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Bangladesh Journal of Tariff and Trade



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Challenges of Sanitary and Phytosanitary Measures in Export Competitiveness of Bangladesh

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Abstract

Bangladesh has emerged as one of the world's fastest-growing economies, ranking as the second-largest in South Asia with an average GDP growth rate of over 6.5 percent in the past decade. As a result, Bangladesh is graduating from the stage of least developed country to a developing country by 2026 and envisions to be a developed country and Smart Bangladesh by 2041. This ambitious vision has driven substantial changes in its economy, industry, commerce, and foreign trade. Foreign trade has a significant positive impact on the economic growth of Bangladesh, having 32.64 percent share of foreign trade in GDP in FY 2022-23. The Government of Bangladesh has adopted an export-oriented strategy in its 8th Five Year Plan to foster trade growth. The agro-products and processed food industries have shown considerable promise in trade and their exports are increasing steadily. The rising trend in processed food exports and the substantial increase in global demand indicate the sector's potential to diversify Bangladesh's export basket. However, compliance with Sanitary and Phyto-sanitary (SPS) standards has become critical for exporting food and agricultural products. Since the 1990s, the demand for fresh, semi-processed, and ready-to-eat food in developed countries has intensified the focus on SPS issues in international trade. Ensuring adherence to SPS requirements can significantly expand Bangladesh's export opportunities and market access. The agro-products and processed food sectors, in particular, present vast potential for export diversification. Meeting SPS standards is essential for tapping into new markets and enhancing the country's trade prospects, supporting its journey towards a developed nation by 2041.

Keywords: Sanitary and Phyto-sanitary (SPS), export, agro-products, processed food, export

1. Statement of the Problem

Sanitary and Phytosanitary (SPS) measures continue to pose significant challenges to further growth in export competitiveness, especially for agricultural and food products. This research aims to explore the specific challenges faced by food and agricultural products due to SPS measures. Furthermore, it examines the potential opportunity of this food and agricultural product export in international market by complying the SPS agreement as well as the way forward to improve the capacity of relevant institutional and legal framework. By comprehensively examining the challenges posed by SPS measures and identifying the opportunities, this research will offer valuable insights to policymakers, exporters, and development agencies for promoting sustainable and competitive exports of food and agricultural products from Bangladesh.

2. Rationale of the Study

Despite persistent economic growth in recent years, the share of the

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agro-processing sector in GDP in Bangladesh remained less than 2%. This industry employs a little over 2% of the country's total workforce. The exports from this sector have remained less than US\$ 500 million (EPB, Export Data 2022-23). SPS measures may have a negative impact on trade through the costs that exporters bear to demonstrate compliance. On the other hand, such measures can increase the quality of traded agro and agro-processed food products and thereby allow firms to be able to increase their competitiveness. However, the precise nature and extent of the impact of SPS measures depends on how firms plan for and respond to such measures which is a function of their internal capacity. Bangladesh country study reveals that there are significant number of potential export products that face a number of SPS measures administered by multiple authorities in some of the importing regional countries. Therefore, it is imperative to identify the challenges of SPS measures for minimizing the challenges and capitalizing the opportunities associated with such measures require that exporters strategically approach to SPS compliance. This necessitates a coordinated approach between the public and private sectors to build capacity for SPS compliance in promoting export.

3. Introduction

Bangladesh is set to move from a Least Developed Country (LDC) to a Developing Country by 2026, with the goal of becoming a developed nation by 2041. Under the purview of WTO, Bangladesh as an LDC has been enjoying several trade-related Special and Differential Treatments (S&DT) benefits. These are in the form of flexibilities in terms of commitment, enforcement of SPS compliance requirements, and longer transition period for implementation of SPS obligations, standard and many others. In order to meet the graduation challenge, production of high quality of export goods at competitive prices, maintaining international standard and product diversification are essential. Despite reductions in customs duties, trade between Bangladesh and neighbouring countries has not grown as expected, mainly due to Non-Tariff Barriers (NTBs) related to Sanitary and Phytosanitary (SPS) measures (BFTI, 2023). Exporters have indicated that 86% of the Non-Tariff Measures (NTMs) they face are related to SPS and Technical Barriers to Trade (TBT). To overcome these challenges and promote smoother trade, Bangladesh must improve its institutional framework, legal infrastructure, testing procedure, promoting domestic standards equivalent to international standard along with other SPS compliances (WTO, e-ping data, 2024). As per WTO analysis most of the country imposes SPS notifications due to protect animal or plant life or health within the territory of the Member from risks arising from the entry, or spread of pests, diseases, disease-carrying organisms as well as protect human or animal life. According to data from the World Trade Organization (WTO), there were 1,825 notifications related to Sanitary and Phytosanitary Measures (SPS) received in 2021. This number increased to 2,175 in 2022. In 2023, the WTO received 1,994 notifications, and up to the current date in 2024, there have been 567 notifications related to SPS measures (WTO, e-ping data, 2024).

4. Objectives of the Study

The primary objective of this study is to identify the challenges of Sanitary and Phytosanitary measures in export competitiveness in Bangladesh. Though, there are some specific objectives of the study which are as follows-

1. To examine the implementation challenges on SPS requirement under the SPS Agreement with respect to food and agricultural product from Bangladesh;
2. Conducting a gap analysis that examines and compares current national practice and international best practice;
3. Identify the specific food and agricultural products which have the potential for exports from the major trade partner, subjected to SPS compliance;
4. Way Forward to improve the capacity of its relevant institutional and legal framework related to SPS

5. Methodology

In order to capture the different aspects of governance and varying perspectives of the trade sector in Bangladesh, the methodology adopted for the study included a cohesive multi-stage approach and was based mainly on literature review and in-depth interviews, and consultation with the stakeholders. Thus, the methodology of the study involved the following:

1. A desk review of all existing literature like relevant rules / regulations/ policies and journal articles, etc.;
2. The study used a mixed-method approach, incorporating both qualitative and quantitative methods. Key Informant Interviews (KII) (22) are taken using the purposive sampling method. Focus Group Discussions (FGD) and Validation Workshop with representatives from important stakeholders such as public organizations, business associations, chambers, think-tanks, exporters, importers and so on.

5.1 Data and Analysis Methods

Data Analysis is done by using available data from acceptable national (Export Promotion Bureau, Bangladesh Bank, National Board of Revenue, etc.) and international (UN Comtrade, UNCTAD, World Bank, etc.) sources, for a reasonable time frame of the most recent 5 years in the least. Identifying potential for the agro and processed food products a five-filter processed is used and for the data analysis STATA statistical software is used. The filter process as follows-

Filter 1: Drop if the products are not under HS 04 to HS 24 except HS 05;

Filter 2: Drop if the Importing Countries (M) Unit Value (UV) products are 0;

Filter 3: Drop if the export share (%) of exporting countries (X) to M is equal or less than 20% and export share (%) value is missing;

Filter 4: Drop if the difference of UV of X and M (Importing Country) are positive

Filter 5: Keep if the global export of M is more than or equal to US\$10000

6. Literature Review

WTO agreement on SPS (1995) explored that sanitary and phytosanitary measures, by their very nature on few cases, may result in restrictions on trade. Governments universally recognize the need for trade restrictions to safeguard food safety and the health of animals and plants. The sanitary or phytosanitary restriction which is not actually required for health reasons can be a very effective protectionist device, and because of its technical complexity, it may work as particularly deceptive and difficult barrier to trade.

Food safety is an emerging frontline yardstick in the realm of food trade. The globalisation and economic liberalisation have placed certain obligations to enhance capacity building in the area of quality assurance. The food chain is considerably longer in developing world where infrastructure is poorly developed (Karki, 2002). The food is produced at the farmland where various inputs such as seeds, fertilisers, and pesticides are used to enhance production and productivity. All these inputs need to be judiciously used to produce safe food. The worldwide concern is that the food should meet the dietary requirement of the people without causing any health effect (USAID, 2017).

Alam (2012) conducted a study on Raising Awareness About Sanitary and Phytosanitary (SPS) Measures for Agricultural Foods. It highlighted Bangladesh's rapid entry into the export market for fruits and vegetables after gaining independence in 1972. Initially targeting ethnic markets in the United Kingdom, the Middle East, and neighbouring countries, Bangladesh's export trade expanded to encompass over 30 destinations worldwide.

The Bangladesh Foreign Trade Institute (BFTI) conducted a study aimed at identifying non-tariff barriers faced by Bangladesh in exporting its potential exportable products to key export markets. Despite Bangladesh being classified as a Least Developed Country (LDC) and enjoying favourable access to developed and some developing markets through schemes like the Generalized System of Preferences (GSP) and Duty-Free Quota Free (DFQF), the benefits are often undermined by Non-Tariff Barriers (NTBs) in export destinations. Reports from the International Trade Centre (ITC) and the United Nations Conference on Trade and Development (UNCTAD) emphasize the growing significance of NTBs as major obstacles in modern trade policies and negotiations. The study underscore how the flexibility in interpreting laws and regulations within countries can hinder trade flows (BFTI, 2019). The ITC NTMs survey in 2015 reveals that 91 percent of exporters in Bangladesh face burdensome NTMs and other trade obstacles.

The Asian Development Bank study on SPS and TBT measures in the South Asia Sub-Regional Economic Cooperation (SASEC) area reveals a significant number

of measures affecting Bangladeshi exports, particularly in India and Sri Lanka (ADB, 2018). Despite export potential, Bangladeshi products face challenges due to SPS measures in these markets, limiting their exports. Still, SPS measures have a critical role in determining market access conditions as compliance with them is necessary for entering developed countries markets (Murina & Nicita, 2012).

The study titled 'Food Safety Issues, Trade and WTO Rules: A Developing Country Perspective' was conducted by Athukorala and Jayasuriya. In this study the empirical analysis shows that SPS measures are generally applied in a non-discriminatory manner as they usually target products regardless of their origin. The study found that disproportionate regulatory measures and asymmetrical compliance with SPS measures are two reasons for shortcomings in exports (Athukorala and Jayasuriya, 2003).

The effects of SPS on international trade has shown that SPS measures often have both restrictive and trade diverting effects. Disdier, Fontagne & Mimouni (2008) find that distortionary effects resulting from SPS measures applied by OECD members on developing countries agricultural and food exports reduces competitiveness of those countries. According to Henson and Jaffee (2008), developing countries face a number of strategic options when addressing food safety standards and regulations, namely, "exit", "loyalty", "voice", "reactive" and "proactive".

Henson and Jaffee (2008) examine the involvement of developing countries in international food safety standards organizations, particularly the Codex Alimentarius Commission. Despite most developing nations being members, their participation in ratifying and creating new standards is limited. Few actively contribute, though countries like Kenya and Egypt have made efforts to increase their engagement. The Codex Trust Fund has helped somewhat, but many developing nations only attend meetings sporadically.

A study by the Institute for Global Environmental Strategies (Prabhakar, Sano & Srivastava, 2010) highlights several challenges in implementing food safety measures. Key issues include the high costs of harmonizing standards and modifying institutional systems, and the need for a mix of regulatory and non-regulatory measures to promote sustainable production and consumption. Effective coordination among agencies, nations, and policies are for essential building capacity among producers and raising consumer awareness.

The study initiated by BRCP-1 and conducted by BFTI in 2023 indicates that Bangladesh has over 300 potential products, among which 4 items are subject to Sanitary and Phytosanitary (SPS) measures in Nepal. Additionally, 38 out of 139 potential export products from Bangladesh face SPS measures in Sri Lanka. Similarly, out of 127 potential export products from Bangladesh, 14 items are subject to SPS-related measures in India. The study also revealed that Bangladesh

has faced numerous Sanitary and Phytosanitary (SPS) issues concerning agricultural and food products in the EU, Japan, Australia, and the USA, which are the main importers of Bangladeshi goods (BFTI,2023).

The case study research conducted by Muaz in 2005 Project Coordinator at the Royal Scientific Society, stated that SPS Standards and EUREPGAP Requirements focuses on how the European Union (EU) provided technical assistance to address Sanitary and Phytosanitary (SPS) issues. The assistance included intensive training on SPS and quality regulations, support for shipping fleets, removal of trade barriers, investment in infrastructure, tailored awareness programs, establishment of certification authorities, financial and technical aid for small farmers, and specialized marketing information for EU markets (Muaz,2005).

Khan and Saqib urged that several effective practices for implementing SPS measures to foster a modern and competitive agro-food system. These practices include the capacity to identify and evaluate biological, chemical, or physical hazards, supported by an efficient information system for informed decision-making and etc (Khan & Saqib, 2005).

In view of the above, it was found that the majority of studies have focused on implementation challenges regarding Sanitary and Phytosanitary (SPS) requirements under the SPS Agreement for food and agricultural products. There has been limited research on identifying potential opportunities of food and agricultural product export in the international export market while complying with the SPS agreement. This study presents an excellent opportunity to explore the identification of potential food and agricultural products export, implementation challenges of SPS measures along with way forward to improve the relevant institutional capacity and legal framework.

7. Findings of the Study

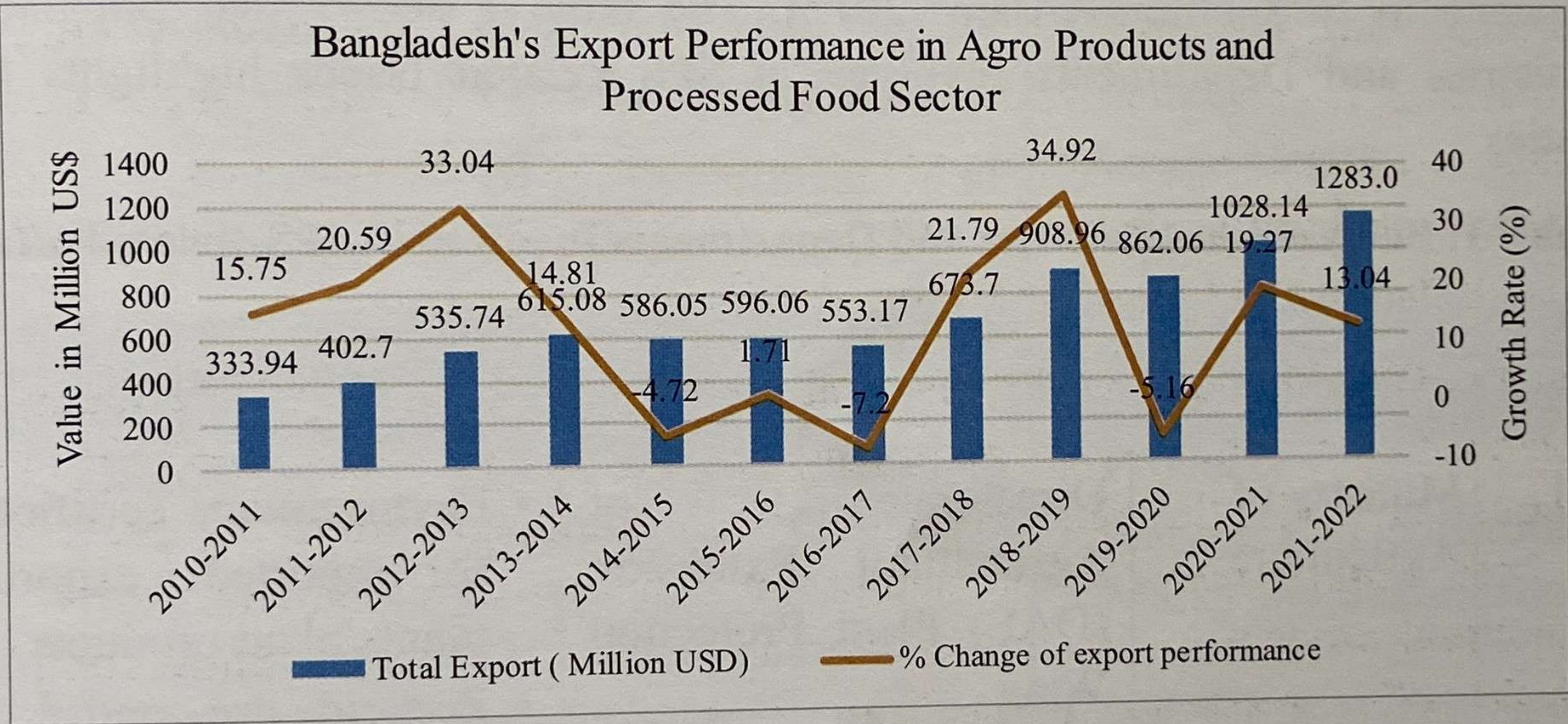
The agriculture sector is crucial for Bangladesh's economic development, benefiting from a tropical temperate climate and fertile land. In FY 2020-21, the sector produced around 80 million metric tons, with rice, potato, and sugar crops making up 65% of the output. Agriculture accounted for 13.02% of GDP and employed over 40.60% of the workforce, driving growth and rural development (BBS,2021).

The agro-food processing industry is a significant part of Bangladesh's manufacturing sector, contributing approximately 8.0% to manufacturing output (1.7% of GDP) and valued at US\$ 2.2 billion. Despite consistent output growth over a decade, its contribution to GDP has remained below 2.0%. The industry employs around 2.2% of the country's workforce, largely comprising unskilled labour, and accounts for about 1.5% of total exports (BRCP-1,2021). Bangladesh exports over 700 agricultural products, including 63 basic agro processed items

such as cereal grains, frozen fish, processed meat, tea, vegetables, tobacco, cut flowers, fruits, spices, and dry foods in more than 140 countries. Currently, there are 486 agro-processing manufacturers in Bangladesh, with 241 focused on exports and 235 serving the domestic market (BIDA, 2022).

In fiscal year 2021-22, Bangladesh's agricultural industry generated \$1.16 billion in export earnings, ranking fourth after clothing, home textiles, and leather products. Over the past 12 fiscal years, exports from this sector (HS code 04 to HS code 24) have shown steady growth, nearly quadrupling from FY 2010-11 to FY 2021-22, despite fluctuations in some years, notably during the COVID-19 pandemic in 2019-20.

Figure 1 Export Scenario of Agro products and processed foods (Agricultural Products) of Bangladesh



Source: EPB Data, FY 2021-2022

The monetary value of global agricultural exports in 2020 (USD 1,492 billion) was 3.7 times higher in nominal terms than it was in 2000. Food (excluding fish) accounted for most of this, and its share in the total agricultural trade increased during the same period, from 81 percent in 2000 (USD 327 billion) to 86 percent (USD 1 279 billion) (FAO, Trade of agricultural commodities, FY-2000–2020). Bangladesh exported agro and agro-processed food valued USD 1283 million in FY 2021-22 which is incremental since FY 2019-20 (Figure 1).

7.1 Sanitary and Phyto-sanitary (SPS) Scenario in Export of Bangladesh

The study found that Bangladesh exportable products such as frozen foods and agro-products that are subject to Sanitary and Phytosanitary (SPS) measures in export market. The Plant Quarantine Wing of the Department of Agricultural Extension (DAE) issues Phytosanitary Certificates (PC) for exportable Bangladeshi products. These certificates are required for thirteen products, including fruits and vegetables, potatoes, rice, jute and jute products, foodstuffs, processed spices, frozen foods, wood packaging material, among others. Additionally, for exporting animals and animal products, such as milk,

sweetmeats, and meat, exporters require a Veterinary Health Certificate. Separate Health Certificates are needed for exporting meat and domestic animals. Moreover, the Bangladesh Food Safety Authority (BFSA) issues Health Certificates for exporting food products, while for exported animal feeds and cow or buffalo semen, specific Health Certificates are also required. For plant and plant products, a distinct Health Certificate is necessary to meet the SPS regulations.

7.2 Overview of SPS related Institutional Framework in Bangladesh

Accessing the export market necessitates, the implementation of Sanitary and Phytosanitary (SPS) measures to safeguard human health and protect against the spread of diseases or pests associated with animal and plant products are the main concern for Bangladesh. Currently, nine ministries are directly involved in SPS-related issues, and four others are indirectly involved but have substantial influence in SPS affairs (Alam, 2012). The table 1 shows that Bangladeshi Ministries and Departments Involved in SPS-Related Issues highlights these entities.

Table 1: Bangladeshi Ministries and Departments Involved in SPS-Related affairs

Sl. No.	Ministry	Department/Organization	Major Activities
1.	Ministry of Agriculture	Directorate of Agricultural Extension (DAE) Plant Protection Wing	• Phytosanitary certificate for imported / exported plants/plant products • Pesticide use control • Fertilizer use control
2.	Ministry of Food	Directorate General of Food (DGF)	• Quality Control of Public Food Distribution System (PFDS), Stock, Procured Food grains/ Food Stuff, • Imported food etc. • Food Control in the Market (not doing at present)
3.	Ministry of Health & Family Welfare	Directorate General of Health; District & Upazila Health Administration and Institute of Public Health	• Food Quality and Sanitation Control in Upazila / District level • Testing vendor food samples

Sl. No.	Ministry	Department/Organization	Major Activities
4.	Ministry of Ministry of Local Government and Rural Development (MoLGRD)	City Corporation & Pourashava Health Units	• Sanitary inspection • Lab food quality control/lab analysis
5.	Ministry of Fisheries & Livestock	A) Department of Fisheries, Fish Inspection and Quality Control Wing (FIQC) B) Department of Livestock	• Fish Quality Control & Certification for export • Same for the domestic market • Animal Health • Animal Product • Imported Animal
6.	Ministry of Industries	Bangladesh Standards and Testing Institute (BSTI)	• Frame Standards of Food Products • Testing & Certification Marks and Surveillance.
7.	Ministry of Science, Information and Communication Technology	Bangladesh Atomic Energy Commission (BAEC) Institute of Food Science and Technology (IFST) Bangladesh Council of Scientific and Industrial Research (BCSIR)	• Test for Radiation level of Imported Food items • Test for Pesticides Residues • Testing of Food Items; • Research and Development
8.	Ministry of Home	Bangladesh Police	• Assist the food inspection agencies
09.	Ministry of Commerce	WTO Wing	• Work as a coordinating authority of SPS measures in Bangladesh and issue notification in WTO.

Source: Alam, M. (n.d.). (2012). SPS capacity building in Bangladesh Study

7.3 Overview of Agro Products and Processed Foods Export Market of Bangladesh

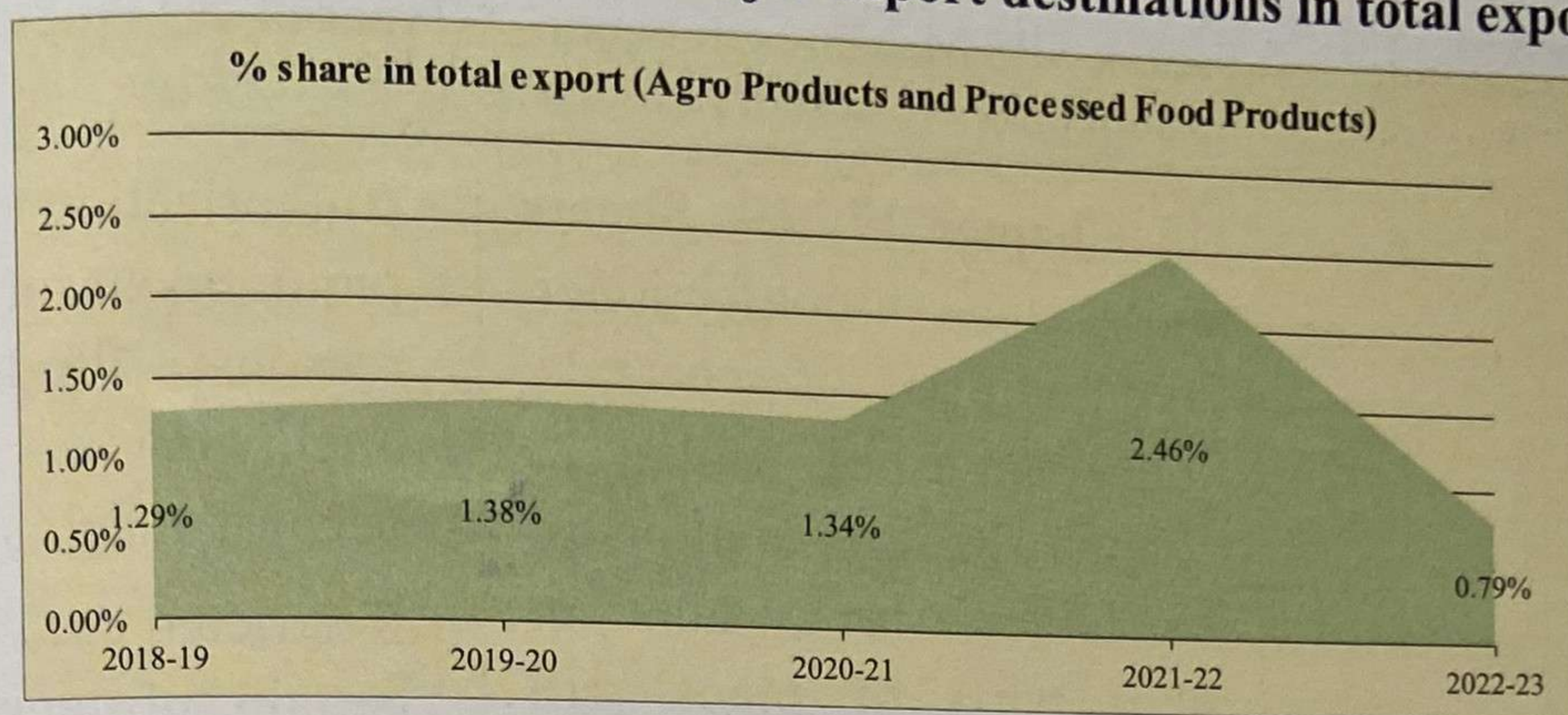
The export data for the Agro Products and Processed Food Sector (HS 04-24, excluding HS 05) from 2018-19 to 2022-23 reveals fluctuating trends across different countries (Table 2 and Figure 2). Bangladesh exports to India peaked at \$360.82 million in 2021-22 but then dropped significantly to \$194.64 million in 2022-23. Bangladesh exports to Bhutan increasing to \$4.20 million in 2022-23, while Bangladesh exports to Nepal peaked at \$72.84 million in 2021-22 before experiencing a sharp decline. Bangladesh exports to USA and Canada maintained relatively stable export levels with minor variations. Bangladesh exports to UK faced a dramatic decrease in 2022-23. Bangladesh export to Germany, France, Italy, and Spain displayed minor fluctuations without significant upward or downward trends. The total export of agro products saw a substantial rise to \$1283 million in 2021-22 but then fell back to \$439.25 million in 2022-23. Despite an increase in total world exports, the share of agro products in overall exports decreased from 2.46% in 2021-22 to 0.79% in 2022-23, indicating a relative decline in the sector's contribution to the overall export economy.

Table 2 Merchandise Export from Bangladesh to Agro Products and Processed Food Sector (HS 04-24) (Except 05) (Million US\$)

County/Fiscal year	2018-19	2019-20	2020-21	2021-22	2022-23
India	226.43	171.71	234.43	360.82	194.64
Bhutan	2.11	1.55	2.07	3.15	4.20
Nepal	11.68	22.98	35.61	72.84	17.34
USA	27.51	28.42	35.18	34.89	30.76
Canada	7.48	8.19	10.19	7.94	8.95
UK	28.07	0.27	0.48	0.37	0.00
Germany	4.55	3.69	1.95	3.19	2.99
Italy	5.38	11.38	9.67	13.16	12.30
UAE	72.20	62.89	80.07	311.40	76.36
Saudi Arabia	136.97	154.97	109.65	475.25	91.72
Total export of Agro Products and Processed Food Products (HS 04- 24) (Except HS 05))	522.38	466.04	519.31	1283.00	439.25
Total export to the World	40535.0	33674.1	38758.3	52082.7	55558.8
% Share in total export (Agro Products and Processed Food Products)	1.29%	1.38%	1.34%	2.46%	0.79%

Source: http://epb.gov.bd/site/view/epb_export_data/

Figure 2: Share of export to major export destinations in total export



Source: EPB Data, 2024

7.4 Identification Number of Potential Products Subjected to SPS Measures in world Market for Exporting

The study used the UN Comtrade Database for product selection but found no direct export data for Bangladesh, relying instead on member countries' imports from Bangladesh. Export values and quantities were aggregated by commodity code to estimate Bangladesh's exports. Import share from Bangladesh was determined as a ratio of a country's imports from Bangladesh to its total imports from the world. Bangladesh's export share to partner countries was calculated similarly. Data from 2011-2015 (except Bangladesh-Bhutan, which used mirror data for 2011-2012) were averaged by HS 2-digit codes. Five filters were used to identify products with export potential from Bangladesh and import demand from partner countries. Table 3 summarizes these potential products and the sanitary and phytosanitary (SPS) measures they encounter.

Table 3 Potential Products faced SPS measure in major export destination

Country	Number of Products	Facing SPS Measures in major trading partners country (2-digit)	Types of SPS Problem Faced
India	24	HS Chapter 9: Coffee, Tea, Mate and Spices (2), HS Chapter 19: Preparations of cereals, flour, starch or milk, HS Chapter 22: Beverages, spirits and vinegar, HS Chapter 23: Residues and waste from the food industries; prepared animal feed	• Testing Requirement • Conformity assessment related to SPS.
Bhutan	11	HS Chapter 19: Preparations of cereals, flour, starch or milk, HS Chapter 20: Preparations of vegetables, fruit, nuts or other parts of plants, HS Chapter 21: Miscellaneous edible preparation)	• Testing Requirement • Conformity assessment related to SPS.

Country	Number of Products	Facing SPS Measures in major trading partners country (2-digit)	Types of SPS Problem Faced
Nepal	36	HS Chapter 17, 19: Sugars and sugar confectioner, Preparations of cereals, flour, starch or milk, HS Chapter 20: Preparations of vegetables, fruit, nuts or other parts of plants HS Chapter 21, 23, 24 (Miscellaneous edible preparation, Residues and waste from the food industries; prepared animal feed, tobacco and manufactured tobacco substitutes.)	• Authorization requirement for SPS reasons; – Product quality or performance; • Restricted use of certain substances in foods and feeds and their contact materials • Conformity assessment related to SPS.
United States of America (USA)	78	HS Chapter 4, 7, 9 (Dairy produce; Edible Vegetables and Certain Roots and Tubers; birds eggs; natural honey; edible products of animal origin, not elsewhere specified or included, Coffee, tea, maté and spices.), HS Chapter 11, 16, 17 (Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten, Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates, Sugars and Sugar Confectionery) , HS Chapter 21, 23, 24 (Miscellaneous edible preparation, Residues and waste from the food industries; prepared animal feed, tobacco and manufactured tobacco substitutes.	• Authorization requirement for SPS reasons; – Product quality or performance; • Conformity assessment related to SPS. Restricted use of certain substances in foods and feeds and their contact materials; • Conformity assessment related to SPS. • Testing Requirement • & Certification requirement for SPS reasons

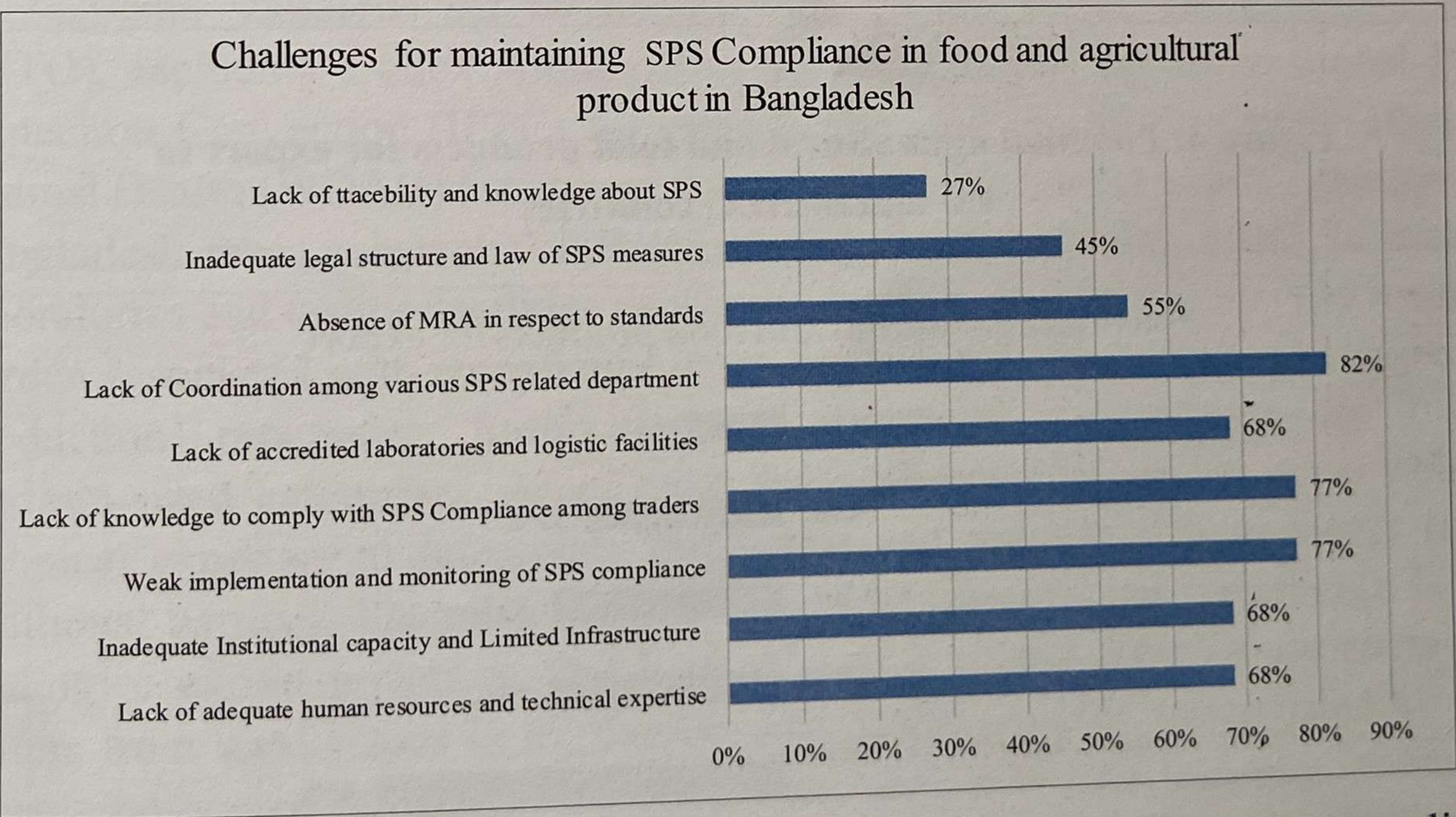
Country	Number of Products	Facing SPS Measures in major trading partners country (2-digit)	Types of SPS Problem Faced
Canada	75	HS Chapter 10, 17 (Cereals, Sugars and sugar confectionery), HS Chapter 19, 20 (Preparations of cereals, flour, starch or milk; bakers' Preparations of vegetables, fruit, nuts or other parts of plants. wares.	• Authorization requirement for SPS reasons; – Product quality or performance; • Conformity assessment related to SPS. Restricted use of certain substances in foods and feeds and their contact materials; • Conformity assessment related to SPS. • Testing Requirement & Certification requirement for SPS reasons
United Kingdom (UK)	81	HS Chapter 8, 9 (Edible fruit and nuts; peel of citrus fruit or melons, Coffee, tea, maté and spices), HS Chapter 10, 17 (Cereals, Sugars and sugar confectionery), HS Chapter 19, 20 (Preparations of cereals, flour, starch or milk; bakers' Preparations of vegetables, fruit, nuts or other parts of plants. wares.)	• Conformity assessment related to SPS. • Restricted use of certain substances in foods and feeds and their contact materials;
Germany	87	HS Chapter 9 (Coffee, tea, maté and spices), HS Chapter 10 (Cereals)	• Conformity assessment related to SPS. • Restricted use of certain substances in foods and feeds and their contact materials;

Country	Number of Products	Facing SPS Measures in major trading partners country (2-digit)	Types of SPS Problem Faced
Italy	65	HS Chapter 23 (residues and waste from the food industries; prepared animal fodder)	• Conformity assessment related to SPS. • Restricted use of certain substances in foods and feeds and their contact materials;
United Arab Emirates (UAE)	25	HS Chapter 15: Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes, HS Chapter 19, 20: Preparations of cereals, flour, starch or milk, Preparations of Vegetables, Fruit, Nuts, or Other Parts of Plants, HS Chapter 21, 22: Miscellaneous Edible Preparations, Beverages, spirits and vinegar.	• Testing Requirement
Saudi Arabia (SA)	30	HS Chapter 04: Dairy Produce; Birds' Eggs; Natural Honey; HS Chapter 07: Preparations of cereals, flour, starch or milk, Preparations of Vegetables, Fruit, Nuts, or Other Parts of Plants; HS Chapter 15, 17, 19: Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes, Sugars and Sugar Confectionery, Preparations of Cereals, Flour, Starch or Milk; Pastrycooks' Products HS Chapter 22: Beverages, spirits and vinegar.	• Restricted use of certain substances in foods and feeds and their contact materials, Systems Approach, Testing requirement, • Quarantine requirement

7.5 Findings form Primary Survey

The study's primary purpose was to meet the goals and concerns of the client and stakeholder groups. A total of twenty (22) KIIs were performed for the study, with representatives from important stakeholders such as public organizations, business associations, chambers, think-tanks, exporter, importer and so on. The survey reveals several significant challenges in complying with Sanitary and Phytosanitary (SPS) measures. The most pressing issue, identified by 82% of respondents, is the lack of coordination among various SPS-related departments. Additionally, weak implementation and monitoring of SPS compliance, coupled with a lack of knowledge among traders regarding SPS compliance, are critical issues, both noted by 77% of respondents. Challenges related to infrastructure are also prominent, with 68% of respondents citing inadequate institutional capacity and limited infrastructure. Furthermore, 55% of respondents highlighted the absence of Mutual Recognition Agreements (MRA) regarding standards. Inadequate legal structures and laws governing SPS measures were pointed out by 45% of respondents. Finally, 27% of respondents indicated that the lack of traceability and knowledge about SPS remains an issue (Figure 3)-

Figure 3: Challenges for maintaining SPS Compliance in food and agricultural product in Bangladesh

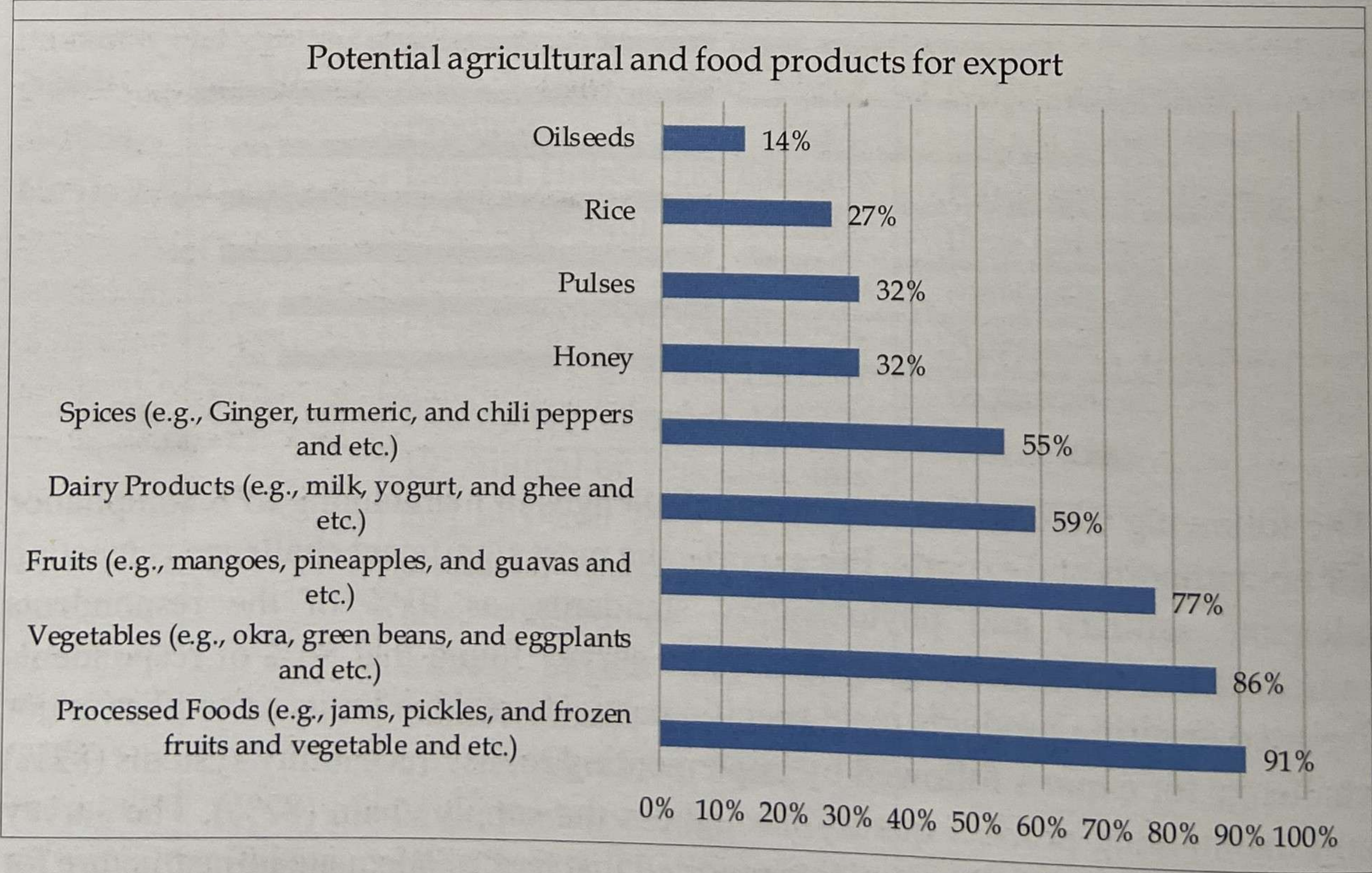


The following table shows the current challenges in maintaining SPS compliance for both imports and exports. For exports, the most significant challenge is meeting adequate sanitary and phytosanitary standards, as 91% of the respondents indicated this as a challenging issue. The survey found that 86% of respondents reported ensuring products meet specific pesticide residue limits as another major challenge for exports followed by implementing robust traceability systems (82%) and maintaining product quality throughout the supply chain (82%). The survey also found that 77% of respondents reported that lack of adequate infrastructure for handling perishable agricultural products also poses a significant challenge.

Table 4 Current challenges for exporting and importing agricultural and food products

Current challenges in maintaining SPS compliance	Import	Export
Meeting adequate sanitary and phytosanitary standards	23%	91%
Ensuring products specific pesticide residue limits.	23%	86%
Ensuring accuracy and completeness of documentation to avoid delays or rejections.	23%	73%
Implementing robust traceability systems to ensure product safety.	36%	82%
Maintaining product quality throughout the supply chain to meet export/import requirements.	36%	82%
Lack of adequate infrastructure for handling perishable agricultural products.	18%	77%
Limited resources and expertise for implementing SPS measures	27%	73%
Contact Zoning	0%	5%
Total	100%	100%

Figure 4: Potential agricultural and food products for export to EU and SASEC countries



The study also identifies the potential agricultural and food products for export to major trade countries (Figure-4), highlighting the significant opportunities in various categories. The highest potential lies in processed foods, including jams, pickles, and frozen fruits and vegetables, as 91% of respondents identified have strong export potential. Vegetables, such as okra, green beans, and eggplants, are also seen as highly promising, as 86% of respondents highlighting that. Fruits like mangoes, pineapples, and guavas follow closely, 77% of respondents recognized the export potential of these products. Dairy products, including milk, yogurt, and ghee, are identified by 59% of respondents as key export products. Similarly, spices such as ginger, turmeric, and chili peppers are noted by 55% of respondents. Honey and pulses each garner the attention of 32% of respondents, indicating moderate export potential. Rice, while still significant, is noted by 27% of respondents. Lastly, oilseeds are identified by 14% of respondents as having export potential.

8. Discussion

The challenges posed by sanitary and phytosanitary (SPS) measures significantly impact the export competitiveness of Bangladesh, particularly in key sectors like agriculture, fisheries, and processed foods. One major challenge is the inadequacy of the regulatory framework, which often fails to align with international standards set by bodies such as the World Trade Organization (WTO), including Codex Alimentarius for food safety, the International Plant Protection Convention (IPPC) for plant health, and the World Organisation for Animal Health (WOAH) for animal and animal health related issues. Additionally, Bangladesh faces substantial infrastructure deficits, including a lack of modern laboratories and testing facilities necessary for rigorous SPS testing. The financial burden associated with compliance, such as costs for certification and upgrading production processes, further strains exporters, particularly small and medium-sized enterprises. Along with these, shortage of skilled personnel and technical expertise to effectively implement and monitor SPS measures create additional barriers. The misalignment results in frequent non-compliance issues, leading to export rejections and loss of market access. The supply chain also suffers from weaknesses in traceability and quality control, exacerbated by poor transportation and infrastructure. Moreover, there is often a lack of coordination among various governmental bodies responsible for SPS oversight, leading to fragmented communication with exporters.

The major institutions engaged in SPS measures, such as the Plant Quarantine Wing, Bangladesh Standards and Testing Institution (BSTI), Department of Livestock Services (DLS), and Bangladesh Council of Scientific and Industrial Research (BCSIR), face several challenges. The Plant Quarantine Wing faces several challenges such as lack of financial and logistical support that hinders station officers from working efficiently. Additionally, lack of manpower and

dedicated officials at plant quarantine stations further restricts their efficiency. Except for 273 products, all other products do not require mandatory BSTI Marks for implementing in domestic market. Lack of a trained workforce across different sections and regional offices of BSTI, inadequate accredited laboratory facilities at the national level, and lack of accreditation parameters and products are the major challenges for the Bangladesh Standards and Testing Institution (BSTI). Similarly, Consistent compliance with GLOBAL GAP, traceability and quality standards products for domestic and international market are not fully maintained. Moreover, the Bangladesh Food Safety Authority (BFSA) faces several major challenges, including inadequate regulatory framework that often fails to align with international standards such as those set by Codex Alimentarius, IPPC, and WOA. Moreover, limited resources, insufficient capacity building, and poor coordination between agencies further impede effective food safety management.

The Department of Livestock Services (DLS) also has no legislative structure for setting standards to analyze risk in importing animals and animal products. Additionally, DLS has weak representation on the Pharmacy Board and insufficient regulatory control over the registration, distribution, sale, and use of veterinary medicines or biologicals in Bangladesh for livestock. Lack of coordination between BSTI and DLS is another key concern. Another key SPS institution, the Bangladesh Council of Scientific and Industrial Research (BCSIR), faces challenges such as inadequate laboratory facilities and testing equipment. A shortage of skilled personnel with specialized training in SPS-related areas and insufficient financial resources constrain BCSIR's ability to upgrade its infrastructure, invest in new technologies, and enhance its research capabilities.

Given the concern, these challenges undermine the ability of Bangladeshi products to compete in the global market, affecting the country's economic growth and reputation as a reliable exporter. Addressing these issues through targeted policy interventions, capacity building, and enhanced public-private partnerships is crucial for improving compliance and boosting export competitiveness.

9. Recommendation

The paper provides some key suggestions for SPS measures in trade so that Bangladesh can proliferate its product diversification in potential export markets. From the above findings, following recommendations are drawn for expanding agro-agro processed food products:

1. Ministry of Commerce may formulate a national single coordination body regarding SPS issues which should include representatives from respective ministries, SPS related government agencies, private sectors, and business associations;
2. The ToR of the coordination body may include the clause like identifying

- the SPS related barriers in international trade, disseminating notification, promoting MRA with potential trade partners, facilitating training and workshop on raising awareness among business and consumer regarding SPS issues;
3. SPS certification authorities need to develop their own Standard Operating Procedure (SOP) to reduce the cost and time for providing the SPS certificate for export and import;
 4. Upgrade laboratory equipment, logistic apparatus and trained personnel at testing labs of Quarantine station at land and seaport;
 5. Promote consistent compliance with GLOBAL GAP and establish a certification body for GLOBAL GAP for close cooperation between private sectors and government regulators;
 6. Import rapid detection devices and kits for BFSA, BSTI, and other testing labs to pare the time-consuming conventional testing methods for microbiological contamination of food;
 7. Quality standards for products should be consistently applied to local and export-oriented products while following Codex standards for food additives in both domestic and foreign markets;
 8. Laws governing the SPS regimes in Bangladesh, need to be updated and brought in line with international standards, and obligations of human, animal, and plant health;
 9. The Government may introduce fiscal and other incentive schemes to attract private sector investors for establishing testing laboratories and other SPS related infrastructure, testing facilities, and labs;
 10. Develop Mutual Recognition Agreements (MRA) and Conformity Assessment Procedures with neighbouring and export potential countries as well as other potential trading partners;
 11. Implement the World Trade Organization's Trade Facilitation Agreement (TFA) and harmonization of standards across the regional countries and enhance mutual recognition of national certificates to promote export;

10. Conclusion

Reviewing the context of existing infrastructure and SPS related skills, regulatory authorities should facilitate capacity-building activities of technical professionals. Meanwhile, it was found in KII, FGD and the secondary literature review, regulatory authorities should implement the existing policies and review the regulations related to SPS measures to suit the needs of the trade regime of the 21st century. Moreover, the government may facilitate the capacity building of the regulatory authorities by empowering the implementing agencies, and allocating adequate human resources, and technical and financial support for the lab while

adopting additional international standards both in the domestic market and in export. The international compliance of SPS needs to be followed in all phases of production, processing, retailing, and trading at the domestic and international levels. In the case of coordination at the national level, Ministry of Commerce can develop an integrated approach with the participation of the Ministry of Industry, Ministry of Agriculture, Ministry of Live Stock and Fisheries, different public departments and agencies and private sector under one umbrella to address the issue SPS compliance. Similarly, these ministries and their relevant authorities can play a vital role in addressing the existing gaps regarding infrastructure and the lack of awareness among exporters about SPS -related information. Most importantly, it is suggested to improve institutional efficiency through reforms in procedural steps followed for SPS related functions, such as sampling, testing, inspection, conformity assessment, certification, etc. At the same time, in the case of infrastructure, relevant ministries and agencies may develop and scale up existing lab facilities and initiate a needs assessment study for the infrastructure needs of the major institutions responsible for SPS administration. All of these exercises will help formulate future strategies for trade and industrialization, facilitating the compliance of SPS in the world market.

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