

Message of Honorable Chairman National Board of Revenue



First of all, I would like to express my heartfelt appreciation to all my colleagues of Bangladesh Customs for their active and kind support in publishing this newsletter. Bangladesh Customs is implementing numerous modernization programs to enhance its capacity to develop an efficient, modern and professional organization. I believe the initiative of publishing a newsletter will definitely add value to this effort by updating our officers as well as raising awareness among the stakeholders. On the eve of the first issue of the newsletter, I also would like to extend greetings to the readers, well-wishers and contributors for their timely and pertinent participation. I wish the newsletter will continue its journey and keep delivering us the knowledge and success stories until the end.

WTO TFA: Preparation of Bangladesh Customs

Mohammad Akbar Hossain

To reduce the bureaucratic red-tapism for smooth movement of goods across the borders, the World Trade Organization (WTO) finally concluded the Trade Facilitation Agreement (TFA) in Bali in December 2013. The TFA came into force on 22 February 2017 following its ratification by two-thirds of the WTO Members. Realizing the importance of the agreement, Bangladesh has ratified the TFA, and commenced the implementation of the requirements of the agreement accordingly.

At present, for the economic development of a country, trade openness is a great reality. From the very inception of the WTO, the organization has been advocating for the globalization and liberalization of trade across the world. As Bangladesh has entered into the WTO regime, the country needs to use the opportunities of globalization. Various reform initiatives have been taken since mid-nineties to reap the benefits. However, the experts think that the country failed to achieve the expected results because of Kafkaesque bureaucracies.

The lack of alacrity in the government offices for

facilitating trade is clearly noticeable in the World Bank's Doing Business ranking. Albeit the report is controversial, but still it is used as an important tool to gauge the overall business ambiance of a country. The WB's 2018 Doing Business ranking shows Bangladesh at 177 among 190 countries. The unfortunate status reminded us of the poor bureaucratic management. Since the index comprises many variables, all indicators need to perform significantly. However, if we only consider the performance of Trading Across Border area of Doing Business report, which is directly related to NBR, the result is not satisfactory. Thus, Customs administration should specifically concentrate on this area. Considering this situation, the Customs administration has started numerous modernization activities following the requirements of WTO TFA with the help of WBG, USAID, ADB, WCO, and other development partners.

It may be noted that before signing WTO TFA, Bangladesh signed the WCO Revised Kyoto Convention (RKC) in 2012. Most of the measures of TFA are related to customs and trade *(Cont. to Page 3)*

NBR Initiative to Launch AEO Gets Momentum

Mohammad Abu Yusuf PhD

Authorised Economic Operator (AEO) is an initiative under WCO SAFE Framework to facilitate international trade and ensure supply chain security. Supply chain partners (importers, exporters, customs brokers, transporters, warehouse operators, port etc.) complying with the AEO criteria are given the AEO status. The status of AEO can be granted to a supply chain partner that has demonstrated appropriate levels of compliance and fulfil other prescribed criteria. An AEO can avail of simplified customs formalities (such as reduced level of customs controls: documentary/ physical at import/export, priority and choice of places for physical controls, improved relations with customs, faster application process for some customs reliefs and simplifications) in accordance with approved terms and conditions. In particular, AEOs must always (but not exclusively) comply with a range of security requirements as laid out in the WCO SAFE Framework of Standards to ensure supply chain security. As a signatory to the WTO Trade Facilitation Agreement and Revised Kyoto Convention, Bangladesh is committed to implement trade facilitation measures in phases. One of the TF measures enshrined in the TF agreement is 'economic operator' concept. The Revised Kyoto Convention (RKC), in its General Annex-Transitional Standard 3.32 (Special procedures for authorized persons), provides for 'Authorized Persons'. This 'Authorised Persons' concept also aims at facilitating trade (who meet specified criteria, including having an appropriate record of compliance with Customs requirements and a satisfactory system for managing their commercial records).

Among the trade facilitation measures being implemented by the NBR, significant progress has been made in the implementation of AEO. Necessary trainings and awareness workshops have been conducted for stakeholders. A dedicated AEO team under the leadership of Member (Customs: Modernisation) has been working to pilot AEO. The National Board of Revenue, with the support of its AEO team have already completed necessary preparations including changes in legislation, (The Custom Act 1969, Section 83E), fixation of selection criteria and benefits to be offered to AEOs, Organisational Structure, Design of Self-

Assessment Questionnaire (SAQ), AEO Application Form, and the procedure for Accreditation of AEO and Suspension and Cancellation of the same. The Statutory Regulatory Order (SRO) has published by the Board for successful implementation of AEO.

NBR has decided that initially, export activities of the Pharmaceutical sector will be considered for piloting of AEO. Two reputable pharmaceutical firms of the country have already indicated their willingness to join the programme. Their nominated officials have already attended training programmes on AEO. They have also taken part in awareness workshops on AEO conducted by the NBR.

It is notable that the concerned customs officials exercise precautions before awarding benefits to the economic operators (who volunteered to be AEOs). Necessary risk assessment against each benefit will have to be made before offering the same. Otherwise, facilitation benefits may be misused. Further, use of Post Clearance Audit (PCA) is necessary for assessing the continuity of the AEO status and ensure AEOs do not compromise with compliance. Further, AEO benefits may not be (indeed are not) identical for all operators. NBR/Customs will have to engage in discussion with willing economic operators and provide benefits that they require and deserve.

Needless to mention that the full benefits of AEO can only be exploited through the enhanced credibility of our AEO programme. This credibility will help NBR to expand its programme to an international programme in future, thus creating scope for entering Mutual Recognition Agreements (MRA) with our export destinations and providing the benefits of MRAs to our exporters.

It is hoped that implementation of AEO in Bangladesh will not only facilitate trade but also results in efficient use of limited customs resource without compromising the integrity of trade. Further, AEO is not only about facilitation; it offers significant competitive advantage (and increased business) to economic operators holding the AEO status.

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WTO TFA: Preparation of Bangladesh Customs

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facilitation, and almost similar to the prescriptions of WCO RKC. As Bangladesh Customs has already taken some initiatives according to the RKC, it is now easier for the administration to implement the articles of WTO TFA. Besides, to be aligned with the TFA, Bangladesh Customs has also been modernizing some existing procedures with the help of development partners.

To ensure international best practices for facilitating trade, Bangladesh Customs has initiated the implementation of a new Customs website, systematic PCA environment, Advance Ruling, National Enquiry Point (NEP), Authorized Economic Operator (AEO), Systematic Risk Management environment, Expedited shipments, enforcement of de minimis, Pre-arrival Processing (PAP), Advance Passenger Information (API)/ Passenger Name Record (PNR), Modernizing customs intelligence mechanism, Time Release Study, National Single Window (NSW), etc. In addition, necessary changes have been made in the Customs Act to accommodate these measures. Moreover, in line with the provision of RKC and TFA, the preparation of a new Customs Act is in progress.

Notably, under the auspices of UNCTAD, Bangladesh Customs launched automated customs assessment system by introducing Automated System for Customs Data (ASYCUDA) software in 1994, pioneering the digital environment for trade and commerce in Bangladesh. This system has further been modernized so as to deal with the

activities of TFA and RKC. Hopefully, using this platform, the country will be able to augment the journey towards automation and modernization as per the requirements of TFA. Moreover, this digital technology will help Bangladesh Customs implement NSW to cut through the red tape to facilitate trade and investment. Furthermore, the NSW will enhance cooperation and coordination among the stakeholders to ensure a comprehensive Coordinated Border Management (CBM).

Importantly, the advocates of TFA have documented that if TFA is implemented, trade costs could be reduced by an average of 14.3 per cent. At the same time, the global trade will be augmented up to \$1 trillion, which will subsequently create huge employment. Especially, the developing countries will highly be benefited from this trade facilitation effort.

The TFA eases trade across the borders, which will ultimately help Bangladesh expedite its exports as well as imports. To keep pace with the global competitors, Bangladesh has no alternative without implementing the TFA successfully. A dedicated team of NBR is working to guide the journey of TFA implementation. Hopefully, these trade facilitation measures will effectively be implemented in the offing. The effective implementation will assist the country to make a good position at WB Doing Business ranking, which surely sends a green signal to the business communities to invest in Bangladesh.

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WCO conducted a Pre-Accreditation Workshop on the Single Window from 22-27 April, 2018 in China.



CUTS International organized a two day Regional Policy Dialogue in New Delhi this year on cross border trade and transit.

Status of WTO TFA Activities

Bangladesh Customs plays important role to implement the measures of Trade Facilitation Agreement (TFA) of World Trade Organization (WTO). The TFA comprises 12 articles and 38 measures to implement. Bangladesh Customs is the lead agency as it is responsible for implementation of 37 measures out of 38. Bangladesh government itself with its own resources and in many cases with assistance from development partners has undertaken a good number of effective and timely initiatives to implement the TFA measures. The measures have been categorized in A, B and C. Following WTO guidelines, NBR has almost completed the implementation of measures categorized as 'A'. 'B' categorized measures are expected to be implemented comprehensively by 2020. Although category 'C' is not mandatory for Bangladesh, NBR has already undertaken a good number of initiatives to implement these measures. We are looking forward to ensuring more simplified and facilitated trade which will attract foreign investment.

Bangladesh Customs has inaugurated a dynamic website (www.bangladeshcustoms.gov.bd) for easily accessible information of customs procedure and others.
Bangladesh Customs has developed National Enquiry Point (NEP), which will be launched within very short period of time. Anyone will be able to get the reply of their queries online in designated time.
Bangladesh Customs has already implemented Advance ruling. The rules, regulation, application procedure and database on advance ruling can be accessed at www.bangladeshcustoms.gov.bd website.
The judicial procedure, including appeal, in Customs matters is elaborated in The Customs Act, 1969. Alternative Dispute Resolution (ADR) is also incorporated in the Act to facilitate justice with optimum time and cost.
Electronic Payment Gateway is going to be implemented soon, through which the stakeholders will be able to make automated payment of duties and taxes.
A central Risk Management Unit and Local Risk Management Unit have already been formed to ensure precise and systemic enforcement and to combat money laundering, tax evasion and tax avoidance.
Bangladesh Customs is working on formulation of manual and standing order of system based and transaction based post clearance audit.
Bangladesh has conducted four Time Release Studies (TRS) in 2014. Most of the recommendations of previous studies have been implemented and the rests are expected to be implemented within this fiscal year.
The country is going to start Authorised Economic Operator (AEO). A pilot program is about to be started with the two pharmaceutical companies as Authorised Economic Operators.
The Government has approved National Single Window project. It will connect other government agencies in a single platform. It will support true one stop service. A dedicated project implementation unit has already been organized. MoU has been signed with the 39 different government and non-government agencies.
Mandatory (Pre Shipment Inspection) PSI system has been withdrawn.
Temporary Importation is allowed as per our existing provision of Customs Act.
Drawback is allowed in The Customs Act and VAT Act. Imports of raw materials for export are exempted from duties and taxes under bond facilities.
We are working actively to finalize BBIN MVA, BIMSTEC MVA. We have inland water transit protocol with India. Work is going on to simplify Customs procedure with the help of using modern technology.
Bangladesh Customs has 'Joint Group of Customs' with India, Nepal and Bhutan.
ASYCUDA World (The automated and online based customs software) is used in all Custom Houses and major Land Customs Stations.

