

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Balance-of-Payments Restrictions

1982 CONSULTATION WITH BANGLADESH (SIMPLIFIED PROCEDURES)

Background Paper by the Secretariat

1. This paper has been prepared in accordance with paragraph 7 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes (BISD 26S/205) to assist the Committee on Balance-of-Payments Restrictions in taking the decision referred to in paragraph 8 of this Declaration.

I. Bangladesh's previous consultations

2. There has been no full consultation with Bangladesh. Four consultations under the simplified procedures were held in 1974, 1976, 1978 and 1980.

II Recent changes in Bangladesh's trade policy

3. All imports require licences or approval on letter of credit authorization forms. Under the Import Policy Order 1982/83, which went into effect on 1 July 1982 licenses for commercial imports are allocated in accordance with a list setting out each importer's share in annual imports of each category of items. Licenses to industrial units are issued in accordance with each industrial sectors annual import entitlements as set out in priority lists. In 1982/83, licences shall be issued to the pharmaceutical industry at 150 per cent of its entitlement, and to all other industries in Priority List I and Priority List II, at 100 per cent and 70 per cent, respectively, of their entitlement. Imports of raw materials and packing materials by industrial units are included in an additional list. Following a revision of the Export Performance Licensing System (XPL) in July 1982, entitlements of eligible exporters may be increased by an amount equal to 80, 60 or 40 per cent of the f.o.b. value of their exports depending on the commodity exported.

4. With effect from May 1982 a ban has been imposed on the imports of certain items within fifteen product groups listed in Annex I.

5. Under the Import Policy for 1981/82 import duties were increased on fifty-eight products listed in Annex II.

6. As from 1 July 1981, a development surcharge of 1 per cent ad valorem is also collected on all goods subject to import duty.

III. Recent trends in Bangladesh's economy and foreign trade

7. A record foodgrain production in 1980/81 (July-June), totalling almost 15 million tons, provided the impetus for a 7 per cent growth in Bangladesh's real GDP (compared with 3-4 per cent in the two preceding years). It also reduced food import requirements substantially: the share of foodgrain in total imports declined from about one-quarter in 1979/80 to less than 10 per cent. Other imports increased sharply in 1980/81, reflecting the recovery of economic activity, so that total imports reached some \$2.7 billion, 16 per cent above their

level in 1979/80. Total export earnings were up 10 per cent in 1980/81, to \$815 million. Despite substantially higher export volumes for the two principal items, raw jute and jute products, total revenue from these products remained at about \$500 million, as prices continued to exhibit weakness in world markets.

8. Available trade information for the first ten months of the 1981/82 fiscal year shows a slower growth (less than 5 per cent) in the dollar value of imports than in 1980/81, and falling export revenue. Bangladesh's trade deficit (in f.o.b./c.i.f. terms), which had increased by \$0.3 billion to \$1.9 billion in 1980/81, remained at about that annual rate in the July 1981/April 1982 period.

ANNEX IList of Banned Items as of May 1982

Sanitary ware of all types except bath tubs; refined, bleached and deodorized stearine; solid and semi-solid palm oil, passed as vegetable ghee; crude palm oil; p.v.c. compounds (shoe grade); cellophane paper; dry cell batteries; electric bulbs between 15-100 W; electric ceiling fans; certain electrical accessories (head switches, two and three pin plugs); hand held spraying equipment; locks and padlocks up to 2-4/3 size; torch lights; telephone sets and telephone exchanges up to ten lines and duplicating ink. Second hand goods are also banned. In addition, imports of the following items are permissible under special conditions: paper except cigarette, toilet and other special papers; p.v.c. pipe up to 8 inches diameter; bicycle tyres; urea; aluminium conductors; mild steel tubes; shovels; fire extinguishers; second hand buses, trucks and jeeps; strips of steel or wood up to 1,000 tons.

ANNEX IIItems on which import duties were increased

Including nuts (CCCN 08.05), fatty acids and alcohols (CCCN 15.10), common salt (CCCN 25.01), rubber tyres (CCCN 40.11), centrifuges, filtering and purifying machinery (CCCN 84.18), machinery for the manufacture of felt (CCCN 84.39), sewing machines (CCCN 84.41), statistical and accounting machines (CCCN 84.53), electric accumulators (CCCN 85.04), radio broadcasting and television transmission and reception apparatus (CCCN 85.15) and vacuum flasks (CCCN 98.15), or products grouped under CCCN chapters on beverages and spirits (CCCNs 22.03, 22.04, 22.05, 22.06, 22.07), mineral fuels (CCCNs 27.01, 27.02, 27.03, 27.04), paper and paperboard (CCCNs 48.01, 48.02), printed matter (CCCNs 49.01, 49.11), man made fibres continuous and discontinuous (CCCNs 51.01, 51.03, 56.05, 56.06), woven cotton fabrics, (CCCN 55.09), woven pile fabrics (CCCN 58.04), articles of iron and steel (CCCNs 73.29, 73.35), articles of aluminium (CCCNs 76.02, 76.12), aircraft and parts thereof (CCCNs 88.02, 88.03), ships, boats and other vessels (CCCN 89.01), optical, measuring, checking, precision, medical instruments (CCCNs 90.05, 90.06, 90.11, 90.12, 90.16, 90.17, 90.19, 90.20 and musical instruments (CCCNs 92.01, 92.02, 92.03, 92.04, 92.05, 92.06, 92.07, 92.08, 92.10, 92.11, 92.12).