



বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন BANGLADESH SHIPPING AGENTS' ASSOCIATION

BSAA/13/2023/25

Dated: 28-02-2023

The Director General
Department of Shipping
141-143, Motijheel C/A
Dhaka

**Sub: Request to solve acute problem being presently faced by Member Feeder Operators
in getting Waiver Permission**

Dear Sir,

With due respect we would like to refer to telephonic discussion held between you and the undersigned in the evening of 25-02-2023 regarding acute problem being presently faced by Feeder Operators in getting Waiver Permission. This burning issue was discussed in an Emergent Meeting of Board of Directors with Member Feeder Operators held on 16-02-2023 and afterwards with the Principal Officer, Mercantile Marine Office, Chattogram on 19-02-2023. Based on the discussion, the Principal Officer, Mercantile Marine Office, Chattogram was again informed through letter No. BSAA/124/2023/23 dated 22-02-2023 with copies to the related Government Authorities and Stakeholders including your good self (Annex A-A/1). In the letter, problem of Waiver Permission like, one way waiver permission, late waiver permission, partial waiver permission, rejection of waiver permission including related other problems were pointed out for kind information of concerned authorities.

We would express heartiest gratitude for your patience hearing of our problems during telephonic discussion and emergent step of arranging meeting at 12.00 noon on 01-03-2023 with related Government Authorities, Stakeholders and Shipping Lines including this Association for discussion on simplification of issuance of Waiver Certificate. Statement of Late/Partial/Rejection of waiver permission as per report of Member Feeder Agents has been enclosed for your kind information (Annex-B).

Adverse effect of problems in getting waiver permission have been appended below:

Background

1. Bangladesh Flag Vessels (Protection) Ordinance, 1982 was enacted to patronize Jute export of the country since BSC vessels were not getting adequate cargo to carry and containerized business was not developed. In the subsequent notifications on the issue, "Container" was not included as definition of cargo, which has been included in the additional gazette published on 5th February, 2023 and created scope of complexity in waiver permission in present days.
2. Since 1995, Bangladesh is a signing member of WTO Agreement to ensure trade liberate, flows as smoothly, predictably and freely as possible but current waiver issue has been creating barrier to the trade.

Current Status of the Trade against BD Flag

3. On an average, 1300-1500 container vessels calling to Chittagong Port per year which carries 3.0-3.2 mn containers where it is evident that only 8 (Eight) BD Flag vessels are not adequate to carry the 50% of the volume yet but still carries 5%-6%. Hence; declining or rejecting waiver for foreign flag vessels loading/discharging will have a negative impact on the trade.



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4. In January 2023, BD Flag vessels carried 26% inbound & 27% outbound in CMB bound trade and 1% inbound & 4% outbound in other trades, which illustrated in the following table:

For the Month of January, 2023:

SERVICE LEG	Total Trade (Teus)		BD Flag Vessels (Teus)		LADEN %	EMPTY %
	LADEN	EMPTY	LADEN	EMPTY		
CMB-CGP (IMP)	16183	7714	4263	1218	26%	16%
CGP-CMB (EXP)	27519	1299	7555	0	27%	0%
SIN & OTHERS-CGP (IMP)	71670	3179	832	11	1%	0%
CGP-SIN & OTHERS (IMP)	35064	34818	1379	1735	4%	5%

5. Reasons for less contribution in Singapore & other trades due to BD Flag participation and tonnage deployment. For example, in January, 2023, MCC carried 23% cargo from PTP & China and CMA, SITC, Hyundai also carried 15%, 10%, 4% cargo respectively from Chinese Ports where no Bangladesh Flag Vessels participation to render direct service from China & Europe to carry that proportion.

Impact on Bangladesh economy

6. Volume of the trade have already dropped whereas freight rates of BD Flag Vessels are almost double. We got evidence where Bangladesh Flag Vessels invoiced USD 364 for 20 feet and USD 639 for 40 feet but Foreign Flag Vessels average rate is USD 200 for 20 feet and USD 400 for 40 feet which ultimately Bangladeshi importers and exporters are digesting.
7. Restriction in waiver permission will also create adverse effect on buyers' requirement of on-time delivery, which will create negative impact on our trade mainly RMG sectors including their supply chain, raw-materials for production and ultimate innumerable financial loss.
8. Contribution of Foreign Flag vessels in Bangladesh is remarkable but due to restriction in waiver, economy might have a serious impact. As we know that one of the Foreign Shipping Lines have already withdrawn one of their vessels from Bangladesh Route.
9. Local Shipping Agents will lose their business, if foreign Principals would gradually reluctant or pull-out their vessels due to the restriction in waiver permission, which will ultimately create unemployment problem and the huge impact on linkage industry e.g. repair workshops, Bunkering business, Crew manning agency and also problems related to their vendors/service providers e.g. Barge, Hotel.

Foreign Flag vessels contribution to Economy

10. Major income of Bangladesh Port (Bangladesh Government) come from Foreign Flag Vessel. For example, in the month of January 2023 total 117 vessels called to Chittagong Port out of which 103 are Foreign Flag Vessels and 14 are Bangladesh Flag vessels. From foreign flag vessel average income of Chittagong Port is (USD 10,000 x 103) = USD 10,30,000 approximately whereas from Bangladesh Flag Vessel is (USD 10,000 x 14) = USD 1,40,000 approximately only for vessel berthing/un-berthing, Tugs & Pilotage, leaving aside gantry costs.
11. Freight Tax is applicable on Foreign Flag Vessels, which is a huge amount whereas it is not applicable on Bangladesh Flag Vessels.



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Limitation of Foreign Flag vessels

12. Feeder vessels are normally fixed up instantly during loading of cargo onto Mother Vessel. So, there is no scope to change Feeder Vessel on the plea of waiver permission, as loading onto BD vessels without any re-nomination costs in T/S Ports, which will absolutely burden for Bangladeshi Importers & Exporters.
13. One way waiver will create lot of financial involvement like, incurrence of daily charter-hire of a vessel is more than USD 20,000 to USD 40,000 since the vessel has to sail without cargo for next destined port and will increase shipping costs, which will further create dissatisfaction among Foreign Principals towards investment in the trade.

Limitations in Waiver at web portal

14. Date amendment is not allowed in the web-portal for any kind of date change for vessel delay, lay-up, repair but system allowed by default 15 days.
15. In waiver permission, there is a condition to mention name of Importer. But in the case of Liner Term, number of Importers are many due to which it is not possible to input name of all Importers in the respective column. Thus, this condition should be dropped.
16. In "The Bangladesh Flag Vessels (Protection of Interest) Rules, 2023" there is a provision for formation of monitoring Committee. Representative of Bangladesh Shipping Agents' Association must be included in the Monitoring Committee.
17. There is also in the same provision for giving clearance within 3 working days but it has not been complied with, which put foreign flag vessel operators in limbo.

Break-Bulker

18. Maximum Number of Bangladesh Flag Vessels are under long-term Chartered with Foreign Shipping Line and many of them are engaged in carriage of Vessel Owners' Cargo. So, in fact, maximum Bangladesh Flag Vessels are not available for carriage of cargo of other Operators.
19. There is only 1 (One) Bangladesh Flag Tanker Vessel to Carry Refined and Bulk Oil which is not sufficient to fulfill demand of Bangladesh. So, Carriage of Refined and Bulk Oil Should be under General Waiver.
20. General Waiver must be given for Carriage of cargo through the routes where there is no Bangladesh Flag Vessel.

In view of the facts state above, we would request your good self to solve acute problems of Member Agents in getting Waiver Permission as early as possible for round way voyage.

With best regards,

(Syed Mohammad Arif)
Chairman

Enclo: 03 (Three) pages.

Cc to (Not according to seniority):

1. The Principal Secretary to the honourable Prime Minister, Dhaka.
2. The Senior Secretary, Ministry of Commerce, Bangladesh Secretariat, Dhaka.
3. The Secretary, Ministry of Shipping, Bangladesh Secretariat, Dhaka.



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4. The Chairman, Chittagong Port Authority.
5. The Principal Officer, Mercantile Marine Office, Agrabad C/A, Chattogram.
6. The President, FBCCI, Dhaka.
7. The President, BGMEA, Dhaka.
8. The President, BKMEA, Dhaka.
9. The President, BAFFA, Dhaka.
- ✓ 10. The President, The Chittagong Chamber of Commerce & Industry, Chattogram.
11. The President, Metropolitan Chamber of Commerce & Industry, Chattogram.
12. All Member Agents, BSAA.



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Annex - A
বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন
BANGLADESH SHIPPING AGENTS' ASSOCIATION

BSAA/124/2023/23

The Principal Officer
Mercantile Marine Office
CGO Building
Agrabad C/A, Chattogram



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৪:৬৪

Dated: 22-02-2023

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Sub: Request to solve acute problem being presently faced by Member Feeder Operators in getting waiver permission

Dear Sir,

With due respect we would like to refer to a meeting held with you at your good office between the undersigned and some the representatives of this Association on 19-02-2023 along with those Feeder Operators who have been facing problems in getting waiver permission. Before the meeting with you, this burning issue was discussed in an Emergent Meeting of related Member Feeder Operators held on 16-02-2023 where they pointed out problem of waiver permission like, one-way waiver permission, late waiver permission, partial waiver permission, rejection of waiver permission, etc. As per "The Bangladesh Flag Vessels (Protection of Interest) Rules, 2023", the Prescribed Authority will issue Waiver Certificate within 3 (Three) working days of submission of waiver application. But as per report of Member Feeder Operators, it takes long time in getting waiver permission. On the other hand, one-way waiver will never be acceptable due to lot of financial involvement like, incurrence of daily operational expenditure of a vessel which is more than 20,000 to 40,000 U.S. dollars and will expedite the enhancement of shipping costs and create dissatisfaction among the Foreign Principals towards investment in the trade. Moreover, buyers' requirements of on-time delivery will be failed which will create negative impact on our trade mainly RMG sectors including their huge financial loss. So, all Feeder Vessels must need both sides timely waiver permission.

Bangladesh Shipping Agents' Association has been raising objections from preparation of draft of "The Bangladesh Flag Vessels (Protection of Interest) Act, 2019" on implementation of Sub-Section 3 of Section 3 regarding submission of Waiver Application before 15 (Fifteen) working days of loading cargo onto vessels and pointing out different problems in implementing the section. One of the problems is that voyage time between ports of neighbouring countries and ports of Bangladesh does not exceed 5/4/3/2/1 day. We informed those problems to your office; the Director General, Department of Shipping; the Secretary, Ministry of Shipping and other related authorities several times. For your kind information, normally Feeder Vessel takes about 9/10 days for round way voyage.

About 90 Feeder Vessels have been operating with Ports of Bangladesh out of which number of Bangladesh Flag vessels are 8 (Eight). At present, Bangladesh Flag vessels carry approximately 6% to 8% of the total Import/Export. It will be easy for the Prescribed



Annex-A/1
বাংলাদেশ শিপিং এজেন্টস্ এসোসিয়েশন
BANGLADESH SHIPPING AGENTS' ASSOCIATION

Authority to issue waiver permission upon submission of update detailed information to him on regular basis by Bangladesh Flag vessel Operators.

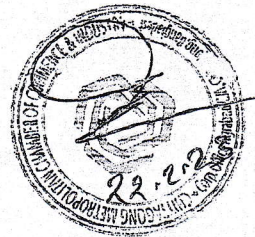
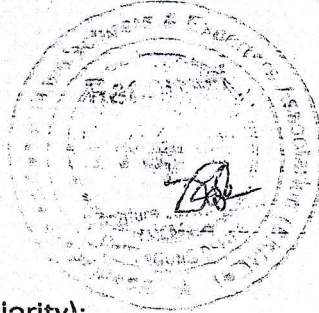
In the meeting of this Association with you, representatives of those affected Member Feeder Operators raised specifically their problems in getting waiver permission when you were kind to listen to our problems patiently and Association feels that you could understand our problems. As a Master Mariner with long experience in related sectors, we hope that you will adopt necessary step to resolve this matter for welfare of the trade and the country.

We would like to reiterate that Bangladesh Shipping Agents' Association always welcome new Acts/Rules/Procedures of the Government towards development of the country. But those should always be user friendly so that users can implement those in obstacle free environment as well as it invites interest of foreign investors/business community in doing business with Bangladesh.

In view of the above and considering long prevailing affect of Russia-Ukraine war including worldwide economic recession, we would request your good self to save the trade, minimize the cost and smoothen the Containerized Import/Export trade mainly RMG Import raw material and RMG Export and take initiative in solving acute problems of Member Feeder Operators in getting waiver permission as early as possible for round way voyage.

With best regards,

(Syed Mohammad Arif)
Chairman



Cc to (Not according to seniority):

1. The Principal Secretary to the honourable Prime Minister, Dhaka.
2. The Secretary, Ministry of Commerce, Bangladesh Secretariat, Dhaka.
3. The Secretary, Ministry of Shipping, Bangladesh Secretariat, Dhaka.
4. The Chairman, Chittagong Port Authority.
5. The Director General, Department of Shipping, 141-143, Motijheel C/A, Dhaka.
6. The President, FBCCI, Dhaka.
7. The President, BGMEA, Dhaka.
8. The President, BKMEA, Dhaka.
9. The President, BAFFA, Dhaka.
10. The President, The Chittagong Chamber of Commerce & Industry, Chattogram.
11. The President, Metropolitan Chamber of Commerce & Industry, Chattogram.
12. All Member Agents, BSAA.

22-2-23

**Statement of Late/Partial/Rejection of waiver permission as per report of
Member Feeder Agents:**

SL No.	Name of Agent	Name of Ship	Route	Date of Application	Date of Permission	Date of Rejection	Remarks
1.	APL (BANGLADESH) PVT. LTD.	MV MTTSPANGAR	SIN-CGP & CGP-SIN	14-02-2023	26-02-2023		Partial permission
2.	APL (BANGLADESH) PVT. LTD.	MV CAPE QUEST	SIN-CGP & CGP-SIN	23-02-2023	27-02-2023		Partial permission
3.	Ocean International Ltd.	MV ULANGA		26-02-2023			Pending
4.	Ocean International Ltd.	MV HMM DHAKA		15-02-2023	22-02-2023		Late permission
5.	Ocean International Ltd.	MV HMM CHITTAGONG		09-02-2023	20-02-2023		Late permission
6.	Ocean International Ltd.	MV ULANGA		08-02-2023	16-02-2023		Late permission
7.	Crown Navigation Co. (Pvt.) Ltd.	MV SINAR SANUR	CGP-SIN	13-02-2023	20-02-2023		Late permission
8.	Crown Navigation Co. (Pvt.) Ltd.	MV SINAR SANUR	CGP-SIN	26-02-2023	27-02-2023		Partial permission
9.	Crown Navigation Co. (Pvt.) Ltd.	MV HANSA HOMBURG	CGP-CMB	12-02-2023		16-02-2023	Rejected
10.	Crown Navigation Co. (Pvt.) Ltd.	MV CELSIUS NEW ORLEANS	CGP-CMB	20-02-2023		21-02-2023	Rejected
12.	Ocean Network Express (Bangladesh Ltd.)	BANGKOK	CGP-SIN & SIN-CGP	16-02-2023		26-02-2023	Rejected
13.	GBX Logistics Ltd.	MV SOL STRAITS	CMB-CGP & CGP-CMB	12-02-2023			
14.	GBX Logistics Ltd.	MV SOL MALAYSIA	SIN-CGP & CGP-SIN	14-02-2023			
15.	GBX Logistics Ltd.	MV SOL PROMISE	CMB-CGP & CGP-CMB	20-02-2023			
16.	GBX Logistics Ltd.	MV SOL STRIDE	SIN-CGP & CGP-SIN	21-02-2023			
17.	GBX Logistics Ltd.	MV SOL HIND	CMB-CGP & CGP-CMB	22-02-2023			