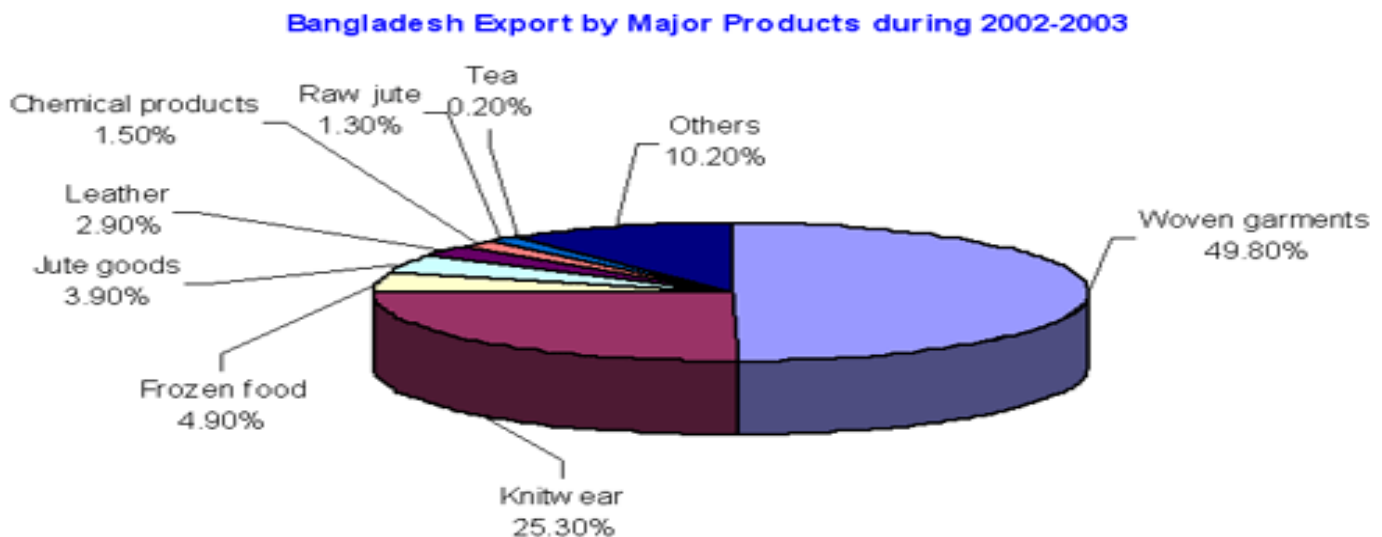


## Export Control in Bangladesh

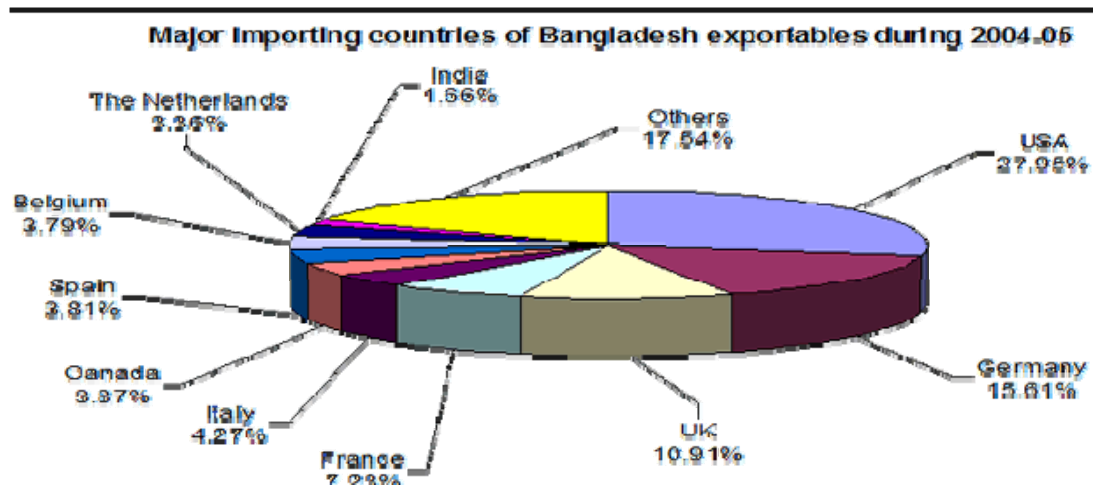
**1. Introduction:** Bangladesh emerged as an independent country in 1971. She entered into International Trade actively since 1972. In the early years of independence the gap between Import and Export was very wide. This gap started to decrease from 1980s when Bangladesh adopted liberal trade policy consistent with the emerging trend of the market economy. Extensive reform programs have been implemented in trade regimes during the last two decades. The prime objective of the trade policy of Bangladesh is to strengthen the economy. For achieving this objective Bangladesh has adopted export-based development strategy. As export sector is the main sources of hard-earned foreign currency of Bangladesh, Government has taken all the initiatives for overall development of the sector.

**2. Export Policy:** For export promotion and development Bangladesh has been pursuing periodic Export Policy from 1980. In the first half of 80s she pursued one- year export policies in the first half of 80s and two-year policies in the last half of the same decades. Since then five- year export policies were formulated and implemented. After the expiry of the tenure of five-year policy government announced three –year Export Policy. On going Export Policy is for the period 2003-2009. These policies are consistent with the agreement under Uruguay Round Accord, WTO and the principles of market economy. These are also maintaining favorable balance between exports and imports of the country.

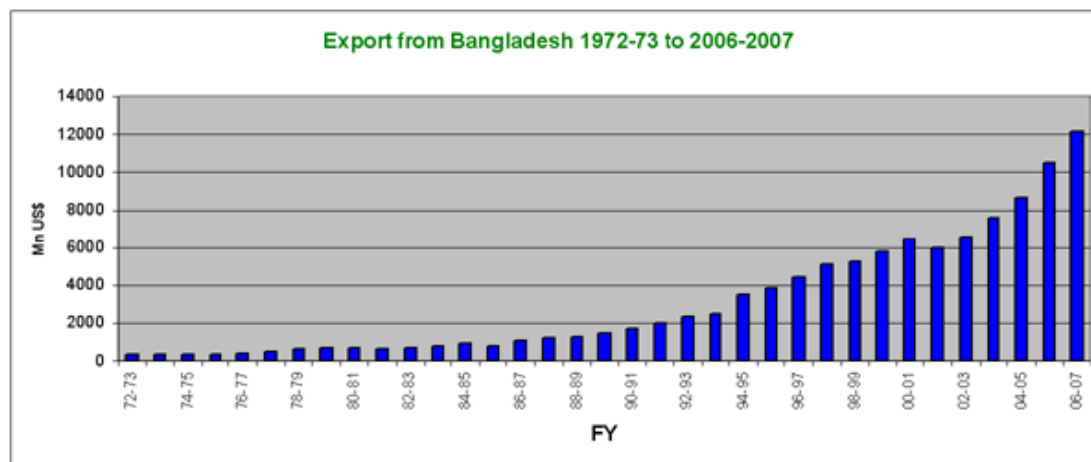
**3. Export basket:** In the export basket of Bangladesh there are primary commodities and industrial goods. Frozen food, tea, agricultural product, raw jute, etc. are the primary product for export. On the other-hand, readymade garments (Oven garments and knitwear), leather, jute goods, fertilizer, and chemical products, footwear, ceramics product, engineering products, petroleum by-products and handicrafts are the major industrial export goods. The product-wise export earnings from major exports are shown below:



**4. Market Share:** The major countries to which Bangladesh are exporting are USA, Germany, UK, France, Belgium, Italy, Netherlands, Canada, and Japan. The USA is the main destination of our export commodities which is 28.79% of the total exports. The second and third positions are held by Germany and UK which constitute 16.76% and 9.96% respectively. The principle items exported to these countries are readymade garments, frozen foods and home textiles. The country-wise exports figures are shown below:



**5. Trend of Export Earnings:** The exports of Bangladesh have been experiencing a steady rise since the late 80s of which apparels constitute approximately 75% of the total exports. Other items include frozen foods, jute & jute products, leather & leather products, handicrafts, vegetables, chemical products etc. Major export markets for Bangladeshi exporters are North America (33%) and EU (52%) while other regions constitute the rest. In Fiscal Year 2006-07, total exports earnings of Bangladesh exceeded US\$ 12 billion. The trend of Bangladeshi exports from FY 1972-72 to 2006-07 is shown below.



**6. Export Control: Rules, Regulation, and Controlling Authority:** In Bangladesh all trading activities are regulated by the Ministry of Commerce of the Government of Bangladesh under The Imports and Exports (Control), Act 1950. The Export Policy under the aforementioned Act is issued every three years by the Ministry of Commerce on behalf of the government. However, the Ministry can impose a ban or attach conditions, in the public interest, on an exportable at any time. Moreover, the Ministry of Commerce, through its office of the Chief Controller of Imports & Exports (CCI&E) is also responsible for issuance of Export Registration and/or Permits to the intending exporters. On the other hand, any tariff/tax related issues are determined by the National Board of Revenue (NBR), an entity under the Ministry of Finance. Bangladesh Customs a department of NBR is the enforcement agency of the Export Policy.

**7. Export Control: Prohibitions and Restrictions:** According to the current Export Policy, 2006-2009, the government has prohibited or imposed conditions on the exports of following products. (Please visit [www.mincom.gov.bd](http://www.mincom.gov.bd) for full text of the Export Policy and other information)

*A. Prohibited Products*

- i) All petroleum and petroleum products except naphtha, furnace oil, lubricant oil and bitumen.
- ii) Jute and `Shan` seeds
- iii) Wheat
- iv) Any kind of live animal, animal organs or hide/ skin of wild animals.
- v) Fire arms, ammunition and related materials.
- vi) Radioactive materials.
- vii) Archeological Relics.
- viii) Human skeleton, blood plasma, or any product produced from human or human blood.
- ix) All types of pulses, except processed ones.
- x) All shrimps except chilled, frozen and processed ones
  
- xi) Onion
- xii) Seawater shrimps of 71/90 count or smaller, except the species *Harin/ harini* and *Chaka*
- xiii) Cane, wood, wood logs/ thick pieces of wood (except handicrafts made from these materials).
- xiv) All types of frogs (alive or dead) and frog legs.
- xv) Chemical products enlisted in the List 1 of the Chemical Weapons Convention.
- xvi) Raw and wet blue Leather.

*B. Restricted Products*

- i) Urea Fertilizer: Upon permission from the Ministry of Industry, Urea fertilizer produced in all factories except Karnafully Fertilizer Company (KAFCO) can be exported.
- ii) Upon no objection from the Ministry of Information, entertainment programs, music, drama, films, documentary films etc can be exported in the form of audio cassettes, video cassettes, CDs, DVDs etc.

**8. Export Control:** Bangladesh follows a liberal trade policy in respect of Import and Export. For obvious reasons, export is a priority sector of Bangladesh. Government has taken many measures for export development. There is a handsome incentive package for the exporters. But even export sector is not free from control and monitoring. The Following measures have established necessary control over the export trade in Bangladesh:

- Licensing the exporters.
- Quality inspection of product.
- Physical examination before shipment.
- Security check by using scanning machine at ports
- Constant Intelligence and monitoring by the concerned Government agencies
- Observing ISPS code by port authority.
- Application of penal provisions for violation of Rules and Regulations.
- Installation of heavy-duty scanners in the ports(*under construction*).

**9.Problems:** Some unscrupulous exporters take the opportunity of liberal trade policy of the Government. They are used to indulge in various corrupt practices like declaring more quantity than actually exported by means of fiddling of shipping documents. Another area of concern resulting in export fraud is the preferential trading arrangements where certain countries enjoy duty benefit subject to compliance of some conditionality related mostly to rules of origin. Other countries which are outside the purview of these preferential arrangements, that is, who fall in the Most Favored Nation (MFN) category, attempt to circumvent the system by means document forgery, falsification of shipment details etc. This leads to export of products of a particular country on papers which is actually produced elsewhere. These sort of malpractices might deprive the genuine exporters of the country belonging to the preferential trading bloc and put the importers of such products at a risk of penal actions from their authorities. Finally, weak infrastructure and limited capacity to enforce the IPR regulations and rules on standardization by the administrations of the developing countries like Bangladesh contribute substantially to protect its consumers from having sub-standard and/or counterfeit products. The authorities often lack adequate facilities to test the standards or originality of the products.

Bangladesh also facing some problems with exports from China. According to reports of law enforcement agencies goods exported from China to Bangladesh are detected as substandards, counterfeits and health hazardous in many cases. Milk powder for the babies is the most recent examples.

**10. Proposal/Suggestion:** Followings are some recommendations on how we could overcome the hurdles faced by the developing countries in enforcing effective control over exports.

- Maintain Profile of the Exporters
- Systematic Certification process (Rules of origin, quality etc.)
- Introduction of Effective Risk Management techniques for Physical Inspection
- Effective use of Scanner
- Increase Enforcement Capacity
- Impart Training
- Increase Cooperation among the Trading Countries through some Mutual Customs Cooperation
- Penalize the Exporter for Breaching Rules and Regulation
- Creation of International Consensus and Awareness to Ensure Quality in Export
- Reduction in import control and gradual decrease in import tariff and not tariff barriers.