

## Export - Import Policy and Procedures (2009-12)

### Importance of Export

- Export is the major source of foreign exchange earning in our economy.
- Export allows producers to increase their market share by penetrating the global market and thus helps industrialization at a rapid speed
- Employment generation
- Addresses poverty, living standard all these issues (linked with PRSP & MDG)
- Liberalization of trade increased both the opportunity and competition in the external sector
- Scope for banks, getting new investment opportunities
- Export allows producer to increase their market share by penetrating the global market and thus helps industrialization at a rapid speed.

### Export Development Strategy Paper (2009-12)

An Export Development Strategy Paper (2009/12) has been formulated to ensure implementation of objectives of the Export Policy 2009-12.

Chapter	Contents
1	Scope, objectives, and strategies of Export Policy
2	Strategies for Export Diversification
3	General Facilities for Export
4	Commodity wise Export Facility
5	Strategies for Export Development
6	Service Export
7	List of prohibited goods & goods which could be exported on condition

### Scope

- All types of goods and services
- Up to June 30, 2012
- Applicable to whole Bangladesh except Export Processing Zone. Any regulations in National Budget and by NBR will have the priority over this policy
- Review of this policy at least once in a year by the government.
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### Objectives of Export Policy

- Liberalization of trade in line with globalization and WTO.
- Encouraging production of labor intensive Exportable Commodities.

- Ensuring availability of raw materials for producing exportable commodities.
- Increasing productivity and Product diversification.
- Developing product quality, encouraging use of modern and environment-friendly technology.
- Adoption of new strategies for expansion of export market, maximum utilization of computer technology.
- Building up necessary infrastructure and assistance for developing backward and forward linkage industries.
- Giving support to the existing exporters and promoting new exporters.
- Developing skilled manpower for international trade by imparting suitable training.
- Distributing information regarding rules and procedures of international trade to different trade and professional bodies.

### **Implementation Strategy**

- Increasing institutional capacity of Export Promotion Bureau.
- Formation of Product Development Council.
- Providing updated information to exporters regarding potential export market and technology.
- Developing product design.
- Arranging training programs for the workers, employees and management.
- Improvement of port management system, infrastructure, and communication system.
- Giving emphasis on expanding product market by gaining access in the developed countries including USA
- Giving ‘National Export Trophy’ award and giving Commercially Important Person (CIP) status to the best performing exporters.
- Reviewing the export status each year by the National Committee on Export.
- Monitoring and evaluation of the progress of implementing the decisions approved by the National Committee on Export.
- Arranging product fair in different countries for advertising and marketing of the product.

### **Classification of Export Sector**

#### **Highest priority sector:**

- Software and ICT products
- Agro-products and agro-processing products;
- Light engineering products (including auto-parts & bicycles)
- Shoes and Leather products
- Pharmaceuticals Products
- Textile
- Ship building
- Toiletries products

#### **Special development sectors:**

- Electronic products
- Handicrafts

- Herbal medicine and medicinal plants
- Production of Finished Leather
- Frozen Fish Production and Processing
- Natural fresh flowers & foliage
- Jute & jute Products
- Plastic products
- Ceramic products
- Service Export
- Furniture
- Uncut diamond

### **General Facilities for Export**

- Export Retention Quota
- Export Development Fund
  - Venture capital
  - Foreign Technical Assistance
  - Sending mission in abroad
  - Assistance in participating foreign training program
- Export Financing
- Export Credit
- Exporters can get 90% of the L/C amount as loan from commercial banks under irrevocable letter of credit or confirmed contract.
- Fixation of cash credit limit based on the previous year's performance
- Bangladesh Bank will take necessary steps in ensuring smooth credit flow in export sector
- Establishment of 'Export Credit Cell', Export Credit Monitoring Committee
- Export Credit Guarantee Scheme (ECGS) will be restructured, and made more active and efficient.
- Exemption in fire and marine insurance premium
- Incentives will be given to export of non-traditional and new product items
- Bonded warehouse facilities
- Facilities for Export Oriented Industries
  - Bank loan
  - Selling in the local market
- Research and Development
- Multiple entry Visa for foreign investors and importers of Bangladeshi products
- Arranging foreign trade related training programs particularly on WTO in already established Bangladesh Foreign Trade Institute
- Construction of World Trade center in Dhaka and Chittagong.
- Direct Airlines Booking System
- Establishing MIS in Ministry of Commerce

### **Commodity Concentration**

Very few Commodities occupy major share of our exports. RMG Products contribute Almost 75% of the total products.

## **Geographical Concentration**

The periphery of our export market is very narrow. Still more than 78% goes to the USA and EU Countries.

## **Export Policy**

- Trade liberalization addressing the concept of globalization.
- Encouraging labor-intensive technology.
- Ensuring the availability of raw materials for export goods.
- Increasing productivity and product diversification.
- Improving quality of the products and using environment-friendly technique.
- Market diversification and use of modern technology.
- Developing infrastructure including backward and forward linkage.
- Incentives for existing exporters and encouraging new exporters.
- Proper training for participating in international trade.
- Making awareness among different groups and trade bodies.

## **Export Procedures**

- Registration of Exporters
- Securing Export Order
- Signing the Contract
- Receiving the Letter of Credit
- EXP form for the declaration of exports.
- Shipment of Goods
- Preparation/ Procurement of Export Documents
- Submission of Export Documents for Negotiation

## **List of Prohibited Goods for Export**

- Petroleum and petroleum products other than naphtha, furnace oil, lubricant oil and bitumen;
- Jute seeds, Wheat
- Living animals and their limbs and skins of wild lives of all species described in the Bangladesh Wild Life (Conservation) Ordinance 1973
- Firearms, ammunition and related materials
- Radioactive materials
- Archeological relics
- Human skull, blood plasma
- Pulses of all kinds
- Shrimps other than frozen and processed ones
- Onion
- Deer of both gender
- All kinds of bamboo/cane/wooden powder (other than the handicrafts made of these)
- Frogs of all kinds (dead or alive) or their legs
- Chemical enlisted in the number of one list of Chemical Weapons Convention
- Raw and weight blue leather
- Urea fertilizer

### **Conditional Exportable Items**

- Urea Fertilizer: - Upon permission from the Ministry of Industry, Urea fertilizer produced in all factories except KAFCO can be exported.
- 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.
- Chemical products

### **Export Procedure**

#### **Introduction**

The imports and exports trade of our country is regulated by the Imports and Exports (Control) Act, 1950. No person who has been granted registration by the Chief Controller of Imports & Exports shall indent, import or export any thing into or out of Bangladesh except in cases of exemption issued by the government. If any person contravenes any provision of the Act or any order made under this Act is punishable with imprisonment for a term, which may extend to one year or with fine or both.

There are a number of formalities, which an exporter has to fulfill before and after shipment of goods. These formalities or procedures are enumerated as follows:

- Procedure for obtaining Export Registration Certificate (ERC):
- For obtaining Export Registration Certificate (ERC), intending Bangladeshi Exporters are required to apply to the Controller/Joint Controller/Deputy Controller/Assistant Controller of Imports and Exports, Dhaka/Chittagong/Rajshahi/Khulna/Mymensingh/Sylhet/Comilla/Brisal/Pabna/Bogra/Rangpur/Dinajpur, as the case may be, in the prescribed form along with the following documents:-
- Nationality and Assets Certificate of the Proprietor /Directors;
- Registered Partnership Deed in case of Partnership concerns;
- Memorandum and Articles of Association and Incorporation Certificate in case of Limited Company;
- Bank Certificate;
- Income Tax Certificate (GIR);
- Copy of Valid Trade License;
- Copy of Rent Receipt of the Business Premises;
- Membership Certificate of a Trade Association;
- Affidavit from a 1<sup>st</sup> class magistrate;
- Any other certificate as required in the Policy etc.

### **Registration/Renewal**

On receipt of necessary advice from the offices of the Control/Joint Controller Deputy Controller/Assistant Controller of Imports and Exports, applicants for Export Registration Certificate are required to deposit requisite Registration Fee to the Government Head of Account “42- Trade and Commerce - Fees realized under the imports and Exports Control Act. 1950” through Bangladesh Bank/Government Treasury/Sonali Bank. Copies of Treasury Chalans showing payment of fees should be sent to the concerned offices of the Chief Controller of Imports and Exports for enabling them to issue Export Registration Certificate. Once registered, exporters are to make annual payments for having their export Registration Certificate renewed.

### **Registration of Exporters:**

The exports from Bangladesh are subject to export trade control exercised by the Ministry of Commerce through Chief Controller of Imports and Exports (CCI & E). No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with CCI & E and holds valid Export Registration Certificate (ERC). The ERC is required to be renewed every year. The ERC number is to be incorporated on EXP forms and other papers connected with exports.

### **Securing the Order:**

Upon registration, the exporter may proceed to secure the export order. He can do this by contacting the buyers directly through correspondence. Some buyers of goods like jute and jute goods maintain liaison office, representatives or local agents who can be contacted to secure a deal. Sometimes, TCB BJMC and BJEC secure bulk contracts and pass or allocate the contracts to the actual exporters. To locate the foreign buyers, the exporter may contact the local Chamber of Commerce of potential buyers. The Export Promotion Bureau and the

Bangladeshi missions abroad are also good sources for securing information on the prospective foreign buyers.

### **Signing the Contract:**

The following are the points which need to be borne in mind while making a contract.

- Description of the commodity.
- Quantity of the commodity.
- Price of the commodity.
- Shipment terms.
- Insurance and marks.
- Inspection.
- Arbitration.

### **Receiving the Letter of Credit:**

The followings are the main points to be looked into -

- The terms of the L/C are in conformity with those of the contract.
- The L/C is an irrevocable one, preferably confirmed by the advising bank.
- The L/C allows sufficient time for shipment and a reasonable time for negotiation.
  
- If the exporter wants the letters of credit to be transferable, divisible and advisable, he should ensure that these stipulations are specifically mentioned in the L/C.

### **Procuring the Materials:**

After making the deal and on having the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandises.

### **Shipment of Goods:**

The following are the documents normally involved at the stage of shipment:-

- EXP form (It must be certified by the bank first and then by the custom authority).
- Photocopy of the Registration Certificate.
- Photocopy of the contract.
- Photocopy of the L/C.
- Railway Receipt, Barge Receipt or Truck Receipt.
- Shipping Instruction.
- Insurance Policy.

### **Preparation Procurement of Export Documents:**

- Bill of Exchange or Draft.
- Bill of Lading.
- Invoice.
- Insurance Policy/Certificate.
- Certificate of Origin.
- Inspection Certificate.

- Consular Invoice.
- Packing List.
- Quality Control Certificate.
- G.S.P. Certificate.
- Phyto - Sanitary Certificate.
- Submission of the Documents to the bank for negotiation

## **Import Policy**

### **Major Objectives**

- Liberalization of trade (globalization, WTO and Free market economy).
- Import of modern technology.
- Simplification of imports for export oriented industries.
- Gradual withdrawal of import protection.
- Maintaining and improving quality.
- Arrangement of import on emergency basis when needed. Being empowered by the sub-section (i) of section-3 of the Imports and Exports (control) Act, 1950 (Act No. XXXIX of 1950), the Government issues the import policy order
- The existing order may be called the Import Policy Order, 2009 – 2012 Ministry of Commerce issued this policy order in 2010.
- Unless otherwise specified this order shall apply to all imports into Bangladesh.
- It shall remain in force up to 30<sup>th</sup> June 2012.
- The order will remain in force after the expiry of the validity mentioned above until the new import policy order is issued.
- Whatever be there in the proposed Import Police' if any decision is announced in the government budget or in any government order regarding import which is contradictory to this import policy, the budget/government order will get priority.

### **Main Features of Import Policy:**

- Banned items
- List of restricted items (restricted list)
- Freely importable items
- Import using HS code numbers
- Important General conditions of Import of Good
- Restriction regarding source of procurement and shipment of goods from Israel.
- Provision for shipment on Bangladesh Flag vessels
- Certificate of waiver from the Director General of Sea Transport Directorate – not applicable for imports under foreign donation
- Use of non-BD ship is allowed for export/imports by export oriented industries.
- Import at competitive rate
- Import on C & F, CFR, CPT, CIF and FOB basis
- Permission from MOC for using CIF
- Not applicable for goods sent by NRB using forex earned outside or foreign investors for importing capital – machinery or raw material using own capital or external project having such conditions.
- Import by mentioning country of origin



- Inscription of Name, Address and TIN number of Importers
- Sources of Finance
- Import under Letter of Credit (L/C)
- Import license is not required
- Import under Irrevocable L/C
- But L/C is not required for import of perishable foods through land port and for raw materials and capital machineries
- Performa Invoice and Insurance Cover Note are to be submitted while opening L/C
- Payments are to be made against documents
  
- Import without L/C but against LCAF
- Import of books, journals, magazines and periodicals on sight draft or usance bill basis
- Import of any permissible item for an amount not exceeding US \$35,000 only during each financial year against remittance made from Bangladesh.
- Specific medical related chemicals at the recommendation of the government
- Import under Deferred payment basis or against supplier's credit
- Allowed on the basis of the procedure laid down by the Bangladesh Bank in this behalf.
- Import against direct payment abroad;
- Only Bangladeshi nationals living abroad subject to the submission of a certificate by the Bangladesh Mission.
- Time limit for opening L/C
- L/C should be opened by the importers within 150 days of issuance of LCAF/Registration
- Validity of LCA for shipment/Time limit for shipment
- Shipment should be made within 17 months for machinery and 9 months for other products.

## **Import Procedures**

### **Registration of Importer**

- Furnish the following papers/documents through the nominated bank once you get Demand notice from CCI&E:
- The nominated bank of the applicant will scrutinize the papers/ documents and verify the signature of the applicant.

### **L/C authorization form**

### **Opening of L/C**

### **Tasks of Banks**

- The issuing bank opens/issues the L/C in accordance with the instruction/request of the importer and request another bank (advising bank) located in the

seller's/exporter's country to advise the L/C to the beneficiary. The issuing bank may also request the advising bank to confirm the credit, if necessary.

- The advising bank advises/informs the seller that the L/C has been issued.
- As soon as the exporter/seller receives the L/C and is satisfied that he can meet the L/C's terms and conditions, he is in a position to make shipment of the goods.
- After making shipment of goods in favor of the importer the exporter/seller submits the documents to the negotiating bank for negotiation.
- The negotiating bank scrutinizes the documents and if found o.k. negotiates the documents and sends the said documents to the L/C issuing bank.
- After receiving the documents the L/C issuing bank also examines the documents and if found o.k. makes payment to the negotiating bank.
- The L/C opening bank then requests the importer to receive the documents on payments.
- The importer after paying all dues receives the documents from the L/C issuing bank and then releases the imported goods from the port authority

**Import against LCA form without opening L/C**