives the *chalan* copy. The C&F agent deposits VAT and 10% global tax on source with the Land Port branch of Sonali Bank (national commercial bank). After this, the C&F agent receives a *chalan* copy. The C&F agent then collects another set of the above-mentioned documents from the exporter and submits those along with the Bill of Entry and *chalan* to the Customs Authority.

5.3.5. Get Customs Inspections and Clearance (See Process 3.5 in Annex A)

The C&F agent attaches the received copy of the *chalan* with the other supportive export documents received from the exporter and declares the export consignments to Customs Authority. Then the Customs Authority verifies the submitted documents. The documents are usually verified by the assistant revenue officer. If satisfied, s/he places the file before the revenue officer for approval. If the Authority is not satisfied with the documents, they reject the application for clearance. If the documents are satisfactory, then

the Authority gives clearance and attaches a clearance number ("C" number) with the submitted documents. After attaching "C" number the Customs Authority may directly send the consignment for recording the quantity of export or they may send some randomly selected samples for inspection.

In the latter case, then the consignment has to pass inspection of the Customs Authority, in which randomly selected samples from the consignment are inspected by border cargo division. Based on the inspection, the Customs Authority decides about whether or not to allow the consignment to cross the border. If no fault is found, the consignment is sent for recording of the quantity of export. As has been mentioned above, the Customs Authority may send the consignment directly for record of export quantity without any inspection of the sample. After recording the quantity, attested documents are sent to the C&F agent. It may be noted here that if any misconduct is identified during the inspection, then a case is filed against the exporter.

When clearance is approved, the C&F agent receives two sets of attested documents. He sends one set of attested documents to the C&F agent of the importer and gives the other to the exporter.

5.3.6. Arrange for Border Crossing (See Process 3.6 in Annex A)

After verifying the attested documents the Benapole Land Port Authority receives and weighs the consignment. The Port Authority determines the fee. The C&F agent declares the good on behalf of the exporter and deposits the fee. The Benapole Land Port Authority receives the fee and issues the gate pass. The C&F agent collects the gate pass and gives that to the Indian Land Port Authority.

With the gate pass the consignment crosses Bangladesh border and enters the Indian Customs border section. The Indian border division examines the cargo in accordance with the documents forwarded to them by the importer's C&F agent. If they are satisfied, they register the cargo, issue a book registration form along with all the documents, and revert to cargo assessment department of Bangladesh Customs. In the meantime importer's C&F agent arranges to unload the cargo to importers carrier by Indian labor against payment of Tk. 800 to Tk. 1000 per truck.

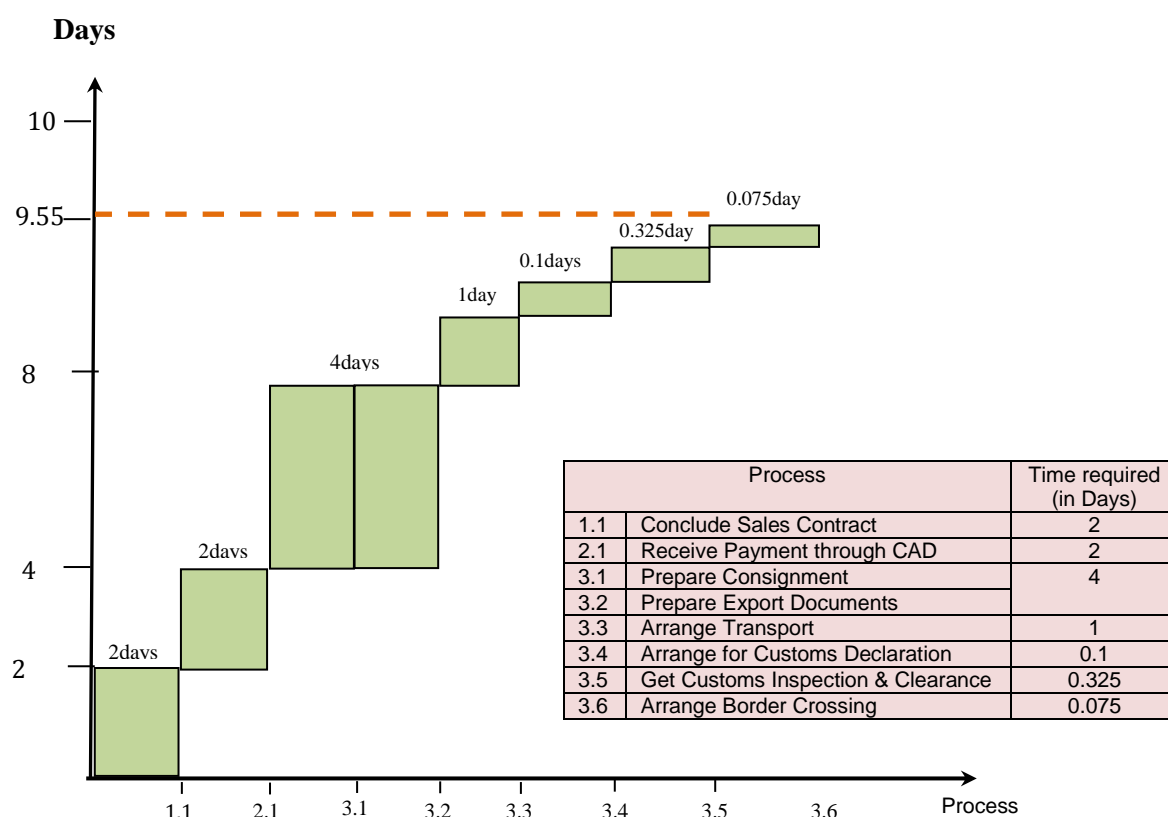
After delivering the shipment to the importer's carrier the exporter's C&F agent collects export form duly signed by the Bangladesh Customs along with the supportive documents used in the export process from the cargo assessment branch of Bangladesh Customs. Usually cargo assessment branch of Customs makes 3 sets of such documents. They keep one set for their own record and send one set to Bangladesh Bank and hand over remaining set to the exporter's C&F agent for him to hand over the documents to exporter.

The whole process is complete once the C&F agent sends the documents to the exporter through courier service.

5.4. Summary of Findings on the Export of Jute Hessian Bags to India

For the export of jute hessian bags to India, a total of 24 documents are needed, involving 15 stakeholders. The total time required to complete this process is around 9.55 days. A graphical illustration of the processes and the time required at each process can be found in figure 3:

Figure 3: Time Chart: Export of Jute Hessian Bags from Bangladesh by land



Tables 7, 8, and 9 provide disaggregation of the nature of stakeholders, the number and types of documents and costs for each of the export processes of jute hessian bags to India. Most of the involved processes are private sector initiatives while Customs processes and formalities at the Port are conducted by the public sector. Documents needed for the export process involve different authorities.

Even though 24 individual documents are required to complete the export process of jute hessian bags from Bangladesh to India, the traders need to make multiple copies of them. The ultimate result is that 45 copies are currently required to complete the whole process.

On an average 9.55 days are required to complete the process of one consignment. Of these 9.55 days, around 50 percent of the time is required to prepare the documents and

the consignment of jute hessian bags. It may be noted that 2 days are required only to receive the copy of the advanced CAD, which seems quite long. Acceptance of electronic transmission could minimize this time requirement. Similarly, about 4 days are required to prepare the export documents.

The exporters have to manually file the applications with the MCCI to COO, which takes 3-4 business days. Similarly, they have to file applications for the SAPTA certificate with the EPB that takes about 2 business days. Facilities for electronically filling these applications and consequent prompt actions by these two authorities may cut down time to only one day, thus saving about 3 business days. It may be noted that about 3 days are required for transportation, Customs clearance at both the border checkpoints. About half of these days are required for arranging Customs declaration.

Besides, similar set of documents are required for Customs declaration, Customs inspection and clearance, and for crossing border checkpoints. Should these three agencies coordinate among themselves, only one set would suffice and would drastically reduce the process costs however meager the amount is. Further, instead of manually submitting these documents, one can submit them electronically.

Table 7: Business Processes for Export of Jute Hessian Bags to India by Land

Sl.	Processes	Nature of the Process
1.1	Conclude Sales Contract	Private
2.1	Receive Payment through CAD	Private
3.1	Prepare Consignment	Private
3.2	Prepare Export Documents	Public
3.3	Arrange Transport	Private
3.4	Arrange for Customs Declaration	Public
3.5	Get Customs Inspection & Clearance	Public
3.6	Arrange Border Crossing	Public

Table 8: Documents Required for Export of Jute Hessian Bags to India by Land

Sl.	Processes	Documents Required	Details Documents List
1.1	Conclude Sales Contract	3	Proforma Invoice, Purchase Order, Sales Contract
2.1	Receive Payment through CAD	4	Application for CAD, Proforma Invoice, Sales Contract, Hard copy of CAD
3.1	Prepare Consignment	2	Sales Contract, Requisition Slip for Raw Materials
3.2	Prepare Export Documents	15	Application Form, Trade License, Membership Documents of Business Chamber, Original Chalan, Copy of Registration Fee, ERC, Undertaking Letter, Association Membership Letter, Proforma Invoice, Packing List, Copy of CAD, SAPTA Certificate, COO, Organization Request Letter, Oil Content Certificate, Phytosanitary Certificate

3.3	Arrange Transport	1	Commercial Invoice
3.4	Arrange for Customs Declaration	6	Bill of Entry Form, Certificate of Origin, Invoice of Transportation, Copy of Sales Contract, Packing List, Chalan Receipt Copy
3.5	Get Customs Inspection & Clearance	6	Declaration Rejection, Attested Documents same as 3.4.
3.6	Arrange Border Crossing	6	Attested Documents same as 3.4, Gate Pass

Costs are incurred at various steps of the export process. Some of the unofficial costs, reported by the respondents, such as costs for market search or labor costs for loading and unloading for transporting to the Port of departure may not be called unofficial costs. Rather they are very much formal costs for the operation (though they are not official charges either). The total costs amount to US\$ 236 per consignment.

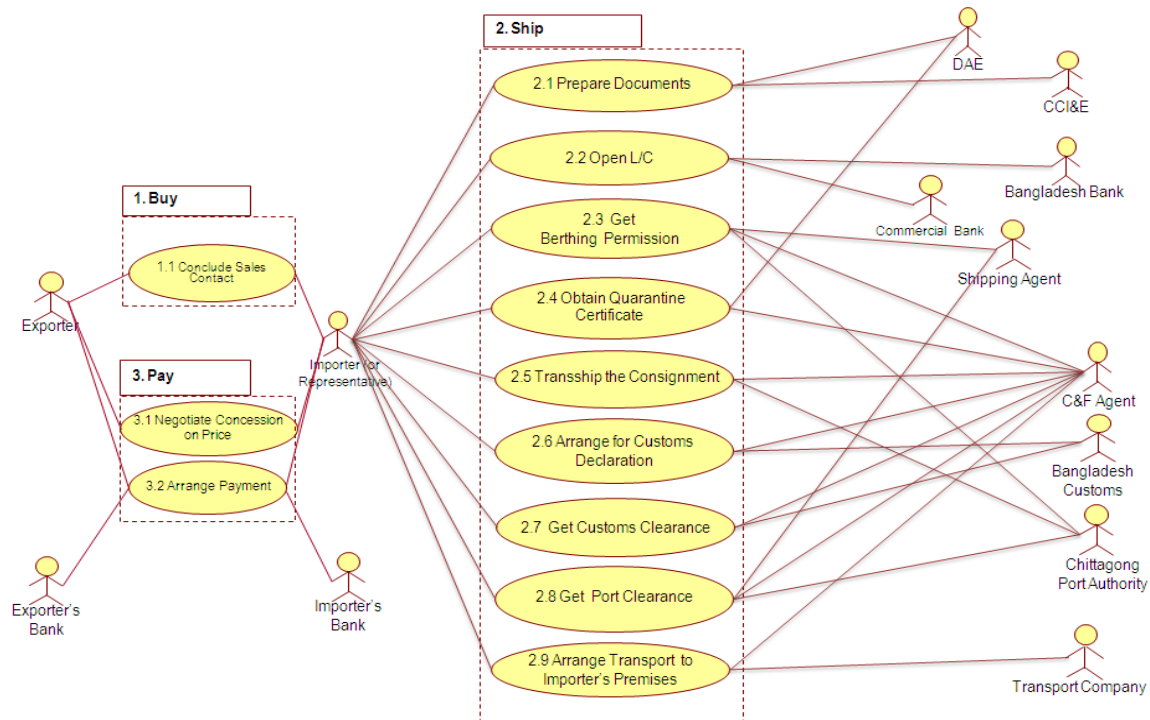
Table 9: Process Costs in Export of Jute Hessian Bags to India by Land

Sl.	Processes	Total Costs
1.1	Conclude Sales Contract	Nil
2.1	Receive Payment through CAD	Nil
3.1	Prepare Consignment	Nil
3.2	Prepare Export Documents	US\$ 16.41 (TK.1280)
3.3	Arrange Transport	US\$ 25.6 (TK.2000) for loading the consignment at the exporter's premises; US\$ 175.6 (TK.13700) for transport from Dhaka to Benapole; US\$ 13 (TK.1000) as labor cost for unloading and loading per truck at the Port
3.4	Arrange for Customs Declaration	US\$ 3.9 (TK.300)
3.5	Get Customs Inspection & Clearance	@ Tk.15.66 per MT
3.6	Arrange Border Crossing	US\$ 1.30 (TK.100)
Total		US\$ 236.01 (TK.18,396)

6. Import Processes of Wheat from India

Wheat is mainly imported from India through the sea Port of Chittagong. The following steps describe the process involved in importing wheat from India to Bangladesh (Figure 4 and Annex B1).

Figure 4: Use Case: Import of Wheat from India



6.1. The Buy Processes

6.1.1. Conclude Sales Contract (See Process 1.1 in Annex B)

Trade in wheat between Bangladesh and India follows two distinct paths depending on whether importer or exporter makes the first move. Bangladeshi importers collect and collate information about the potential exporters through the latter's website (if available) and from inquiry through the relevant trade agencies. The importer contacts local agent of Indian exporter to query about the market price of wheat in India. The Indian exporter may also directly communicate with the importer. In this process importer collects the contact details of the exporter. The importer asks the exporter to send samples. Exporter collects various types of wheat and sends sample products to importers. The importer chooses the right quality from the samples of wheat sent by the exporter. If none of the samples is acceptable, the importer refuses to import.

After the importer chooses the right quality of wheat, the exporter negotiates on quantity and price and accordingly sends proforma invoice and draft sales contract to the

importer. The importer signs the sales contract and proforma invoice. The process concludes when the exporter receives the signed proforma invoice.

6.2. The Ship Processes

6.2.1. Prepare Documents (See Process 2.1 in Annex B)

Obtain Import Registration Certificate (IRC)

This process may be started when both exporter and importer have signed the sales contract and proforma invoice. This process involves importer (or representative) and Office of the CCI&E.

The importer collects prescribed application form from the CCI&E. He fills up the form and attaches the following documents- trade license, membership documents of Business Chamber, chalan copy, TIN certificate, bank solvency certificate. The importer submits the application form together with these documents to the office of CCI&E. The CCI&E office verifies all documents. If not satisfied the application is denied. If satisfied with the documents the CCI&E issues Import Registration Certificate (IRC) to the importer

Obtain Import Permission Certificate or Import Permit (IP)

The Importer collects prescribed application form the DAE. He arranges for various attested documents including trade license, TIN certificate, IRC, and *chalan* copy of quarantine fee. The importer submits the filled up application form to DAE along with these documents. The DAE verifies the documents. If there is any problem with the submitted documents, DAE declines to issue import permit (IP). If there is no problem, then an IP is issued by DAE and is given to the importer.

6.2.2. Open L/C (See Process 2.2 in Annex B)

This process involves Importer (or representative), Bangladesh Bank and a commercial bank. After receiving the proforma invoice and sales contract, the importer opens L/C for the consignment with his bank (a commercial bank). The importer collects L/C opening form from the bank and prepares documents to open L/C. These documents include L/C opening form, trade license, TIN certificate, VAT certificate, IRC. The margin of the L/C depends on the quantity of the importable wheat. Usually the importer bargains the L/C margin with several banks to get a good deal. Based on the terms and conditions set in the proforma invoice importer usually has to pay 10%-15% of the total consignment value in advance for L/C opening. Sometimes if the consignment value is very large, two or three banks combine a syndicate to finance the L/C. The filled up L/C opening form, together with the documents, is submitted to the bank. If everything is accurate the bank opens the L/C

and gives a hard copy to the importer, which is then sent to the exporter. If there is any problem then the bank refuses to open L/C.

6.2.3. Get Berthing Permission (See Process 2.3 in Annex B)

This process involves the importer (or representative), the concerned shipping agent, importer's C&F agent and Chittagong Port Authority. The shipping agent informs the importer about the arrival date of the vessel at the external anchorage of the Chittagong Port. Accordingly, the importer informs the C&F agent regarding the arrival date of the vessel. Importer's C&F agent contacts the shipping agent about the arrival of the vessel. Then the C&F agent declares the product to Customs on behalf of the importer.

The shipping agent applies for berthing permission of vessel to the Chittagong Port Authority and submits the berthing permission application and import general manifest (IGM) for this purpose. The Chittagong Port Authority verifies all documents submitted by the shipping agent and declaration by the C&F agent. If submitted documents meet the requirements, the Port Authority decides to issue berthing permission. If not, the application is denied. If the berthing permission is issued, then a *No Objection Certificate* (NOC) is sent to the shipping agent. The shipping agent sends the NOC to the C&F agent.

6.2.4. Obtain Quarantine Certificate (See Process 2.4 in Annex B)

For obtaining the quarantine certificate, the shipping agent contacts importers C&F agent and hands over the NOC for berthing permission, bill of lading and IGM. After receiving the documents, the C&F agent applies to the Chittagong Port Authority for unloading the consignment. The Port Authority arranges schedule for inspection of the consignment. In the meantime, the C&F agent initiates the process for receiving the quarantine certificate. He arranges the several documents for this purpose, which includes proforma invoice, packing list, bill of lading, radioactivity certificate, certificate of origin, IRC, LC, LCA. The C&F agent deposits fees on behalf of the importer, gets receipt of the payment and submits the payment receipt together with all documents mentioned above to the DAE. The DAE verifies all documents. If DAE is satisfied with the accuracy of the documents, only then they go for testing the sample from the consignment. The concerned personnel in the DAE inspect and test the sample of the product. If satisfied DAE issues the quarantine certificate.

6.2.5. Transship the Consignment (See Process 2.5 in Annex B)

The C&F agent submits quarantine certificate to the Chittagong Port Authority for verification. If satisfied with the submitted quarantine certificate the Chittagong Port Authority allows hiring of the literage vessels and labor for transshipment of consignment to Port jetty.

Then the C&F agent hires literage vessel and labor. The Port Authority allows the C&F agent to send literage vessel to the mother vessel. The literage vessel transports the product to the Port jetty.

6.2.6. Arrange for Customs Declaration (See Process 2.6 in Annex B)

This process may start when the C&F agent receives the NOC from the shipping agent. The importer prepares documents for Customs declaration. These documents include commercial invoice, IRC, insurance copy, VAT registration Certificate, packing list, L/C documents. The C&F agent receives one set of all the above documents. He collects the bill of entry form from the Customs Authority and fills it up. The C&F agent deposits VAT and source tax in bank by *chalan* on behalf of the importer. After this, the C&F agent receives a receipt of the *chalan* copy. The C&F agent submits the bill of entry, *chalan* and documents provided by the exporters for Customs declaration.

6.2.7. Get Customs Clearance (See Process 2.7 in Annex B)

Importer's C&F agent declares goods on behalf of the importer. The Customs Authority verifies the submitted documents. The Customs Authority is not satisfied with the documents, they reject the application for clearance. If the documents are satisfactory, then the Authority decides to assess the duty on the consignment. The Customs Authority determines the duty on the consignment. Importer's C&F agent deposits duty on behalf of the importer and receives *chalan* receipt for the deposit. After getting the *chalan* receipt of the duty deposit, the Customs Authority issues the 'out pass' and 'final permission' and hands the documents to the C&F agent.

6.2.8. Get Port Clearance (See Process 2.8 in Annex B)

The C&F agent collects documents from shipping agent and the Customs Authority. The shipping agent gives him the NOC and the Customs Authority gives him 'out pass' and final permission. The C&F agent applies for unloading the goods and submits documents to the Chittagong Port Authority in support of his application. These documents include NOC of Port Authority, out pass and permission. The Chittagong Port Authority verifies the documents. If the documents are accurate the Port Authority decides to start process of unloading. The Port Authority determines Port charges and labor costs. The C&F agent deposits the charges on behalf of the importer. The Chittagong Port Authority grants permission for unloading and issues the gate pass to the C&F agent.

6.2.9. Arrange Transport to Importer's Premises (See Process 2.9 in Annex B)

The importer contacts the local transporter to arrange transportation. In response, the transporter sends the truck to the Port gate. The C&F agent hands over the gate pass to the

transporter. The transporter submits the gate pass and a set of all documents to the Chittagong Port Authority. The transporter loads the consignment on the truck and transports to the importer's premises.

6.3. The Pay Processes

6.3.1. Negotiate Concession on Price (See Process 3.1 in Annex B)

The C&F agent contacts the SGS to inspect and ensure the quality of the product. After importer is informed about the quality of the product, he takes decision on whether or not to pay according to contract depending on the quality of product after arrival. If satisfied with the quality, the importer makes arrangement for the payment according to the contract. If not satisfied with the quality, the importer starts negotiation with the exporter regarding concession on price.

If the newly offered concessional price is not acceptable to the exporter then the process ends there and they may decide what to do with the consignment. If the concessional price is acceptable to the exporter then he informs the importer and importer arranges the payment.

If the importer is not satisfied with the quality, he may decide to make formal test of the quality of product before taking any decision. The importer sends samples of the product to BCSIR for laboratory test. When the importer gets results of the laboratory test of the quality of the product, he may decide to negotiate further with the exporter for concession on the price of the product. The exporter decides whether or not to cater to the concession request of the importer. If the offered concessional price is not acceptable to the exporter then the process ends there. If the concessional price is acceptable to the exporter then he informs the importer and importer arranges the payment.

6.3.2. Arrange Payment (See Process 3.2 in Annex B)

The exporter's bank initiates the process to receive the L/C sent by the importer's bank. The exporter collects the L/C and prepares documents to be submitted according to the L/C. These documents include Commercial invoice, packing list, and certificate of origin, consignment note, and bill of exchange. The exporter forwards the above documents to his bank to facilitate the process of payment. The exporter's bank verifies the documents. If not satisfied the exporter's bank sends the documents back to the exporter for remedial measures. If satisfied with the documents, the exporter's bank takes decision to send those to the importer's bank. The exporter sends the documents to the importer's bank. If importer's bank verifies the documents sent by the exporter's bank. The importer's bank decides whether to proceed with payment based on the accuracy of the documents.

If the importer's bank is not satisfied with the documents sent by the exporter's bank, he sends those to the importer. The importer verifies the documents. If the importer is convinced with the problems in the documents, then the importer declines to make the payments and informs his bank regarding his decision. The bank of the importer refuses to make payment and informs the decision to the exporter's bank. The exporter's bank notifies the exporter regarding the decline of payment request by the importer's bank.

If the importer's bank is satisfied with the documents submitted by the exporter's bank then it notifies the importer to make the payment. The importer makes the payment to importer's bank. The importer's bank transfers the payment to the exporter's bank. The exporter's bank transfers the payment to the exporter. In this way, the exporter receives the payment.

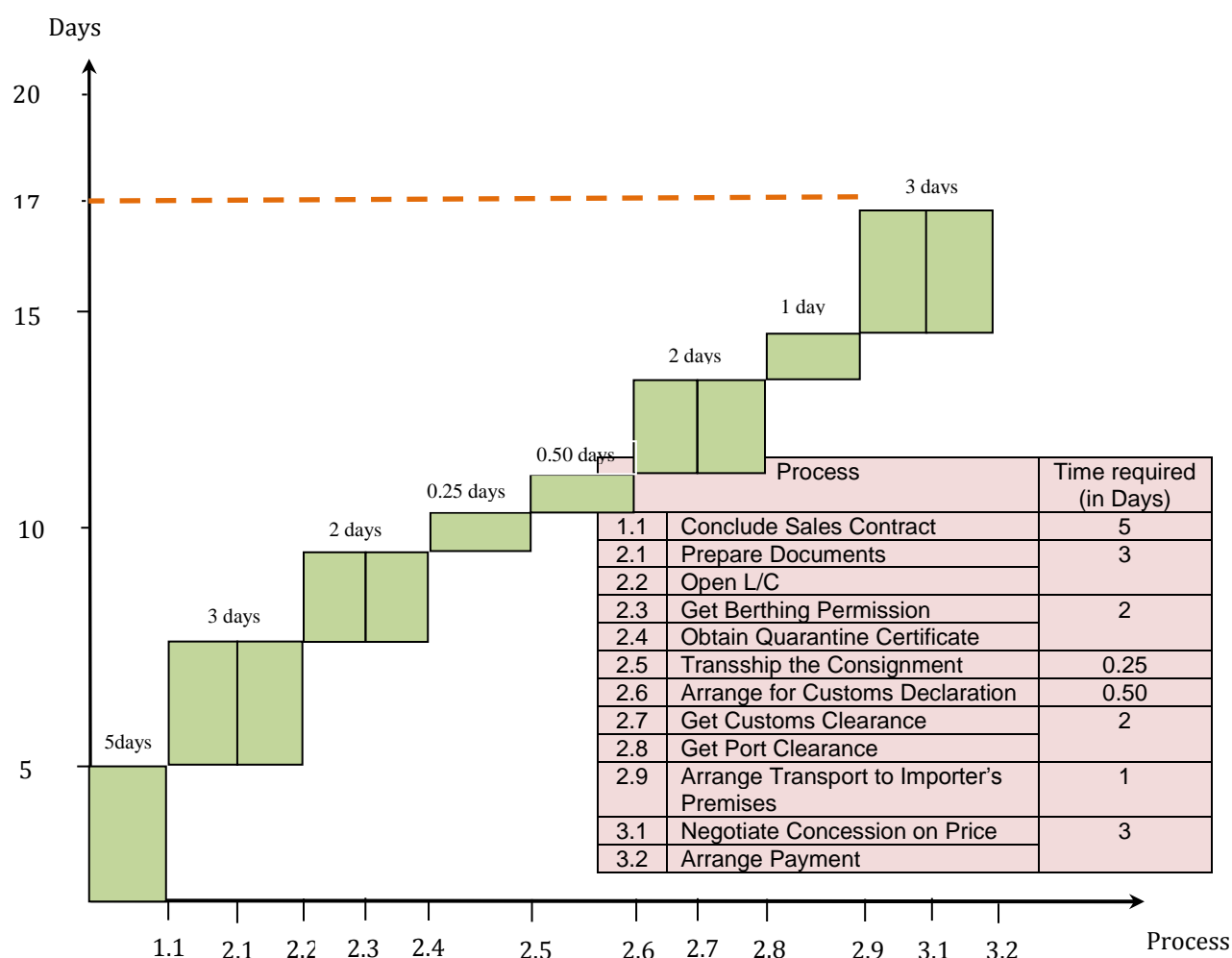
6.4. Summary of Findings on the Import of Wheat from India

For the import of wheat from India, a total of 28 documents are needed, involving 15 stakeholders. The total time required to complete this process is around 17 days. A graphical illustration of the processes and the time required at each process can be found in the following figure 5:

Tables 10, 11, and 12 provide disaggregation of nature of stakeholders, number and type of documents and costs for each of the import processes of wheat from India. It may be noted that public sector is involved in 6 processes, both private and public sectors are involved in one process and the rest are private processes. Even though 33 individual documents are required to complete the import process of wheat from India, the traders need to make multiple copies of them. The ultimate result is that 77 copies are currently required to complete the whole process.

On an average a total of 17 days are required to complete the process of importing wheat from India through the Chittagong Port. Most of the time is spent for concluding the sales contract (5 days), preparing documents and for opening of L/C (3 days) and negotiating concession on discount on price and arranging payments (3 days). Thus, a total of 11 days are spent at these processes. Sending the sample by the exporter takes more than 3 days, which seems to be quite long and may be reduced by online observation of the sample and doing business with long time suppliers.

Besides, similar set of documents are required for Customs declaration, Customs inspection and clearance, and for obtaining Port clearance. These documents move around 12 Customs staff for their signatures and verifications. Should these agencies coordinate among themselves, only one set would suffice and would drastically reduce costs and time.

Figure 5: Time Chart: Import of Wheat in Bangladesh by Sea

Both official and unofficial costs are involved in the process of importing wheat from India. Unofficial costs are incurred mainly for preparing documents for import and clearing goods through the Customs. Quite a large amount of money needs to be paid to the staffs of the Customs at Chittagong Port including payment to the Port security guards to speed up the otherwise slow and inefficient process.

Table 10: Processes Involved for Import of Wheat from India by Sea

Sl.	Processes	Nature of the Process
1.1	Conclude Sales Contract	Private
2.1	Prepare Documents	Private
2.2	Open L/C	Private
2.3	Get Berthing Permission	Private and Public
2.4	Obtain Quarantine Certificate	Public
2.5	Transship the Consignment	Private and Public
2.6	Arrange for Customs Declaration	Public
2.7	Get Customs Clearance	Public
2.8	Get Port Clearance	Public
2.9	Arrange Transport to Importer's Premises	Public
3.1	Negotiate Concession on Price	Private
3.2	Arrange Payment	Private

Table 11: Documents Required for Import of Wheat from India by Sea

Sl.	Process	Documents Required	List of Documents
1.1	Conclude Sales Contract	2	Proforma Invoice, Sales Contract
2.1	Prepare Documents	8	Certified copy of Trade license, Membership Certificate of Business Chamber, TIN Certificate, Chalan Copy, Bank Solvency Certificate, Import Registration Certificate, Import Permit
2.2	Open L/C	6	Proforma Invoice, Sales Contract, Certified copy of Trade license, TIN Certificate, Bank Solvency Certificate, Import Registration Certificate
2.3	Get Berthing Permission	2	Berthing Application, IGM
2.4	Obtain Quarantine Certificate	11	NOC, Bill of Lading, IGM, Proforma Invoice, Packing List, Radioactivity Certificate, Certificate of Origin, IRC, LC, LCA, Chalan Receipt of Fee
2.5	Transship the Consignment	1	Quarantine Certificate
2.6	Arrange for Customs Declaration	18	Commercial Invoice, Packing List, Insurance, Import Registration Certificate, VAT Registration Certificate, TIN Certificate, Proforma Invoice, Copy of LCA, Copy of L/C, NOC, Country of Origin, Bill of Lading, Importer's Letter of Authorization, Quarantine Certificate, IP Certificate, IGM.
2.7	Get Customs Clearance	1	Chalan receipt of revenue
2.8	Get Port Clearance	4	NOC, Out Pass, Final Permission, Gate Pass
2.9	Transport to Importer's Premises	19	Gate Pass and a set of all Documents
3.1	Negotiate Concession on Price		
3.2	Arrange Payment	5	Commercial Invoice, Packing List, Certificate of Origin, Consignment Note, Bill of Exchange

Table 12: Process Costs (Documents) for Import of Wheat from India by Sea

Sl.	Procedures	Total
1.1	Conclude Sales Contract	Nil
2.1	Prepare Documents	US\$ 25.64 (Tk.2000)
2.2	Open L/C	US\$ 19.23 (Tk.1500)
2.3	Get Berthing Permission	
2.3.1	Bulk Cargo (River Dues)	US\$ 0.44 Tk. 34 +15%VAT Per Metric Ton
2.3.2	Literage Costs	US\$ 3.20 (Tk. 250) Per Metric Ton
2.3.3	Literage Labor Costs	US\$ 2.82 (Tk. 220) Per Metric Ton
2.4	Obtain Quarantine Certificate	US\$ 25.64 (Tk. 2000)
2.5	Transship the Consignment	
2.5.1	Dockyard Labor (Bulk)	Tk. 1.00 Per Metric Ton
2.5.2	Dockyard Labor (Container)	20 ft TEU/40 ft TEU US\$ 20.25 (Tk. 1580)/ US\$ 25.64 (Tk.2000)
2.5.3	Weight Charges	US\$ 1.15 (Tk. 90) Per Metric Ton
2.6	Arrange for Customs Declaration	US\$ 0.08 (Tk.7.00) Per Metric Ton
2.7	Get Customs Clearance	US\$ 13.20 (Tk.1030)
2.8	Get Port Clearance	

2.8.1	Port Security Guard	US\$ 57.69 (Tk.4500)
2.9	Transport to Importer's Premises	US\$ 38.46 (Tk. 3000)
3.1	Negotiate Concession on Price	
3.2	Arrange Payment	

7. Concluding Remarks and Recommendations

This section provides both general as well as product-specific recommendations to facilitate trade in jute hessian bags (export) and wheat (import) by simplifying processes. However, it may be noted that the product-specific as well as general recommendations are not prioritized and, hence, need to be carefully sequenced.

7.1. Export of Jute Hessian Bags

In general the export of jute hessian bags follows an efficient process when viewed from the perspective of time and costs. However, there are a number of redundant documents involved as shown in Annex C.

- The use and acceptance of hard copy of the CAD should be abolished. Instead, the traders and the associated bankers can use scanned copy of the CAD or wire transfer in the financial transaction.
- Currently the copies of the ERC and the CAD are required by the EPB and the MCCI to obtain the SAPTA and COO respectively. Similarly, copy of the COO is required by the DAE to issue the phytosanitary certificate. At least these documentary requirements need to be removed for ease of transaction. The preferred and bold step would be to remove the COO as the SAPTA certificate serves the same purpose.
- If the suggested reductions of documents are successful, a total of 1.5 days could be saved with little change in the costs.
- Since ASYCUDA++ exists at the Benapole land Port, electronic transmission of documents and information should be introduced for ease of transaction.

7.2. Import of Wheat

Generally, the import of wheat follows an efficient process when viewed from the perspective of time and costs. However, there are a number of redundant documents involved as shown in Annex D.

- Currently hard copy of the L/C details and IRC are required in opening L/C. The process can be simplified if scanned copies of the details are accepted by the banks.

Further, banks should ask for the IP but not the IRC as the former is product specific whereas the latter is general.

- Currently a copy of the IRC is required in obtaining a quarantine certificate. This is redundant information in issuing quarantine certificate and hence needs to be removed.
- The use of the insurance is required between the traders and the shippers. Thus, this documentary requirement needs to be removed from the Customs declaration process.
- If the suggested reductions of documents are successful, a total of 0.5 days could be saved with little change in the costs.

7.3. General Recommendations

With the sharp reduction of tariff rate and gradual dismantling of NTBs over the years, trade facilitation has now become the issue of pivotal importance for increased trade flows, higher efficiency, and enhanced welfare through reduction of trade related transaction costs. In connection with improvement of border crossing, it is important to recognize that major cost savings would come from reduction of time at the border through either streamlining procedures to reduce the processing time for clearing a truck or by placing more Customs officials for simultaneous clearance of more than one trucks or through adoption of bilateral/multilateral transit and transport agreements to allow trucks to pass the border and move up to the ICD near the destination.

In general the business process in export and import in Bangladesh is not inimical to growth in trade given the level and extent of use of technology. However, a number of issues in the process appear to hinder the desired growth in trade. While some of the bottlenecks are structural such as physical infrastructures and hence need to be resolved in the medium to long run, most other issues are related to policy environment such as feeding the same information often in the form of copies to multiple agencies. The 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 appreciation and demonstrates the effectiveness of public-private partnership (PPP) in trade facilitation. In addition the introduction of the ASYCUDA++ facilitates Customs related transactions.

It may be noted that the extent, duration, and costs of the business process vary depending on the product traded and truck/vessel waiting time at the Port. In general there

are significant delays and inefficiencies in the processes due to lack of use of modern technology, adequate and skilled human resources, and to some extent corrupt practices at the Port of entry/exit.

Even though the number of documents required to complete the process is usually acceptable, problems at times arises when different trading partners ask for different documents in the process of exporting or importing the same product. The problem is exacerbated in view of limited use of the information and communication technology (ICT) in the overall business process. Even though ICT is 'used' at a few stages of the business process, paper-based documents need to be submitted for verification of the online declaration. Further, lack of adequate coordination among various agencies adds to the sufferings of the exporters and importers.

Both the business communities and relevant officials agree that the future of the simplification of the business process lies with the modernization of the procedures, elimination of duplicate procedures, and automation of the system. In this regard, public and private sector collaboration is necessary in view of resource constraint of the country. To eliminate the existing bottlenecks in conducting trade with India, the following specific policy recommendations are made:

- Physical facilities at the Benapole land Port, together with approach road, need to be improved substantially to facilitate movement of freight traffic and future transit traffic. The by-pass road already built at Benapole should be opened to traffic to reduce congestion for export and import traffic.
- For proper storage of Bangladeshi export to India, Bangladesh government should persuade the Indian government to build warehousing facilities at Petrapole side similar to the ones at the Benapole side.
- Considering the success of the Automation Project at CCH where private sector has been closely involved on BOOT basis, similar initiative needs to be taken to install automation system for cargo clearance at Benapole land Port.
- To get full benefit of ASYCUDA++ installed in 3 major Customs stations and 2 seaports, it is essential to strengthen technical work force base for all stakeholder holders on an urgent basis.
- The long awaited 'Single Window' needs to be established so that all the actors involved electronically in the business process are linked together. The relevant policies need to be overhauled significantly to facilitate use of electronic documents by the exporters and importers and their agents.

- The existing level of collaboration between government and business chambers should be further strengthened to ensure a business friendly environment. To that a national task force consisting of the public and private sector agents need to be formed to oversee the progress made, and facilitate removal of bottlenecks.

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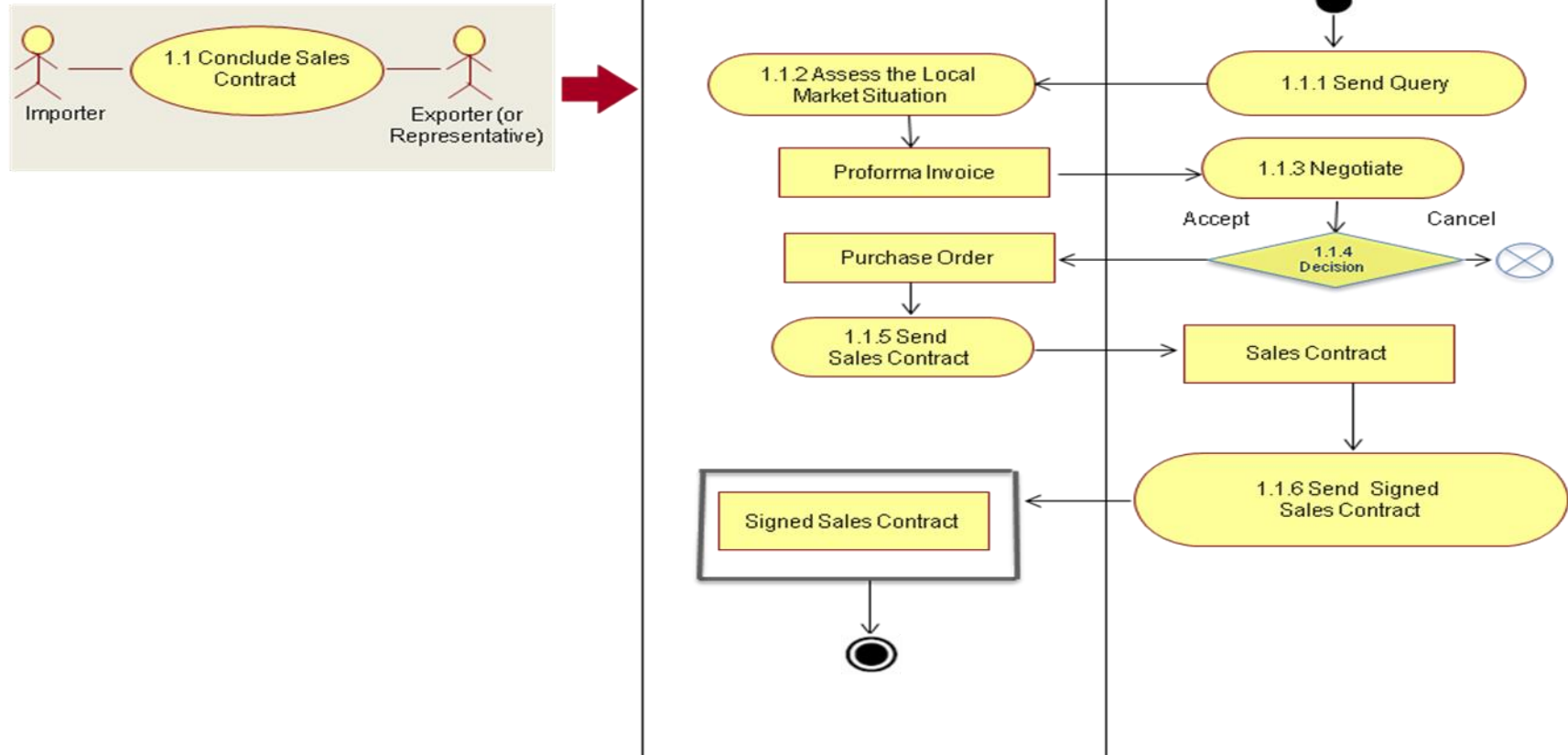
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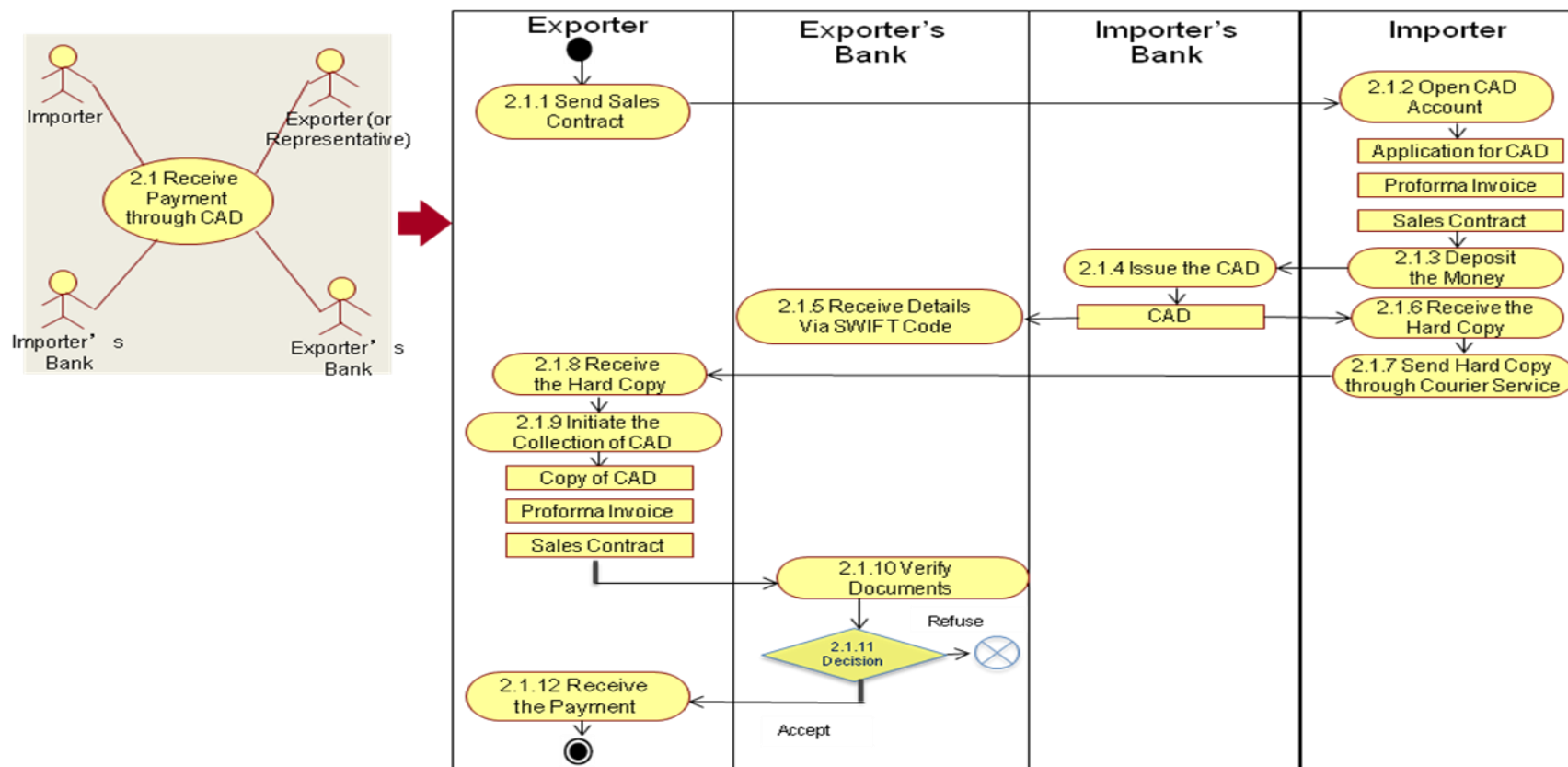
Annex A: Activity Diagrams for Export of Jute Hessian Bags to India through Benapole

1. Buy



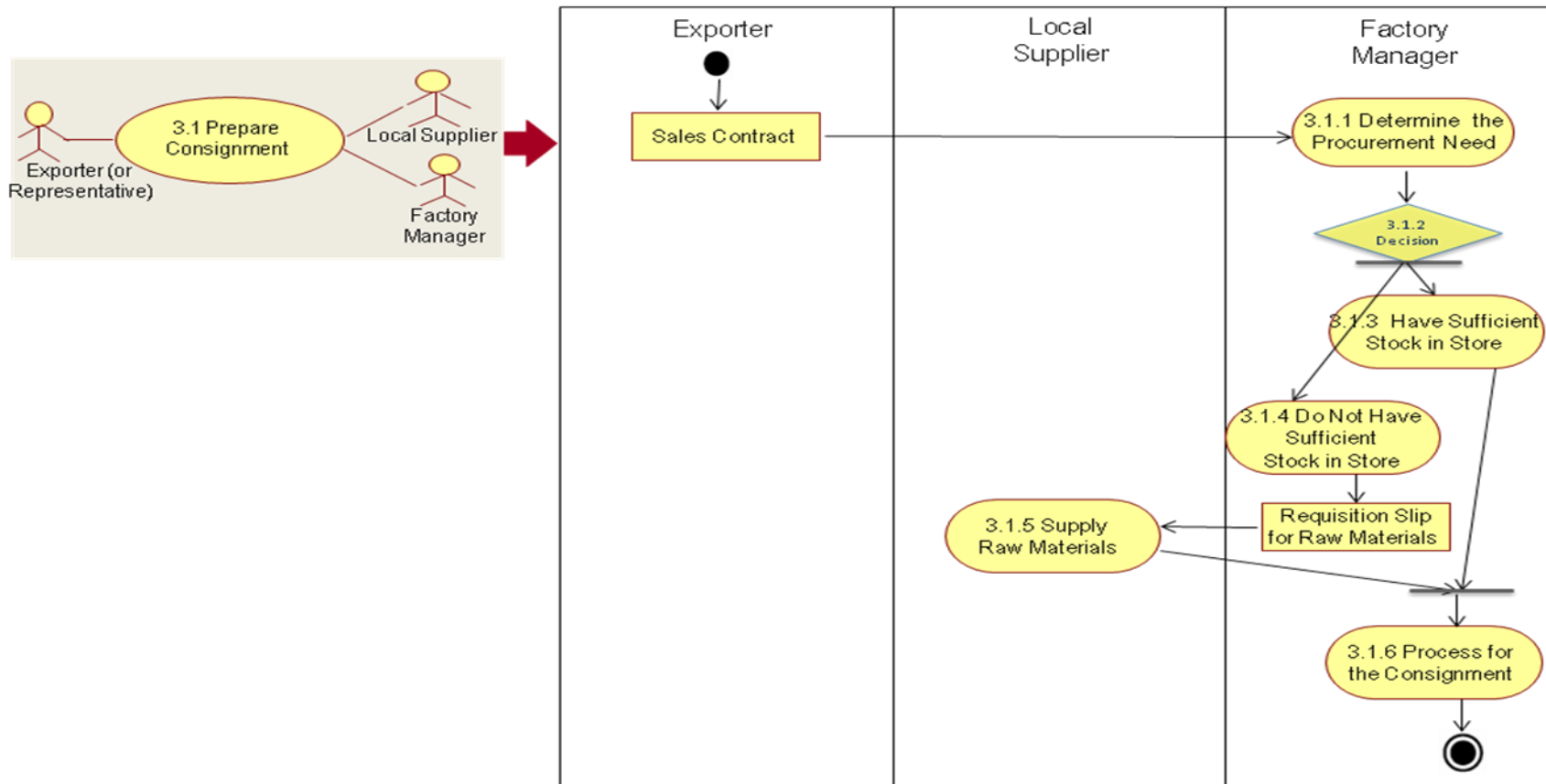
Name of process area	1. Buy	Lead Time (Max-Min)	Costs
Name of the business process	1.1) Conclude Sales Contract	2 days	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Importer 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has a list of potential buyers of jute hessian bags. 		
Activities and associated documentary requirements	<p>1.1.1 Indian importer collects initial information about the capability of the relevant exporters and sends queries about the price of the products.</p> <p>1.1.2 Exporter collects information regarding price of raw jute from the local market and costs of other materials for processing jute hessian bags for shipment and prepares a proforma invoice to inform potential importers about price and sales terms.</p> <p>1.1.3 Importer reviews the quotation and determines if the quoted price and sales terms are acceptable. If the quoted price and sales terms are not acceptable, importer negotiates with the exporter.</p> <p>1.1.4 If the quoted price and sales terms are acceptable, the importer confirms the purchase of goods with a purchase order.</p> <p>1.1.5 Exporter acknowledges the receipt of the purchase order and sends the sales contract, in which he confirms that the jute hessian bags will be delivered according to the terms and conditions.</p> <p>1.1.6 The importer signs the sales contract and sends it to the exporter.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter and importer agree on the price and contract terms and conclude the sales contract. • Based on the purchase order, the exporter starts to prepare the export of goods. 		
Average time required to complete the process	2 days		

2. Pay



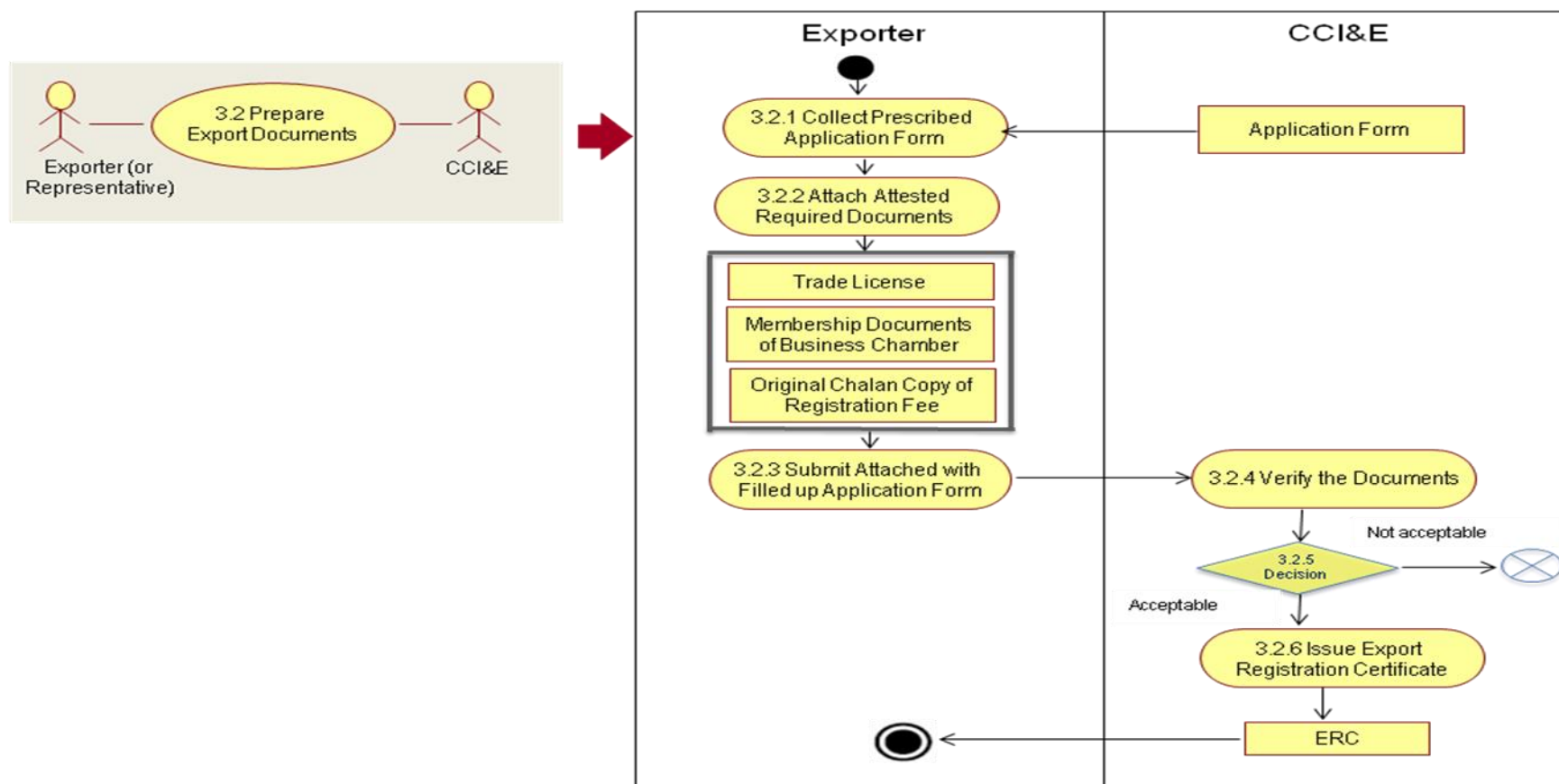
Name of process area	2. Pay	Lead Time (Max-Min)	Costs
Name of business process	2.1) Receive Payment through Cash Against Document (CAD)	2 days	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Exporter's bank • Importer • Importer's bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The sales contract is signed by both the exporter and the importer 		
Activities and associated documentary requirements	<p>2.1.1 Exporter sends sales contract to the importer.</p> <p>2.1.2 After agreeing on the sales contract the importer submits various papers to its bank to open a CAD account.</p> <p>2.1.3 The importer deposits the full payment amount with his bank.</p> <p>2.1.4 Importer's bank issues the CAD, i.e. makes payment to exporters bank.</p> <p>2.1.5 Exporter's bank receives the details of the payment via SWIFT code.</p> <p>2.1.6 Importer receives the hard copy of the issuance of CAD from his bank.</p> <p>2.1.7 Importer sends the hard copy to the exporter through courier service.</p> <p>2.1.8 Exporter receives the hard copy of the CAD.</p> <p>2.1.9 Exporter initiates the collection of CAD through submitting hard copy of the CAD, proforma invoice and sales contract to his bank</p> <p>2.1.10 Exporter's bank verifies the documents.</p> <p>2.1.11 If there is any problem with the submitted papers, exporter's bank declines to make the payment to the exporter. If there is no problem, then exporter's bank makes the payment to the exporter.</p> <p>2.1.12 Exporter receives the advance payment and start processing the shipment of goods.</p>		
Average time required to complete the process	2 days		

3. Ship : Prepare Consignment



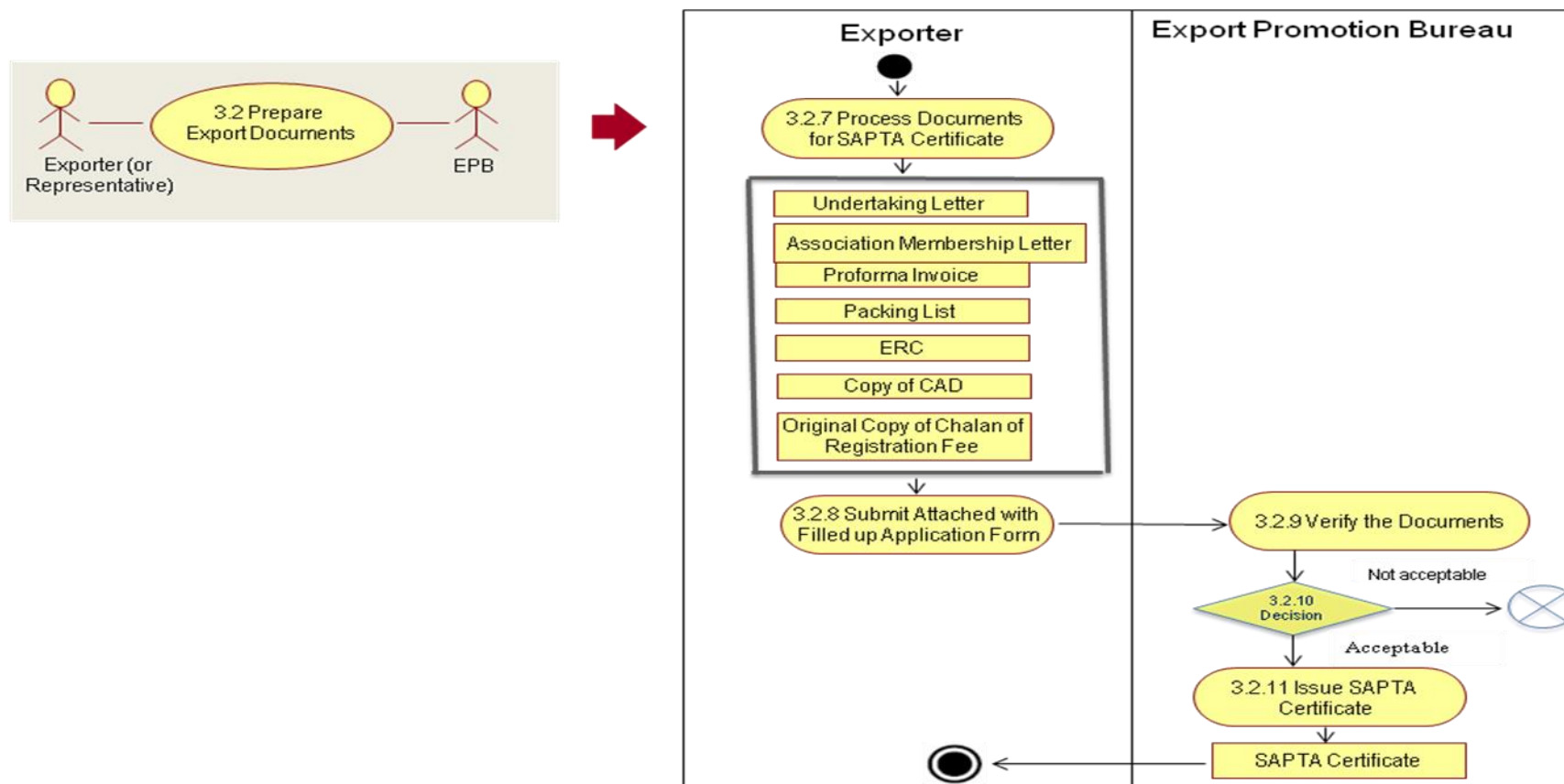
Name of a process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.1) Prepare Consignment	2 days	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Local supplier • Jute hessian bag processing factory manager 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The exporter acknowledges the electronic copy of the CAD from the importer. 		
Activities and associated documentary requirements	3.1.1 Exporter gives the sales contract to factory manager. 3.1.2 The factory manager checks whether there is sufficient stocks in the warehouse or new production is needed. 3.1.3 If sufficient stocks are available, the factory manager starts the process for shipment of the consignment. 3.1.4 If stocks are not sufficient, the manager issues requisition slip for collecting raw materials (jute) to make jute hessian bags. 3.1.5 Raw materials are collected and processed. 3.1.6 The consignment is processed (either with the available stock or with new supply).		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Product is ready. 		
Average time required to complete this business process	4 days		

3. Ship: Obtain Export Registration Certificate

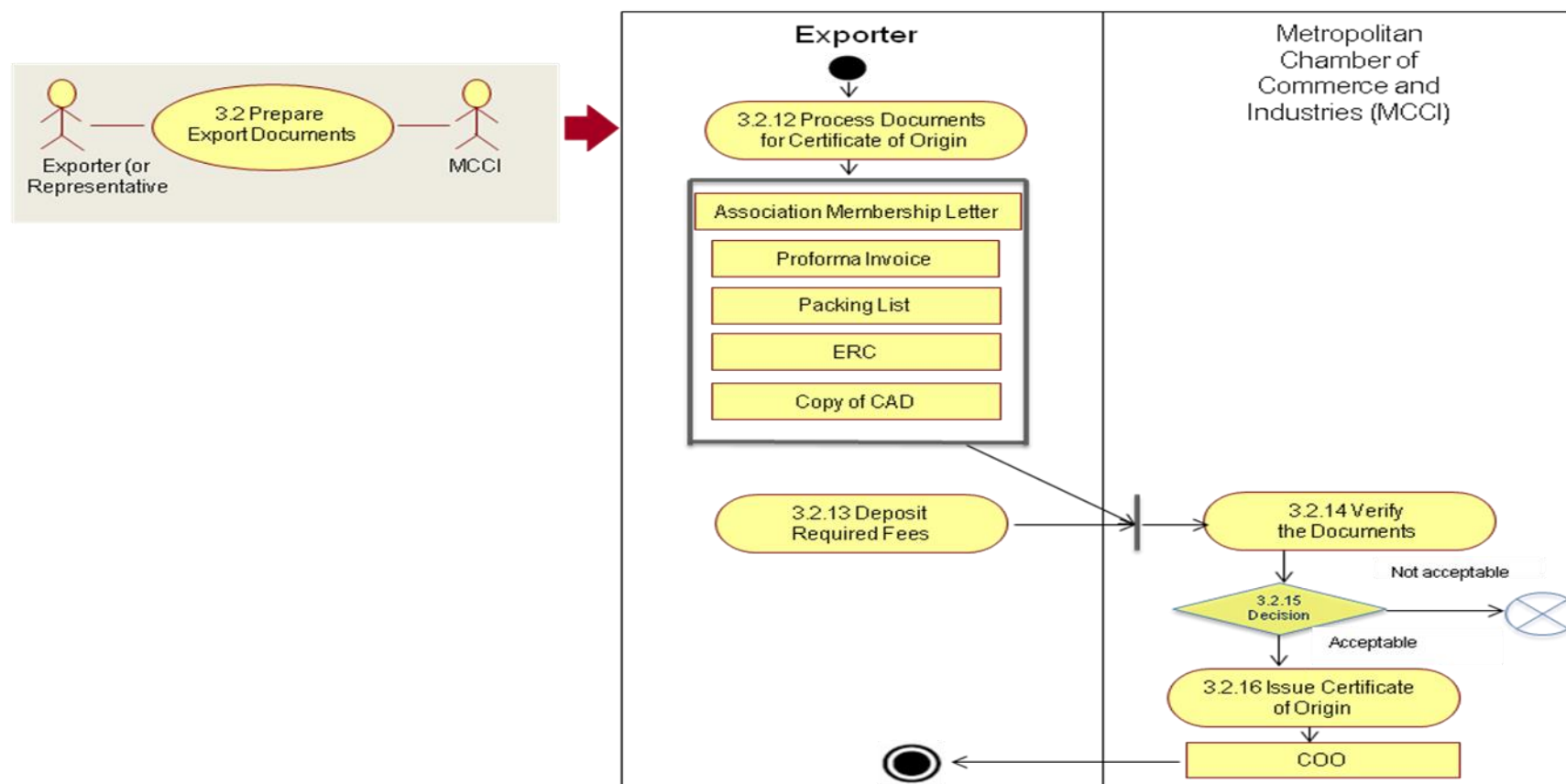


Name of a process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.2) Prepare Export Documents: Obtain Export Registration Certificate	2 days	US\$ 66.67 (Tk.5200) One Time
Related laws, rules, and regulations	<ul style="list-style-type: none"> Export Policy 2012 and Import policy 2012 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Office of the Chief Controller of Imports & Exports (CCI&E) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Payment have already been received and the product is ready 		
Activities and associated documentary requirements	<p>3.2.1 The exporter collects prescribed Application form for export registration.</p> <p>3.2.2 Exporter fills in the form and attaches the following documents- trade license, membership documents of Business Chamber and original <i>chalan</i> copy of registration fee.</p> <p>3.2.3 The exporter submits the application form to the office of CCI&E attached with all necessary documents.</p> <p>3.2.4 The office of the CCI&E verifies the documents.</p> <p>3.2.5 Based on the submitted documents, the CCI&E decides whether to accept or reject the application.</p> <p>3.2.6 If satisfied with the documents the CCI&E issues Export Registration Certificate to the exporter</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Export Registration Certificate (ERC) is received by exporter. 		
Average time required to complete this business process	4 days (done only once such as obtaining trade license)		

3. Ship: Obtain SAPTA Certificate

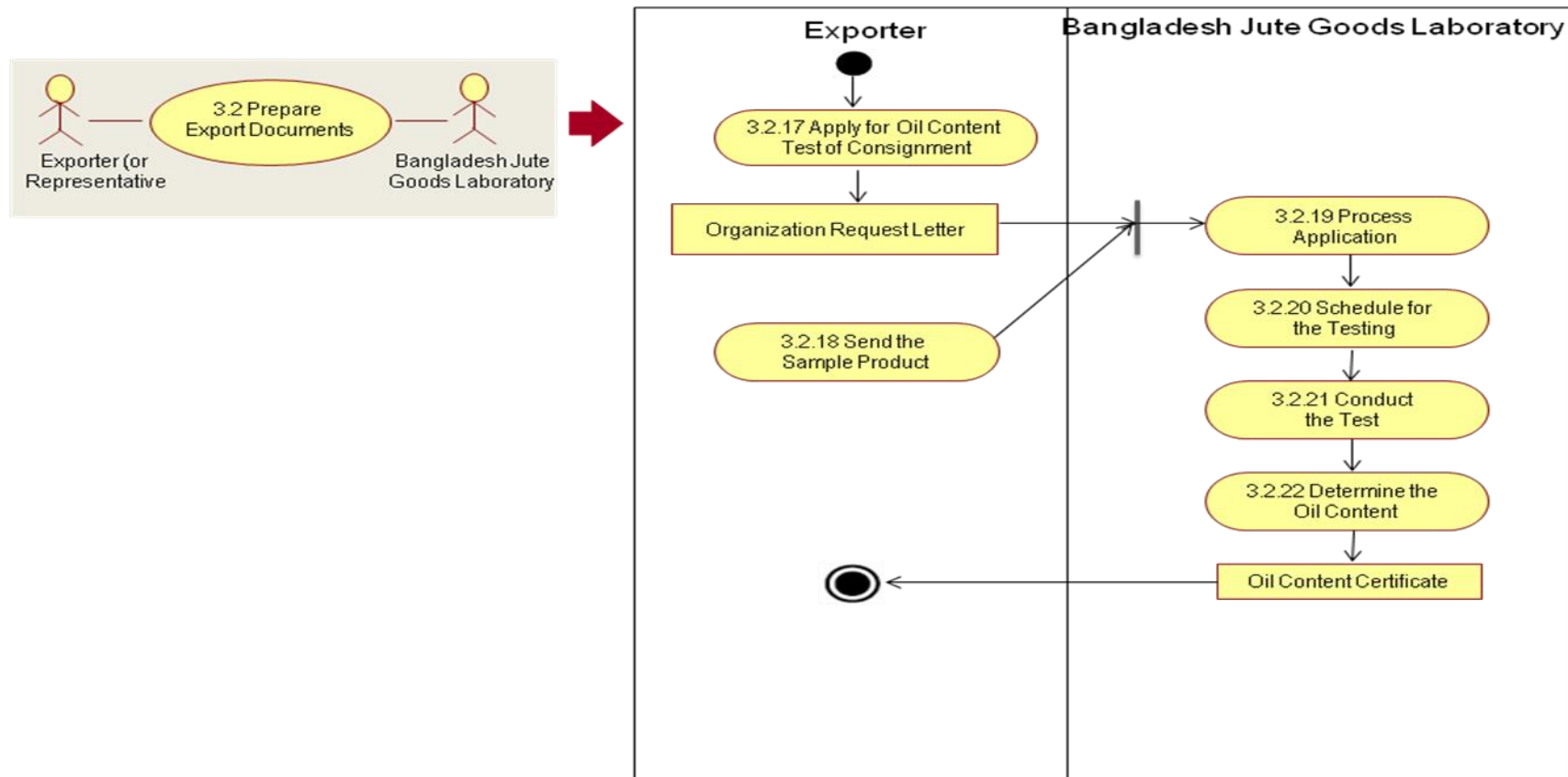


Name of a process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.2) Prepare Export Documents: Obtain SAPTA certificate	2 days	US\$ 5.12 (Tk.400)
Related laws, rules, and regulations	<ul style="list-style-type: none"> SAPTA Agreements 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Export Promotion Bureau (EPB) of Bangladesh 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Export Registration Certificate (ERC) has already been obtained 		
Activities and associated documentary requirements	<p>3.2.7 The exporter process documents to obtain SAPTA certificate. These documents include Undertaking letter, Association membership letter, proforma invoice, packing list, ERC, copy of CAD, original copy of <i>Chalan</i> fee.</p> <p>3.2.8 After attaching all necessary documents, the exporter submits the application form to EPB.</p> <p>3.2.9 EPB verifies all documents</p> <p>3.2.10 If submitted documents meet the requirements, the EPB decides to issue the certificate. If not satisfied the application is denied.</p> <p>3.2.11 If satisfied with the documents the EPB issues SAPTA Certificate to the exporter</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> SAPTA Certificate is received by exporter. 		
Average time required to complete this business process	4 days		

3. Ship: Obtain Certificate of Origin

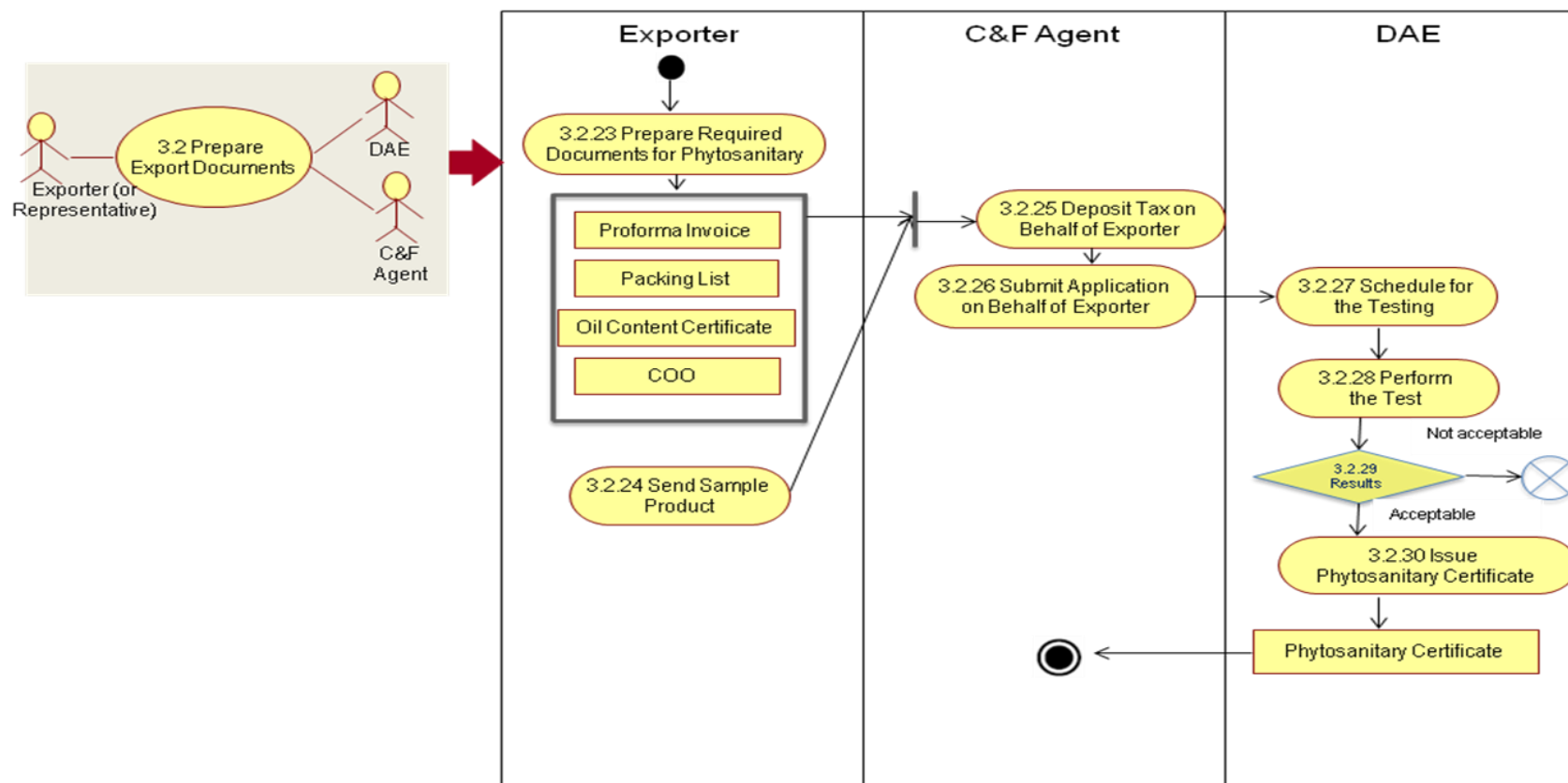
Name of a process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.2) Prepare Export documents: Obtain Certificate of Origin	2 days	US\$ 1.92 (Tk.150)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Metropolitan Chamber of Commerce and Industries (MCCI) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Export Registration Certificate (ERC) has already been obtained. 		
Activities and associated documentary requirements	3.2.12 The exporter processes documents to obtain the Certificate of Origin by including Association membership letter, proforma invoice, packing list, ERC, Copy of CAD. 3.2.13 After attaching all necessary documents, the exporter deposits required fees for Certificate of Origin. 3.2.14 MCCI verifies all documents. 3.2.15 Based on the submitted documents, the MCCI decides whether to issue the certificate or not. 3.2.16 If satisfied with the documents the MCCI issues the Certificate of Origin to the exporter.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Certificate of Origin (COO) is received by exporter. 		
Average time required to complete this business process	4 days		

3. Ship: Conduct Laboratory Test of Consignment



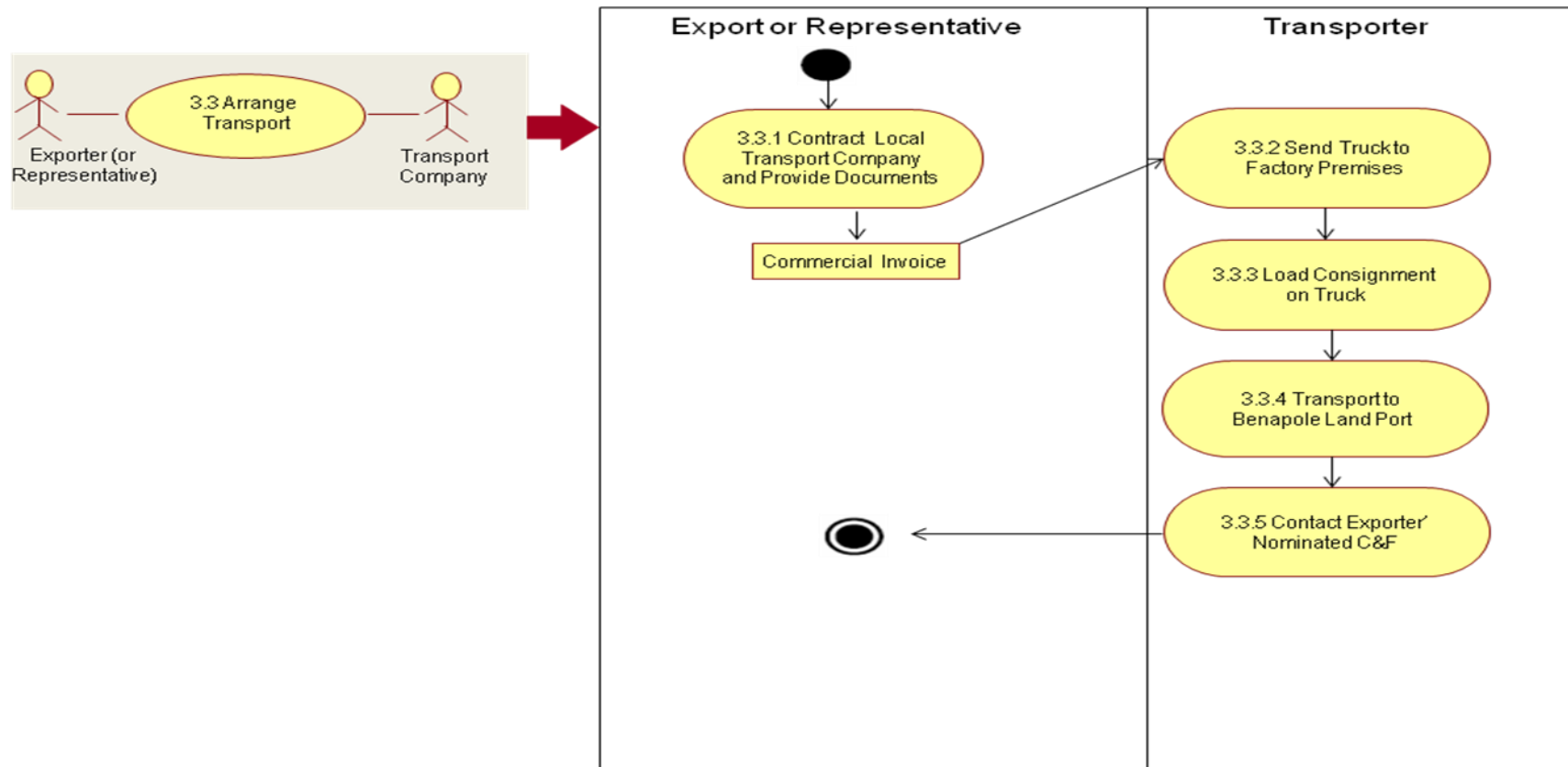
Name of a process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.2) Prepare Export Documents: Conduct Laboratory Test of Consignment	2 days	US\$ 3.20 (Tk.250)
Related laws, rules, and regulations	<ul style="list-style-type: none"> SAPTA agreement on testing requirements 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Bangladesh Jute Goods Laboratory (BJGL) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Export registration certificate has already been obtained 		
Activities and associated documentary requirements	3.2.17 The exporter applies for oil content test of the consignment with a request letter. 3.2.18 Exporter sends sample to the BJGL 3.2.19 BJGL processes the application. 3.2.20 BJGL notifies the schedule for testing. 3.2.21 BJGL conducts the testing according to the schedule. 3.2.22 BJGL determines the oil content of the consignment		
Output criteria to exit the business process	<ul style="list-style-type: none"> Oil Content Certificate is received by exporter. 		
Average time required to complete this business process	4days		

3. Ship: Obtain Phytosanitary Certificate



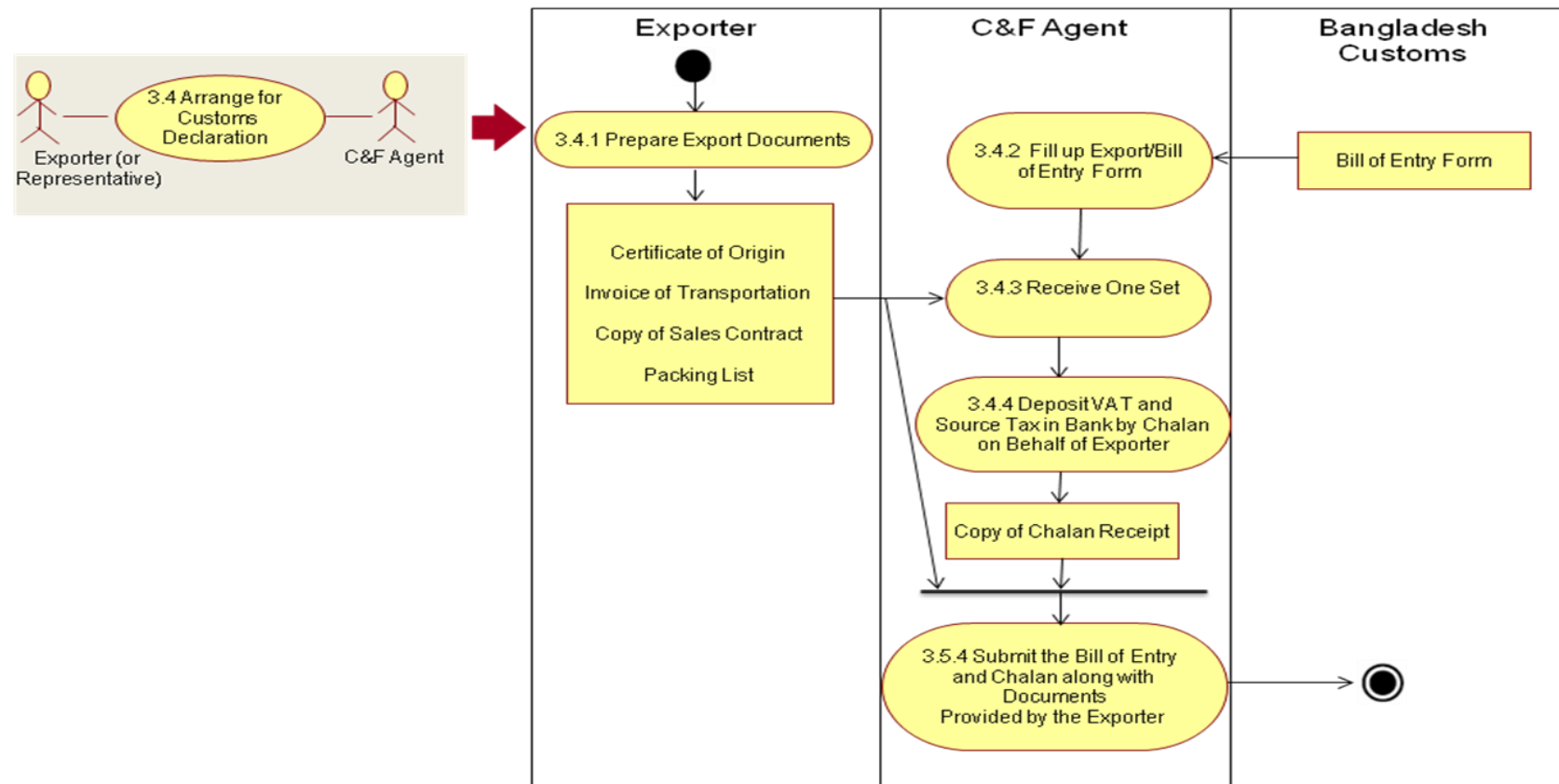
Name of a process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.2) Prepare Export Documents: Obtain Phytosanitary Certificate	2 days	US\$ 4.48 (Tk.350)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Department of Agricultural Extension (DAE) • Clearing and Forwarding (C&F) Agent 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Certificate of Origin and Oil content Certificate have already been obtained 		
Activities and associated documentary requirements	<p>3.2.23 The exporter processes documents to obtain the Phytosanitary Certificate by including Proforma invoice, packing list, oil content certificate, COO.</p> <p>3.2.24 The exporter sends sample product to the C&F agent.</p> <p>3.2.25 The C&F agent deposits tax on behalf of the exporter.</p> <p>3.2.26 The C&F agent submits application for phytosanitary testing on behalf of the exporter.</p> <p>3.2.27 DAE processes the application of the exporter and a schedule for testing is arranged.</p> <p>3.2.28 DAE performs the testing according to schedule.</p> <p>3.2.29 Based on the results of the test the DAE decides whether to issue the certificate or not.</p> <p>3.2.30 If DAE is satisfied with the test report, it issues the Phytosanitary Certificate to the exporter.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Phytosanitary Certificate is received by exporter. 		
Average time required to complete this business process	4 days		

3. Ship: Arrange Transport



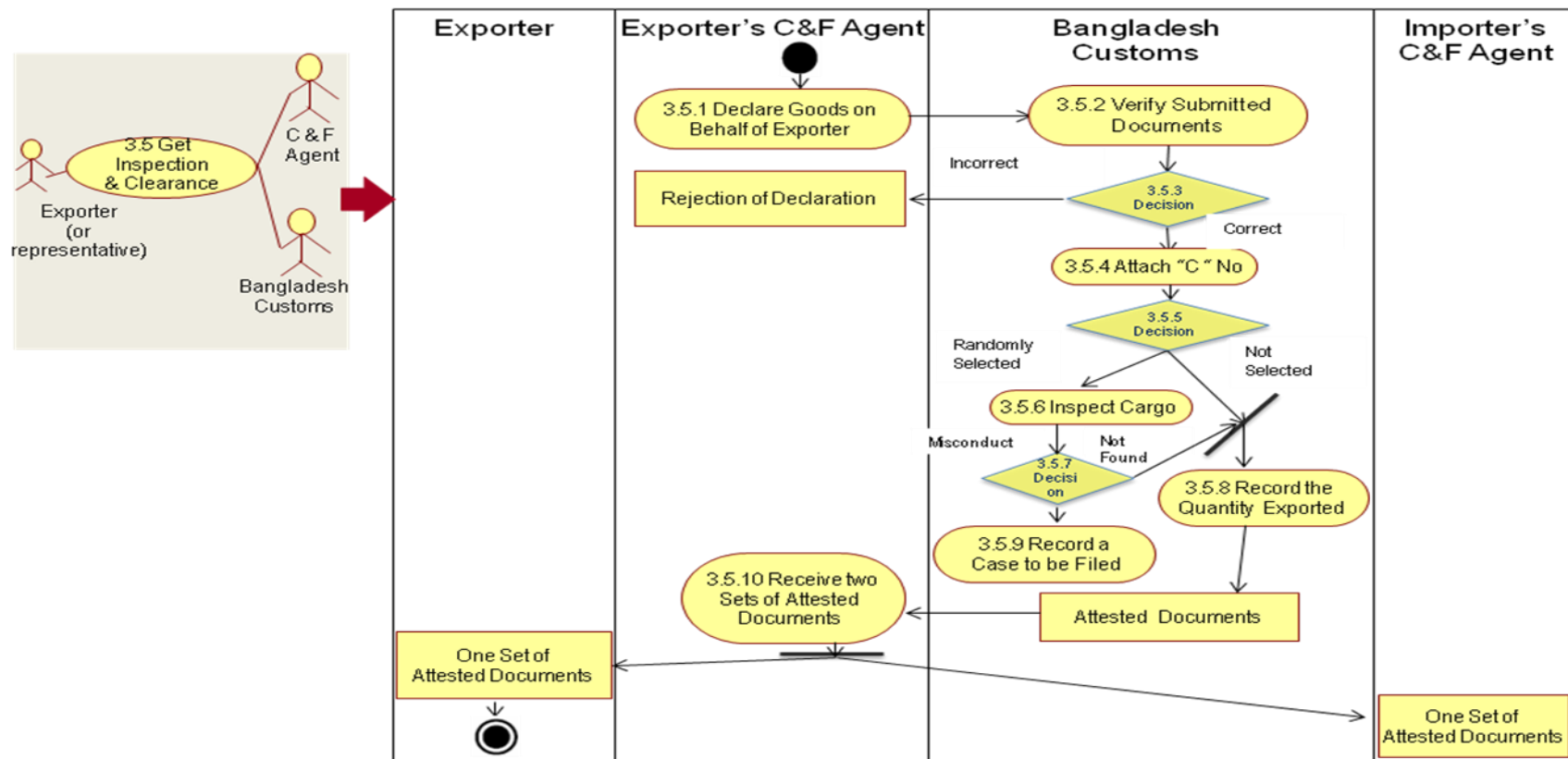
Name of process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.3) Arrange Transport	0 day	US\$ 214.2 (Tk.16700)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Transport Company 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Transport instructions have been prepared by exporter in agreement with importer. 		
Activities and associated documentary requirements	3.3.1 Exporter reaches a contract with a local transport company and hands over documents. 3.3.2 The transport company sends trucks to the factory premises. 3.3.3 The consignment is loaded on the trucks. 3.3.4 The consignment is transported to the Benapole Land Port 3.3.5 After reaching Benapole Land Port the transporter contacts exporter nominated C&F agent		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives the information of reaching of the consignment at the Benapole Land Port through its C&F agent 		
Average time required to complete this business process	1 day		

3. Ship: Arrange for Customs Declaration



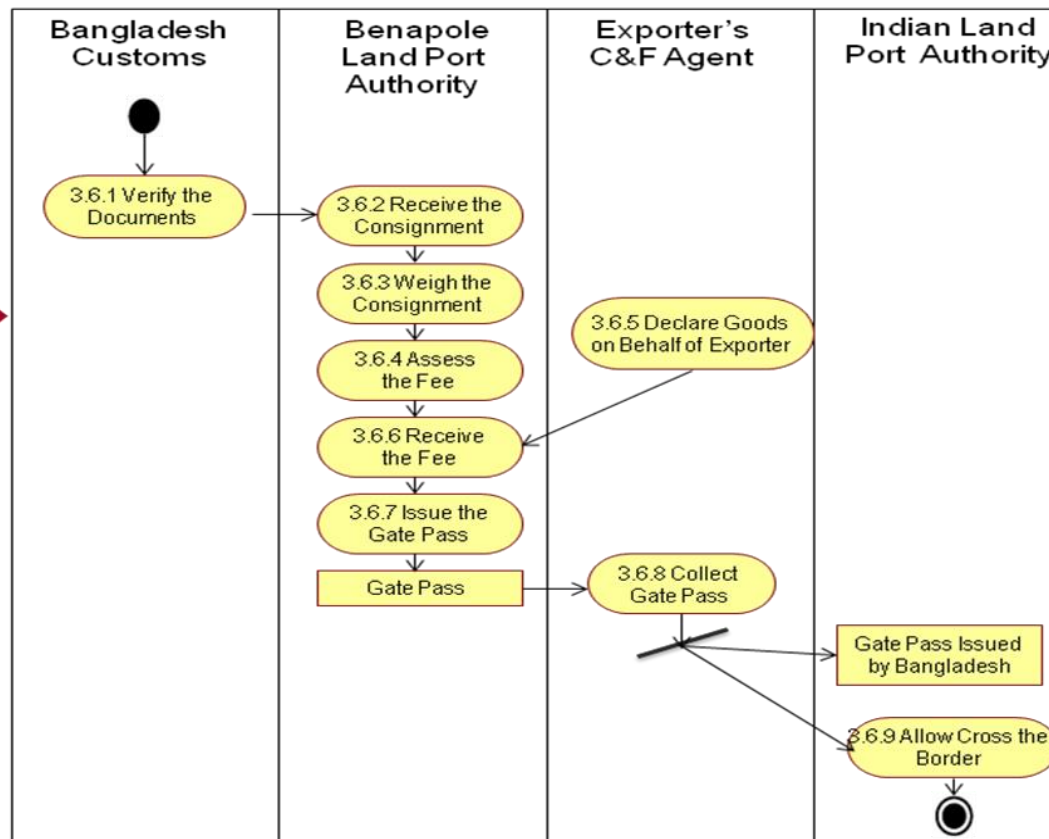
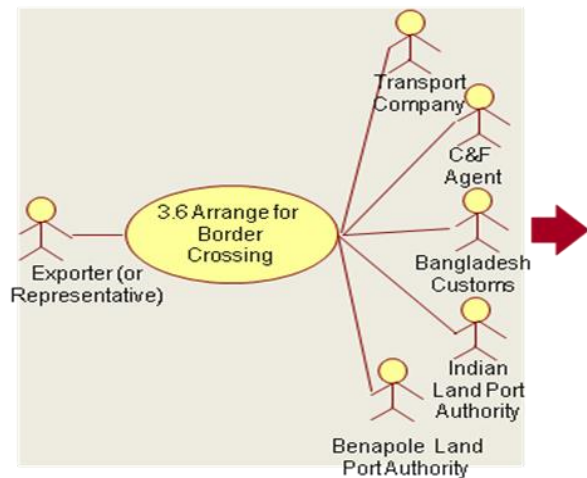
Name of process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.4) Arrange for Customs Declaration	0.04 day	US\$ 3.9 (Tk.300)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • C&F agent 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Transportation invoice is already received 		
Activities and associated documentary requirements	<p>3.4.1 Exporter prepares documents for Customs declaration. These documents include COO, invoice of transportation, copy of sales contract, packing list.</p> <p>3.4.2 The C&F agent collects export/bill of entry form from the Customs Authority and fills it up.</p> <p>3.4.3 The C&F agent receives one set of the above-mentioned documents prepared by the exporter. Another set of the documents is kept by the exporter to be submitted later to the Customs Authority after C&F agent receives the <i>chalan</i> copy.</p> <p>3.4.4 The C&F agent deposits VAT and Source Tax in bank by <i>chalan</i> on behalf of the exporter and receives a <i>chalan</i> copy.</p> <p>3.4.5 The C&F agent then collects another set of the above-mentioned documents from the exporter and submits it along with the Bill of Entry and <i>chalan</i> to the Customs Authority.</p>		
Output criteria to exit the business process	The Bill of Entry and <i>chalan</i> along with documents are submitted to the Customs Authority.		
Average time required to complete this business process	0.1 day		

3. Ship: Get Customs Clearance

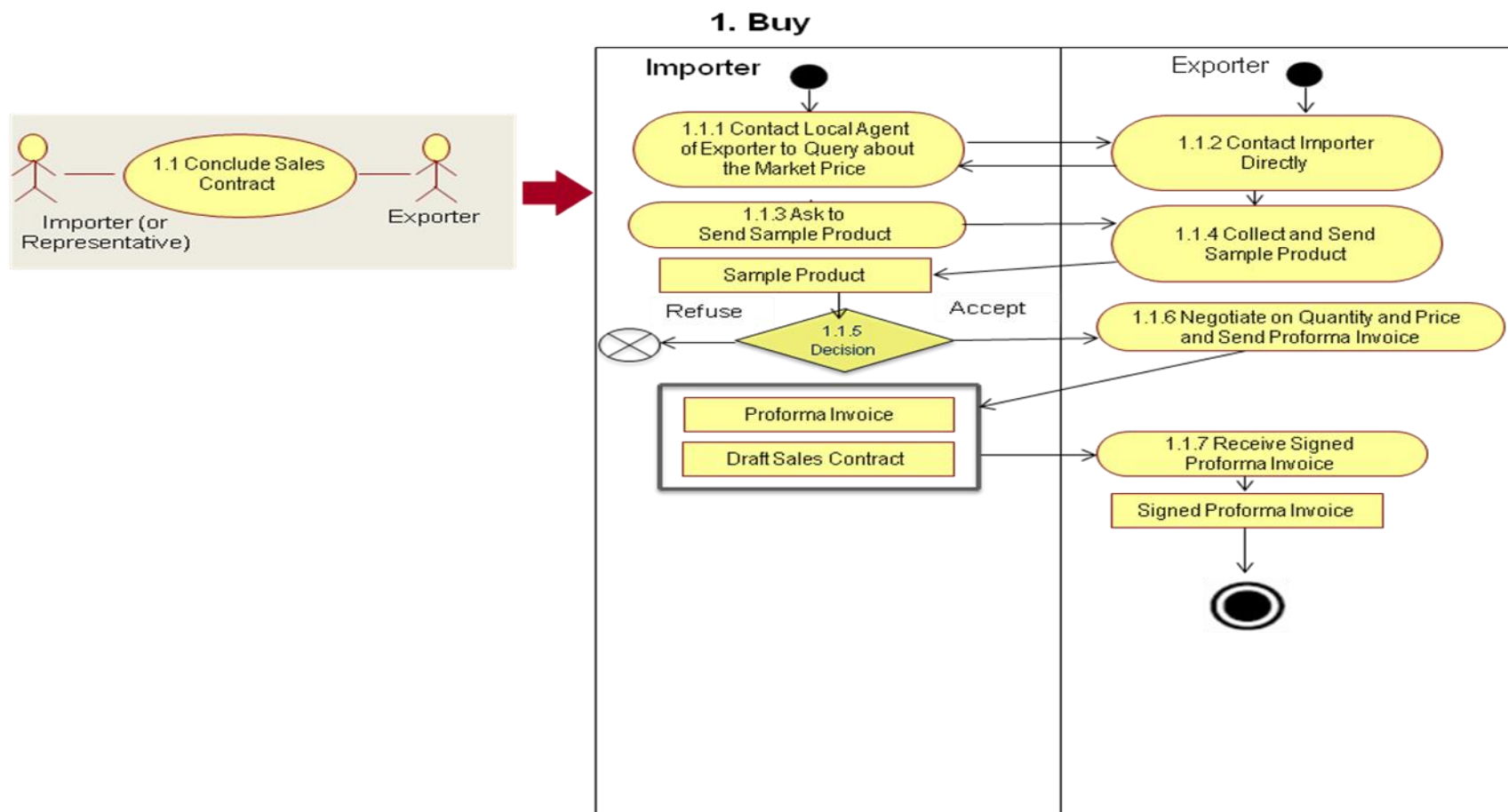


Name of process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.5) Get Customs Clearance	0.05 day	Tk.15.66 per MT
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Exporter's C&F agent • Importer's C&F agent • Bangladesh Customs 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Customs declaration already received 		
Activities and associated documentary requirements	<p>3.5.1 Exporter's C&F agent declares goods on behalf of the exporter.</p> <p>3.5.2 The Customs Authority verifies the submitted documents.</p> <p>3.5.3 Based on the verification the Bangladesh Customs Authority decides whether to issue "C" form or not.</p> <p>3.5.4 If the documents are satisfactory, then the Customs Authority attaches a clearance number ("C" number) with the submitted documents.</p> <p>3.5.5 After attaching "C" number the Customs Authority may directly send the consignment for recording the quantity of export or send randomly selected samples for inspection. In case of the former, activities 3.6.6 and 3.6.7 are skipped and in case of the latter, the consignment passes through activities 3.6.6 and 3.6.7.</p> <p>3.5.6 The Customs Authority inspects the randomly selected samples from the consignment.</p> <p>3.5.7 Based on the inspection of the samples the Customs Authority gives decision.</p> <p>3.5.8 If no fault is found the consignment is sent for recording the export quantity. After recording the quantity, attested documents are returned to the C&F agent.</p> <p>3.5.9 If any misconduct is found, then a case is filed against the exporter.</p> <p>3.5.10 The C&F agent sends one set to the C&F agent of the importer and the other to the exporter.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • A set of attested final Customs clearance documents are sent to importer's C&F agent 		
Average time required to complete this business process	0.375 day		

3. Ship: Arrange for Border Crossing

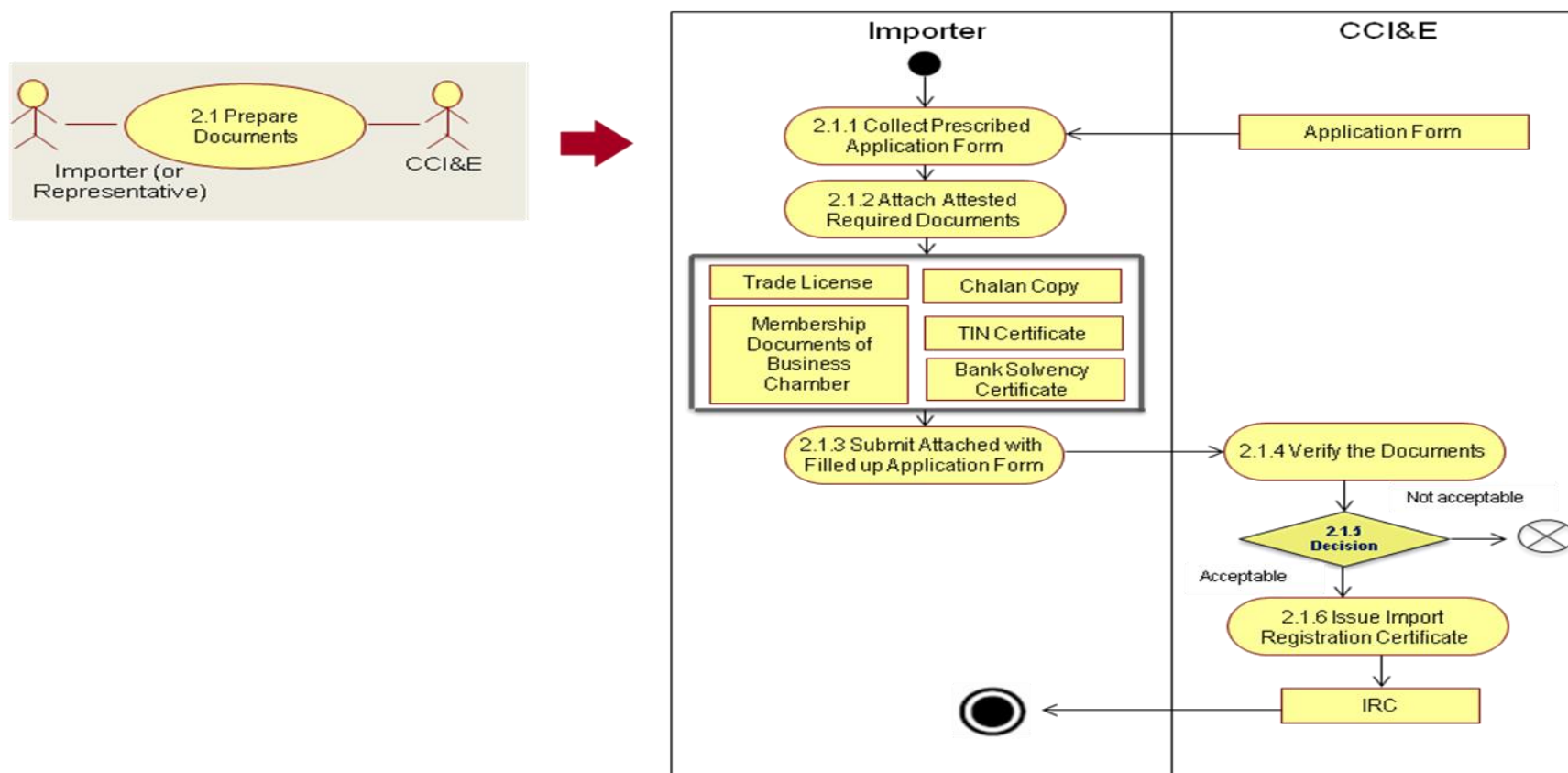


Name of process area	3. Ship	Lead Time (Max-Min)	Costs
Name of business process	3.6) Arrange for Border Crossing	0.014 day	US\$ 1.30 (Tk.100)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Transport Company • Exporter's C&F agent • Importer's C&F agent • Bangladesh Customs • Indian Land Port Authority • Benapole Land Port Authority 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Customs Clearance already received 		
Activities and associated documentary requirements	<p>3.6.1 Bangladesh Customs verifies the documents and sends attested documents to Benapole Land Port Authority.</p> <p>3.6.2 Benapole Land Port Authority receives the consignment.</p> <p>3.6.3 Benapole Land Port Authority weighs the consignment</p> <p>3.6.4 Benapole Land Port Authority charges the fees.</p> <p>3.6.5 The exporter's C&F agent declares the good on behalf of the exporter and deposits the fees.</p> <p>3.6.6 Benapole Land Port Authority receives the fees.</p> <p>3.6.7 Benapole Land Port Authority issues the gate pass.</p> <p>3.6.8 The exporter's C&F agent collects the gate pass and gives it to the Indian Land Port Authority through the importer's C&F agent.</p> <p>3.6.9 Using the gate pass the consignment crosses the border and enters the Indian territory.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The consignment crosses the border and reaches the Indian territory. 		
Average time required to complete this business process	0.075 day		

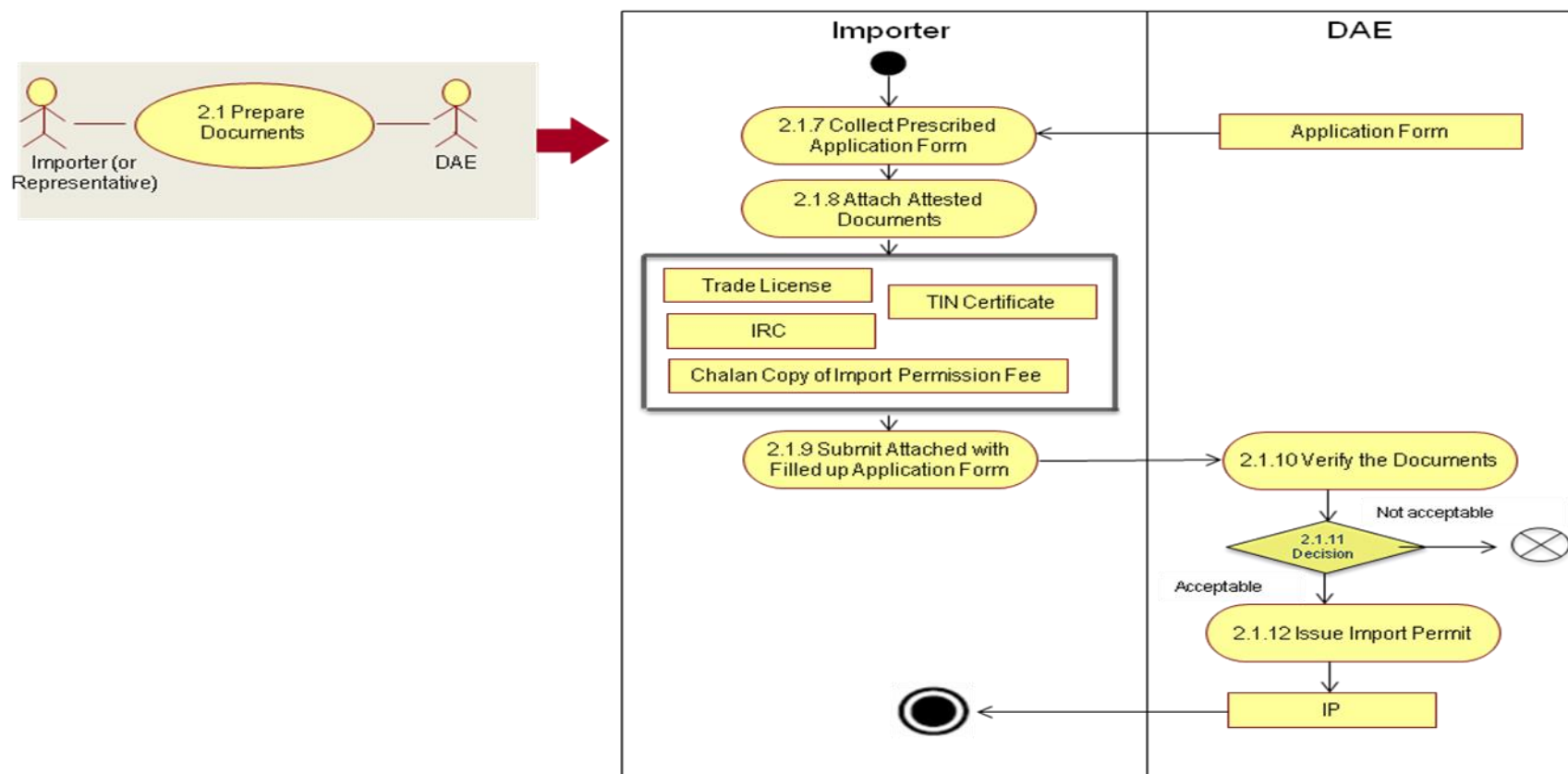
Annex B: Activity Diagrams for Import of Wheat from India through Chittagong Port

Name of process area	1. Buy	Lead Time (Max-Min)	Costs
Name of business process	1.1) Conclude Sales Contract	2 days	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Importer (or representative) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Importer has a list of potential wheat exporters. 		
Activities and associated documentary requirements	<p>1.1.1 The importer contacts local agent of Indian exporter to query about the market price of wheat in India.</p> <p>1.1.2 The Indian exporter may also directly communicate with the importer. In this process importer collects the contact details of the exporter.</p> <p>1.1.3 The Importer asks the exporter to send samples.</p> <p>1.1.4 Exporter collects various types of products and sends sample products to importers.</p> <p>1.1.5 The importer chooses the right quality from the samples of wheat sent by the exporter. If none of the samples is acceptable, the importer refuses to import.</p> <p>1.1.6 Exporter negotiates on quantity and price and accordingly send proforma invoice and draft sales contract to the importer.</p> <p>1.1.7 The importer signs the sales contract and proforma invoice and sends back to the exporter.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives the signed proforma invoice. 		
Average time required to complete this business process	5 days		

2. Ship: Obtain Import Registration Certificate

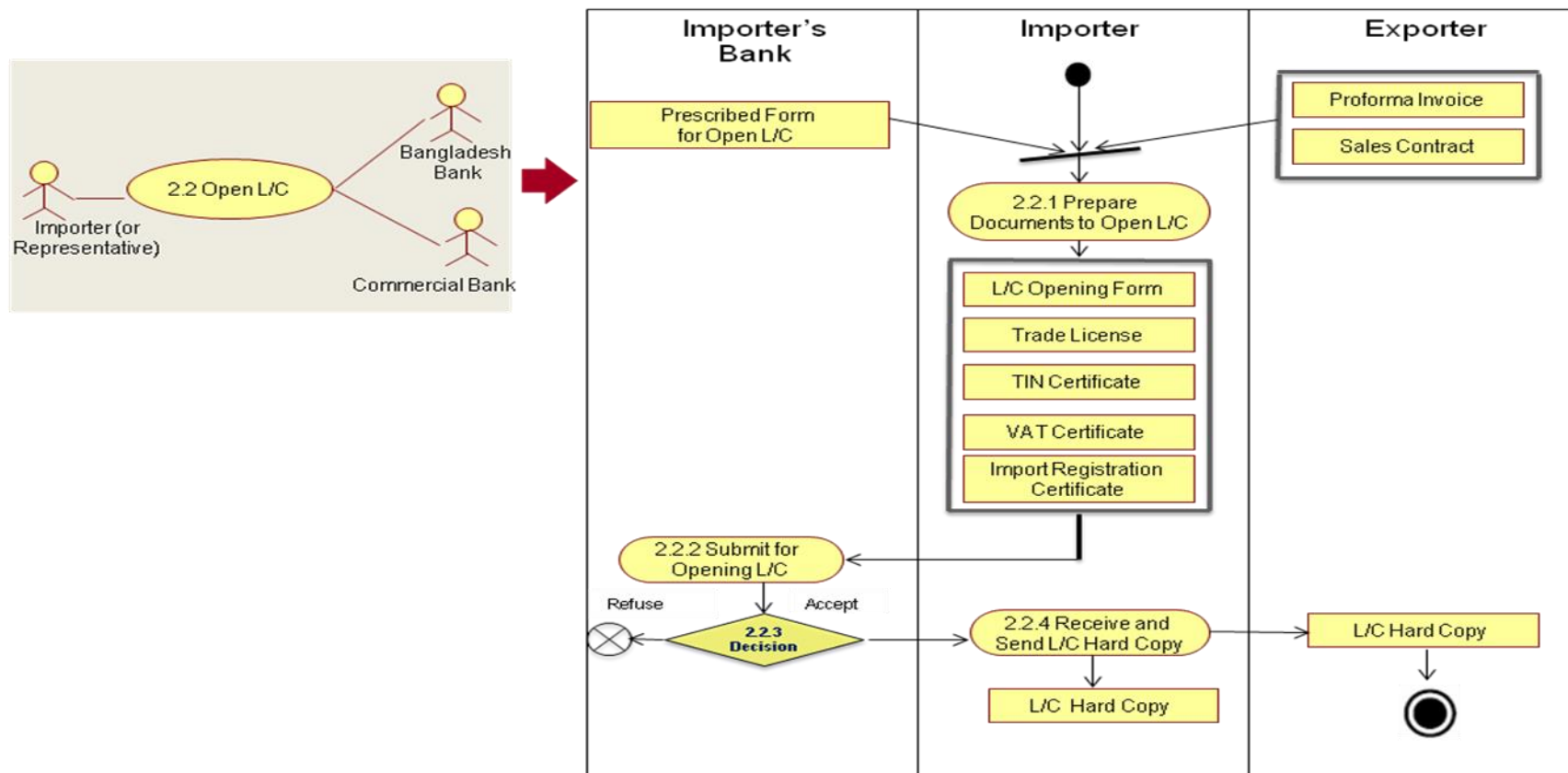


Name of a process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.1) Prepare Documents/Obtain Import Registration Certificate	2 days	US\$ 66.67 (Tk.5200) One Time
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> Importer (or representative) Office of the Chief Controller of Imports & Exports (CCI&E) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> The sales contract and proforma invoice is signed by both exporter and importer. 		
Activities and associated documentary requirements	2.1.1. The importer collects prescribed application form from the CCI&E. 2.1.2. Importer fills in the form and attaches the following documents- trade license, membership documents of Business Chamber, <i>chalan</i> copy, TIN certificate, bank solvency certificate. 2.1.3. The importer submits the application form together with the documents to the office of CCI&E. 2.1.4. CCI&E office verifies the documents. 2.1.5. If submitted documents meet the requirements, the CCI&E decides to issue the certificate or not. 2.1.6. If satisfied with the documents the CCI&E issues Import Registration Certificate to the importer		
Output criteria to exit the business process	<ul style="list-style-type: none"> Import Registration Certificate (IRC) is received by importer. 		
Average time required to complete this business process	3 days		

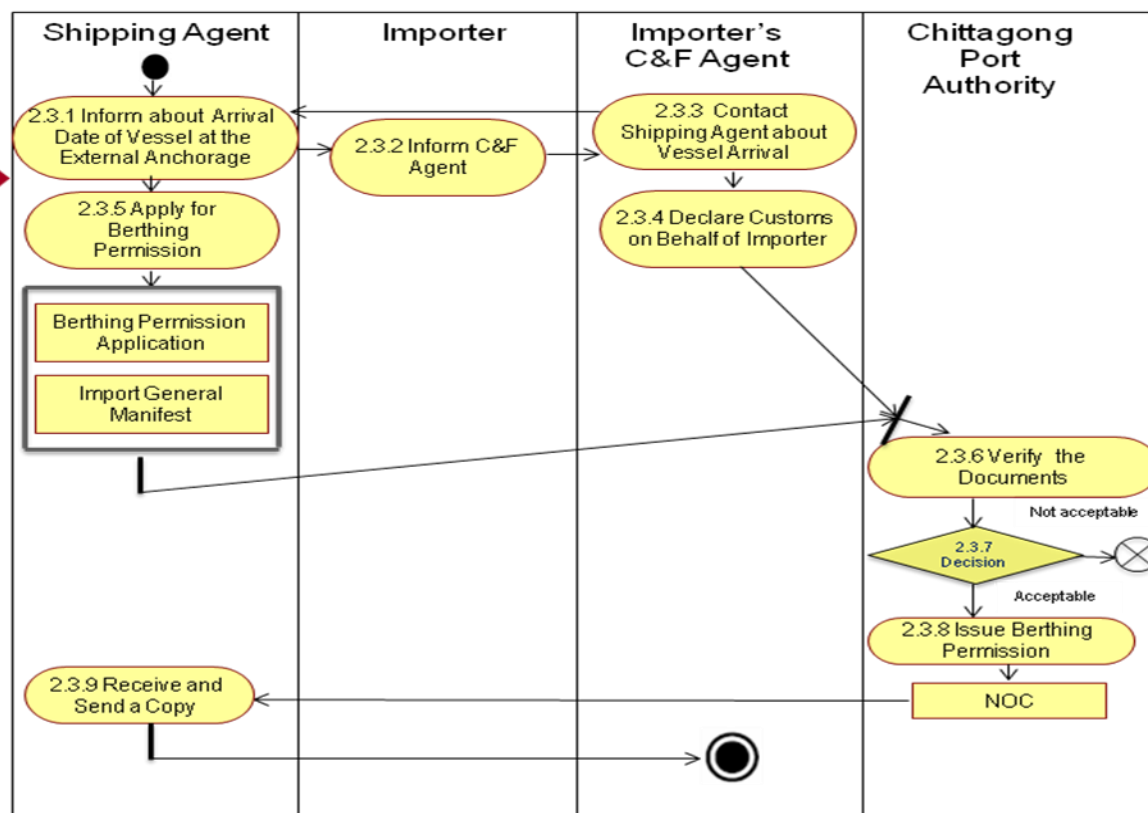
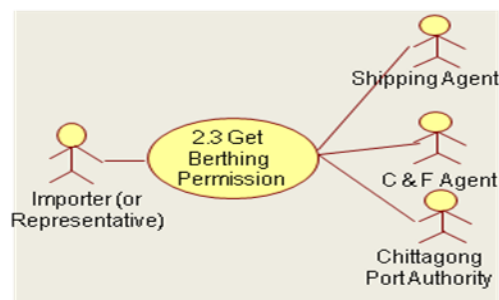
2. Ship: Obtain Import Permission Certificate

Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.1) Prepare Documents / Obtain Import Permission Certificate or Import Permit	2 days	US\$ 25.64 (Tk.2000)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Department of Agricultural Extension (DAE) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The sales contract and proforma invoice is signed by both exporter and importer 		
Activities and associated documentary requirements	<p>2.1.7. Importer collects prescribed application form from the DAE</p> <p>2.1.8. The importer attaches various attested documents including trade license, TIN certificate, import registration certificate (IRC), chalan copy of quarantine fee.</p> <p>2.1.9. The importer submits the filled up application form to DAE</p> <p>2.1.10. DAE verifies the documents</p> <p>2.1.11. Based on the submitted documents the DAE decides whether or not to issue import permit.</p> <p>2.1.12. If there is no problem, then an import permit (IP) is issued by DAE and is given to the importer.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The IP is received by the importer 		
Average time required to complete this business process	3 days		

2. Ship: Open L/C

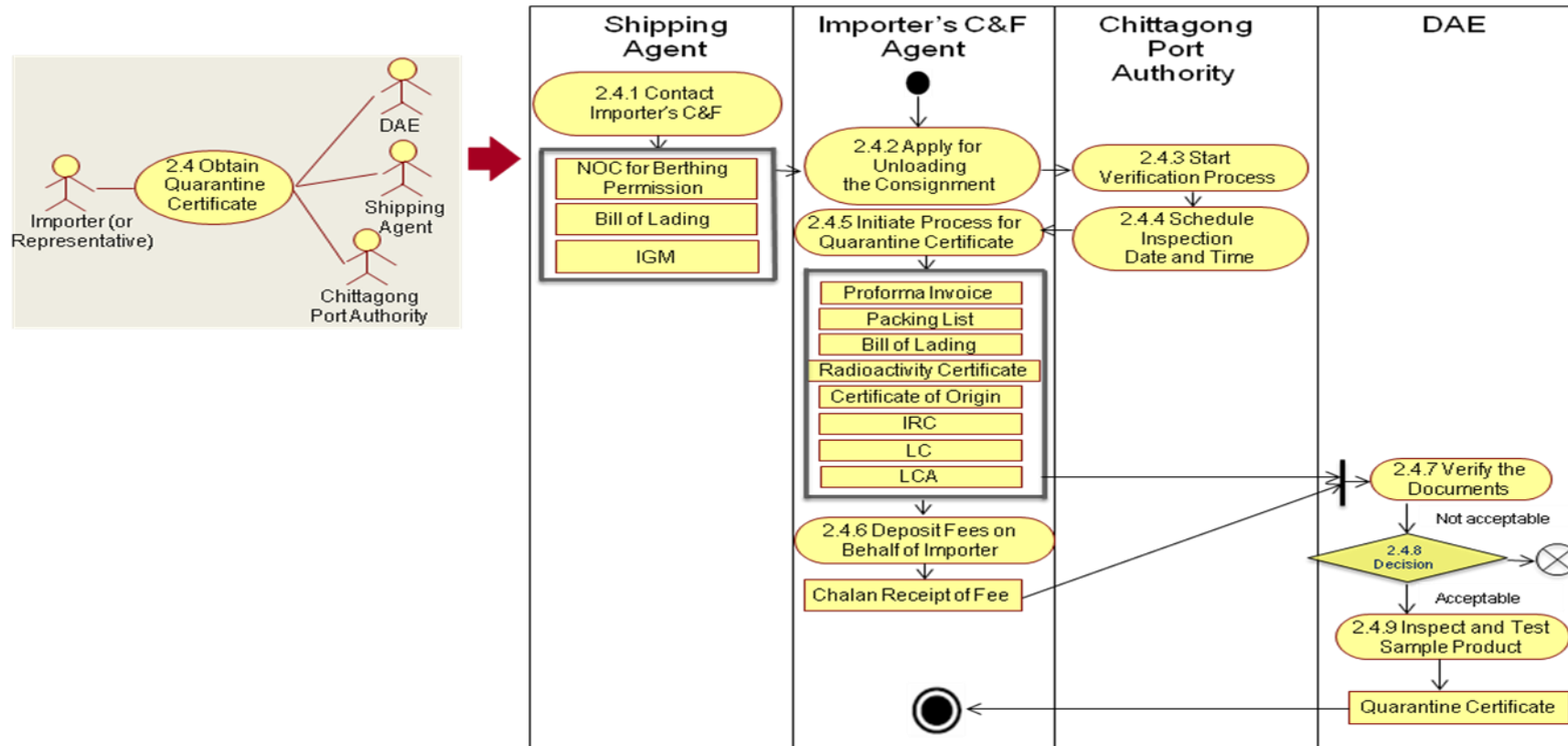


Name of a process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.2) Open L/C	2 days	US\$ 19.23 (Tk.1500)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Bangladesh Bank • Commercial Bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The importer has signed proforma invoice and sales contract 		
Activities and associated documentary requirements	<p>2.2.1. Importer collects L/C opening form from the bank of the importer and prepares documents to open L/C. The documents include L/C opening form, Trade license, TIN certificate, VAT certificate, IRC.</p> <p>2.2.2. The filled up L/C opening form together with the documents is submitted to the bank.</p> <p>2.2.3. The bank decides about whether or not to open L/C.</p> <p>2.2.4. If all the submitted documents are acceptable, the bank opens the L/C and gives a hard copy to the importer. If there is any problem then the bank refuses to open L/C.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The importer receives the hard copy of L/C from the bank 		
Average time required to complete this business process	3 day		

2. Ship: Get Berthing Permission

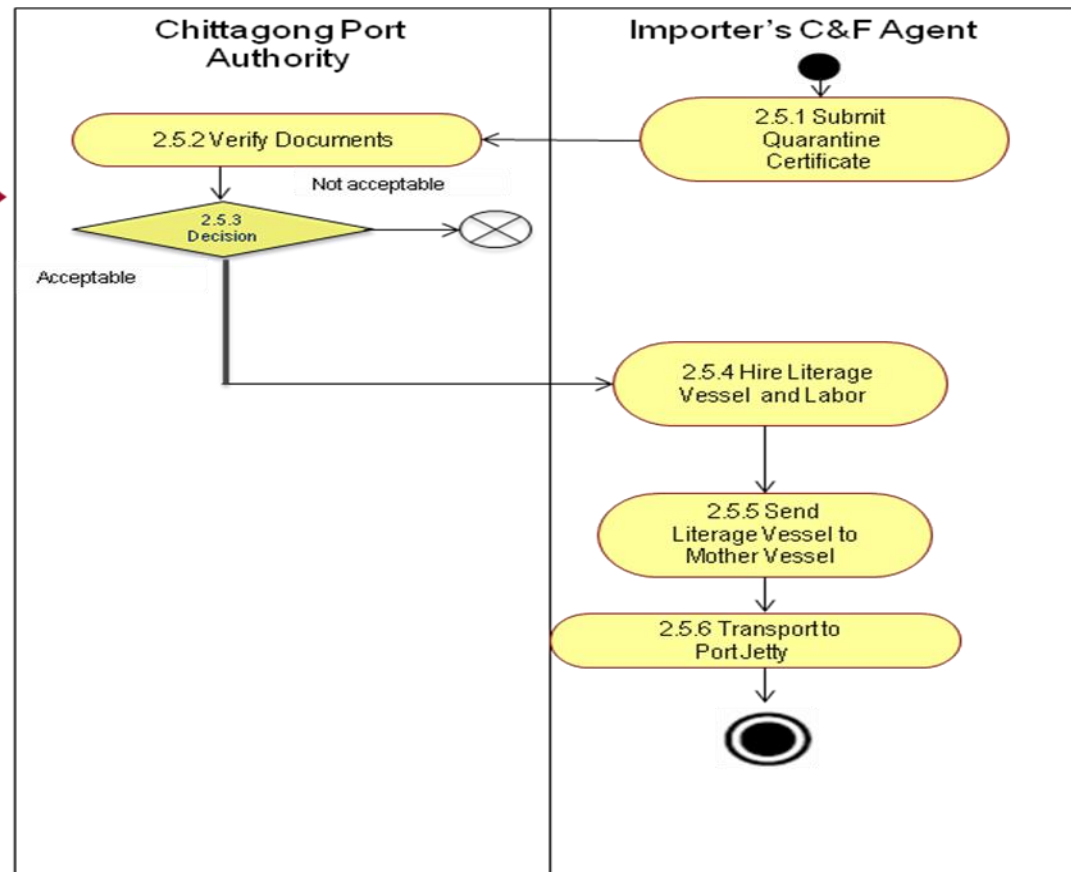
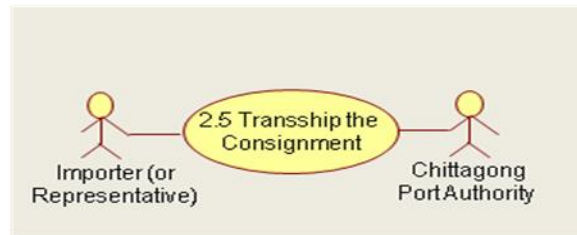
Name of a process area	1. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.3) Get Berthing Permission	2 days	US\$ 6.46 (Tk.504) Per MT
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Shipping Agent • C&F agent • Chittagong Port Authority 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The consignment is close to the outer anchorage 		
Activities and associated documentary requirements	<p>2.3.1. The shipping agent informs the importer about the arrival date of the vessel at the external anchorage.</p> <p>2.3.2. The importer informs the C&F agent the arrival date of the vessel.</p> <p>2.3.3. Importer's C&F agent contacts the shipping agent about the arrival of the vessel.</p> <p>2.3.4. The C&F agent declares the product to Customs on behalf of the importer.</p> <p>2.3.5. The shipping agent applies for berthing permission of vessel to the Chittagong Port Authority. He submits berthing permission application and import general manifest for this purpose.</p> <p>2.3.6. Chittagong Port Authority verifies all documents submitted by the shipping agent and by the C&F agent.</p> <p>2.3.7. If submitted documents meet the requirements, the Chittagong Port Authority decides to issue berth permission. If not satisfied the application is denied.</p> <p>2.3.8. If the berth permission is issued, then a no objection certificate (NOC) is sent to the shipping agent.</p> <p>2.3.9. The shipping agent receives the NOC and hands that to the C&F agent.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The C&F agent receives NOC from shipping agent 		
Average time required to complete this business process	2days		

2. Ship: Obtain Quarantine Certificate



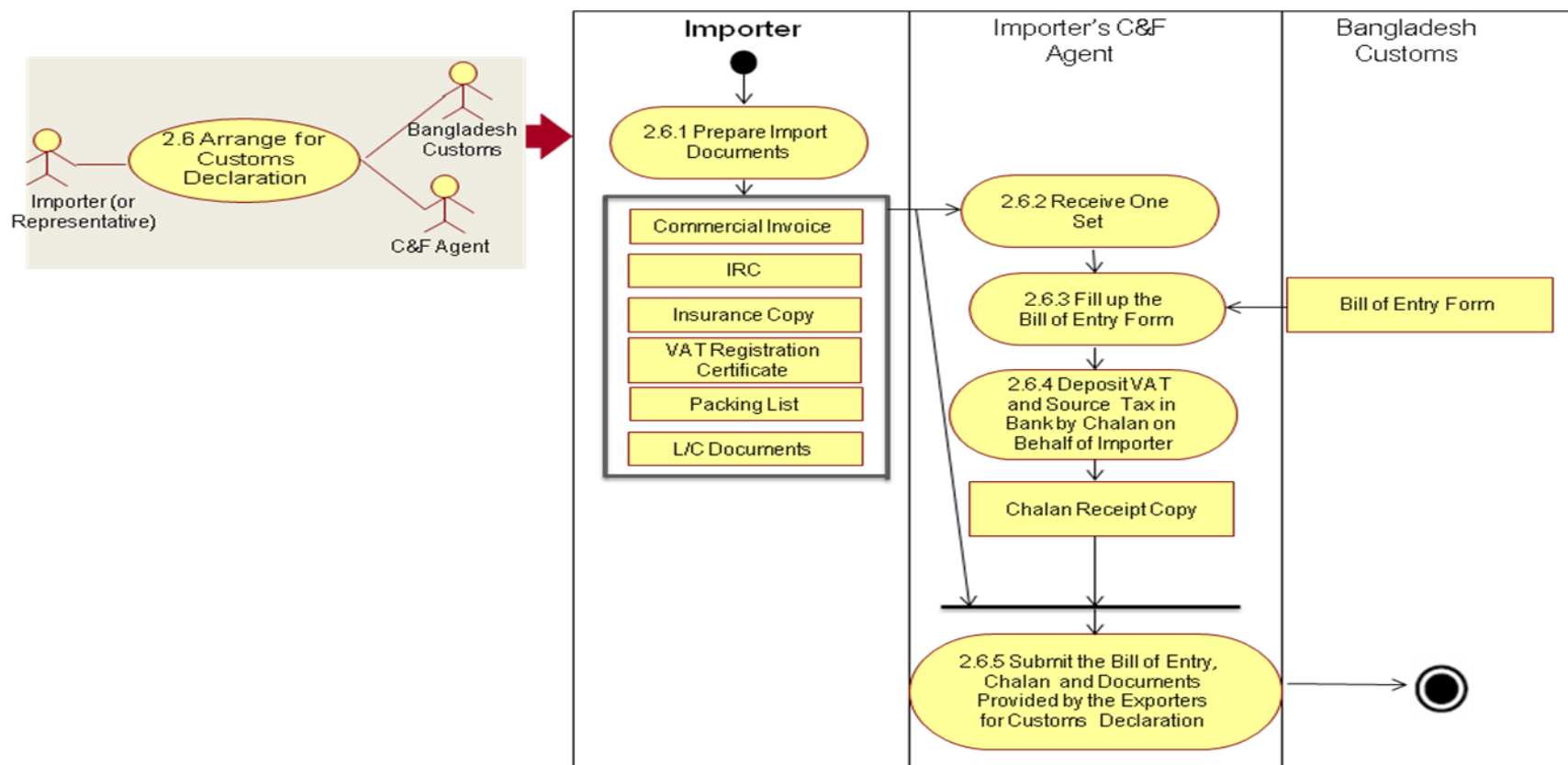
Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.4) Obtain Quarantine Certificate	2 days	US\$ 26.64 (Tk.2000)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative or C&F agent) • Shipping Agent • Chittagong Port Authority • DAE 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Customs clearance already received 		
Activities and associated documentary requirements	<p>2.4.1. The shipping agent contacts importers C&F agent and hands over the NOC for berth permission, bill of lading and IGM.</p> <p>2.4.2. After receiving the documents, the C&F agent applies to the Chittagong Port Authority for unloading the consignment.</p> <p>2.4.3. The Chittagong Port Authority gives schedule for inspection of the consignment.</p> <p>2.4.4. The C&F agent initiates the process for receiving the quarantine certificate. He arranges the several documents for this purpose: proforma invoice, packing list, bill of lading, radioactivity certificate, certificate of origin, IRC, LC, LCA.</p> <p>2.4.5. The C&F agent deposits fees on behalf of the importer and gets receipt of the payment. The C&F agent submits the payment receipt together with all documents mentioned above to the DAE.</p> <p>2.4.6. DAE verifies all documents.</p> <p>2.4.7. If DAE is satisfied with the accuracy of the documents, only then they go for testing the sample from the consignment.</p> <p>2.4.8. DAE inspects and tests the sample of the product. If satisfied DAE issues the quarantine certificate.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The quarantine certificate is issued by DAE and given to the importer's C&F agent 		
Average time required to complete this business process	2 days		

2. Ship: Transship the Consignment



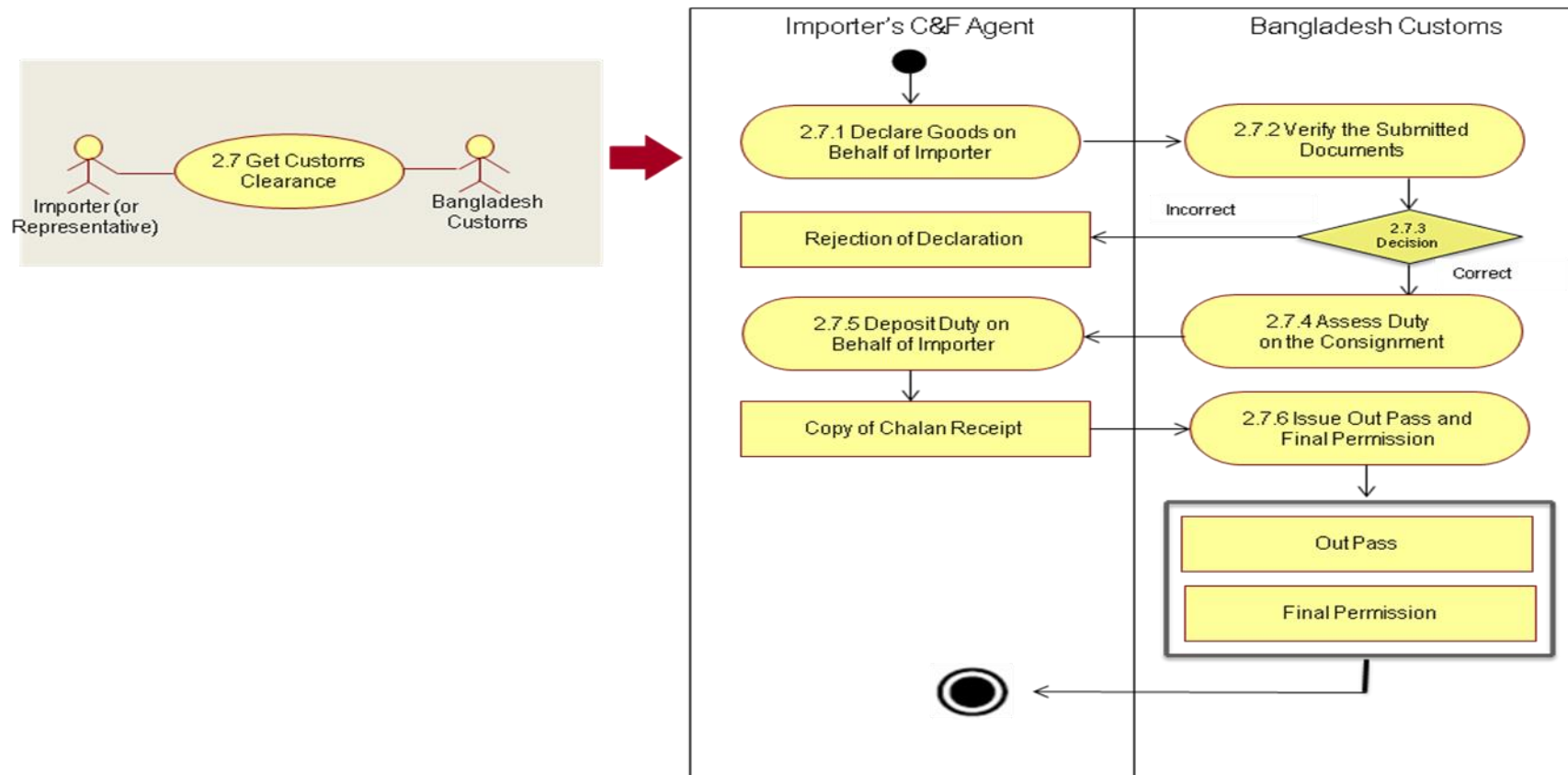
Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.5) Transship the Consignment	0.06 day	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative or C&F agent) • Shipping Agent • Chittagong Port Authority • Bangladesh Customs 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Gate pass for unloading already received 		
Activities and associated documentary requirements	2.5.1. The C&F agent submits quarantine certificate to the Chittagong Port Authority 2.5.2. The Chittagong Port Authority verifies the documents. 2.5.3. If satisfied with the submitted quarantine certificate the Chittagong Port Authority gives permission to the C&F agent. 2.5.4. The C&F agent hires literage vessel and labor for the transshipment. 2.5.5. The Chittagong Port Authority sends literage vessel to the mother vessel. 2.5.6. The literage vessel transships the product to the Port jetty.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The product reaches the Port jetty 		
Average time required to complete this business process	0.25 day		

2. Ship: Arrange for Customs Declaration

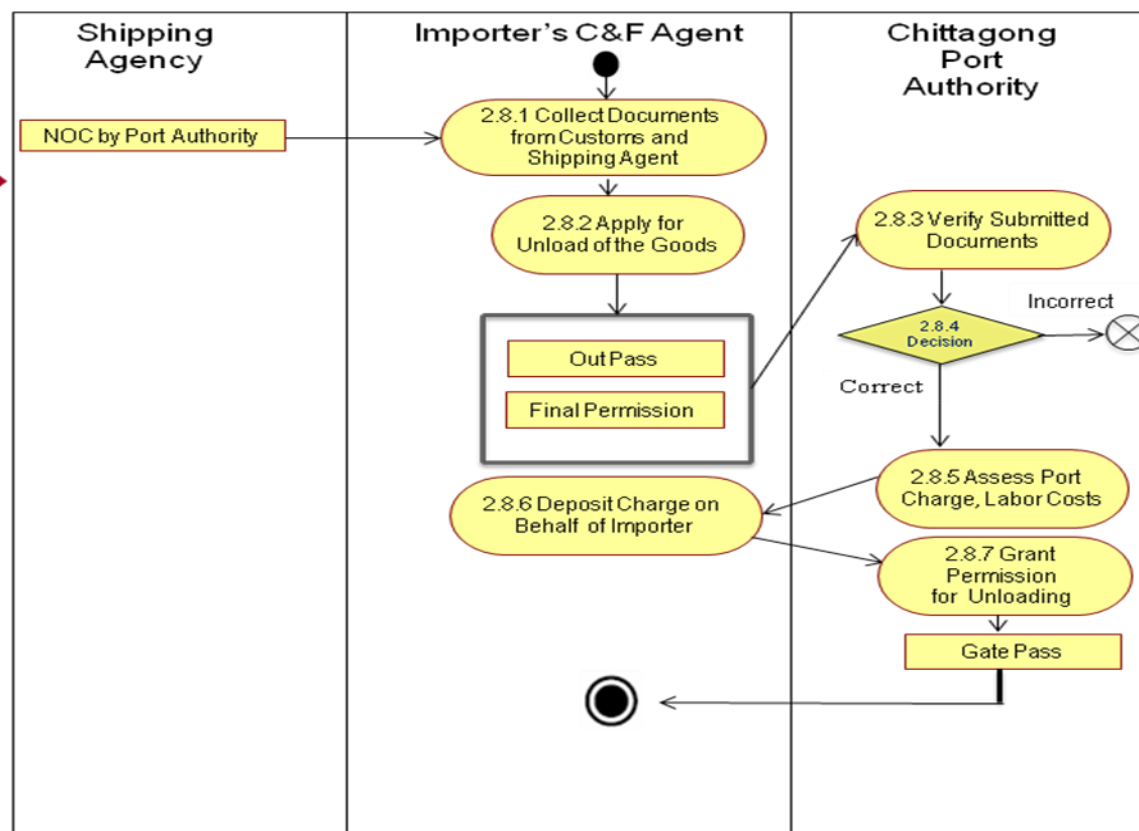
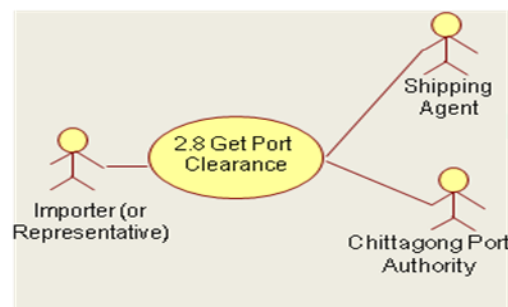


Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.6) Arrange for Customs Declaration	0.2 day	US\$ 0.08 (Tk.7 per MT)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • C&F Agent 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • The C&F agent receives NOC from shipping agent 		
Activities and associated documentary requirements	<p>2.6.1. The importer prepares documents for Customs declaration. These documents include commercial invoice, IRC, insurance copy, VAT registration certificate, packing list, L/C documents.</p> <p>2.6.2. The C&F agent receives one set of all the above documents.</p> <p>2.6.3. The C&F agent collects and fills up the bill of entry form from the Customs Authority.</p> <p>2.6.4. The C&F agent deposits VAT and source tax in bank by <i>chalan</i> on behalf of the importer and receives a receipt of the <i>chalan</i> copy.</p> <p>2.6.5. The C&F agent submits the bill of entry form, <i>chalan</i> and documents provided by the exporters for Customs declaration.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The bill of entry and <i>chalan</i> along with documents is submitted to the Customs Authority. 		
Average time required to complete this business process	0.5 day		

2. Ship: Get Customs Clearance

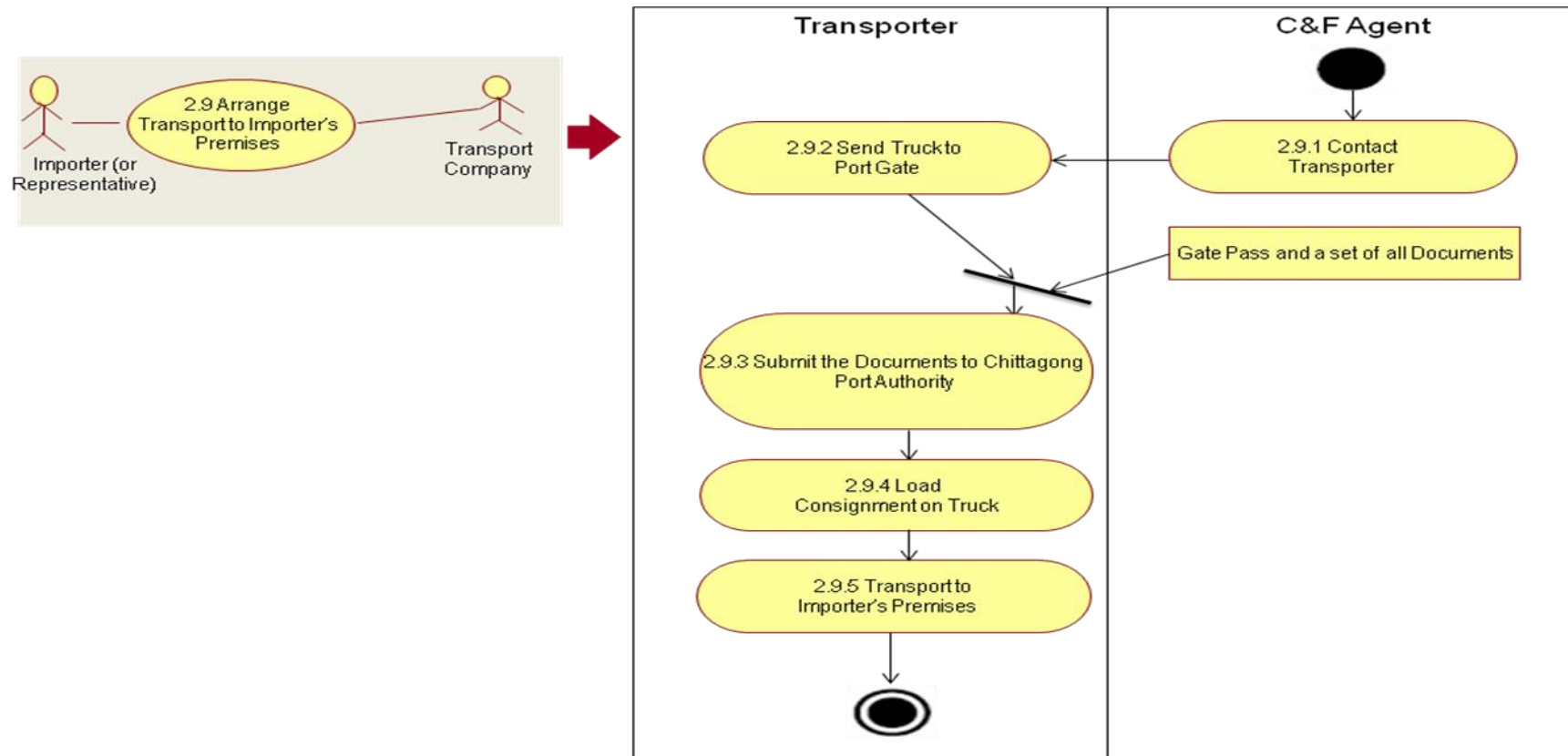


Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.7) Get Customs Clearance	2 days	US\$ 13.20 (Tk.1030)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative or The C&F agent) • Bangladesh Customs 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Customs declaration already made 		
Activities and associated documentary requirements	<p>2.7.1. Importer's C&F agent declares goods on behalf of the importer.</p> <p>2.7.2. The Customs Authority verifies the submitted documents.</p> <p>2.7.3. The Customs Authority is not satisfied with the documents, they reject the application for clearance. If the documents are satisfactory, then the Authority decides to assess the duty on the consignment.</p> <p>2.7.4. The Customs Authority determines the duty on the consignment.</p> <p>2.7.5. Importer's C&F agent deposits duty on behalf of the importer and receives <i>chalan</i> receipt for the deposit.</p> <p>2.7.6. After getting the <i>chalan</i> receipt of the duty deposit, the Customs Authority issues the 'out pass' and final permission and delivers these documents to the C&F agent.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The out pass and final permission is received by the importer 		
Average time required to complete this business process	2 days		

2. Ship: Get Port Clearance

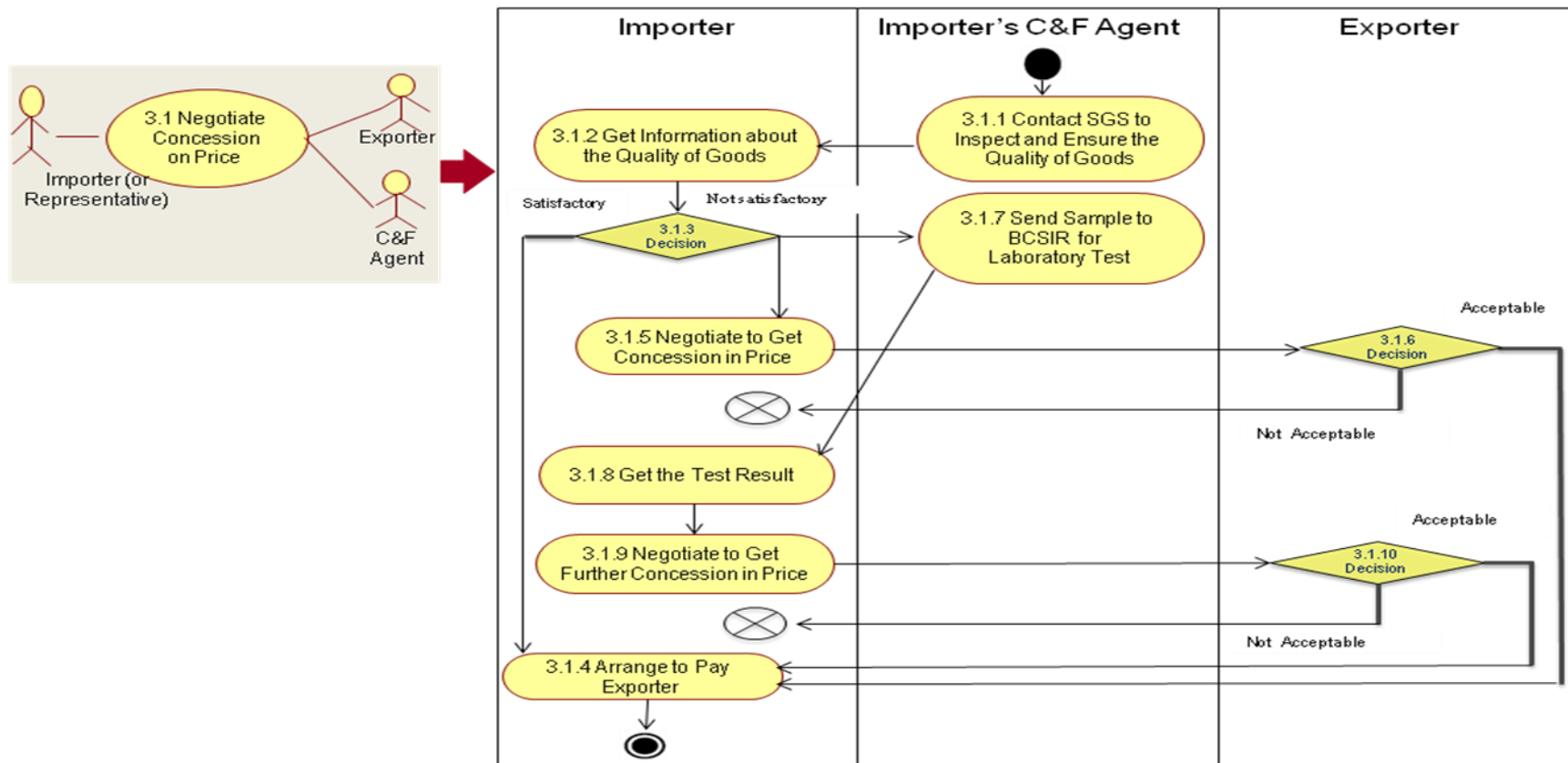
Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.8) Get Port Clearance	2 days	US\$ 57.69 (Tk.4500)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative or C&F agent) • Shipping Agent • Chittagong Port Authority • Bangladesh Customs 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Quarantine certificate already received 		
Activities and associated documentary requirements	<p>2.8.1. The C&F agent collects documents from shipping agent and the Customs Authority. The shipping agent gives him NOC of Port Authority and Bangladesh Customs gives him out pass and permission.</p> <p>2.8.2. The C&F agent applies for unloading the goods and submits documents to the Chittagong Port Authority in support of his application. These documents include the NOC, out pass and permission.</p> <p>2.8.3. Chittagong Port Authority verifies the documents.</p> <p>2.8.4. If the documents are accurate the Chittagong Port Authority decides to allow the process of unloading.</p> <p>2.8.5. The Chittagong Port Authority assesses Port charges and labor costs.</p> <p>2.8.6. The C&F agent deposits the charges on behalf of the importer.</p> <p>2.8.7. The Chittagong Port Authority grants permission for unloading and issues the gate pass to the C&F agent.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The gate pass for unloading the consignment is received 		
Average time required to complete this business process	2 days		

2. Ship: Arrange Transport to Importer's Premises



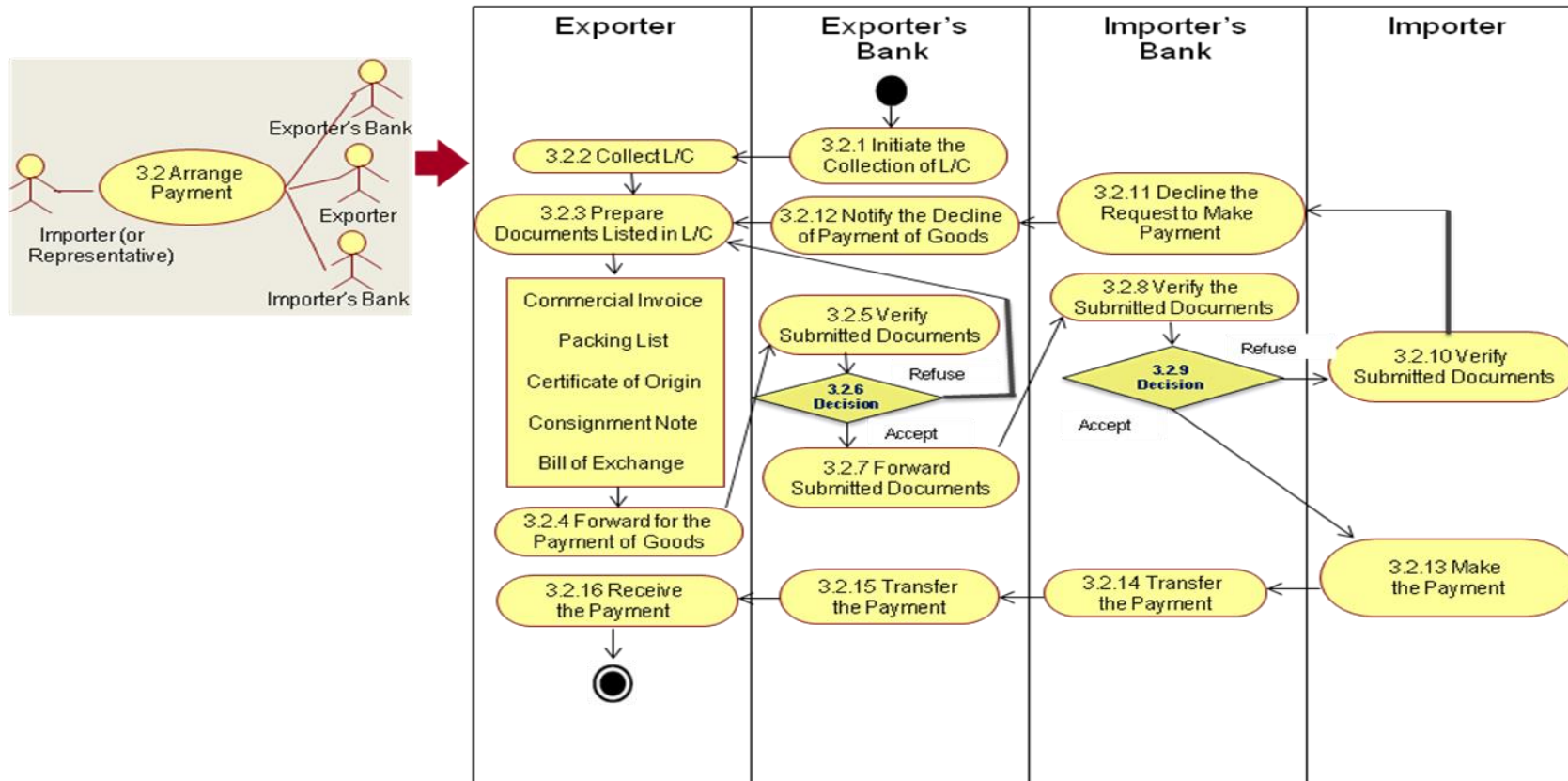
Name of process area	2. Ship	Lead Time (Max-Min)	Costs
Name of business process	2.9) Arrange Transport to Importer's Premises	0.28 day	US\$ 38.46 (Tk.3000) Per Truck
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer • Transport Company • C&F Agent 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • The product ready at the Port jetty 		
Activities and associated documentary requirements	2.9.1. The importer contacts the local transporter. 2.9.2. The transporter sends the truck to the Port gate. 2.9.3. The C&F agent hands over the gate pass to the transporter. The transporter submits quarantine certificate to the Port Authority. 2.9.4. The transporter loads the consignment onto the truck. 2.9.5. The transporter transports the consignment to the importer's premises.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The consignment reaches the importer's premises. 		
Average time required to complete this business process	1.25 days		

3. Pay: Negotiate Concession on Price



Name of process area	3. Pay	Lead Time (Max-Min)	Costs
Name of business process	3.1 Negotiate Concession on Price	2 days	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer • Exporter • C&F agent 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • The importer gets information about anchoring of the cargo at the external jetty 		
Activities and associated documentary requirements	3.1.1. The C&F agent contacts the SGS to inspect and ensure the quality of the product. 3.1.2. The importer receives information about the quality of the product. 3.1.3. The importer takes decision on whether or not to pay according to contract depending on the quality of product after arrival. 3.1.4. If satisfied with the quality, the importer makes arrangement for the payment according to the contract. 3.1.5. If not satisfied with the quality, the importer starts negotiation with the exporter regarding concession on price. 3.1.6. If the newly offered concessional price is not acceptable to the exporter then the process ends there and they may decide what to do with the consignment. If the concessional price is acceptable to the exporter then he informs the importer and importer arranges the payment. 3.1.7. If the importer is not satisfied with the quality, he may decide to make formal test of the quality of product before taking any decision. The importer sends samples of the product to BCSIR for laboratory test. 3.1.8. Importer gets information of the quality of the product after the laboratory test. 3.1.9. With the formal test results of the quality of the product, the importer may decide to negotiate further with the exporter for concession on the price of the product. 3.1.10. The exporter decides whether or not to cater to the concession request of the importer. If the offered concessional price is not acceptable to the exporter then the process ends there. If the concessional price is acceptable to the exporter then he informs the importer and importer arranges the payment.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • A decision is reached about the final payments to be made 		
Average time required to complete this business process	3 days		

3. Pay: Arrange Payment



Name of process area	3. Pay	Lead Time (Max-Min)	Costs
Name of business process	3.2 Arrange Payment	2 days	Nil
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Exporter's bank • Importer • Importer's bank 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Final decision on the payment amount is reached according to the quality of the product 		
Activities and associated documentary requirements	<p>3.2.1. The exporter's bank initiates the process to receive the L/C sent by the importer's bank.</p> <p>3.2.2. The exporter collects the L/C</p> <p>3.2.3. The exporter arranges the documents to be submitted according to the L/C. These documents include commercial invoice, packing list, certificate of origin, consignment note, and bill of exchange.</p> <p>3.2.4. The exporter forwards the above documents to his bank to facilitate the process of payment.</p> <p>3.2.5. The exporter's bank verifies the documents</p> <p>3.2.6. If not satisfied the exporter's bank sends the documents back to the exporter for corrections. If satisfied with the documents, the exporter's bank takes decision to send those to the importer's bank.</p> <p>3.2.7. The exporter sends the documents to the importer's bank.</p> <p>3.2.8. If importer's bank verifies the documents sent by the exporter's bank.</p> <p>3.2.9. The importer's bank decides whether or not to proceed with payment based on the accuracy of the documents. If satisfied then activity 3.2.13 to 3.2. 16 are followed. If not satisfied then activities 3.2.10 to 3.2.12 are followed.</p> <p>3.2.10. If the importer's bank is not satisfied with the documents sent by the exporter's bank, he sends those to the importer. The importer verifies the documents. If the importer is convinced with the problems in the documents, then the importer declines to make the payments and informs his bank regarding his decision.</p> <p>3.2.11. The bank of the importer refuses to make payment and informs the decision to the exporter's bank.</p> <p>3.2.12. The exporter's bank notifies the exporter regarding the decline of payment request by the</p>		

	<p>importer's bank.</p> <p>3.2.13. If the importer's bank is satisfied with the documents submitted by the exporter's bank then it notifies the importer to make the payment. The importer makes the payment to importer's bank.</p> <p>3.2.14. The importer's bank transfers the payment to the exporter's bank.</p> <p>3.2.15. The exporter's bank transfers the payment to the exporter.</p> <p>3.2.16. The exporter receives the payment</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> A decision is reached about the final payments to be made 		
Average time required to complete this business process	3 days		

Annex C: 'To be' Steps in the Export of Jute Hessian Bags to India by Land

Sl.	Procedure	Recommendations	Reduction of Days	Reduction of Documents	Reduction of Costs
2.1	Receive Payment through CAD	Send and receive scanned copy of the CAD in exchanging account details across importer's and exporter's banks	1	1	0.00
3.2	Prepare Export Documents	Remove use of ERC and the copy of CAD in obtaining both the SAPTA certificate and certificate of origin. Remove the certificate of origin in obtaining the phytosanitary certificate.	0.5	3	0.00
3.5	Get Customs Inspection & Clearance	Arrange to send the verified documents electronically instead of attested documents to the C&F agent of the exporter and importer	0	6	0.00

Annex D: 'To be' Steps in the Import of Wheat from India by Sea

Sl.	Procedure	Recommendations	Reduction of Days	Reduction of Documents	Reduction of Costs
2.2	Open L/C	Send and receive scanned copy of the L/C. Replace IRC with IP in opening L/C	0.5	1	0.00
2.4	Obtain Quarantine Certificate	Remove IRC in obtaining the quarantine certificate.	0.0	1	0.00
2.6	Arrange for Customs Declaration	Remove insurance copy in arranging for Customs declaration.	0.0	1	0.00