



Study on  
Analysing the Gap in Issuing  
Certificates of Standards for Export

**Study on  
Analysing the Gap in Issuing Certificates of  
Standards for Export**

*Prepared for:*

**Export Promotion Bureau (EPB),**

**Ministry of Commerce, Government of Bangladesh.**

*Submitted by:*

**Bangladesh Foreign Trade Institute (BFTI)**

*Date of Submission*

**17<sup>th</sup> July, 2019.**

## Overall Supervision

**Ali Ahmed**  
Chief Executive Officer,  
Bangladesh Foreign Trade Institute.

---

## Research Team

**Dr. Khairuzzaman Mozumder**  
Joint Secretary,  
Ministry of Finance.

**Md. Majbahul Islam**  
Research Associate,  
Bangladesh Foreign Trade Institute.

**Khaleda Begum Maiful**  
Assistant Research Associate,  
Bangladesh Foreign Trade Institute.

**Farhana Rifat**  
Junior Research Associate,  
Bangladesh Foreign Trade Institute.

**Sadia Afroz**  
Junior Research Associate,  
Bangladesh Foreign Trade Institute.

**Tapas Chandra Banik**  
Senior Research Associate,  
Bangladesh Foreign Trade Institute.

**Nahrin Rahman Swarna**  
Research Associate,  
Bangladesh Foreign Trade Institute.

**Benazir Rahman**  
Assistant Research Associate,  
Bangladesh Foreign Trade Institute.

**Recardo Saurav Antor Halder**  
Junior Research Associate,  
Bangladesh Foreign Trade Institute.

**Kazi Sadia**  
Junior Research Associate ,  
Bangladesh Foreign Trade Institute.

**Imtiaz Ahmed**  
Junior Research Associate ,  
Bangladesh Foreign Trade Institute.

---

## Administrative Support

**Md. Ahsanul Islam,**  
Asst. Director  
Bangladesh Foreign Trade Institute

**Shafiqul Islam**  
Office Assistant  
Bangladesh Foreign Trade Institute

**Mohsena Hossain**  
Administrative Officer  
Bangladesh Foreign Trade Institute

**Zahidur Rahman**  
Messenger  
Bangladesh Foreign Trade Institute

## **List of Acronyms and Abbreviations**

APLAC	Asia Pacific Laboratory Accreditation Co-operation
BAB	Bangladesh Accreditation Board
BAEC	Bangladesh Atomic Energy Commission
BARI	Bangladesh Agricultural Research Institute
BCSIR	Bangladesh Council of Scientific and Industrial Research
BFFEA	Bangladesh Frozen Foods Exporters' Association
BFTI	Bangladesh Foreign Trade Institute
BFSA	Bangladesh Food Safety Authority
BFVAPEA	Bangladesh Fruits, Vegetables & Allied Products Exporters' Association
BJGEA	Bangladesh Jute Goods Exporter's Association
BJMC	Bangladesh Jute Mills Corporation
BMDC	Bangladesh Medical and Dental Council
BNC	Bangladesh Nursing Council
BPC	Business Promotion Council
BPGMEA	Bangladesh Plastic Goods Manufacturer and Exporters Association
BSTI	Bangladesh Standards and Testing Institute
BTRC	Bangladesh Telecommunication Regulatory Commission
C of A	Certificate of Analysis
CBC	Carpet Backing Cloth
CPP	Certificate of Pharmaceutical Products
CGMP	Current Good Manufacturing Practice
DAE	Department of Agricultural Extension
DGHS	Directorate General of Health Services
DGDA	Directorate General of Drug Administration

DLS	Department of Livestock Services
EPB	Export Promotion Bureau
EU	European Union
FAO	Food and Agricultural Organisation
FGD	Focus Group Discussion
FIQC	Fish Inspection and Quality Control
FMD	Foot-and-mouth disease
FY	Fiscal Year
GAP	Good Agricultural Practices
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council Countries
GMP	Good Manufacturing Practice
GoB	Government of Bangladesh
GSP	Generalised System of Preferences
HACCP	Hazard Analysis and Critical Control Point
HS	Harmonized System
IEC	International Electro Technical Commission
ILAC	International Laboratory Accreditation Co-operation
ISO	International Organisation for Standardisation
KII	Key Informant Interview
LDC	Least Developed Country
LFMEAB	Leathergoods and Footwear Manufacturers and Exporters Association, Bangladesh
NABCB	National Accreditation Board for Certification Bodies
NQI	National Quality Infrastructure
NTB	Non-tariff Barrier
OIE	World Organisation for Animal Health

PAC	Pacific Accreditation Co-operation
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
SME	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TICI	Training Institute for Chemical Industries
UK	United Kingdom
US	United States
US FDA	US Food and Drug Administration
WTO	World Trade Organisation

## **Executive Summary**

Nowadays, there is a remarkable change in global trade flows. And this change has increased the concern over standards, testing and quality requirements. Countries, especially the developed ones, impose stringent conditions on import products for the safety and security of their consumers. As a result, exporters have to submit proof from internationally-recognised organisations that those products meet the stringent requirements. Though exporters initially face difficulties to meet rigid conditions, higher standards ultimately benefit export volume, consumer well-being, and environment as well.

With increased competition in the trade field, developing and least developed countries (LDCs) are adopting export-led growth strategies. It is, however, challenging for a country like ours to build national capacities for quality infrastructure to support exporters in terms of testing procedures, product quality, certifications etc. The Government of Bangladesh (GoB) gives special emphasis also on the issues of quality and standards in its different policies and initiatives in order to modernise the local standards system. One of the objectives of the Export Policy 2018-21 is to encourage coordinated activities to upgrade the testing facilities to match global standards, and improvement in product quality. Besides, the National Industrial Policy 2016 highlights on undertaking necessary steps to strengthen the BAB and the BSTI, and harmonise domestic standards with international ones to confirm easy access of local products into the international markets.

### ***The significance of the Study:***

Due to the existence of several legitimate non-tariff barriers faced by the exporters, traders need to adopt and maintain international standards to remain competitive in the global market. Consequently, it has become a growing concern for the policy makers and the private sector to develop a modern certification system to conform compliance with international standards. From that standpoint, the study was carried out as it aimed to conduct an in-depth analysis of gaps in issuing certificates of standards for export from Bangladesh. By doing so, analysis of capacity needs and gaps of local certifying institutions to provide globally recognised certificates of standards for some product groups with export potential was conducted, and proper recommendations for strengthening the BAB and other relevant certifying agencies have been made.

The study did so on the basis of analysis of the existing standards and certification requirements of selected product groups in the export destinations, and the present status and performance of certificate providing institutions in Bangladesh. It also carried out the capacity assessment and gap analysis of selected testing laboratories/institutes both in the public and private sector, identified the capacity-strengthening activities required for the testing laboratories/certifying bodies/agencies and their quality management systems. Again, it conducted the institutional capacity assessment of the BAB to meet international standards and mutual recognition. It also

recommended probable policy interventions that would enable the country to bring about an effective structural change in issuing certificates of standards for export of selected product groups.

### **Sectoral Analysis**

Giving a special focus on diversification of exports, the study chose the following sectors that have high export potential in major export markets, but faces difficulties, especially with regard to certain certification requirements. These sectors, namely **Jute and Jute Goods; Leather, Leather Goods and Footwear; Plastic Products; Fresh Vegetables and Horticultural Products including Mango; Frozen Food, including Halal Meat; and Herbal Products** (a special focus has been given on this sector).

#### **Jute and Jute Goods:**

Bangladesh is the world's second-largest producer of jute and the largest exporter of the fibre. The jute sector has a huge potential to increase export earnings for Bangladesh, due to the growing consciousness among Western consumers of the environmentally-unsafe synthetic products. In fact, diversified jute products have been considered as one of the Special Development Sectors in the *Export Policy 2018-21*.

Around 235 types of diversified jute products are now produced by a total of 636 small and medium entrepreneurs. While the production of the natural fibre in Bangladesh rose from over 42 lakh bales in FY1971-72 to over 82 lakh bales in FY 2016-17, the sector has also experienced good growth in terms of exports. During 2017-18, total exported volume of jute and jute products was worth US\$ 1.03 billion. Demand for new types of diversified jute products is very high in the global market. The global market size of jute-made shopping bags is approximately 500 billion pieces. But Bangladesh is lagging behind other countries, even though Bangladesh is one of the top jute producing countries. The Study found that India imports raw jute from Bangladesh and process them into jute products. India has secured its share in international market and foreign buyers are purchasing jute products from India without knowing that the raw materials go from Bangladesh.

To expand the sector, effective strategies need to be taken. Local institutions like the DAE, the BCSIR, etc., are recognised by some buyers for different types of parameters tests, but tests are also carried out by third party service providers like the SGS and the Intertek, according to buyers' requirements. The study also found that buyers do not know that local testing bodies exist in Bangladesh. In such a situation, buyers asked the exporters to test the parameters from third parties. Major initiatives have to be taken to build skilled manpower (e.g. technical manpower), use of modern machinery for labs, strengthen negotiation skills with foreign buyers that would facilitate the export of jute goods from Bangladesh.



### **Leather, Leather Goods and Footwear:**

After readymade garments, the leather sector is considered as a promising one for expansion and diversification of exports. About 90 large firms, 2,500 footwear manufacturing units and 220 tanneries comprise the leather industry (LFMEAB, 2017). Bangladesh produces and exports quality bovine, ovine and caprine leather that have a good international reputation for fine textured skins. High quality of domestic raw hides, high domestic value addition, strong backward and forward linkages, employment generation opportunities are the strengths of this sector. Footwear sector has been recognised as a highest priority sector in the *Export Policy 2018-21*. The annual supply of hides and skins in Bangladesh is estimated at 300 million sft. Again, its estimated domestic value addition is often as high as 80-95 percent. Currently, the size of the global leather market is US\$ 220 billion which is forecast to be US\$ 271.21 billion by 2021. According to World Footwear Yearbook 2017, Bangladesh ranked eighth in 2016 in terms of footwear production (378 million pairs of shoes) which is about 1.6 percent of total production in the world.

In fact, before placing any orders, buyers from countries like the US and the EU now concentrate on standard requirements, high quality and compliance issues for the factory to export leather items (crust leather, finished leather, leather goods). The study found that exporters face major challenges due to the lack of qualified technicians/laboratories, shortage of testing equipment, and non-recognition by buyers of accreditation of test results that also reduce their ability to export. Buyers refer the different parameters tests, including chemical parameters tests, Physical Parameters tests to be carried out by third parties like SGS, Intertek, TUV, TUV SUD, TÜV Rheinland, and Bureau Veritas at home and abroad. Testing and collection of test certificates are also time-consuming and expensive.

To increase testing capacity in order to match it with international standards, necessary initiatives should be taken to strengthen the capacities of local institutions like the BSTI, the BCSIR (especially for chemical tests), the BUET or the Institute of Leather Technology, Dhaka University, and to upgrade the existing ones for conducting technical quality parameter tests as they are not recognised by the buyers. In this regard, government initiatives are necessary. Besides, major emphasis should be given to make the Central Effluent Treatment Plant (CETP) at the Savar Leather Estate fully functional so as to attract foreign buyers by ensuring compliance with their environmental concerns. In that regard, the assigned authority, Bangladesh Small and Cottage Industries Corporation (BSCIC) has a lot of responsibilities to maintain the standard required in the CETP.

### **Plastics Products:**

The plastic industry has emerged as a promising industrial sector during the last two decades. There are about 3,000 manufacturing units in the plastic sector of which 98 percent are SMEs (Ahmed, 2016). Total export value of plastics products was about US\$ 98.48 million in FY 2017-18. There is an increasing trend in its export and global demand which indicate that the sector has

a huge potential in terms of diversifying the country's export basket. In fact, considering the huge potential of plastics products, the sector has been considered as a high priority sector in the *Export Policy 2018-21*. The study found that, in spite of this growing trend, the country has not been able to avail itself of the opportunities. Exporters, especially SMEs, face difficulties in terms of supply-side constraints such as stringent and complicated procedures of certification, inadequate testing facilities for quality control, modern equipment, shortage of technical expertise, and lack of proper management of plastics wastes.

Even the third parties in Bangladesh are not doing the tests for all the parameters necessary for exports. According to them, due to high costs of machinery and equipment, it is not feasible to do these tests only. In such cases, tests are done in their labs in foreign countries, i.e., India and Singapore, which is expensive and time-consuming. It is required to develop domestic testing facilities and establish a standard testing lab to do the different parameters' test for plastics sector. Besides, local testing institutes need to be more equipped so that they have the capacity to test the parameters. The sector needs more investment for modern equipments and to train skilled technicians so that these institutes would be able to reduce production cost, boost the export of their products, and get global recognition.

#### **Fresh Vegetables and Horticultural Products, including Mango:**

During the last decade, vegetables production in Bangladesh has more than doubled due to supply of quality vegetable seeds and particularly farmers' adoption of high-yielding and hybrid varieties, and development of varieties suitable for year-long production. In 2017, Bangladesh secured the third position in terms of global vegetables production, next to China and India. The country has also emerged as the seventh largest mango-producing country in the world. Export of fresh fruits and vegetables from Bangladesh has considerably increased from US\$51 million in FY2008-09 to US\$77.98 million in FY2017-18. Vegetables and fruits are now exported to about 50 countries around the world. 60 percent of the total quantity is exported to the Middle East and the remaining 40 percent to European and other countries. To expand the sector country-wide, the government of Bangladesh has also designed policies. The Export Policy 2018-2021 emphasises the production and export of vegetables and horticultural crops through the support of venture capital, modern transportation and packaging system, contract farming and market promotion.

Despite huge potential for vegetables exports, exporters face different barriers in different market destinations, most of which are related to standards, certification of products and frequent changes in rules and regulations regarding processes to ensure quality and safety through technical standards. The quantity of mangoes exported decreased from 800 tonnes in 2015 to 300 tonnes in 2016 due to tough safety standards in importing countries, particularly in European markets.

Salmonella test and Brown rot tests for vegetables can be done by BCSIR. But it doesn't have any accreditation for these tests. Local certificate providing institution like BFSA should be transformed into a global standard laboratory equipped with modern machinery and skilled human resource that would enable the institution to provide internationally-recognised Sanitary

Certificate/Health Certificate. Besides, the DAE and the BCSIR should be equipped with adequate number of skilled people, adequate modern machinery and accredited laboratory, and the capacity of its manpower should be increased. At present, due to lack of traceability of the products, fresh vegetables are not being exported to the EU and the US. Once the Bangla GAP would be fully operational, it would be helpful to get the market access in the US for vegetables export from Bangladesh. If the pest-free production process within the production region could be ensured, it would create a new market for mango export in many countries, including Japan. Prompt initiatives should be taken by the Upazila Agriculture Offices in order to control the pest in the production region. The Ministry of Commerce, Ministry of Agriculture, the DAE, BARI, EPB, relevant exporters' Associations, and farmers should work together to ensure the quality to meet the requirement of the Japanese authority.

### **Frozen Food, including Halal Meat:**

Bangladesh exports various halal food items, including halal meat, some fresh vegetables and fruits in the ethnic markets. For the purpose of understanding the potential of the sector, the Study emphasises on the frozen food products and halal meat under the following HS Codes: 0202.20: Frozen unboned bovine meat, 0202.30: Frozen boneless bovine meat, 0306.17: Other shrimps and prawns, and 0204.50: Goat meat, fresh, chilled or frozen. During FY 2017-18, total export earnings under the HS Codes, 0306.17, 0202.20, 0202.30, was US\$ 408.65 Million, US \$0.14 Million, and US\$ 0.09 Million, respectively.

In the global market, there is a huge demand for halal meat, which can be exported from Bangladesh. Disease free zones for proper cattle farming and rearing arrangements, compliant with international standards, need to be developed to get disease-free internationally-recognised certification and facilitate the entry of Bangladeshi halal raw and processed meat to potential markets like the EU and Saudi Arabia.

In case of shrimp exports, the country is now capable in assuring high quality and proper health certification of shrimp that is mandatory requirement in the EU. The government has developed specific process and procedure to facilitate shrimp exports by complying with international requirements. Similarly, effective initiatives should be taken in other areas, such as frozen food, cattle and poultry rearing.

### **Herbal Products:**

The herbal products sector has also high export potential like the sectors discussed above. Favourable climate and soil condition for the production of medicinal plants are the strengths of this sector, and these medicinal plants are most commonly used in the preparation of herbal medicines.

Exports of the products remained restricted due to lack of quality control facilities and phytomarkers to assure the quality requirement, high costs of obtaining phytomarkers and cGMP

(Current Good Manufacturing Practice) Certificate for quality assurance, inadequate number of trained analysts, insufficient research works on sustainable harvesting, collection, processing and value addition, lack of co-ordination among the Ministry of Commerce, Ministry of Health and Family Planning and the DGDA, and lack of awareness among exporters about the standard certificate requirements for export of herbal products.

Measures should be taken to establish an international standard certification Institute. A strong backing of the government is needed to set up a WHO-approved laboratory to promote herbal products export. The lab may be established centrally along with BCSIR, BSTI and Dhaka University. Government initiatives are required in this area. A regulatory committee/a dedicated herbal committee is required as there is a lack of co-ordination and resource. Strong coordination among the Ministry of Health and Family Welfare, Ministry of Commerce and the DGDA is essential for enhancing the capacity of certification and standards in Bangladesh. The government has also given importance to medicinal plants and herbal products in its *Export Policy 2018-21*. Accordingly, proper strategies should be taken to avail ourselves of the opportunities of enormous potentials for its export to meet its growing global demand and boost its export that would lead to achieve the government's export diversification objective.

#### ***Institution-wise Analysis:***

The BCSIR has capabilities to test some parameters but the tests are not recognised by the buyers. Again, the institution does not have any accreditation by the BAB. Some international buyers want this accreditation. However, even if the BCSIR has an accreditation from the BAB, buyers would still prefer third parties for testing and certification. Therefore, some steps may be taken for improving the current testing and certification facilities at the BCSIR. According to the BCSIR mandate, testing is its secondary option, while research on scientific and industrial issues comes first. So the mandates of the BCSIR with regard to research and testing should be specified. The BCSIR needs the BAB accreditation to fulfill the demand of international buyers. This authority needs to be more proactive about the marketing of their services so that local suppliers and international buyers may have knowledge of the standard and quality of testing, research and other services provided by them.

Export promotion Bureau (EPB) should introduce well-managed and hassle-free services in relation to the issuance of GSP and SAFTA preferential certificates of origin.

Department of Agricultural Extension (DAE) provides phyto-sanitary certificates for agricultural products, but the certificate issuance system needs to be better organised and hassle free for exporters. The DAE lab needs to be equipped with modern testing facilities with international accreditation so as to reduce testing time and cost for exporters. Although the DAE is responsible for advising farmers about the use of inputs and production practices, it has a shortage of manpower, and therefore farmers are unable to get the right prescription from the DAE. As a result, they may use wrong pesticides which is dangerous for human life. Hence, the government should

provide the DAE with the required manpower. The institute should introduce the traceability system beginning from the production to the packaging level for ensuring export quality of agricultural products.

Bangladesh Standards and Testing Institution (BSTI) should open offices in each district to ensure its effective operation. They have shortage of manpower in every sector, especially field supervisors, for effective market monitoring. The BSTI needs to sign more bilateral co-operation agreements for export facilitation. The number of required equipment is absent in the BSTI laboratories. They can test limited number of parameters and have a lack of skilled manpower. As a result, their reports are not recognised by buyers. Therefore, these testing laboratories need to be equipped with modern equipment, have necessary skilled manpower and international accreditation.

Bangladesh Food Safety Authority (BFSA) suffers for the lack of manpower, and for that reason this institution has not yet been able to become fully functional. In the case of exports, the BFSA only provides health certificates for agricultural products, and some processed and semi-processed food on a provisional basis. It tests the samples in its nine assigned labs. But these labs are not internationally accredited. Hence, the BFSA should develop a plan to ensure provision of internationally recognised health certificates to exporters.

Fish Inspection and Quality Control (FIQC) should develop the traceability system for farm registration, farm information, depot information, and product information for the shrimp processing industries, urgent for increasing shrimp exports. This sector also suffers from a shortage of production vis-a-vis the demand. As a result, processing plants are running below their capabilities. Hence, to compete effectively in the international market, new species should be introduced for production enhancement, if necessary.

Bangladesh Accreditation Board (BAB) should be equipped with necessary equipment and required manpower and technicians for testing the capabilities of other certification agencies. The BAB services are voluntary. If the testing and certification bodies want to accredit themselves with the BAB, they may do so as per buyer's demand. Otherwise they do not need accreditation from the BAB. Hence, the role of the BAB should be specified. In order to improve the efficiency level for employees of the BAB, initiatives like training and exposure visits to labs of global standards could be effective. A research wing should be established at the BAB, and product development-based research work should be increased.

### **Conclusion:**

Nowadays, due to the growing global concern over quality, standards, safety issues, urgent initiatives should be taken to develop a modern certification system and improve the overall situation of the national quality structure in Bangladesh to ensure international compliance standards. To remain competitive in the global market, exporters have to maintain international standards and need to increase the ability to ensure quality and safety of products and to comply

with all international safety, regulatory and quality standard requirements in target markets. Besides, necessary measures should be taken to build the capacity of standards certifying agencies. We also need to put our efforts for achieving better market access.

The study highlights product-specific, institution-wise initiatives that are necessary to increase the acceptance of certificates issued by Bangladeshi institutions. Overall, it recommends prospective policy interventions that would enable the country to bring about an effective structural change in issuing certificates of standards for export of selected product groups.

A strong information network within the institutions of the quality infrastructure and with other international organisations should be developed to enable the traders to remain aware of the latest requirements for certification in export markets that would create a safe and high-quality environment in the country to boost exports. This study has made some recommendations and mark out a way forward for the sectors included in the study.

