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Country Paper

PRESENTED BY DURGA PADA BHATTACHARJEE, JOINT
DIRECTOR, BANGLADESH BUREAU OF STATISTICS

Compilation Practices of International Merchandise Trade Statistics of Bangladesh

Introduction

International merchandise trade statistics or foreign trade statistics is one of the core activities of Bangladesh Bureau of Statistics (BBS). The Foreign Trade Statistics (FTS) Branch of National Accounting Wing, BBS is entrusted with the responsibility of compilation of trade statistics on regular basis since 1973-74. BBS compiles trade statistics following harmonized commodity description and coding system (HS). Previously BBS used to compile trade statistics only on annual basis and from January 2006, BBS has started compilation of trade data on monthly basis and published trade statistics for selected commodities in the “Monthly Advance Release”. The Bangladesh Bank (Central Bank) and the Export Promotion Bureau (EPB) also compile and disseminate trade statistics on regular basis. Bangladesh Bank compiles trade statistics on the basis of L.C (Letter of Credit) payment information obtained from commercial/ schedule banks while BBS compiles trade statistics based on actual payment of tax provided by the custom authorities (NBR). The EPB only compiles and disseminate export statistics without following proper international standard classifications.

2. Trade data are being compiled and disseminated by BBS at 2 to 8 digit level HS codes. Information on unit, quantity, value and country of origin by commodity as per international classifications and format are being compiled and presented. The direction of trade and major head of accounts and commodities are also compiled by BBS.

Institutional arrangement and data sources

3. Bangladesh Bureau of Statistics is responsible for compilation and dissemination of foreign trade statistics. BBS compiles and disseminates trade statistics following IMTS, Rev.2. Foreign Trade Statistics are compiled based on information collected primarily from custom authorities and other sources. The National Board of Revenue (NBR) provides collective trade data from all customs houses/ stations.
4. Custom returns are the main source of trade data. The source for sea, land and the air borne trade data are the “bills of entry” for imports and “shipping bills/ customs statement” for exports. For custom clearance the importers and exporters submit

these bills to the custom houses/ authorities. All custom stations send trade data/ documents to the National Board of Revenue, Dhaka and the NBR provides these data to BBS in electronic form (CD-ROM) on monthly basis. BBS also collects trade information based on records available with postal department.

Coverage and time of recording

5. Foreign trade statistics includes all commodities which pass through the boundary of custom territory (in case of import, all goods and commodities entering the country and for exports, all goods & commodities leaving the country) excluding certain goods such as military hardwares, bullion, currency notes, coins and goods in transit. In foreign trade statistics, the exports of the country also include the exports made by the EPZ (Export Processing Zone). The commodities those are exported and imported through various routes viz. sea, air and land including postal are covered. There are two sea ports, three international airports and 19 operational land ports in the country. More than 85% of the international trade is done through a single sea port i.e. Chittagong sea port.
6. A time lag occurs between shipment of an export and receipt of an import especially for goods that are shipped over long distances. To avoid timing inconsistencies, balance of payment accounting standards recommends a change of ownership principle to assign a date to transaction. Under this principle, an exported goods changes ownership of shipment from the exporting country, at which time the exporting country records an export and the destination country records an imports (f.o.b).
7. For practical reasons, the customs authorities of the importing country record the receipts of these goods later, when they arrive at the receiving country's frontier. This can cause a timing inconsistency. The result is that the same shipment can appear in an importing country's statistics for a month, quarter and / or year that is later than the period that appears in the exporting country's statistics. The time of recording and change of ownership are not taken into account by BBS in compiling the trade statistics.

Custom procedures

8. Bangladesh uses Kyoto Convention as the basis for the definitions of customs procedures. The customs record following custom procedures for the identification

of (i) exportation of domestic goods (outright exportation) only. Recording by customs procedures does not allow for the identification in case of importation of goods under clearance for home use, goods admitted into a customs warehouse, temporary admission of goods for inward processing etc.

System of Trade

9. There are two systems of computing international merchandise trade statistics; namely (i) special trade system and (ii) the general trade system. Special trade system is based on a concept that regards “clearance through the customs” frontier. Any commodity not cleared by the customs is excluded from such statistics. The general system of trade is based on the concept that uses the national boundary i.e. all goods and commodities entering or leaving the country except military goods, bullion, currency notes, coins, goods in transit are recorded in trade statistics.
10. In the past, Bangladesh was following special trade system. For better coverage, now Bangladesh is following General trade system. The main characteristics of general system of trade are summarized below:

General Trade System

Imports

- i. Imports “entering directly” for home consumption or use.
- ii. Imports into customs bonded manufacturing plants or export processing zones (EPZ).
- iii. Imports into customs bonded warehouse and free zones.

Exports

- i. Exports of national procedure.
- ii. Exports from customs bonded manufacturing plants or Export Processing Zones (EPZ)
- iii. Nationalized exports.
- iv. Exports from customs bonded warehouse and free zones.

Re-export is included after the clearance from customs and falls within category iii. and iv above.

Commodity classifications and quantity measurement

11. The foreign trade statistics of Bangladesh are compiled and classified on the basis of Harmonized Commodity description and coding system (HS). These classifications include broad heading of commodity at 4-digit level and detailed description at 8 digit level. BBS compiles and publishes trade statistics in HS at 2 to 7 digit level. Recording of imports is made by country of consignment and exports by country of last destination. BBS do not publish any trade data in terms of SITC or CPC (Common Product Classification) or ISIC. BBS collects and compile quantity data and publish data by broad economic categories (BEC).

Valuation and Currency Conversion

12. Inconsistency in valuation of a given shipment between source and destination arises mainly from currency version, evasion, anti-evasion procedures, values not known at the time of consignment and differences in treatment of particular costs or procedures for assessment. Imported goods are valued in cif. and exported goods in f.o.b. prices. BBS do not compile and publish imported goods in f.o.b. price/ values.
13. All data are expressed in Bangladesh standard currency (Taka). The values commodities expressed in different foreign currency are converted in to Bangladesh standard currency based on their exchange rate. For conversion purposes, average exchange rates (buying and selling) are generally used for conversion. If an exchange rate is not available for the date of exportation or importation, then the exchange rate prevailing on the nearest date of exportation or importation is taken into consideration. The aggregate values of merchandise trade are also published by BBS in terms of US dollar based on annual average exchange rate. BBS follows the Brussels definition of value (BDV) for the purposes of valuation. In practice, valuation of goods is rather tricky and depends on expediency of revenue collection.

Partner Country

14. Bangladesh Bureau of Statistics compiles trade data by country of consignment and also compiles export statistics by country of last known destination.

Data quality control

15. The threshold value is used to make estimates of trade below the threshold and include them in trade statistics. The custom authority uses ASYCUDA for automated entry and checking of customs declarations. There is a Pre-Shipment Inspection (PSI) and physical inspection of cargo. BBS also uses estimated values to replace missing values and missing quantity as well.

Mode of transport

16. BBS collects and compiles trade statistics by mode of transport.

Reporting and dissemination

17. Monthly trade data / statistics on selected goods are published in the Monthly Statistical Bulletin and other publications of BBS. There are about 4-5 months time lag to publish the data. But monthly trade data are available with FTS Branch after 6-8 weeks of the reference month. BBS is now being published monthly trade statistics on selected goods in "Monthly Advance Release" and very soon trade statistics to be posted in BBS web site. There is no predetermined date (s) for releasing monthly trade data/statistics and no press release is made. Foreign Trade Statistics are also published on fiscal year basis i.e. for the period July 1 to June 30.