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WTO Cell, Ministry of Commerce

## **Bangladesh Regional Connectivity Project-1**

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Policy Review/Policy Study/Policy Paper Preparation  
on  
Tariff Commission (Amendment) Act 2020



May 2022

# **Policy Review/Policy Study/Policy Paper Preparation**

**on**

## **Tariff Commission (Amendment) Act 2020**

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**Submitted to**

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## Preface

The final report intends to respond to the requirement according to the provision of the contract agreement signed between Bangladesh Regional Connectivity Project-1 (BRCP 1) and South Asian Network on Economic Modeling (SANEM) for conducting **“Policy Review/Policy Study/Policy Paper Preparation under the Bangladesh Regional Connectivity Project 1”** in collaboration with International Development Association (IDA), The World Bank. The objective of this technical assistance project is to review the existing government policies related to trade to strengthen cooperation in trade, transport, and transit facilities and facilitate the economic empowerment of women traders. The ongoing context and challenges are compared with the existing policies. It has also analysed the best practices of regional comparators to promote and improve trade-related activities as well as the relevance of SHE trade with the existing policies. Finally, based on the findings, the recommendation for future policy has been identified.

Consultancy services for conducting the **“Policy Review/Policy Study/Policy Paper Preparation under the Bangladesh Regional Connectivity Project 1”** were provided by the South Asian Network on Economic Modeling (SANEM), Bangladesh. The study team consists of four senior-level experts. The major objective of the study is to depict a clear picture of the current situation state of the implementation of the policies, and challenges for upcoming LDC graduation to provide suggestions for future policies. Furthermore, Reviewing and identifying the gaps in the existing policies were also aimed to be found for this study.

The review of the **Tariff Commission (Amendment) Act, 2020** has ascertained several areas including anti-dumping, protection for domestic industries, enforcement status challenges of upcoming LDC graduation, provision for women through the act, export promotion, free trade agreement, countervailing duties, safeguard measures, multilateral trade agreement, generalised system of preference, transit and transshipments trades and harmonised system codes of import and export. This study also unveils the commission’s role in the green growth, service sector, SMEs, and foreign direct investment.

We are hopeful about the policy recommendations which would be beneficial for policymakers and other stakeholders for facilitating the trade-related activities for the improvement of the domestic industries and export promotion.

**Md. Mijanur Rahman**

Project Director (Joint Secretary)

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The four policy papers contain objective, scope, and methodology for the studies, current context, and challenges, deviation from the international practices, and the relevance of the policies to the SHE trade. The consultants also described the best practices of regional countries adapted to facilitate trade-related activities. In the end, the findings from the analysis and recommendations for the upcoming policy papers are portrayed.

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**Dr. Selim Raihan**

Executive Director, SANEM

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## List of Acronyms

<i>AI</i>	<i>Artificial Intelligence</i>
<i>ASEAN</i>	<i>The Association of South East Asian Nations</i>
<i>BIDS</i>	<i>Bangladesh Institute of Development Studies</i>
<i>BRCP-1</i>	<i>Bangladesh Regional Connectivity Project 1.</i>
<i>BTTC</i>	<i>Bangladesh Trade and Tariff Commission</i>
<i>CEDAW</i>	<i>Convention on the Elimination of All forms of Discrimination Against Women</i>
<i>CEO</i>	<i>Chief Executive Officer</i>
<i>DFQF</i>	<i>Duty-Free, Quota-Free</i>
<i>EBA</i>	<i>European Banking Authority</i>
<i>ECO</i>	<i>The Economic Cooperation Organization</i>
<i>EPB</i>	<i>Export Promotion Bureau</i>
<i>EU</i>	<i>European Union</i>
<i>FDI</i>	<i>Foreign Direct Investment</i>
<i>FGD</i>	<i>Focus Group Discussions</i>
<i>FMAS</i>	<i>Finance, Management and Administrative Services</i>
<i>GSP</i>	<i>Generalized System of Preference</i>
<i>FTA</i>	<i>Free Trade Agreement</i>
<i>GATT</i>	<i>General Agreement on Trade and Tariff</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GED</i>	<i>General Economics Division</i>
<i>GMS</i>	<i>Gross Merchandise Sales</i>
<i>GoB</i>	<i>Government of Bangladesh</i>
<i>GSP</i>	<i>Generalized System of Preferences</i>
<i>GVC</i>	<i>Global Value Chain</i>
<i>HS</i>	<i>Harmonised System</i>
<i>ICAB</i>	<i>Institute of Chartered Accountants of Bangladesh</i>
<i>IDA</i>	<i>International Development Association</i>
<i>ILO</i>	<i>International Labour Organization</i>
<i>IT</i>	<i>Information Technology</i>
<i>KIIs</i>	<i>Key Informant Interviews</i>
<i>LDC</i>	<i>Least Developed Country</i>
<i>MoC</i>	<i>Ministry of Commerce</i>
<i>NAFTA</i>	<i>North American Free Trade Agreement</i>
<i>NSAPR</i>	<i>The National Strategy for Accelerated Poverty Reduction</i>
<i>ODA</i>	<i>Overseas Development Assistance</i>
<i>PSU</i>	<i>Public Sector Undertaking</i>
<i>PTAs</i>	<i>Preferential Trade Agreements</i>
<i>RCEP</i>	<i>The Regional Comprehensive Economic Partnership</i>
<i>RIITAS</i>	<i>Research, Investigation, and International Trade Analysis Service</i>
<i>RoGS</i>	<i>The Report on Government Services</i>
<i>RTAs</i>	<i>Regional Trade Agreements</i>
<i>S&amp;D</i>	<i>Special and Differential</i>
<i>SAFTA</i>	<i>South Asian Free Trade Area</i>
<i>SANEM</i>	<i>South Asian Network on Economic Modeling</i>

<i>SMEs</i>	<i>Small and mid-size enterprises</i>
<i>SRO</i>	<i>Statutory Regulatory Order (SRO)</i>
<i>TCA</i>	<i>Tariff Commission Act</i>
<i>TFA</i>	<i>Trade Facilitation Agreement</i>
<i>TPP</i>	<i>Trans-Pacific Partnership</i>
<i>TRIPS</i>	<i>Trade-Related Aspects of Intellectual Property Rights</i>
<i>UNCTAD</i>	<i>United Nations Conference on Trade and Development</i>
<i>US</i>	<i>United States</i>
<i>WCO</i>	<i>World Customs Organization</i>
<i>WTO</i>	<i>World Trade Organization</i>
<i>MFN</i>	<i>Most Favoured Nation</i>
<i>FDI</i>	<i>Foreign Direct Investment</i>
<i>RCEP</i>	<i>Regional Comprehensive Economic Partnership</i>

## Executive Summary

Bangladesh Regional Connectivity Project 1 (BRCP-1) in collaboration with the International Development Association (IDA), The World Bank is launched by the government of the People's Republic of Bangladesh to ease trade and enhance regional connectivity. Component two is an umbrella project that is implemented and executed under the Ministry of Commerce (MoC). The primary concern of this technical assistance project of Component Two is to study and review the existing government policies regarding trade and seek enhancement in trade-related institutional capability, to make sure sustainable and active cooperation among stakeholders relevant to trade, and to aid towards facilitation of economic empowerment of women traders. In 2026, Bangladesh is graduating from the LDC category, hence reviewing the existing trade-relevant policies is a pre-requisite for a smoother post-graduation experience. The pre-graduation period needs to be used efficiently by formulating effective trade-related policies and proper implementation of such provisions.

Through extensive desk research, KIIs, and FGDs, SANEM has conducted this policy review on Tariff Commission (Amendment) Act 2020. While reviewing the paper we took into consideration the implementation challenges, the current policy's relevance to the changing nature of the global perspective, and the current international trading scenario. This review paper illustrates a thorough study of The Tariff Commission (Amendment) Act of Bangladesh and its comparator countries such as Pakistan, the Philippines, South Korea, and Australia. Moreover, the review paper also has a section regarding the gender aspect and mainstreaming the women traders through the existing provision of the Tariff Commission (Amendment) Act.

Chapter two of the review paper has the literature of a detailed overview of the current policy, functions listed under Tariff Commission (Amendment) Act, challenges, and trade-related provisions investigated. This study explains the bottlenecks of the commission regarding the LDC graduation, free trade agreement, anti-dumping duties, countervailing duties, safeguard measures, multilateral trade agreement, transit and transshipment trades, generalized system preference (GSP), harmonized system codes of import and export, foreign direct investment, service sector, SMEs and green growth. The chapter also consists of a section outlining the relevance of the Tariff Commission (Amendment) Act with LDC graduation, the COVID-19 pandemic, 4<sup>th</sup> Industrial Revolution (4IR) and human capital and the 8<sup>th</sup> Five Year Perspective Plan (2021-2041) in the current trading scenario and the major differences of the Act from its comparators are identified and analyzed. This study incorporates the scenario of the Korea Trade Commission, Pakistan National Tariff Commission Act, Australia's Productivity Commission, and Commission of the Republic of the Philippines for the future amendments of the Tariff Commission (Amendment) Act of Bangladesh.

Chapters three and fourth of the review paper outline the potential impact of the Tariff Commission (Amendment) Act on the economy of Bangladesh and the SHE trade aspect and the relevance of the current trade policy toward mainstreaming women entrepreneurs and traders in the international trading arena and Global Value Chain (GVC). This policy review paper reveals some potential benefits of implementing the act such as it will ensure efficient utilization of industrial resources, surging investment, protection of domestic industries and infant industries, promotion of export, and expanding institutional capacity. The study on

“SHE Trade”, recommending trade benefits and specific sectors for protecting domestic industries where women are involved, gender-inclusive decisions, special concentration on women entrepreneurs, and access to funding for women are the major findings of chapter four.

The fifth chapter records the main findings of the study through desk research, extensive KII sessions, and FGDs. Next, the sixth chapter includes all the suggested possible recommendations including a recommendation matrix. Lastly, the seventh chapter delivers the concluding remark of the thorough study of the Tariff Commission (Amendment) Act and the reviews and recommendations suggested throughout the paper.

The major findings listed in chapter fifth are comprised of different types of drawbacks that hinder the efficacious performance of the commission of Bangladesh. Among the drawbacks, one of the prime challenges is the absence of better infrastructure, which always has a crucial role for an organization to perform well. On the other side, a lack of implementation power and permanent resource of knowledge creates inefficiency in the proper functioning of the commission which needs to stonewall the slackness in growth. Moreover, the lack of study to mitigate the potential challenges and incentive mechanisms are a considerable setback for the development of the Bangladesh Trade and Tariff Commission (BTTC). Additionally, a shortage of data for conducting research and the inadequate number of “Think tanks” also obstruct the construction of proper policy recommendations by the commission. Free trade agreement challenges, use of industrial resources, weakness in the monitoring capacity, lack of skilled and required human resources and lack of independence at work have also captured the predicaments of the commission's efficient functioning.

The major recommendations are listed in the sixth chapter which comprises important aspects regarding the restructuring of the Commission to carry out functions more effectively such as maintaining proper channels to function and specifying functions with specified priorities. One of the major recommendations is to establish a research wing as one of the sections under the Commission that will carry out detailed research and study on the industries and report on their performances annually. Moreover, the Commission may need to develop its human resource capability not just by recruiting more employees but by hiring more highly qualified and skilled officials with relevant knowledge. Another recommendation suggested under the employment aspect is to revise the pay structure that will provide incentives for highly skilled professionals to join the Commission body and strengthen their human resources. Hence, through the development of human resources, the Commission may entrench its position as a major supporting body to the government in international trade negotiations.

The Commission also needs an amendment to the commission's regulatory system. Therefore, the cost of doing business might be estimated by the commission for properly addressing the expectations of domestic industries. The creation of a platform for defending the commission's proposals and considering public opinion along with capturing the political will is another crucial recommendation for the betterment of the commission. However, improvement in technology, effective use of industrial resources, export promotion and identification of the externalities are the recommendations which will curb the development of the commission. Furthermore, the commission may need to be an independent body while

rationalizing the economy's overall tariff structure. The Commission body will also work to provide recommendations backed by proper supporting documents to the concerned party as asked by the government. However, the commission body may need to establish an information collection section such as a "Data Bank" to facilitate future research. One of the essential functions listed under the Act is to protect and encourage the domestic industries through proper investigation of unfair trade practices where the commission can legally take action if proven guilty of hurting the domestic industry. Furthermore, the commission body can also collaborate with Export Promotion Bureau if needed and simultaneously deliver efficient recommendations to the higher authorities regarding export promotion policies and regulations.

To conclude, as Bangladesh is graduating from the least developed country criteria, the functions of the commission designed and incorporated in the Act might be revised according to the current economic requirements.

## 1. Introduction

In this modern era of the global environment, tariff measure evolves as one of the most significant trade policy tools for the economies around the world, especially for developing countries like Bangladesh. It is proclaimed that international trade entitles countries to specialise in goods and services by stirring competition and fostering technological transformation based on comparative and competitive advantage (Hoque et al. 2010). Moreover, the general thrust of Bangladesh's trade policy has remained unchanged and tariff is one of the main trade policy instruments. The contribution of import duties to total tax revenue is monumental. To support industrial development and accommodate domestic supply and demand (importers and exporters) continued to benefit from customs duty concessions and general exemptions (WTO, 2019).

Bangladesh will graduate from the Least Developed Country (LDC) category by 2026, which is a significant achievement for a young country. However, this success will bring many benefits and challenges. While on the one hand, it will expand the confidence of the country in dealing with the international financial bodies, amplify its credit rating, and attract higher foreign direct investment flow, on the other hand, graduation will influence certain preferential treatments in trade, subsidies to agriculture and infant industries and access to some LDC-focused funds.<sup>1</sup> Bangladesh's economy aims to become a Developed Economy by 2041. However, a complementary way of performing better after graduation would be proper implementation of an updated, adapted, and contextualized policy and regulatory framework relating to international trade in Bangladesh, including specifically the WTO's Trade Facilitation Agreement (TFA) ratified by Bangladesh in September 2016 (MoC, 2020).

Therefore, BTTC is a statutory organization of the government, which works to the protection of the legitimate interests of domestic industries facing unfair competition in the foreign marketplace. Recommendations for reducing inefficient use of industrial resources and promoting domestic industries with the appropriate course of action are the prime responsibilities of the commission given by government and business communities. The Commission also advocates the government persuading greater competition in industrial production; boosting efficient utilization of resources in the economy, obtaining greater market access through bilateral, regional, and multilateral trade agreements; and initiating remedial measures against dumping and other unfair trade conventions in respect of imports into Bangladesh.<sup>2</sup> So, the commission body in Bangladesh should work towards the policies on the development of domestic industries and identify the law and policy-related issues causing hindrance to the domestic industry's platforms development. As a result, efficient enforcement of the "Tariff Commission (Amendment) Act 2020" is very crucial to achieving these goals in the national and international trade market.

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<sup>1</sup><https://www.isas.nus.edu.sg/papers/bangladeshs-graduation-challenges-and-imperatives-to-continued-international-support-measures/>

<sup>2</sup> [http://www.btc.gov.bd/site/page/33179afa-704e-4c21-a453-e80907f69e4a/-](http://www.btc.gov.bd/site/page/33179afa-704e-4c21-a453-e80907f69e4a/)

## **1.1 Background**

The Government of Bangladesh adopted the Bangladesh Tariff Commission Act to set up the Commission to protect the domestic industry, encourage competition among the industries, effective use of industrial resources, export promotion of domestic products, taking anti-dumping measures, etc. To perform these responsibilities properly, the Commission shall intently deem the market economic situation, economic environment, bilateral and multilateral trade and tariff agreement, and public opinions. However, the mandates did not explicitly point out their roles in determining the custom tariffs. Also, it is assigned some overlapping roles and responsibilities with the Export Promotion Bureau and the Ministry of Industries. Hence, this review has aimed to evaluate the Commission's roles and mandates in the current global context. It also considers function at the present domestic organizational set up chiefly to eschew delicacy and redundancy. This study will also examine the inclusion of potential provisions for promoting exports of women entrepreneurs through the activities of the commission.

Against this backdrop, the Government of Bangladesh (GoB) launched the Bangladesh Regional Connectivity Project 1 (BRCP-1) in collaboration with the International Development Association (IDA), and the World Bank. The Ministry of Commerce (MoC) is responsible for implementing component two of the umbrella project. As a part of this umbrella project, we will carefully review Tariff Commission (Amendment) Act, and point out its impact, effectiveness, relevance to the present trade scenario, and its role in mainstreaming women entrepreneurs to formal trade. The review of this policy will also address future issues and provide recommendations to include, exclude, and alter the existing provisions of the Tariff Commission (Amendment) Act 2020, to make the future Bangladesh Trade and Tariff Commission Act efficient, forward-looking, and prudent.

## **1.2 Objectives and Research Questions**

The research team will mainly focus in this study on the following key research questions,

1. What steps can the commission take to encourage competition among the domestic industries and make them more competitive in the global context?
2. What specific incentives can be provided to female entrepreneurs to make their export products more competitive in the global market?
3. How can the commission effectively determine custom tariffs?
4. What are the potential challenges for implementing “Tariff Commission (Amendment) Act 2020”?
5. What are the enforcement impacts of “The Tariff Commission (Amendment) Act 2020” on the economy of Bangladesh?

## **1.3 Scope of the Study and Limitations**

The scope of this policy study/policy review/ policy paper presentation lies in reviewing the current commission act and making necessary alteration recommendations to reduce unfair trade in the economy. Another resolution of this study is to analyse whether the stated provisions of this act are capable enough to cope with the current market scenario and

possible future challenges (LDC graduation, UMIC graduation, 8<sup>th</sup> Five-Year plan, and Bangladesh second perspective plan, etc.). The review will also look into the commission policies of different countries (Pakistan, South Korea, the Philippines, and Australia) and suggest what provisions from those countries, Bangladesh might adopt. This policy study/policy review/ policy paper presentation will analyse the bottlenecks and implementation challenges, and provisions for mainstream women entrepreneurs and traders in the domestic value chain. Possible recommendations about inclusion, exclusion, revisions, alteration, and extension of the existing act will make it more relevant to the present context of achieving market efficiency.

#### **1.4 Methodology**

Considering the objectives and the key research questions of this study, the research team will primarily follow mixed methodologies in presenting the deliverables. The methodology will be based on two significant tasks in general:

- (i) Rigorous desk research of all relevant policy documents, literature, and secondary data, and
- (ii) Primary data collection and analysis by conducting Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) with stakeholders relevant to the study.

Therefore, the research methodology can be categorised as follows:

##### **1.4.1 Desk Research**

For this study, the research team will employ in-depth desk research on the core elements of the study. The team will review pertinent documents, policy papers, and existing literature on this area. Also, the team will rigorously examine and analyse the available secondary data. This will support identifying significant potential policy gaps and differences related to trade, transportation, and women entrepreneurship between Bangladesh and the existing universal best practices. The research team will focus on the following documents for desk review-

- Tariff Commission (Amendment) Act, 2020
- Tariff Commission Act, 1992
- 8th Five-Year Plan
- Bangladesh Perspective Plan 2021-2041
- The tariff schedule and relevant publications
- The global experience

During the desk research, the research team will follow the following steps-

- Evaluating the policy documents which include all relevant and existing acts, ordinances, legislation, agreements, treaty, and literature, conferring a broader view of the gaps, coherence, and discriminatory provision if any.
- Developing the KII and FGD checklists. It will be devised based on the scanning of the aforementioned documents.
- Complementing the preliminary analysis with the findings from the primary data.



- Comparing Bangladesh’s tariff policies with global comparators such as Pakistan, South Korea, Australia and the Philippines.

#### 1.4.2 Primary Data Collection

For this study, the research team will carry out three FGDs comprising 6-10 participants in each FGD. The participants of the FGDs will primarily be experts on commission, and policymakers from think tanks. Amongst others, the representatives of the BTTC, MoC, ICAB, and experts from the field will be participants in the FGD.

The FGDs should focus on answering the prior-stated research questions-

1. What steps can the commission take to encourage competition among the domestic industries and make them more competitive in the global context?
2. What specific incentives can be provided to female entrepreneurs to make their export products more competitive in the global market?
3. How can the commission effectively determine custom tariffs?
4. What are the potential challenges for implementing “Tariff Commission (Amendment) Act 2020”?
5. What are the enforcement impacts of “The Tariff Commission (Amendment) Act 2020” on the economy of Bangladesh?

Due to the global pandemic situation, the FGDs will be mostly conducted via virtual platforms such as Skype, Zoom, Google Meet, etc. After analysing the state of the covid-19 situation, FGDs can be conducted in person.

#### 1.4.3 Key Informant Interview (KII)

The KIIs will be helpful for an in-depth understanding of the policies, assessment of projects, and identifying gaps. For this particular study, the research team has carried out a total of six KIIs. The key informants are listed below (Table-1).

**Table 1: KIIs list for the review of Tariff Commission (Amendment) Act 2020**

Organization/Association	Key Informants
Representative from BTTC	Md. Mamun-Ur-Rashid Askari, (Deputy Chief, BTTC)
Representative from BTTC	S.M Sumaiya Zabeen, (Assistant Chief, BTTC)
Representative from Think Tank	Dr Kazi Iqbal (Senior Research Fellow, BIDS)
Expert on Bangladesh Trade and Tariff Commission Act	Dr Mozibur Rahman (Former Chairman, BTTC)
Expert on Bangladesh Trade and Tariff Commission Act	Dr Mostafa Abid Khan (Member of BTTC, on PRL)
Representative from the Ministry of Commerce	Mr. Shubhashish Bose (CEO, ICAB and Former Senior Secretary, MoC)

The mode of contact for the KIIs would be face-to-face interviews, virtual meetings, and telephone interviews, depending on the situation. A detailed list of the interviewees is provided in the annexe section of this report. The research team will form a tentative checklist for the KIIs. The checklist will be revised and finalised upon consultation.

## **1.5 Evaluation and Analysis**

All the gathered data and information will be evaluated and analysed at this stage. This process will include:

- Identifying the gaps in existing information through rigorous desk research.
- Exploring the potential provisions of the existing ordinance for mainstream women entrepreneurs.
- Analysis of primary data through FGDs and KIIs to evaluate the actual activities of the organization and its actors in the present trade scenario.
- Identifying the weaknesses and implementation challenges of the existing ordinance from stakeholders' experiences, through FGDs and KIIs.
- Comparing international best practices with the current provision of the ordinance.
- Providing possible legal recommendations about changes, alterations, exclusion, and extension of the current ordinance through consultation with legal experts, and recommendations of key informants and FDG participants.

## **1.6 Organization of the Study**

In chapter two, of this paper, the current policy's context, challenges, general overviews, and trade-related provisions are investigated. The relevance of the Tariff Commission (Amendment) Act 2020, in the present changing trade scenario and the deviation of the policy provision from the regional comparators, are analysed. Chapter three has discussed the potential impacts of enforcement of the Tariff Commission (Amendment) Act 2020 on the economy of Bangladesh and the relevance of the current policy in promoting and mainstreaming women entrepreneurs in international trade and global value chains is discussed in chapter four. In Chapter four, the findings of the study are portrayed based on the KIIs and FGDs. Chapter six provides possible recommendations and a way forward and chapter seven states the concluding remarks of this policy review.

## **2. Tariff Commission (Amendment) Act 2020: Context and Challenges**

### **2.1 History and evolution of tariff commission act in Bangladesh**

The Commission replaced the Pakistan Commission in East Pakistan and established itself. Under the new name of the commission, it started functioning as a directorate of the Ministry of Commerce under the resolution of the ministry (dated 28th July 1973). Later, it was renamed "Bangladesh Tariff Commission (BTC)" under the Bangladesh Tariff Commission Act, 1992. BTC was reorganized as the statutory body.

The trade policies of Bangladesh evolved and changed over the past 50 years based on the current needs arising from time to time. Initially, the trade policies were very rigid, this is because the foreign reserve was a major concern for Bangladesh. The country gradually adopted a private sector-led growth policy, creating opportunities to export products that are made from imported raw materials such as ready-made garments. Bangladesh undertook various trade agreements which led the country to reduce import restrictions by lowering the

tariff on imported goods and simultaneously adopting export supporting policies and measures. The main instruments for regulating foreign trade are:

**Table 2: Main instruments for regulating foreign trade**

Act/ Policies	Definition
1. Imports and Exports (Control) Act 1950	The import policy order regulates the condition of import and has the power to legally enforce it. The provision of other Acts that deal with the import status of any goods and services is generally referred to as the import policy order. And the export policy deals with the export status of certain goods and services, export restrictions are imposed with Statutory Regulatory Order (SRO).
2. Custom Act 1969	Specifies custom duty, border taxes, and charges. For example, anti-dumping, regulatory, countervailing and safeguard duties. The act consists of detailed rules and procedures for import for export.
3. Foreign Exchange Regulation Act 1947	This act regulated the procedures for foreign exchange transaction. <sup>3</sup>

## **2.2 A brief overview of the Bangladesh Tariff Commission (Amendment) Act, 2020**

B TTC a statutory body attached to the Ministry of Commerce is given the responsibility of recommending the changes in tariffs for tarnishing unfair trade in the economy. Moreover, the commission seeks to be a premier knowledge-based organization and pursue excellence in the field of domestic and global market research and tariff. Under the Amendment, the Act states that “Bangladesh Trade and Tariff Commission” shall be substituted for the word “Bangladesh Tariff Commission”.

The commission head is the “Chairman” who holds the rank and status of a “secretary” to the government. It is stated on the policy that the commission requires one chairman and no more than three members. Next, the Commission has three divisions-

- i. Trade Policy Division
- ii. Trade Remedies Division
- iii. International Cooperation Division

Each of these divisions is headed by the members. However, there is an administrative section regulated by the Secretary of the Commission. The total number of workforces in the Commission is 115, which consists of the Chairman, three members, one secretary, 35 officers, and 76 subordinate staff.

<sup>3</sup> <https://thefinancialexpress.com.bd/views/evolution-of-trade-policies-of-bangladesh-since-1972-1625238015>

**Table 3: Organizational structure of the commission**

<b>Designation</b>	<b>Description</b>
Chairman	The commission head is the “Chairman” who holds the rank and status of a “secretary” to the government.
Members	The Commission has three divisions which are headed by the members. Usually not more than three members in total.
Secretary	Appointed by the government. The secretary of the commission is appointed by the government and service conditions are also determined by the government. This administrative section deals with preparing the budget and seeking approval from the Commission, managing the financial sector of the Commission, supervising the administrative actions, and carrying out other duties assigned by the Chairperson and the Commission
Other officers and employees	Employees are appointed for proper management of its affairs, and the conditions and services of such officers might be determined by the approval of the Government. Under the amendment act, the commission can hire the necessary number of advisors or research assistants to assist in research or survey for a specific period under the government’s pre-authorization.

The Commission can search and investigate institutions (industrial and commercial) to carry out any function of this Act. The institutions might grant the person authorized by the government to carry out the investigation or search. However, the confidentiality of the information obtained through investigation under subsection 1 shall be ensured. The Commission might take written permission of the concerned institution and authority to disclose their information.

**Table 4: Focus, objectives, and measures to achieve the objectives of the Tariff Commission (Amendment) Act, 2020**

Primary Focus	Objectives	Measure to achieve the objectives
<ul style="list-style-type: none"> <li>• The commission might oblige to any matter referred to by the government.</li> <li>• The commission should formulate recommendations regarding the development and protection of domestic industries and increasing competitiveness and comparative advantage in the foreign market.</li> <li>• While implementing policies and recommendations, the commission might consider the interest of the industry, consumers, and the population who are likely to be affected by the policy.</li> <li>• Increasing efficiency in the production process and marketing of industrial products.</li> </ul>	<p>(Subsection 1) To study and formulate policies for-</p> <ol style="list-style-type: none"> <li>i. Rationalization of tariff rate by reviewing tariff policies.</li> <li>ii. International, regional, and multilateral trade agreements.</li> <li>iii. Protecting the interest of Domestic industries as per anti-dumping, countervailing, and safeguard laws and regulations.</li> <li>iv. Might handle transit and transshipment trades GSP (Generalized System of Preference) Rules of Origin and other preferential trade.</li> <li>v. Formulation of Industry, Commerce, Investment, and tariff policy.</li> <li>vii. To take effective measures to resolve any issues arising out of foreign trade</li> <li>viii. Imposition of Protective Duties of Customs for a specified period per Protective Duties Act, 1950 (Act No. LXI of 1950)</li> <li>ix. Increase export of domestic goods and services by ensuring fair use of industrial resources</li> </ol> <ul style="list-style-type: none"> <li>• The Commission might also look after harmonized system code of imported and exported goods or services; meanwhile also monitoring foreign trade, and policies and practices that directly or indirectly affect the international and regional trade system.</li> <li>• (Subsection 2) In addition to advising the Government on the matters mentioned above the commission might also carry on the following functions: <ol style="list-style-type: none"> <li>i. To conduct anti-circumvention-related initiatives.</li> <li>ii. Assist domestic exporters in taking effective measures in respect of anti-dumping, countervailing, safeguard measures, and anti-conventions measures taken by other countries on trade and commerce.</li> <li>iii. Monitoring and reviewing international and domestic market prices of daily necessity goods</li> <li>iv. To assist the Government in resolving disputes relating to various trade agreements under the WTO.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• The commission might consider four important things while implementing its activities: <ol style="list-style-type: none"> <li>i. market economy,</li> <li>ii. economic environment,</li> <li>iii. bilateral and multilateral trade and customs agreements,</li> <li>iv. Public opinion.</li> </ol> </li> <li>• The commission might find a balance between the Liberalization of trade and protecting domestic industries.</li> </ul>

Primary Focus	Objectives	Measure to achieve the objectives
	<p>v. Collection, database preservation, review, and analysis also provide this information to the Government and interested persons or organizations for the sake of public welfare.</p> <p>vi. Assess the possibility of the preferential or free trade agreement with foreign countries and identify probable effects of such agreement on foreign trade.</p> <p>vii. Identification of necessary steps through public hearings for consideration of potentially damaged industry, consumer, and public interest.</p> <p>viii. Take necessary steps to increase the skills and awareness of the stakeholders in matters related to domestic industry and trade.</p> <ul style="list-style-type: none"> <li>• Conducting research or surveys on matters relating to the interests of domestic industry and trade.</li> <li>• The Commission shall make necessary recommendations to the Government to lessen the loss of the potentially affected industries, consumers, and the public because of the implementation of the recommendations made under this section.</li> </ul> <p>The Government shall recognize and duly consider the recommendations made by the Commission under this section.</p>	

Source: Authors compilation from Tariff Commission (Amendment) Act, 2020.

## ***2.3 Trade-related provisions: current state and bottlenecks***

### **2.3.1 LDC graduation and the Tariff commission act**

LDCs and developing countries benefit from the Special and Differential (S&D) provisions. Among these provisions, WTO members are asked to give special priority to these LDCs. This is done to safeguard LDCs' interests and expand their trade capacity. Moreover, there several S&D provisions specified for LDCs only such as providing them with greater market access, allowing them more flexibility in the implementation of rules, and providing special aid to these countries in their technical needs. Trade is the major aspect where such LDCs enjoy favourable treatments in both market access and implementation of WTO rules and disciplines.

Graduation from the LDC criteria brings both positive impact and challenges. On a positive note, the LDC graduation will improve the country's outlook and confidence in dealing with the international financial bodies. Moreover, it might improve the credit rating and attract more inward flow of foreign direct investment (FDI). On the other side, it can be expected that the economy will face "preference erosion" post-LDC graduation. Hence, the country might face severe competitiveness in the global market. Therefore, the country might take precautionary measures and initiate a rise in productivity, efficiency in production, and competitiveness of the country's product in the global market. Furthermore, Bangladesh might also have to negotiate trade agreements with existing trading countries and might need to seek bilateral and regional Free Trade Agreements (FTAs). However, the paramount task of the BTTC is to fortify recommendations on measures relating to the protection of domestic industries and the promotion of export of domestic goods which will be another major challenge for the commission after graduation. Moreover, taking measures to prevent dumping or discreditable practices in the importation, and sale of foreign products, expanding market access of domestic industries through bilateral, regional, and multilateral agreements, the elevation of a sound competitive environment for industrial production, assuring optimal utilization of industrial resources are the responsibilities of the commission which will require different policy pathways for the new stage of Bangladesh economy. Thus, the commission will have to play a crucial role to boost the economy through efficacious policies that may develop inter-link with the country's graduation strategy for tackling the aftermath of the LDC graduation.

### **2.3.2 Free Trade Agreement**

There are notable benefits from signing free trade agreements, hence, there are a rising number of developed and developing countries seeking to sign FTAs on a bilateral, regional, and multilateral basis. Bangladesh currently stands with one regional FTA (SAFTA) but no bilateral FTA. Hence, the importance of Free trade agreement for Bangladesh comes from its potential to create access to a larger market base for export. Moreover, FTAs might force local industries to improve their competitiveness, contribute to the growth of the economy and encourage new investment. Due to such agreements, there is a creation of an opportunity to transfer skills and technological knowledge into the domestic market. This might lead to the development of resources, and domestic firms might have access to more effective and internationally competitive methods. A research study by the US International Trade Commission estimates that the NAFTA agreement has the potential to generate growth of 0.1% to 0.5% annually. In September 2021, the Commission body was asked by the commerce

ministry to carry out detailed research on the feasibility study on signing moving forward with Free Trade Agreement and Preferential Trade Agreement with Singapore. In January of 2022, the Commission of Bangladesh was asked to produce a report of the feasibility study regarding the FTA with China since the country is planning to sign a comprehensive Free Trade Agreement. Hence, the commission needs to have a more detailed study to conclude the negotiation and materialize the agreement.

### **2.3.3 Anti-dumping duties**

In the Uruguay Round Agreement, the detailed procedure to develop an integrated multilateral trading system that is more durable and viable has been sketched out. Anti-dumping and countervailing measures are important to carry out to ensure fair trade practices. The Anti-dumping Agreements clarify and expand Article VI of GATT 1994. Anti-dumping actions refer to charging higher import duties on the item of a particular exporting country to bring its price closer to the “normal value” to protect the domestic industries of the importing country. Where any goods are exported from any country or territory to Bangladesh at less than the normal value, then the Government levy an anti-dumping duty not exceeding the margin of dumping concerning such goods. The Government may impose on the importation of such goods into Bangladesh an anti-dumping duty based on a tentative assessment of such value and margin. The anti-dumping duty imposed unless repealed earlier ceases to affect the expiry of five years from the date of such imposition. The margin of dumping from time to time, as ascertained and determined by the Government after investigation as it may consider necessary and the Government may, by notification in the Official Gazette, make rules for the purposes and without forejudgment to the generality of the foregoing. However, a detailed policy measure needs to be carried out by the commission as no proceeding for imposition of anti-dumping duty shall initiate unless the Bangladesh Tariff Commission, on receipt of a written application by or on behalf of domestic industry, expounds the Government that there is apparent evidence of twinge which is caused by dumping on any specific imported goods.<sup>4</sup>

An investigation to dictate the existence, degree and effect of any ostensible dumping shall be inserted upon written application by or on behalf of the domestic industries. The application shall encompass information as contained in part I and Article 5 of the Agreement. The application shall be contemplated to have been made by the domestic industry if it is supported by those whose combine output constitutes more than 50% of the total production. However, no investigation shall be inserted when domestic products account for less than 25% of total production. After receipt of a properly-acknowledged application, the authorities should declare the government. If in special circumstances, the authorities concerned choose to initiate an investigation without having accepted a written application, they should emanate only if they have adequate evidence of dumping, injury and a random link.<sup>5</sup>

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<sup>4</sup> <http://bdlaws.minlaw.gov.bd/act-354/section-20139.html>

<sup>5</sup> <https://dhakachamber.com/storage/economicpolicies/June2019/yAEivFSO3mQbvlpWtx2w.pdf>



### **2.3.4 Countervailing duties**

WTO's dispute settlement procedure can be useful to seek the withdrawal of subsidies on imported goods and minimize its adverse effects. Moreover, the country can initiate an investigation and charge a "countervailing duty" on the subsidized imported goods that are proven to be adversely affecting the domestic industry. The Countervailing measure agreement defines two categories of subsidies- Prohibited subsidy and Actionable subsidy. Prohibited subsidies are subsidies given to meet the export target or to use domestic goods instead of using imported goods. Hence, such subsidies are prohibited because it distorts international trade and it's likely to negatively impact other countries' trade. If WTO's dispute settlement procedure reassures that such subsidy is prohibited, then it might be withdrawn. If not withdrawn, then the complaining country can take countervailing measures. Actionable subsidies (outlined by the agreement) show that there are three types of damages caused by them - hurting the domestic industry of the importing country, negatively impacting the rival exporters of another country when the two competing in the third market, and hurting the exporters trying to trade and compete in the subsidizing country's domestic market. If the dispute settlement body notes that the subsidy hurts trade then the subsidy might be withdrawn. Countervailing measures might be taken when domestic producers are adversely impacted by imports of subsidized products. To note, a detailed investigation needs to be carried out by the commission to show that the products are being subsidized, and importing such subsidized products is hurting the domestic industry.

### **2.3.5 Safeguard measures**

Safeguard measures refer to actions taken by a WHO member to restrict the import of a certain product temporarily on the basis that the domestic industry is disrupted or threatened with injury due to the rise in imports. Industries and companies can request the government to undertake safeguard measures. The WTO agreement outlines a proper procedure for safeguarding investigations by the national authority. The commission in charge to carry out a thorough investigation might depict transparency and publicly announce hearing dates and might provide other appropriate means to the interested parties to present evidence. The commission might also analyze whether the measure is in the public interest.<sup>6</sup> Additionally, the commission can reduce the inconsistency regarding safeguard measures by imposing relevant policies to help the domestic industries.

### **2.3.6 Multilateral trade agreement**

Multilateral trade agreements are a type of commerce treaty signed between three or more nations with the purpose to reduce tariffs and ease the business for imports and exports. All the signatory nations are treated equally under the agreement. Such agreements are critical for a developing or emerging country as the country can aid from benefit from the Most Favoured Nation status that comes along with such agreements. Moreover, trade volume increases for all the signatory countries. Such agreements strengthen the global economy and simultaneously aid the developing countries participating in the treaty to become more

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<sup>6</sup> [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm8\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm)

competitive. Standardizing commerce regulations for all the countries under the agreement will lower the legal cost for the companies as all the countries follow the same rules and regulations. Hence, the companies will be able to enjoy lower tariffs and increase their export volume over a larger market base. As emerging nations develop, the middle-class population base expands, and this will create an affluent customer base for all the trading countries.

Forming a multilateral trade agreement does have its challenges while carrying out negotiations as it is a very complex process, and such discussions are difficult and time-consuming. However, companies or even regions of a country might suffer due to the removal of trade borders. For example, such agreements benefit big multi-national companies over small firms because they have a competitive advantage as they are familiar with operating in a global environment. Hence, the smaller firms might not be able to compete. Others might move their factories to a region with a lower standard of living, thus, if the region depends on the industry, then this will create a high unemployment rate in that area. Records from NAFTA (North American Free Trade Agreement) show that it quadrupled the trading volume between the US, Canada, and Mexico from 1993 level to 2018. GATT (General Agreement on Trade and Tariff) is known to be a successful multilateral agreement signed between 23 countries in 1947 with the purpose to reduce tariffs and other trading barriers.

### **2.3.7 Transit and Transshipment Trades**

Bangladesh's "Customs Transit and Transshipment Rules 2021" seeks to define the guideline for the transit and transshipment goods and implement such rules under proper authority. Bangladesh's National Board of Revenue has created custom rules to facilitate the movement of goods from India through Bangladesh to India's north-eastern region and areas of other countries specified under the Bangladesh-India Transit and Transshipment agreement. Further, there is a bilateral agreement on transit between Nepal and Bangladesh which allows Nepali cargoes to enjoy transit through Bangladesh.

The issues arising from transit are a major aspect of the global Trade Facilitation agenda. Article V of GATT 1994 and the Barcelona Convention regulates the conditions for transit (where a member country will follow rules and conditions and apply to goods of the other member country passing through its region or territory to reach its third destination). WTO Trade Facilitation Agreement has a detailed framework related to international transit.

### **2.3.8 Generalized System of Preference (GSP)**

The fundamental principles of GSP were discussed and agreed upon in United Nations Conference on Trade and Development also known as UNCTAD. The purpose of GSP is to facilitate the trading environment for developing countries (the beneficiary countries) with certain developed countries (the donor countries). To note, such preferential treatment is not negotiated, hence, it is non-reciprocal.<sup>7</sup>

European Union's GSP eliminates import tariffs from products entering the EU's market from vulnerable developing countries. This benefits and aids the developing country to create domestic jobs and alleviate poverty. However, due to the LDC graduation of Bangladesh, a new framework of GSP Plus is proposed to Bangladesh by European Commission. Under the

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<sup>7</sup> [https://ec.europa.eu/taxation\\_customs/generalised-system-preferences\\_en](https://ec.europa.eu/taxation_customs/generalised-system-preferences_en)

new GSP plus, Bangladesh will have to take climate protection, good governance, human and labour rights, and lowering the threshold of export into its concern. This might lead to limiting the country's export volume for apparel and other products entering the European market.<sup>8</sup>

### **2.3.9 Harmonised System (HS) Codes of import and export goods and services**

The Harmonized System is a standardized process of categorizing the traded products into certain types or classifications. Then, the customs authorities around the world use the HS code to identify the product when accessing the duties and taxes. The Harmonized System is administrated by WCO (World Customs Organization) and is modified or updated every 5 years. The Harmonized System serves as the foundation for the classification of import and export goods in the United States and many other trading countries. Bangladesh trade relevant authority needs to prepare a study on harmonised code to promote export diversification and infant industries.

Correspondingly, there is no margin even for a minor inconsistency in HS codes when customs officials reckon a shipment of goods that do not match HS codes, they promptly scrap its duty-free facility and levy a regular duty under another HS code. HS Code is a common standard worldwide for classifying traded goods and customs use it to determine products while evaluating duties. All kinds of companies are facing such obstacles in importing raw materials owing to HS code related complexities, caused by many loose threads in approving HS codes.<sup>9</sup> However, the commission needs to impose relevant policies after pinpointing the anomalies in the HS code dilemma to reduce the hassle of the domestic industries.

### **2.3.10 Foreign direct investment and the Tariff commission act**

Investment or the creation of capital is very crucial for the growth of an economy which may lead to the creation of physical capital goods, finance, and human capital. In grouping with other components of production and technology, investment demonstrates the enhancement through the transformation in the production and consumption of goods and services. Both domestic investment and foreign investment are equally essential whereas domestic investment may induce the creation of domestic savings, consumption & employment and foreign investment can reduce the saving gap. Bangladesh is quite bountiful in attracting FDI inflows since the initiation of economic reform in 1995. During the period 2019-20, the FDI net inflow of Bangladesh was USD 2.4 billion as against USD 3.9 billion in 2018-19 (Bangladesh Bank, 2020). However, foreign direct investment (FDI) is a potent weapon for developing the economy and can unfold as a consequential vehicle to build up physical capital, create employment opportunities, develop productive capacity, and enhance the skills of local labour (Hossain, M. A., 2008). Hence, the commission needs to have a more detailed study to conclude the potential impact of foreign direct investment on the economy and include the aspect of FDI in the amended tariff commission act.

### **2.3.11 Service sector, SMEs and Tariff commission act**

Small and medium industries (SMEs) are making crucial addition to achieving the economic growth of Bangladesh. The SME sector works as a stimulus to boost national income as well as to create employment opportunities since this sector is labour-intensive and less time-

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<sup>8</sup> <https://thefinancialexpress.com.bd/views/bangladeshs-export-to-face-eus-new-gsp-rule-1633534182>

<sup>9</sup> <https://www.tbsnews.net/economy/bazaar/ambiguous-hs-codes-make-businesses-suffer-350185>

consuming for production with less capital expenditure or bottommost establishment cost. Like other developing countries, Bangladesh has immense potential for the development of the SME sector. It is essential to foster the right strategies and steps to precipitate the advancement of the SME sector. Effective SME strategies will be built upon the six factors, respectively access to finance; access to technology and innovation; market access; access to education and training; access to business support services; and access to information.

On the other side, the services sector is the biggest contributor to employment and national product in all the developed countries. In many developing countries services sector has unfolded as the largest sector in terms of its share in domestic products at low levels of industrial development and per capita income. It is now recognized as the new engine of growth and sustainable development for the emerging Asian economies including Bangladesh. The enhancement of a vibrant and competitive services sector is a key characteristic of modern economies in the world as the services frequently account for two-thirds or three-quarters of all economic activity. The transformation from agriculture through manufacturing to a service economy has been the attribute of economic development for many countries at present (Naim et al. 2016)

Therefore, as identification of necessary steps through public hearings for consideration of potentially damaged industry and taking required steps to enhance the skills and awareness of the stakeholders in matters related to domestic industries are the major responsibilities of the commission. The Commission can contribute to the development of SMEs by adding the new policies to the Tariff Commission (Amendment) Act, 2020.

### **2.3.12 Green growth and Tariff commission act**

The recent pattern of global economic development is unfeasible because it is based on the exaction of natural resources and the use of a carbon-intensive production and consumption system to assemble goods and services for the economy. Several advanced countries are using their stimulus package to create green infrastructure. However, during the global financial meltdown in 2008-09 also, several countries had invested in green industries. The spirit of green growth has been contrived by these activities. Therefore, low-income countries like Bangladesh have also shown much rage in introducing a green growth policy, and to attract private sector investment in this field, the government can introduce fiscal incentives for green investments. Hence the commission can unveil policies regarding tax measures, such as a low-interest rate for loans to support low-carbon technologies, tax incentives for environmentally friendly cars, and measures to increase energy efficacy in industry and agriculture.<sup>10</sup>

## ***2.4 Changing nature of the world trade and relevance of the Tariff Commission (Amendment) Act 2020***

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<sup>10</sup><https://www.thedailystar.net/opinion/macro-mirror/news/managing-environmental-resources-green-growth-bangladesh-2119329>

#### **2.4.1 LDC graduation Challenges**

Bangladesh has recently been supported by United Nations Committee for Development Policy and announced that the country will be graduating from Least Developed Country (LDC) group in 2026. However, if such international support measures are suddenly withdrawn then the economy might face severe difficulty while navigating through the transitional period. Post LDC- the graduation of the economy might face a new reality due to the sudden discontinuation of many benefits in terms of Overseas Development Assistance (ODA), FDI, International Trade, etc. Bangladesh among the LDCs has effectively utilized the preferential trade arrangements. The impact of preferential access to the market is significant to the economy as it is a key factor in the development of the garments industry. Moreover, Bangladesh benefits from duty-free, quota-free (DFQF) market access to all items in the European Union as well as in most of the developed countries such as Canada, the United States, Japan, and developing countries like India, South Korea, many others. Post-graduation, the country will have three years grace period, hence just like other graduating LDCs Bangladesh will not be eligible for LDC-specific rule of origin and LDC-specific market access. Also, the country will not receive preferential market access under the “service waiver” category for products such as Information and communications technology, transportation, travel, etc.

Bangladesh has benefited from the Trade-Related Aspects of Intellectual Property Rights (TRIPS) flexibilities and other related waivers only granted to LDCs for promoting local businesses for meeting up with the domestic demand for goods and services. Such TRIPS exemption has proven to be a major factor in the expansion of the pharmaceutical industry in Bangladesh. Hence, after the LDC graduation, Bangladesh might no longer enjoy the flexibility of TRIPS discipline which might affect the affordability and accessibility of these medicines domestically produced. Therefore, this might also affect the export of pharmaceutical products. Another concern for the country is in its agricultural sector as the economy will need to maintain the requirements specified by WTO’s Agriculture agreements.

#### **2.4.2 COVID-19 Pandemic**

The Covid-19 pandemic has impacted and terrorized the whole world by unleashing several viruses. To immediately contain the spread of the virus, the government imposed a nationwide lockdown on the later week of March 2020. The economy has since gradually opened. The government adopted a newer approach simultaneously to mitigate the risk of the spread of the virus and restore economic activity. The government of Bangladesh has structured a work plan to fight against the spread of the virus and lessen the impact on the economy by providing stimulus packages of approximately Taka 1196.4 billion dollars which is 4.3% of GDP. Firstly, the government increased public expenditure with the purpose to create jobs in the formal and informal sectors. Secondly, by providing fiscal stimulus packages to retain workers in the manufacturing sector to increase or maintain the competitiveness of the firms involved in the export-oriented sectors. This might initiate revitalization of the economic activities and create a business environment. The main motive for such policy interventions is to provide credit facilities at a low-interest rate from the banking system to lessen the hindrance faced by the businesses due to the pandemic. The government also initiated the expansion of the social safety net program. Furthermore, the Bangladesh bank has lowered the cash reserve ratio and repo rate to increase the money supply in the economy. Such an approach is taken to minimize the impact of the financial shock due to the

pandemic and maintaining liquidity in the economy might lead to enabling more businesses to absorb such shocks. To note, the recovery of the earnings from export will depend on how the rest of the world's economy gets back to normal.<sup>11</sup> Hence, one of the objectives outlined in the ACT is to protect the domestic industries and increase export volume by looking into the fair use of resources. The commission assists domestic exporters by imposing effective measures when needed through anti-dumping, countervailing duties, and safeguard measures.

During the pandemic period, foreign exchange rules were eased by Bangladesh Bank. The new approach allowed aid to the Bangladeshi nationals who were facing hindrance while returning home by providing them with foreign currencies. The ease in approach allows the foreign-owned companies currently operating in Bangladesh to have access to short-term working capital loans from their parent company or shareholders from abroad (to meet needs for payments of wages and salaries). International factors were introduced in the current approach to accelerate export. Bangladesh's bank has been intervening in the foreign exchange market to stabilize the exchange rate.<sup>12</sup>

#### **2.4.3 4<sup>th</sup> Industrial Revolution (4IR) and human capital**

The 4<sup>th</sup> Industrial Revolution has accelerated the production process which has changed the type of skills demanded across occupations in countries all over the world. Due to the progress in Artificial Intelligence (AI), the newer technology will replace the low and semi-skilled workers overtime in developing countries like Bangladesh. Hence, the country might lose its comparative advantage in low-skilled labour-intensive production. Hence, the recent industrial revolution might bring a structural transformation moving towards a knowledge-based society. Thus, there will be great demand for high-income cognitive jobs, low-income manual jobs, and employment that requires skills to maintain and operate the Artificial intelligence system.<sup>13</sup> Robotics, Artificial Intelligence (AI), quantum computing, nanotechnology, autonomous electronic vehicle, etc will be used in production. Thus, the labour force will require an advanced level of computer skills. The population structure of Bangladesh with 30% of them in the age bracket of 10 to 30 years might benefit the country to adopt such skills more effectively. A prerequisite to achieving accelerating growth towards the 4<sup>th</sup> Industrial Revolution is proper planning with education and training to aid the development of skills. There should be a change in the education sector with the purpose to develop the capability of human resources.<sup>14</sup>

#### **2.4.4 8<sup>th</sup> Five-Year perspective plan (2021-2041)**

The positive record of the 7th Five Year Plan implementation suggests that the 8th Five Year Plan should stay on the same course as the previous plan. The pandemic situation reinforces the importance of accelerating reforms where there is an existence of a performance gap. This includes revenue performance, private investment climate, diversification of export, and

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<sup>11</sup> Bangladesh Planning Commission. (2020). *8th Five Year Plan, July 2020 - June 2025: Promoting Prosperity and Fostering Inclusiveness*. General Economics Division (GED), Bangladesh Planning Commission.

<sup>12</sup> <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

<sup>13</sup> Bangladesh Planning Commission. (2020). *8th Five Year Plan, July 2020 - June 2025: Promoting Prosperity and Fostering Inclusiveness*. General Economics Division (GED), Bangladesh Planning Commission. (Page: 646)

<sup>14</sup> <https://thefinancialexpress.com.bd/editorial/preparing-for-the-4ir-1639411057>

domestic employment creation. The tax performance of the country has been slipping over for several years. Hence, this might be changed through tax reform under the eighth plan. Simultaneously, the plan might give utmost importance to the expansion of the manufacturing base in the domestic industry and diversifying export products and services. However, such expansion in the export sector is feasible with an improvement in the domestic and foreign private investment climate. Another important objective of the eighth plan is employment creation. With relevance to the 8th plan, one of the objectives outlined in the Tariff Commission (Amendment) Act, is to formulate the Industry, Commerce, Investment, and tariff policy and study the possible Free Trade Agreement to increase the market base for export goods.

#### **2.4.5 WTO regulations and provisions**

Bangladesh, a striking voice for LDCs, remains committed to the multilateral trading system. Its expected graduation from LDC status is to have some implications for, inter alia, preferential market access to conclusive major markets, special and differential treatment (S&D)-related WTO benefits (e.g. TRIPS). Bangladesh attaches importance to deepening intra-regional trade ties, inter alia, because of its graduation prospects; it has taken steps to negotiate regional trade agreements (RTAs) with a few countries. Bangladesh is an entrant in several slow-progressing RTA initiatives, of which only the Asia Pacific Trade Agreement, the South Asian Association for Regional Co-operation (SAARC) Preferential Trading Arrangement (SAPTA), and the South Asia Free Trade Agreement (SAFTA) are in force; many of these arrangements have had relatively limited product coverage and trade importance for Bangladesh until now. It remains a beneficiary of the Generalized System of Preferences schemes of several countries and is entitled to additional LDC-specific preferences under certain schemes. Despite being a long-standing beneficiary of trade-related technical assistance and submitting its WTO GATS inquiry points and TFA category commitments notifications, Bangladesh continued to have a limited regular notifications record (i.e. customs tariff four times) during the review period; at the same time, it had no involvement in trade disputes in the WTO. (WTO, 2019). Hence, the commission can contribute through their participation in WTO discussion along with the government and can unfold policies to make other policies consistent with the WTO regulations. The commission can introduce policies to grab the provisions of WTO and meet the after graduation challenges of Bangladesh.

#### **2.5 Deviation from the International Practice (by comparators)**

In this chapter, we provided some analysis of the commission of five countries (comparators countries) for revealing some strategies which can be followed by BTTC for the betterment of their regulation.

**Table 5: Summary of Korea Trade Commission**

The Organization Structure	Overview and Objective	Functions	Takeaways
<ul style="list-style-type: none"> <li>• The Commission is composed of one Chairperson and 8 commissioners (including one designated as a standing commissioner).</li> <li>• The Commissioners are appointed by the President upon the recommendation of the Ministry of Trade, Industry, and Energy.</li> <li>• The Chairperson and Commissioners serve for three years. They may be re-appointed.</li> <li>• The Commission's administrative work is supported by the Office of Trade Investigation which consists of four divisions (as listed in the function column in this table).</li> </ul>	<ul style="list-style-type: none"> <li>• The Korean Trade Commission has the responsibility of implementing trade remedies and imposing safeguard measures. For example, Anti-dumping duties, countervailing duties, and investigating to identify the existence of unfair trade practices.</li> <li>• The commission is committed to protecting domestic industries by identifying and eliminating unfair practices by foreign entities. For example, dumping and intellectual property rights violations. The commission will also restrict any surge in imports that might impact the domestic industries negatively.</li> <li>• The Korea Trade Commission thrive to establish a fair global trading system by defending Korean companies from unfair trading practices.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1. Trade Remedy Policy Division:</b> carries out general operations, and administers policy planning, public relations, and international cooperation on trade remedies.</li> <li>• <b>2. Injury Investigation Division</b> investigates the allegations of dumping and subsidies that are hurting the domestic industry. And implements safeguard measures when necessary.</li> <li>• <b>3. Dumping Investigation Division:</b> determines the dumping margin and identifies whether subsidies exist, and the number of subsidies given to produce the foreign imported goods.</li> <li>• <b>4. Unfair Trade Investigation Division</b> Investigates the IPR cases. Also, investigates the allegations of violating export or import accords, and the rule of origin.</li> </ul>	<p>The Commission office is divided into sections based on their specific functions. BTTC can also introduce these types of wings based on their functions.</p>

Source: Compiled from the official website of the Korea Trade Commission Under the Ministry of Trade, Industry and Energy



**Table 6: Summary of Pakistan’s National Tariff Commission Act, 2015**

The Organization Structure	Overview and Objective	Functions	Takeaways
<ul style="list-style-type: none"> <li>• The Commission body consists of one Chairperson, and four members (all five of them are members of the parliament, MP-I)</li> <li>• One secretary, three Directors General, nine Directors, nine other Deputy Directors, and 8 Assistant Directors.</li> <li>• 79 others employed.</li> </ul> <p>(Total of 114 individuals employed under the National Commission )</p>	<ul style="list-style-type: none"> <li>• To develop a knowledge-based organization that specializes in international trade and other related and relevant matters.</li> <li>• Training, Research, and participation in major international forums may lead to further development of balanced foreign trade and national economy.</li> <li>• The commission also administers the trade remedy law against dumping and subsidized import goods which are negatively impacting the country’s domestic industries (concerning the country’s existing international treaty obligations).</li> <li>• The commission conducts safeguard investigations against a surge in imports.</li> <li>• To function as a “think tank” to the Federal Government on matters regarding the competitiveness of the industries.</li> <li>• Follows the rule-based international trading system.</li> </ul>	<ul style="list-style-type: none"> <li>• The commission shall advise Federal Government on-Tariff and Trade measures such as supporting and improving the competitiveness of the domestic industry. Secondly, advice on trade remedy actions being handled and faced by the domestic producers and exporters. Proposing tariff reform, rationalization of tariffs, and removal of tariff anomalies. And any other matter that the Federal Government asks from the commission regarding the tariff and trade aspect of the economy.</li> <li>• The commission shall also handle all tariff-related aspects concerning international trade and other matters that may be assigned to the commission body by the trade remedy law.</li> <li>• The Commission might keep reviewing the recommendation that Federal Government adopted (in whole or part).</li> <li>• Might advise the exporters and domestic producers facing trade remedy investigation abroad.</li> <li>• The Commission shall assist the government at WTO (World Trade Organization) dispute settlement body with matters related to Trade Remedy Law, WTO covered agreements, and disputes under other trade agreements.</li> <li>• To make the Trade Remedy Law and Tariff rationalization have a more effective impact, the Commission may invest in research work.</li> </ul>	<p>Has large human resources in the higher rank to carry on the functions properly. Therefore, BTTC can enhance its human resources through various incentive mechanisms to increase the efficiency of the commission.</p>

Source: Compiled from the official website of the Government of Pakistan National Tariff Commission

**Table 7: Summary of Australia’s Productivity Commission**

The Organization Structure	Overview and Objective	Functions	Takeaways
<ul style="list-style-type: none"> <li>• The Commission body is headed by one Chair and nine commissioners.</li> <li>• The Commission is divided into four sections based on their functions- Inquiry group, Research and Modelling group, Government Performance Reporting and Analysis group, and corporate group.</li> <li>• Each group is headed by an Assistant Commissioner.</li> </ul>	<ul style="list-style-type: none"> <li>• The Productivity Commission is an advisory body. The commission is an agency of the Australian government under the Treasury portfolio.</li> <li>• The body contributes by providing quality information and recommendations to the government.</li> <li>• The core function of the Commission is to conduct public inquiries on the policies and regulatory issues of the country at the request of the government. Such regulatory issues affect the economic performance and community wellbeing of Australia.</li> <li>• The commission carries out several research works at the government’s request and presents annual reporting, performance monitoring, and other such responsibilities.</li> <li>• The Commission acts as a secretariat to the inter-governmental Review of Government service provision (this is done with the support of the Council of Australian Governments).</li> <li>• Advising on the competitive neutrality of Commonwealth government business activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Public inquiries and research studies requested by the government.</li> <li>• The Commission carries out self-initiated research to support its inquiries and annual reporting on productivity and other responsibilities such as promoting community awareness and understanding various productivity and regulatory issues.</li> <li>• Alongside the annual report on its activities, the commission provides a “Trade and Assistance Review” report. This report summarizes trade policies and estimates overall government assistance to Australian industries.</li> <li>• The commission body also reports the latest trends on the productivity of the economy.</li> <li>• Performance monitoring a wide range of government services such as health, education, justice, etc. The Report on Government Services (RoGS) aids towards improved service delivery.</li> <li>• Analysing policies on whether such program is having any positive impact on the Indigenous people of the country.</li> <li>• Reports on the expenditure on services to Indigenous Australians and analyses its contribution to their wellbeing.</li> <li>• Provides independent advice to the government about its investigation regarding complaints about unfair competition from government businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• The tasks (outlined through the act) to be carried out by the commission is very specific. The commission of Bangladesh can follow the strategy to get more fruitful results from existing rules and regulations.</li> <li>• The commission is divided into sections based on their function. The commission of Bangladesh needs to be divided into several sections according to its specific function.</li> <li>• Constant monitoring of the industry keeps the</li> </ul>

The Organization Structure	Overview and Objective	Functions	Takeaways
			<p>commission office rich with recent information which aids the commission body to provide effective recommendations which are backed by documents. BTTC also need such kind of monitoring and evaluation wing to make the commission more active.</p>

Source: Compiled from the official website of the Australian Government Productivity Commission

**Table 8: Summary of the Tariff Commission of the Republic of the Philippines**

The Organization Structure	Overview and Objective	Functions	Takeaways
<ul style="list-style-type: none"> <li>The commission is divided into two sections: “Research, Investigation, and International Trade Analysis Service” (RIITAS) and “Finance, Management and Administrative Services” (FMAS).</li> <li>Each wing has sub-sections based on the functions.</li> </ul>	<ul style="list-style-type: none"> <li>Constructing a comprehensive tariff structure and efficient tariff administration.</li> <li>Delivering effective advance ruling and dispute ruling on time on tariff classification.</li> <li>Delivering comprehensive, evidence-based, and findings on trade remedy cases.</li> <li>Research on industry studies and analysis of tariff, non-tariff measures, and trade.</li> <li>One of the major objectives is to entrench the commission’s involvement in international trade negotiations and strengthen collaboration with the private sector and other government agencies.</li> <li>Increase efficiency of the use of Information and communication technology to enhance the public service of the commission under the new normal environment.</li> <li>Establish an innovative Quality Management System that will enable the commission to be continuously responsive toward providing public services.</li> </ul>	<ul style="list-style-type: none"> <li>Examine cases on the application of trade remedies against imports.</li> <li>Carry out a study on the impact of tariff policies on competitiveness and consumer welfare concerning the economic objectives of the government.</li> <li>Administer the country’s tariff schedule and tariff nomenclatures.</li> <li>Issue advance rulings on the tariff classification of imported goods and provide verdicts on disputes over this tariff classification of goods.</li> <li>Provide recommendations to the President and Congress through independent analysis, information, and technical support on topics related to tariff and non-tariff measures impacting the domestic industries and exports.</li> <li>Identify the nature, composition, and classification of goods according to the tariff commodity classification and provide a number for customs and other related purposes.</li> <li>Review and study the trade agreements in negotiation and trade agreements entering the country and make recommendations accordingly. Analyze the consistency of the agreement concerning the national policy objective.</li> <li>Conduct public consultations and public hearings by its functions.</li> </ul>	<ul style="list-style-type: none"> <li>A principle and independent authority on tariff and trade remedies. The commission of Bangladesh should also follow this strategy to make it more impactful.</li> <li>The commission’s objective is to increase involvement in international trade negotiations. Therefore, BTTC should follow this to make their active participation in the international platform in the trade zone.</li> </ul>

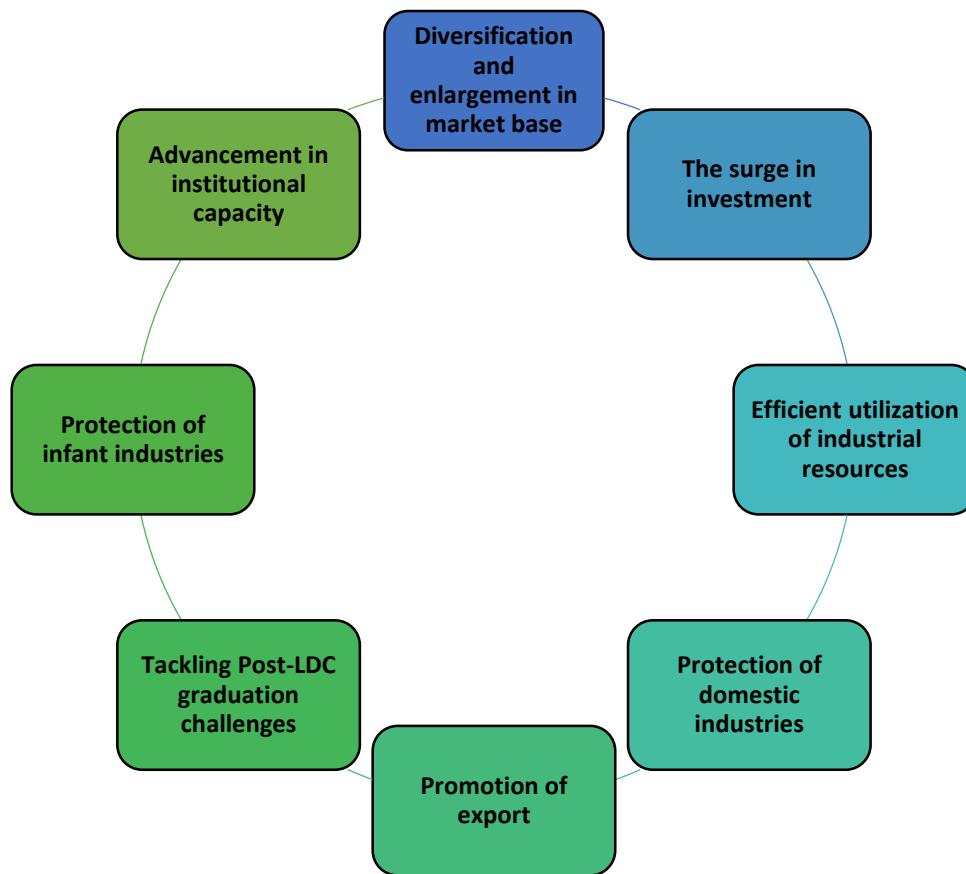
The Organization Structure	Overview and Objective	Functions	Takeaways
	<ul style="list-style-type: none"> <li>• A Commission seeks to provide a proficient and cohesive work environment.</li> <li>• To establish a structure aligned with the commission's expanded mandate under the Customs Modernization and Tariff Act.</li> </ul>		<ul style="list-style-type: none"> <li>• Improve the technology and Communication sector to be more efficient at providing public services. Therefore, BTTC can grab this take ways to make their communication wing more active and can also unleash the potential benefit of the technology in Bangladesh.</li> </ul>

Source: Compiled from the official website of the Tariff Commission of the Republic of the Philippines

### 3. Potential Impacts of enforcing the Tariff Commission (Amendment) Act 2020

To contribute as an instrument of revenue, protect domestic industries, and rectify trade distortions are the major functions of tariffs. However, the tariff is a policy tool that protects domestic industries by creating restrictions for competitive imports.<sup>15</sup> It is incomprehensible to gauge the impact of tariff measures among countries. Therefore, the way in which import demand reacts to reformations in tariffs will depend on different factors. The reaction to tariff levels will vary from country to country as well as from commodity to commodity.<sup>16</sup> Thus, the effects of the Tariff Commission (Amendment) Act 2020 are also depending on different attributes, however, there is some prevailing impact on the economy of Bangladesh which is shown in the figure-1 below.

Figure 1: Potential impacts of Tariff Commission (Amendment) Act 2020



<sup>15</sup> <https://www.meti.go.jp/english/report/downloadfiles/gCT0004e.pdf>

<sup>16</sup> <https://www.britannica.com/topic/international-trade/Measuring-the-effects-of-tariffs>

### ***3.1 Diversification and enlargement of the market base***

The proper enforcement of the Tariff Commission (Amendment) Act will ensure the enhancement of the consumer base outside the domestic market. This will also provide the provision of market diversification through bilateral and multilateral trade agreements with potential countries. In this context, Bangladesh needs to immediately step forward to secure her "market" by negotiating bilateral Free Trade Agreements (FTAs), mega Regional Trade Agreements (RTAs), and Preferential Trade Agreements (PTAs).<sup>17</sup> These will be achieved through the development of the commission contributions in the time of negotiation along with the government.

### ***3.2 The surge in investment***

As tariff varies according to the types of products and sectors, every year during the Budget tariff relevant policies also changes accordingly. Thus the proper policy initiatives by the commission can boost the investment decision of the traders. Because of these changes, investors are often hesitant to make decisions and long-term policy support may be provided in the tariff to tarnish the hesitation of the investors.<sup>18</sup> However, a tariff policy structure may increase the amount of investment.

### ***3.3 Efficient utilization of industrial resources***

Any issue relating to the fruitful use of resources in any industry may be referred to the commission by the government or the business community for recommendation with an appropriate course of action. Thus, the efficacious implementation of the Tariff Commission (Amendment) Act will ensure the utilization of industrial resources.

### ***3.4 Protection of domestic industry***

Implementing anti-dumping, countervailing, and safeguarding laws and regulations for protecting domestic industries will be depending on the efficient enforcement of the commission. Because such policies of the commission will help to grab more revenue and provide protection to the domestic industries through flourishing industries' efficiency, which will assist them to face the enigmas in a competitive trade market.<sup>19</sup> Thus, this framework will pave the pathway to a surpassing ecosystem for all industries in the economy.

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<sup>17</sup> <https://www.thedailystar.net/opinion/rmg-notes/news/bangladesh-needs-more-comprehensive-trade-strategy-2097505>

<sup>18</sup> <https://www.tbsnews.net/dropped/industry/tariff-policy-making-protect-industries-attract-investment-268924>

<sup>19</sup> <https://www.tbsnews.net/dropped/industry/tariff-policy-making-protect-industries-attract-investment-268924>

### ***3.5 Promotion of export***

The commission is one of the main authorities to suggest appropriate policies for export promotion. To adopt required decisions the commission can ensure the fair utilization of industrial resources and reduce export costs by minimizing duty payments, and unfair trade.<sup>20</sup> Growing awareness about registration and administrative procedures, customs laws, rules, and regulations suggested by the commission will be very effective for export promotion in the economy.

### ***3.6 Tackling post-LDC graduation challenges***

Currently, Bangladesh enjoys the WTO's Duty-Free Trade Facility (GSP) which will be deducted after graduation from the LDC category. Therefore, Free Trade Agreement (FTA) will be a crucial tool for trade with other countries. After introducing FTA, tariffs will be zero for most of the products from countries, and duty-free access will be given to the domestic market.<sup>21</sup> To tackle the challenges after LDC graduation, it is necessary to take the required measures to protect domestic industries through the commission. In the same token, emphasis on anti-dumping, countervailing, and safeguard duties is necessary as an alternative option. So the measures taken by the commission will have a monumental impact on the economy of Bangladesh after the LDC graduation.

### ***3.7 Protection of infant industries***

Protection of infant industries and promoting entrepreneurs in trade is one of the major functions of the commission. The commission will recommend policies to support new firms and industries in the international marketplace. Thus, proper execution of the commission suggested policies can achieve the milestone of economic development through fair competition in the international trade market.

### ***3.8 Advancement in institutional capacity***

For the economic development of Bangladesh, enhancement in institutional capacity is very crucial. The efficient implementation of the Tariff Commission (Amendment) Act will also include the awareness and skills of the stakeholders to protect domestic industries. In addition to this, conducting research or surveys on trade-related matters, strengthening training workshops, technological improvement, and data management are the pivotal functions of building the institutional capacity which will be provided through the act of tariff commission.<sup>22</sup>

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<sup>20</sup>[https://btc.portal.gov.bd/sites/default/files/files/btc.portal.gov.bd/publications/88218cd4\\_09cd\\_4bd6\\_9955\\_16263b7cae92/BTCjournalIssu4.pdf](https://btc.portal.gov.bd/sites/default/files/files/btc.portal.gov.bd/publications/88218cd4_09cd_4bd6_9955_16263b7cae92/BTCjournalIssu4.pdf)

<sup>21</sup><https://www.tbsnews.net/features/panorama/how-bangladesh-can-protect-its-domestic-industries-after-ldc-graduation-336127>

<sup>22</sup> <https://thefinancialexpress.com.bd/views/views/towards-a-sustainable-developed-bangladesh-1637677241>



## **4. Women's participation in the trade**

Through the membership of various significant international human rights treaties, Bangladesh has made many commitments at the international and national levels to social development. The National Strategy for Accelerated Poverty Reduction (NSAPR), accepted by Government in 2005 provides an inclusive policy framework for deducting poverty and enduring equitable advancement. Moreover, the National Policy for the Advancement of Women adopted in 1997 is also established to promote women's rights and ensure gender equality. Additionally, Bangladesh is a party to more than 30 International Labour Organization (ILO) conventions including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) which portray the commitment to gender-inclusive development (Assembly, U. G. 1979). Though Bangladesh is taking steps to introduce development through women empowerment, womenfolk is still facing gender segregation by sub-sector and occupation.<sup>23</sup> However, the rise of global value chains (GVCs) has altered trade patterns and induced opportunities for more countries to employ in trade. For developing economies like Bangladesh, the opportunities to grab the benefit of GVCs might be more limited for the women as they are more concentrated on labour-intensive industries instead of the formal labour force and subsistence agriculture. On the other side, shifting production in the manufacturing sector from more labour-intensive to more capital-intensive activities has led to defeminization (Kucera D. et al 2014). On top of this, increase openness can alter the scenario for the women traders as women producers are also liable to be upset by the expansion or contraction of various sectors (Shepherd, B. et al. 2017).

### **4.1 Provision to “SHE Trade” through the commission**

There is no specified policy section regarding “SHE Trade” and women entrepreneurship. However, the commission can pursue any policy to protect women's trade and entrepreneurship if specified by the government beforehand. Whether an organizational body will implement rules and policies regarding special support for male or female entrepreneurship is a very subjective decision-making issue so that it might be implemented by the government itself. The strategies that the commission can initiate to promote SHE Trade are following-

#### **4.1.1 Study on “SHE Trade”**

They can prepare a rigorous research study on SHE trade which will unveil the impact of trade facilities on women entrepreneurs. Therefore, BTTC can suggest various gender-inclusive policy recommendations to the government.

#### **4.1.2 Recommending trade benefits**

To create a friendlier business environment for women the commission may introduce benefits, especially for women traders, for example, tax benefits, and tariff benefits which might be implemented by the government.

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<sup>23</sup> [https://pdf.usaid.gov/pdf\\_docs/Pnadi402.pdf](https://pdf.usaid.gov/pdf_docs/Pnadi402.pdf)

#### **4.1.3 Recommending specific sector**

SHE trade can be promoted by attracting women in many relevant sectors like poultry rearing, Crab cultivation, Medical plant, Aloe-vera planting etc. The commission can reveal the potential impact of such employment on womenfolk in the economy.

#### **4.1.4 Protecting domestic industries**

The commission should not be gender biased and works toward protecting the domestic industry from its international competitors by carrying out studies and investigations to identify which industry or sector in the country needs aid to be more competitive. In this case, women traders will be equally benefited from the initiatives of the commission.

#### **4.1.5 Gender-inclusive decisions**

The commission can also carry out studies to identify the areas where the country lacks and falls behind compared to the global market and work out recommendations in favour of them to remove such capability and productivity gaps. In this case, women's unemployment will be identified more transparently which will assist the commission intake gender-inclusive decisions more efficiently.

#### **4.1.6 Special concentration on women entrepreneurs**

If the commission is specifically asked by the government to concentrate on the womenfolk or any of the other minority groups or classes, then the commission can recommend policies to provide special trade provisions to women entrepreneurs.

#### **4.1.7 Access to funding for women**

Women entrepreneurs have fewer opportunities to credit and this limited access to institutional credit is a crucial restraint on productivity and income. Therefore, the commission can suggest some policies to introduce new provisions for access to funding for women traders.

To conclude, the commission might not be gender-biased or gender-specific. It should be a neutral body until and unless asked by the government to study such specific issues. However, if the government takes initiatives to promote women's rights, the commission can constitute some policies to boost women's economic empowerment by ensuring fair trade for womenfolk.

## **5. Findings of this study**

Bangladesh Tariff Commission (Amendment) Act, 2020 aspires to strengthen the commission further and enhanced its activities. However, as there were some limitations in the act of 1992, several changes had been introduced to update the act. The commission was established in 1973 as a government office through a resolution and later, the commission through the Bangladesh Commission Act-1992 was established as a statutory body.

### ***5.1 Current challenges for Bangladesh Trade and Tariff Commission (BTTC)***

There are several pivotal issues in the updated act as well which are unfolded through some desk research, KIIs, and FGD in this policy review study. Moreover, KIIs and FGDs with relevant stakeholders also helped to unveil the current scenario and potential challenges for the future betterment of the act.

#### **5.1.1 Absence of better infrastructure**

Pakistan's commission is the most similar commission to Bangladesh's commission. However, Pakistan's office has a better infrastructure compared to Bangladesh. The commission should develop its outdated infrastructure to underpin the growth of domestic industries. Therefore, building a satisfactory level of physical infrastructures e.g. communication networks, electronic commerce, and its management is necessary. Additionally, full automation in every office, banking and insurance mechanisms, energy supply etc. are very crucial to effectively implement all measures related to the commission.

#### **5.1.2 Lack of implementation power**

The commission can only recommend policies and suggest changes that government should make. Unfortunately, the office does not hold any power over the implementation which reduces the efficiency of the commission. To ensure equal opportunities for the domestic industries new regulatory laws may be revealed by the commission.

#### **5.1.3 Lack of permanent resources of knowledge**

Hence, an institution needs a permanent resource for knowledge. The recruitment and employment structure needs to be permanent as well- Permanent Human Capital. To strengthen the institution and develop the Human Capital quantitatively and qualitatively, there might be some sort of incentive. The development of human resources is important and might be modified in the act to enable the commission body to carry out research and produce highly efficient recommendations accordingly. The recruitment of a certain employee needs to be more sector-specific.

#### **5.1.4 Lack of study to mitigate the potential challenges**

Several feasible studies need to be prepared to grab the capacity to forecast the future economy and plan policies accordingly. However, the commission may have fewer studies regarding the potential challenges in the international trade market.

### **5.1.5 Lack of proper incentive mechanism**

The commission body is highly dependent on the government for all matters rather than being an independent body. However, in the case recruitment process it might be independent. Moreover, the recruitment process might be carried out through an incentive mechanism such as salary increment, other rewards for outstanding performance and also the facilities of research publications. Thus, the researcher will be rewarded according to the number of publications so there will be the motivation for research publication regarding tariff measures. The commission lacks these types of proper incentive mechanisms.

### **5.1.6 Shortage of data for conducting research**

The commission can be divided based on sectors (or functions). Then the commission body will always be up to date with the knowledge and data regarding a certain aspect. The country lacks data collection as the economy does not have proper industrial data and information. There might be a data bank in the commission unit itself. When the commission might have enough power to collect data systematically from relevant institutions, firms, and organizations (and such bodies might be bound to provide them with information when asked through the law).

### **5.1.7 Free trade agreement challenges**

Bangladesh needs to develop free trade agreement as the country is graduating from the LDC criteria. However, constructing a format for free trade agreements is a complicated process and the country does not have such resources to formulate FTAs. To complete the draft of the initial format, it took the commission body several years. There are already several existing FTAs and RTAs in the world, for example, in the EU, Africa, ASEAN countries, GMS, ECO, RCEP, and TPP. After LDC graduation we have to pay royalty, so we should be studying what product we should consider for royalty, that's why we should also prepare a research study to take the proper action.

### **5.1.8 Use of industrial resources**

This should be a task that might be regulated and controlled by the government not the commission. There is a "productivity organization" under the Ministry of Industry established in the country and such tasks might be included under their function list. Additionally, the SME foundation and Ministry of Industry should also be appointed to investigate the effective use of industrial resources.

### **5.1.9 Inadequate number of "Think Tank"**

Research is a crucial thing for policy formulation. The commission will not be able to recommend any policies without proper research which will validate the recommendations. So inadequate "Think Tank" is a crucial challenge for the commission in Bangladesh. Moreover, the absence of infrastructure is another pivotal thing for the incompetency of the BTTC. Organizational infrastructure is responsible for the groundwork and major basis upon which performance may be demonstrated, then enhanced, and ensuring a robust infrastructure requires careful consideration and thorough planning.

#### **5.1.10 Weakness in the monitoring capacity**

The commission should have a strong monitoring capacity so that they can negotiate on the international platform for competing with other countries. Monitoring capacity is the most fundamental criterion for an organization to perform well and it also ensures the consistency in the work of the associated officers which gives the organization a fruitful outcome throughout the year. The lack of this monitoring practice can create inconsistency in the functions of BTTC and also reduce the productivity of the relevant employees.

#### **5.1.11 Lack of skilled and required human resource**

The Commission lacks the human resource regarding experienced officials who have similar qualifications required for the commission. The commission needs officers from the relevant field so it is also necessary to study the issue that what should be the requirement or experience of the senior officials. On the other side, the officers are usually overburdened with work so the commission might need to hire more officers from the relevant field such as economics and finance. However, to improve research quality and efficiency proper training is needed. Nevertheless, the base-level officers are usually trained for months and years rather than the top-level officers. Along with all provisions for the officers, it is very necessary to ensure their accountability of them to make the commission more effective.

#### **5.1.12 Lack of independence at work**

There are three divisions under the Tariff Commission (Amendment) Act and it can be suggested that the Customs Act needs to have a separate act. The country needs a greater number of agencies working in different aspects of international trade to increase efficiency. Hence, the agencies will have specialized priorities and narrowed-down objectives.

#### **5.1.13 Lack of dynamic tariff rationalization**

A dynamic tariff rationalisation is critical for export-led industrialisation and enhancement of competitiveness of the domestic industry. Lack of proper tariff rationalisation will create complicated and inefficient accounting cross-subsidies, inconsistency in demand, and less capacity utilization. However, with LDC graduation right around the corner, it's time to consider the modernisation of tariffs and mitigate the challenges of rationalisation. To promote export-led growth, the modernisation of tariffs is one of the best options so this should be the prime concern of the BTTC.

### ***5.2 Future challenges for Bangladesh Trade and Tariff Commission (BTTC)***

There are a plethora of future challenges for the BTTC which need to be addressed in this study. However, some KIIs and FGD with relevant stakeholder helps to pinpoint some pressing challenges for BTTC in coming times.

Graduation from Least Developed Country (LDC) group to Developing Country status is a milestone for Bangladesh which will create a significant image globally. Given the background of a poverty-stricken country in 1971-72, Bangladesh was qualified to join the group of

LDCs by 1975 and move forward due to its influential utilization of attainable foreign assistance in its formative years. However, after graduation, there will be some reservations about the foreign assistance so it should track down those future challenges and need to introduce a policy to cope with those upcoming inconsistencies. On the contrary, since Bangladesh is soon graduating from the LDC criteria, BTTC might be assigned multiple in-depth trade relevant research. However, to carry out proper research with effective outcomes BTTC might require information from relevant stakeholders such as the domestic export-oriented industry. Despite the constant effort, BTTC has experienced difficulties in attaining and collecting adequate information which is the main component of the research analysis.

By the same token, another crucial thing for Bangladesh is the Free Trade Agreement (FTA) which indicates the opportunity to get duty-free access for export flow. Bangladesh imposed duty from the perspective of either local industry protection or revenue collection, however, it may be a crucial hindrance for Bangladesh as it will face an uphill task in convincing major trading partners and regional blocs to sign free trade agreements (FTAs) because of higher tariffs as it looks to retain duty benefits after it graduates from the LDC group. Normally, Bangladesh may face the regular rates of duty on prime export items after its graduation as the general scheme of the Generalised System of Preferences (GSP), does not cover the major exportable items if it is offered after graduation. Thus, signing an FTA will create an avenue for retaining duty-free access to major exportable products which may help sustain the existing export flow as well as increase export.

With its skyscraping tariff scheme relative to its comparators, Bangladesh will confront a major hurdle in getting prospective FTA suitors to come calling. However, Bangladesh attained a Preferential Trade Agreement (PTA) with Bhutan which is its first bilateral trade agreement, as it looks to retrieve duty-free market access after it becomes a developing nation in 2024. Under the bargain with Bhutan, Bangladesh will get a duty preference for several goods and expand the same benefit to Bhutan and may ink PTA with Nepal also. Besides, regional trading arrangements that hold enormous potential for trade and investment are the Regional Comprehensive Economic Partnership (RCEP), the Association of South East Asian Nations (ASEAN), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which together will represent the bulk of Asian market in the future. Bangladesh would be well-advised to set foot on trading arrangements with these groupings.

Finally, to reduce the impediment to signing the abovementioned agreements, BTTC need to introduce a more robust tariff structure which will not be an obstacle to the upcoming future trade scenario, otherwise, it will have to face hurdle in the import-export sector after the graduation.

## **6. Recommendation/Action Plan/ Way Forward**

In this section, we will discuss the relevant recommendation for the efficient implementation of the commission in Bangladesh. To maximize the commission's objectives to achieve development, there is an ardent need to increase the capacity of the BTTC regulatory body. The Commission and its predecessor bodies in Bangladesh have been in existence since 1992. This policy review paper tries to capture the gaps and recommend some solutions in today's context. The Parliament passed Bangladesh Tariff Commission (Amendment) Act, 2020 aiming to strengthen the commission.

The act was made with no specific period in mind but more concentrated on the broader perspective of the economy. The commission was made to advise the government regarding tariffs and trade. Primarily, the function of the commission is divided into two categories- suggesting or recommending policies and directly completing tasks asked by the government. We tried to collect the opinions of the relevant stakeholders, and policymakers through Focus Group Discussion (FGD) and Key Informant Interviews (KIIs) about Tariff Commission (Amendment) Act provisions.

### ***6.1 Maintaining proper channels to function properly***

In Australia, the "Productivity Commission" is given supreme authority as providing independent research and advice to the government on economic, social, and environmental issues affecting the welfare of Australians. Hence, the commission office provides reports on all other commissions and their work to the government. There are similar "commission" present in Pakistan, and South Korea. Therefore, studying their formational structure and functions can be useful in terms of recommending improvements.

### ***6.2 Specified functions with specified priorities***

One major difference between Bangladesh's Commission and other comparators countries is that their commission office has specified functions with specified priorities. But Bangladesh's commission handles a wide range of tasks regarding various macroeconomic aspects of the country. For example, Bangladesh's Commission also works on the bilateral trade issues that other countries' commission office does not handle. Moreover, India has separate agencies and commission bodies for different aspects of the trade. Moreover, the international cooperation of Pakistan handles FTAs, Regional activities, and bilateral trade.

### ***6.3 Needs amendment in the commission's regulatory system***

The Commission as an institution is the only organization of the government for permanent knowledge on trade and tariffs, especially, trade and domestic industries, etc. Though there are other currently formed organizations like Bangladesh Foreign Trade Institution, Competition Commission, SME Foundation, etc., however, the commission overall should be aware of the tariff structure of the country, whether it is justified or not for any specific product or in general. However, one point that is not present in the amended act is trade facilitation and issues of trade

facilitation should be one of the major functions of the commission. For example, due to unnecessary distortions sometimes proper trading is hampered. The commission might also ask if such a rate is required or not to smoothen the domestic business in comparison with the outside world.

#### ***6.4 The cost of doing business might be estimated***

The cost of doing business might also be estimated and the body might try to recommend ways to lower the cost of business and be internationally harmonised. Such functions should also be included in the charter of the Tariff Commission (Amendment) Act. The commission body should continuously examine all these things and advise on such issues. However, the current Commission structure is not suitable for carrying out such functions. This is because the members appointed by the government are coming from the civil service and they are again shifted to some other place after a period. When they are initially appointed to the commission, they are not well aware of the functions and how to run such a body. With time they acquire knowledge and soon they leave their position in the commission as they are shifted elsewhere.

#### ***6.5 Proper addressing of the expectations of domestic industries from the commission***

Admitting the need for further policies regarding tariff imposition, it is very crucial to enhance the interaction between the domestic industries and the commission. Therefore, this type of interaction will create the platform for revealing the expectations of domestic industries from the commission. Furthermore, it will be very convenient for the commission to pinpoint the need for fledgling the domestic industries for the international competition. There are many strategies for expanding the communication between the commission and domestic business communities such as arranging necessary workshops, implementing surveys, conducting focus group discussions and organizing trade fairs.

#### ***6.6 Creating a platform for defending the commission's proposals***

When the commission's recommendation is rejected or not validated by the government then the council body might provide the commission body with a proper explanation regarding the reason behind rejecting such recommendation. As the commission is a quasi-judicial body that specialised in specific subjects. When the commission's opinion or recommendation is rejected then along with presenting the commission body with the reasons for rejection, they should also allow the commission a chance to defend their recommendation. The arguments and discussions might be resolved at the council level. There could be a council committee under the Ministry of Commerce. If such recommended policies are rejected then the governing body in charge should also provide the commission with a proper explanation regarding the reason for rejecting the recommendation. Hence, the commission office can take note before proposing future recommendations.



### ***6.7 The commission needs more independence***

The rate of tariff might be determined by the commission rather than other organisations. This is the most important bottleneck in our economy. The rate of tariff on export and imports should be suggested by the commission. Relevant stakeholders should be a body that is responsible for the collection of such tax revenue, preserving the information, and transferring such tax-relevant information to the commission. Foreign trade-related tariff structure should be examined by the commission. And the commission's recommendations might be implemented as suggested by the body.

### ***6.8 Feasibility study to meet the challenges of LDC Graduation***

Under the trade remedy division (one of the three divisions under the commission), in terms of imposing custom duties, supplementary duties, and regulatory duties, Bangladesh might struggle due to LDC Graduation. Supplementary duties and regulatory duties have flexible rules; thus, such type of duties is usually imposed during the pre-LDC graduation period. Implementation of Custom duties post-LDC graduation period needs to be thoroughly studied.

### ***6.9 Considering the public opinion***

The country is moving towards trade liberalisation. However, one significant challenge is that the commission might consider public opinion. Hence, to what extent the domestic producers will be willing to support an increase in trade openness is an issue that needs further discussion. As the country reduces protectionism on trade, there is increased competition for domestic producers. Thus, how competitive is the country's existing domestic producers is an aspect that needs to be considered.

### ***6.10 Political willingness***

Political willingness towards re-structuring such agencies to increase productivity and efficiency at work is pivotal. Furthermore, the government should specify its expectations from such agencies. Political willingness can expand the contribution of the commission directly and indirectly for the betterment of the economy.

### ***6.11 Improvement in technology***

Improvement in technology is essential for the commission. The updated objectives of the amended act required a digitalized platform through which it can easily collect and store the opinions of the public regarding the policies.

### ***6.12 Reducing institutional challenges***

The institutional weakness within the commission body. Based on manpower (lacks human resources) and in terms of Law itself. The Act itself has to lack (as other commission bodies or

government bodies are not bound to provide proper explanation rejecting the recommendation). The process of the study should be transparent and recommendations should be supported with documents. And the government body should give utmost importance to the recommendation and suggestions passed by the commission. When the other party rejects the recommendation (if not bound to accept), they might give a proper explanation and reasoning behind not accepting the suggestion.

### ***6.13 Introduction of central “Data Bank”***

The trade and tariff commission did not have a central data system and the data bank is currently ineffective as it is not being developed and utilized by the commission body. Therefore, the inauguration of the Data Bank is crucial for the development of the research wing of the commission.

### ***6.14 Study on Free Trade Agreement (FTA)***

If we compare the previous scenario of Bangladesh which was agriculture sector dependent, now it is industry sector dependent so the Commission should study in this sector how this sector can flourish more efficiently. The contribution of the commission should be increased through feasible study and recommendations for relevant policies. After 2029 EU will not give the EBA facilities so after that how Bangladesh should compete, the commission should prepare a feasibility study on this matter.

### ***6.15 Effective use of industrial resources***

The commission may suggest relevant policies to utilize the industrial resources appropriately. Economic growth is highly dependent on the efficient distribution of industrial resources and earnings from export.

### ***6.16 Recommendations for export promotion***

For export promotion, there is a special body called the “Export Promotion Bureau” (EPB). The Commission should assist in providing proper recommendations to the government regarding export promotion policies and regulations. However, promoting export volume is a task that comes under the Export Promotion Bureau. The commission can suggest to the EPB body that they can promote products by participating in business fairs in foreign countries and do certain tasks for branding domestic products. The way the commission can encourage the domestic industry is by investigating if there is any existence of unfair trade which is hurting the domestic industry. Hence, by applying measures like Anti-dumping and countervailing duties and taking necessary safeguard measures. And recommend ways in which domestic industries can be more competitive in the global market is one of the ways the commission can encourage the development of competitiveness. The commission body should protect the domestic industry not by using the tariff rate alone.

### ***6.17 Identifying the externalities***

When one of the foreign products is a lot cheaper than the identical domestic product, the commission can examine why the foreign product is this inexpensive and why the domestic product is relatively expensive. The investigation will judge if there is any existence of unfair trade (will conclude if the product is being dumped in the domestic country's market). The body will also identify the reason why the product is expensive relative to its competitors and recommend ways to lower the cost of producing the good. Identifying the issue such as the cost of doing business is high or tariff rate is high or tax on imported raw materials may be high. Hence, the commission will judge the scenario and recommend a rationalised solution to increase the competitiveness of the domestic industry. Furthermore, there could be an existence of negative externality which might be hurting the domestic industry. The commission will have to examine and identify the externality and try to eliminate the issue under the imposition of safeguard rules.

### ***6.18 The Commission needs to be restructured***

The Commission needs to be independent and have enough skill to carry out international negotiations and participate in international tariff-related meetings. Increase the "Think Tank" by restructuring the pay structure and making it more competitive with the purpose to hire more highly knowledgeable people. The Commission should be restructured; it should have a strong research wing. They should also appoint survey assistants and survey workers. They can appoint a temporary surveyor for data collection.

### ***6.19 Reduction of works from other departments***

Since the commission needs to work on the protection of domestic industries by imposing anti-dumping duties, countervailing duties, and safeguard measures, simultaneously, the commission needs to work towards removing international protectionism measures by recommending Free Trade Agreements and Preferential Trade Agreements. Both the tasks undertaken by the commission contradict. Hence, the commission might increase research and studies to have a proper judgment regarding - to what extent the commission might work towards protecting the domestic industries.

### ***6.20 Strengthening monitoring capacity***

The commission body should follow the strategies of other comparator countries. They should conduct studies about how to promote export and with which potential trading countries Bangladesh can maintain their export relation. They should also follow the strategy of other countries to update themselves. Institutional challenges should be removed by giving the authority to the Commission and their recommendation should be accepted by the relevant ministries.

### ***6.21 Appointment of relevant intellectual***

Through the commission, the government can introduce export planning for this Trade Economist, and commercial and international trade-related intellectuals should be appointed here for the regulation of the commission. Human Capital needs to be increased not just by numbers in total but also by the number of highly skilled individuals. More highly skilled individuals need to be appointed by giving them the incentive of career growth opportunities like the existence of vertical movement and better pay structure.

### ***6.22 Use of software in tariff structure***

The commission should use software to measure the relation of tariffs with other macroeconomic indicators to identify the economy's condition. Part of the Productivity Commission of Australia's mandate is to observe trends in trade and assistance. The commission develops a tool to analyse patterns of tariffs and the possible consequences of various policies to condensing tariffs. Moreover, diversified tariffs apply to bilateral flows of thousands of commodities that are traded between hundreds of countries. Though tariff negotiations are enacted in terms of bound rates, the economic effects of deducting tariffs are a function of changes in applied rates, which may be most-favoured-nation (MFN) or preferential rates. However, according to the history Foreign Direct Investment (FDI) and tariffs have a negative relation, on the other hand, in the economy of Bangladesh FDI as well as tariffs have a crucial role in the growth of the economy. It is important to capture the trend of FDI and tariff so that the relevant stockholder may be able to introduce policy accordingly. Therefore, like other comparators countries, BTTC should also include the practice of using software regarding the tariff structure to grab the trend of tariff.

### ***6.23 Organogram and functions of BTTC***

BTTC should be divided into some sub-sections and the classification may base on their specific functions. There should be a specialise section only for research work and surveys which will help the commission to introduce proper policies for the economy. Like other comparators countries, BTTC can introduce a special section for investigation and international trade analysis. On the other side, they can also launch a department for finance, management, and administrative service. Additionally, for example, for countervailing duties, safeguard measures and anti-dumping duties, BTTC can constitute a special wing to perform only relevant tasks to these issues. Thus, BTTC can change its organogram and rearrange its function to perform efficaciously.

**Table 9: Recommendation for future amendment of Tariff Commission Act 2020**

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
1. Short title and commencement	<ul style="list-style-type: none"> <li>This Act may be called the Bangladesh Tariff Commission (Amendment) Act, 2020.</li> <li>It will be implemented immediately.</li> </ul>	Unchanged	N/A	N/A	N/A
2. Amendment of the proposal of Act No. 43 of 1992	<ul style="list-style-type: none"> <li>The Bangladesh Tariff Commission Act, 1992 (Act No. 43 of 1992) shall be substituted for the following provisions of the Act, as follows:-“The Commission has been established as a full-fledged government department on Bangabandhu Sheikh Mujibur Rahman’s decree under the supervision of foreign trade division on 28th July 1973 in Resolution No. ADMN-1E-20/63/636 of the date; it is expedient and necessary to enact a law for the establishment of BTTC;”</li> </ul>	Unchanged	N/A	N/A	N/A
3. Amendment of Act No. 43 of 1992	<ul style="list-style-type: none"> <li>The words “BTTC” shall be substituted for the words “Bangladesh Tariff Commission” mentioned everywhere in the said Act.</li> </ul>	Unchanged	N/A	N/A	N/A
4. Replacement of section 7 act no 43, 1992	<p>(1) The following section shall be substituted for the mentioned section 7 -</p> <ul style="list-style-type: none"> <li><b>Functions of the Commission:</b> (1) The Commission shall advise the Government on the following matters for the protection and development of the domestic industry to increase the export of domestic goods and services, increase efficiency in the production and marketing of industrial products, create a competitive environment and comparative advantage in import and export: -</li> </ul>				

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
	<b>(a)</b> Rationalization of tariffs rate through reviewing tariff policy;	N/A	<ul style="list-style-type: none"> <li>The commission may act as an independent body while constructing the tariff structure of the economy efficiently.</li> </ul>	N/A	N/A
	<b>(b)</b> International, regional and multilateral trade agreements	N/A	N/A	<ul style="list-style-type: none"> <li>Extensive research on comparator countries exiting foreign trade agreements</li> </ul>	N/A
	<b>(c)</b> Protection of interests of the domestic industry per anti-dumping, countervailing and safeguard laws and regulations	Unchanged	N/A	N/A	N/A
	<b>(d)</b> Transit and transshipment trades, GSP (Generalized System of Preference) Rules of Origin and other preferential trade;	N/A	<ul style="list-style-type: none"> <li>As Bangladesh will be graduated from the LDC category by 2026, so commission might conduct research for tackling challenges regarding GSP and preferential trade.</li> </ul>	N/A	N/A
	<b>(e)</b> Formulation of Industry, Commerce, Investment and tariff policy;	Unchanged	N/A	N/A	N/A

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
	<b>(F)</b> To take effective measures to resolve any issues arising out of foreign trade;	N/A	<ul style="list-style-type: none"> <li>Entrench the commission’s position in international negotiation along with the government.</li> </ul>	N/A	N/A
	<b>(G)</b> Imposition of Protective Duties of Customs for a specified period per Protective Duties Act, 1950 (Act No. LXI of 1950);	Unchanged	N/A	N/A	N/A
	<b>(h)</b> Increase export of domestic goods and services by ensuring fair use of industrial resources	Unchanged	N/A	N/A	N/A
	<b>(i)</b> The harmonised system code of imported and exported goods or services;	N/A	<ul style="list-style-type: none"> <li>The harmonised codes on exported and imported products might be modified and investigated.</li> </ul>	N/A	N/A

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
	<b>(j)</b> Monitoring of foreign trade; and	N/A	<ul style="list-style-type: none"> <li>With constant monitoring of domestic industries involved in international trade, the commission might provide a detailed annual report on the industries.</li> </ul>	N/A	N/A
	<b>(k)</b> Policies and practices that directly or indirectly affect the international and regional trade system.	Unchanged	N/A	N/A	N/A
	<b>(2)</b> In addition to advising the Government on the matters mentioned in sub-section (1), the Commission shall perform the following functions too.				
	<b>(a)</b> To conduct anti-circumvention-related initiatives	Unchanged	N/A	N/A	N/A
	<b>(b)</b> Assist domestic exporters in taking effective measures in respect of anti-dumping, countervailing, safeguard measures and anti-conventions measures taken by other countries on trade and commerce	N/A	N/A	<ul style="list-style-type: none"> <li>Introduce various financial incentives or other parks to make the</li> </ul>	N/A



Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
				domestic exporters cooperate with the commission for carrying out a proper investigation.	
	<b>(c)</b> Monitoring and reviewing international and domestic market prices of daily necessity goods;	N/A	<ul style="list-style-type: none"> <li>May follow the strategies of comparators countries for price control.</li> </ul>	N/A	N/A
	<b>(d)</b> To assist the Government in resolving disputes relating to various trade agreements under the WTO	Unchanged	N/A	N/A	N/A
	<b>(e)</b> Collection, database preservation, review and analysis also provide this information to the Government and interested persons or organizations for the sake of public welfare.	N/A	N/A	<ul style="list-style-type: none"> <li>Establish a proper “Data Bank” and developed technological support for the efficacious research study.</li> </ul>	N/A
	<b>(f)</b> Assessment of the possibility of the preferential or free trade agreement with foreign countries and also identifies probable effects of such agreement on foreign trade.	N/A	<ul style="list-style-type: none"> <li>Development of human resource capability to carry on such studies with efficient outcomes within a short time frame.</li> </ul>	N/A	N/A

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
	<b>(g)</b> Identification of necessary steps through public hearings for consideration of potentially damaged industry, consumer and public interest;	N/A	N/A	<ul style="list-style-type: none"> <li>Introducing new online platforms for communicating with the public for capturing their opinions about requires policies</li> </ul>	N/A
	<b>(h)</b> Take necessary steps to increase the skills and awareness of the stakeholders in matters related to domestic industry and trade;	Unchanged	N/A	N/A	N/A
	<b>(i)</b> Conducting research or surveys on matters relating to the interests of domestic industry and trade.	N/A	N/A	<ul style="list-style-type: none"> <li>The commission may employ temporary surveyors and technicians to conduct a proper survey for primary data collection.</li> </ul>	N/A
	<b>(3)</b> The Commission shall make necessary recommendations to the Government to lessen the loss of the potentially affected industries, consumers and the public as a result of the implementation of the recommendations made under this section	N/A	N/A	<ul style="list-style-type: none"> <li>The commission may act as an independent body for implementing essential policies to reduce the loss</li> </ul>	N/A

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
				of domestic industries.	
	(4) The Government shall recognize and duly consider the recommendations made by the Commission under this section.	N/A	<ul style="list-style-type: none"> <li>If the recommendations are rejected by the higher authority, then an explanation might be provided to the commission. And a council meeting might be set to allow the commission for defending its proposals.</li> </ul>	N/A	N/A
5. Amendment of Section 8 of Act No. 43 of 1992	<ul style="list-style-type: none"> <li>The existing provisions of section 8 of the said Act shall be numbered as sub-section (1) and sub-section (2) shall be added after sub-section (1), namely: “(2) The confidentiality of the information obtained through the investigation under the sub-section (1) shall be ensured: Provided that obtained information may be disclosed upon the written permission of the concerned institution or authority.</li> </ul>	Unchanged	N/A	N/A	N/A
6. Amendment of Section 12 of Act No. 43 of 1992	<ul style="list-style-type: none"> <li>Subsection (1) of section (12) of the said Act shall be followed by the following sub-section (2), namely: - Commission can hire the necessary number of advisors or research assistants to assist in research or</li> </ul>	N/A	N/A	<ul style="list-style-type: none"> <li>The commission may establish a strong research wing and recruit officials</li> </ul>	N/A

Chapter	Stated provision in the “Tariff Commission (Amendment) Act 2020”	Unchanged	Extension	New inclusion	Drop
	survey for a specific period under government’ pre-authorization”.			from the relevant field such as Economics, Finance and International Trade.	

*Source: Authors’ compilation from different sources*

## 7. Conclusions

In conclusion, we have specified a thorough review of the Tariff Commission (Amendment) Act 2020 employing the mixed methodology. From desk review, KIIs and FGDs we have demonstrated some noteworthy issues of the “Tariff Commission (Amendment) Act 2020”, the challenges of implementation, and its relevance to the current global trade and business scenarios. This review has also compared the Tariff Commission (Amendment) Act 2020 with some of the Tariff Commission Act of the comparators countries such as Australia, the Philippines, South Korea, and Pakistan.

Our primary findings point out that the provisions of the current “Tariff Commission (Amendment) Act 2020”, are well thought out and crafted. However, there is a lack of feasibility studies and monitoring capacity for the implementation, which limits the effectiveness of the policy. The current commission act also doesn’t address the present changing trade and business dynamics (4IR, LDC graduation) as it was amended in 2020. The less independent nature of the commission also acts as a crucial hurdle for efficacious implementation of the policy, as there are several prime responsibilities of the commission to recommend required policies and support domestic industries through the fruitful implementation of the policy. Along with these issues, the absence of better infrastructure is another significant impediment for the commission. Therefore, lack of implementation power, permanent resource of knowledge, and study to mitigate the potential challenges and provide for accountability are also creating inefficiency in the commission regulation. Additionally, shortage of data for conducting research, free trade agreement challenges, use of industrial resources, an inadequate number of “Think Tanks”, lack of skilled human resources, and lack of independence in research work are some of the significant bottlenecks for effective implementation of the Tariff Commission (Amendment) Act 2020.

Against these findings, we have proposed some specific recommendations for the efficient implementation of future tariff acts. The commission should prepare a feasibility study to tackle LDC graduation challenges and prepare the domestic import-export scenario for the 4th industrial revolution. Specific focus should be given to maintaining proper channels to function properly, specified functions, and amendments in the commission’s regulatory system. Along with these, estimation of the cost of doing business, creation of a platform for defending the commission’s proposals, and considering public opinion are mandatory. However, political willingness, improvement in technology, deducting institutional challenges, the introduction of a central “Data Bank”, a study on the Free Trade Agreement (FTA), effective use of industrial resources, and export promotion through appropriate recommendations are very crucial for grabbing untapped trade benefits. Finally, the commission needs to be restructured for identifying the externalities, reducing contradictory policy measures, strengthening monitoring capacity, and appointment of relevant intellectuals. As Bangladesh is a small country we do not suggest that all the provisions of the future tariff acts need to be binding like other large economies. The provisions that focus on incentives for research, domestic industries support, independent regulatory body, training, and human capital development should be followed by strengthening the commission for a better trade environment.

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## Annexure

### KIIs conducted for the review of Tariff Commission (Amendment) Act 2020-

Organization/Association	Key Informants
Representative from BTTC (BTTC)	Md. Mamun-Ur-Rashid Askari, (Deputy Chief, BTTC)
Representative from BTTC (BTTC)	S.M Sumaiya Zabeen, (Assistant Chief, BTTC)
Representative from Think Tank	Dr Kazi Iqbal (Senior Research Fellow, BIDS)
Expert on Bangladesh Trade and Tariff Commission Act	Dr Mozibur Rahman (Former Chairman, BTTC)
Expert on Bangladesh Trade and Tariff Commission Act	Dr. Mostafa Abid Khan (Member of BTTC, on PRL)
Representative from Ministry of Commerce	Mr. Shubhashish Bose (CEO, ICAB and Former Senior Secretary, MoC)

### FGD conducted for the review of Tariff Commission (Amendment) Act 2020-

A very informative Focus Group Discussion (FGD) was conducted with five officials of the BTTC (BTTC).

### Team Composition

Name of staff	Area of expertise relevant to the assignment	Designation for this assignment	Assigned tasks or deliverables
Dr. Bazlul Haque Khondker	Economist, Institutional analysis expert, Survey expert, FGD and KII expert	Team Leader	Finalize questionnaire, FGD, and KII checklists, Evaluation, and analysis, Draft synthesizing summary, Draft short summaries Finalizing reports
Dr. Selim Raihan	Economist, Political economy and institutional analysis expert, Survey expert, FGD and KII expert	Co-Team Leader, Trade Expert	Coordinating and monitoring the team, monitoring all the activities performed by the team members, finalizing questionnaire, FGD, and KII checklists, Evaluation, and analysis, Draft synthesizing summary, Finalizing reports.
Mahtab Uddin	Policy analysis and evaluation, Survey expert, FGD and KII expert	Policy Analyst	Monitoring all the activities performed by the team members, finalizing questionnaire, Coordinating FGDs and KIIs, Evaluation and analysis, Draft synthesizing summary.
Mohammad Golam Sarwar	Legislative consultant, development law practitioner	Legal Expert	Analyzing the legal terms and provisions of the study, identifying the possible grounds of alterations, extensions, and exclusion of current legal provisions, providing legal recommendations.

<b>Name of staff</b>	<b>Area of expertise relevant to the assignment</b>	<b>Designation for this assignment</b>	<b>Assigned tasks or deliverables</b>
Recardo Saurav Antor Halder	Data analyst, Survey Experts	Senior Research Associate	Desk review, analyzing secondary data, designing questionnaires for KIIs, supervising and conducting FGDs, analyzing primary data, and drafting the reports.
Mir Ashrafun Nahar	Data analyst, Survey Experts	Senior Research Associate	Desk review, analysing secondary data, designing survey questionnaires for KIIs, supervising the survey, conducting FGDs, analysing primary data, and drafting the reports.
Samantha Rahman	Data collection and Supervision	Research Associate	Desk Review, developing KII questionnaire, assisting in conducting the KIIs, conducting FGDs, transcription.
Afia Mubasshira Tiasha	Data collection and Supervision	Research Assistant	Desk Review, developing KII questionnaire, assisting in conducting the KIIs, conducting FGDs, transcription.
Asraful Ahesan	Data collection and drafting	Intern	Conducting KIIs and FGDs, and transcription.



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