



বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন BANGLADESH SHIPPING AGENTS' ASSOCIATION

Ref.: BSAA/20/2022/22

Dated: 16-03-2022

The Executive Director
Bangladesh Bank
Chattogram

Sub: Non-acceptance of Agency Commission at changed rates (Handling Vessels) by Shipping Agents.

Ref: সহকারী পরিচালক এর পত্র নং- বৈমুনিবি/বাণিজ্যিক/৩৩৪/(বিবিধ)/২০২২-৫৪২ তারিখ: ০৩-০৩-২০২২।

Dear Sir,

With due respect we would like to inform you that main object of Bangladesh Shipping Agents' Association is to assist all Member Agents in performance of their day-to-day functions with their Foreign Principals, Government Authorities and other related stakeholders.

With regard to subject matter of the letter under reference of the Assistant Director written to different A.D. Banks (Annex-A), Member Agents have reported this Association to response to the queries of the letter as Association of all Shipping Agents.

In this connection, it is pointed out for kind information that from very beginning of issuance of FE Circular No. 13 dated 25-03-2021 and FE Circular Letter No. 13 dated 01-06-2021, this Association has been continuously informing their problems to the Foreign Exchange Policy Department of Bangladesh Bank, Head Office, Dhaka, including Ministry of Shipping. But problems have not yet been solved. Reasons of problems have been cited below for your kind information:

1. Implementation date of FE Circular No. 13 dated 25-03-2021:

Implementation date of this circular is from 01 April, 2021 which is not acceptable to Foreign Principals due to following reasons:

- (i) FE Circular No. 13 dated 25-03-2021 and FE Circular Letter No. 13 dated 01-06-2021 regarding agency commission for handling vessels created some repercussion among Shipping Agents and their valued Foreign Principals in terms of effective date of implementation as well as ambiguous terms, e.g., Gross Freight/Total Transportation Charges, etc.
- (ii) Principals requested for sufficient lead time and proper definition of Terms allowing them to be able to include those in Bilateral Agreement with their local agent to avoid possible misuse/misinterpretation by other parties. Bilateral Agreements also require to be vetted from Principal's respective Legal and Compliance Teams necessary for protection of their interest due to enforcement of short time notice.
- (iii) Principals enquired about complete clarity on the amended wording "Gross Freight" where few components of Freight are in fact cost to Carrier including THC, Bunker and Currency Adjustment factors, etc. which are well accepted in International Maritime Sector.
- (iv) Retrospective implementation date was not feasible to Foreign Principals to follow where commission for months already passed since April, 2021 were already accounted with books being closed.



বাংলাদেশ শিপিং এজেন্টস' এসোসিয়েশন BANGLADESH SHIPPING AGENTS' ASSOCIATION

Ref. :

In view of the above and for greater interest of International Trade of the country and to conform with local and international rules, we requested Bangladesh Bank through letters of different dates to defer implementation of FE Circular No. 13 dated 25-03-2021 and FE Circular Letter No. 13 dated 01-06-2021 from 01-04-2021. But the issue has not yet been solved.

2. Agency Commission on Gross Freight:

Regarding basis of Agency Commission on total transportation charges on CFR/FOB or similar terms as per FE Circular No. 13 dated 25-03-2021 and "Gross Freight" as per FE Circular Letter No. 13 dated 01-06-2021, we sought clarification from Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka but did not receive positive response:

- (i) Foreign Principals of almost all our Member Agents raised objection about the circular stating the Commission structure have been imposed upon them without proper justification of associated cost and taxes. Moreover, they have outright rejected the retrospective implementation date being impractical for Foreign Principal to follow where commission awarded to respective Agent for months already passed since April, 2021 are already accounted for and their books being closed.
- (ii) Due to continuous objection of Foreign Principals on the basis of commission on Gross Freight, Member Agents opine that they may not receive commission based on Gross Freight and thus they can not submit report to concerned authorities based on Gross Freight. Moreover, they will have to pay tax on enhanced amount of commission which is beyond fact since they will not receive commission on enhanced rates.
- (iii) Member agents also requested this Association to take up with Central Bank for Bulk Vessels (General Imports) which still accounts for a considerable volume handled in various ports of Bangladesh but has not been covered by the latest regulation.
- (iv) Gross freights quoted by Carriers include Terminal Handling Charges, Bunker Adjustment Factor, Currency Adjustment Factors along with Canal surcharges. These items being actual cost to carriers can't be subject to commission hence must be excluded.

In view of the above, we submitted complete proposal to the General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka through letter No. BSAA/20/2021/195 dated 19-10-2021 proposing categorically:

1. Agency Commission:

- (i) Flat Rate for Import irrespective of pay terms: 5% on Net freight
- (ii) Flat Rate for Export irrespective of pay terms: 5% on Net freight

2. IMPORT/EXPORT (DRY BULK, LIQUID BULK, DEMOLITION) – AGENCY FEES:

- 2.1. DWT of Vessel not exceeding 10,000 MT: Agency Fees USD 1,500/00 per call per Port.
- 2.2. DWT of Vessel exceeding 10,000 MT but
Not exceeding 20,000 MT : Agency Fees USD 2,000/00 per call per Port.
- 2.3. DWT of Vessel exceeding 20,000 MT but
Not exceeding 40,000 MT : Agency Fees USD 2,500/00 per call per Port.
- 2.4. DWT of Vessel exceeding 40,000 MT
but not exceeding 70,000 MT : Agency Fees USD 4,000/00 per call per Port.



বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন BANGLADESH SHIPPING AGENTS' ASSOCIATION

Ref. :

- 2.5. DWT of Vessel exceeding 70,000 MT
but not exceeding 1,00,000 MT : Agency Fees USD 5,000/00 per call per Port.
- 2.6. DWT of Vessel exceeding 1,00,000 MT : Agency Fees USD 6,500/00 per call per Port.
- 2.7. Minimum Agency Commission for Trump/Chartered vessels/Tankers calling at Bangladesh Port
in Ballast for bunkering/victualling/landing of sick crew etc USD 1,500/00 per call per Port.
- 2.8. Minimum Agency Fees for Owner's Protecting Agency/Husbanding/Supervisory Services for
Trump/Chartered vessels/Tankers calling at Bangladesh Ports.... USD 1,500/00 per call per Port.
- 2.9. Non-freight income of Foreign Principal such as, Demurrage, Detention, Handling or Equivalent
Charges, etc. 5% of total amount.
3. Postpone implementation of FE Circular No. 13 dated 25-03-2021 and FE Circular Letter No.
13 dated 01-06-2021 for time being.
4. Formation of a high level committee consisting representative of concerned stakeholders
& trade experts, to access the industry practice across regions before setting a commission
structure which will send positive notion to foreign principals about competitiveness of
Bangladesh as an origin.

Above issues have not yet been solved for which Shipping Agents have been facing problem
with different authorities and their Foreign Principals.

Copies of related letter Nos.:

- (i) BSAA/114/2021/33 dated 29-03-2021 (Annex B-B/1),
- (ii) BSAA/20/2021/132 dated 31-05-2021 (Annex C-C/1),
- (iii) BSAA/20/2021/167 dated 11-07-2021 (Annex D-D/1),
- (iv) BSAA/114/2021/178 dated 02-09-2021 (Annex E-E/1), and
- (v) BSAA/20/2021/195 dated 19-10-2021 (Annex F-F/1) are enclosed herewith for kind
information.

With best regards,


(Syed Mohammad Arif)
Chairman

Encl: 11 (Eleven) pages.

- Cc to:
1. The General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Chattogram.
 2. The Assistant Director, Foreign Exchange Policy Department (Commercial Branch), Bangladesh Bank, Chattogram.
 3. The Chairman, Bangladesh Shipping Agents' Association, Khulna Branch.
 4. Members of the Board of Directors, BSAA.
 5. All Member Agents, BSAA.



বাংলাদেশ ব্যাংক

(সেন্ট্রাল ব্যাংক অব বাংলাদেশ)

ঢাকা

ঢাকা-৪০০০

বাংলাদেশ

Annex-A

বৈদেশিক মুদ্রা নীতি বিভাগ
(বাণিজ্যিক শাখা)

তারিখ: ০৩-০৩-২০২২

পত্র নং: বৈদেশিক/বাণিজ্যিক/৩৩৪(বিবিধ)/২০২২-৫৪২

Priority	Urgent/Ordinary For Taking Necessary Action
Manager's Order	
Credit Incharge	
Notes Incharge	
OB Incharge	
Cash Incharge	
Others	



বাবস্বত্বক

বাংলা এশিয়া লিঃ

শেখ মুজিব রোড শাখা

ঢাকা

জিয়া মহোদয়

শিপিং এজেন্টসমূহ কর্তৃক পরিবর্তিত হারে
এজেন্সি কমিশন (হ্যাভলিং ভেসেল) গ্রহণ না করা প্রসঙ্গে।

উপর্যুক্ত বিষয়ে আপনাদের দৃষ্টি আকর্ষণ করা যাচ্ছে।

২। বাংলাদেশ ব্যাংকের একই সার্কুলার নং ১৩, তারিখ: ২৫/০৩/২০২১ (কপি সংযুক্ত) এবং একই সার্কুলার লেটার নং- ১৩, তারিখ: ০১/০৬/২০২১ (কপি সংযুক্ত) এ এজেন্ট কর্তৃক প্রিন্সিপাল হতে পরিবর্তিত হারে এজেন্সি কমিশন নেয়ার নির্দেশনা থাকলেও অত্র অফিসে বিভিন্ন এজেন্ট কর্তৃক প্রেরিত জুন, ২০২১ হতে পরবর্তী সময়ের ত্রৈমাসিক বিবরণীসমূহে তার পরিপালন পরিলক্ষিত হচ্ছে না। এর কারণ হিসেবে বাংলাদেশ ব্যাংক কর্তৃক জারীকৃত উক্ত সার্কুলার অনুসারে এত স্বল্প সময়ের মধ্যে সংশ্লিষ্ট এজেন্টসমূহ কর্তৃক প্রিন্সিপালের সাথে পরিবর্তিত হারে কমিশন নেয়ার বিষয়ে নোটিশিয়েশন সম্ভবপর হচ্ছে না অর্মে যৌথিকভাবে জানানো হলেও এ বিষয়ে কোনো নির্দিষ্ট বক্তব্য প্রেরণ করা হয়নি।

৩। এমতাবস্থায়, উল্লিখিত সার্কুলারসমূহের প্রেক্ষিতে পরিবর্তিত হারে কমিশন আদায়ের ক্ষেত্রে আপনাদের গ্রাহকগণ (হ্যাভলিং ভেসেল) প্রিন্সিপালের সাথে নোটিশিয়েশনে কী কী সমস্যার সম্মুখীন হচ্ছেন, একপ সমস্যায় সম্মুখীন কর্তৃক গ্রাহক আছেন তার সংখ্যা এতদসঙ্গে প্রদত্ত ছক অনুযায়ী আগামী ১৬ মার্চ, ২০২২ তারিখের মধ্যে এ অফিসে দাখিলের জন্য আপনাদের পরামর্শ দেয়া যাচ্ছে।

ক্রমিক নং	গ্রাহকের নাম	প্রিন্সিপালের নাম	সমস্যাদির বিবরণ
১.			১.
			২.
২.			

সংযুক্তি: ১। বর্ণনা মোতাবেক।

আপনাদের বিশ্বস্ত,

(স্বাক্ষর)
(সাবিহা আক্তার)

সহকারী পরিচালক

ফোন: ৬২০৬২১-৩৩/৬০৩৭৯

sabilia.akter@bb.org.bd



Annex - B

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

BSAA/114/2021/33

Dated: 29-03-2021

Mr. A.K.M. Shamimul Huq
Additional Secretary,
Ministry of Shipping,
Govt. of the People's Republic of Bangladesh,
Bangladesh Secretariat,
Dhaka

Sub: Re-fixation of rate of Agency Commission/Fees of Local agents of Foreign Shipping Lines
Ref: Bangladesh Bank FE Circular No. 13; dated March 25, 2021

Dear Sir,

In reference to the above subject matter, we take the liberty to draw your kind attention and appeal for your kind consideration to the following points:

- 1) The subject line of the said Circular mentioned, "Agency Commission for Handling Vessel" but *no specific Fees or Charges* such as Owners Protecting Agency Fees, Husbanding Fees, Supervisory Services Fees have been mentioned for Break Bulk, Liquid Bulk, Tanker and Chartered Vessels calling to any Bangladeshi Port.
- 2) Para No. 03. of the above Circular No. 13 dated March 25, 2021 (Annex-A) is very much disputing and misconstruing with the Para No. 02 by mentioning the words "*all the charges payable by Exporters/Importers including Agency Commission*" which is:
 - a) Firstly, interpreting and limiting the agency commission only on the Exports on CIF/CFR terms and Imports on FOB term while out of total Export and Imports from and to Bangladesh Export/Imports on CFR/CIF term is only 7-8% and the rest i.e. almost 92% of Export are moving on FOB and Imports are on CIF/CFR term and Transportation Charges/Freights are payable by Buyers and Suppliers at Port of Destination (POD) and Port of Origin (POL) respectively.
 - b) Secondly, referring to the words "*including agency commission*" in the FE Circular, Foreign Principal will infer and take the opportunity of pushing agency commission on Bangladeshi Exporters and Importers.
- 3) We further take the liberty of referring our letter ref. BSAA/114/2021/12 dated 15.02.2021 and request you to consider specific percentage of commission on Demurrage and Detention (D&D), Handling or Equivalent Charges as there is no specific percentage of commission mentioned in the Bangladesh Bank Circular No. 43 dated December 14, 2017 and Circular No. 48 dated November 17, 2020 (Annex B and C) wherein BB endorsed D&D as a legitimate revenue of Foreign Principal in calculating the remittable surplus of Foreign Shipping Lines/their agents working in Bangladesh subject to deduction of Taxes and Commissions.

Having no specific percentage of D&D in the FE Circulars No. 43 and 48, Foreign Principals are very much reluctant and refusing to pay any commissions on D&D.



Annex - B/1

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

In view of all above clarifications, we appeal your kind consideration and guidance to Bangladesh Bank Policy Department to review the following:

- 1) Amendment of the FE Circular No. 13 dated 25 March, 2021 (Annex-A) stating commission on Total Revenue/Gross Freight *instead of total transportation charges*.
- 2) Deletion of the words "*all the charges payable by Exporters/Importers including Agency Commission*" written in the FE Circular No. 13 dated 25 March, 2021.
- 3) Specify Handling Charges and Fees such as Owners Protecting Agency Fees, Husbanding Fees and Supervisory Services Fees for Break Bulk, Liquid Bulk, Tanker and Chartered Vessels calling to any Bangladeshi Port.
- 4) Specify agency commissions on Demurrage & Detention, Handling or equivalent charges.

Thanking you, we remain,
Yours faithfully,

(Ahsanul Huq Chowdhury)
Chairman

Enclo: 03 (Three) pages.

Cc for kind information and necessary action to (Not according to seniority):

1. Mr. Mohammed Mezbah Uddin Chowdhury, Secretary, Ministry of Shipping.
2. Mr. Md. Ali Akbar Faraji, General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
3. Ms. Munira Islam, Deputy General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
4. Ms. Farzana Tanha, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka.
5. Members of the Board of Directors, BSAA.



Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

BSAA/20/2021/132

Date: 31-05-2021

The General Manager
Foreign Exchange Policy Department
Bangladesh Bank,
Head Office, Dhaka

Sub: Re-fixation of rate of Agency Commission/Fees of Local Agents of Foreign Shipping Lines

Dear Sir,

In continuation to this Association's letter No. BSAA/114/2021/33 dated 29-03-2021 (Annex A-A/1) on the subject and as per comment/observation of our Member Shipping Agents and their Foreign Principals on FE Circular No. 13 dated March 25, 2021 of Foreign Exchange Policy Department of Bangladesh Bank, we would further like to place following issues for your kind review and decision:

- 1) Terminal Handling Charges (THC), a direct cost of Shipping line (Container Operator), whether to be considered as part of Total Transportation Charges or not.
- 2) Freight Collection on account of Feeder Freight: INCOTERMS are primarily an integral part of the sales contract between the seller and buyer whereas the contract of carriage is between the customer (either buyer or seller) and the shipping line. In the case of Feeder Vessel Operation/trade uses the freight term under contract of carriage e.g. HOOK, CY, and FREE OUT (Liner Terms) which are not under INCOTERMS at all but the responsibility of the vessel operators begins at the load port and ends at the CY or HOOK at the discharge port where the ship operators are responsible for and bear the cost of the loading and discharging of the container, which are incorporated in the freight.
- 3) Hook Charges (Stevedoring Charges) in discharge of cargo is the cost to Vessel Operator. Whether "Hook Charges" to be considered as part of Total Transportation Charges.
- 4) CY Charges (at Port of Loading/Transshipment Port) in loading/discharging of cargo is also the cost to Vessel Operator thus "CY Charges" whether to be considered as part of Total Transportation Charges.

In view of the above, a clear clarification of Total Transportation Charges is solicited for calculation of agency commission on Feeder freight.

Upon introduction of Deep Sea Concept, more DWT capacity vessels are calling to Bangladesh. As a result, we are proposing additional slab under SI No. 3 of our letter No. BSAA/114/2021/02 dated 05-01-2021 (Annex B-B/1):



Annex - e/1

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

- | | | |
|------|---|-----------|
| 3.4. | DWT of Vessel exceeding 40,000 MT
but not exceeding 70,000 MT: | USD 4,000 |
| 3.5. | DWT of Vessel exceeding 70,000 MT
but not exceeding 1,00,000 MT: | USD 5,000 |
| 3.6. | DWT of Vessel exceeding 1,00,000 MT: | USD 6,500 |

In view of the above, we would earnestly request your kind consideration and decision on the above issues in addition to our proposal in the letter under reference at Annex A-A/1.

In this connection, we would further request you to arrange a meeting with 3/4 related representatives of this Association before finalization and issuance of the revised Circular.

Thanking you, we remain
Yours faithfully


(Syed Mohammad Arif)
Chairman

Encl: 04 (Four pages)

Cc to (Not according to seniority):

1. Mr. A. K. M. Shamimul Haq Siddiqui, Additional Secretary, Ministry of Shipping
2. Ms. Munira Islam, Deputy General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
3. Ms. Farzana Tanha, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
4. Members of the Board of Directors, BSAA

Annex - ৪D



Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

BSAA/20/2021/167

Dated: 11-07-2021

The General Manager
Foreign Exchange Policy Department
Bangladesh Bank,
Head Office, Dhaka

Sub: Request to defer implementation of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021 at least for 06 (Six) months from April 01, 2021

Dear Sir,

Reference is hereby made to subject & numerous feedback received from our Member Agents, would like to inform you that aforementioned FE Circular No. 13 dated March 25, 2021 (Annex A) and FE Circular Letter No. 13 dated June 01, 2021 (Annex B) regarding agency commission for handling vessels arose some repercussion amongst Shipping Agents & their valued Principals in terms of effective date of implementation as well ambiguous terms e.g. Gross Freight/Total Transportation Charges etc.

Principals are of course obliged to comply with FE circulars & subsequent amendment. However, they seek sufficient lead time & proper definition of Terms allowing them to be able to include those in bilateral agreement to avoid possible misuse/misinterpretation by either parties. This also requires to be vetted from Principal's respective Legal & Compliance teams where obligation enforced on such short notice doesn't benefit at all.

Meanwhile, Principals are enquiring about complete clarity on the amended wording "Gross Freight" where few components of Freight are in fact Cost to Carrier including THC, Bunker & Currency Adjustment factors etc. well accepted in international maritime sector.

Furthermore, retroactive implementation date is not feasible for Foreign Principal to follow where commission for months already passed since April, 2021 are already accounted for with books being closed.



Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

With above in the backdrop, for the greater interest of international trade of the country and to conform with local and international rules, we earnestly request Bangladesh Bank to defer implementation of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021 for at least 06 (Six) months from the given April 01, 2021 permitting Shipping Agents to have better clarity on Circular whilst finalize agreements with Foreign Principal providing minimum lead time for documentation. Appreciate your best consideration & approval per return to inform our Members in accordance.

Thanking you, we remain
Yours faithfully


(Syed Mohammad Arif)
Chairman

Enclo: 02 (Two) pages

Cc to (Not according to seniority):

1. Mr. A. K. M. Shamimul Huq Siddiqui, Additional Secretary, Ministry of Shipping
2. Ms. Munira Islam, Deputy General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
3. Ms. Farzana Tanha, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
4. Members of the Board of Directors, BSAA



Annex - E

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস এসোসিয়েশন

BSAA/114/2021/178

Dated: 02-09-2021

Mr. A. K. M Shamimul Huq Shiddiqui,
Additional Secretary,
Ministry of Shipping
Govt. of the People's Republic of Bangladesh
Bangladesh Secretariat, Dhaka

Sub: Request to defer implementation of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021 at least upto December, 2021 from April 01, 2021 and arrange meeting with this Association
Ref: Letter No. BSAA/20/2021/167 dated 11-07-2021

Dear Sir,

With due respect, we would like to draw your kind personal attention to the enclosed self-explanatory letter under reference (Annex A-A/3) addressed to the General Manager, Foreign Exchange Policy Department, Bangladesh Bank with copy to your honour with request to defer implementation of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021 for 6(Six) months from the given April 01, 2021. But regret to mention that we have not yet been informed by Bangladesh Bank on our proposal. Member Agents have been continuously informing this Association about their problems with Foreign Principals in finalizing agreements as per contents of the letter under reference raised because of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021. In the meantime, more than 05 (Five) months have already been elapsed since issuance of first FE Circular on March 25, 2021.

In view of the above, we would earnestly request your personal initiative in deferring implementation of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021 from the given April, 2021 at least upto December, 2021 and arrange meeting with this Association along with Bangladesh Bank at the earliest to have better clarity on the Circulars along with other related issues raised by Foreign Principals.

Thanking you, we remain
Yours faithfully

(Syed Mohammad Arif)
Chairman

Encl: 04 (Four) pages

Cc to (Not according to seniority):

1. The General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka



Annex-E/1

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

2. Ms. Munira Islam, Deputy General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
3. Ms. Farzana Tanha, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
4. Members of the Board of Directors, BSAA



Annex - F

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

BSAA/20/2021/195

Dated: 19-10-2021

The General Manager
Foreign Exchange Policy Department
Bangladesh Bank,
Head Office, Dhaka

Sub: Postponement & Immediate Review of FE Circular Letter No. 13 and subsequent amendment regarding Agency commission for handling vessels in Bangladesh

Dear Sir,

Reference is hereby made to subject regulation (issued on 25th March, 2021) and subsequent amendment made (issued on 1st June, 2021), the Association has been receiving numerous feedback from our member agents regarding retroactive implementation date, (e.g 1st of April, 2021 whereas the amendment issued on 1st June, 2021) as well as the base of obligatory minimum commission structure itself. Acknowledging their commitment and veneration for the Law of the Land, Principals of almost all of our member Agents raised concern about the aforesaid circular, stating the commission structure have been imposed upon them without proper justification of associated cost & taxes they are already subjected to. Moreover, they have outright rejected the retroactive implementation date being impractical for Foreign Principal to follow where commission awarded to respective Agent for months already passed since April, 2021 are already accounted for and their books being closed.

Adding on, member agents also requested this Association to take up with Central Bank for Bulk Vessels (General Imports) which still accounts for a considerable volume handled in various ports of Bangladesh but has not been covered by the latest regulation.

We along with our member agents deeply appreciate Central Bank's initiative to protect interest of local ventures, however, the impact of aforesaid circular goes beyond protection of local shipping agencies but have inevitable impact on Country's sea trade as it relates to cost of operations for an Ocean Carrier. For example, some of the Principals have already curved their volume/operations in Bangladesh citing the cost of operating here is much more than many other similar locations, including Vietnam, Myanmar, Sri Lanka, India, Malaysia & Cambodia to name a few.

The loss of interest by Shipping Lines in maintaining volume to & from Bangladesh due to soaring cost & lack of recovery is alone detrimental to our export trade which fuels growth of country's inbound remittance, not to mention, such actions from Principal will certainly create pressure on export oriented industry already suffering from space crunch in Sea-freight. Principals as well as members hence mentioned the following must be taken into account if a minimum commission guideline is indeed to be implemented:

1. Recognize actual cost & reinstate Commission on Net Freight: Gross freights quoted by Carriers include Terminal Handling Charges, Bunker Adjustment Factor, Currency Adjustment Factors along with Canal surcharges. These items being actual cost to a carriers can't be subject to commission hence must be excluded.
2. Flat Rate for Import irrespective of pay terms: 5% on Net freight
3. Flat Rate for Export irrespective of pay terms: 5% on Net freight



Annex-F/1

Bangladesh Shipping Agents' Association

বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন

4. IMPORT/EXPORT (DRY BULK, LIQUID BULK, DEMOLITION) – AGENCY FEES:
- 4.1. DWT of Vessel not exceeding 10,000 MT: Agency Fees USD 1,500/00 per call per Port.
- 4.2. DWT of Vessel exceeding 10,000 MT but Not exceeding 20,000 MT : Agency Fees USD 2,000/00 per call per Port.
- 4.3. DWT of Vessel exceeding 20,000 MT but Not exceeding 40,000 MT : Agency Fees USD 2,500/00 per call per Port.
- 4.4. DWT of Vessel exceeding 40,000 MT but not exceeding 70,000 MT : Agency Fees USD 4,000/00 per call per Port.
- 4.5. DWT of Vessel exceeding 70,000 MT but not exceeding 1,00,000 MT : Agency Fees USD 5,000/00 per call per Port.
- 4.6. DWT of Vessel exceeding 1,00,000 MT : Agency Fees USD 6,500/00 per call per Port.
5. Minimum Agency Commission for Tramp/Chartered vessels/Tankers calling at Bangladesh Port in Ballast for bunkering/victualling/landing of sick crew etc USD 1,500/00 per call per Port.
6. Minimum Agency Fees for Owner's Protecting Agency/Husbanding/Supervisory Services for Tramp/Chartered vessels/Tankers calling at Bangladesh Ports..... USD 1,500/00 per call per Port.
7. Non-freight income of Foreign Principal such as, Demurrage, Detention, Handling or Equivalent Charges, etc. 5% of total amount.

Above proposal under Serial Nos. 4 to 7 was previously submitted through this Association's letter No. BSAA/114/2021/132 dated 31-05-2021 and letter No. BSAA/114/2021/02 dated 05-01-2021 which was submitted as Annex B-B1 to the letter dated 31-05-2021.

With above in the backdrop, for the greater interest of international trade of the country and to conform with local and international rules, the Association hereby urges Bangladesh Bank to postpone implementation of FE Circular No. 13 dated March 25, 2021 and FE Circular Letter No. 13 dated June 01, 2021 for time being. We also request to immediately form a high level committee consisting representative of concerned stakeholders & trade experts, to access the industry practice across regions before setting a commission structure which will send positive notion to foreign principals about competitiveness of Bangladesh as an origin.

Appreciate your best consideration & consent per return to inform our Members & their valued Principals in accordance.

With regards,

(Syed Mohammad Arif)
Chairman

Cc to (Not according to seniority):

1. Mr. A. K. M-Shamimul Huq Siddiqui, Additional Secretary, Ministry of Shipping
2. Ms. Munira Islam, Deputy General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
3. Ms. Farzana Tanha, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
4. Members of the Board of Directors, BSAA