Export Policy of Bangladesh

1. Introduction:
1.1. Acceleration of production and expansion of trade result in growth of national wealth. Increased production in export sectors may become the prime mover in the development cycle in a densely populate of Bangladesh like our as this will generate employment opportunities which in turn will generate savings and investment on consequent flow of capital. The prime national objective of poverty alleviation will thus be materialised. As a first step towards reaching this goal we need to look at the country’s production infrastructure.
1.2. Our export trade is featured by the dominance of a few commodities in a narrow market. Such dependence on at limited number of export items targeted a limited market is not desirable for economic development. We must, therefore, aim both at product and market diversification or else our export trade will become stagnant in the near future.
1.3. Our export trade must keep pace with the projected GDP growth @ 7% and make due contribution through increased export earning. In this exercise it is imperative to identify new thrust sectors, increased export of higher value added items, diversify product wise, ensure products quality, improve packaging, attain efficient productivity. We should aim at marketing quality products at competitive price at the correct time.
1.4. The Export Policy 1997-2002 has been designed to operate in the imperatives and opportunities of the market economy with a view to maximizing export growth and narrowing down the gap between import payment and export earning.

2. Objectives:
The principal objectives of this policy are:
2.1. To achieve optimum national growth through increase of export in regional and international market;
2.2. To narrow down the gap between the country's export earning and import payment through achievement of the export targets;
2.3. To undertake timely steps for production of exportable goods at a competitive price with a view to exporting and strengthening existing export markets and making dent in new markets;
2.4. To take the highest advantage of entering into the post Uruguay liberalized and globalized international market;
2.5. To make our exportable items more attractive to the market through product diversification and quality improvement;
2.6. To establish backward linkage industries and services with a view to using more indigenous raw materials, expand the product base and identify and export higher value added products;
2.7. To simplify export procedures and to rationalize and solidify export incentives;
2.8. To develop and expand infrastructure;
2.9. To develop trained human resources in the export sector;
2.10. To raise the quality and grading of export products to internationally recognized levels.

3. Strategies:
The following strategies shall be undertaken to attain the objectives of the export policy 1997 -
2001:

3.1. Simplifying export procedures, and helping the private sector achieve efficiency. The Govt. desires more and more involvement of the private sector while the govt. will continue to play its facilitating role;

3.2. Enhancing technological strength and productivity and facilitating reduce cost and attain internationally accepted standard of quality of exportable products and thereby consolidate their competitiveness;

3.3. Ensuring maximum use of local raw materials in the production of export goods and encouraging establishment of backward linkage industries;

3.4. Participation in the international trade fairs, specialized fairs, single country exhibitions abroad and also sending out trade missions, with a view to consolidating our position in the existing market and creating new markets;

3.5. Encouraging export of new category high value added readymade garments and also encouraging the concerned trade associations for establishment of a Fashion Institute;

3.6. For promotion of high value added leather and leather goods export: providing various facilities including bonded warehouse facilities for import of materials such as raw hides, pickled, wet blue, crushed and finished leather, components and chemicals etc. to 100% export oriented leather industries;

3.7. For promotion of export of shrimp: Extension and modernization of traditional/semi-intensive method of shrimp cultivation and ensuring quality as per buyer’s requirements;

3.8. For promotion of export of jute and jute goods: Undertaking extensive publicity of jute and jute goods as environment-friendly natural fibre and diversification of the uses of jute products;

3.9. For promotion of export of tea undertaking programmes for establishing brand name and developing linkage with established blending and distributing agents;

3.10. For promotion of export of agro based products: undertaking programmes for raising quality standard and expansion of market;

3.11. For the promotion of export of electrical and electronic goods (including computer software and data entry): Building and ensuring conducive infrastructure;

3.12. For the promotion of export of engineering consultancy and other services and sub-contracting involving, in a bigger way, Bangladesh missions abroad obtaining contracts;

3.13. Organizing regularly international trade fairs and product-specific fairs with the country;

3.14. Making appropriate development and expansion of infrastructure conducive to export;

3.15. Making arrangements for necessary technical and practical training for development of skilled manpower in the export sector;

3.16. Ensuring maximum utilization of financial and other assistance extended by the World Trade Organization to the Least Developed Countries;

3.17. Ensuring maintenance of ecological balance and pollution-free environment in the production of exportable goods;

3.18. Extending technical and marketing assistance for development of new products and for finding appropriate marketing strategies;

3.19. Taking necessary steps to assist procurement of raw materials by the export-oriented industries at world price;

4. Scope and General Provisions:
4.1. This policy shall apply to the customs areas (excluding Export Processing Zones) of Bangladesh.

4.2. This policy shall take effect from 01.07.1998 and remain in force till 30.06.2002. However, the policy shall be considered valid until the next Export Policy is announced.

4.3. If any provision of this policy is found inconsistent with any provisions of the Imports and Exports (Control) Act, 1950, or of the Import Policy Order, the Ministry of Commerce shall be entitled to amend, alter or modify such provision.

4.4. The Ministry of Commerce may, as and when necessary, amend, alter or modify any provision of the Export Policy including the export negative/restricted items.

4.5. Different aspects of the Export Policy shall be reviewed annually.

5. Target;

6. Export Promotion Councils/Committees;
6.1. A National committee on export has been formed. The highest level committee on export promotion, is headed by the Honourable Prime Minister and consists of the Honourable Ministers for Foreign Affairs, Finance, Commerce and Industries, Planning, Jute and Textile as well as senior government officials and representatives of important trade associations. The committee reviews the export situation, provides necessary directions and readily resolves problems.

6.2. For immediate attention and action on export related problem a task force has been formed under the chairmanship of the Honourable Minister for Commerce.

6.3. With a view to exchanging ideas with Chambers of Commerce and Industries, Exporters' Associations and private sector organizations in formulating export policy and strategies, and up lamenting policy decisions an export council has been formed.

6.4. A task force shall also be formed to recommend practical measures for export increase and monitoring the implementation of incentives and facilities of thrust sector and crash programme items.

6.5. Commodity Councils:
Commodity Councils shall be formed for jute, tea, shrimp, readymade garments and leather & leather products.

7. Thrust Sector:
7.1. Leather and leather goods industries, high and high value added readymade garments, computer software and agro-processing sectors have been identified as thrust' sectors in this export policy. Although the leather and leather goods sector has enormous export potential the sector has not been able, till date, to achieve desired results. On the other hand, the readymade garments sector is expected to stage a breakthrough in the export of high-priced, high value added garments of newer categories after having survived successfully the initial phase of exporting low-end garments. Like wise computer software and agro-processing sectors could not record the desired level of export through the sectors offer bright prospects for earning foreign exchange. These -four
sectors have been declared, 'Thrust Sectors', in this policy to ensure priority with the following lines of actions:

7.2. Leather & Leather Goods:

7.2.1. Leather manufacturing units shall be modernized in order to enable them to produce increased quality of finished leather out of raw hides.

7.2.2. With a view to reducing cost of production, steps shall be taken to establish accessories industries for producing necessary chemicals and other inputs within the country.

7.2.3. The existing Leather Technology Institute shall be modernized for use as a 'Common Facilities Centre' for the sector leather units.

7.2.4. Necessary credit facilities shall be extended for setting up of leather goods industries and efforts for marketing the produces shall be strengthened.

7.2.5. Cluster industries comprising small units of leather goods factories shall be set up with a view to generating employment.

7.2.6. A 'Leather Council' shall be formed.

7.2.7. Industrial units having no bonded warehouse at the same time not interested to avail of duty drawback facilities shall be entitled to cash benefit in lieu of duty drawback.

7.2.8. Import of raw hides including wet blue and pickled leather, shall continue with the prevailing customs duty (2.5%) and import licence fee (2.5%) leviable on the importation of raw leather for three years.

7.2.9. Uniform policy on bank loan as regards criteria and rate of interest shall be followed for credit to leather sector.

7.2.10. The total credit excluded to the leather sector shall be brought under a single bank and export will also be effected through that designated bank.

7.2.11. After careful revision of the overall situation prevailing in the leather industries, the time limit for export of crust leather has been extended upto the year 2000. Facilities for BMRE and other transformation process shall be made available to all tanning units to enable them to switcher by 2000, to processing crust/finished leather from wet blue leather.

7.3. Readymade Garments:

7.3.1. All out efforts would be made and steps taken for production and export of high priced readymade garments in the light of the prevailing market demand.

7.3.2. Immediate steps shall be taken to establish a Fashion Institute pending establishment of the Fashion Institute measures will be taken, under special arrangements, to extend expert services to match the actual demand.

7.3.3. Liberal credit may be considered for capacity building and hiring technology for producer of high quality garments.

7.4. Computer Software:

7.4.1. For the development of human resources in the software information of computer science, courses in all universities including B.I.T. and Polytechnic Institute and selected colleges shall be considered similarly for having a pool of skilled and trained instructors basic computer scheme at graduation level may be introduced.
7.4.2. An Information Technology Village making multifacet facilities shall be established as part of infrastructure development for promotion of export in this sector.

7.4.3. As a fillip to effective software marketing appropriate provisions on protection of intellectual imports shall be incorporated in the existing copyright Act.

7.5. Aero Processing:
7.5.1. For the development of the agro-processing industries 'Hortex Foundation' has already been established. Development activities of this sector under the Foundations programmes will go on.

8. Export Incentives:
In the light of the objectives and strategies of the Export Policy 1997-2002, several new incentives and facilities have been made available to the exporters. Besides, some existing incentives have been modified and improved to make them more workable. The rest of the existing facilities and incentives will remain unchanged. The incentives as offered are enumerated below:

8.1 Fiscal Incentives:
8.1.1. Restructuring of the Export Credit Guarantee Scheme (ECGS): At present, there are four schemes, namely, the Export Credit Guarantee (Pre-shipment), Export Credit Guarantee (Post-shipment), Export Payment Risk Policy (Comprehensive Guarantee) and Whole Turnover Pre-shipment Finance Guarantee, available under the Export Credit Guarantee Scheme (ECGS) covering risks on export credit as well as probable commercial and political risks occurring abroad. These schemes, however, are becoming effective to the desired extent due to existence of various complicacies in realizing their benefits. To strengthen the role of the Export Credit Guarantee the schemes shall be restructured.

8.1.2. Convertibility of Taka:
Taka has been made convertible in the current account in lieu with the policy of export-led growth in the liberalized world market. As a result, earning from the trading account shall be freely convertible into foreign exchange for import of goods (barring a few banned items). Under this arrangement, exporters shall be allowed to retain their foreign exchange earnings in their respective foreign exchange accounts gradually at higher proportion.

8.1.3. Utilization of Foreign Exchange by Exporters:
So long exporters were allowed to retain 20% of their FOB earnings in their respective foreign currency accounts in US dollar or Pound Sterling. From now on they will be entitled to retain either 40% of such earning or at a rate fixed by the government from time to time on proper review. However, in cases of export products where the import contents used in the manufacture of such items are relatively high (such as, naptha, furnace oil, bitumen and other petroleum products, readymade garments and electronic goods) and in the case of export of services (legal advice, consultancy and similar professional services), the exporters concerned will be entitled to retain only 7.5% of their FOB export earnings. Immediately on realization of export proceeds, the concerned banks will credit the exporters’ foreign currency account in proportion to their respective entitlements. Exporters may utilize this foreign exchange for bonafide business purposes, namely, undertaking business trips abroad, participating in export fairs and seminars,
importing raw materials, machineries and spares and even setting up overseas business offices. Foreign exchange may also be kept in the renewable fixed deposit account which will bear interest.

8.1.4. Export Promotion Fund (EPF):
The following assistance and support would be provided out of the Export Promotion Fund to producers/exporters of new and non-traditional items including those under the crash programme for product development and product and market diversification:
(a) Venture capital on easy terms and low interest rates;
(b) Assistance in obtaining foreign technology and consultancy for product development and diversification;
(c) Assistance in fielding marketing missions abroad and participating in international fairs for market compatibility of products;
(d) Assistance in Establishing Sales and Display Centres abroad and extending warehousing facilities;
(e) Assistance for participation in overseas training programmes on product development and marketing help develop technical skill and marketing expertise;
(f) Assistance in any other activity related to product and market development.

8.1.5. Extension of Time-limit for adjustment of Export Credit from 180 days to 270 days.
At present export credit is allowed at concessional rate of interest for a maximum period of 180 days. A section of exporters however cannot enjoy the benefit of such concessionary credit facility due to structural characteristics of certain commodities. Under such circumstances, the time-limit for repayment of export credit has been extended from 180 days to 270 days in case of export of frozen food, tea and leather by way of relaxing the condition of submission of firm contract/L.C. and considering working capital as export credit. The time limit for export credit under the Export Promotion Fund in certain cases shall be extended upto 270 days.

8.1.6. Export Financing:
(a) Introduction of Credit Card: In view of the risks involved in carrying of cash foreign exchange/travellers cheque while undertaking business trip abroad, the practice of issuing credit cards to exporters against their respective foreign exchange entitlements will continue.
(b) Limit of Export Credit: Exporters may obtain export credit from commercial banks upto 90% of the value of their irrevocable letter of credit/confirmed contract.
(c) Credit to first time applicant: With a view to encouraging the new comers to enter into export trade the commercial banks will consider their credit proposals on a priority basis.
(d) Monitoring the Over-all flow of export credit:
Bangladesh Bank will take necessary steps to ensure that normal flow of export credit is maintained. The C.C. limit of the exporters will be determined only on the basis of their export performance in the preceding year. This will not be subject to any general credit squeeze measure. Such credit facilities will also be available to new contracts.
(e) Overdue interest: No overdue interest will be charged by the commercial banks in cases of export against irrevocable letter of credit on sight payment basis. In such cases, however, exporters will be required to submit necessary export documents within the specified time.
(f) Export credit cell: As special export cell to supervise and monitor the export financing has been
functioning in Bangladesh Bank. Besides, in every commercial bank a special unit has been created for processing exclusive export credit proposals.

(g) Export monitoring: A high-powered committee has been functioning to assess the export credit requirement and to review and monitor the flow of export credit to ensure that adequate and timely credit are made available to the exporters.

(h) Inland back-to-back letter of credit: Authorised dealers may establish inland back-to-back letter of credit in favour of local suppliers of raw materials, against the corresponding master letter of credit.

8.1.7. Rebate on insurance premium:
Special rebates are allowed on premium covering fire and marine insurance to export-oriented industries (non-traditional items). Such rebates will be available also to the exporters of these items on shipment of goods.

8.1.8. Incentives for export of non-traditional industrial products:
Incentives will be provided for export of non-traditional/new industrial products, especially where value addition is 50% or more.

8.1.9. Similarly, export firms having exceeded the proportionate export target set for that product-sector will be considered for incentives facilities.

8.2. Fiscal Incentives:
8.2.1. Import facilities of raw materials for export-oriented leather industries:
To encourage increase in productional export at competitive price of finished leather customs duty and import licence fee leviable on import of wet blue and pickled leather by export-oriented leather industries will be exempted.

8.2.2. Income tax rebate on export earnings:
Previously, 50% rebate on taxable income generated from export earning was admissible under the Finance Act every year. From now on 50% of the income tax on any income on export will be exempted through incorporation of a new provision in the Income Tax Ordinance itself rather than as a temporary relief hitherto granted under the Finance Acts on a yearly basis.

8.2.1. Lowering the rate of AIT at source :
Tax at source on all export earnings shall be deducted at the rate of 0.25%

8.2.4. Payment of duty drawback through commercial banks :
For quick disbursement of duty drawback with a view to giving a competitive edge to our export in the international market, payments will be made by the commercial banks immediately on receipt of foreign exchange against all exports except the deemed exports, determined on the basis of the principles laid down by the National Board of Revenue.

8.2.5. Bonding facilities for export-oriented industries:
Bonded warehouse facilities have generated special enthusiasm among the import-led export-oriented industries. To sustain such interest the procedures for providing bonded warehouse facilities to such industries will be further simplified, and will be extended to all industries recognised as 100% export-oriented industries.
8.2.6. Duty-free Import of capital machinery by export-oriented industries:
Presently, items produced in the Export Processing Zones (EPZ) are entirely exported. Likewise 100% export-oriented industries located elsewhere in the country are also required to export their produces entirely from this point of view as the objectives and functions of the industries of both locations are identical. Duty free import facility of capital machinery has also been extended to the 100% export oriented industries out side the EPZ.

8.2.7. Alternative facilities in lieu of customs bond or duty drawback for export-oriented domestic textile sector and garments industries:
During fiscal year 1995-96, the government, in an attempt to give incentive to the domestic textile and garments sector, allowed 25% compensatory assistance to the industries of this sector. In future also, these sectors will continue to receive reasonable facilities. Such compensatory assistance will also be admissible to a composite unit producing both fabric and garments or to the manufacturer only in case the exporter is not the producer of the local fabric provided no bonded warehouse or duty drawback facilities were availed of for such importation. If, however, the exporter is an intermediary buyer, the facility will go to the original producer of goods.

8.2.8. Tax holiday:
To encourage a rapid growth and attract entrepreneurs to export oriented industries tax holiday incentive will continue till the year 2000 in consonance with the Industrial Policy. The industrial enterprises enjoying the benefit of tax holiday shall be exempted from deduction of tax at source. After 2000, decision on tax holiday will be taken in the light of the government policy of that period.

8.2.9. Duty drawback scheme:
(a) Exporters of manufactured products are entitled to draw back after the export is effected. The amount of duties and taxes paid on importation of raw materials under any of the three systems, namely, actual drawback, notional drawback and flat rate drawback. However, as a simpler mechanism of getting drawback, the flat rate method shall continue to receive greater weight age. 
(b) The rate of duty drawback payable on export of all traditional and non-traditional items will be renewed at regular intervals and more and more, new products will be brought under the duty drawback system.

8.2.10. Value Added Tax (VAT) on packaging materials:
Should jute clothes and bags be used in the packing of export goods VAT paid on such products will be refunded.

8.2.11. Simplification of the procedure for refund of VAT paid on export support services:
To maintain competitiveness of export prices, VAT paid on export support services, namely, C & F service, telephone, telex, fax, electricity, insurance premium, shipping agent's commission/bill will be refunded under a simplified procedure.

8.2.12. Permission for sale of goods rejected for exportation:
20% of the rejected goods of the 100% export-oriented industries including leather goods and readymade garments will be admissible for sale in the local market subject to payment of usual duties and taxes.

8.3. General incentives:
8.3.1. Declaring 80% export oriented leather industries as 100% export-oriented industries:
Most of the leather industries are able to export at least 80% of their products; rarely they are in a position to export 100 of their product. In order to bringing about dynamism in the leather sector 80% export oriented leather producing units have been declared 100% export-oriented industries.

8.3.2. Other 80% export-oriented industries to get identical incentives available to 100% export-oriented industries:
Other 80% export oriented industries (other than leather industries) will be given following incentives with a view to encouraging their export operations:
(a) Financial incentives including bank loan as available to 100% export-oriented industries. However, the benefits allowed to the 100% export-oriented industries by the National Board of Revenue in respect of duties and taxes will not be applicable to them.
(b) Sale permission upto 20% of their production in the local market on payment of usual duties and taxes.

8.4. Reduced airfreight for export of all crash programme items including fruits and vegetable:
(a) Airfreight at lower rate will be changed for export of all crash programme items including fruits and vegetables.
(b) Withdrawal of royalty from foreign airlines extending cargo services:
In order to ensure export of goods by cargo services of foreign airlines and sell export goods at competitive price, the royalty being presently imposed by Biman Bangladesh Airlines may, if necessary, be further reduced or may be withdrawn altogether.

8.5. Settlement of trade disputes:
With the expansion of exports trade disputes are also increasing. In many cases Bangladesh's image as an exporting country is being tarnished because of such disputes. On the other hand, Bangladeshi exporters are also incurring financial losses. To remove such difficulties, the Export Promotion Bureau will initiate steps for settlement of trade disputes through conciliation. For this, necessary amendment will be made in the Charter of Export Promotion Bureau to enable them to perform this responsibility effectively.

8.6. Recognizing small and medium size agricultural farms as Industry:
To encourage production of fruits, vegetables, fresh flowers, orchid etc. for export, agricultural farms of a minimum size of 5 acres have been recognized as 'Industry' and become eligible for all facilities of export-oriented industries.

8.7. Research and development:
Marketing of products in the international market is becoming increasingly competitive due to
globalization and liberalization of trade. To sustain in the face of such stiff competition, continuous quality improvement and market adaptability have become necessary. For this purpose, industrial enterprises should be equipped with their own Research and Development ( R & D ) facilities . For this duties and taxes on machinery and equipments imported by export units will be gradually lowered. Research institutions on the recommendation by the Export Promotion Bureau will also be entitled to such benefit.

8.8. Export on the basis of sub-contracting:
The sub-contracting service sector has immense potential for export. All out efforts will be made to exploit the opportunities in this sector especially in the automobile industry in Japan and the printing industries in the western countries.

8.9. Assistance to contract services abroad like Engineering Consulting Services Contract and Civil Construction Contract etc.:
Contract Services like engineering, consulting and civil construction contract abroad have been identified as potential export sector. The following facilities are being extended to assist this sector:
(a) Issuance of bid bond and performance bond, at 1% margin by commercial banks for submission of tender and on receipt of work order respectively;
(b) Allocation of fifty thousand dollars annually to each organization to meet the expenditure like maintaining communication, sending representatives, making overseas trips, purchasing tender documents etc. before receipt of actual work order;
(c) Permission for setting up overseas office and appointment of staff;
(d) Permission for Sadharan Bima’s Individual professional guarantee/insurance in favour of project specialists ;
(e) Involving Bangladesh missions abroad to provide information and assistance.

8.10. Annual ceiling for despatch of export samples:
At present, the annual ceiling for despatch of samples to international trade fairs is fixed at US $ 2000 (two thousand). The ceiling for sending samples for purposes other than international fairs was however considered inadequate. It has been raised in phases from Tk.1000 per annum to US $ 1500 (approximately Taka 65,000) per annum. The maximum limit for sending out samples by parcel post will be raised from its present limit of Taka 2,000.00 to Taka 5,000.00

8.11. Commodities under the Crash Programme:
(a) At present toys, luggage and fashion items, electronics, leather goods, diamond cutting and polishing, jewellery, silk fabric, stationery goods, cut and artificial flowers and orchid, gift items, vegetables and engineering consultancy and services have been included under the crash programme. In order to boost production and export, promote goods/services under the crash programme, soft term credit will be provided for product development, market adaptation, and marketing. Import of raw materials, facilities will be provided for export on consignment basis and into duty drawback/bonded warehouse facilities. In addition assistance will be provided for market exploration obtaining joint venture. Fresh flower, fruits and bamboo, cane and wooden furniture shall be included in list of crash programming items apart form the items listed above.
8.12. Increased import facilities of samples for product development:
For product development and market promotion any exporter except of RMG sector is entitled to import duty free:
Samples upto a maximum of US $ 1000 (One thousand) annually on obtaining clearance from the Export Promotion Bureau. For import of samples exceeding US $ 1000 (One thousand), clearance shall have to be obtained from the Chief Controller of Imports & Exports which will approve the import on the recommendation of the Export Promotion Bureau issued on the basis of export earnings.

8.13. Multiple entry visa to importers and foreign Investors :
Multiple entry visas are being issued to foreign investors and importers to make their entry into and stay in Bangladesh easy and trouble free.

8.15. Participation in International Trade Fairs, Organizing Single Country Exhibitions and undertaking market development programmes abroad:
As part of export promotion Bangladesh regularly takes part in international trade fairs, organizes single country exhibitions and undertakes market development programmes in different countries of the world Private enterprises and organizations are encouraged to take part in such export-oriented events and are accorded various incentives. Besides, programmes to organize single country exhibitions in different countries through combined public and private initiatives will continue.

8.16. Strengthening training on export-related matters :
Knowledge about the facilities and incentives available in the export trade leads to intensified export activities in the country. To apprise the country's exporters of the various facilities/incentives available, training sessions, seminars and workshops in different parts of the country under the National Export Training Programme of the Export Promotion Bureau will continue to be organized.

8.17. Establishment of World Trade Centre :
The government has decided to establish a World Trade Centre in Dhaka in a bid to strengthen infrastructural facilities for the development and expansion of export. An area of 6.12 acres near Hotel Sonargaon has been earmarked for this purpose.

8.18. International Trade Centre:
Simultaneously with the establishment of a World Trade Centre in Dhaka, it has been decided to set up, in Chittagong, an International Trade Centre at private initiative. Necessary land for this purpose has already been allotted.

Every year commercially important persons (CIPS ) are selected from the highest export performers item-wise in recognition of their contribution to export.
8.20. National Export Trophy:
As mark of national accolade, 45 National Trophies are awarded every year to the most outstanding exporters in 15 product sectors. The trophy winning exporters are given C.I. P. facilities at the airport.

8.21. Deemed Export Facilities:
Local raw materials used as direct import for export production for products supplied to local projects procurement in foreign exchange against international tender are regarded as 'deemed export' and qualify for all export incentives and benefits including duty drawback that extended to direct exporters.

8.22. Organizing Local Fairs of International Standard:
Organizing trade fairs of international standard plays a very important role in the promotion of exports. Trade fairs, help product familiarization on the one hand and establishment of closer contacts between foreign buyers and local sellers on the other hand. Considering this aspect general as well as specialized trade fairs of international standard will be organized within the country apart from participating in general and specialized International Trade Fairs abroad.

8.23. Import of samples by Export Promotion Bureau and TCB:
The Export Promotion Bureau and the Trading Corporation of Bangladesh will be entitled to import duty free samples upto a maximum annual limit of taka 30,000.00 (Taka Thirty thousand).

8.24. Import of banned items:
Export-oriented industries may be entitled to import raw materials put under the banned/restricted list of import against specific export orders subject to permission from the Ministry of Commerce.

8.25. Widening the Scope of deemed export:
The coverage of "deemed export" has been widened to include supply of goods to the Export Processing Zones and export of turn-key projects like engineering services contract, consulting services contract and various other construction contracts. The net foreign exchange earnings generated by such project exports will be considered as actual export and become eligible for all export incentives and facilities.

8.26. Waiver on Shipment of goods:
To avoid unnecessary delay in shipment of export cargo the Ministry of Shipping will grant waiver for shipment of export goods except those which are covered within 24 ( twenty four ) hours of receipt of application in the transportation of export goods. Besides, should an exporter decide to charter an aircraft for quick transportation of his export consignment, the government will consider for according necessary permission in this regard.

8.27. Re-export (Entre-Pot):
The existing system of taking permission from the Ministry of Commerce on case-to-case basis for re-export of imported cargo (entre-pot) trade will not be necessary henceforth. The rate of value addition required for entre-pot trade has been lowered to 5% from the previous rate of 10%.
However, each package under the re-export consignment must bear the mark 'entre-pot' or 'temporary importation' and must not claim Bangladesh as country of origin.

8.28. Export without L/C:
With a view to further simplifying export procedures, from now on, export may be effected without L.C. on the basis of purchase contract, agreement, purchase order or advance payment. In such cases, the exporter will be required to submit only the EXP Form and the Shipping Bill. In addition, export of all commodities including vegetables and electronic goods shall be allowed without L.C. and on the basis of advance encashment or on consignment basis. In order that such exports can be effected smoothly, genuine exporters will be allowed, for a minimum period of one year, to export their goods on the basis of contract, purchase order or advance payment, besides export L.C.

8.29. Import without L.C.:
Import without L/C is permissible in cases of import of capital machinery essential raw materials for export-oriented industries, and perishable goods for eventual re-exportation, irrespective of value ceiling.

8.30. Relaxation of provisions for import of raw materials for export-oriented industries:
For import of raw materials through back-to-back L.C. by 100% export-oriented industries, restrictions of the import policy order or the requirement of this rules of origin shall be relaxed.

8.31. Provision for Direct Air Booking:
Direct air booking facility from Rajshahi and Syedpur airports up to the destinations shall continue for export of fresh vegetables and other perishable items produced in the northern regions of the country to ensure quick transport and preservation of quality.

8.32. Inter-Agency, Inter-Sector Project for product diversification:
An Inter-Agency, inter-sector project shall be taken up with the aim of product diversification. The existing bonding system, duty drawback, cash incentive etc. shall be reviewed under the proposed project, with a view to keeping the export prices competitive. The project will encompass issues like product development, market expansion, trade cooperation, identification and removal of infrastructural impediments of the export trade. Appropriate project, aided by the World Bank or other sources, shall also be taken up for technology transfer in order to bringing about quick transformation of the export trade.

8.33. Encouraging increased use of local raw materials:
Composite knit/hosiery and garments manufacturing units operating under the bonded warehouse system have been increasingly using local raw materials. These units are presently enjoying bonded warehouse facilities for 50% - 70% of their imports. This rate of bonded warehouse facilities shall be gradually lowered in an attempt to ensure increased use of local raw materials.

8.34. Establishment of M.I.S. at the Ministry of Commerce:
With the financial assistance of the UNDP, an M.I.S. shall be established at the Ministry of
Commerce under the Uruguay Round Study Project. Internet connection shall be available to the proposed M.I.S. allowing easy access to all information concerning world trade including imports and exports.

9. Product-Specific decisions:

9.1. Readymade Garments:
9.1.1. Provisions have been made for the exporters of readymade garments to retain in their respective foreign currency accounts the portion of their export earnings required for meeting the expenses on importing fabrics and other accessories through back-to-back letter of credit. The exporters that way shall be saved from incurring losses by first converting their export earnings to Taka and then re-convert the same to foreign exchange for payment of import bills on raw materials.

9.1.2. For making hand-woven sweaters of natural and synthetic wool imported under customs and permission would be accorded to take up such wool outside the bonded area, provided the concerned firm furnishes a bank guarantee for equivalent amount of customs duty leviable on such raw materials.

9.1.3. Import of samples for each category of garments:
At present, facility exists for duty free import of 20 pieces of samples for each category of garments subject to a maximum of 100 pieces. Imported samples are, however, subject to mutilation at the customs paid.

9.1.4. Rationalizing the rate of value addition:
(a) It has been found that keeping the rate of value addition flexible is congenial for the growth of the country's export trade. Therefore a Standing Committee will be formed for rationalizing the existing rates of value addition for all commodities including readymade garments.

(b) When a garment export unit relies exclusively on locally procured cotton and accessories through back-to-back L/c the maximum amount of back-to-back L/C in case of knitwear unit would be equal to the value of the master L/C.

9.1.5. Import of grey clothes:
With a view to expanding the base of backward linkage industries, permission is being accorded for import of grey clothes, through usual procedure for use in the export industries or for direct export against specific export orders. So long this facility used to be given only to the dyeing, printing and finishing factories. Since value addition in the readymade garments sector did not take place up to its potentialities inspite of this facility the government has allowed the exporters of readymade garments to import grey clothes.

9.1.6. Establishment of Fashion Institute:
To sustain in the global competition, a Fashion Institute will be established in the private sector in cooperation with the Export Promotion Bureau for the improvement of quality and design of readymade garments (including leather garments).

9.2. Frozen Fish:
9.2.1 Emphasis has been laid on scientific cultivation of shrimps for increased production and export of shrimp. With this end in view, various programmes including setting up of a Shrimp Development Board, declaring shrimp hatchery as an 'industry', setting up of a Credit Assurance
Fund for extending loan facilities to the shrimp cultivators and lowering of customs duty on import of equipments used in the cultivation of shrimps, will be taken up.

9.2.2. Exporters having fish processing plant will be considered for allotment of one hundred acres of ‘Khas’ land for cultivation of shrimps applying modern techniques.

9.2.3. Bank loan on easy terms will be made available on priority basis to the frozen food processing plants for the implementation of the HACCP system.

9.2.4. In an effort to strengthen the quality control system of frozen food, arrangements will be made for import of essential quality control equipments free of customs duty.

9.3. Cultivation of Bamboo, Cane and Coconut:

9.3.1. Sac Inspestance has been given to plan cultivation of bamboo, cane and coconut keeping in view the need to increase supply of local raw materials to the handicrafts sector.

9.3.2. A Design Centre will be set up to improve the quality of handicrafts.

9.4. Tea Industry:

9.4.1. The government is contemplating declaring the country's tea industry as export oriented industry.

9.4.2. Land under most of the tea estates at present do not enjoy long-term lease which is a limiting factor for development activities of tea estates. To remove such impediment, land under the tea estates will be leased out on long-term basis.

9.4.3. Tea estates will be provided with soft term bank loans for modernizing the plants to achieve high yield and improve quality of products to strengthen sustain ability in the international market. Development credit will also be considered for sick tea estates.

9.4.4. To encourage export of package tea duty drawback at that rates on FOB value will be provided on import of packing materials.

9.4.5. General waiver for shipment of goods will be granted in an effort to increase the export of tea.

9.4.6. Import of multiwall paper sacks on concessional customs duty for packing of tea will be allowed.

9.4.7. To establish reputation and brand name of Bangladeshi tea in overseas markets publicity measures will be strengthened. Liaison shall be maintained, for this purpose, with reputed blending and distributing agencies.

9.5. Jute Industry:

9.5.1. Reform programmes will continue for the development of the jute sector.

9.5.2. For developing the export of jute and jute goods, wide publicity will be undertaken abroad highlighting the comparative advantage as a natural fibre. Steps will also be taken to demonstrate the diversified uses of jute goods.

9.5.3. As an incentive to export jute yam and twine, marketing assistance at the rate of 10% of F.O.B. value is being extended to the exporters of this sector for a period of three years commencing from 1997.

9.6. Other Sectors.

9.6.1. Six V-SAT lines have already been established to facilitate increase of the export of
software. Steps will be taken to install more lines/connections to further increase export from this sector.

9.6.2. Realizing the importance of software as a potential export sector a committee was formed to recommend on the potentialities and technical aspects of the sector. In the light of the recommendations of the committee, the sorts are considering to offer some more facilities to this sector.

9.6.3. A jewellery export policy incorporating various facilities has already been formulated to provide necessary impetus to the jewellery and diamond cutting industry. Formulation of a diamond cutting policy is in its final stage.

10. Miscellaneous:

10.1.1. Quality control of export products:
Measures will be taken to create quality awareness among the exporters especially about the internationally recognized standards of export products. Quality control institutions will also be modernized. Quality standard compliance of health regulations and phytosanitary certification will be ensured before shipment of export cargo. Besides, exporters will be given training on and motivated for obtaining ISO 9000 for quality standard and ISO 14000 for environmental regulations. Activities of the concerned organizations will also be intensified.

10.1.2. Introduction of harmonized code for export products:
Codes incorporating full description of export goods will be introduced intervention with the harmonized code followed by the world body in all import and export L.C. forms.

10.1.3. Increase of production and quality improvement of agricultural products:
With a view to increasing the export of agricultural produces, especially fresh vegetable, fruits and fresh flowers, emphasis will be laid on increasing production, improvement of quality and development of the packaging system.

10.1.4. The fiscal and financial incentives offered by the Export Policy will be reviewed at regular intervals and necessary measures will be taken accordingly.

10.1.5. Appropriate measures will be taken to simplify the export procedures and procedural difficulty, if any, will be referred to the Task Force for immediate solution.

10.1.6. Establishment of an Export-Import Bank shall be examined.

10.1.7. For development of infrastructure in export trade, the following actions would be undertaken :-
(a) Establishment of an Information Centre with network facilities at home and abroad;
(b) Establishment of a Foreign Trade and Investment Training Institute for human resource development in commercial fields ;
(c) Seek technical assistance for R & D by setting up research cells in the Export Promotion Bureau and Chambers of Commerce and Industry;
(d) Seek technical assistance from the World Bank for establishment of a Design and Fashion Institute.

10.1.8. Export trade has witnessed structural changes due to globalization and liberalization of trade which demand changes in the nature and pattern of the export services. In the light of such
changed demands restructuring of the Export Promotion Bureau shall be considered.

11. **Negative List of Export:**
The negative list of goods banned for export has been curtailed against the backdrop of the liberal trade policy pursued by the government. This list shall be reviewed/reconsidered as and when found necessary. Goods banned and restricted for export under the Export Policy for 1997-2002 are enumerated below:

11.1. List of goods prohibited for export:

11.1.1. Petroleum and petroleum products except naptha, furnace oil, lubricant oil and bitumen. However, this prohibition shall not be applicable to the export of petroleum and LNG by foreign firms operating in Bangladesh under production sharing contracts to the extent of their share as agreed upon.

11.1.2. Oil seeds and edible oil except Kapok seeds. However, edible oil processed/refined in the country out of oil seeds and crude oil imported for export purpose may be exported subject to permission of the Ministry of Commerce.

11.1.3. Jute seeds and sun-hemp seeds.

11.1.4. Wheat.

11.1.5. Molasses and Khandseri sugar.


11.1.7. Firearms, ammunitions, explosives and ingredients thereof.


11.1.9. Rare archaeological items.

11.1.10. Human skeleton, blood plasma or any other material produced out of human blood.

11.1.11. Pulses, all sorts.


11.1.14. Saline water shrimps of 71/90 counts or below except 'harina' and 'chaka' variety and
fresh water shrimps of 61/70 counts or below (S.R.O. No. 345-L/83, dated 20.10.83).

11.1.15. Rice bran (except deoiled rice bran).

11.1.16. Bamboo and cane in whole form and wood log.

11.1.17. Frogs of all species (live or dead) and froglegs.


11.2. List of goods restricted for export (Export allowed under special permission of the Ministry of Commerce)

11.2.1. Molasses: Permissible on case-to-case basis.

11.2.2. Deoiled rice bran: Permissible on case-to-case basis only in case the Ministry/Directorates of Fisheries and Livestock fail to purchase the available stock within a reasonable time and price.

11.2.3. Wheat bran: Permissible on case-to-case basis only in case the Ministry/Directorates of Fisheries and Livestock fail to purchase the available stock within a reasonable time and price.

11.2.4. Urea fertilizer: Export of Urea fertilizer produced in the factories of the B.C.I.C. (except KAFCO) is permissible only on the recommendation of the Ministry of Industries on case-to-case basis.

11.2.5. Cow and Buffalo Permissible on case-to-case basis. Horns and hooves:

11.2.6. Date-gur: Half of the quantity produced in a year shall be exportable on case-to-case basis.

EXPORT TARGETS (COMMODITY-WISE) FOR FINANCIAL YEARS 1997-98 THROUGH 2001-2002
(In Million US dollar)

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* Rate of Exchange: US $ 1.00 = Taka 45.00