

Trade and Transport Facilitation Monitoring Mechanism (TTFMM): Needs, Functions and Experiences

Tengfei Wang
Economic Affairs Officer
Trade Facilitation Unit
Trade, Investment and Innovation Division
UNESCAP
wangt@un.org

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Agenda

1. Review of international cross-country indicators
2. Review of national experiences in conducting trade and transport assessments/studies
3. Recap the key features of TTFMM
4. Key data need to be collected for TTFMM
5. Ongoing TTFMM baseline studies
6. Proposed UNCEFACT Recommendation on TTFMM
7. Ask for support from the experts
8. Conclusion

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Review of international cross-country indicators:
Trade Facilitation Performance and Monitoring Workshop, Wuhan, China, 22 October 2015



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International cross-country indicators/databases

❖ Examples include:

- ▶ ESCAP-World Bank Trade Cost database
- ▶ World Bank Logistics Performance Index
- ▶ World Bank Doing Business / Trading Across Borders Indicators
- ▶ UNCTAD Liner Shipping Connectivity Index
- ▶ OECD Trade Facilitation Indicators
- ▶ United Nations Regional Commissions Trade Facilitation and Paperless Trade Implementation Survey database

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International cross-country indicators/databases: strengths and weaknesses

❖ Strengths:

- ▶ relevant and essential to assess trade facilitation at national level

❖ Weaknesses:

- ▶ Not detailed enough to develop or update national trade facilitation action plans
- ▶ Lack of country ownership



Do you know: Indonesia has over 14,000 islands according to Wikipedia



The maps used here are for illustration only. They do not imply the expression of any opinion whatsoever on the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

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National experiences: Time Release Study

| Asia Pacific | | Africa | Other |
|---------------|---------------|-----------------|--------------|
| ❖ Australia | ❖ Lao PDR | ❖ Côte d'Ivoire | ❖ Jamaica |
| ❖ Bhutan | ❖ Malaysia | ❖ Ethiopia | ❖ Jordan |
| ❖ Brunei | ❖ Mongolia | ❖ Kenya | ❖ Peru |
| ❖ China | ❖ New Zealand | ❖ Mozambique | ❖ Poland |
| ❖ Fiji | ❖ PNG | ❖ Niger | ❖ Sweden |
| ❖ India | ❖ Philippines | ❖ Rwanda | ❖ Uzbekistan |
| ❖ Indonesia | ❖ Singapore | ❖ Tanzania | |
| ❖ Japan | ❖ Thailand | ❖ Uganda | |
| ❖ Korea, rep. | ❖ Viet Nam | ❖ Zambia | |
| of | | | |

Source: Presentation by rep. from WCO at the Trade Facilitation Performance and Monitoring Workshop, Wuhan, China, 22 October 2015

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National experiences: Business Process Analysis of trade procedures

| Asia Pacific | | Africa | Other |
|------------------|--------------|------------|----------|
| ❖ Azerbaijan | ❖ Lao PDR | ❖ Ethiopia | ❖ Greece |
| ❖ Bangladesh | ❖ Malaysia | ❖ Kenya | |
| ❖ Bhutan | ❖ Myanmar | ❖ Rwanda | |
| ❖ Cambodia | ❖ Mongolia | ❖ Tanzania | |
| ❖ China | ❖ Kazakhstan | ❖ Uganda | |
| ❖ India | ❖ Kyrgyzstan | ❖ Zambia | |
| ❖ Korea, Rep. of | ❖ Nepal | | |
| | ❖ Thailand | | |

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Key weakness of national trade and transport facilitation assessments so far...

- ❖ Often ad-hoc or one off
- ❖ Sometimes driven by international organizations or development partners
- ❖ Often no adequate follow up

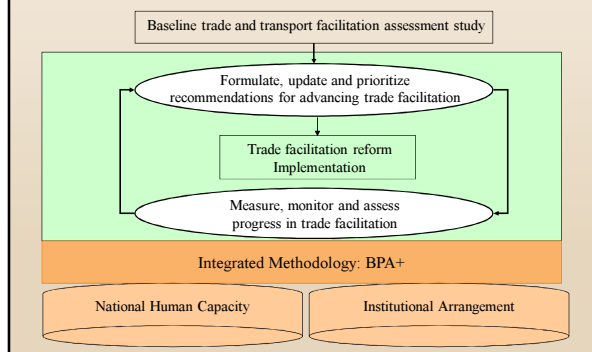
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Need for an integrated and sustainable mechanism:

- (1) To provide adequate data & information to support decision making and to monitor implementation and impact of these decisions on trade facilitation measures
- (2) To reduce unnecessary duplication of efforts & ensure recommendations are implemented

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TTFMM: Rationale and Purpose



Scope for monitoring

❖ Evolving strategy

- ▶ If the monitoring exercise is carried out for the first time in the country, the country may be focused on a small number of strategically important products and trade routes for the assessment studies. Over time, with the enhanced national capacity and experiences, more products and trade routes can be included for monitoring.

❖ Products

- ▶ In selecting the products for monitoring, the following factors should be taken into consideration whenever possible:
 - ✓ The products should be strategically important for the country or the area.
 - ✓ The products should be relevant and important for farmers and SMEs.
 - ✓ The products should have great contribution to employment
 - ✓ The products should have high frequency of shipments
 - ✓ The trade process of the product should include common (or many) bottlenecks/high number of agencies/inefficient procedures

❖ Trade routes and corridors

- ▶ Trade routes and corridors under assessment should be primarily decided by the products selected for assessments. In case that the products are transported along different routes, priority should be given to the routes which are most frequently used.

❖ Overall national trade and transport facilitation performance

- ▶ International cross-country trade and transport facilitation indicators should be included for assessing the overall national trade and transport facilitation performance.

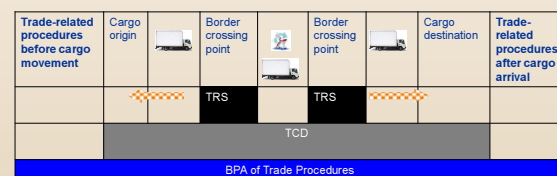
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Data collection

- ❖ Based on the UN/CEFACT Recommendation No. 18, *Facilitation Measures Related to International Trade Procedures*, Business Process Analysis of trade procedures are recommended for the purpose of data collection and analysis, as well as construction of trade and transport monitoring indicators.
- ❖ Other trade and transport facilitation monitoring methods such as, but not limited to, Time-Cost-Distance (TCD) and WCO Time Release Studies (TRS) can also be utilized to supplement BPA (the so-called BPA plus).
- ❖ Depending on each country's specific need and context, other trade facilitation assessment and monitoring methods such as those introduced in the World Bank's *Trade and Transport Corridor Management Toolkit* may also be integrated into TTFMM.

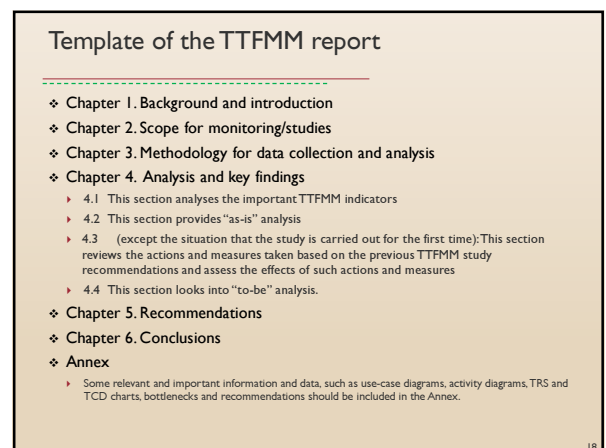
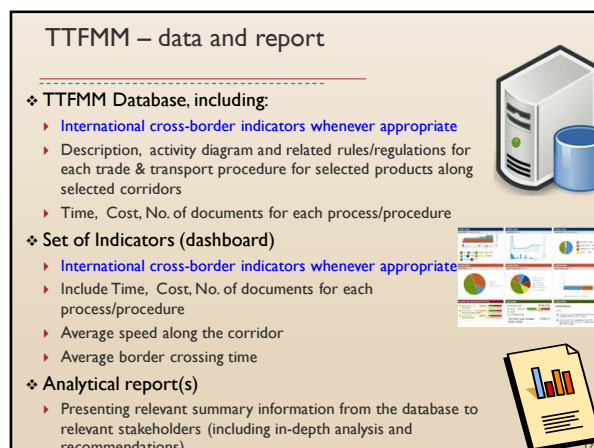
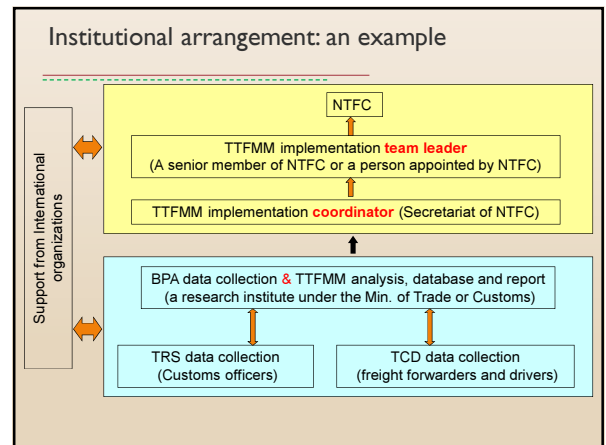
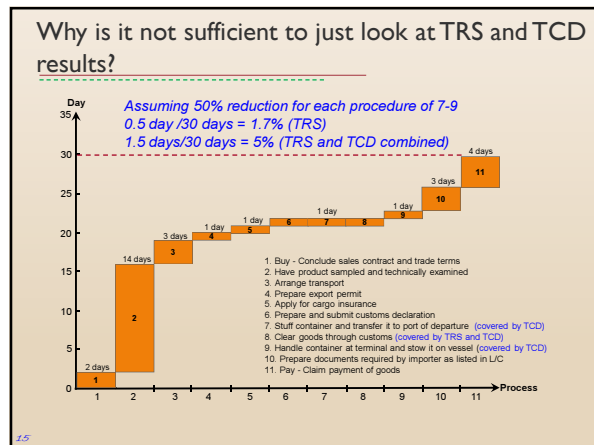
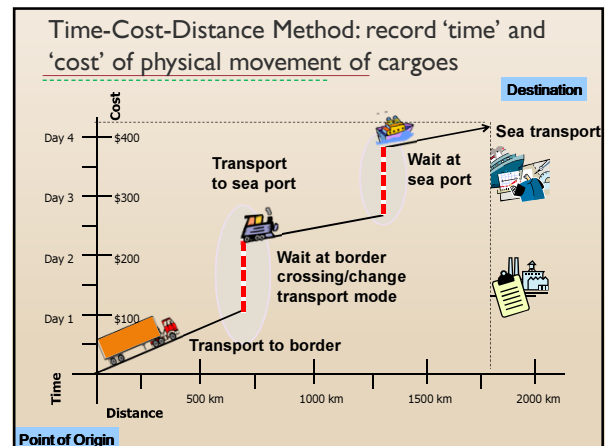
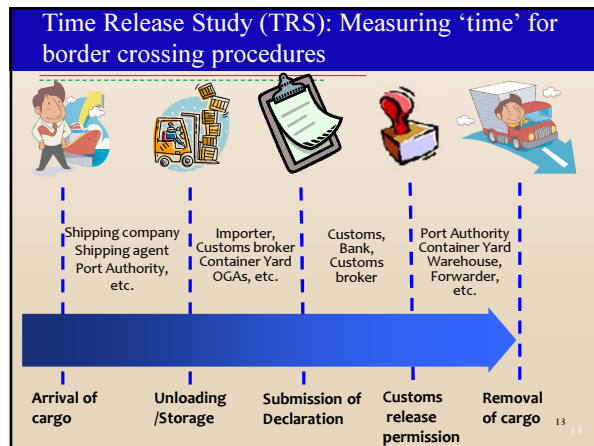
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BPA+: An Integrated Methodology



Business Process Analysis (BPA) for diagnosis of TF bottlenecks along entire supply chain

Time-Cost Distance Method (TCD) & Time Release Study (TRS) to Improve/verify BPA time and cost estimates



TTFMM baseline studies in South Asia



Scope of BPA in TTFMM: **Products**

| Import Processes | Export Processes | | | |
|------------------|------------------|-------------------------------------|---------------|----------------|
| | Bhutan | Bangladesh | Nepal | Third country |
| | Bhutan | Kitchen and table wares of plastics | | Motor vehicles |
| | Bangladesh | Cardamom | Lentil | |
| | Nepal | Fabrics | | Wools |
| | Third country | Ferro silicon | Woolen carpet | |

Scope of BPA in TTFMM: **Corridors**

| Corridor | Countries Linked | Distance, Transit | Products |
|---|-----------------------------|-------------------|---|
| Corridor 1 Kathmandu - Kakarvitta-Panitanki-Fulbari-Banglabandha - Dhaka | Nepal - India - Bangladesh | 54 km | Nep-Ban: Lentil Ban-Nep: Fabrics |
| Corridor 2 Thimpu - Phuentsholing-Jaigaon-Hasimara-Changrabandha-Burimari - Dhaka | Bhutan - India - Bangladesh | 115 km | Ban-Bhu: kitchen and table wares of plastics Bhu-Ban: cardamom |
| Corridor 4 - Kolkata - Raxaul - Birgunj - Kathmandu | Nepal - India | 1047 km | Import of wools Export of woolen carpet |
| Corridor 5 Kolkata - Jaigaon - Phuentsholing - Thimpu | Bhutan - India | 760 km | Export of ferro silicon Import of motor vehicles |

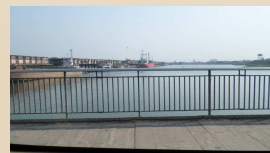
TTFMM baseline studies in Bangladesh, Bhutan and Nepal

- ❖ Notwithstanding various sorts of challenges for the baseline studies, the success story so far is that **all three LDCs can carry out the studies with their own national experts.**
- ❖ However, support from development partners and int'l organizations are crucial to build national capacity at the beginning stage



Project team met in Bangkok in Jan. 2016

Data collection in Kolkata in March 2016



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Concluding Remarks

- ❖ It is important to monitor trade and transport facilitation: institutional arrangement and sustainability, among others, are crucial to success.
- ❖ A UN/CEFACT Recommendation on TTFMM would help take stock of some of the trade and transport facilitation monitoring exercises in different countries and develop an international standard for countries to follow – **stay tuned!**

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