

BANGLADESH REGIONAL CONNECTIVITY PROJECT 1

MODERNIZING TRADE LOGISTICS **IMPROVING INTEGRATION AND COMPETITIVENESS**

BASIC INFORMATION

APPROVAL DATE:
**April 5
2017**

END DATE:
**December 31
2023**

TOTAL COMMITMENT:
\$150 million

IMPLEMENTING AGENCIES:
**Bangladesh Land Port Authority,
Ministry of Shipping; WTO cell, Ministry
of Commerce; and Department of Customs
in National Board of Revenue, Ministry
of Finance.**

OVERVIEW

Bangladesh is well placed to play an important role in regional trade as a transit country in South Asia. Geographically, Bangladesh's location makes the country a gateway to India, Nepal, Bhutan, and other East Asian countries. Some corridors and associated Border-crossing points connect West Bengal, India, and the Southwestern region of Bangladesh to landlocked Bhutan, Nepal and the North East Region (NER) of India. However, high logistical costs due to poor infrastructure and trade facilitation are constraining Bangladesh from playing a more active role in regional integration despite its strategic location. The **Bangladesh Regional Connectivity Project 1** supports the Government of Bangladesh to modernize trade related infrastructure, border management, systems, and procedures. These improvements will help Bangladesh increase regional connectivity and trade with India, Bhutan, and Nepal.

CHALLENGE

Bangladesh's relative cost advantage from being a low labor cost producer is diminished by poor performance in trade facilitation. For example, Bangladesh manufacturers' 'Order to Delivery Cycle' is 35 to 50 percent longer than many of their competitors. Trade-related infrastructure is inadequate, and border crossing times at some land ports are measured in days, rather than hours.

The land ports are unable to accommodate existing and potential trade volumes which causes delays for traded goods. A significant proportion of Bangladesh's international trade procedures are still paper-based and continue to be managed manually, causing delays for border clearance and hampering private sector competitiveness.

APPROACH

The project supports the development and improvement of four land ports along the Southwest to Northeast Corridor that are key to facilitating regional and transit trade. They are: Bhomra, Sheola, Ramgarh, and Benapole.

Recognising that comprehensive border management and customs improvement require a clear vision, strong political will and commitment, the project supports an inter-ministerial National Trade and Transport Facilitation Committee (NTTFC) to coordinate trade and transport-related policies and activities in Bangladesh.

The project will develop a National Single Window system which will allow traders to submit all import, export and transit information via a single electronic gateway, instead of submitting the same paperwork to multiple government agencies. This will facilitate faster and more transparent international trade procedures and reduce transaction time and cost for the private sector. The project will also support policies and investments to remove bottlenecks faced by women in trade and business. To bring more women traders into formal trade networks and global value chains, the project will facilitate skills development programs for women.

TOWARDS THE FUTURE

As global and regional markets become more competitive, the demand for shorter lead times are mounting. Improving trade infrastructure and facilitation will be critical for Bangladesh to sustain and accelerate export growth, including with its regional neighbors. While trade with India increased more than five-fold, from \$ 1.8 billion in 2005 to over \$9 billion in 2018, this is less than half of its current potential. The Regional Connectivity Project will introduce modern approaches to border and customs management, including the evolution towards integrated land border facilities and an enabling environment for domestic and cross-border collaboration between land port and customs administrations.



EXPECTED RESULTS

More than **double the freight volume** at land ports

Two-thirds reduction in truck clearance time at land ports

40% reduction in average time to meet regulatory requirements associated with import-export