Business Process Analysis to Simplify Trade Procedures

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What is a Business Process?

- **A Business Process** is a collection of related and structured activities or tasks that produce a specific service or product.

- **Examples**
  - Procedures (including document transactions) of importing processed fruits to Kazakhstan from Kyrgyzstan
  - Export Customs Declaration and Clearance Procedures at the Border Point
  - Applying & Issuing Process for a Certificate of Origin (e.g. as needed to import goods to Azerbaijan)
  - Applying & Issuing Process for a Phyto-sanitary Certificate

Why conduct a Business Process Analysis?

Business Process Analysis is a practical study
- to understand attributes of business processes, and their relationships

What is...? A Business Process Analysis (BPA)?

- A modelling and analysis of business processes for understanding the current situations and proposing recommendations for improvement.

- **Examples**
  - Documenting some existing core processes of an organization in delivering some services to its customers
  - Describing a “Standard Procedure,” with some exceptional cases
  - Identifying quantitative indicators related to a specified process, e.g. no. of documents, no. of steps, and time/cost of each step
  - Analysis of bottlenecks or redundancies in procedures & documentation
  - Providing recommendations for process simplification or process automation

What are benefits of Business Process Analysis?

- Understanding of the current situation
- Benchmarking with other countries
- Raising issues and priorities for improvement
- A stepping stone for the creation of future better processes, e.g. Process Simplification

Topics of this session

- **What/Why?:** Business Process Analysis for TF
- **Graphical Notations:** Unified Modeling Language (UML)
- **Summary & Conclusions**
Trade Facilitation Improvement

Documents related to Exportation of Rice

Documents related to Exportation of Rice

Business Process Analysis Guide

Business Process Modeling

Unified Modeling Language (UML)
Unified Modeling Language (UML)

- A set of standard graphical notations for documenting a business process and business requirements
- Is widely recognized and used among practitioners in business community as well as those in IT and software industry
- Allows business domain experts to communicate procedural and documentary requirements with IT implementation or software development team

UML Notations for Use Case Diagram

<table>
<thead>
<tr>
<th>Notation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Represents a role in a particular business process</td>
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<tr>
<td>Use Case</td>
<td>Represents a business process</td>
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<tr>
<td>Activity</td>
<td>Represents a non-decomposable piece of behavior</td>
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UML Notations for Activity Diagram

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Business Process Analysis (BPA) for trade facilitation

1. A use case diagram showing the scope of the business process analysis project;
2. A set of activity diagrams each explains a core business process as represented by a use case in the use case diagram (together with a set of process descriptions);
3. A list of trade forms and documents which may be accompanied with samples of physical copies;
4. Costs and time for each procedure;
5. A time procedure chart;
6. A list of identified bottlenecks and
7. Recommendations to improve the business process and/or to-be business process models.

Use Case Diagram of Rice Export

Business Process Analysis (BPA) for trade facilitation

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A Business Process Analysis - in Exporting Jasmine Rice from Thailand -

1. Buy - Conclude sales contract and trade terms
2. Obtain export permit
3. Arrange transport
4. Arrange the inspection and fumigation
5. Obtain cargo insurance
6. Provide customs declaration
7. Collect empty container(s) from yard
8. Stuff container(s)
9. Transfer to port of departure
10. Clear goods through customs
11. Handle container at terminal and stow on vessel
12. Prepare documents required by importer
13. Verify the accuracy/authenticity of exported cargo
14. Pay - Claim payment of goods

16 days required for these procedures and documents transaction

Time-Procedure Chart

Application of BPA in GMS

Some other BPA studies in Cambodia

Business Process Analysis (tpad.unnext.org)

• Over 50 import and export process cases are included, based on studies conducted since 2009 by international organizations such as ESCAP, ECE, ADB and their member states.

TPAD can help you easily identify the studies related to a specific country

Trade Process Analysis Database (TPAD)
### Indicators related to Trade Procedures in GMS

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of days</th>
<th>No. of procedures</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia – Maize</td>
<td>20</td>
<td>15</td>
<td>1250-1360</td>
</tr>
<tr>
<td>Lao PDR – Maize</td>
<td>16</td>
<td>11</td>
<td>735</td>
</tr>
<tr>
<td>Myanmar – Rice</td>
<td>10-12</td>
<td>10</td>
<td>&gt;25</td>
</tr>
</tbody>
</table>


### Comparison of a specific export procedure: apply for Sanitary and Phyto-sanitary Certificate for export of agro-food products

<table>
<thead>
<tr>
<th>Country</th>
<th>Days</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>1 day</td>
<td>2</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Myanmar</td>
<td>3-5</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Documents required</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Phyto-sanitary Certificate application</td>
</tr>
<tr>
<td>ii. Commercial invoice</td>
</tr>
<tr>
<td>iii. Packing list</td>
</tr>
<tr>
<td>iv. Release container</td>
</tr>
<tr>
<td>v. Fumigation certificate</td>
</tr>
<tr>
<td>vi. Business license from Inspector in Agriculture Dept.</td>
</tr>
<tr>
<td>vii. Pro-forma invoice</td>
</tr>
</tbody>
</table>

Stakeholders involved:
- i. Exporter
- ii. Ministry of Agriculture
- iii. Sealed case file from Agriculture Dept.
- iv. Customs
- v. Fumigation certificate
- vi. Commercial contract
- vii. Packing list


### Case 1: Thailand’s Export Process of Frozen Shrimp

1. Day - Certificate issued and sent to trade partner
2. 2 days - Have product sampled and technically examined
3. 2 days - Examine sample
4. 3 days - Test Report
5. 1 day - Offer product for testing
6. 1 day - Delivery
7. 1 day - Notify the date for payment
8. 3 days - Collect sample

### Example of identifying bottleneck: Thailand’s Export Process of Frozen Shrimp

- Free of charge test
- Limited to 1 laboratory facility
- Free of charge but limited

### An example of recommendations for improvement of trade procedures

<table>
<thead>
<tr>
<th>Category</th>
<th>Process</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export document</td>
<td>Application for Phytosanitary Certificate</td>
<td>Reduce activity 2.2 apply for Phytosanitary Certificate from 5 days to 3 days.</td>
</tr>
<tr>
<td></td>
<td>Application for Certificate of Origin (COO)</td>
<td>Reduce activity 2.7 apply for Certificate of Origin from 2-day to 1-day.</td>
</tr>
<tr>
<td></td>
<td>All container goes through rigorous security check and scanning at the Port of entry</td>
<td>Reduce activity 2.3 apply for Certificate of Origin from 2-day to 1-day.</td>
</tr>
<tr>
<td></td>
<td>Issuance of Certificate of origin (COO) can be processed in coordination with the Phytosanitary and Fumigation certificate process</td>
<td>Reduce activity 2.3 apply for Certificate of Origin from 2-day to 1-day.</td>
</tr>
<tr>
<td></td>
<td>Submission of documents is processed.</td>
<td>Automation of overall export system is very needed.</td>
</tr>
<tr>
<td></td>
<td>Getting SAPTA certificate</td>
<td>Submissions of processing should be dropped by removing the SAPTA certificate.</td>
</tr>
<tr>
<td></td>
<td>Getting Certificate of Origin (COO)</td>
<td>Submissions of processing should be dropped by removing the Certificate of Origin.</td>
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Benefits of the BPA studies: An example in Cambodia

- Output of BPA projects in Cambodia was instrumental in raising awareness and building political will for on-going trade facilitation reform
- The outcome of the studies provided direct feedback for senior policy makers to effect trade facilitation reform, which, in turn, decreased the costs of rice exports

Source: http://tfig.unece.org/cases/Cambodia.pdf
Online Videos to assist learning

- https://www.youtube.com/playlist?list=PL8hsAvmkSSmhSvt54XlXh9iAcAg0W9

Summary of this session

- Applying BPA is essential to identify the bottlenecks of trade facilitation and provide recommendations to removing such bottlenecks and streamlining trade procedures.
- Application of BPA is often cost-effective
- A variety of BPA training materials and tools are available and maintained by ESCAP – countries should take the advantage of them.