

REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES¹

Notification under Article 7.3 of the
Agreement on Import Licensing Procedures

BANGLADESH

The following communication, dated 1 March 2005, is being circulated at the request of the Delegation of Bangladesh.

Outline of system

1. The import licensing system has been gradually dismantled/abolished since the late 1970s. Importation through the opening of LC on the basis of LCA (Letter of Credit Authorization) issued by the nominated bank has been in practice now. An import licence is not required to be issued by the Import Control Office for importing any goods at present. Besides, limited import is also allowed without the cover of LCA and LC. A brief description of each import system (licensing system long since abolished) is given below:

- 1.1 LCA (Letter of Credit Authorization) is required to be obtained by an importer for opening LC (Letter of Credit) through the nominated banks. For this the importer is not required to take any licence, permit or permission from the Import and Export Control Office. More than 80 per cent of the country's imports take place under this system.
- 1.2 Import through LC only is allowed without cover of an LCA in cases where the Bangladesh Bank notifies exemption from LCA for import against aids and grants.
- 1.3 Import by "actual users" (not sellers) is allowed subject to prior permission from the Import and Export Control Authority. This sort of import is not usually in bulk quantity and in frequent cases.
- 1.4 Import of free gifts, samples and ad. materials above the value ceilings ranging between Tk. 15,000 to Tk. 75,000 is allowed against Import Permit (IP) from the Chief Controller of Imports and Exports. It relates to only a limited number of cases around the year.
- 1.5 Import of books, magazines, journals, periodicals, scientific and laboratory equipment against surrender of UNESCO coupons subject to obtaining IP and Clearance Permit (CP) from the Chief Controller of Imports and Exports is allowed without cover of an LCA form or LC.

¹ See document G/LIC/3, Annex, for the Questionnaire.

- 1.6 Import under Pay-As-You-Earn Scheme is allowed on the basis of clearance of the Bangladesh Bank without the cover of an LCA form or LC subject to obtaining IP or CP from the Chief Controller of Imports and Exports.
- 1.7 Import by a passenger coming from abroad in excess of the permissible value limits as per the relevant Baggage Rules of the National Board of Revenue (NBR) is allowed without the cover of an LCA or LC against an IP or CP from the Chief Controller of Imports and Exports.
- 1.8 Import of capital machinery as share of capital of the foreign shareholders for an approved Joint Venture Industrial Unit is allowed without the cover of an LCA or LC subject to obtaining IP or CP from the Chief Controller of Imports and Exports.
- 1.9 Import on Deferred Payment Basis or Against Supplier's Credit is allowed on the basis of procedures laid down by Bangladesh Bank subject to obtaining permission from the Chief Controller of Imports and Exports.
- 1.10 Import against direct payment abroad by Bangladeshi nationals living abroad without the cover of an LCA or LC is allowed on the basis of an earning certificate from the Bangladesh Embassy in the concerned country.
- 1.11 Import of any other goods, not specifically exempted from IP, is allowed without the cover of an LCA or LC subject to obtaining IP from the Chief Controller of Imports and Exports.

Purposes and coverage of licensing

2. Products covered under different import systems (ref. 1.1 to 1.11) are stated below:
 - 2.1 LCA and LC system (ref. 1.1) covers all kinds of products from consumables to plant, machinery and spares to industrial raw and packing materials.
 - 2.2 Import through LC without LCA form (ref. 1.2) covers various products, particularly project materials and equipment against Project Aids and Grants.
 - 2.3 Import by "actual users" against prior permission from the Import Trade Control Authority (ref. 1.3) covers mainly professional instruments, appliances, life-saving drugs and medicines.
 - 2.4 Import of free samples, gift items, ad. materials (ref. 1.4) covers mainly newer products of various descriptions.
 - 2.5 Import against UNESCO coupons includes books, journals, magazines and periodicals, etc. (ref. 1.5).
 - 2.6 Import under Pay-As-You-Earn scheme (ref. 1.6) covers new or not more than ten years old plant and machinery, new or not more than four years old motor cars, new or not more than 15 years old cargo or passenger vessels (ocean-going old ships not exceeding 20 years) and plant and machinery for export-oriented industrial units.
 - 2.7 Import under baggage rules by incoming passengers (ref. 1.7) includes items of day-to-day use including electronic products, motor cars, motorcycles etc.
 - 2.8 Import by foreign shareholders covers mainly plant and machinery (ref. 1.8).

- 2.9 Import under deferred-payment system (ref. 1.9) covers all products including banned restricted goods as per the Import Policy Order in force.
- 2.10 Import against direct payment covers a wide variety of items except banned and restricted items above the prescribed limit in the IPO (ref. 1.10).
- 2.11 Import, not specifically exempted from permit (ref. 1.11) includes a wide range of goods from consumables to plant and machinery in contravention of import policy provisions in force.
3. The systems apply to goods originating in and coming from all countries of the world excluding Israel alone.
4. The purposes of the import systems outlined under paragraph 1 (1.1-1.11) and whether or not alternative methods have been considered/adopted are noted below:
 - 4.1 LCA and LC system (ref. 1.1) applies without quantity or value restrictions of imports and is aimed at simplifying and liberalizing imports. The system is in place in order to enable importers to import without being required to obtain any import licence from the Import Trade Control Authority. No alternative methods have been considered as the existing system does not impede/restrict the import flow in any manner.
 - 4.2 The system (ref. 1.2) is intended to further simplify the import procedure obviating the need for processing the LCA form by the banks. Any alternative method is not deemed necessary.
 - 4.3 The system (ref. 1.3) enables the actual users i.e. firms and individuals to import goods for their own use without being required to register as a regular importer with Import Trade Control Authority. Any alternative method is not deemed necessary.
 - 4.4 The system is intended to allow import of free samples, gifts and ad. materials in reasonable quantities (not in bulk quantities like commercial imports). Alternative methods have not been considered/adopted.
 - 4.5 The system (ref. 1.5) is intended to facilitate import of books and publications by the academic institutions. No alternative method has been considered/adopted.
 - 4.6 The system (ref. 1.6) is intended to enable the new businessman to import ships and trawlers for commercial operations without being required to pay the costs of imports readily at the time of import. No alternative method has been considered/adopted.
 - 4.7 The system (ref. 1.7) is intended to allow incoming passengers to import reasonable quantity of goods purportedly for their personal use. No alternative method has been considered/adopted.
 - 4.8 The system (ref. 1.8) is intended to enable foreign investors to invest in terms of capital machinery rather than cash resources.
 - 4.9 The system (ref. 1.9) is intended to ease the payment of import costs by allowing payment subsequently as agreed by importers and exporters.
 - 4.10 The system (ref. 1.10) is intended to allow Bangladeshi citizens earning abroad to utilise their hard-earned foreign exchange for import of goods through direct payment, without quantity or value restrictions. No alternative method is deemed necessary.

4.11 The system (ref. 1.11) is intended to facilitate clearance of goods by the customs authority. No alternative method has been considered/adopted.

5. The import systems (ref. 1.3 to 1.11) are maintained under an administrative order entitled "Import Policy Order". They are also statutorily required. Statutory regulations leave scope of administrative discretion in that the Import Trade Control Authority may or may not issue IP, CP or prior permission for such imports under the systems indicated above (ref. 1.3 to 1.11). It is, however, possible for the Government to abolish the system without legislative approval.

Procedures

6. Restrictions on import of products as to the quantity or value of imports are applicable globally and in the case of food products and drinks as well as rice, wheat etc., the condition of radioactivity test applies to all other countries except Malaysia, Singapore, SARC countries and South-East Asian countries.

I. Information concerning allocations of quotas for importing second-hand clothing and uncrushed salt and formalities of filing applications are published through public notice by the Chief Controller of Imports and Exports. The overall amount and the maximum amount allocated to each importer are published without any country-specific quota. The system allows no scope for any exceptions or derogations from the Import Trade Control Authority.

II. The size of quota is determined district-wise on the basis of population in the case of second-hand clothing and the import quota for uncrushed salt is determined on a pro-rata basis for the salt-crushing industrial units. The quota for second-hand clothing is on a yearly basis and the quota for uncrushed salt is not on a yearly basis but on the basis of emergent needs due to the production-demand gap.

III. Permission for import of uncrushed salt is issued only to domestic crushers of salt. The actual use of prior permission for second-hand clothing is monitored by the LC opening bank and the Import Trade Control Authority, and in the case of uncrushed salt by the banks, sponsoring authority and the Import Trade Control Authority. Unused allocations are not added to quotas for a succeeding period. The names of the concerned importers are made known to the Governments and export promotion bodies of exporting countries upon request.

IV. Usually a period of one month is allowed for submission of applications for prior permission.

V. A period of 15 days is allowed for processing applications in both cases.

VI. A minimum of one month's time is allowed between issuance of prior permission and the date of opening of the LC.

VII. Consideration for prior permission in both the above cases is effected by a single administrative organ. However in the case of second-hand clothing the District Administrative Committee, after finalising the selection of importers through public lottery, passes the relevant application on to the local Import Trade Control Authority of the concerned districts. In the case of uncrushed salt, prior permission is issued straight away by the Chief Controller of Imports and Exports.

VIII. In the cases of second-hand clothing and uncrushed salt, applications are examined simultaneously. Answers to all other queries under this sub-paragraph are in the negative.

IX. Answers to the queries in this sub-paragraph are in the negative.

X. Import licences are not required for import of any goods, but goods are importable by the export-oriented industries, particularly in the textile and leather sectors, on condition that the goods shall be exported and not sold in the domestic market.

7.(a)-(d) Quantity limits of any kind mentioned here are not in vogue.

8. The import licensing system for imports has long been abolished. The country's imports are being effected mainly through the LCA and LC system administered directly by the banks. No case involving the refusal of LCA or LC has so far been recorded. If there were any, the concerned applicant for LCA and LC could apply to the Bangladesh Bank for due redressal.

Eligibility of importers to apply for licence

9. No licence is required for import in the normal course. All persons, firms and institutions are, however, eligible to obtain an LCA form and open an LC there-against directly from their nominated bank without having to obtain any kind of permission or permit from the Import Trade Control Authority. There is a system of registration of all intending persons and firms to engage in importation. All persons or firms having a trade licence from the Municipality or Union Parishad, membership of the Chamber of Commerce and Industry or the respective Trade Associations and Tax Identification Number are eligible to apply to the Import Trade Control Authority for registration on payment of prescribed fees. In the case of a limited company applying for registration the Certificate of Incorporation from the Joint Stock Company Registrar and Memorandum and Articles of Association are to be submitted along with the prescribed application form and other documents mentioned earlier. A list of authorised importers is not yet published. Documentation and other requirements for application for licence are notified duly for information of the potential applicants.

Documentational and other requirements for application for licence

10. No import licence is required to be obtained by the importers from the Import Trade Control Authority. The LCA form and LC are obtainable directly from the banks upon production of a valid Import Registration Certificate, Membership Certificate, Certificate of TIN (Tax Identification Number) and VAT Registration Certificate.

11. Shipping documents like invoice, B/L, Certificate of Origin, etc. are required to be produced along with Bill of Entry for clearance at the customs point.

12. No licensing fee is required to be paid by importers.

13. Answers to these queries are negative.

Conditions of licensing

14. No licence is required to be obtained by importers. However the period of validity of the LCA form for opening the LC is 150 days. This period can be extended under special circumstances by the Chief Controller of Imports and Exports upon application by the relevant importers stating the reasons for delay. A letter conveying permission for opening an LC within an extended period of time is issued by the Chief Controller of Imports and Exports.

15. No penalty is payable for non-utilization of an LCA in part or in full.

16. No LCA is transferable between importers.

17. No other condition is attached to the LCA for:

- (a) products subject to restricted quantities;
- (b) products not subject to restricted quantities.

Other procedural requirements

18. No other administrative procedures than processing of the LCA and opening of the LC is required in the normal course of importation.

19. The banks automatically provide foreign exchange on a freely convertible basis against the LCA processed by themselves. Answers to all other questions in this paragraph are in the negative.
