

Current status of trade facilitation and paperless trade measures for agrifood products in Bangladesh from the perspective of Hortex Foundation, Dhaka¹

Participant as section on the guidelines for Training institute/Agricultural extension departments

The Horticulture Export Development Foundation, in short, Hortex Foundation was established in 1993 at the patronage of the Ministry of Agriculture, Government of the People's Republic of Bangladesh as a "not for profit" organization under the Companies Act of 1913 for the development, promotion and marketing of exportable horticultural produces, particularly high value, non-traditional crops to high-price non-conventional markets improving farmers income and national economy. The Foundation governed by a Governing Body of seven members representing two from the public sector and five from the private sector organizations. The Secretary of the Ministry of Agriculture, Government of Bangladesh is the Ex-officio Chairman of the Governing Body. Vice Chairman, Export Promotion Bureau (EPB) is the Director of the Governing Body representing from public sector while Managing Director is the Chief Executive Officer of this Foundation. Hortex Foundation has been in active operation for about 18 years from its inception and now the Foundation is actively involved in capacity development of different stakeholders in the supply chain and delivering agricultural trade facilitation services to the exporters promoting export of different high value high quality agro-commodities from Bangladesh.

Major activities/services

Hortex Foundation assists to the farmers in producing quality produces maintaining different standards, quarantine pest management, improved postharvest management practices, promotion of contract farming and market linkage development. The Foundation provides training to the farmers, exporters, new entrepreneurs, suppliers, handlers, packers, extension officials on production, postharvest technology (sorting, grading, washing/processing, packaging), transport & logistics procedures (shipping & storing requirements for quality maintenance), marketing and business promotion. It creates awareness among the stakeholders on sanitary and phytosanitary measures, WTO rules and regulations, tariff and non-tariff barriers, technical barriers to trade by training and dissemination of publications. Hortex provide marketing intelligence support about buyers' info, market price, product specifications, sources of supply and develop linkages among the farmers-exporters-importers. It develops supply and value chain management for agri-business promotion and assist new entrepreneurs/exporters to develop their business strategies entering into the export market. The Foundation provides cool chain management and transportation support services for exporters-importers by its own five reefer trucks (3 & 4 MT capacity). It provides technical and financial support to the exporters on trial export for diversification and development of agro-commodities. Hortex organize different expert consultation meeting, seminar, workshop, success story presentation for agro-commodity export promotion. The Foundation participates in national and need based international trade fairs promoting exportable agro-commodities in abroad. It provides adaptive research support on exportable agro-commodities and explores niche market opportunity in abroad for export promotion. It develops publication of technical bulletin, newsletter, booklets, leaflets, video content for technology dissemination. The Foundation updates data on foreign buyers, exporters, farmers, traders, associations and other agencies. It also updates data on volume and value through collecting and processing information of agro-commodity export and provides data/information support to the exporters and other stakeholders involved in agribusiness promoting export.

Hortex interest

The Foundation has the interest to create opportunities for direct farmer-exporter-importer linkages to facilitate export of fresh/frozen fruits and vegetables, value added processed agro-commodities (e.g. canned pineapple & baby corn, dried jute leaves, vacuum jackfruit chips), ornamental plants, flowers & foliage (betel leaf), spices, honey, aromatic rice, ayurvedic, herbal and medicinal products, fish, *Halal* meat and different dairy products. It likes to promote export of high value high quality agro-commodities in the mainstream market of Europe, Middle East, Far East, North American countries, Russian Federation in addition to ethnic markets. Some requirements to enter into mainstream market are adoption of Good Agricultural Practices (GAP), traceability, strict compliance of sanitary & phyto-sanitary measures including good packaging. In this regards, Hortex had already taken initiative to formulate BanglaGAP principles and protocols with the Ministry of Agriculture, GOB. Hortex Foundation likes to work with any interested organization for diversification of agro-commodities, domestic & export market and different specialized services.

Experiences in project implementation

Hortex has been gained sound experiences and synergies for implementing different projects on market linkage improvement of small farmers, enhancing agricultural productivity, export promotion and reducing poverty. The

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Foundation in the past successfully completed five projects funded by Government of Bangladesh and Donor Agencies of the World Bank, European Union. It has made a good progress through implementation of Supply Chain Development Component (SCDC) of National Agricultural Technology Project (NATP) Phase-I during year 2008-2014 funded by the World Bank, IFAD and GoB with the aim of improving market linkages of 8000 small and marginal farmers, agribusiness enterprise and developing supply & value chains of high value agro-commodities of fruits, vegetables, flowers, cattle, dairy and fisheries. The objective of SCDC is to increase value addition and diversify sources of income with steps-up efficiency for the project beneficiaries through supply chain networking. Alternative approaches to strengthening of farmer-market linkages have been tested under SCDC for mainstreaming under subsequent phases of the program. It has developed a business model by linking public extension agencies of DAE, DLS and DOF, entrepreneurs, traders, processors, exporters and farmers' organization - Common Interest Groups (CIGs) and Producers Organizations (POs) for extension and research support for production, financial services and linkages with the marketing organizations. Hortex has piloted and established a network of 25 Commodity Collection and Marketing Centers (CCMCs) and shortened 2 segments (*faria* and collector) in the value chain. The SCDC of NATP, Hortex has developed 62 high potential value chains across the country and provided supports for postharvest management, improvement of market linkages and enterprise development activities. Thirty four technologies were demonstrated and training of CIG farmers were organized through CCMCs in project sites for development of market linkage of the farmers. Seedless lemon of CIG farmers from Delduar and Moulvibazar has been exported to Singapore, Malaysia, UK and France through exporters facilitated by Hortex. Now, it is necessary to scaled up proven technologies for improving market linkages, minimizing postharvest losses, entrepreneurship development and value chain development. At present, Hortex is implementing a new project "Development of Food Control Guidelines and Pilot Implementation across the Horticulture Value Chain" from October 2014 funded by the Food and Agriculture Organization of the United Nations (FAO-FSP) in collaboration with the Department of Agricultural Extension (DAE) in 25 upazilas (sub-district) of Bangladesh maintaining Good Agricultural Practices for tomato, brinjal, potato and mango through science-based hazard assessment and develop a National GAP standard and certification scheme in collaboration with the FAO Regional project (TCP/RAS/3501). Under this project, a traceability system will be developed among the 500 farmers for marketing of their produces to the upstream markets of UK and other EU countries.

Business linkages

The Foundation signed MOU with Square Consumer Products Ltd. (now it is Square Food and Beverage Ltd.) developing contract farming/group farming system and disseminating agricultural knowledge and updated production technologies adopting Good Agricultural Practices (GAP), food safety & postharvest management, traceability and marketing intelligence support promoting their fresh (banana) and processed agro-commodities (chilli, peanut) both for domestic & export markets through collaboration between Hortex and Square. Hortex is providing technical services to Taiwan Food and Processing Industry Ltd. (Shepherd Group) for export of canned pineapple (already 18MT exported to China as trial) and also facilitated contract farming at Sherpur district exporting canned baby corn. The Foundation is working with Toyota Tsusho Corporation for dried jute leaves export to Japan (trial export 3.6MT). Hortex is working with Dole Asia Holdings Pte. Ltd. (Singapore) and Itochu Corporation (Japan) for banana, pineapple, mango and papaya export to Japan, China, Singapore and Middle East countries.

Export growth

About 100 types of fruits and vegetables are exported from Bangladesh to more than 40 countries in the world. Export of fresh fruits and vegetables from Bangladesh are significantly increased from 51 million\$ in FY2008-09 to 210 million\$ in FY2013-14. The export value during FY2013-14 increased 15% over the previous FY2012-13. Fresh potato export is also significantly increased from 0.68m\$ in FY2008-09 to 34m\$ in FY2013-14. Hortex Foundation had direct and indirect role in these export achievements. This increasing export trend needs to be improved further by necessary trade facilitation support.

Constraints of exporting fruits and vegetables

Exporters cannot ensure to their buyers for continuous supply of the quality produces throughout the season. They cannot follow any traceability system. It is hard to identify the specific farmers supplying the produces and inputs used for production by the farmers. The rules of the EU countries require identification of the actors throughout the value chain so that reasons for any faults identified can be sorted immediately. Cool chain maintenance from farm to port of shipment is not properly followed.

Future strategies for intervention

Although Bangladesh achieved self-sufficiency in food grain but yet a lot of supports are needed for transforming subsistence agriculture towards commercial farming. Government of Bangladesh is attaching high importance for the production and export of high value agro-commodities through diversification of produces and market promotion. But there are a number of problems facing the small and marginal farmers. There is a strong demand for investment in the sector for development of market and value chains, postharvest loss minimization, promotion of contract farming & group marketing, transportation and storage facilities, capacity development for food quality & safety, speed up dissemination of technology and enhancing institutional capabilities delivering essential services to the small farmers, traders, exporters and different supply chain actors for developing demand led value chains and improving agricultural trade facility and market linkages of the smallholder farmers promoting export.

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