



EDITORIAL

National Logistics Policy: Key to hitting export targets

Bangladesh has experienced remarkable growth since 2010, achieving the status of the 35th largest economy globally in nominal terms in 2022, up from 41st place in 2021. It also ranks as the 25th largest economy based on purchasing power parity. In fiscal year (FY) 2023, Bangladesh's economy expanded by 6%, slightly moderating from the 7.1% growth in FY 2022. This growth, though robust, was tempered by challenges such as sluggish export growth due to economic slowdowns in key export markets, power shortages, and persistently high inflation. The Perspective Plan of Bangladesh targets the economy to reach roughly USD 2.5 trillion in 2041. Exports and imports will reach over USD 1 trillion in the same period. The country needs an average of 40.87% GDP investment to attain this.

To keep the momentum of the development journey, Bangladesh has formulated its National Logistics Policy 2024 to achieve sustainable economic growth by increasing domestic and international trade and investment capacity by constructing a world-class, technology-based, time and cost-efficient, and environmentally friendly logistics

system. The Prime Minister's Office published a gazette on the National Logistic Policy on 28 April 2024. The policy aims to reduce delays and costs by achieving efficiency in overall logistics services, including production, storage, transportation, shipping and release, and distribution of products, within competitive cut-off times based on regional and international standards.

Before the policy formulation, the National Logistics Development and Coordination Committee (NLDCC) was formed by the government under the leadership of the Principal Secretary to the Prime Minister as recommended in the workshop in November 2022 organised by BUILD, Ministry of Industries and World Bank. This is an effort of the PMO to demonstrate effective stewardship and institutional deepening of the logistics development effort of the government. Since its ideation, BUILD, the World Bank, and the IFC have supported NLDCC.

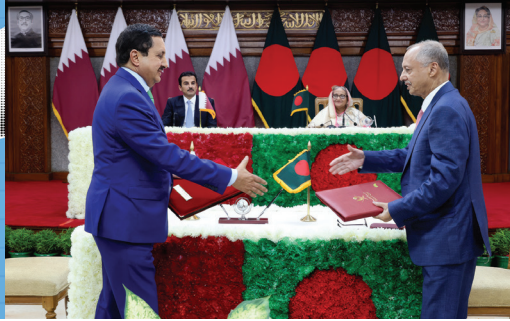
This groundbreaking initiative by the PMO represents a monumental milestone, establishing the first national framework, vision, and guiding principles for the logistics sector. The World Bank Group is providing technical assistance in support of this historic endeavour. Collaborating with PricewaterhouseCoopers and Policy Exchange, BUILD proudly stands as a key partner in this transformative national undertaking.

In recent years, advancements in technology, digitalisation, and automation have rapidly progressed worldwide, aiming to reduce business expenses and logistics costs. Many countries have developed plans to implement environmentally friendly logistics management systems by prioritising reductions in CO₂ emissions and carbon footprints, achieving net zero, and utilising green vehicles. These nations have integrated these goals into their logistics policies. Bangladesh is poised to follow suit.

With private sector stakeholders, BUILD will continue its efforts to help the government develop a well-coordinated cargo transport system through interconnections among waterways, railways, roadways, and airways to reduce cargo transport time and cost and prevent misuse through the policy. The NLP considered 4IR and a technology-based logistics management system to cope with the ever-growing national and international trade volume. The NLDCC and sub-committees can also consider strategies for innovative, productive technology, expanding digital and fusion technology, networking technology, and personalising technology.

In the future, the implementation and execution of the National Logistics Policy 2024 will be crucial for Bangladesh's development path, aiming to meet targets for export diversification, job creation, increased investment and FDI, and overall socio-economic progress. This policy could enable Bangladesh to boost exports by 20% and raise real wages by cutting logistics costs by 25%. Since transportation expenses form the largest portion of logistics costs, it is estimated that a 1% reduction in transport costs can lead to a 7.4% increase in exports. Bangladesh has the potential to significantly lower current logistics costs, which range from 4.5% for leather products to 48% for horticultural products of sales. ■

Ferdous Ara Begum
CEO, BUILD



Prime Minister's Office and BUILD discuss private sector collaboration

BUILD Trustee Board Members had a courtesy call with M. Tofazzel Hossain Miah, Principal Secretary to the Prime Minister, on 22 April 2024 at the Prime Minister's Office to discuss the collaborative activities of BUILD and PMO towards private sector development.

Mahbubul Alam, Chairperson of BUILD and President of FBCCI, on behalf of the BUILD Trustee Board, extended heartfelt congratulations to the leadership of the Prime Minister's Office for the formulation of the National Logistics Policy-2024 on 8 April 2024. He expressed gratitude for their exceptional leadership and efforts, emphasising that implementation, demonstration, and coordination are crucial for the policy's success. He reiterated the excellent relations between the Prime Minister's Office and BUILD, characterised by extensive engagement in private sector development for the country.

M. Tofazzel Hossain Miah, Principal Secretary to the Prime Minister, stressed the importance of increased public-private engagement, utilisation of the capital market, and attracting foreign direct investment to implement the National Logistics Policy 2024 successfully.

Acknowledging the PMO's engagement with the private sector, Ferdaus Ara Begum, CEO of BUILD, expressed appreciation and suggested that the government rationalise the minimum income tax. She requested the PMO to engage in more dialogues with the private sector to facilitate ease of doing business. BUILD's CEO also asked for information on the date of the 15th PSDPCC meeting. The Principal Secretary assured the audience that a date for the next PSDPCC meeting would be provided soon. ■

FBCCI and Qatar Chamber sign pact to form Joint Business Council

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Qatar Chamber of Commerce and Industry (QCCI) have signed an agreement to establish a Joint Business Council (JBC) to strengthen economic ties

and enhance closer cooperation between Bangladesh and Qatar. The agreement was signed in the presence of the Hon'ble Prime Minister of Bangladesh, HE Sheikh Hasina, and Qatar's Emir, HE Sheikh Tamim bin Hamad Al Thani, on 23 April 2024, at the Karabi Hall of the Prime Minister's Office in the capital. ■



BUILD-NBR dialogue on Customs Act 2023

Business Initiative Leading Development (BUILD), with the National Board of Revenue (NBR), organised a Dialogue on Customs Act 2023 on 6 March 2024 at its Conference Room at Motijheel. The dialogue focused on key provisions of customs-related issues in the Customs Act 2023. The Act included international best practices such as the WCO revised Kyoto Convention, WCO safe framework of standards and WTO Trade Facilitation Agreement. The new Act has 269 clauses, 286 in the previous one.

Dr S. M. Humayun Kabir, Member, Customs Audit, Modernisation, and International Trade, NBR, was the Chief Guest and said that change is a continuous trend. We are planning to hold a series of dialogues, and this will help us change our mindsets.

Having referred to some of the provisions of the new Act, such as consultations with the stakeholders before bringing any changes in the Act(section 262), AEO rules for the compliant traders, policies for voluntary disclosure(clause 171(2), release of products through self-clearance(clause 90(3), extension of time refund application (clause 34), he said that we made these changes for simplification of procedures and better services to businesses.

Md Abdul Kafi, former Commissioner of Customs Excise and VAT, NBR, moderated

the session and highlighted some critical historical perspectives of the customs issues from his long experiences of working in this area.

BUILD CEO Ferdaus Ara Begum gave an introductory speech and informed the audience that there is a target of USD 110 billion in exports by 2027. Customs should be modern enough to handle massive exports and imports to meet the target.

Raich Uddin Khan, First Secretary (Customs, Policy, and Budget), NBR, made a presentation highlighting different new provisions such as electronic declaration, risk management, non-intrusive inspection (NII), post clearance audit, advance ruling, national enquiry point, and advanced passenger information, among other things. Rules, manuals, procedures, and SOPs will be prepared soon to implement the new Act.

Senior Research Associate at BUILD, Md Nuruzzaman, made a presentation spotlighting the points and views of the private sector. ■



FBCCI seminar maps smart trade strategy for Bangladesh

The FBCCI, the country's premier trade organisation, hosted a seminar titled 'Smart Trade for Smart Bangladesh: Way Forward' at the FBCCI Icon in Dhaka on 3 March 2024. The event drew top business leaders, entrepreneurs, and government officials who stressed the need for modernising trade practices to achieve a prosperous and Smart Bangladesh by 2041, calling for policies to accelerate smart trade.

Principal Secretary to the Hon'ble Prime Minister, Mohammad Tofazzel Hossain Miah, was the chief guest, emphasising the private sector's crucial role in driving the economy. He reaffirmed the government's commitment to fostering a business-friendly environment, enhancing cross-border trade, developing robust value chains, and reducing business costs. FBCCI President and BUILD Chairperson Mahbubul Alam highlighted the Smart Bangladesh initiative as a strategic move towards global economic integration, essential for navigating post-LDC

graduation challenges. Senior Secretaries Tapan Kanti Ghosh and Zakia Sultana were also present, along with other key business and government figures. ■



Bangladesh and Brazil explore trade potential

On 8 April 2024, leaders gathered at the Hotel InterContinental in Dhaka to discuss the immense trade potential between Bangladesh and Brazil in the pharmaceuticals, healthcare, jute, garments, food, and agriculture sectors. They accented the need for special trade agreements like FTAs and PTAs to boost business between the two countries. FBCCI President and BUILD Chairperson Mahbubul Alam chaired the seminar and B2B matchmaking event, organised by FBCCI and BBCCI.

State Minister for Commerce Ahasanul Islam Titu highlighted Bangladesh's strong position in apparel, jute, rice, vegetables, and freshwater fish, emphasising trade potential with Brazil. Mahbubul Alam noted 50 years of strong bilateral relations and Bangladesh's growth in textiles, pharma, and technology. Brazilian Foreign Minister Mauro Vieira praised Bangladesh's progress and wanted to fortify trade ties. BBCCI President Shahriar Ahmed gave the vote of thanks. ■

Workshop unveils study findings for sustainable textile pathways

A dissemination workshop for the Green Asset Demand Study was held in Dhaka, Bangladesh, on 29 April 2024. The event brought together local and international partners, energy authorities, industry professionals, and banking representatives to discuss the study's findings and strategies for adopting a low-carbon pathway in the textile, RMG, and backward linkage sectors.

Opening remarks by Nishat Shahid Chowdhury, Program Manager of IFC-PaCT, and Anders Bitsch Karlsen, Deputy Head of Mission at DANIDA, highlighted the importance of transitioning to a low-carbon future for the textile industry's long-term sustainability.

The workshop's core revolved around two presentations by Abhishek, the study consultant, in his first presentation on the Green Asset Demand Study, which revealed the industry's current state of green transition and the potential for renewable energy and energy efficiency technologies. He identified barriers to green transition and emphasised the need for investment and appropriate financial frameworks. The presentation proposed policy reforms in three areas: institutional reform, strategic reforms, and capacity building. Short-term and long-term plans were outlined to implement the study's recommendations, focusing on simplifying financial procedures, facilitating green bond access, building capacity, and promoting sustainability-focused asset banking. The presentation concluded with a discussion on energy efficiency interventions and strategies to overcome barriers to a green future.

The second presentation explored a "Low Carbon Roadmap," outlining strategies for a greener future. It identified key areas for improvement, such as institutional barriers, lack of adequate working frameworks, and the need for a clear carbon reduction pathway. Recommendations included institutional reform, establishing sector-specific pilot working committees, and developing a robust institutional structure.

A lively discussion session ensued after the presentations, with participants actively engaging with the presenters and sharing their experiences. Adiba Mehnaz Ahmed, a private sector specialist at IFC, encouraged participants to translate the discussions into tangible initiatives. The workshop concluded with networking opportunities to foster partnerships and propel the industry towards a greener future.

This collaborative workshop catalysed positive change, igniting a shared commitment to building a more sustainable RMG, textile, and backward linkage sector in Bangladesh through a low-carbon pathway. ■

Stakeholders discuss reforms for enhanced trade efficiency

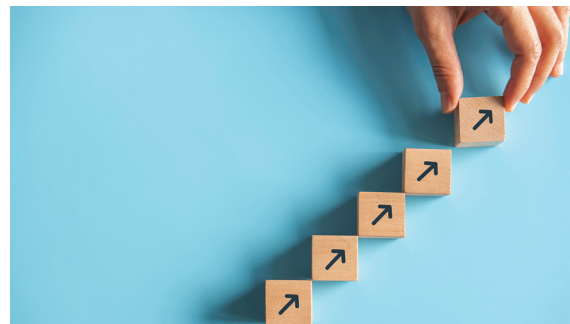
The Ministry of Commerce (MoC) hosted a meeting at their conference room on 27 March 2024, bringing together key stakeholders to discuss policy reforms addressed in the National Logistics Policy 2024. BUILD facilitated the dialogue and contributed to the meeting. Participants included National Board of Revenue (NBR) representatives, legal experts, the World Bank, and BUILD.

MoC expressed interest in understanding international best practices for each reform action outlined in the policy memo.



MoC and NBR emphasised the need for clear justification and rationale behind each reform proposal. Specific details were requested regarding the second reform action, particularly a clear time frame for its implementation.

A critical decision reached during the meeting was for the MoC to share the policy memo, prepared by the legal expert, with the NBR. The NBR will identify at least ten existing policy memos currently undergoing implementation, ideally within one to two months. This collaborative effort underscores the MoC's commitment to collaborating with stakeholders to enhance trade efficiency and competitiveness. Continued dialogue and information exchange will be crucial in moving these reform initiatives forward. ■



Strategy dialogue for Bangladesh's 2026 LDC graduation

On 3 April 2024, a consultative dialogue was convened at ERD to formulate the Smooth Transition Strategy (STS) in preparation for Bangladesh's LDC graduation in 2026. Research Associate Asif Haider from BUILD participated, and Dr M. A. Razzaque, Chairman of RAPID, delivered the keynote address. During the meeting, three critical areas where Bangladesh is anticipated to encounter challenges were identified: trade preference erosion, shrinking policy spaces, and reduced development financing. Failure to address these challenges with adequate measures and policies could exacerbate the country's economic woes, already compounded by diverse crises.

To ensure a seamless LDC graduation, recommendations were made to diversify the export basket and destinations, aiming to counteract Bangladesh's anti-export

bias. Increasing foreign direct investment (FDI) was also advocated to bolster Bangladesh's negotiating power. Additionally, there was a consensus on the necessity to reduce business and logistics costs. The meeting concluded with a focus on negotiating and finalising FTAs and EPAs. Stakeholders stressed the importance of fortifying domestic industries to withstand global competition. They underscored the need for collaborative efforts to align national policies with international trade norms and emphasised the implementation of capacity-building programmes to enhance workforce skills. BUILD CEO raised the issue of enabling the environment for the private sector and facilitating the attraction of new and innovative capital-intensive investment. ■



44th NBR-FBCCI Advisory Committee meeting focuses on 2024-25 budget

The National Board of Revenue (NBR) and the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) held the 44th Advisory Committee meeting on 4 April 2024 at the Pan Pacific Sonargaon Hotel. The meeting centred on discussions about the National Budget for the fiscal year 2024–25, focusing on essential fiscal policies and collecting feedback from various stakeholders.

The FBCCI publication of the 44th consultative meeting of NBR was circulated, comprising 476 proposals in a prescribed manner where 95 proposals were placed from FBCCI directly, and 381 proposals were incorporated for chambers and associations. FBCCI income tax proposal covered exemption limit for personal income tax, corporate Income tax rationalisation, some definitions (deemed export, authorised fund), WPPF contribution as admissible expenses, depreciation allowance, rationalisation tax at source for supplier/cash incentive/foreign loan/income of non-resident/income from revenue sharing, double taxation avoidance, minimum tax, exemption on income tax on PF 7 gratuity fund, audit, advance ruling, GP rate fixation. It has also proposed 16 proposals regarding VAT that included

amendment of VAT central registration system, VAT credit for reduced rated items, AT exemption for all producers, amendment of Mushok form 6.1/2, e-invoice (6.3), system-based VAT rebate, simplification of the monthly online VAT return.

Among the twenty proposals of FBCCI regarding Customs, it has proposed four stages for importing raw materials to finished product imports; it has also suggested the imposition of Supplementary Duty (SD) for socially and economically dubious items. Duties like RD (Regulatory Duty) must be aligned with LDC graduation issues, national tariff policy 2023 implementation and automation of ASYCUDA system, Bangladesh Single Window (BSW), and Bond automation also got priority in the proposals. It has also proposed to implement Customs Valuation rules, annual entitle time extension, bond-to-bond machinery transfer VAT exemption, UP policy simplification for bond users, revisiting contentious bond policy, increase in the limit of de-minimise value (BDT 2,000), revisiting Alternative Dispute Resolution policy to make ADR quick and effective. ■

Meeting with NBR on tax policy reforms

Macro aspects of investment, which include foreign and local composition, are essential, and a level playing field must be ensured for a better investment climate, whether based on economic zones or another format of investment zones. A representative of the Bangladesh Investment Development Authority (BIDA) mentioned a comprehensive digital income tax system; he also noted that the synchronisation of three wings of the taxation system must be in place to resolve the fiscal issues related to investment. Tax at source on residents at 20% needs to be rationalised. Policy alignment regarding repatriation rate to be aligned among BIDA, Bangladesh bank, and NBR income tax policy at 6% of total turnover against technical services received from abroad. He referred to section 56 of the Income Tax Act 2023, which follows section 55. This section states that “Special business income on depreciation and interest deduction” is classified as non-admissible expenses under the law, thereby raising the tax burden. Changes in law should be prospective rather than retrospective. Digitisation and automation of VAT Challan (VAT form 6.3) are critical in automating the VAT system. Recycling and reusing jhut by reducing the VAT rate at the buy and sales stage to minimise import dependency on cotton.

BEZA representative informed us that NBR-provided facilities should be long-term and time-bound. AIT certificates need to be issued and taken every year. In

the case of land registration, paid taxes need to be rebatable.

BUILD CEO Ferdaus Ara Begum mentioned expanding the Tax network strategy. Tax Deducted at source becomes the primary source (85.97%) of income tax revenue, treated as indirect tax, which is alarming for the whole taxation system. Presently, 43 heads of TDS are Minimum tax as per 163 of the Income Tax Act 2023; every TDS should be refundable or adjustable by a specific section of the Act or rules she mentioned. PSR (Proof of return submission) was made mandatory for 43 service receivers who need revisiting. Regarding the discretionary power of tax authority, it was suggested that the working scope of tax authority needs to be prescribed based on the adjudication capacity of the officer by an executive order. She opined that simplifying the audit process, stabilising the tax office at every upazila level, and automation with three tax wings are essential to modernise the tax system.

A representative from the High-Tech Park Authority of Bangladesh (BHTPA) emphasized the need for duty reductions on raw materials used in IoT, robotics, and CCTV production within BHTPA, noting significant FDI potential in the biotech sector with favorable tax policies. Meanwhile, the Bangladesh Export Processing Zones Authority (BEPZA) representative urged exemptions of Advance Tax (AT) and Advance Income Tax (AIT) on machinery and spare parts imports, which are currently exempt from other duties under SRO 56. They also suggested including plotter machines, spare parts, and fire safety equipment in the SRO to enhance industrial efficiency. Additionally, they referenced rooftop solar in SRO 134, as previously mentioned in SRO 118, highlighting the importance of expanding these exemptions to support sustainable growth. ■



BUILD's contribution to ICAB Dialogue on 13th MC outcomes

On 24 March 2024, The Institute of Chartered Accountants of Bangladesh (ICAB) organised a Dialogue on the Outcome of 13 MC, Abu Dhabi. BUILD CEO Ferdaus Ara Begum joined as a

panellist. A keynote paper was given by Prof. Mustafizur Rahman, Distinguished Fellow, Centre for Policy Dialogue (CPD), and Md Humayun Kabir FCA, Council Member and Past President, ICAB, moderated several panel discussions. Mohammed Forkan Uddin FCA, President, and Shubhashish Bose, Chief Executive Officer, ICAB, also spoke.

In her speech, the CEO highlighted several critical areas that Bangladesh should focus on:

1 TRIPS Extension

Article 66.1, which extends the implementation of TRIPS (excluding Articles 3, 4, and 5) until 1 July 2034, and Article 66.2 on technology transfer. Bangladesh must pursue this extension as the largest manufacturer of medicines among LDCs. The production of biosimilar and biotech drugs, which require larger molecules than chemical drugs, is gaining attention. However, reverse engineering these products is complex, necessitating research and development (R&D) and industry-academia collaboration.

2 Agreement on Fisheries Subsidies (Article 8, Footnote 13)

LDC members and developing countries with an annual share of global marine capture production not exceeding 0.8% (according to FAO data) should notify this information every four years. Bangladesh should work towards extending this time limit and securing an artisanal support exclusive economic zone (EEZ) exemption from actions based on Articles 3.1 and 10 of the agreement.

3 S&DT Provisions

Of the 186 S&DT provisions, 26 are specific to LDCs (according to a BFTI study). Bangladesh benefits from duty-free, quota-free (DFQF) access for 70% of its external trade and needs to engage extensively for incremental benefits. These issues must be resolved by 2024. Regarding the Dispute Settlement Understanding (Article 24), the notification schedule should continue for a period after graduation from LDC status. Bangladesh needs to work diligently in this area.

4 E-Commerce

The moratorium has been extended until MC14 or the end of March 2026. Developing nations face a USD 10 billion loss, with India alone losing USD 500 million. Although Bangladesh is not highly active in this area, the extension could benefit the country. During this period, a vital preparation for start-ups and large companies could attract investment, with more companies like Bango and Pathao emerging.

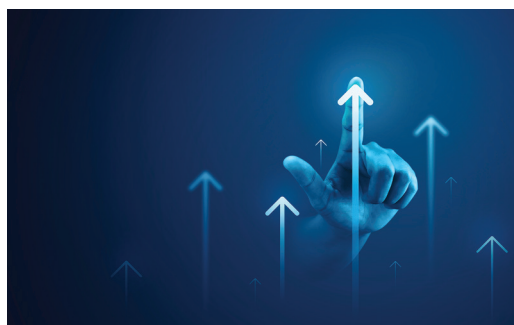
5 Trade and Environment

The G-90 document (communication of 28 February 2023) on Trade and Development (CTD-SS) identifies 10 Agreement Specific S&DT Proposals (ASPs), emphasising TRIMS (policy support), GATT 1994 (Article XVIII - Retaliation), Balance of Payment, SPS and TBT issues (longer timeframes), Subsidies and Countervailing, and Customs Valuation.

6 Service Trade

New disciplines on services domestic regulation, which entered into force for a group of 71 WTO members (representing 92.5% of global services trade) in February 2024, are being implemented. Despite the worldwide increase in services trade, Bangladesh has not yet benefited from the services waiver. Transparency and information are crucial, with goods exports at USD 62 billion and the service sector target at USD 10 billion for 2023-24.

The CEO emphasised the urgent need for a cohesive national agenda driven by the private sector, which must clearly understand its critical areas of interest. Bilateral relations are crucial for progress, as achieving goals single-handedly is almost impossible. Bangladesh must also strategically leverage its global diaspora for resource mobilisation. ■



BUILD CEO joins key discussion on WTO's MC13 implications for graduating LDCs

The CEO of BUILD took part in a discussion focused on the implications of WTO's MC13 for graduating LDCs, hosted by CPD and FES on 11 March 2024. Key attendees included Hon'ble State Minister of Commerce Ahsanul Islam Titu, MP; Senior Secretary of the Ministry of Commerce Tapan Kanti Ghosh; Dr Debapriya Bhattacharya, Distinguished Fellow at CPD; Professor Mustafizur Rahman, Distinguished Fellow and keynote speaker; and Richard Kaniweski, Acting Resident Representative of FES.

Bangladesh led an eight-member delegation among representatives from

164 WTO members. The 2 March Declaration (Point 11) highlighted the need for WTO assistance in ensuring a smooth transition post-graduation. However, outcomes were modest, with unresolved issues like public stockholding, fisheries agreements, dispute settlements, and e-commerce deferred to the next ministerial meeting or until 31 March 2026.

The plurilateral and JSI processes, which are gaining traction within the WTO, saw limited progress. Investment Facilitation for Development did not secure inclusion in the WTO rulebook. The deadlock in the WTO dispute settlement process persists, with MC13 failing to provide a clear path for reinstating the appellate mechanism, raising doubts about future WTO reforms. WTO's support is crucial for LDCs transitioning post-graduation. Article 66.1 extends TRIPS implementation (excluding Articles 3, 4, and 5) until 1 July 2034 for LDCs, while Article 66.2 on technology transfer becomes pivotal as Bangladesh loses TRIPS exemptions after graduation. Being the largest LDC manufacturer of medicines, Bangladesh must focus on biosimilar and biotech drugs, requiring larger molecules than chemical drugs. This demands increased R&D investment, establishing technology transfer units, and strengthening industry-academia partnerships post-graduation.

The Agreement on Fisheries Subsidies (Article 8, Footnote 13) mandates LDCs and developing countries with less than 0.8% share in global marine capture production (FAO data) to notify additional information every four years. Bangladesh must assess its marine catch to ascertain if it surpasses the 0.8% threshold. Artisanal support and EEZ exemptions from specific agreement actions are critical for Bangladesh. The e-commerce moratorium extends until MC14 or March 2026. Developing nations face substantial losses, with Bangladesh needing initiative-taking measures to benefit from this extension. Strengthening start-ups and attracting investments from companies like Bongo and Pathao remains essential for Bangladesh's technological progress.

New regulations on domestic services, effective from February 2024 for 71 WTO members (representing 92.5% of global services trade), have yet to benefit Bangladesh. Despite increasing global services trade, precise data is needed to reflect Bangladesh's services sector, with goods exports valued at USD 62 billion and a USD 10 billion services sector target for 2023-24.

Bangladesh requires a national agenda driven by the private sector that aligns with its interests, is supported by bilateral relations, and leverages its diaspora for resource mobilisation. Engaging with global markets through strategic partnerships will amplify Bangladesh's impact on the global stage. ■

REFORMS

Approval of National Logistics Policy 2024

The Cabinet approved the first-ever National Logistic Policy (NLP) 2024 on 8 April 2024, aiming to foster sustainable economic growth by enhancing domestic and international trade and investment. The policy focuses on developing a world-class, technology-driven logistics system that is both time and cost-efficient as well as environmentally friendly.

The Prime Minister's Office directly guided the formulation of the policy, employing a homegrown participatory model. This process included extensive consultations through meetings, seminars, workshops, and focus group discussions with members of the National Logistics Development and Coordination Committee (NLDCC) and its sub-committees, along with government and private sector stakeholders and development partners.

BUILD played a significant role, collaborating with various governmental and non-governmental organisations to organise events and prepare policy notes for the National Logistics Policy 2024. Additionally, BUILD supported secretarial services to the NLDCC, which the Principal Secretary chairs at the Prime Minister's Office. This committee will oversee the monitoring, reviewing, and evaluating the policy's implementation as outlined in the Workplan.

The NLP 2024 includes 14 chapters and seven annexures, with Annexure 7 presenting a model action plan for policy implementation. All relevant stakeholders have praised the government's initiative, expressing optimism that this policy will transform Bangladesh's development. The NLP acknowledges the role of the Logistics Infrastructure Development Working Committee (LIDWC) of BUILD, co-chaired by the PMO Secretary and former BUILD Chairperson in 2020. ■

SCOPES

Expanding product access at private ICDs and off-docks

Private ICDs are vital to Bangladesh's trade infrastructure, but ensuring their efficiency and adherence to policy support is critical for continued success. Unclear and cumbersome regulations can impede the smooth flow of goods through ICDs and off-docks, leading to delays and increased business costs.

Chittagong Port, the busiest in Bangladesh, can get overwhelmed with cargo. Private ICDs manage a sizeable portion of the load, allowing a smoother

flow of goods in and out of the port. However, the current policy restricts the types of goods that can be cleared through private ICDs and off-docks, causing delays and inefficiencies for importers and exporters of restricted products. Also, clarity surrounding permissible products' HS codes (Harmonized System codes) is necessary for smooth operations. In this regard, BUILD highlights the need for policy reform within the country's Inland Container Depots (ICDs) and off-dock facilities.

BUILD will present its findings and recommendations in the upcoming Logistics and Infrastructure Development Working Committee (LIDWC) meeting. These proposed reforms aim to broaden the range of products permissible for clearance through private ICDs and off-docks. Clearly defining the HS codes of permissible products will streamline processes, minimise stakeholder confusion, enhance overall trade efficiency, and reduce business costs. ■

Addressing IGM challenges

In the ever-evolving landscape of international trade, the efficient and accurate handling of import documentation is paramount for the seamless flow of goods. The Import General Manifest (IGM) is a critical document in this process, detailing the cargo carried by vessels entering Bangladeshi ports. Inadvertent errors in the IGM can occur despite the best efforts of importers and shipping agents.

Correcting these mistakes is often a complex and time-consuming process, causing delays in cargo clearance and increasing operational costs. Customs authorities frequently penalise importers for simple or inadvertent mistakes in exporters' documents, even when these errors do not indicate fraudulent intent or significant non-compliance. Such penalties add an undue financial burden on importers and create an environment of uncertainty. The current system for revising IGMs is also not entirely digitised, leading to inefficiencies and delays.

BUILD is undertaking a comprehensive study investigating the multifaceted challenges surrounding Bangladesh Import General Manifest (IGM) management. The research will delve into the complexities of rectifying inadvertent errors in IGMs, the imposition of penalties by Customs for minor discrepancies in export documentation, and the absence of a robust digitised system for IGM revisions.

Through in-depth analysis and stakeholder engagement, BUILD aims to identify the root causes of these issues and develop actionable recommendations to streamline

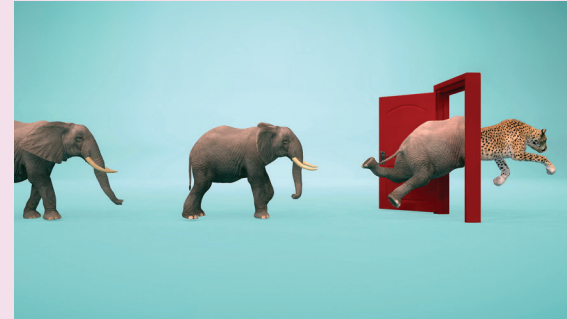
IGM processes, minimise disruptions for importers, and foster a more efficient and compliant trade environment. ■

ARTICLES

প্রতিযোগিতা সক্ষমতা বাড়াতে কাস্টমস ব্যবস্থাপনার উন্নয়নে অগ্রাধিকার চাই • Bonik Barta ■ cutt.ly/buildconnect242-01

বাংকিং খাতের খেলাপি ঋণ সমস্যা সমাধানে করণীয় • The Daily Ittefaq ■ PRINT EDITION

নারী উদ্যোক্তাদের উন্নয়নে সহযোগিতা • The Daily Ittefaq ■ PRINT EDITION



Elevating Bangladesh: Local private sector views on business reform

On 16 April 2024, USAID in Bangladesh organised a conference titled "Prosperity and Good Governance in Bangladesh." The CEO of BUILD participated as a panel discussant during the fourth session, moderated by John Fay from the U.S. Foreign Commercial Service, focusing on "Improving the Business Environment: Local Private Sector Perspectives." The session addressed vital business challenges and necessary reforms to enhance the business climate.

Many countries transitioning from low-income to middle-income status often rely on cheap labour and export-driven models, but this can lead to prolonged periods of low growth as wages rise. Despite its economic progress, Bangladesh faces challenges like reduced competitiveness in labour-intensive sectors and a growing informal economy. Strategic efforts are needed to avoid this middle-income trap, including increased foreign direct investment (FDI) supported by the private sector and government.

Bangladesh performs well economically, yet governance reforms are essential for greater prosperity. According to World Economics 2023 rankings, Bangladesh stands at 122 globally, 19th in Asia Pacific, and 25th among frontier markets. Key indicators like the Governance Index (24), rule of law (38.8), press freedom (39.5), political rights (41.9), and corruption (27.8) highlight the need for enhanced transparency and accountability to

address governance challenges.

Trade facilitation is crucial for enhancing trade competitiveness, as weak trade facilitation environments can increase transaction costs significantly. Implementing the WTO Trade Facilitation Agreement (TFA) fully could boost the global economy by USD 9 trillion by 2030. Improvements in customs regulations, trade infrastructure, and compliance standards are essential to leverage these benefits.

The complexity and multitude of regulatory requirements pose significant challenges for businesses in Bangladesh. BUILD's business start-up licensing guidebook titled Business Start-Up Licences — A Regulatory Guide identified over 20 general licences and 14 specific licences required for foreign investments. Moreover, there are around 100 trade, investment, and FDI-related Acts and Policies, many of which need updating or streamlining to reduce redundancy and complexity.

Obtaining and renewing business licences, registrations, approvals, certificates, permits, clearances, and recommendations involve cumbersome procedures and excessive costs. BUILD's research found that the number of licences has increased substantially, from 155 in 2017 to 343 in 2023, issued by 34 governmental organisations. Reasons for this increase vary, including expanded business activities and changes in regulatory requirements.

Automation could streamline these processes, making them more efficient and less burdensome for businesses. Simplifying selection and application processes, such as through platforms like BIDA, could significantly improve the ease of doing business in Bangladesh. ■



BUILD joins dialogue on enhancing business environment

USAID and the Asia Foundation co-hosted a dialogue on economic growth and effective governance on 16 April 2024 at the Lakeshore Hotel in Gulshan. The event centred around "Enhancing the Business Environment: Perspectives from Local Private Sector."

Critical viewpoints from local businesses emphasised the importance of maintaining competitiveness by reducing operational costs, ensuring efficient support services, improving physical and regulatory infrastructure, minimising bureaucratic hurdles, and enhancing governance to benefit all segments of society.

The CEO of BUILD emphasised the need for economic sustainability through diversifying exports, attracting domestic and foreign investments, fostering transparency in regulations, and increasing research and development for innovation. While Bangladesh shows promising economic performance, improvements in governance are essential for achieving greater prosperity. According to the 2023 World Economics report, Bangladesh ranks 122nd globally, 19th in the Asia Pacific region, and 25th among frontier markets. Its Governance Index slightly exceeds China's, particularly in areas such as rule of law, press freedom, political rights, and corruption, underscoring the importance of transparency and accountability in governance.

Trade facilitation was highlighted as pivotal for enhancing trade competitiveness, with potential global economic gains projected to reach USD 9 trillion by 2030 with the full implementation of the WTO Trade Facilitation Agreement. Challenges identified included excessive regulatory requirements and procedures, which hinder the ease and cost-effectiveness of business operations. BUILD's analysis identified numerous licences and regulatory frameworks affecting foreign investment, indicating a need for streamlined policies. Efforts are underway to develop comprehensive logistics policies, approved by the Cabinet in April 2024, to enhance sector competitiveness through strategic planning, modern technology integration, and global compliance standards. Public-private partnerships are also being explored to develop robust infrastructure supporting logistics across soft and hard domains. ■

Consultation on trade facilitation reforms and strategic planning at ADB

A consultation session on the impact of trade facilitation reforms and emerging trends was held at ADB on 4 March 2024. Among the attendees were the CEO of BUILD and Sonoko Sunayama, Principal Public Management Specialist at ADB. The session focused on planning budget support through various proposed projects and identifying key pain points and opportunities for effective action. Emerging focus areas include cross-border e-commerce, beyond-border activities, and the involvement of other government agencies like Civil Aviation and BSTI, as



well as issues related to WCO and WTO.

Several trade facilitation-related policies were discussed. Stakeholders highlighted issues such as the improper use of ports as bonded warehouses, the ineffectiveness of continuous bonds, the need for reforms in the Bangladesh Flag Rule, and the necessity of implementing NSW. The CEO of BUILD raised several concerns, including HS code fixation, royalty repatriation, and bond-related issues for partial exporters. She proposed simplifying licensing processes, obtaining duty drawbacks from DEDO, enabling deemed exporters to participate in international tenders, and improving access to EDF and sample imports.

The meeting concluded with an exchange of ideas and a commitment to address trade facilitation issues in the forthcoming budget announcement. ■

Addressing data discrepancies in export-import records

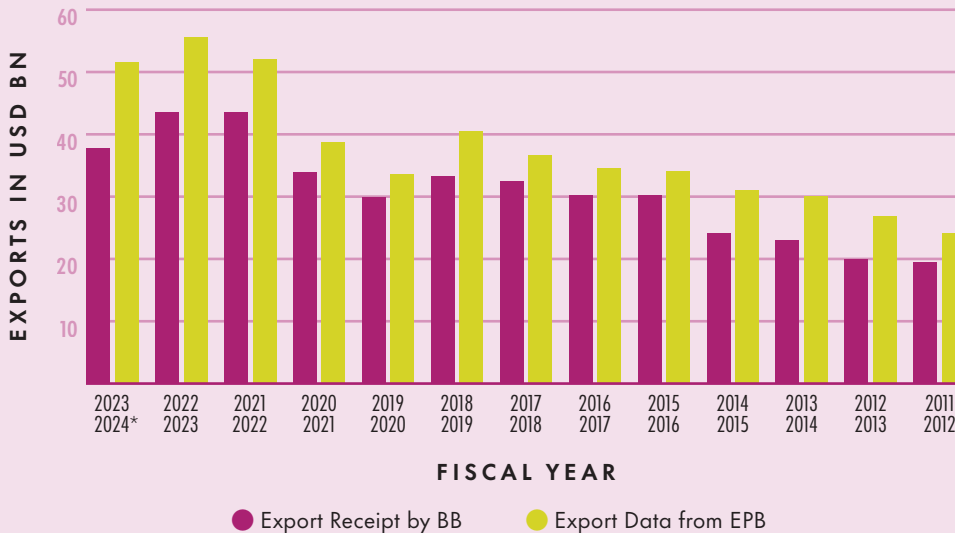
While the export-import database has been examined for about 12 years in Bangladesh, it has been observed that data mismatches have persisted for several years, and the gaps are increasing. When the Bangladesh Bank source is considered as the basis, differences are evident in the cases of the EPB and BBS.

EPB data is consistently higher than BB data, and BBS data is sometimes much higher than EPB data. The maximum gaps are noticeable in 2023-24 and 2022-23. This might be the reason why the causes have been identified. It has been learned that Bangladesh Bank, EPB, and NBR have engaged several investigation teams to investigate these issues and have uncovered the reasons for this.

EPB receives data from Customs as the primary source, and then EPB extracts the export data per their format and publishes it monthly. Questions about how this data has been transferred and channelled from NBR to EPB might arise. If the process is fully automated, there should be no chance of duplication or double counting.

However, if manual intervention occurs, there might be some manipulation. Therefore, the primary and most critical issue is data management, which is

Overview of export data discrepancies over 12 years



especially important. The standardisation of data management procedures is not happening in Bangladesh, leading to different calculation procedures in other organisations, which causes data discrepancies.

Customs Procedure Codes (CPC) are followed by Customs to identify the Customs regimes under which goods are being entered into the country and from which they are removed. The CPC indicates to the system whether the declaration is for an import, an export, transit, or any other circumstance possible in a Customs environment.

The CPC for export is not clear and needs to be clarified and used accordingly. Samples valued over USD 100 and weighing over 5 kg require formal clearance through the ASYCUDAWorld system. In that case, samples can be treated as products, so it is necessary to

investigate what samples have been treated as products and which have not. The identified reasons require further analysis and a review of the calculation process. Otherwise, if the possibility of double counting remains, the concerned areas cannot be adequately addressed.

These issues must be handled carefully as they will have significant implications for policymaking and could tarnish the country's image to foreigners, potentially affecting FDI inflow. Therefore, strong coordination and collaboration among different government agencies are essential to ensure Bangladesh's export data authenticity. The issue needs to be considered with utmost care, as it is a long-standing problem, and remedial measures must be correctly identified to prevent similar mistakes in the future and avoid hindering economic growth. The government and private sector must work sincerely to address these issues. ■



Exploring career opportunities as a Chartered Accountant in Bangladesh

BUILD's CEO attended a television programme on career opportunities as an accountant organised by the Institute of Chartered Accountants of Bangladesh (ICAB). During the event, the CEO highlighted the crucial role of chartered accountants (CAs) in meeting the specialised needs of businesses, individual clients, and institutions, particularly in taxation, stock market operations, forex laws, and finance. CAs possess intricate knowledge of both direct and indirect tax codes. The career path as a chartered accountant offers promising opportunities for young professionals to contribute significantly to the economy.

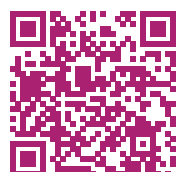
She added that aspiring CAs must meet rigorous professional standards to effectively handle financial management, accounting, auditing, and taxation responsibilities. These competencies are essential for maintaining transparency and accountability in the economy, ensuring robust financial governance and fostering investor confidence. BUILD CEO started by presenting the activities of the public-private dialogue platform working for private sector development to the students in the TV programme. She also responded to the queries raised by the CA students, addressing their concerns and providing insights into the professional landscape they are about to enter. ■

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