

**REPORT OF THE TRADE AND TRANSPORT FACILITATION MONITORING MECHANISM
NATIONAL TRAINING WORKSHOP
Phuentsholing, Bhutan, 10-14 March 2014**

I. Introduction

1. A Workshop on Trade and Transport Facilitation Monitoring Mechanism (TTFMM) was organized in Phuentsholing on 10-14 March 2014 by Department of Revenue and Customs (DRC) of Bhutan with support from the Asian Development Bank (ADB), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the World Customs Organisation (WCO). The list of participants is at **Annex I** and the program of the Workshop in **Annex II**. In his opening address, Mr Yonten Namgyel, Director of Department of Revenue and Custom (DRC) emphasized the importance of capacity building for trade facilitation, given that it has gained momentum in global trade. With reference to the inception workshop held in Bangkok in November 2013, Mr Namgyel highlighted the agreement among South Asia Subregional Economic Cooperation (SASEC) to embark on national workshops with financial and resource support from ADB. This would allow each member country to be equipped with skills and knowledge on TTFMM, so that they can undertake the national study thereafter and take measures towards more efficient and transparent trade.

2. ADB (Mr. Cuong Minh Nguyen, Senior Economist for Regional Cooperation, South Asia Department), expressed continuing support for the capacity building on trade facilitation in Bhutan as an integral part of ongoing efforts by SASEC. The BPA I study undertaken by SASEC on selected products and corridors provided useful data and analysis. The TTFMM study would supplement these efforts by ensuring a regular and institutionalized methodology for data collection on trade facilitation, which would support and reinforce policy implementation by member countries in trade and investment, which is a SASEC priority area for regional cooperation.

II. TTFMM

3. UNESCAP (Mr. Yann Duval, Chief of Trade Facilitation, Trade and Investment Division) reviewed the functions and importance of TTFMM. Trade facilitation has been recognized for its importance in addressing non-tariff barriers to trade, and TTFMM provides a framework for regular monitoring of trade processes to support policy reform and implementation by in-country trade agencies. TTFMM emphasizes the institutional arrangement and places emphasis on building national capacity. Underpinning TTFMM is an integrated methodology called Business Process Analysis Plus (BPA+) which is based on BPA, and supplemented by Time-Cost-Distance (TCD) method and Time Release Study (TRS). Implementation of TTFMM in Bhutan would build upon existing data, including the BPA I study completed by SASEC countries in 2013.

III. Business Process Analysis (BPA) Methodology

4. There were six modules on BPA, conducted by Dr Somnuk Keretho, Director for the Institute of Information Technology Innovation, Faculty of Engineering, Kasetsart University, Thailand. The first module introduced the BPA methodology, which enables measurement of quantitative and qualitative trade-related procedures such as number of documents, actors, procedures required to complete specific trade processes. The entire supply chain can be

assessed using BPA, with process flows involving Buy-Ship-Pay procedures. For example, the number of activities required throughout the trading process for a particular product can be recorded using a Time-Procedure Chart, which provides an overview of the supply chain, highlighting time-consuming activities. Other components of the BPA methodology such as the Use Case Diagram and Activity Diagram provide greater illustration of specific business processes, including actors, information flow and documentation requirements (e.g. purchase order, invoice, export/import permit).

5. The second BPA module focused on planning and scoping of a national study, in preparation for the workshop participants to make specific recommendations to NTFC on the TTFMM study. Factors influencing scoping of a TTFMM study should involve stakeholder interests and strategic importance, and identify specific products, transport corridors, or complicated procedures to be examined in the study. Planning of the TTFMM study will require identification of a project team, including the project leader and manager, who will engage with various stakeholders to obtain crucial information for completing the study. Resource management for the study should also entail estimation of human resources, financial costs and time needed for the study process.

6. Modules 3 and 4 of the BPA segment focused on data collection and analysis techniques of trade procedures and identifying bottlenecks within. Data collection methods include interviews featuring structured questions focusing on information flow, time, cost and perceived possible improvements for specific trade procedures. Based on information collected during interviews, a Time-Procedure Chart, Use Case Diagram and Activity Diagram can be devised with details on actors, activities, decision points, input and output documents for each procedure. By examining the Time-Procedure Charts and diagrams, bottlenecks in the entire supply chain process can be identified and recommendations for improvement can be made.

7. The final module on BPA focuses on possible recommendations such as Business Process Simplification or Business Process Automation, depending on the characteristics of bottlenecks identified. General recommendations such as process simplification, harmonization, paperless trading and the establishment of a single window can be put forth. Similarly further recommendations can also entail merging specific processes that are duplicated, eliminating redundant processes, reforming trade-related organizational structures, or even proposing modification of laws and regulations to implement trade facilitation recommendations.

8. For each module, the participants were introduced to BPA techniques and assessment tools. Group exercise for each module was organized and the participants presented their group work to the plenary meeting for discussion.

9. Detailed technical presentations for the BPA are included in **Annex III**.

IV. Time Release Study

10. There were 6 modules on TRS, conducted by representatives from the WCO Regional Office for Capacity Building (Mr Takayuki Miyoshi, Program Manager for South Asia and Mr Jing Cheng, Technical Attache and Project Manager for Pacific Islands). Module 9 provided an introduction to the WCO and its work in trade facilitation, as well as the TRS methodology. Module 10 provided greater detail on the TRS methodology, such as its function and purpose, including specific study materials such as the daily reporting sheet, environment scan sheet and draft work plan.

11. Module 11 introduced TRS process mapping, such as key elements in determining scope of the national study. Tools like the TRS process chart, business process flow of customs procedures and questionnaires can be used for analysis. Module 12 gave an overview of WCO members' (Japan, Malaysia) experience of TRS. Modules 12, 13 and 14 provided opportunities for participants to go through the TRS scoping, draft questionnaire on import processes and online TRS questionnaire as a practical exercise.

12. Detailed presentations for the TRS are included in **Annex IV**.

V. Time-Cost-Distance Study

13. The training on UNESCAP Time/Cost-Distance Methodology (TCD) (Mr. Fedor Kormilitsyn, UNESCAP Transport Division) consisted of several modules. Module 15 introduced the methodology to the participants, reviewed its general purpose, main features and benefits. Module 16 covered the issues of practical application of the TCD, including data collection and data processing with software application. The group training for the participants on the practical application of the TCD was also conducted within this module.

14. The subsequent Module 17 reviewed the key issues to be considered and steps to be taken for preparation of the TCD study for a particular project, including defining the survey method, choice of data sources, identification of institution to conduct the study, defining of corridor/route to be studied and choosing the commodities to focus on. Module 18 reviewed the previous applications of the TCD, shared the good practices and lessons learned that could be considered while designing the TCD component of the TTFMM study in Bhutan.

15. Detailed presentations for the TCD are included in **Annex V**.

VI. TTFMM Implementation Plan

16. UNESCAP (Mr. Tengfei Wang, Economic Affairs Officer, Trade Facilitation, Trade and Investment Division) presented proposed template for implementation of TTFMM including (1) selection of corridors and products; (2) institutional arrangement including formation of TTFMM team; and (3) implementation schedule. The template serves as a basis for further deliberation by the participants, attached at **Annex VI**. The participants also deliberated on the proposed template for TTFMM implementation plan, would be submitted to the National Trade Facilitation Committee (NTFC) for endorsement at their next meeting in April 2014.

17. Recommended corridors and products:

- The Workshop recommended two corridors for the TTFMM study as follows: (i) the Kolkata-Jaigoan-Phuentsholing-Thimphu, and (ii) Thimphu-Phuentsholing-Jaigoan-Chenggrabandha-Burimari-Dhaka corridors respectively.
- The Workshop discussed the product selection and agreed that the product selection should be further discussed and finalized by NTFC, based on the suggested criteria from the Workshop.

18. Suggested implementation mechanism:

- The Workshop recommended the TTFMM study is anchored with the NTFC. The Secretariat of the NTFC will take the main responsibility to coordinate the study.
- Terms of reference should be developed accordingly for any external researcher or resource persons to be involved in the national TTFMM study.

- The Secretariat could be supported by the Institute of Management Studies.
- The meeting noted the proposed implementation schedule and agreed to use this as a reference point. The tentative implementation schedule commences in May 2014 with the formation of the study team, over the period of one year with contingency. This will be further discussed and finalized by the NTFC.

19. Resources:

- ADB was requested to provide the necessary financial and technical resources to undertake the TTFMM study, supported by UNESCAP and WCO.
- ADB informed that the support for TTFMM was endorsed and included in the SASEC trade facilitation program by ADB, including resources from the Japan Fund for Poverty Reduction (JFPR) Technical Assistance for Bhutan.
- UNESCAP agreed to provide technical support for the TTFMM study, in conjunction with ADB and other agencies, as required.

20. Timeframe:

- The Workshop recommended the proposed timeframe for implementation of the study as included in Annex VII, subject to the approval and endorsement of the NTFC at their meeting in April 2014.

VII. Recommendation and Adoption

21. The Workshop adopted the report and agreed to put up recommendations for the TTFMM workshop to the NTFC for endorsement. Recognizing the benefits of TTFMM, the Workshop recommends that national TTFMM studies be undertaken, as it is a useful monitoring tool that will provide key information on existing trade procedures in Bhutan. This information is imperative in enabling Bhutanese officials and policy makers to implement strategies and policies that will create a business-friendly environment in Bhutan to facilitate trade and economic growth.

22. Mr Tenzin Norbu, Collector, Department of Revenue and Customs, congratulated all participants, ADB, UNESCAP, WCO and other experts for a successful workshop. He expressed gratitude for the technical assistance on TTFMM, which will be a useful tool in improving efforts on trade facilitation.
