



TRADE AND TRANSPORT FACILITATION MONITORING MECHANISM IN BHUTAN

BASELINE STUDY

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ISBN 978-92-9257-909-8 (Print), 978-92-9257-910-4 (e-ISBN)
Publication Stock No. TCS178827-2
DOI: <http://dx.doi.org/10.22617/TCS178827-2>

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MESSAGE

**from the Honorable Secretary, Ministry of Finance
Royal Government of Bhutan**

The Royal Government of Bhutan, in collaboration with development partners, has been working toward improving trade and transport procedures and infrastructure. The National Transport and Trade Facilitation Committee has been set up to coordinate trade and transport facilitation activities. The Department of Revenue and Customs started initiating reform and modernization program after acceding as the 96th contracting party to the Revised Kyoto Convention. Other initiatives include development of a mini dry port in Phuentsholing, a bypass road from Phuentsholing to Rinchending via Dhotei Khola, a new road to connect Pasakha directly to India across the border, and a land customs station at Alay.

To further enhance trade facilitation, it is important for Bhutan to establish the Trade and Transport Facilitation Monitoring Mechanism (TTFMM) to ensure that it will have an institutionalized methodology for data collection and analysis on trade facilitation. TTFMM will help the government and other stakeholders address nontariff barriers and facilitate the conduct of trade and business in the most efficient and effective way.

I appreciate the continued support of the Asian Development Bank and the United Nations Economic and Social Commission for Asia and the Pacific in undertaking the baseline study and welcome the spirit of cooperation.



Nim Dorji
Honorable Secretary
Ministry of Finance
Royal Government of Bhutan

FOREWORD

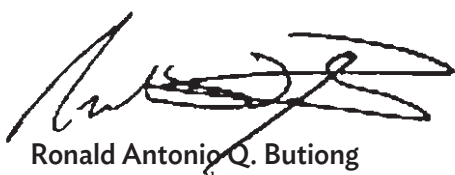
Let us start with a fundamental question: why is trade facilitation important for developing countries especially the least developed countries and landlocked developing countries? It is because trade facilitation is essential to lower trade costs, reduce trade time, and enhance the efficiency of supply chains. These factors, in turn, enable a country to increase trade, be better integrated into global value chains, enhance national competitiveness and productivity, and generate decent jobs. In this sense, trade facilitation contributes directly to the realization of the United Nations 2030 *Development Agenda* and *Sustainable Development Goals* (SDGs), in particular SDG 17.

This largely explains why the Asian Development Bank (ADB) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), together with other partners, have been keen to support countries in advancing trade facilitation, as reflected in the South Asia Subregional Economic Cooperation (SASEC) Program and the SASEC 2025 Vision document—*SASEC: Powering Asia in the 21st Century*.

The establishment of the Trade and Transport Facilitation Monitoring Mechanism (TTFMM) is critical for a country to understand the current situation in order to identify bottlenecks and implement trade facilitation measures. More importantly, it emphasizes national ownership and sustainability and the means to achieve them primarily through institutional arrangements and national capacity building.

A baseline study is the first step to establish TTFMM. This report—as an output of the baseline study—reviews trade and transport procedures, reports relevant indicators, analyzes bottlenecks, and proposes a way forward. Furthermore, this report provides detailed information on data collection and validation processes, which should be treated as a useful reference when similar studies under the TTFMM are carried out.

ADB and UNESCAP are proud to work with different stakeholders in Bhutan in trade facilitation and are committed to such endeavors in the future.



Ronald Antonio Q. Butiong
Director
Regional Cooperation and
Operations Coordination Division
South Asia Department
Asian Development Bank



Mia Mikic
Director
Trade, Investment and Innovation Division
United Nations Economic and Social Commission
for Asia and the Pacific

ACKNOWLEDGMENTS

The Royal Government of Bhutan provided great support, which was essential for the completion of the study, in conducting the business process analysis (BPA) and preparation of this report. Yonten Namgyel, director of the Department of Revenue and Customs and member secretary of the National Transport and Trade Facilitation Committee, provided guidance for the study. Participants and informants of the project, as detailed in the Appendixes, substantially contributed their expertise to enhance the quality of the project.

Tengfei Wang from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and Aileen Pangilinan from the Asian Development Bank (ADB) managed the study and the underlying project under the general supervision of Yann Duval and Ronald Antonio Butiong. Tengfei Wang provided study design and technical guidance.

Tengfei Wang, Achyut Bhandari, and Phuntsho Wangdi prepared the report based on six separate reports prepared under the project. Chorthip Utoktham calculated trade costs.

Advice from ADB staff in preparing the report is gratefully acknowledged. This includes contributions from Rose McKenzie, Cuong Minh Nguyen, Sonoko Sunayama, and Satish Reddy. Mohammad Saeed at the International Trade Centre also provided advice. Phuntsho Dorji and Sonam Dema played a crucial role in organizing the Trade and Transport Facilitation Monitoring Mechanism (TTFMM) national validation workshop on 3–4 August 2016 in Thimphu, Bhutan. Vyonna Bondi provided a critical review of the report.

Takayuki Miyoshi and Jing Cheng from the World Customs Organization Asia-Pacific Regional Office for Capacity Building delivered training on the Time Release Study, while Fedor Kormilitsyn from UNESCAP delivered training on the Time/Cost-Distance method at the national workshop on TTFMM held in Phuentsholing, Bhutan on 10–14 March 2014. Jeff Procak and Ying Qian from ADB shared tool kits and experience on conducting Corridor Performance Measurement and Monitoring in Central Asia. The contribution of Prabir De is also acknowledged.

The TTFMM baseline study is funded under both ADB's Technical Assistance Special Fund and the Japan Fund for Poverty Reduction.

ABBREVIATIONS

ADB	Asian Development Bank
BBIN	Bangladesh, Bhutan, India, and Nepal
BPA	business process analysis
BPA+	business process analysis plus
CPMM	corridor performance measurement and monitoring
NTFC	National Trade Facilitation Committee
NTTFC	National Transport and Trade Facilitation Committee
RRCO	Regional Revenue and Customs Office
SASEC	South Asia Subregional Economic Cooperation
TCD	time/cost–distance
TFA	trade facilitation agreement
TRS	time release study
TTFMM	Trade and Transport Facilitation Monitoring Mechanism
UN	United Nations
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNNExT	United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific
WTO	World Trade Organization

EXECUTIVE SUMMARY

As the key outcome of the baseline study of the Trade and Transport Facilitation Monitoring Mechanism (TTFMM) in Bhutan, the current synthesis report is derived from a series of studies carried out by the same project team and is targeted at policy makers, government officials, and any other stakeholders related to trade and transport facilitation.

Given the nature of the baseline study, the current report aims not only to report current trade facilitation in Bhutan but also to lay a foundation for future studies and the establishment of a long-term sustainable TTFMM. Accordingly, this report covers topics such as the (i) importance of trade facilitation, (ii) crucial role of TTFMM for continued improvement of trade facilitation, (iii) key methodology for data collection called business process analysis plus (BPA+), and (iv) rationale for defining the scope of monitoring.

The baseline studies cover business process analysis (BPA) of (i) import of light motor vehicles from third countries to Bhutan via Kolkata Port, (ii) import of plastic kitchenware and tableware (melamine products) from Bangladesh to Bhutan, (iii) export of ferrosilicon from Bhutan to third countries through Kolkata Port, and (iv) export of cardamom from Bhutan to Bangladesh. Performance and measurement of corridors and border crossings are also covered by the studies. Based on the outcome of the studies, the report presents a set of indicators that quantify current trade and transport facilitation and provide recommendations.

The report reveals that the average number of procedures for completing import or export is higher than selected countries in Asia. The report, however, cautions that direct comparison can only be made with a series of caveats because Bhutan's trade process involves transit in India, which naturally increases the number of procedures. In any case, the large number of trade procedures generally prolongs the trade process and adds to trade costs. Policy makers from both Bhutan and India need to discuss ways to review the necessity of each procedure and remove any procedure that does not add value to import or export.

This report calls for scrutiny of the necessity of repeated submission of import or export documents and emphasizes the importance of introducing a national single window. The average number of documents submitted for completing the import process is 29, and for export process is 20. On the other hand, these documents (originals and copies) need to be submitted 86 times on average for import and 74 times for export. Questions should be asked whether all these documents are necessary and whether the documents can be submitted electronically.

The report finds that the average speed along the corridor under study is very low. For example, average speed with delays is 9 kilometers per hour (km/h), and without delays is 15 km/h along the Kolkata–Phuentsholing corridor. Similarly, the study reveals that average speed with delays is about 5 km/h, and without delays is 16 km/h along the Burimari–Phuentsholing corridor. Such speed is much lower than the average speed surveyed in Central Asia, highlighting that both transport infrastructure and vehicles remain a challenge for efficient transport along the corridor.

Based on data analysis, this report recommends the following measures be taken to further enhance trade facilitation. Short-term interventions include (i) electronic filing and exchange of documents; (ii) harmonization of data and information and standardization of documents; (iii) removal of redundant or repetitive procedures and documents; (iv) enhanced availability and accuracy of information on rules, regulations, and guidelines; (v) continued efforts toward customs automation; (vi) enhanced payment remittance; and (vii) a more active role of the private sector. Long-term interventions include (i) further development of transport and logistics infrastructure in Phuentsholing, and (ii) strengthened transport and transit in India. Transit in India is fundamental to enhancing trade and transport efficiency of Bhutan's imports. The study shows that 67% of the import cost is directly attributed to transport (not including maritime transport from other countries to Kolkata) and transit clearance. Efforts from India and coordination at South Asia Subregional Economic Cooperation (SASEC) level are important. Certainly, these recommendations are tentative. Actual follow-up actions are subject to feasibility studies and availability of resources. Nevertheless, the findings would provide relevant and useful reference for policy reform.

Most proposed procedures are covered by the World Trade Organization Trade Facilitation Agreement (WTO TFA), indicating the importance of implementing the TFA for advancing trade and transport facilitation in a country. On the other hand, the report substantially adds value to implementing the TFA because it identifies trade facilitation measures that should be administered in the short- and long-term, and therefore, supports a country to prioritize the implementation if the country faces financial and human capacity constraints.

This report reveals the benefits and importance for the countries to join the emerging regional agreements especially the *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*.^{*} Trade and transport procedures between Bhutan and any third country involve India as a transit country. State-of-the-art cross-border exchange of data and information between Bhutan and India is crucial to ensure efficiency of the trade process. However, relevant work in this area remains largely at the nascent stage of development. Bhutan should consider joining the regional agreement to take full advantage of opportunities to access new technology and innovative practice, receiving technical assistance and building capacity.

The report highlights the importance of monitoring trade and transport facilitation from a holistic perspective. It shows that border-crossing and transport times may account for approximately 20% of the total trade time. This means that optimizing border-crossing and transport processes is important but not enough to enhance the whole trade process. Other trade procedures must be taken into consideration to improve the trade process.

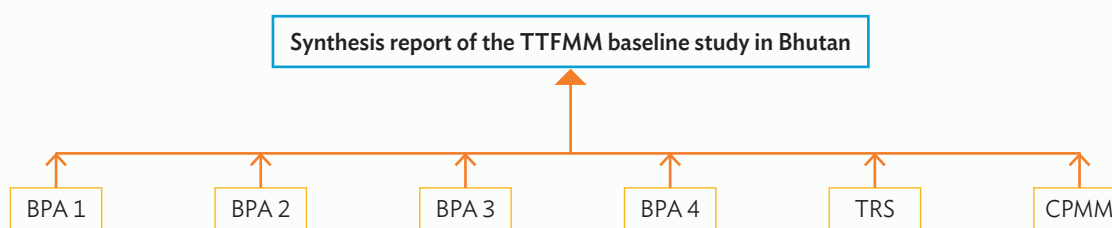
In light of the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement, the report presents both the challenges and enormous opportunities to enhance transport efficiency along the BBIN corridors. On the one hand, the current average speed of vehicle movement along the corridor is very low. On the other hand, if a vehicle traveling the SASEC corridor can maintain a speed of 30 km/h from Kolkata to Phuentsholing—which is still low compared with the average speed along the Central Asia Regional Economic Cooperation corridors—potentially 67 hours or approximately two-thirds of journey time can be saved on average. Policy makers and other stakeholders should treat this as encouraging news because once measures to streamline trade and transport processes are put in place, substantial improvement in transport times along the corridors can be expected.

^{*} Detailed information on the framework agreement is available at <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

To lay a foundation for similar studies in the future and the establishment of the TTFMM, the report reviews the most important aspects of establishing the TTFMM in Bhutan, including institutional arrangements, national capacity building, resources, and continuation and expansion of monitoring and alignment of the TTFMM with global and regional initiatives.

It is important to note that the current report is based on six separate reports prepared under the project (Figure). As such, while the current report is self-contained, readers are encouraged to consider all separate reports to fully understand the details of data, discussion, and analysis. The studies and relevant discussions in these reports are fully in line with the United Nations Centre for Trade Facilitation and Electronic Business Recommendation No. 42 on TTFMM published on 27 April 2017 and may serve as useful reference when similar work is carried out in the future.

Relationship of the Trade and Transport Facilitation Monitoring Mechanism Synthesis Report and Six Separate Reports



- BPA 1** Import of light motor vehicles from the third countries to Bhutan via Kolkata Port
BPA 2 Import of kitchenware and plastic tableware (melamine products) from Bangladesh to Bhutan
BPA 3 Export of ferrosilicon from Bhutan to the third countries via Kolkata Port
BPA 4 Export of cardamom from Bhutan to Bangladesh
TRS Time Release Study of Phuentsholing border crossing, Bhutan
CPMM Kolkata–Phuentsholing and Burimari–Phuentsholing corridors

BPA = business process analysis, CPMM = corridor performance measurement and monitoring, TRS = time release study, TTFMM = trade and transport facilitation monitoring mechanism.

Web links to the subsidiary reports:

- BPA 1 <http://www.unescap.org/resources/business-process-analysis-import-light-motor-vehicles-third-countries-bhutan-kolkata-port>
 BPA 2 <http://www.unescap.org/resources/business-process-analysis-import-kitchen-and-table-wares-plastics-melamine-products>
 BPA 3 <http://www.unescap.org/resources/business-process-analysis-export-ferro-silicon-bhutan-third-countries>
 BPA 4 <http://www.unescap.org/resources/business-process-analysis-export-cardamom-bhutan-bangladesh>
 TRS <http://www.unescap.org/resources/time-release-study-phuentsholing>
 CPMM <http://www.unescap.org/resources/performance-and-monitoring-selected-bhutan%E2%80%99s-trade-corridors>

Source: Prepared by the project team.

BACKGROUND AND INTRODUCTION

This chapter provides background information on the Trade and Transport Facilitation Monitoring Mechanism (TTFMM) baseline study. It reviews the importance of trade facilitation at global, regional, and national levels, and highlights key initiatives and efforts made by Bhutan in advancing trade facilitation. It also discusses the importance of measuring and monitoring trade facilitation and introduces key functions and features of the TTFMM.

1.1 Importance of Trade Facilitation

The importance of trade facilitation has been widely discussed and recognized at global, regional, and national levels. The Trade Facilitation Agreement (TFA), accomplished at the ninth World Trade Organization (WTO) Ministerial Conference in December 2013, is the first major global trade agreement to have been concluded since the establishment of WTO in 1995. The agreement provides evidence of a global consensus on the importance of trade facilitation for sustainable economic development, as well as a narrow but concrete framework through which countries may simplify and enhance the transparency of their trade procedures.

The importance of trade facilitation should be interpreted in the context of Sustainable Development Goals (SDGs) of the *2030 Agenda for Sustainable Development* adopted by world leaders in September 2015 at a historic United Nations (UN) Summit.¹ In particular, the SDG 17.11 states, “Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries’ share of global exports by 2020.” Trade facilitation is key to achieving this goal, as evidenced by the WTO research that notes that implementation of the WTO TFA has the potential to increase global merchandise exports by up to \$1 trillion per annum.² Similarly, a study carried out by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) shows that implementation of cross-border paperless trade measures is expected to increase export potential of Asia and the Pacific by over \$300 billion.

A WTO report reveals that improving trade facilitation can give a more powerful boost to developing countries’ exports as they have high trade costs, a large part of which are due to lack of trade facilitation. Customs delays and cumbersome procedures are far more frequently encountered in developing countries and least developed countries. The report also highlights that trade facilitation often leads to increased foreign direct investment in small economies, increased government revenues, and reduced customs fraud and corruption.³

¹ United Nations (UN). UN Sustainable Development Knowledge Platform. *Transforming Our World: The 2030 Agenda for Sustainable Development*. <https://sustainabledevelopment.un.org/post2015/transformingourworld>

² World Trade Organization (WTO) (2015a).

³ WTO (2015b).

In the Asia and Pacific region, adoption of an important UN treaty titled *The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*—which opened for signature on 1 October 2016 at the UN headquarters in New York—shows the commitment of the countries to advancing trade facilitation and paperless trade.⁴

The South Asia Subregional Economic Cooperation (SASEC) Program fully recognizes the important role of trade facilitation for regional integration by stating in the SASEC Trade Facilitation Strategic Framework 2014–2018 that “the benefits of creating fast and efficient transport infrastructure networks to move goods, people, and business around South Asia will never be fully realized unless these developments are supported by simultaneous improvements in trade procedures and facilities. Intraregional trade in South Asia could rise by as much as 60%, and the region’s trade with the rest of the world could grow by 30% if trade facilitation systems could be raised to international standards, according to studies.”⁵

1.2 Important Measures and Initiatives on Trade Facilitation in Bhutan

Important measures have been taken in Bhutan to advance trade facilitation. To highlight a few, Bhutan’s National Trade Facilitation Committee (NTFC) was established by executive order in February 2013 in response to the third policy action of the first tranche release of the SASEC Trade Facilitation Program.⁶ It aims to (i) engage core public and private sector trade facilitation stakeholders in Bhutan to identify and address legal and regulatory obstacles and bottlenecks in the import and export process, and (ii) ensure proper coordination and smooth implementation of the cross-sectoral SASEC Trade Facilitation Program. In addition, the NTFC was also designed to serve as the primary mechanism through which interagency coordination will move to a national single window (NSW) environment in Bhutan. In August 2015, the Ministry of Finance reconstituted the NTFC as the National Transport and Trade Facilitation Committee (NTTFC) to enable this committee to address effectively the transport-related matters especially related to the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement.⁷

The Department of Revenue and Customs in Bhutan has been engaged in improving the customs procedures in line with the Revised Kyoto Convention and building in-house capacity in support of simplifying and harmonizing customs procedures. Other important trade and transport facilitation projects include development of a mini dry port in Phuentsholing, a bypass road from Phuentsholing to Rinchending via Dhoti Khola, a new road to connect Pasakha directly to India across the border, and a customs post at Alay.

⁴ UN Treaty Collection. https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=X-20&chapter=10&clang=_en

⁵ Asian Development Bank (ADB). 2013.

⁶ ADB (2014b).

⁷ South Asia Subregional Economic Cooperation (SASEC) (2015).

From a more systematic perspective, in terms of implementing trade facilitation and paperless measures in the Asia and Pacific region, a recent survey conducted by UNESCAP and other regional commissions reveals that the average level of trade facilitation implementation by the 44 Asia and Pacific economies, based on a set of 31 trade facilitation and paperless trade measures, is 46.5% (Figure 1.1).⁸ Within the Asia and Pacific region there is great variation in trade facilitation implementation rates. Australia, the Republic of Korea, and Singapore have obtained scores exceeding 85%, while other countries have yet to achieve 15% implementation levels. The survey also shows that the level of implementation of trade facilitation measures in Bhutan (27%) is below the average level in Asia and the Pacific (46.5%), and in South Asia and Southwest Asia (42%).⁹

Figure 1.1: Overall Implementation of Trade Facilitation Measures in 44 Asia and Pacific Economies



Lao PDR = Lao People's Democratic Republic.
Source: UNESCAP (2015a).

⁸ UNESCAP (2016).

⁹ South Asia and Southeast Asia is treated as one group, including Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Turkey. The grouping is based on UNESCAP flagship publication <http://www.unescap.org/sites/default/files/publications/Survey%202017-Final.pdf>

1.3 High Trade Costs: A Major Challenge for South Asia, including Bhutan

Countries in South Asia, including Bhutan, often face high trade costs. According to the latest data from the ESCAP–World Bank International Trade Cost Database (Table 1.1), the intraregional trade costs of Bangladesh, Bhutan, and Nepal amount to 186% tariff equivalent, which is the highest among the selected countries in other subregions in Asia and the Pacific. The overall cost of trading goods among the three largest European Union economies is equivalent to a 43% average tariff on the value of goods traded. The People’s Republic of China, Japan, and the Republic of Korea (East Asia–3) come closest to matching the low intra-European Union trade costs, with average trade costs of 51% tariff equivalent, followed by the middle-income members of the Association of Southeast Asian Nations with intraregional trade costs of 76% tariff equivalent.

Table 1.1: Intraregional and Extraregional Comprehensive Trade Costs in the Asia and Pacific Region (Excluding Tariff Costs), 2008–2013 (%)

Region	ASEAN-4	East Asia-3	North and Central Asia-3 + PRC	Pacific Islands-2	SASEC-3	AUS-NZL	EU-3
ASEAN-4	76 (7.7)	75 (5.0)	362 (16.3)	172 (-10.1)	273 (3.6)	101 (3.7)	106 (-1.0)
East Asia-3	75 (5.0)	51 (-3.4)	197 (-1.1)	175 (-3.4)	228 (-0.7)	88 (-4.7)	85 (-3.0)
North Asia and Central Asia-3 + PRC	362 (16.3)	197 (-1.1)	122 (2.3)	165 (-6.9)	355 (-7.7)	290 (-6.7)	146 (-7.4)
Pacific Islands-2	172 (-10.1)	175 (-3.4)	165 (-6.9)	132 (-9.8)	440 (11.9)	83 (-8.0)	209 (-4.1)
SASEC-3	273 (3.6)	228 (-0.7)	355 (-7.7)	440 (11.9)	186 (5.9)	317 (10.1)	242 (7.1)
AUS-NZL	101 (3.7)	88 (-4.7)	290 (-6.7)	83 (-8.0)	317 (10.1)	52 (-4.0)	108 (-1.1)
EU-3	106 (-1.0)	85 (-3.0)	146 (-7.4)	209 (-4.1)	242 (7.1)	108 (-1.1)	43 (-4.9)
United States	86 (9.8)	63 (0.2)	179 (7.3)	163 (-5.6)	229 (6.9)	100 (3.6)	67 (0.7)

ASEAN = Association of Southeast Asian Nations, AUS = Australia, EU = European Union, NZL = New Zealand, PRC = People’s Republic of China, SASEC = South Asia Subregional Economic Cooperation.

Notes: Trade costs may be interpreted as tariff equivalents. Percentage changes in trade costs between 2003–2008 and 2009–2014 are given in parentheses. ASEAN-4: Indonesia, Malaysia, the Philippines, and Thailand; East Asia-3: the People’s Republic of China (PRC), Japan, and the Republic of Korea; North Asia and Central Asia-3 + the PRC: Georgia, Kazakhstan, the Kyrgyz Republic, and the PRC; Pacific Islands-2: Fiji and Papua New Guinea; SASEC-3: Bangladesh, Bhutan, and Nepal; AUS-NZL: Australia and New Zealand; EU-3: Germany, France, and the United Kingdom.

Source: UNESCAP. 2015. ESCAP–World Bank Trade Cost Database (June 2015 update). <http://artnet.unescap.org/databases.html#first>

Reduction of trade costs is essential to enabling economies to participate effectively in regional and global value chains as well as to continue using trade as a main engine of growth and sustainable development. Recent studies suggest that much of the trade cost reductions since 2000 have been through the elimination or lowering of tariffs.¹⁰ Therefore, further trade cost reductions will have to come from not only tackling nontariff sources of trade costs, such as inefficient transport and logistics infrastructure and services, but also from cumbersome regulatory procedures and documentation. Therefore, trade facilitation has taken an increasing importance in reducing trade costs.

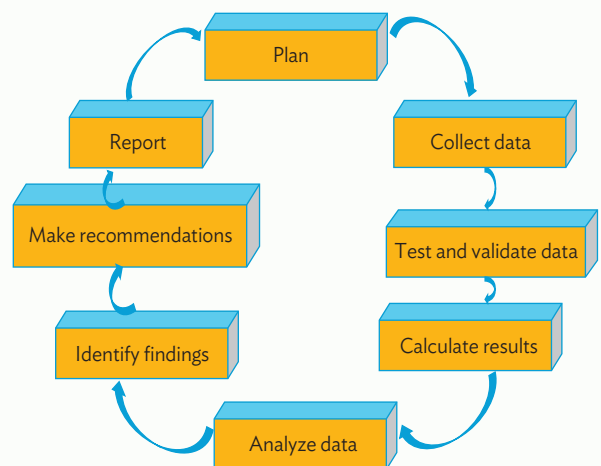
1.4 Importance of Monitoring and Measuring Trade Facilitation Performance

Measuring and monitoring trade facilitation performance is essential to understanding whether the targets are effectively met. Its importance is emphasized in the SASEC Trade Facilitation Strategic Framework 2014–2018 that states, “The concrete action plans to be developed to implement the strategic thrusts would need to have clear and measurable goals and a set of indicators to monitor progress and gauge outcomes. . . . Baseline studies on outcome indicators will be conducted and appropriate targets determined for a consistent and regular monitoring and assessment of results.” The strategic framework also emphasizes the importance of an integrated approach for measuring trade and transport facilitation, noting that “an integrated transport and trade facilitation methodology that will link the time release survey, cost–time–distance survey, and the [Business Process Analysis (BPA)] would also be developed.”

International organizations have begun to emphasize the importance of measuring and monitoring trade facilitation performance. For instance, the World Customs Organization (WCO) proposes that data should be collected to review and refine action plans related to trade facilitation (Figure 1.2). The Asian Development Bank (ADB) and UNESCAP prescribe a similar approach on policy reform and performance measurement and monitoring (Figure 1.3).

Recognizing the strengths and weaknesses of international indicators, many countries in the world have taken actions to collect more detailed information on trade and transport facilitation to support policy making. In the case of Bhutan, a preliminary study on BPA for selected products provides a solid basis for more systematic studies.¹¹

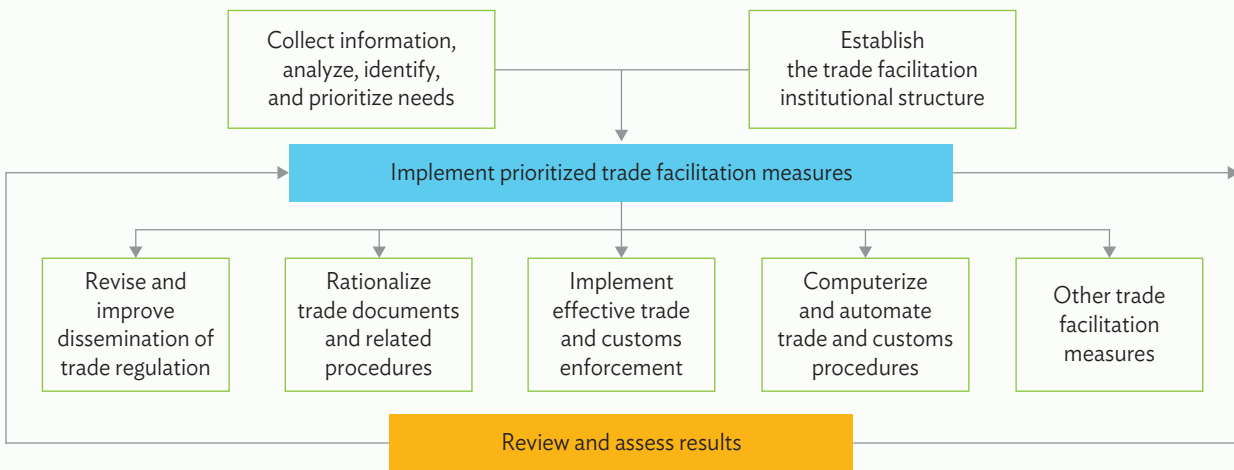
Figure 1.2: Enhancing Trade Facilitation and Performance Monitoring



Source: World Customs Organization (2011).

¹⁰ For example, see UNESCAP. 2011. *Asia-Pacific Trade and Investment Report 2011*.

¹¹ UNESCAP (2014b).

Figure 1.3: Step-by-Step Trade Facilitation: A Framework for Action

Source: ADB and UNESCAP (2013).

1.5 Key Functions and Features of the Trade and Transport Facilitation Monitoring Mechanism

This guide on the TTFMM was initially developed by UNESCAP and ADB, in consultation with national governments and experts, to address the pressing need for the countries in the Asia and Pacific region to establish their own sustainable mechanism for monitoring the effectiveness of trade and transport facilitation reforms and measures and identifying solutions to streamline and optimize trade and transport processes. Many countries around the world, including those in Asia and the Pacific, have made efforts to facilitate trade and transport. Few, however, have established sustainable mechanisms to monitor the effectiveness of policies and procedures that facilitate trade and speed up international supply and value chains. Several global trade facilitation performance surveys and databases are now available and very useful as benchmarking and awareness-raising tools. But they do not provide sufficiently detailed information to develop or update national trade facilitation action plans. Trade and transport facilitation assessments have also been conducted in some countries. In many cases, these are typically ad hoc, with little coordination among development partners and limited support from government agencies.

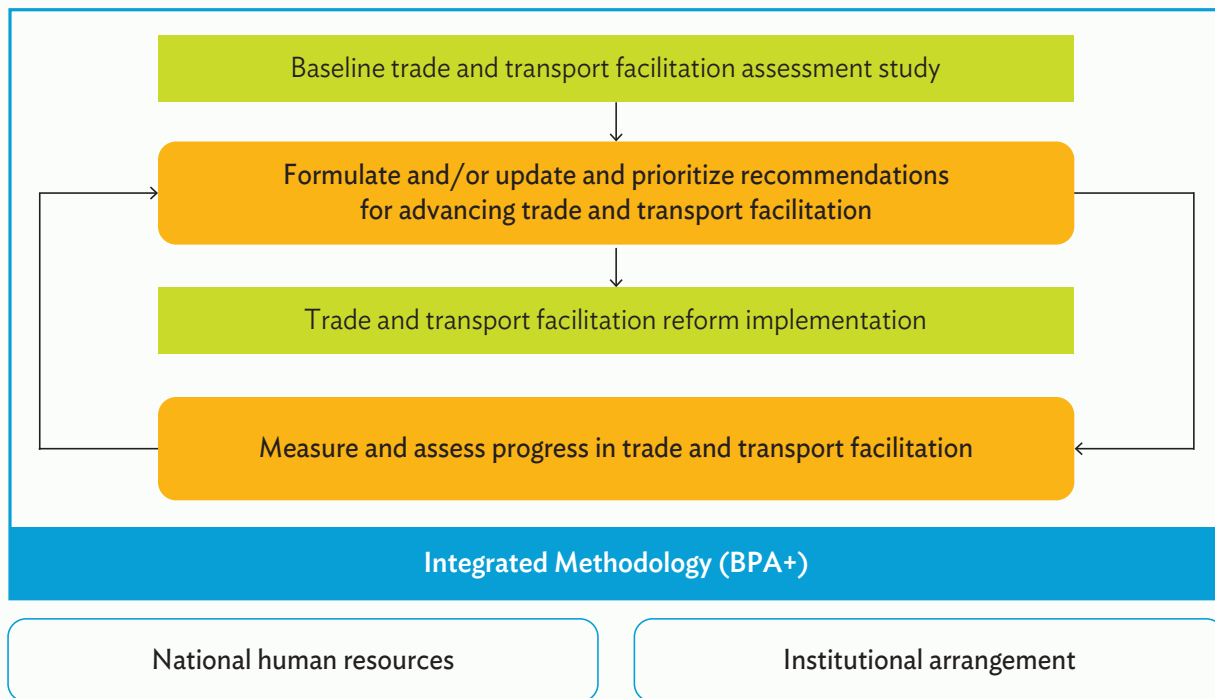
There is, therefore, a need for countries to establish sustainable national TTFMM systems with two interrelated functions: (i) to measure and assess progress in trade and transport facilitation; and (ii) to assist in formulating, updating, and prioritizing recommendations for trade and transport facilitation.¹² More specifically, adoption of the TTFMM will bring the following benefits:

¹² Detailed discussion on TTFMM is available at UNESCAP (2014a). More recently, a project to develop a UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendation on TTFMM has been launched: See UN Economic Commission for Europe. Current Projects. <http://www.unece.org/tradewelcome/un-centre-for-trade-facilitation-and-e-business-uncefact/projects/current-projects.html>

- streamlined trade and transport procedures, improved trade efficiency, and enhanced trade competitiveness;
- reliable, systematic, consistent, and harmonized data available for policy making and modernization;
- cost-effective and sustainable monitoring of trade and transport facilitation; and
- enhanced national human capacity for trade and transport facilitation.

The TTFMM framework underlying the baseline study in Bhutan is outlined in Figure 1.4. It is important that the TTFMM be anchored within a national trade and transport facilitation committee (or an equivalent institution) and can rely upon national resources to make it sustainable and affordable. Underpinning the TTFMM is the Business Process Analysis Plus (BPA+) methodology, which is built on the BPA methodology and supplemented by time release study (TRS) and time/cost–distance (TCD) methodologies.

Figure 1.4: Trade and Transport Facilitation Monitoring Mechanism



BPA+ = Business Process Analysis Plus.

Source: UNESCAP (2014a).

1.6 Objective of the Study

The TTFMM baseline study in Bhutan was conducted as part of a broad initiative to establish a sustainable TTFMM in the country in the long term. The study is part of a TTFMM project under the SASEC Program in helping three member countries—Bangladesh, Bhutan, and Nepal—develop effective monitoring systems of their respective trade and transport facilitation reforms and measures, with the aim of better identifying solutions to streamline and optimize trade and transport processes.

The following are the objectives of the TTFMM baseline study:

- (i) Provide a set of indicators and underlying data on trade and transport facilitation performance in Bhutan. Such baseline data will ensure that the progress or setback in trade facilitation performance in the country can be benchmarked.
- (ii) Diagnose key bottlenecks and provide recommendations for removing bottlenecks and simplifying trade procedures. The study provides policy recommendations to policy makers and stakeholders.
- (iii) Propose a way forward to maintain sustainability. Sustainability is at the core of the TTFMM design. This report provides specific recommendations on how to maintain TTFMM sustainability including institutional arrangements, data collection and analysis, and the best way to utilize the study output.

SCOPE OF THE TRADE AND TRANSPORT FACILITATION MONITORING MECHANISM BASELINE STUDY IN BHUTAN

An essential initial step in conducting the TTFMM baseline study is to define the scope of monitoring. In principle, the scope of monitoring should be decided by each country according to its specific situation. Two different countries may have different priorities for the monitoring. For instance, a landlocked country may be keen to monitor the procedures at land border posts, while an island country is concerned about the performance at ports and shipping connectivity. This chapter introduces key factors for consideration in defining the scope of monitoring and reviews the process of defining the scope of monitoring under the TTFMM baseline study in Bhutan.¹³

2.1 Factors in Defining the Scope of Monitoring

In defining the scope of monitoring for the TTFMM baseline study in Bhutan, the following factors are taken into consideration.

2.1.1 General Principle for Defining Scope of Monitoring

In defining the scope of monitoring, the specific, measurable, achievable, relevant, and time-bound (SMART) principle should be adopted whenever appropriate.

- (i) **Specific.** The areas for monitoring need to be clear and unambiguous.
- (ii) **Measureable.** Quantitative indicators should be collected and monitored.
- (iii) **Achievable.** A country needs to review its resources and capacity for the monitoring exercise. If monitoring is carried out for the first time, the country may focus on a small number of strategically important procedures, products, or trade routes. Over time, with enhanced national capacity and experience, more products and trade routes can be included for monitoring.
- (iv) **Relevant.** The areas of monitoring need to be strategically important and relevant for the country.
- (v) **Time-bound.** The time frame and target dates for the monitoring exercises need to be clear to all stakeholders.

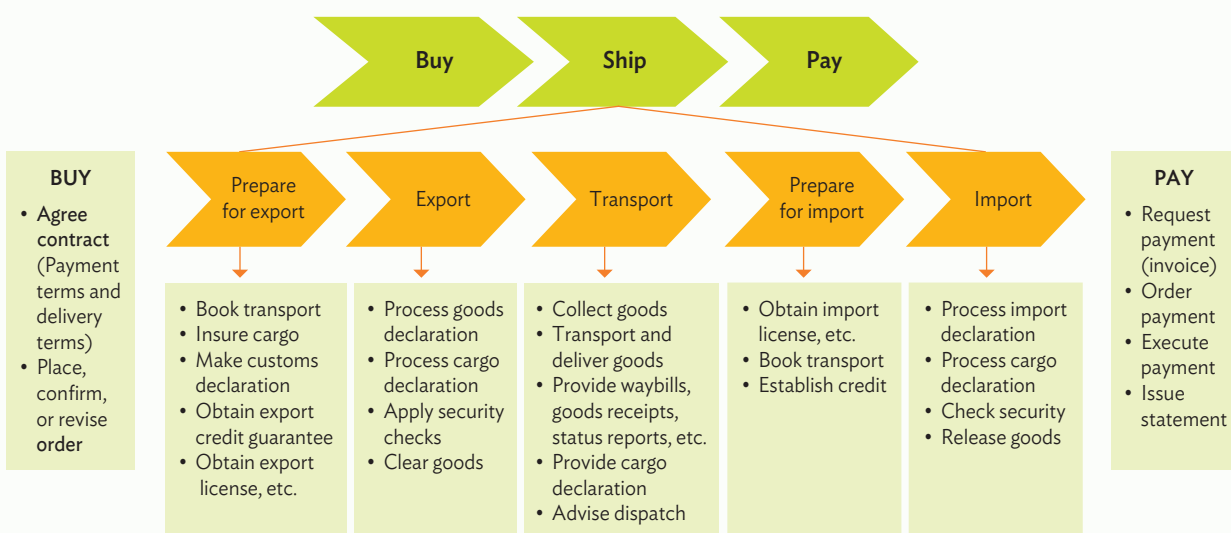
The country may consider process, products, or trade routes and corridors in defining the scope of monitoring, as elaborated in sections 2.1.2–2.1.4.

¹³ Discussion of TTFMM in this report is in line with the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Recommendation 42, https://www.unece.org/fileadmin/DAM/cefact/recommendations/rec42/ECE_TRADE_C_CEFAC_T_2017_8E_R1_Rec42.pdf

2.1.2 Selection of Process or Procedures for Monitoring

The countries, whenever appropriate, should consider adopting a whole supply chain approach for defining the scope of monitoring. In this respect, the buy–ship–pay model (Figure 2.1) provides a useful framework for monitoring exercises. In some cases, the scope could be confined to selected process(es) of the buy–ship–pay model according to national priorities.

Figure 2.1: Buy–Ship–Pay Model



Note: The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Recommendation No. 18 illustrates a simplified view of the international supply chain in the Buy–Ship–Pay model, as shown in this figure. The model identifies the key commercial, logistical, regulatory, and payment procedures involved in the international supply chain.

Source: United Nations Economic Commission for Europe (UNECE) (2001).

2.1.3 Selection of Products for Monitoring

In selecting the products for monitoring, at least one of the following factors should be taken into consideration whenever possible:

- The products should be strategically important for the country or the areas.
- The products should be relevant and important for small and medium-sized enterprises and particularly for the agriculture sector.
- The products should have great contribution to employment creation.
- The product should have high frequency of shipments.
- The product should have high economic value to the country.
- The product's trade process should include common or many bottlenecks, agencies, and inefficient procedures.
- The product should be relevant in terms of the well-being and social cohesion of the population.

2.1.4 Selection of Trade Routes and Corridors for Monitoring

Trade routes and corridors under assessment should be primarily decided by the products selected for assessment or by their economic impacts. In the case of products being transported along different corridors, priority should be given to the corridors that are most frequently used or strategically important for the country or the region. Consultation with the private sector may greatly help in identifying such corridors.

2.2 Selecting the Scope of Monitoring in Bhutan and Final Selection

The scope of the TTFMM baseline studies was decided through a series of regional and national training workshops held in Bangkok, Thailand in November 2013; in Phuentsholing, Bhutan in March 2014; and again in Bangkok, Thailand in January 2015. A wide range of stakeholders were consulted in this process, as shown in the lists of participants of different meetings (Appendixes 1–6). After extensive discussion with the stakeholders, it was agreed that the TTFMM baseline study in Bhutan would cover the following processes and products:

- (i) third-country import of light motor vehicles to Bhutan via Kolkata Port;
- (ii) import of plastic kitchenware and tableware (melamine products) from Bangladesh to Bhutan;
- (iii) third-country export of ferrosilicon from Bhutan through Kolkata Port; and
- (iv) export of cardamom from Bhutan to Bangladesh.

More specifically, it was decided that the BPA would cover all the abovementioned products and corridors; the TRS would cover border crossing at Phuentsholing; and CPMM/TCD would cover the corridors from Kolkata to Phuentsholing and from Burimari to Phuentsholing.

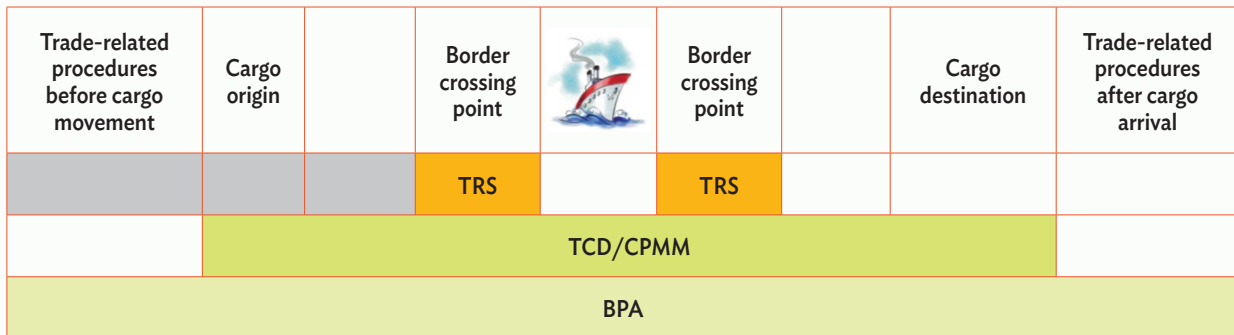
METHODOLOGY FOR DATA COLLECTION AND ANALYSIS

This chapter introduces the key methodology for data collection and analysis called Business Process Analysis Plus (BPA+) that underlies the TTFMM baseline study in Bhutan. It also reports the detailed process and efforts for data collection and validation.

3.1 Business Process Analysis Plus as Underlying Methodology

BPA+ was identified as the key methodology for data collection and analysis for the TTFMM baseline study in Bhutan. The BPA+ approach is built upon the BPA and supplemented by other methods such as Time Release Study (TRS) and Time/Cost-Distance/Corridor Performance Measurement and Monitoring (TCD/CPMM) (Figure 3.1).¹⁴

Figure 3.1: Business Process Analysis Plus



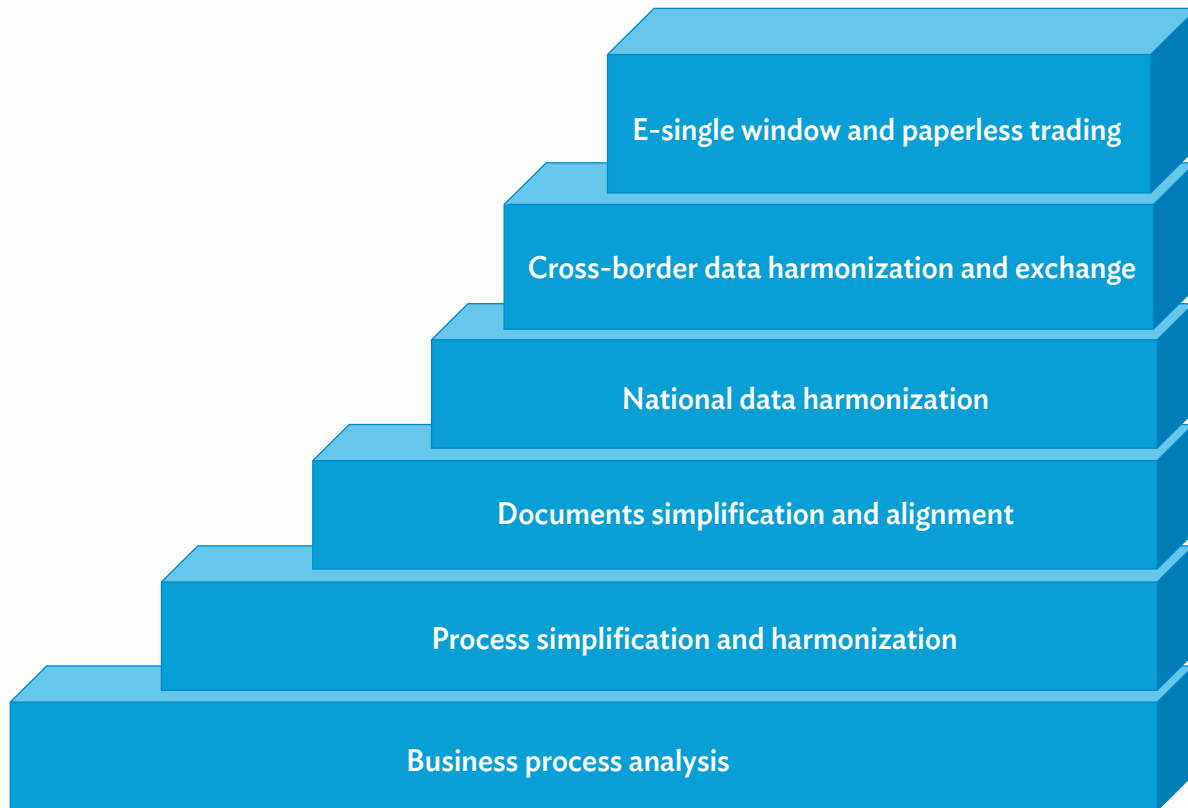
BPA = business process analysis, CPMM = corridor performance measurement and monitoring, TCD = time/cost-distance, TRS = time release study. Source: UNESCAP (2014a).

According to the Centre for Trade Facilitation and Electronic Business (UN/CEFACT) (Figure 3.2),¹⁵ BPA is recommended as the first step before undertaking other trade facilitation measures related to the simplification, harmonization, and automation of trade procedures and documents.

¹⁴ Discussion of BPA+ is derived from the ESCAP-ADB publication, “Towards a National Integrated and Sustainable Trade and Transport Facilitation Monitoring Mechanism: BPA+”. <http://www.unescap.org/resources/towards-national-integrated-and-sustainable-trade-and-transport-facilitation-monitoring>

¹⁵ UNECE (2006).

Figure 3.2: Step-by-Step Approach to Implementing Trade Facilitation Measures

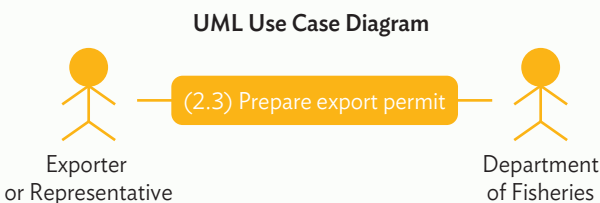


Source: UNECE (2006).

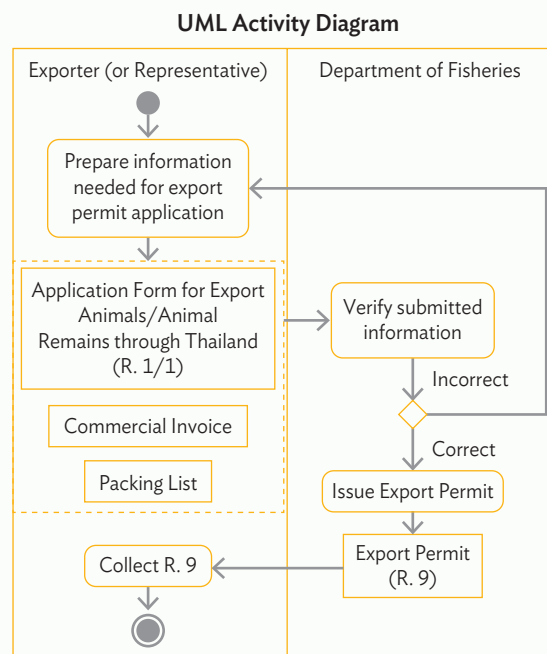
BPA uses Unified Modelling Language as a standard way to graphically represent the various procedures involved in the trade process (Figure 3.3). Use of this common standard is essential to providing a systematic description and common language of a procedure that can be understood by all stakeholders involved in international trade transactions, both domestic and foreign.¹⁶

Developed and promoted by the World Customs Organization (WCO), TRS is used to measure the average time taken between the arrival of the goods and their release. The outcome of TRS enables customs to identify both the problem areas and potential corrective actions for increasing efficiency. Measuring the time taken for the release of goods also meets the concerns of the relevant stakeholders regarding long delays in customs clearance.

¹⁶ UNESCAP (2012).

Figure 3.3: Examples of Use Case and Activity Diagrams

UML use case and activity diagrams are used to visualize the captured knowledge of the business processes. The use case diagram illustrates high-level business processes and the actors associated with each of them. It serves as a frame of reference for further elaboration of business process modelling work. The activity diagram, on the other hand, describes activities, inputs, and outputs associated with each business process listed in the use case diagram.



UML = unified modelling language.

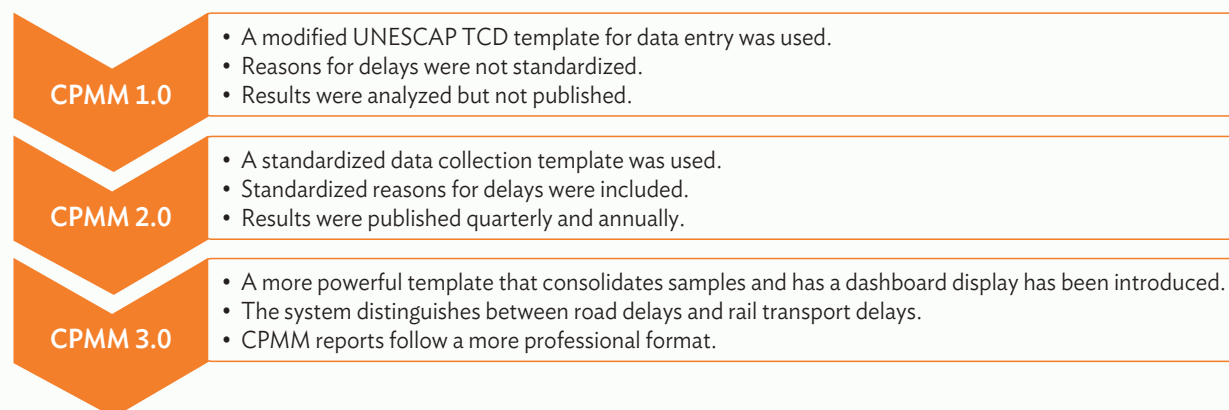
Source: UNESCAP (2012).

Developed by UNESCAP, the TCD method assists decision makers in understanding the pattern and magnitude of time and cost of transportation process and in identifying, isolating, and addressing physical and nonphysical obstacles.¹⁷ TCD was further refined by ADB and evolved as the CPMM (Figure 3.4).¹⁸ As CPMM has been widely used in Central Asia, it is also adopted by the current TTFMM baseline study.

BPA+ draws on the strengths of BPA, TRS, and TCD/CPMM. BPA was initially designed to document and evaluate an import or export process at a given time. Its relative simplicity, combined with the fact that it specifically includes measuring the time and cost of the complete range of procedures as one of the main outputs of the analysis, makes it suitable as the basis or core of a trade facilitation monitoring and improvement system. TCD/CPMM and TRS focus on a subset of procedures covered by BPA and provide alternative data collection methods, and therefore can be used to verify and supplement the data and outputs from the standard BPA. BPA data are typically based on key informant interviews verified through stakeholder consultation(s), while TCD/CPMM is often based on accumulation of quantitative information provided by drivers moving single shipments along a selected route, and TRS is based on data collection forms completed by customs officers and customs brokers or on electronic time stamps when available, for a sample of shipments or customs declarations.

¹⁷ More information at UNESCAP (2012b).

¹⁸ Detailed discussion is available at ADB (2014a).

Figure 3.4: Evolution of Corridor Performance Measurement and Monitoring

CPMM = corridor performance measurement and monitoring, TCD = time/cost–distance, UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific.

Source: ADB (2014a).

BPA provides not only indicators but also a “standard” way to analyze trade procedures, identify bottlenecks, and diagnose trade barriers. The latter is achieved mainly by adopting Unified Modelling Language. CPMM and TRS provide indicators and leave detailed analysis to the project team. Another difference is that BPA is product-specific, while CPMM and TRS often cover various products.

3.2 Data Collection and Validation Process for the Trade and Transport Facilitation Monitoring Mechanism Baseline Study

The time frame for implementing the TTFMM baseline study in Bhutan is shown in Table 3.1. The key activities are highlighted below.

Workshops to Plan the Baseline Study in Wuhan, People’s Republic of China and Bangkok, Thailand

A subregional meeting was held in October 2015 in Wuhan, People’s Republic of China to plan the baseline study and discuss the next steps, and attended by national consultants and government officials from Bangladesh, Bhutan, and Nepal, and experts from ADB and UNESCAP. Another study planning workshop, during which methodologies for BPA, TRS, and TCD/CPMM were discussed in detail, was held in Bangkok, Thailand on 13–15 January 2016. Present at the workshop were national consultants of the project, government officers, and logistics operators from Bangladesh, Bhutan, and Nepal. Draft questionnaires used for TRS and CPMM were distributed and comprehensively discussed at the workshop, which was instrumental in the actual study.

Table 3.1: Time Frame for Implementing the Trade and Transport Facilitation Monitoring Mechanism Baseline Study

Tasks	Year 2015	Year 2016											
	Month 10	1	2	3	4	5	6	7	8	9	10	11	12
Subregional meeting to plan the baseline study in Wuhan, People's Republic of China													
Workshop to finalize the plan of the baseline study in Bangkok, Thailand													
Data collection on BPA													
Data collection on TRS													
Data collection on TCD/CPMM													
TTFMM database, analysis, and draft report													
National results validation meeting													
Refine TTFMM data and analysis, and finalize study report													

BPA = business process analysis, CPMM = corridor performance measurement and monitoring, TCD = time/cost-distance, TRS = time release study, TTFMM = trade and transport facilitation monitoring mechanism.

Note: Shaded area in a row indicates the month a particular task is undertaken.

Source: Prepared by the project team.

Data Collection on Business Process Analysis

An expert conducted data collection on BPA during February–July 2016 and interviewed the key stakeholders in Thimphu, Phuentsholing, Burimari, and Changrabandha. A field trip to Kolkata was arranged to collect data on transit during 16–18 March 2016. Following the UNNExT's BPA methodology, information on import and export processes was collected, essentially through repeated interviews of some key informants, e.g., exporters, importers, and intermediaries including public and private sector institutional participants directly involved in the processes being analyzed. Whenever required, there were also interviews and consultations with government agencies. Websites of different organizations were also studied to collect published information related to specific procedural requirements, including documents, time and costs, and laws and regulations. The people interviewed are listed in the Appendixes.

Data Collection on Time Release Study

The expert sensitized customs officials and clearing agents on the TRS on 18–19 February 2016 through a discussion of the study tools and import and export procedures. The study procedures were also explained to the participants in detail, including the questionnaires and how to complete them during the actual survey. Data related to export and import from India were collected from 30 May to 4 June 2016, while data related to third-country import into Bhutan were collected from 30 May to 21 July 2016.

Data Collection on TCD/CPMM

For the Kolkata–Phuentsholing corridor, data collection was carried out during May–September 2016. Overall, 49 samples were collected, but only 10 samples were included for analysis as the remaining forms were either incomplete or not correctly filled out. For the Burimari–Phuentsholing corridor, 25 samples were collected during May–July 2016, but only 17 samples had valid data for analysis. Clearly, difficulty in collecting reliable data for analysis needs to be addressed in the future.

National Results Validation Meeting and Follow-Up Activities

Bhutan Department of Revenue and Customs, in collaboration with ADB and UNESCAP, organized a national validation workshop on 3–4 August 2016 in Thimphu, Bhutan. The project team presented preliminary study results and findings to stakeholders. The project team considered comments from the workshop in their decision to revise the report. Approximately 1 month after the meeting, the project team shared the revised reports with the participants and incorporated additional feedback for further revision.

KEY FINDINGS AND RECOMMENDATIONS

4.1 Indicators on Corridors and Products under Study

This section is divided into four subsections, each section reports key indicators related to the corridors and products.

4.1.1 Importing Light Motor Vehicles through Kolkata–Jaigaon–Phuentsholing–Thimphu

The key indicators included for analysis include *time for import*, *costs for import*, *number of procedures for import*, *number of actors*, *number of documents for import*, and *average speed* along the corridor.

4.1.1.1 Time for Import

Table 4.1 and Figure 4.1 show the time procedure for import of light motor vehicles (LMVs) from the Republic of Korea. It takes 28.5 days to complete the import process, which does not include production and shipping time (approximately 45 days). In other words, it takes about 2.5–3 months for a vehicle to be delivered to Bhutan from the date of placing an import order. The exclusion of onetime procedures (2.1, 2.2, and 2.3) reduces the total time to 26.5 days.

Figure 4.1 shows that the maximum time of about 10 days or 40% of the total transaction time is spent on making final payment, which entails receiving original dispatch documents from the manufacturer or exporter by mail or courier and processing remittance. Placing and confirming an import order takes about 5 days. The next time-consuming procedure is opening a letter of credit which takes about 2.5 days. Transportation from Kolkata to Phuentsholing takes about 2 days.

According to the corridor analysis (under the CPMM) of 10 shipments included in the sample,¹⁹ on average, the total journey time (all inclusive) is approximately 98 hours (or less than 4 days) including the total travel time amounting to 59 hours, or approximately 60% of the journey time. The remaining time was spent for rest and delays.

The result of the TRS shows the average time from the arrival of goods (time of filing declaration) at the customs to the final release for all types of cargo for third-country import takes 6 hours and 50 minutes for nontaxable or exempted goods and 16 hours for taxable goods. The total average time to complete the customs procedure takes 2 hours and 45 minutes for nontaxable or exempted goods and 9 hours and 57 minutes for taxable goods.

¹⁹ The findings should be taken as indicative only as the sample is small. Further study along the corridor is recommended.

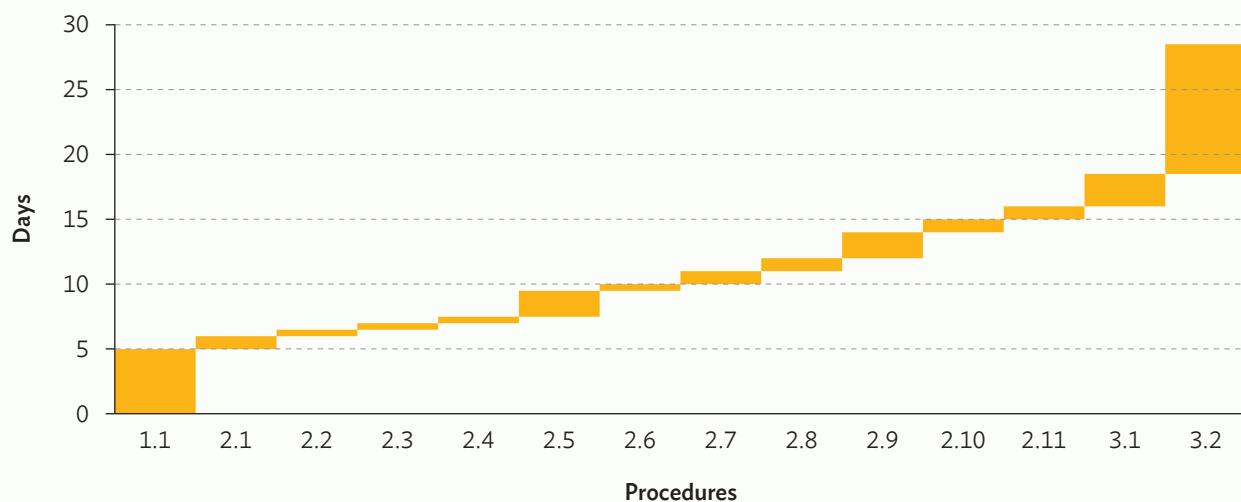
Table 4.1: Process and Time Involved in the Import of Light Motor Vehicles

Procedures	Process	Time (Days)	Actors Involved	Remarks
1.1	Conclude import contract	5.0	Private–Private	
2.1	Obtain security clearance	1.0	Private–Public	Onetime
2.2	Obtain dealership license and TPN	0.5	Private–Public	Onetime fixed cost
2.3	Obtain import house registration certificate	0.5	Private–Public	Onetime
2.4	Obtain import license	0.5	Private–Public	
2.5	Insure cargo	2.0	Private–Private	
2.6	Obtain letter of guarantee	0.5	Private–Public	
2.7	Clear customs transit process at Kolkata	1.0	Private–Public	
2.8	Release import cargo from dock	1.0	Private–Private	
2.9	Transport cargo to Phuentsholing	2.0	Private–Public	According to corridor studies, average journey time can be 4 days.
2.10	Clear customs at Phuentsholing	1.0	Private–Public	10 hours as per TRS
2.11	Transport cargo from Phuentsholing to Thimphu	1.0	Private–Private	
3.1	Open a letter of credit	2.5	Private–Private	
3.2	Make final payment	10.0	Private–Private	
Total		28.5		
Excluding Onetime Procedures (2.1 to 2.3)		26.5		

TPN = taxpayer number, TRS = time release study.

Notes: If a procedure takes no more than 3 hours, it is treated as a half day. If a procedure takes more than 3 hours, it is treated as a full day. The reason for this estimation is to take travel and waiting time for completing the procedure into consideration.

Source: Prepared by the project team.

Figure 4.1: Time for Import of Light Motor Vehicles including Onetime Procedures (Number of Days)

Notes: If a procedure takes no more than 3 hours, it is treated as a half day. If a procedure takes more than 3 hours, it is treated as a full day. The reason for such estimation is to take travel and waiting time for completing the procedure into consideration.

Source: Prepared by the project team.

4.1.1.2 Cost for Import

Table 4.2 and Figure 4.2 show that an importer pays about \$1,289 (excluding duty and taxes) in Bhutan for delivering a vehicle that typically costs \$19,870. This represents 6.5% of the total price of the vehicle. If the costs for onetime procedures (2.1, 2.2, and 2.3) are excluded, the total costs amount to \$1,135.

Table 4.2: Cost of Import of Light Motor Vehicles

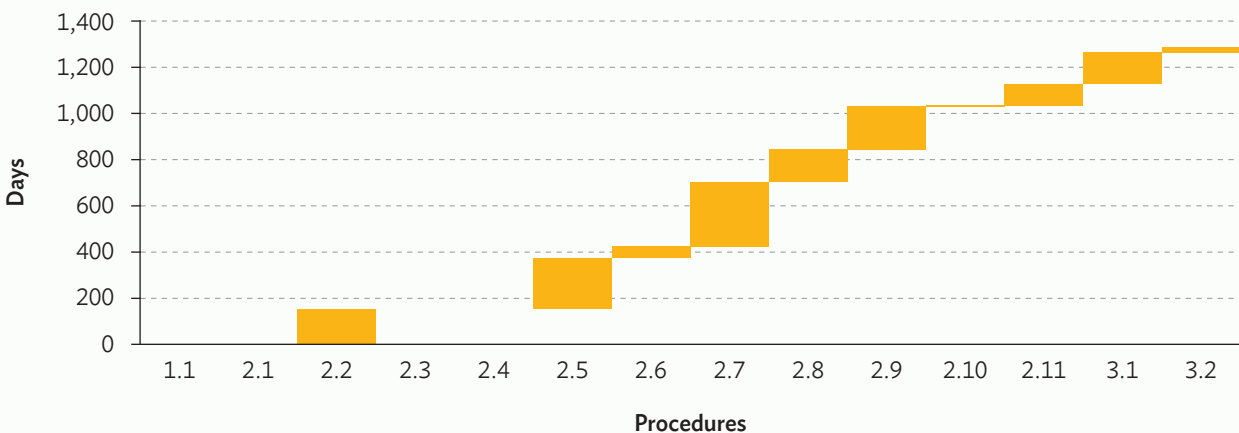
Procedures	Process	Cost (Nu)	Cost (\$)	Remarks
1.1	Conclude import contract		-	
2.1	Obtain security clearance		-	Onetime
2.2	Obtain dealership license and TPN	10,000.00	154.00	Onetime fixed cost
2.3	Obtain import house registration certificate	-	-	Onetime
2.4	Obtain an import license	-	-	
2.5	Insure cargo	14,202.50	219.00	
2.6	Obtain letter of guarantee	3,376.00	52.00	
2.7	Clear customs transit process at Kolkata	18,082.85	278.00	
2.8	Release of import cargo from dock	9,217.00	142.00	
2.9	Transport cargo to Phuentsholing	12,100.00	186.00	Driving time for LMV
2.10	Clear customs at Phuentsholing	300.00	5.00	
2.11	Transport cargo to Thimphu	6,000.00	92.00	Nu2,500.00 or \$38.45 is for the service provided by CHA, Bhutan
3.1	Open a letter of credit	8,882.25	137.00	
3.2	Make final payment	1,625.00	25.00	
Total		83,785.60	1,289.00	
Excluding Onetime Procedures (2.1-2.3)		73,785.60	1,135.00	

- = no or almost no cost, CHA = customs house agent, LMV = light motor vehicle, Nu = ngultrum, TPN = taxpayer number.

Note: \$1.00 = Nu65.00.

Source: Prepared by the project team.

Figure 4.2: Costs for Import of Light Motor Vehicles including Onetime Procedures (\$)



Source: Prepared by the project team.

About 33% of the total transaction costs are attributed to transit clearance at Kolkata and 14% to transportation to Phuentsholing. In other words, almost half of the total costs were incurred for transport and transit in India.²⁰ Insurance costs are \$218 or 17% of total trade costs.

According to the CPMM study, the total fee for the Kolkata–Jaigaon–Phuentsholing corridor toll road is about Rs700–Rs900 (\$10–\$13) based on interviews with the drivers, supplemented by available hard evidence (such as receipts from the toll road).

4.1.1.3 Number of Procedures for Import

An existing trader is required to fill in 11 documents to complete the import process. For a new trader who has to complete all onetime procedures, 14 documents are required to complete the import process. The details of the documents for import process are shown in Table 4.3.

Table 4.3: Documents and Copies Needed for Import of Light Motor Vehicles

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Documents Origin: Public or Private
1.1	Place import order	Electronic	Pro forma invoice	1	Private
2.1	Obtain security clearance	Electronic	Application form (online)	1	Public
2.2	Obtain dealership license and TPN	Electronic/Manual	Application form	1	Public
			Security clearance	1	Public
			Recommendation from DoT	1	Public
			Application for TPN (online)	1	Public
2.3	Obtain import house registration certificate	Electronic/Manual	Dealership license	1	Public
			Application for import house registration	1	Public
			CID copy	1	Public
2.4	Obtain import license	Electronic/Manual	Application form	3	Public
			Pro forma invoice	5	Private
2.5	Insure cargo	Manual	Commercial invoice	1	Private
			Packing list	1	Private
			VIN packing list	1	Private
			Bill of lading	1	Private
2.6	Obtain letter of guarantee	Electronic/Manual	Application for letter of guarantee	1	Private
			Bill of lading	1	Private
			Commercial invoice	1	Private
			Packing list	1	Private
			Certificate of origin	1	Private
			Import license	1	Public
			Insurance policy	1	Private
Authorization letter	1	Private			

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²⁰ When the actual transportation cost of \$54 to Thimphu is added to the transportation cost of \$186.15 from Kolkata to Phuentsholing, the total transportation cost increases to \$240 or about 18.6% of the total costs.

Table 4.3: Continued

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Documents Origin: Public or Private
2.7	Clear customs transit process at Kolkata Port	Manual	Bill of lading	1	Private
			Commercial invoice	1	Private
			Packing list	1	Private
			VIN packing list	1	Private
			Import license	1	Public
			Certificate of origin	1	Private
			Letter of guarantee	1	Public
			Authorization letter	1	Private
			Insurance policy	1	Private
2.8	Release of import cargo from the dock	Electronic/Manual	Bill of lading	1	Private
			Commercial invoice	1	Private
			Packing list	1	Private
			VIN packing list	1	Private
			Import license	1	Public
			Certificate of origin	1	Public
			Authorization letter	1	Private
			Insurance policy	1	Private
			Letter of guarantee	5	Public
			Jetty challan	1	Private
2.9	Transport to Phuentsholing	Electronic/Manual	Transport bill	1	Private
			Letter of guarantee	Counted	Public
			Insurance policy	1	Private
			Dispatch challan	1	Public
			Credit voucher	1	Private
2.10	Customs clearance at Phuentsholing	Electronic/Manual	Transport bill	1	Private
			Insurance policy	1	Private
			Dispatch challan	1	Public
			Commercial invoice	1	Private
			Packing list	1	Private
			Certificate of origin	1	Private
			Bill of lading	1	Private
			Import license with Pro forma invoice	2	Public
			Letter of guarantee	Counted	Public
Authorization letter	1	Public			
2.11	Transport cargo from Phuentsholing to Thimphu	Manual	Delivery challan	1	Public
			Import declaration	1	Public

continued next page

Table 4.3: Continued

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Documents Origin: Public or Private
3.1	Open a letter of credit	Electronic/ Manual	Request letter	1	Private
			Appendix II form on request for foreign exchange	1	Public
			Letter of credit form	1	Private
			Import license (bank copy)	1	Public
			Pro forma invoice	1	Private
3.2	Make final payment	Electronic/ Manual	Commercial invoice	4	Private
			Bill of lading	3	Private
			Certificate of origin	3	Public
			Bill of exchange	1	Private
			Nonnegotiable document	1	Private
Total: 14 Processes		Electronic: 2 Manual: 3 Electronic/Manual: 9	31	85	Public: 31 Private: 54 Total: 85

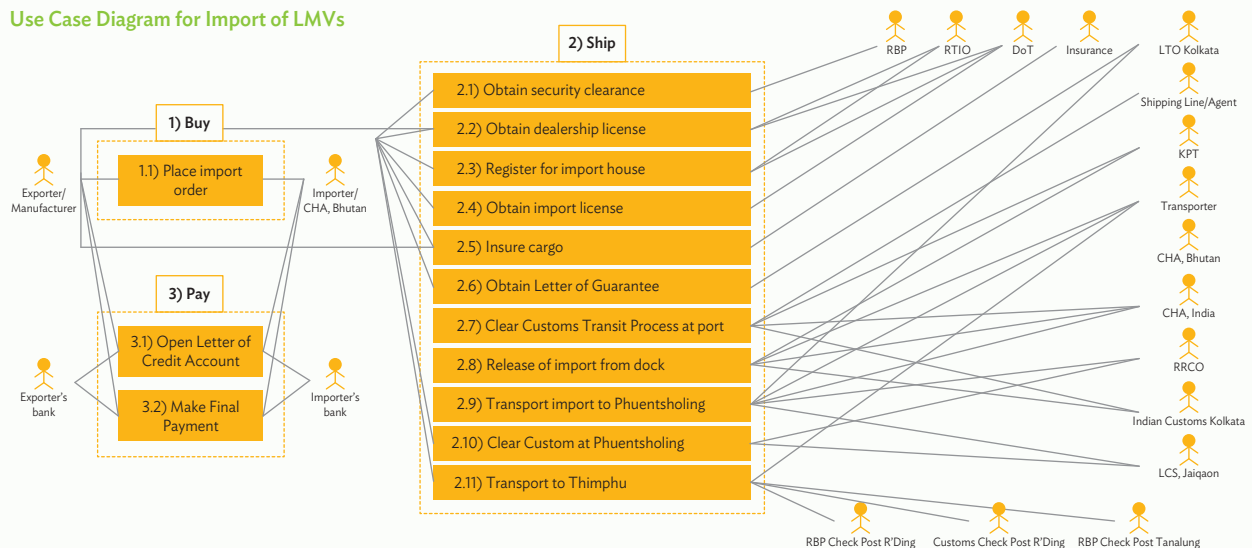
CID = citizenship identity card, DoT = Department of Trade, TPN = taxpayer number, VIN = vehicle identification number.
 Source: Prepared by the project team.

4.1.1.4 Number of Actors Involved

As shown in Figure 4.3, there are 20 actors involved in importing LMVs to Bhutan. If onetime procedures 2.1, 2.2, and 2.3 are excluded, the total number of actors is reduced to 18.

Figure 4.3: Import of Light Motor Vehicles including Onetime Procedures

Use Case Diagram for Import of LMVs



CHA = customs house agent, DoT = Department of Trade, DRC = Department of Revenue and Customs, KPT = Kolkata Port Trust, LCS = land customs station, LMVs = light motor vehicles, LTO = Liaison and Transit Office, MOHCA = Ministry of Home & Cultural Affairs, RBP = Royal Bhutan Police, RRCO = Regional Revenue & Customs Office, RTIO = Regional Trade & Industry Office.

Source: Prepared by the project team.

4.1.1.5 Number of Documents Involved in Import

Table 4.3 shows the documents and their copies needed for each procedure. To complete the 14 procedures, 31 documents (application forms, application letters, permits, etc.) are needed, of which 12 documents need extra copies (1–9 copies). Overall, 85 copies of these documents are required. For an established importer, 11 procedures are applicable, and the number of documents is reduced from 31 to 23 and the copies from 85 to 77.

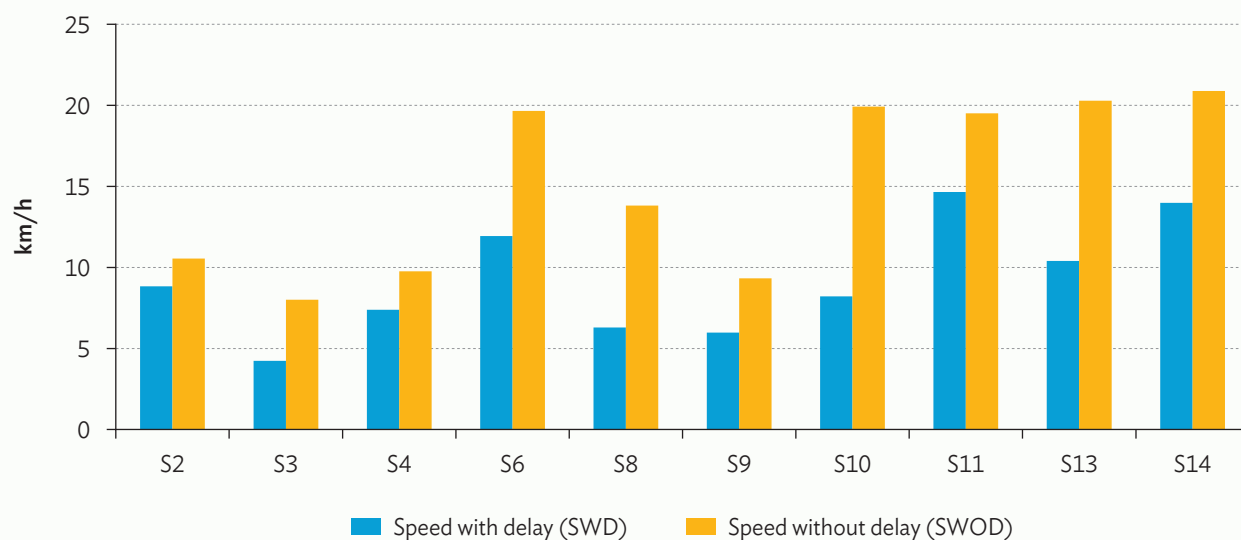
It is important to note that about two-thirds of the 53 copies needed are documents exchanged within the private sector, while 31 copies are submitted from private to public sectors. Nevertheless, this process highlights the need to reduce the number of copies of documents and use electronic means of exchange.

4.1.1.6 Average Speed along the Kolkata–Jaigaon–Phuentsholing Corridor

The CPMM method is adopted in this report to calculate speed without delay (SWOD) and speed with delay (SWD). SWOD is the ratio of the distance traveled to the time spent by a vehicle in motion between origin and destination (actual traveling time). SWD is the ratio of distance traveled to the total time spent on the journey, including the time the vehicle was in motion and the time it was stationary.

As shown in Figure 4.4, the average speed along the corridors is strikingly low. SWOD and SWD amount to 9 km/h and 15 km/h, respectively. This highlights the level of challenge for developing efficient logistics along the corridor.

Figure 4.4: Average Speed along the Kolkata–Phuentsholing Corridor (km/h)



km/h = kilometer per hour, S = sample.

Source: Prepared by the project team.

4.1.2 Importing Melamine through Dhaka–Burimari–Phuentsholing–Thimphu

The key indicators included for analysis include *time for import*, *costs for import*, *number of procedures for import*, *number of actors*, *number of documents for import*, and *average speed* along the corridor.

4.1.2.1 Time for Import

Table 4.4 shows that it generally takes 16 days on average to import the goods from Burimari to Thimphu.²¹ The time is reduced to 14 days when onetime procedures are excluded. Most procedures can be completed within a half day or a full day, except that it takes about 5 days to conclude the contract. The time procedure chart is shown in Figure 4.5.

Table 4.4: Process and Time Involved in the Import of Melamine Products

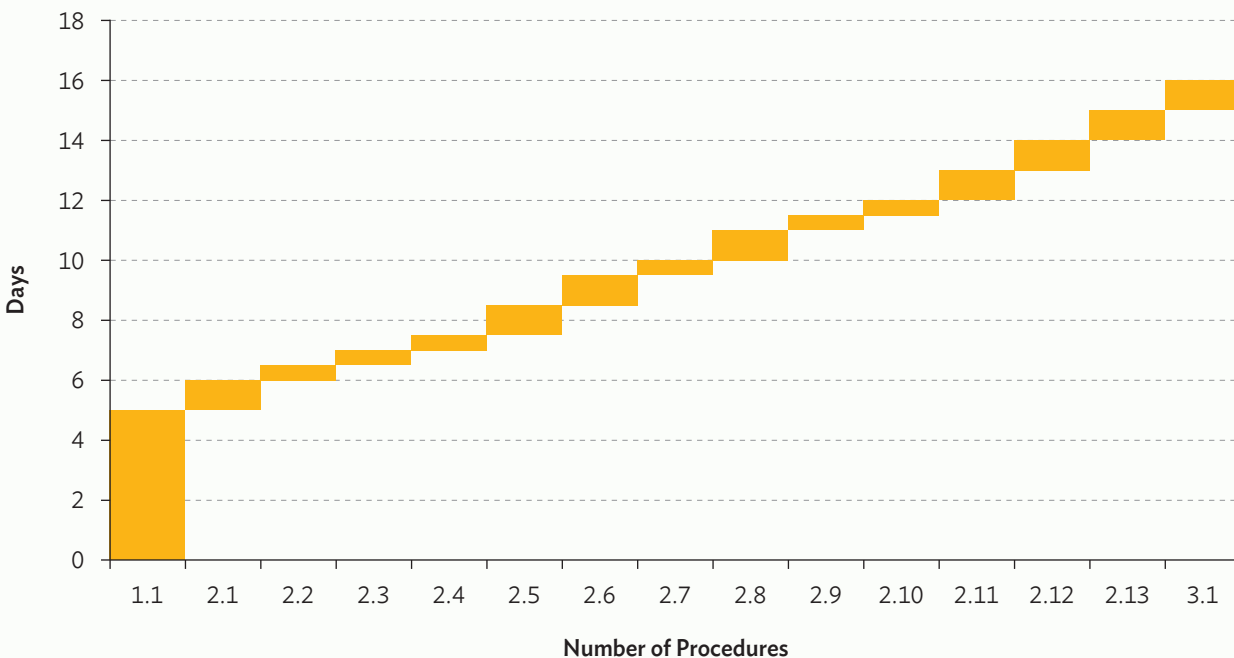
Procedures	Process	Time (Days)	Actors Involved (Public/Private)	Remarks
1.1	Conclude import contract	5	Private–Private	
2.1	Obtain security clearance	1	Private–Public	Onetime procedure
2.2	Obtain trade license and TPN	0.5	Private–Public	Onetime procedure
2.3	Obtain import house registration certificate	0.5	Private–Public	Onetime procedure
2.4	Get landing confirmation certificate	0.5	Private–Public	
2.5	Obtain import license	1	Private–Public	
2.6	Obtain import duty exemption certificate	1	Private–Public	
2.7	Obtain letter of guarantee	0.5	Private–Public	
2.8	Arrange transport from Burimari to Phuentsholing	1	Private–Private	
2.9	Arrange car pass at Changrabandha/Burimari	0.5	Private–Private	
2.10	Clear customs at Burimari	0.5	Private–Public	
2.11	Transport and transit clearance in India	1	Private–Public	
2.12	Clear customs at Phuentsholing	1	Private–Public	
2.13	Transport import cargo to Thimphu	1	Private–Private	
3.1	Make advance payment	1	Private–Private	
Total: 15 Procedures		16		
Excluding Onetime Processes (2.1–2.3)		14		

TPN = taxpayer number.

Notes: If a procedure takes no more than 3 hours, it is treated as a half day. If a procedure takes more than 3 hours, it is treated as a full day. The reason for such estimation is to take travel and waiting time for completing the procedure into consideration.

Source: Prepared by the project team.

²¹ The results of the TRS are reported in Section 4.1.1.1 and therefore are not repeated in this section.

Figure 4.5: Time for Import of Melamine Products with Onetime Process

Source: Prepared by the project team.

The corridor analysis of 17 shipments included in the sample using the CPMM methodology indicates that the actual journal time along Burimari–Phuentsholing route ranges from approximately 15 to over 40 hours.²²

4.1.2.2 Cost for Import

The cost for complying with the procedures is shown in Table 4.5 and Figure 4.6. It costs about \$719 to import a truckload (about 8 tons) of melamine products from Burimari to Thimphu. The total cost is reduced to \$565 if onetime procedures are excluded for analysis. Transportation cost (\$215) between Burimari and Thimphu is the largest component. The initial or fixed cost of getting a trade license amounts to \$154. The corridor studies indicate that approximately Rs2,000 (\$30) is required for the five stops on the Burimari–Phuentsholing journey.

4.1.2.3 Number of Procedures for Import

Table 4.6 shows that the number of procedures for import is 15. An existing importer is required to complete 12 procedures (2.1–2.3 are excluded).

²² The findings should be taken as indicative only as the sample is small. Further study along the corridor is recommended.

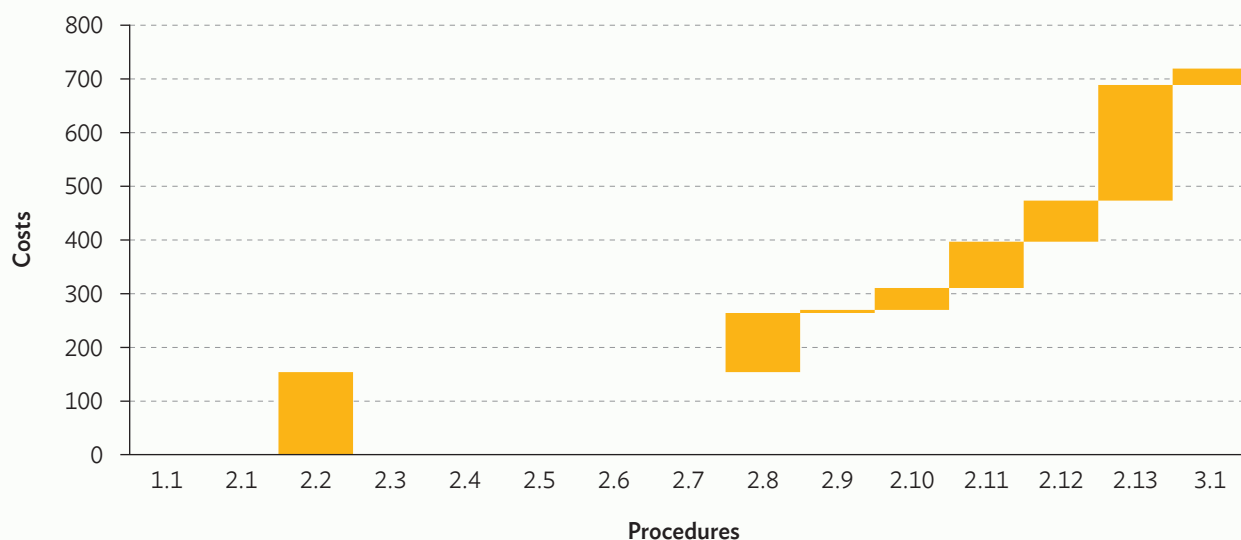
Table 4.5: Cost of Import of Melamine Products with Onetime Processes

Procedures	Process	Cost (Nu)	Cost (\$)	Remarks
1.1	Conclude import contract	-	-	
2.1	Obtain security clearance	-	-	Onetime
2.2	Obtain trade license and TPN	10,000.00	154.00	Onetime fixed cost
2.3	Obtain import house registration certificate	-	-	Onetime
2.4	Get landing confirmation certificate	-	-	
2.5	Obtain import license	-	-	
2.6	Obtain import duty exemption certificate	-	-	
2.7	Obtain letter of guarantee	-	-	
2.8	Arrange transport from Burimari to Phuentsholing	7,150.00	110.00	
2.9	Arrange car pass at Changrabandha/Burimari	170.00	6.00	Car pass and transport syndicate charges
2.10	Clear customs at Burimari	2,658.50	41.00	
2.11	Transport and transit clearance in India	5,600.00	86.00	
2.12	Clear customs at Phuentsholing	4,980.00	77.00	Customs service and labor charges
2.13	Transport import cargo to Thimphu	14,000.00	215.00	Charge for a truck load (8 tons)
3.1	Make advance payment	2,184.00	31.00	Bank charges and commission
Total		46,742.50	719.00	
Excluding Onetime Processes (2.1-2.3)		36,725.00	565.00	

- = no or almost no costs, Nu = ngultrum, Tk = taka, TPN = taxpayer number.

Note: \$1 = Nu65, \$1 = Tk80.

Source: Prepared by the project team.

Figure 4.6: Cost of Import of Melamine Products with Onetime Processes (\$)

Source: Prepared by the project team.

Table 4.6: Documents and Copies Needed for Import of Melamine Products

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Document Origin
1.1	Conclude import contract	Electronic	Pro forma Invoice	1	Private
2.1	Obtain security clearance	Electronic	Application for security clearance	1	Public
2.2	Obtain trade license and TPN	Electronic/ Manual	Application form	1	Public
			Security clearance	1	Public
			CID copy	1	Public
			Application form for TPN	1	Public
2.3	Obtain import house registration certificate	Electronic/ Manual	Application Form for import house registration	1	Public
			Trade license	1	Public
			CID copy	1	Private
2.4	Obtain landing confirmation certificate	Electronic/ Manual	Import verification form	1	Public
			Packing list	1	Private
			Import declaration	1	Public
			Trade license	1	Public
			Import license	1	Public
2.5	Obtain import license	Electronic/ Manual	Landing confirmation certificate	1	Public
			Application form	3	Public
			Pro forma invoice	5	Private
2.6	Obtain import duty exemption certificate	Electronic/ Manual	Application form	3	Public
			Undertaking letter	1	Public
			Import license	1	Public
			Commercial invoice	2	Private
2.7	Obtain letter of guarantee and office order	Electronic/ Manual	Application letter	1	Private
			Commercial invoice	1	Private
			Import license	1	Public
2.8	Arrange transport from Burimari to Phuentsholing	Manual	Commercial invoice	1	Private
			Bill of entry	1	Public (Bangladesh Customs)
			Truck receipt	1	Private
			Certificate origin	1	Private
			Letter of guarantee	1	Public
			Office order	1	Public
			Packing list	1	Private
			Queuing slip	1	Private
			Car pass (one set) ^a	1	Public-Private
2.9	Arrange car pass	Manual	Application form for car pass	4	Public
			Vehicle registration	4	Private
			Driver's license	4	Private
			Driver's passport photo	4	Private

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Table 4.6: Continued

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Document Origin
2.10	Clear customs at Burimari	Manual	Commercial invoice	1	Private
			Packing list	1	Private
			Truck receipt	1	Private
			Certificate of origin	1	Private
			Bill of entry	1	Public
			Weight slip	1	Public
			Car pass (2 sets)	2	Public-Private
2.11	Transport and transit clearance in India	Manual	Commercial invoice	2	Private
			Packing list	2	Private
			Truck receipt	2	Private
			Certificate of origin	2	Private
			Bill of entry	2	Public
			Letter of guarantee	1	Public
			Car pass (1 set)	1	Public-Private
2.12	Clear customs at Phuentsholing	Electronic/ Manual	Commercial invoice	1	Private
			Packing list	1	Private
			Truck receipt	1	Private
			Certificate of origin	1	Private
			Import license	1	Public
			Letter of guarantee	1	Public
			IDEC	1	Public
			Truck receipt	1	Private
			Office order	1	Public
2.13	Transport to Thimphu	Manual	Delivery challan	1	Public
			Driver's license	Show	Copy not required
			Vehicle registration	Show	Copy not required
3.1	Make advance payment	Electronic/ Manual	Pro forma invoice	1	Private
			Application letter to bank	1	Private
			Application form of bank	1	Private
			Appendix II form	1	Public
			Import license (bank copy)	1	Public
Total			31	77	Private: 38 Public: 35 Public-Private: 4
Excluding Onetime Procedures (2.1, 2.2, and 2.3)			23	69	

CID = citizenship identity card, IDEC = import Duty Exemption Certificate, TPN = taxpayer number.

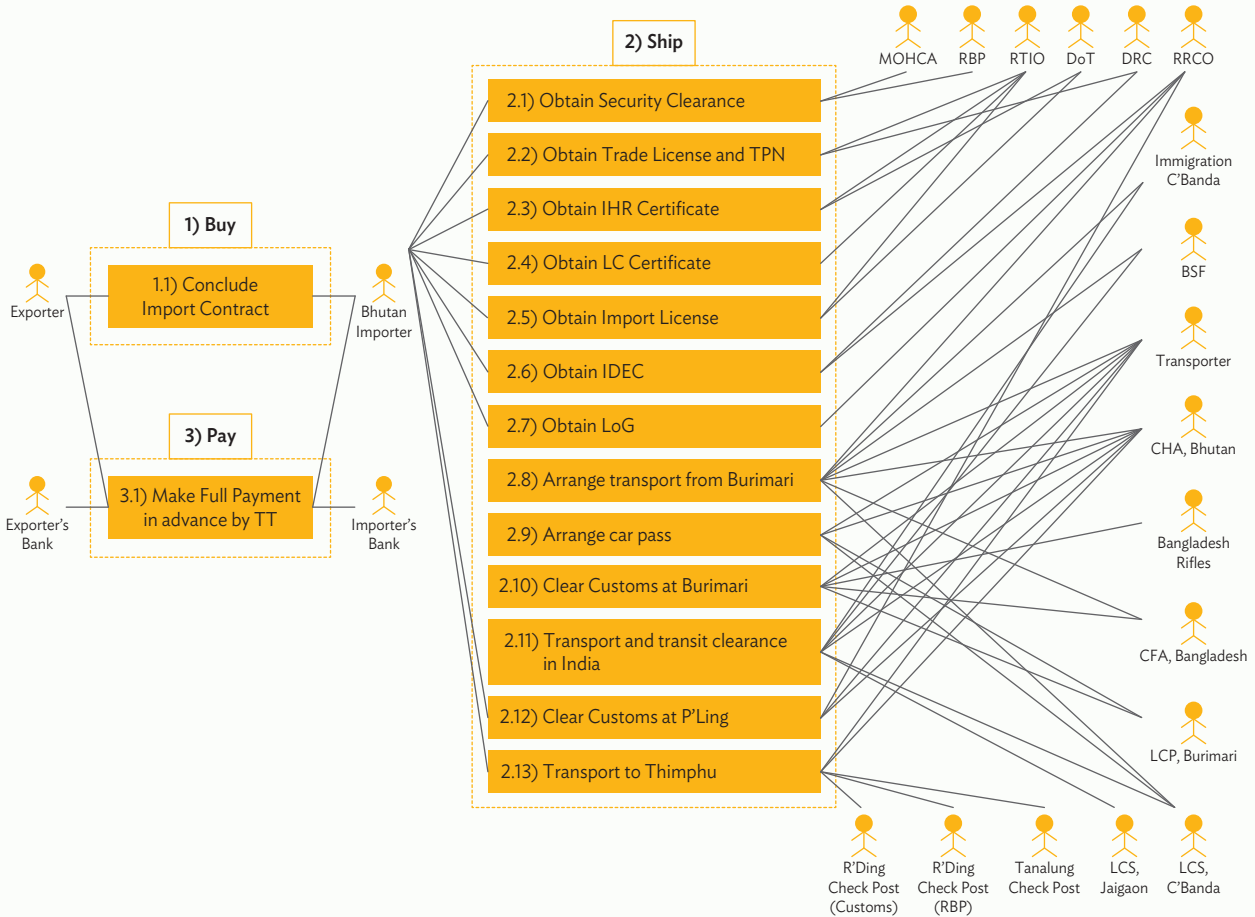
^a One set car pass has four copies and hence four sets; 16 copies are needed as shown in Procedure 2.9. To avoid double counting, the copies under Procedure 2.9 have to be excluded if the copies under Procedures 2.8, 2.10, and 2.11 are to be counted, or vice versa.

Source: Prepared by the project team.

4.1.2.4 Number of Actors Involved in Import

As shown in Figure 4.7, there are 22 actors involved in the import process. When the onetime procedures are excluded for analysis, the total number of actors dropped to 20.

Figure 4.7: Use Case Diagram for the Import of Melamine Products from Bangladesh



BSF = Border Security Force, CFA = customs and freight agent, CHA = customs house agent, DoT = Department of Trade, DRC = Department of Revenue and Customs, IDEC = import duty exemption certificate, IHR = import house registration, LC = letter of credit, LCP = land customs post, LCS = land customs station, LoG = letter of guarantee, MOHCA = Ministry of Home & Cultural Affairs, RBP = Royal Bhutan Police, RRCO = Regional Revenue & Customs Office, RTIO = Regional Trade & Industry Office, TPN = taxpayer number, TT = telegraphic transfer.

Source: Prepared by the project team.

4.1.2.5 Number of Documents Involved in Import

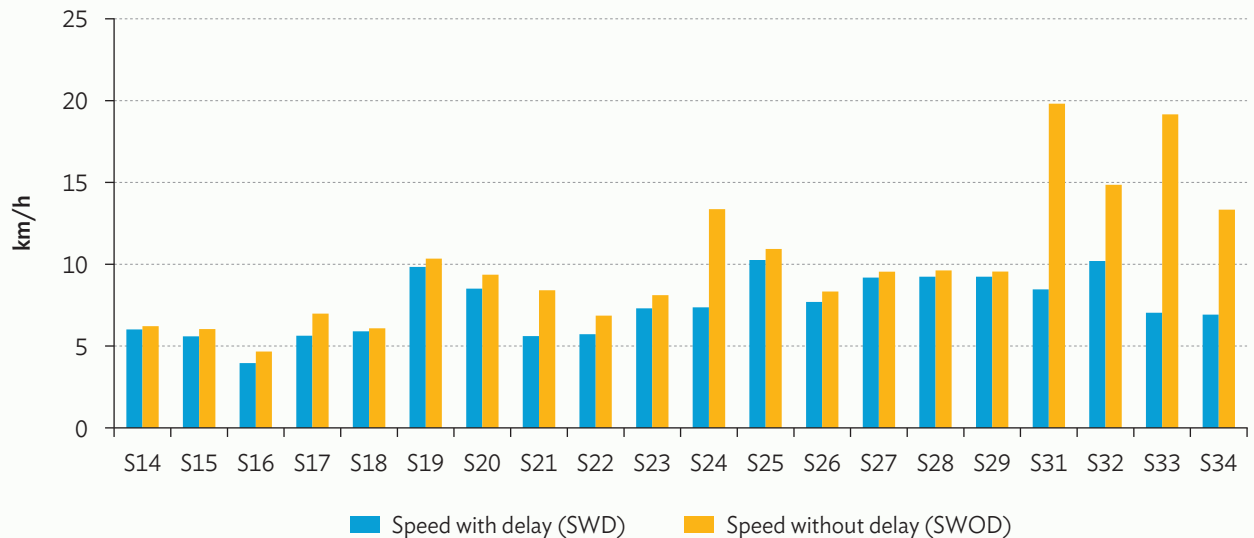
As shown in Table 4.6, 31 documents are needed to complete the 15 processes, of which 12 documents need extra copies (1–8 copies). Overall, 77 copies of these documents are required.

Table 4.6 also indicates the mode of submission (manual or electronic) of the documents. Of the 15 processes, two are electronic, seven are manual, and six are a mixture of the two.

4.1.2.6 Average Speed along the Burimari–Phuentsholing Corridor

As shown in Figure 4.8, the average speed along the Burimari–Phuentsholing corridor is low. Average speed with delays is about 5 km/hr and without delays is 16 km/hr. This highlights that both transport infrastructure and vehicles remain a challenge for efficient transport along the corridor.

Figure 4.8: Average Speed along the Burimari–Phuentsholing Corridor



km/h = kilometer per hour, S = sample.

Source: Prepared by the project team.

4.1.3 Exporting Ferrosilicon through Thimphu–Phuentsholing–Jaigaon–Kolkata

The key indicators included for analysis are *time for export*, *costs for export*, *number of procedures for export*, *number of actors*, and *number of documents for export*.

4.1.3.1 Time for Export

Table 4.7 and Figure 4.9 show that it takes 126 days to complete all export procedures. However, if the onetime procedures are excluded, the total time is reduced dramatically to 17 days. This difference is explained by the most time-consuming procedure for a new industrialist, i.e., to apply for industry license, which takes a minimum of 3.5 months. At least 3 months is spent in obtaining the environmental clearance.²³ If the National Environment Commission requires the applicant to carry out a full-fledged environmental impact assessment, the time could well extend to a year or more.²⁴

²³ Environmental clearance is valid for 5 years.

²⁴ The lengthy procedure may be explained by Bhutan's strict environmental regulations.

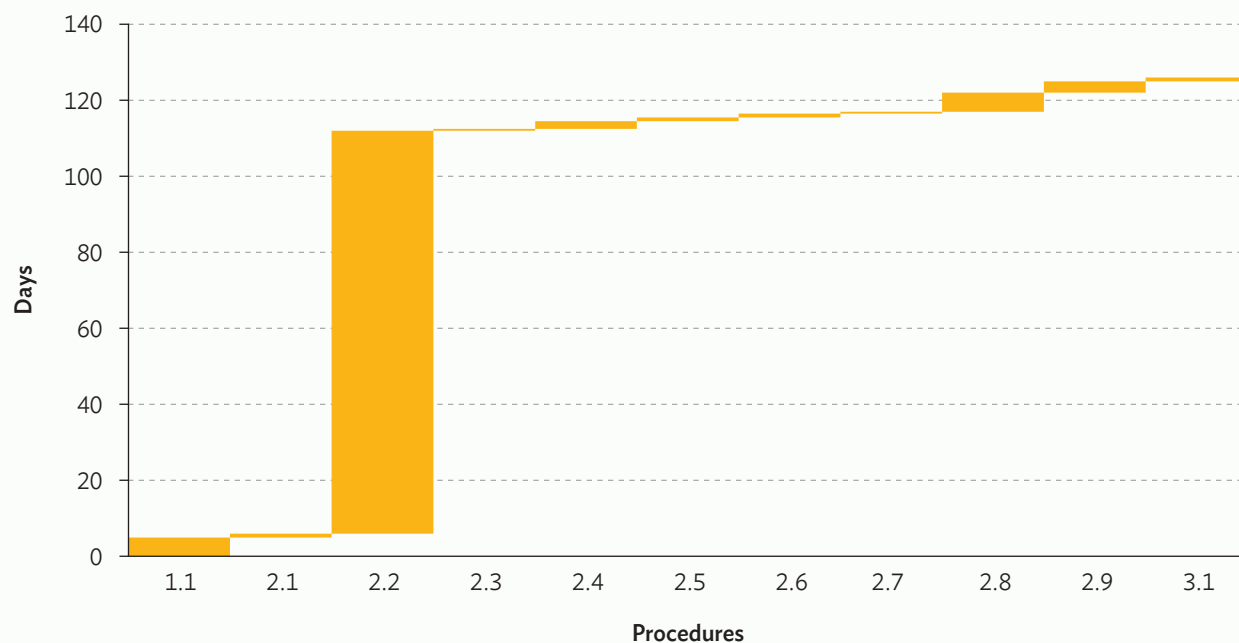
Table 4.7: Process and Time Involved in the Export of Ferrosilicon

Procedures	Process	Actors: Public/Private	Time (Days)	Remarks
1.1	Conclude import order	Private-Private	5	
2.1	Obtain security clearance	Private-Public	1	Onetime
2.2	Obtain industry license and TPN	Private-Public	106	Onetime fixed cost
2.3	Obtain certificate of origin/GSP certificate	Private-Public	0.5	
2.4	Certify export product	Private-Private	2	Onetime at factory
2.5	Insure export cargo	Private-Private	1	
2.6	Load and transport export cargo to Phuentsholing	Private-Private	1	
2.7	Complete export documentation and customs clearance at Phuentsholing	Private-Public	0.5	
2.8	Transport cargo to Kolkata	Private-Private	5	
2.9	Complete export and transit procedures at Kolkata Port	Private-Private	3	
3.1	Receive advance payment	Private-Private	1	
Total			126	
Excluding onetime procedures (2.1, 2.2, 2.4)			17	

GSP = generalized system of preference, TPN = taxpayer number.

Notes: If a procedure takes no more than 3 hours, it is treated as a half day. If a procedure takes more than 3 hours, it is treated as a full day. The reason for such estimation is to take travel and waiting time for completing the procedure into consideration.

Source: Prepared by the project team.

Figure 4.9: Time for Export of Ferrosilicon via Kolkata including Onetime Procedures

Source: Prepared by the project team.

Without onetime procedures, it takes about half a month for an export cargo to be loaded into a ship at Kolkata Port after the manufacturer or exporter makes advance payment. This does not include the time to produce the ferrosilicon in the quantity that it has been ordered.²⁵ Transportation to Kolkata takes about 5 days. The time to clear the export at Kolkata Port is 3 days.

The time release study (TRS) was carried out for export and import at the Regional Revenue and Customs Office (RRCO) at Phuentsholing. The result shows that the average time to release all types of cargo takes approximately 13 minutes.

4.1.3.2 Cost for Export

Costs are calculated according to a typical truckload of 28 tons. The total cost for completing all procedures, including onetime procedures, is \$2,610 (Table 4.8 and Figure 4.10). Onetime procedures for new traders accounted for almost half of the total costs (\$1,270), including \$962 for applying for industry license and taxpayer number and \$308 for applying for export cargo certification.

Table 4.8: Costs Involved in the Export of Ferrosilicon from Bhutan to India

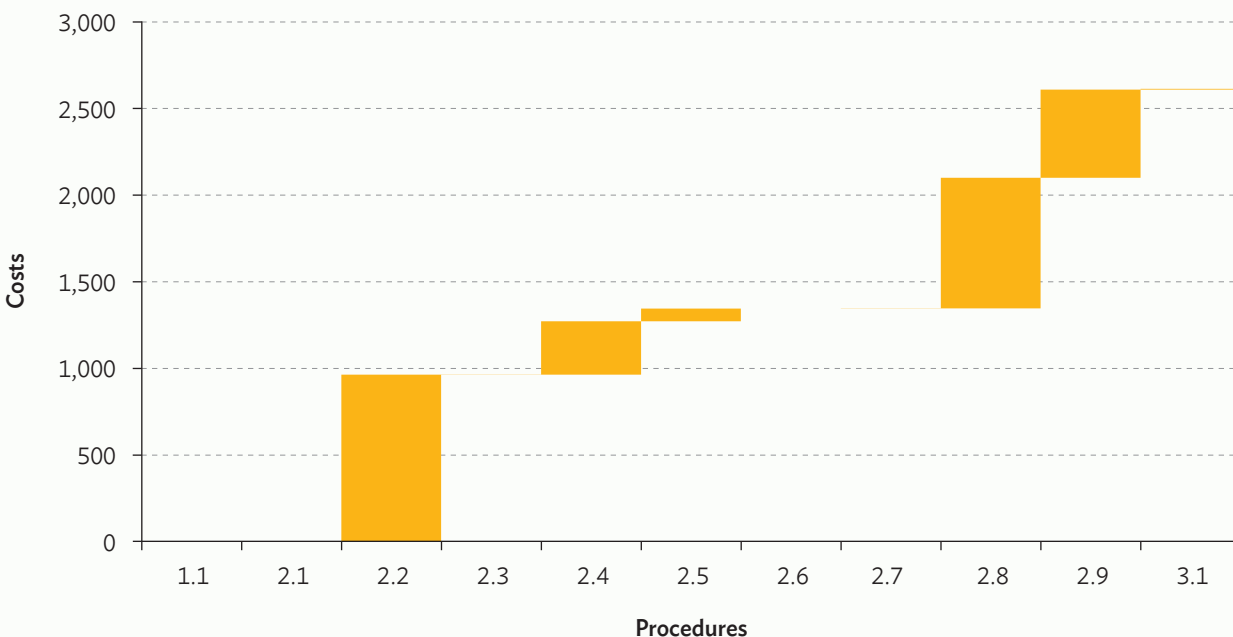
Procedures	Process	Cost (Nu)	Cost (\$)	Remarks
1	Buy			
1.1	Conclude import order	–	–	
2	Ship			
2.1	Obtain security clearance	–	–	Onetime procedure
2.2	Obtain industry license and TPN	62,500.00	961.55	Onetime fixed cost
2.3	Obtain certificate of origin/GSP certificate	15.00	0.25	
2.4	Certify export product	20,000.00	307.70	Onetime cost at factory
2.5	Insure export cargo	170.00	74.00	2.65 per ton
2.6	Load and transport export cargo to Phuentsholing	–	–	
2.7	Complete export documentation and customs clearance at Phuentsholing	50.00	0.75	
2.8	Transport cargo to Kolkata	1,750.00	753.00	26.90 per ton
2.9	Complete export and transit procedures at Kolkata Port	6,000.00	508.00	Stuffing and other charges at the dock, Kolkata Port. The breakdowns of the costs are as follows: – the costs for handling 28 tons of cargoes: 15.4 \$/ton * 28 ton = \$431 – Service charge paid to CHA, India: \$77.
3	Pay			
3.1	Receive advance payment	325.00	5.00	Bank commission
	Total	171,020	2,610.00	
	Excluding Onetime Procedures (2.1, 2.2, and 2.4)	88,520	1,340.00	

– = no or almost no costs, CHA = customs house agent, GSP = generalized system of preference, TPN = taxpayer number.

Note: \$1.00 = Nu65.00.

Source: Prepared by the project team.

²⁵ As it is manual work, it takes 3 days to produce 1 ton of ferrosilicon including sizing and packing.

Figure 4.10: Cost of Export of Ferrosilicon via Kolkata including Onetime Procedures (\$)

Source: Prepared by the project team.

If onetime procedures are excluded, the total cost is reduced significantly to \$1,341. As shown in Figure 4.10, the costliest procedures are those related to transport from Bhutan to Kolkata and in transit at Kolkata Port.

4.1.3.3 Number of Procedures for Export

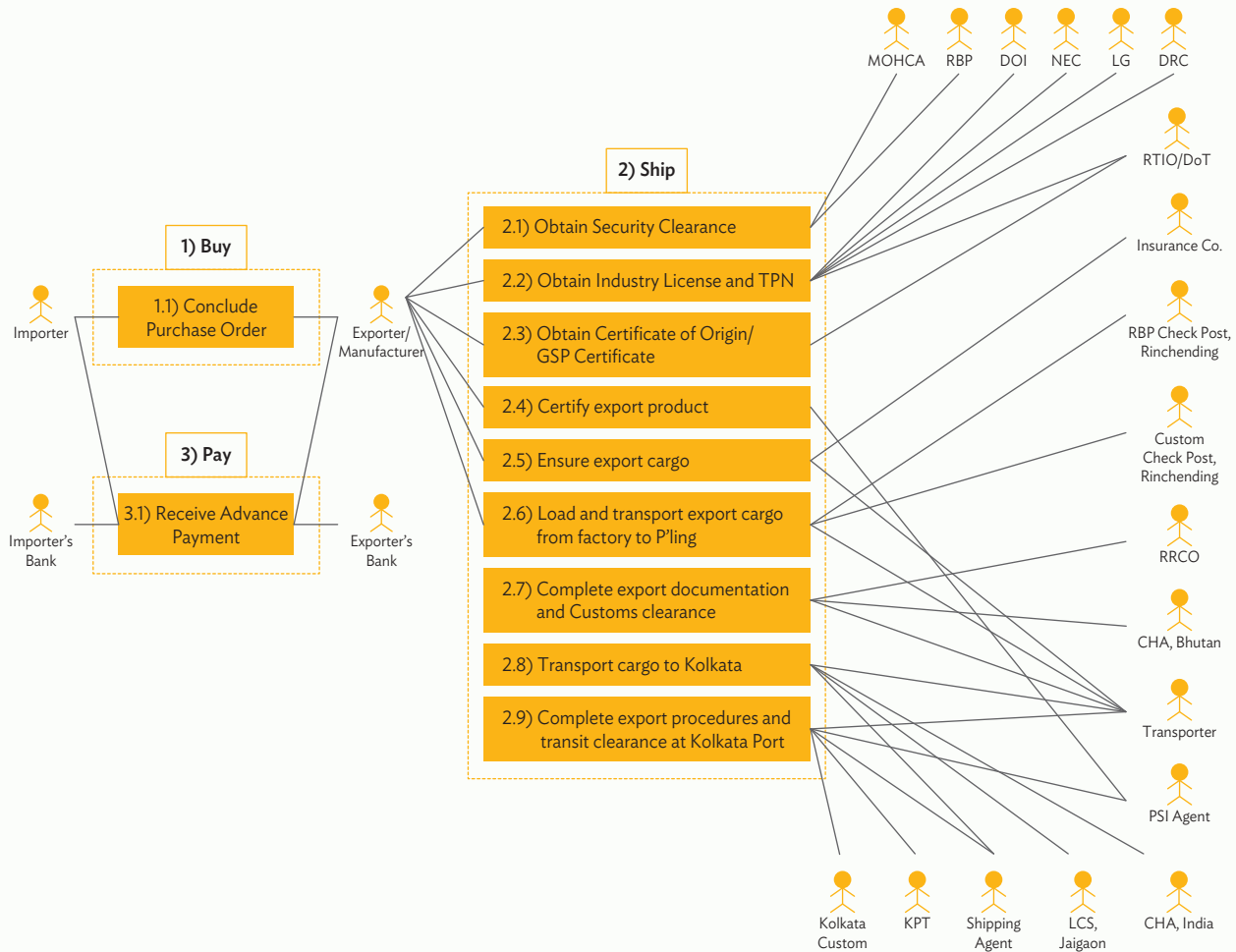
As shown in Table 4.8, a new manufacturer or exporter has to complete 11 procedures to export ferrosilicon from Bhutan to Europe. For an established exporter or manufacturer, the procedures are reduced to nine (procedures 2.1 and 2.2 do not have to be repeated if additional exports are dispatched within a year of fulfilling these two procedures). After 1 year, the procedures will be renewed.

4.1.3.4 Number of Actors Involved in Export

Figure 4.11 shows the Use Case Diagram for export of ferrosilicon from Bhutan to Europe (or the United States).²⁶ There are 23 actors involved in the process. If onetime procedures (procedures 2.1 and 2.2) are excluded, 17 actors are involved in the process.

²⁶ The procedures for export of the ferrosilicon through Kolkata Port are the same regardless of the destination of export.

Figure 4.11: Use Case Diagram for Export of Ferrosilicon



CHA = customs house agent, DOI = Department of Industry, DoT = Department of Trade, DRC = Department of Revenue and Customs, GSP = generalized system of preference, KPT = Kolkata Port Trust, LCS = Land Customs Station, LG = local government, MOHCA = Ministry of Home & Cultural Affairs, NEC = National Environment Commission, PSI = Pre-shipment inspection, RBP = Royal Bhutan Police, RRCO = Regional Revenue & Customs Office, RTIO = Regional Trade & Industry Office, TPN = taxpayer number.

Source: Prepared by the project team.

4.1.3.5 Number of Documents Involved in Export

As shown in Table 4.9, 28 documents are needed for completing the process of exporting ferrosilicon from Bhutan to Europe, and 103 copies of these documents need to be submitted, including 74 required by the private sector and 29 required by the government. If onetime procedures (2.1, 2.2, and 2.4) are excluded, the total number of documents is reduced to 19 and the total number of copies to 94.

Table 4.9: Documents and Copies Needed for Export of Ferrosilicon

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Documents Origin
1.1	Conclude purchase order	Electronic	Pro forma invoice	1	Private
			Purchase order	1	Private
2.1	Obtain security clearance	Electronic	Application form (online)	1	Public
2.2	Obtain industry license and TPN	Electronic/ Manual	Security clearance	1	Public
			Business plan	1	Private
			IEE report	1	Private
			Application form	1	Public
			Environmental clearance	1	Public
			Project approval letter	1	Public
			Application form for TPN	1	Public
2.3	Obtain certificate of origin/GSP certificate	Electronic/ Manual	Application letter	1	Private
			Industry license	1	Public
			Commercial invoice	1	Private
			Receipt of payment of confirmation	1	Public
			Undertaking	1	Private
2.4	Certify export product	Electronic/ Manual	Agreement between exporter and PSI agent	1	Private
2.5	Insure export cargo	Manual	Application form	1	Private
			Commercial invoice	1	Private
2.6	Load and transport export cargo to Phuentsholing	Electronic/ Manual	Delivery order	1	Private
			Commercial invoice	1	Private
			Packing list	1	Private
			Shipping bill	1	Private
			Product test certificate	1	Private
			COO/GSP Certificate	1	Public
			Insurance policy	1	Private
			Authorization letter	1	Private
			Bank receipt	1	Private
Weight statement	1	Private			

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Table 4.9: Continued

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Documents Origin
2.7	Complete export documentation and customs clearance at Phuentsholing	Manual	Insurance policy	0	Private
			Product test certificate	0	Private
			Commercial invoice	1	Private
			Packing list	1	Private
			Weight statement	0	Private
			COO	1	Public
			Shipping bill	1	Private
			Authorization letter to CHA, India	0	Private
			Export declaration	1	Public
2.8	Transport to Kolkata	Electronic/ Manual	Shipping bill	6	Public
			Export declaration	6	Public
			Transport Challan	1	Private
			Product test certificate	6	Private
			Commercial invoice	6	Private
			Packing list	6	Private
			COO/GSP certificate	6	Public
			Insurance policy	6	Private
			Weight statement	6	Private
Authorization letter	6	Private			
2.9	Complete export procedure at Kolkata Port	Electronic/ Manual	Shipping bill (old and new)	2	Private
			Bill of lading	4	Private
			Export declaration	0	Private
			Commercial invoice	1	Private
			Packing list	1	Private
			COO/GSP certificate	1	Private
			Product certificate (1 new)	1	Private
			Insurance policy	1	Private
			Weight statement	1	Private
Authorization letter	1	Private			
3.1	Receive advance payment	Electronic	Purchase order	1	Private
			Pro forma invoice	1	Private
Total			28	103	Private: 74 Public: 29
Excluding onetime procedures (2.1, 2.2, and 2.4)			Documents: 19	Copies: 94	

CHA = customs house agent, COO = certificate of origin, IEE = initial environmental examination, GSP = generalized system of preference, PSI = pre-shipment inspection, TPN = taxpayer number.

Source: Prepared by the project team.

4.1.4 Exporting Cardamom through Thimphu–Phuentsholing–Burimari–Dhaka

The key indicators included for analysis are *time for export*, *costs for export*, *number of procedures for export*, *number of actors*, and *number of documents for export*.

4.1.4.1 Time for Export

Table 4.10 and Figure 4.12 show the time involved in delivering cardamom from Phuentsholing, Bhutan to Burimari, Bangladesh, including the onetime processes. It takes about 29 days to complete the trade process from time of contract negotiation. The exclusion of the onetime procedures (2.1, 2.2, and 2.3) reduced the trade time to 26.5 days.

Table 4.10: Documents and Copies Needed for Import of Melamine Products

Procedures	Process	Time (Days)	Actors Involved (Public/Private)	Remarks
1.1	Conclude export contract	5	Private–Private	
2.1	Obtain security clearance	1	Private–Public	Onetime procedure
2.2	Obtain trade license and TPN	1	Private–Public	Onetime procedure
2.3	Register with Bhutan Exporters Association	0.5	Private–Private	Onetime procedure
2.4	Obtain certificate of origin	0.5	Private–Public	
2.5	Obtain phytosanitary, fit for human consumption, and nonradioactive certificates	0.5	Private–Public	
2.6	Arrange transport	0.5	Private–Private	
2.7	Complete export documentation	0.5	Private–Public	
2.8	Transport and transit to Changrabandha, India	1	Private–Public	
2.9	Arrange car pass	0.5	Private–Public	
2.10	Deliver export to Burimari	0.5	Private–Private	
3.1	Open letter of credit	2.5	Private–Private	Opened by importer
3.2	Receive final payment	15	Private–Private	
Total		29		
Excluding Onetime Procedures (2.1, 2.2, and 2.3)		26.5		

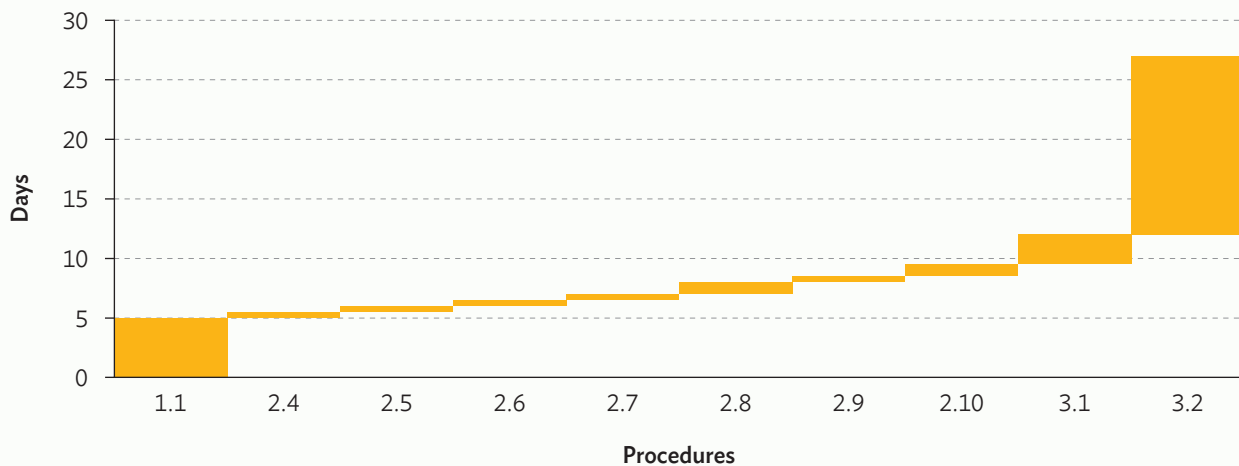
TPN = taxpayer number.

Notes: If a procedure takes no more than 3 hours, it is treated as a half day. If a procedure takes more than 3 hours, it is treated as a full day. The reason for such estimation is to take travel and waiting time for completing the procedure into consideration.

Source: Prepared by the project team.

The most time-consuming procedure is payment (15 days), followed by contract negotiation (5 days).

Table 4.10 indicates the actual time and the involvement of actors from the public or private sectors in the processes. Six of the 13 procedures involve communications between the private and private sectors, and seven procedures involve communications between the private and public sectors.

Figure 4.12: Time for Export of Cardamom to Bangladesh including Onetime Procedures

Source: Prepared by the project team.

4.1.4.2 Cost for Export

The total costs for completing all procedures to export 2 tons of cardamom (a typical truckload) amount to \$653. Onetime procedures, which are applicable to new traders, account for \$308 (or 47% of the total costs). Total costs for transport amount to approximately \$250, much higher than the costs of other procedures (Table 4.11 and Figure 4.13).

Table 4.11: Cost of Export of Cardamom including Onetime Procedures

Procedures	Process	Cost (Nu)	Cost (\$)	Remarks
1.1	Conclude export contract	-	-	
2.1	Obtain security clearance	-	-	Onetime
2.2	Obtain trade license and TPN	10,000.00	154.00	Onetime fixed cost
2.3	Register with Bhutan Exporters Association	10,000.00	154.00	Onetime fixed cost
2.4	Obtain certificate of origin	15.00	0.25	
2.5	Obtain phytosanitary, fit for human consumption, and nonradioactive certificates	50.00	0.75	
2.6	Arrange transport	9,000.00	139.00	\$69.25 per ton
2.7	Complete export documentation	50.00	0.75	
2.8	Transport and transit to Changrabandha, India	8,000.00	62.00	
2.9	Arrange car pass	170.00	6.00	
2.10	Deliver export to Burimari	1,618.50	49.00	\$24.50 per ton
3.1	Open letter of credit	3,453.15	53.00	Opened by importer per ton
3.2	Receive final payment	2,203.50	34.00	
Total		36,260.25	653.00	
Excluding Onetime Procedures (2.1, 2.2, 2.3)		16,260.25	345.00	

- = no or almost no costs, Nu = ngultrum, TPN = taxpayer number.

Source: Prepared by the project team.

Figure 4.13: Cost of Export of Cardamom to Bangladesh per Ton (with Onetime Procedures) (\$)

Source: Prepared by the project team.

It should be noted that the cost of transportation between Bhutan and Bangladesh, regardless of the use of Bhutanese or Indian registered vehicles, is generally based on the size or capacity of the truck. The exporter often used a Bhutanese registered truck and paid Nu9,000.00 (\$138.50) to transport 2 tons of cardamom. However, if the load were larger,²⁷ e.g., 6 tons, the freight may rise at most to double the above amount or \$277.00. Therefore, the freight would be considerably lower at about \$46.00 per ton for a load of 6 tons compared with \$69.25 per ton for 2 tons.

4.1.4.3 Number of Procedures for Export

As shown in Table 4.12, an exporter has to complete 13 main procedures for exporting cardamom from Bhutan to Bangladesh. An established exporter needs to complete 10 procedures only (excluding onetime procedures 2.1–2.3).

4.1.4.4 Number of Actors Involved in Export

Figure 4.14 shows the Use Case Diagram for export of cardamom from Bhutan to Bangladesh. It highlights the three major trade process areas: buy, ship, and pay. The core process “buy” contains 1 stage, “ship” has 10 stages, and “pay” has 2 stages. There are 22 actors in the process. If the onetime procedures 2.1 and 2.2 are excluded, the number of actors is reduced to 18.

4.1.4.5 Number of Documents Involved in Export

To export cardamom from Bhutan to Bangladesh, 24 documents are needed; 2–8 copies of some of these are needed during the business process. The total number of copies is 71 (52 to the private sector and 19 to the public sector). If the onetime procedures are excluded, 16 documents and 63 copies need to be submitted.

²⁷ The smaller trucks can easily carry 6–8 tons on the plain.

Table 4.12: Documents and Copies Needed for Export of Cardamom

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Document Origin
1.1	Conclude export contract	Electronic	Pro forma Invoice	1	Private
			Letter of credit copy	1	Private
2.1	Obtain security clearance	Electronic	Application form for security clearance	1	Public
2.2	Obtain trade license and TPN	Electronic/Manual	Security clearance	1	Public
			Application form for trade license	1	Public
			Application form for TPN	1	Public
			CID card copy	1	Public
2.3	Register with Bhutan Exporters Association	Manual	Application form for registration	1	Private
			CID copy	1	Private
			Trade license	1	Public
2.4	Obtain certificate of origin	Electronic/Manual	Trade license	1	Public
			Commercial invoice	Counted	
			Packing list	Counted	
			Letter of credit copy	1	Private
			Application letter	1	Private
			Undertaking letter	1	Private
2.5	Obtain phytosanitary certificate, fit for human consumption certificate, and nonradioactive certificate	Electronic/Manual	Application letter for registration	1	Private
			Application form for PSC	1	Public
			Trade license	1	Public
2.6	Arrange transport	Manual	Contract agreement	1	Private
2.7	Complete export documentation	Electronic/Manual	Commercial invoice	7	Private
			Export declaration	7	Public
			Shipping bill	7	Private
			Packing list	7	Private
			Consignment note/truck receipt	7	Private
			Certificate of nonnegotiable documents	7	Private
			Weight slip (Bhutan)	1	Private
2.8	Transport and transit to Changrabandha, India	Manual	Shipping bill	Counted	
			Export declaration	Counted	
			Commercial invoice	Counted	
			Consignment note/truck receipt	Counted	
			Car pass (1 set)	Counted	
			Queuing slip	1	Private
2.9	Arrange car pass	Manual	Application form for car pass (4 sets of 4 documents each)	4	Public: 1; Private: 3
			Driver's license	Counted	
			Vehicle registration	Counted	
			Driver's passport photos	Counted	

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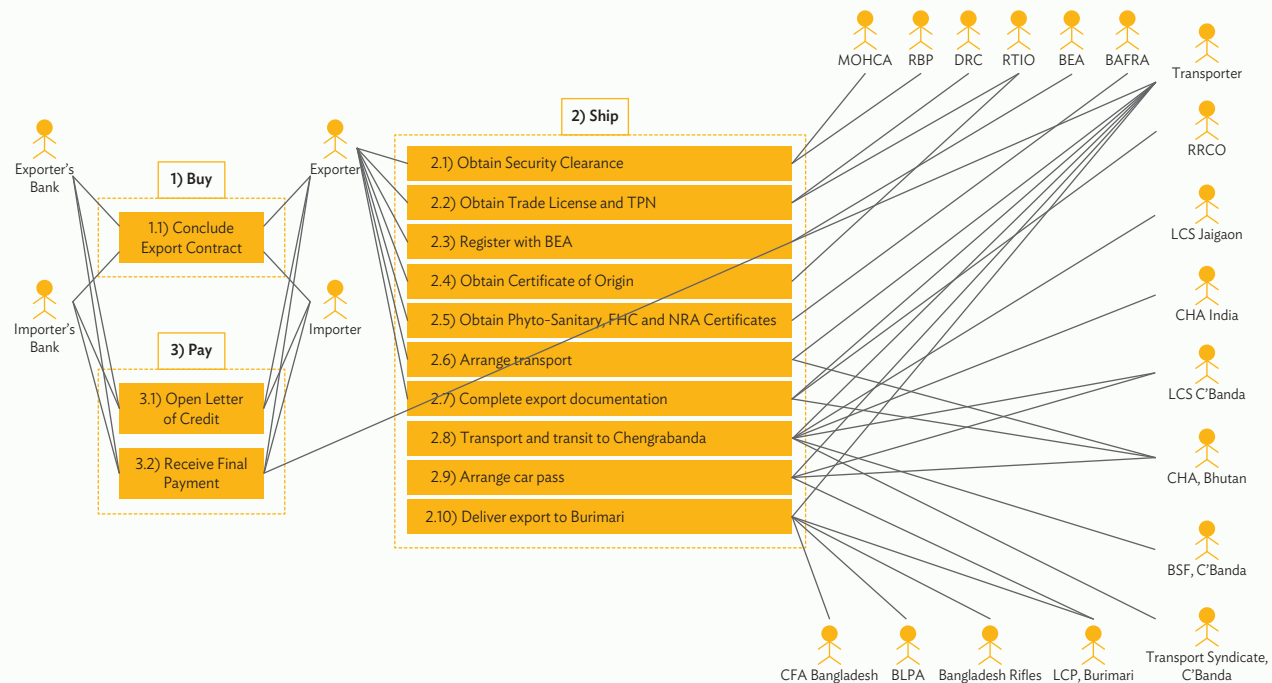
Table 4.12: Continued

Procedures	Process to Be Completed	Mode of Documents Submission	Documents Needed	Copies Needed	Document Origin
2.10	Deliver export cargo to Burimari	Manual	Shipping bill	Counted	Public
			Bill of entry	1	
			Commercial invoice	Counted	
			Consignment note/truck receipt	Counted	
			Car pass (1 set)	Counted	
			Weight slip (Bangladesh)	1	
3.1	Open letter of credit by importer	Electronic	Pro forma Invoice	1	Private
			Letter of credit copy	1	Private
3.2	Receive final payment	Electronic/Manual	Truck receipt	Counted	Public
			Shipping bill	Counted	
			Commercial invoice	Counted	
			Bill of entry	1	
Total: 13			24	71	Private: 52 Public: 19

CID = citizenship identity document, PSC = phytosanitary certificate, TPN = taxpayer number.

Source: Prepared by the project team.

Figure 4.14: Use Case Diagram for Export of Cardamom from Bhutan to Bangladesh



BAFRA = Bhutan Agriculture and Food Regulatory Authority, BEA = Bhutan Exporters Association, BLPA = Bangladesh Land Port Authority, BSF = Border Security Force, CFA = customs and freight agent, CHA = customs house agent, DRC = Department of Revenue and Customs, FHC = fit for human consumption, LCP = land customs post, LCS = land customs station, MOHCA = Ministry of Home & Cultural Affairs, NRA = nonradioactive certificate, RBP = Royal Bhutan Police, RRCO = Regional Revenue & Customs Office, RTIO = Regional Trade & Industry Office, TPN = taxpayer number.

Source: Prepared by the project team.

4.2 Bottlenecks, Diagnosis, and Proposed Solutions for Removing Bottlenecks

Table 4.13 identifies bottlenecks and provides diagnosis and recommendations for third-country import of LMVs to Bhutan via Kolkata Port. Similar analysis is provided in each BPA report covered by the study.

Analysis of the bottlenecks is mainly based on the classification of procedural requirements, data and documentary requirements, and transparency or predictability. Recommendations are provided according to the analysis. Some common bottlenecks are identified. For instance, several documents have to be submitted manually and repeatedly, which may cause delays especially when there are errors in filling out the documents. Common solutions to remove bottlenecks include increased coordination of trade facilitation issues under the NTTFC, greater transparency using websites, clearer guidelines, automation, a national single window, reduction in procedures and documents that will make export more competitive, data harmonization, and simplification of procedures and standardization of documents both at the national and subregional level.

Table 4.13: Bottlenecks and Recommendations for Import of Light Motor Vehicles

Core Business Process	Observations			Recommendations
	Procedural Requirements	Data and Documentary Requirements	Transparency/Predictability	
BUY				
1.1. Conclude import contract or place import order	This is a simple procedure wherein the importer and manufacturer/exporter negotiate and conclude a purchase agreement. Little or no negotiations are involved as the manufacturer/exporter usually have fixed terms and conditions for export.	This is normally translated into the opening of a letter of credit account by the importer after receiving a pro forma invoice from the manufacturer/exporter where all conditions are stipulated including payment arrangements or sending payments in advance. In this case, full final payment is made in advance.	The process is largely transparent and predictable although all the information required may not be available online.	
SHIP				
2.1. Obtain security clearance	This procedure is also simple if the applicant does not have any problem with the census. An applicant with such a problem has to resolve the issue with the Department of Law & Order and Department of Civil Registration and Census. This can consume a lot of time.	The importer applies for security clearance online by entering the details including the citizenship identity card number in the form available at the Royal Bhutan Police website (www.rbp.gov.bt). The clearance (one-year validity) is given within 24 hours electronically if the applicant has no adverse record.	The process is well known and transparent.	

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Table 4.13: Continued

Core Business Process	Observations			
	Procedural Requirements	Data and Documentary Requirements	Transparency/Predictability	Recommendations
2.2. Obtain trade/dealership license and TPN	<p>The process can be split into two, one for obtaining a trade license and another for obtaining a TPN. It has been taken as one in the study as a TPN has to be invariably obtained after getting a trade license.</p> <p>Acquiring license per se is quite fast as it can be obtained in an hour or so. The importer also has to get the TPN by filing an application online with DRC at www.drc.gov.bt. Obtaining the TPN is a onetime affair.</p>	<p>Getting supporting documents like a letter awarding the dealership and concluding a contract between the principal company (manufacturer/exporter) and the importer may take time as it involves negotiations. Further, the government policy on import of LMVs from third countries may change given the need to provide foreign exchange to the importer and depress demand for imports for environmental reasons. For instance, imports were banned during 2011–2013.</p>	<p>The process is fairly transparent. The conditions for obtaining different licenses are understandably different and are scattered, dated, or not fully transparent. Additionally, as there is no legal framework for trade, the proposed trade act should be enacted as soon as possible.</p>	<p>The following recommendations are general in nature:</p> <ol style="list-style-type: none"> 1. Review and update the information and documents needed for clarifying and issuing various types of licenses. For instance, there is no proper guideline and regulation for LMV imports. The administrative instruction number DT/IMP-9.2/2006 dated 11 May 2006 requires all importers to obtain verification report after customs clearance for further processing of imports. However, this is not applicable to the import of LMVs and the directive is silent about it. 2. Consolidate guidelines, rules, and regulations for issuing various categories of licenses with a view to making them clearer and more transparent. 3. Enact the proposed trade act to provide legal basis for trading.
2.3. Obtain import house registration (IHR) certificate	<p>The procedure for obtaining IHR certificate is also simple and known among the importers. It can be obtained within half an hour in principle. Further, it is a onetime procedure that does not require annual renewal like the trade license.</p>	<p>This document appears to be redundant as the relevant information is contained in the trade license itself.</p>	<p>The procedure is quite well-known but its transparency could be improved by hosting the available guidelines for IHR in the Department of Trade (DoT), MOEA (www.moea.gov.bt). The Bhutan Import House Guidelines 2005 is available on the Ministry's website but it does not have the procedure for getting an IHR certificate.</p>	<p>This is an additional procedure with little or no value. The DoT should automatically issue the IHR certificate based on the trade or industry license, under which all relevant information needed by DoT are given in the application form.</p>

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Table 4.13: Continued

Core Business Process	Observations			
	Procedural Requirements	Data and Documentary Requirements	Transparency/Predictability	Recommendations
2.5. Obtain import license	An import license is needed for each import although the cargo can be imported at different times under the same import license.	Any change of the procedure would have to be discussed bilaterally with India. Such a discussion may be useful for simplifying the transit documentation when the two countries can connect their ICT systems for customs and transit clearances, an area that ADB is supporting under the SASEC Trade Facilitation Program.	The procedure is predictable although transparency could be improved by hosting it in the MOEA website. The procedure is available with the department when asked for.	The DoT should develop the guidelines and review the procedures for obtaining an import license and host it in the MOEA website.
2.7. Obtain a letter of guarantee (LoG)	The LoG serves the role of a transit declaration for Bhutan (for Nepal, transit declaration is used for clearance and transportation of imports from Kolkata). As Bhutan underwrites all third-country imports whether public or private, the system elicits confidence in the transit country and is working smoothly.	The modality of processing the LoG could improve, especially if the customs and transit process is automated in Bhutan for internal use and connected with the Indian customs for transit clearance in Kolkata and/or Changrabandha and Jaigaon. The time to get LoG could hence be reduced. Furthermore, there is a difference in submitting the required documents for obtaining the LoG between LTO, Kolkata; and RRCO, Phuentsholing. Seven documents are needed in Kolkata while only four are required in Phuentsholing.	A system of electronic submission of the documents for obtaining the LoG could make the process faster. Further, guidelines could be developed for obtaining the LoG and made available in the DRC website. The need for supporting documents for obtaining the LoG could be standardized between Kolkata and Phuentsholing, with a view to reducing the number of documents. The import license and commercial invoice should be the two main supporting documents.	<ol style="list-style-type: none"> 1. The customs automation process proposed to be developed under RAMIS should be expedited. 2. The new system should be linked to the Indian customs system with necessary modifications to facilitate electronic document exchange for customs and transit clearance at Changrabandha and Jaigaon. If the development of the new system takes time, even the existing system with modifications/adaption may be considered for the link. 3. Within the long-term objective of moving toward a national single window, DRC and other relevant organizations should harmonize trade information and standardize documents to international standards. This could be one of the important items of work for the NTTFC.

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Table 4.13: *Continued*

Core Business Process	Observations				Recommendations
	Procedural Requirements	Data and Documentary Requirements	Transparency/Predictability		
2.12(a). Clear customs at Phuentsholing	The TRS study found that, on average, it takes 10 hours to clear imports from third countries from the time of registering the truck arrival and the release of import cargo from the customs compound. This is even longer than about 6 hours given by importers for the BPA study. The delays are owing to physical checking—although this may be a sample checking only—assessment, and completing all documentation formalities manually.	There would be room for shortening the clearance time if the WCO approved tools like green channel and risk assessment, and authorized operators are applied. Decongestion of the customs compound and use of X-ray machines could further expedite the process. Insofar as the documents are concerned, greater use of ICT within the RRCO and between RRCO, other government organizations, customs house agents, and transporters would make the process more efficient. This will eliminate the use of manual-based system of customs clearance.	There is a great deal of information on the DRC website (http://www.drc.gov.bt) but instructions or guidelines for traders for completing customs formalities are surprisingly absent. The traders would benefit if such guidelines are developed and posted on the website. Moreover, much of the clearance work is done manually involving several documents and their copies. This needs to be elevated by using electronic means as much and as soon as possible, along with the reduction of export documents and copies.		<ol style="list-style-type: none"> 1. DRC should develop comprehensive guidelines for customs clearance and host it in its website. 2. Under the auspices of NTTFC, electronic exchange of documents at the national level should be promoted immediately and exercised to reduce documents and their copies. 3. Infrastructure for customs should be improved with greater parking and warehouse spaces and use of modern equipment. The construction of a mini dry port at Phuentsholing and measures to decongest Phuentsholing (construction of bypass road and opening of another international gate with India in Alay near Pasakha) are welcome developments under ADB financing.
2.12(b). Physical verification	All imports are subject to 100% verification although the officer-in-charge makes the decision for inspection at an informal level. The inspection process is based on the experience or information provided by informant with occasional alert from other sources.		To institute a manually structured, risk-based clearance with available risk indicators till the automated risk managements system is put in place. Furthermore, consistent and quality communication between the preventive and clearance sections is of paramount importance and it should be encouraged to the extent possible.		
2.12(c). Assessment	The assessing officer takes ample time in application of minimum value, particularly in the case of dutiable goods.		Proposed change in legislation requiring filing of valuation declaration by setting a threshold value. Maintain a reference price list of frequently traded goods.		
2.12(d). Repetitive role of officer in charge of clearance process	Officer-in-charge needs to be apprised on completion of each stage of the clearance process.		Officer-in-charge by default has administrative responsibility of overseeing the customs and excise section of the RRCO as a whole. Therefore, there is a need to review the necessity and usefulness of repetitive appraisal of the same transactions at each stage.		

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Table 4.13: Continued

Core Business Process	Observations			Recommendations
	Procedural Requirements	Data and Documentary Requirements	Transparency/Predictability	
2.12(e). Hand carrying of documents				Once a CHA or importer files documents to the customs, customs becomes the custodian of these documents, which should not be returned to the importer or customs agency unless absolutely necessary. Therefore, to the extent possible, the customs officials themselves should carry out movement of documents from one event to another.
2.12(f). Clearance during holidays	The clearance of third-country imports is done only during office hours. Any clearance carried out beyond office hours needs prior approval and requires extra payment.			Suggested to provide clearance service for third-country goods similar to the ones imported from India.
2.13. Transport import cargo from Phuentsholing to Thimphu	The procedure is simple.	The documents needed are the delivery challan issued by RRCD, Phuentsholing and driver's license.	The procedure is well-known though it is not available in any website or in written form.	The bypass road that has been under construction (expected to be completed in June 2017) for quite some time in Chukha should be expedited to reduce travel time between Thimphu and Phuentsholing.
PAY				
3.1. Make advance payment/open a letter of account	The procedure is simple. The most important document is the pro forma invoice, which is easily obtained electronically from the manufacturer/exporter. The process normally takes 1 day to remit the advance payment to the manufacturer/exporter's bank account. Opening a letter of credit takes an average of 2.5 days as per the banks in Bhutan.	The importer is free to open a letter of credit. However, some of the Bhutanese importers seem to prefer using telegraphic money transfer as it is faster, and the manufacturer/exporter also prefers receiving money in advance before producing the products for export.	The procedure is known and quite transparent.	The banks should reduce the time for opening a letter of credit account as it currently takes 1-4 days.
3.2. Make final payment	The process is simple. Upon receiving the original shipping documents from the exporter's bank, the importer's bank processes remittance.	The remittance is fast once the documentation procedures are completed. Delays in receipt of documents and confirmation on the receipt of import cargo can delay payments. It takes about 2 weeks on average to remit the final payment.	The process is known and quite transparent.	Similarly, banks should explore the possibility of reducing the time for remitting final payments under the letter of credit.

ADB = Asian Development Bank, BPA = business process analysis, CHA = customs house agent, DRC = Department of Revenue and Customs, ICT = information and communication technology, LMV = light motor vehicle, LTO = Liaison and Transit Office, MOEA = Ministry of Economic Affairs, NTTFC = National Transport and Trade Facilitation Committee, RRCD = Regional Revenue & Customs Office, SASEC = South Asia Subregional Economic Cooperation, TPN = taxpayer number, TRS = time release study, WCO = World Customs Organization.

Source: Prepared by the project team.

WAY FORWARD TO ESTABLISH THE TRADE AND TRANSPORT FACILITATION MONITORING MECHANISM IN BHUTAN

The TTFMM baseline study serves as the first step toward the establishment of TTFMM in Bhutan. An important question for policy makers and other stakeholders is how to establish long-term sustainable application of the TTFMM in Bhutan. This chapter reviews the most important aspects of establishing a TTFMM, including institutional arrangement, national capacity building, resources, continuation and expansion of monitoring, and alignment of the TTFMM with global and regional initiatives.

5.1 Institutional Arrangement

The institutional arrangement is one of the most important aspects of taking the TTFMM baseline study forward in aligning and harmonizing trade processes and procedures nationally, regionally, and globally. It is vital that a national body is entrusted with making trade policies oversee the operation of the TTFMM to make it relevant and sustainable. The Royal Government of Bhutan should consider further developing trade-related aspects of the NTTFC, including decision-making by relevant agencies.

The current TTFMM baseline study is undertaken with the support of the NTTFC with its Secretariat in the Department of Revenue and Customs, Ministry of Finance. The support of the Secretariat was crucial in data collection and analysis as well as in stakeholder consultations and validation process in August 2016. As Bhutan has a well-established NTTFC representing all key stakeholders of trade and transport organizations including the representatives of the private sector, the study proposes NTTFC as the main platform to lead and oversee the TTFMM in the country.

Efforts to facilitate private sector development and economic growth remain a challenge for harnessing Bhutan's competitive advantage and addressing constraints on trade facilitation. Industry associations and the private sector will benefit from a sustainable TTFMM as enhanced trade and transport facilitation would increase the competitiveness of industry and the private sector in the international market. Therefore, a clear message to the public is that the TTFMM is not the sole onus of the Royal Government of Bhutan but also of the private sector. As a collaborative partner, the private sector should assume greater interest and responsibility in supporting various activities under the TTFMM.

5.2 National Capacity Building

Effective and sustainable capacity building is critical for more efficient trade and transport facilitation, requiring the development of human capacity in government and private agencies. As part of ensuring the sustainability of the TTFMM, national human capacity should be developed and maintained. National experts and process owners, supported by international experts where such needs are critical, should be involved in assessment and performance studies. This arrangement would ensure that all activities under the TTFMM will be carried out cost-effectively.

In undertaking this TTFMM baseline study, national capacity has been substantially built. For instance, the study was mainly carried out by national consultants, and similar studies can therefore be undertaken using natural resources in the future. Furthermore, data collection was greatly supported by the industry association and private sector that should be more capable of collecting and maintaining similar data in the future. It is important to mention that various regional and national workshops were organized as part of the TTFMM baseline study, through which participants in the workshops have deepened their understanding of the TTFMM.

To build on the momentum and further enhance capacity building, a number of actions can be considered. First, national capacity building can start with the dissemination of the TTFMM baseline study results with explanations to the stakeholders of the methodologies applied in the study. Second, “learning by doing” is an effective way of building capacity. In this respect, a TTFMM update study should be carried out that will involve a number of selected personnel from NTTFC, government agencies, national institutes, industry associations, and the private sector. Third, a cost-effective means of capacity building should be promoted. For instance, UNESCAP provide an online training course on Business Process Analysis (BPA),²⁸ which is an important component of the TTFMM. Key personnel should be identified and encouraged to take this course.

5.3 Resources

In the long term, the progress of the TTFMM is likely to be underpinned by national resources. While the government may provide an adequate and separate budget for TTFMM operation, given its broad social and economic benefits, innovative solutions may be examined. For instance, key government agencies may provide part-time or full-time qualified staff to conduct the studies.

A public–private partnership modality could also be envisaged. Part of the TTFMM resources may come from private sector organizations such as the Bhutan Chambers of Commerce and Industry, as well as industry and trade associations. Private sector contribution may come in the form of an in-kind contribution (e.g., staff secondment or the allocation of staff time to collect and/or analyze data). In that context, communicating with the public on the benefits of the TTFMM, presenting useful results regularly, and showcasing the achievements will be important to win continuous and broad-based support—including financial support—from a wide range of public and private stakeholders including donor organizations.

²⁸ More detailed information is available at UNESCAP. E-Learning Series on Business Process Analysis for Trade Facilitation. <http://www.unescap.org/our-work/trade-investment-innovation/trade-facilitation/bpa-course>

Cooperation with development partners and donor agencies may provide another solution to securing resources. Once the usefulness of the TTFMM is fully recognized by relevant stakeholders and development partners, the institutions and/or international donors are likely to support the TTFMM process.

5.4 Continuation and Expansion of Monitoring

The baseline data gathered through the TTFMM baseline study will be used as the basis for benchmarking trade and transport facilitation performance over time. Accordingly, further studies on the same products and corridors should be carried out regularly to check progress and compare results.

Given the constraints on financial and human resources, comprehensive studies may be conducted every 2–3 years, while small-scale update studies may be carried out annually. A few examples of such small-scale studies include (i) organizing a national consultation workshop to review and update the data related to trade and transport facilitation, (ii) collecting and updating data related to specific procedures or corridors, and (iii) reporting emerging or key issues on trade and transport facilitation.

When more financial resources are available and an enlarged pool of expertise is developed, the scope of monitoring can be expanded to cover more products, corridors, and trade and transport procedures, taking the factors listed in section 2.1 into consideration.

5.5 Alignment of the Trade and Transport Facilitation Monitoring Mechanism with Global, Regional, and National Initiatives

The establishment of the TTFMM should be regarded as an integral component to support policymaking rather than as an “add-on” or an isolated effort. In this respect, it is important to align the TTFMM with global, regional, and national initiatives.

At the global level, many countries, especially WTO members, are committed to implementing trade facilitation measures under the WTO TFA.²⁹ At the regional level, the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement has been widely regarded as a game-changing pact that set in motion the steps to make it possible for both passenger vehicles and, perhaps more importantly, cargo vehicles to cross swiftly and easily from one country to another country. At the national level, a broad range of trade facilitation measures (such as development of a trade information portal, establishment of national single window, and paperless trade) should be considered and implemented in progression.

²⁹ As of 31 October 2016, 96 WTO members have ratified the TFA (WTO 2016).

Certainly, the implementation of trade facilitation measures is important. It is a means to enhance trade facilitation, not an end itself. Policy makers and other stakeholders could ask the following basic questions: (i) are the time, costs, and number of documents for completing a specific trade procedure reduced because of the implementation of trade facilitation measures? (ii) is the average speed along a corridor increased or border crossing time reduced due to the implementation of a specific agreement? The establishment of the TTFMM would provide answers to these questions.

The TTFMM provides not only indicators but also diagnostic analysis, which enables policy makers and relevant stakeholders to identify bottlenecks and solutions so that continuous improvement is possible. For example, this report contributes to the implementation of the WTO TFA because it identifies trade facilitation measures that need to be implemented in the short-term and long-term, and therefore, supports a country in identifying priority areas of implementation, if financial and human capacity constraints exist.

SUMMARY AND CONCLUSION

6.1 Summary of Key Findings

This report—derived from six separate reports related to specific product import and export, corridor, and border crossing performance prepared by the same project team—is a key outcome of the TTFMM baseline study in Bhutan. The target audience includes policy makers, government officials, and the public.

As the name suggests, a baseline study should not be treated as a one-off publication. In establishing and operating the TTFMM, the current report is the first of its kind and is prepared to not only report the key study findings, but also to lay a foundation for future publications. Many series of reports will be produced in the years to come.

The key indicators in Table 6.1 summarize the current status of trade and transport facilitation performance.

A synthesis analysis of time required for completing different procedures shows the importance of optimization and simplification of trade process from a whole supply chain perspective. Traditionally, border crossing and transport have been the focus of trade and transport facilitation. As shown in Table 6.1, transport and border crossing processes account for approximately 17% of the total trade time for an existing trader and 4% for a new trader. Other procedures collectively account for almost 80% of the total trade time.

The average number for completing import or export are as follows.

- For completing import: 15 for an existing trader, and 12 for a new trader, corresponding to the scenarios when the onetime procedures are included or not.
- For completing export: 12 for an existing trader, and 10 for a new trader, corresponding to the scenarios when the onetime procedures are included or not.

Such numbers seem to be higher than the average value of a few selected countries in the region.³⁰ It is, however, important to note that Bhutan's trade process involves transit in India, which naturally increases the number of procedures. Thus, a comparison can only be made with a series of caveats. Nevertheless, the large number of trade procedures generally prolongs trade process and increases trade costs. Policy makers from both Bhutan and India need to discuss ways to review the necessity of each procedure and remove any procedure that does not add value to import or export.

³⁰ A study titled “Insights from ESCAP’s Trade Process Analysis Database” shows that an average of 8 import procedures are required to complete the import process for 10 case studies. Similarly, an average of 11 export procedures are required for 17 case studies.

Table 6.1: Key Indicators on Trade and Transport Facilitation Performance

Indicators	Including or Excluding Onetime Procedures	Imp 1 ^a	Imp 2 ^b	Exp 1 ^c	Exp 2 ^d
Total time (days)	Including onetime procedures	28.5	16	126	29
	Excluding onetime procedures	26.5	14	17	26.5
Time for transport (days)		3	2	6	1.5
Border crossing time at Phuentsholing (days)		1	1	0.5	0.5
Costs (\$)	Including onetime procedures	1,289	719	2,610	653
	Excluding onetime procedures	1,135	565	1,341	345
Number of procedures	Including onetime procedures	14	15	11	13
	Excluding onetime procedures	11	12	9	10
Number of actors involved	Including onetime procedures	20	22	23	22
	Excluding onetime procedures	17	20	17	18
Number of documents	Including onetime procedures	31	31	28	24
	Excluding onetime procedures	23	23	19	16
Number of copies submitted	Including onetime procedures	85	77	103	71
	Excluding onetime procedures	77	69	94	63
Indicators Not Limited to the Above Import or Export Products					
Average speed along the corridor (km/h)	With delays	9	5	-	-
	Without delays	15	16	-	-
Average border crossing time at Phuentsholing	Import from India	58 minutes for taxable goods and 28 minutes for nontaxable/exempted goods			
	Import from third country	16 hours for taxable goods and 7 hours for nontaxable/exempted goods			
	Export (for any products to any countries)	13 minutes			

- = not available, km/hr = kilometer per hour.

^a Import of light motor vehicles from the Republic of Korea via Kolkata Port.

^b Import of tableware and kitchenware of plastics from Bangladesh.

^c Export of ferrosilicon through Kolkata Port.

^d Export of cardamom from Bhutan to Bangladesh.

Source: Prepared by the project team.

The average number of documents submitted for completing the import or export process is 29 for an existing trader and 20 for a new trader. On the other hand, these documents (original and copies) need to be submitted 86 times on average for import and 74 times for export. The necessity of repeated submission of the documents highlights the importance of introducing an NSW to substantially reduce the number of submissions.

The report finds that the overall average speed is 9 km/h, average speed (excluding rest time) is 12 km/h, and average speed (excluding rest and delay time) is 15 km/h along the Kolkata–Phuentsholing corridor. Similarly, the study reveals that average speed with delays is 5 km/h and without delays is 16 km/h along the Burimari–Phuentsholing corridor. Such low speed indicates that the corridor faces numerous challenges such as low quality infrastructure, old transport vehicles and equipment, and repeated inspection of vehicles and cargoes for enhancing its transport and logistics efficiency.

Such challenges indicate opportunities for improvement. The report shows that if a vehicle along the South Asia Subregional Economic Cooperation (SASEC) corridor can travel at 30 km/h from Kolkata to Phuentsholing, which is still low compared with the average speed along Central Asia Regional Economic Cooperation corridors, potentially 67 hours of journey time on average, or approximately two-thirds of the journey time, can be saved.

Analysis of the data collected using the CPMM method, along with discussions with the drivers, customs brokers, and freight forwarders, reveals the key common bottlenecks along the two corridors under study:

- **Multiple stops.** Data from CPMM show that a vehicle needs to stop on average 10 times during the journey from Kolkata to Phuentsholing and about 5 times from Burimari to Phuentsholing. Reasons for stopping include inspections in India; queuing at border crossings and key junctions; rest; and accommodation. In some cases, heavy vehicles are allowed to drive at nights only.
- **Unofficial payments.** Data in this respect are extremely scarce and unreliable, so conclusions are tentative. Nevertheless, according to anecdotal evidence and discussions with drivers, unofficial payments along the corridors took place.

6.2 Key Recommendations

Key recommendations in this report are divided into short and long-term interventions. This classification does not follow hard-and-fast rules. Key factors are the level of difficulty for implementation of trade facilitation measures as well as the financial and human capacity requirements.

Short-term Interventions

- Implementation of online application and approval, issuance, and renewal of license/certificate/permit in a number of similar processes among government organizations, and between government organizations and stakeholders
- Electronic exchange of documents for transit clearance in India (between Bhutanese, Bangladeshi, and Indian Customs, and within Indian Customs itself)
- Rearrangement of internal workflows of the Regional Revenue and Customs Office (RRCO)
- Removal of repetitive or redundant processes
- Reduction of costs burden, where possible
- Harmonization of data and documentary requirements
- Strengthening professional relationships among all parties involved in the trade process

Long-term Interventions

- Introduction of national single window (NSW)
- Ensuring legal consistency for the introduction of NSW and electronic procedures
- Transparency in legal, policy, and procedural requirements
- Establishment of authorized economic operator and trusted trader programs
- Upgrading skills of the frontline officials including in information and communication technology
- Improving transport and border crossing infrastructure

Based on study findings, the following aspects should be reviewed by policy makers and other stakeholders to remove bottlenecks along the corridors. To achieve these objectives, coordination between Bhutan and India—the transit country—is essential.

- Unnecessary inspections should be eliminated. Some inspections along the corridors are necessary and valid. For instance, it is essential to check travel documents and, in some cases, to inspect the goods. However, repetitive and unnecessary inspections should be eliminated.
- Enhance transport infrastructure. Improvement of the transport infrastructure often requires large investments. ADB, through its SASEC program, has been playing an important role for enhancing transport infrastructure in the region. Partnership between India and Bhutan, as well as development partners and donors, should continue to pool resources to enhance transport infrastructure.
- Enhance the quality of vehicles. Whenever possible, containerized vehicles should be used. As the containers are sealed in Kolkata and the seals are removed in Phuentsholing, the cargoes inside containers should not be inspected during the journey. This can greatly save travel time.
- Transport and logistics service providers should introduce best practices. For instance, best practices can be related to road safety. Interviews with the drivers and trucking companies reveal that often there is only one driver for a vehicle. Long drives cause fatigue and road accidents. In this case, international recommendations on deployment of drivers should be followed. Professionalism of the drivers may also need to be improved. Interview with drivers reveals that some drivers may stay in place during the journey for one or two days without good reasons, which delay the transport process. Training the drivers and instilling discipline and dedication will enhance the professionalism of the drivers and reduce journey time.

6.3 Use of the Report

This report and its six supporting reports can be used for several purposes. First, the detailed information on trade processes and procedures can be used to publicize trade and transport information. This is especially related to the WTO TFA Article 1 (publication and availability of information). Information in this report can be used directly when a trade portal is developed.³¹

Second, the quantitative indicators in these reports enable the policy makers and stakeholders to better take stock of the status and assess challenges in trade and transport facilitation. For instance, it is generally known that speed along the major transport corridors is restricted, and the concise analysis in this report provides the scenario that if the vehicle can travel at 30 km/h, travel time between Phuentsholing and Kolkata can be reduced by 66%.

Third, this report highlights the key bottlenecks in efficient trade and transport facilitation and proposes recommendations to remove those bottlenecks to enhance trade and transport facilitation, which greatly support evidence-based policy making and reform. One example is that proposed procedures in this report are covered by the WTO TFA, indicating the importance of implementing the TFA for advancing trade and

³¹ An example of a trade portal is the one developed in the Lao People's Democratic Republic. Lao PDR Trade Portal. <http://www.laotradeportal.gov.la>

transport facilitation in a country. One example is that the short-term and long-term solutions for enhancing trade facilitation based on the diagnosis analysis supports a country to prioritize the implementation of WTO TFA and other trade facilitation measures. Another example is that this report reveals the benefits and importance for countries to join the emerging regional agreements especially the *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*.³² Trade and transport procedures between Bhutan and any third country involve India as a transit country. State-of-the-art cross-border exchange of data and information between Bhutan and India is crucial for ensuring efficiency of trade process. However, relevant work in this area remains largely at the nascent stage of development. Bhutan should consider joining the regional agreement to take full advantage of the opportunities for accessing new technology and innovative practice, receiving technical assistance and building capacity.

Finally, it is important to reiterate that the report provides baseline data for benchmarking in the future. In other words, when similar indicators are collected, the progress or setback in trade and transport facilitation can be analyzed, and policy and actions can be adjusted if necessary. Furthermore, the studies and relevant discussions in these reports are fully in line with the UN/CEFACT Recommendation No. 42 on TTFMM published on 27 April 2017 and may serve as useful reference for any similar work in the future.

³² More information on the framework agreement is available at <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

List of Participants of Workshops and Informants for the Trade and Transport Facilitation Monitoring Mechanism Baseline Study in Bhutan

A1 Inception Workshop on Trade and Transport Facilitation Performance Monitoring

26–27 November 2013, Bangkok, Thailand

GOVERNMENT OF BANGLADESH

Sultan MD Iqbal

Member (Customs Intelligence & Audit)
National Board of Revenue, Dhaka

Nasir Arif Mahmud

Joint Secretary
Ministry of Shipping

AKM Akhter Hossain

President
Chittagong Customs Clearing & Forwarding Agents
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Nurul Amin

Deputy Director (CM)
Bangladesh Standard Testing Institute (BSTI)

AHM Ahsan

Trade Consultant (Deputy Secretary)
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Afsarul Arifeen

Additional Secretary
The Federation of Bangladesh Chambers of
Commerce and Industry (FBCCI)

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Ministry of Finance

Sonam Wangchuk

Director, Department of Trade
Ministry of Economic Affairs

Choyzang Tashi

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Regulatory Authority (BAFRA)
Ministry of Agriculture and Forests

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General Manager
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Sonam Dorji

Business Promotion Officer
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Additional Director General of Foreign Trade
Directorate General of Foreign Trade
Ministry of Commerce and Industry

Sunil Kumar Das

Commissioner of Customs
Office of the Commissioner of Customs

N. Venkatesh

Additional Director General
Systems Directorate

Prabir De

Senior Fellow
Research and Information System for
Developing Countries (RIS), and
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GOVERNMENT OF NEPAL**Navaraj Dhakal**

Under Secretary
Ministry of Commerce and Supplies

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Under Secretary
Ministry of Physical Planning and Transport

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President
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Sarad Bickram Rana

Executive Director
Nepal Intermodal Transport Development Board

**WORLD CUSTOMS ORGANIZATION
ASIA PACIFIC REGIONAL OFFICE FOR
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Head
WCO (ROCB A/P)

Sekhar Bonu

Director
SARC, South Asia Department

Lawanya Kumar Dhakal

Director
Department of Customs

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Senior Plant Protection Officer
Ministry of Agriculture and Development

RESOURCE PERSONS**Takashi Matsumoto**

External Relations Coordinator
Office of the Secretary General
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Jesusito Tranquilino

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Linel Ann Reyes-Tayag

Operations Assistant
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Achyut Bhandari

National Trade Facilitation Expert-Bhutan
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Shyam Dahal

National Trade Facilitation Expert-Nepal
SARC, South Asia Department

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FOR ASIA AND THE PACIFIC**

Yann Duval

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Trade and Investment Division

Tengfei Wang

Economic Affairs Officer
Trade Facilitation Unit
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Fedor Kormilitsyn

Economic Affairs Officer
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A2 National Workshop on Trade and Transport Facilitation Monitoring Mechanism

10–14 March 2014, Phuentsholing, Bhutan

Yonten Namgyel

Director (Member Secretary of NTFC), DRC
Thimphu

Tenzin Norbu

Collector, Customs & Excise, DRC HQ, Thimphu

Phuntsho Wangdi

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Karma

Sr. ICT Officer, ICT Division, DRC HQ, Thimphu

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Asst. Customs Officer, Customs & Excise, RRCO
Phuentsholing

Darjay

Asst. Customs Officer, Customs & Excise, RRCO
Phuentsholing

Sonam Dorji

Joint Collector
RRCO SJhongkhar

Deki Gyamtsho

Assistant Collector, RRCO Paro

Dechen Wangdi

Customs Officer, RRCO Samtse

Kesang Yeshey

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Palden Dorjee

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Thimphu

Sangay Dorji K.

Immigration Officer, Department of Immigration
Thimphu

Kunzang Wangdi

Specialist, Department of Road, Thimphu

Yeshi Dorji

Sr. Research Officer, BCCI, Thimphu

Damcho Tshering

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Dorji Tshering

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Pema

Managing Director, Dophu Transport

Phajo Dorjee

Director, RMA, Thimphu

Kinley Pelden

Chief, BAFRA, Thimphu

Tshering Choden

Staff, Rabten Roadways

Karma Pemba

Chief Transport Officer, RSTA, Thimphu

Tshering Yeshi

General Secretary, Bhutan Exporters Association

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ASIAN DEVELOPMENT BANK**Cuong Minh Nguyen**

Senior Economist (Regional Cooperation)
SARC, South Asia Department

Jacqueline Lam

Consultant (Trade Economist)
South Asia Department

A3 Trade and Transport Facilitation Monitoring Mechanism Meeting

21 October 2015, Wuhan, People's Republic of China

BANGLADESH**Md. Abdul Hakim**

First Secretary (Customs Modernization)
National Board of Revenue
Dhaka, Bangladesh

NEPAL**Toya Narayan Gyawali**

Joint Secretary, Ministry of Commerce and Supplies
Kathmandu

BHUTAN**Sonam Phuntsho Wangdi**

Joint Secretary, Ministry of Economic Affairs
Thimphu, Bhutan

Bishnu Prasad Paudel

Director, Customs Department, Kathmandu, Nepal

Ananta Prasad Timsina

Customs Reform and Modernization Section
Department of Customs, Kathmandu, Nepal

Dhendup

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Office, Department of Revenue and Customs
Phuentsholing, Bhutan

Sharma Rajan

President, Nepal Freight Forwarders Association
and Member of Nepal Trade &
Transport Facilitation Committee
Kathmandu, Nepal

Kesang Yeshey

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Phuentsholing, Bhutan

INTERNATIONAL TRADE CENTRE (ITC)**Mohammad Saeed**

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Customs Commissionerate, New Delhi

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Sarad Bickram Rana

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Posh Pandey

Chairman
South Asia Watch on Trade Economics and
Environment (SAWTEE)
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**UNITED NATIONS ECONOMIC
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Economic Affairs Officer

A4 Workshop for the Implementation of Trade and Transport Facilitation Monitoring Mechanism Baseline Studies

13–15 January 2016, Bangkok, Thailand

BANGLADESH**Md. Firoz Shah Alam**

Member (Customs: Audit, Modernisation
& Intl. Trade)
National Board of Revenue

Md. Abdur Rob

Deputy Secretary
Ministry of Commerce

Hasan Mohammad Tarek Rikabder

Joint Commissioner
Customs Excise & VAT commissionerate

Md. Enamul Hoque

Assistant Commissioner
Customs Excise & VAT commissionerate

Md. Sayeduzzaman Sayed

Sayed Enterprise (Clearing & Forwarding Agent,
Import and Export, and Transport) President
Birimari C&F Agents Association

Md. Rezaul Karim

C&F Agent, Freight Forwarder & Importer-Exporter
President, Banglabandha C&F Agents Association
Director, Panchagrah Chamber of Commerce &
Industry

BHUTAN**Karma Drukpa**

Regional Director
Regional Trade and Industry Office

Pema Wangchen

Joint Commissioner
Liaison and Transit Office
Royal Bhutan Customs Office

Tandin Wangchhen

Joint Collector
Customs and Excise Division
Department of Revenue and Customs

Deki Gyamtsho

Deputy Collector
Regional Revenue and Customs Office
Department of Revenue and Customs

Tshering Choden

Executive Director
Bhutan Clearing and Forwarding Agent

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Superintendent
Department of Revenue (CBEC)
Ministry of Finance

NEPAL**Jib Raj Koirala**

Joint Secretary
International Trade Relations
Ministry of Commerce & Supplies

Mimangsa Adhikari

Director
Customs Reforms & Modernization Section
Department of Customs

Nirmal Kumar Mainali

Customs Officer
Birgunj Customs

Kumar Bhattarai

Customs Officer
Mechi Customs Office

Rajan Sharma

President
Nepal Freight Forwarders Association

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Programs Officer
South Asia Department

Achyut Bhandari

ADB Consultant

Phuntsho Wangdi

ADB Consultant

Posh Pandey

ADB Consultant

Sarad Bickam Rana

ADB Consultant

Prabir De

ADB Consultant

Mohammad Farhad

ADB Consultant

Leticia de Leon

ADB Consultant

Alona Mae Agustin

ADB Consultant

A5 Field Survey to Kolkata, India

15–17 March 2016

**MEETING WITH KOLKATA CUSTOMS
(Morning, 16 March 2016)****N. K. Soren**

Commissioner

P. K. Bohra

Joint Commissioner

Pramod Maurya

Deputy Commissioner

Gyanendra Tripathi

Assistant Commissioner

B. C. Dash

Superintendent

B. Kundu

Superintendent

Pradeep Lama

Indian Customs

A. Majhi

Indian Customs

Debasish Dhar

Indian Customs

**MEETING WITH KOLKATA PORT TRUST
(Afternoon, 16 March 2016)****Goutam Gupta**

Traffic Manager

Santanu Naskar

Deputy Traffic Manager (commercial)

S. C. Chatterjee

Deputy Manager

**MEETING WITH CUSTOMS HOUSE AGENTS,
LOGISTICS AND TRANSPORT OPERATORS
(Morning, 17 March 2016)****Laxman Khadka**

Branch Manager

Nepal Transit and Warehouse Co., Ltd

Sita Basnet

Nepal Consulate in Kolkata

Ugyen Wangyd

Commissioner

Bhutan Customs

Pema Wangchen

Joint Commissioner

Bhutan Customs

Rajesh Sarda

CHA, SKB Shipping

KK Mantri

Manager

Trading Agency (CHA)

Pradeep Ararwal

CHA, Oceanic Express

Puneet Agarwal

Transport Oceanic Express

Reyaz Mullick

Mullick Shipping CCHA

Mr. M. K. Dubey

CHA

MEETING WITH CONTAINER CORPORATION OF INDIA LTD**(Afternoon, 17 March 2016)****Sumant Kumar Behera**Deputy General Manager (C&O)
Eastern Region**MEETING WITH NEPAL CONSULATE IN KOLKATA****(Afternoon, 17 March 2016)****Sita Basnet**

Consul, Consulate General of Nepal

Dhruba Prasad Bhattarai

First Secretary, Consulate General of Nepal

Nagraj Jain

Chairman, Hanuman Group

Shyam Sharma

Proprietor, Bhawani Roadways

A6 National Validation Workshop on Baseline Study of Trade and Transport Facilitation Monitoring Mechanism

3–4 August 2016, Thimphu, Bhutan

GUESTS FOR OPENING AND CLOSING**Nim Dorji**

Secretary, Ministry of Finance, Bhutan

Phuntsho Dorji

Deputy Collector, Customs & Excise, DRC, Thimphu

Sonam Tenzin

Director, Department of Trade, MoEA

Jambay LhamoAsst. Customs Officer, Customs & Excise, DRC
Thimphu**Yonten Namgyel**Director, Department of Revenue and Customs
MoF**Sangay Phuntsho**Regional Director, Regional Trade & Industry Office
Thimphu**Tshewang Norbu**Resident Representative
Bhutan Resident Mission
Asian Development Bank**Zecko**Chief Trade Officer, Export Promotion Division
Department of Trade, Thimphu**PARTICIPANTS****Tenzin Norbu**

Collector, Customs & Excise, DRC, Thimphu

Pema Thinley

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Trade and Transport Facilitation Monitoring Mechanism in Bhutan

Baseline Study

The establishment of a Trade and Transport Facilitation Monitoring Mechanism (TTFMM) is important because it allows a country to take stock, identify bottlenecks, and prioritize recommendations for the implementation of trade facilitation measures. A baseline study is the first step to establish TTFMM. This report reviews trade and transport procedures in Bhutan, highlights the importance of monitoring trade and transport facilitation, and lays a foundation for future studies and establishment of long-term, sustainable TTFMM. In light of the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement, the report presents both the challenges and enormous opportunities for enhancing efficiency along the BBIN corridors.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

About the United Nations Economic and Social Commission for Asia and the Pacific

ESCAP is the regional development arm of the United Nations and serves as the main economic and social development center for the United Nations in Asia and the Pacific. Its mandate is to foster cooperation between its 53 members and 9 associate members. ESCAP provides the strategic link between global and country-level programs and issues. It supports governments of countries in the region in consolidating regional positions and advocates regional approaches to meeting the region's unique socioeconomic challenges in a globalizing world. The ESCAP office is located in Bangkok, Thailand. Please visit the ESCAP website at www.unescap.org for further information.



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