

**ADB-ESCAP BPA Study**

**SASEC Trade and Transit Corridors**  
***Overview and Major Findings***

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**SASEC Stakeholder Workshop on**  
**Subregional Trade and Transit Collaboration**

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# Outline

- Overview of SASEC trade
- BPA rationale
- Selection of products
- Major findings
- Conclusions

# **SASEC Trade**

# SASEC trade

- Four countries
  - Landlocked – 2
  - LDC – 3
- Relatively open economies
- India's trade with SASEC: US\$ 8 billion in 2011
  - Export: US\$ 7 billion
  - Import: US\$ 1 billion
- High trade potential, but largely unrealized
- Trade facilitation can unlock the trade potential

# Trade openness in SASEC

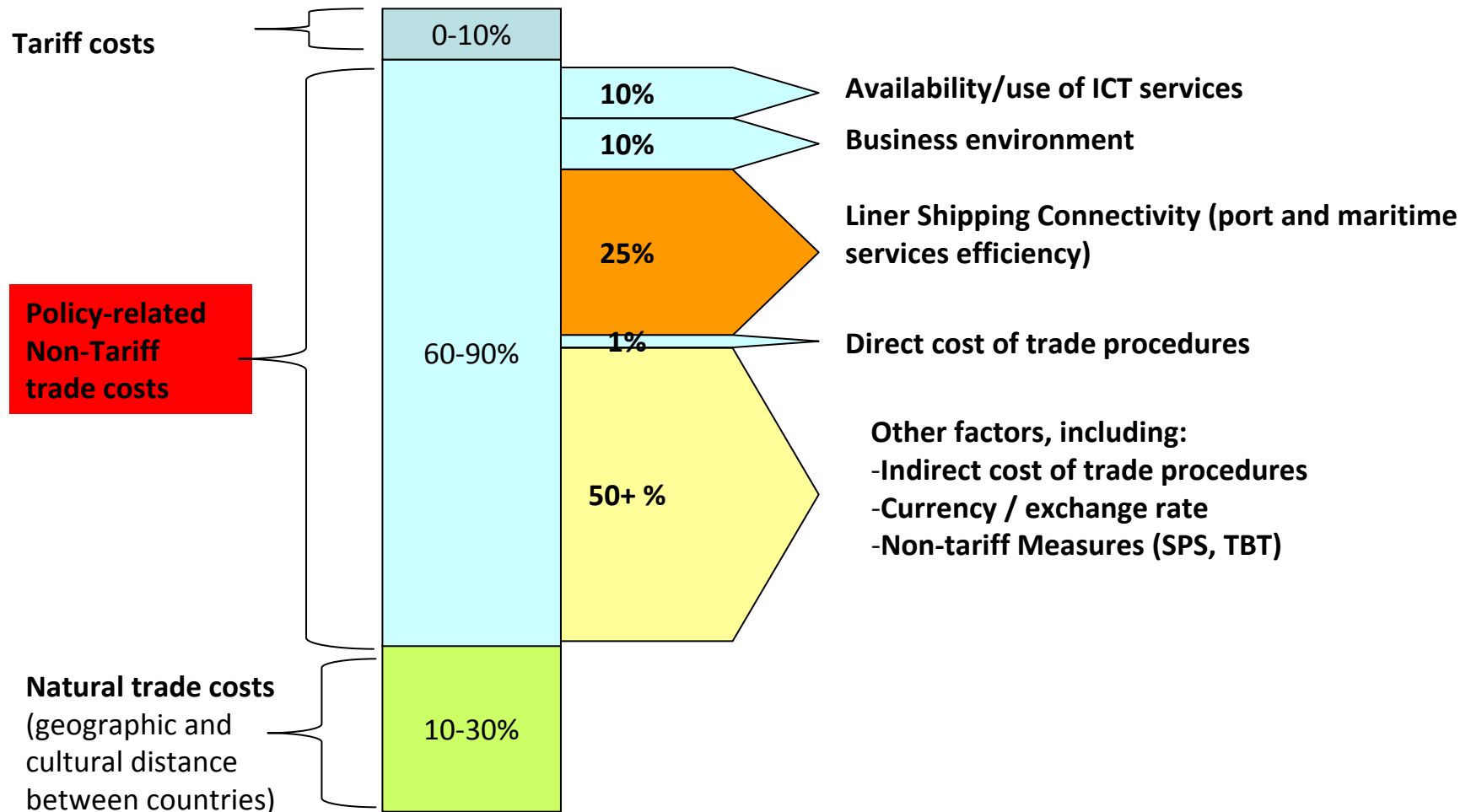
Country	Indicator	1991	2000	2011
<b>Bangladesh</b>	<b>Trade (% of GDP)</b>	<b>18.89</b>	<b>33.21</b>	<b>53.91</b>
Bangladesh	Trade in services (% of GDP)	3.64	5.17	7.11
Bangladesh	Merchandise trade (% of GDP)	16.48	32.41	54.85
<b>Bhutan</b>	<b>Trade (% of GDP)</b>	<b>74.21</b>	<b>81.83</b>	<b>136.72</b>
Bhutan	Trade in services (% of GDP)			
Bhutan	Merchandise trade (% of GDP)	59.94	65.03	92.96
<b>India</b>	<b>Trade (% of GDP)</b>	<b>16.69</b>	<b>26.54</b>	<b>54.49</b>
India	Trade in services (% of GDP)	3.96	7.56	14.28
India	Merchandise trade (% of GDP)	13.89	19.78	40.45
<b>Nepal</b>	<b>Trade (% of GDP)</b>	<b>34.68</b>	<b>55.71</b>	<b>41.70</b>
Nepal	Trade in services (% of GDP)	10.81	12.85	8.71
Nepal	Merchandise trade (% of GDP)	25.35	43.26	35.53

Source: World Development Indicators, World Bank

# Economic impact of bottlenecks in business processes of trade

- **Each additional day of delay (e.g. because of trade logistics procedures) reduces trade by at least 1%** [Simeon Djankov, Caroline Freund, and Cong S. Pham. (2007). *Trading on Time*. Washington, D.C.: World Bank]
- **Direct and indirect cost from import/export-related procedures and required documents is about 1-15% of product cost** [OECD. (2003). *Quantitative Assessment of the Benefits of Trade Facilitation*. Paris: OECD Publications]

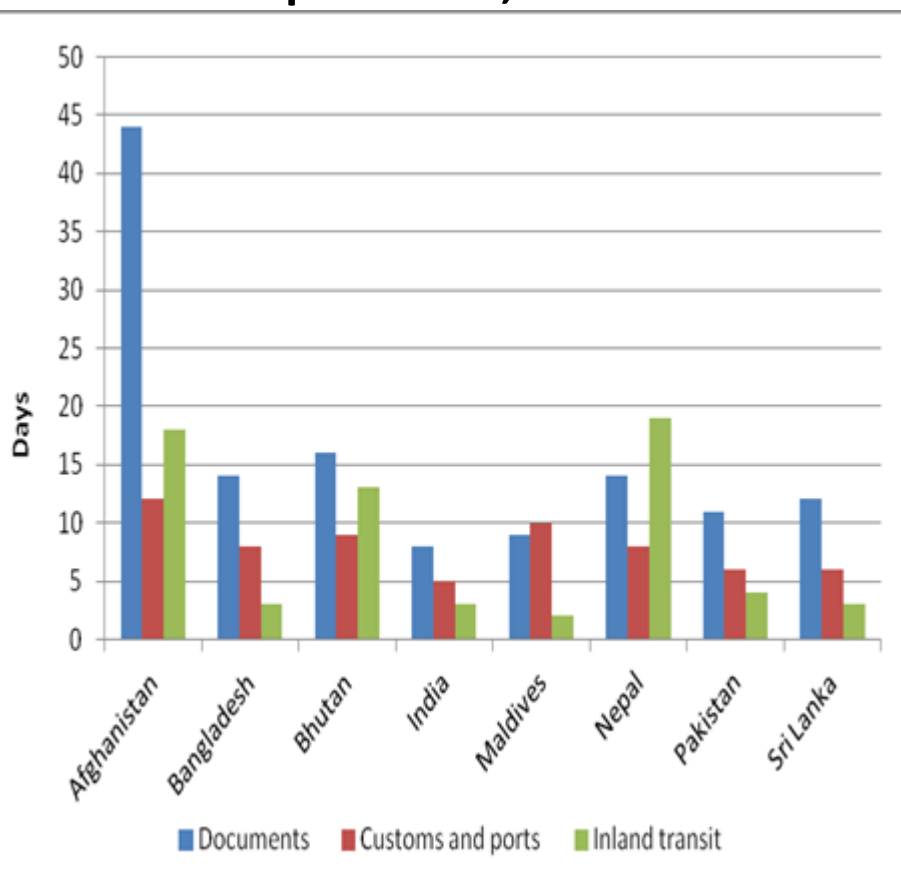
# What explains changes in the trade costs across countries?\*



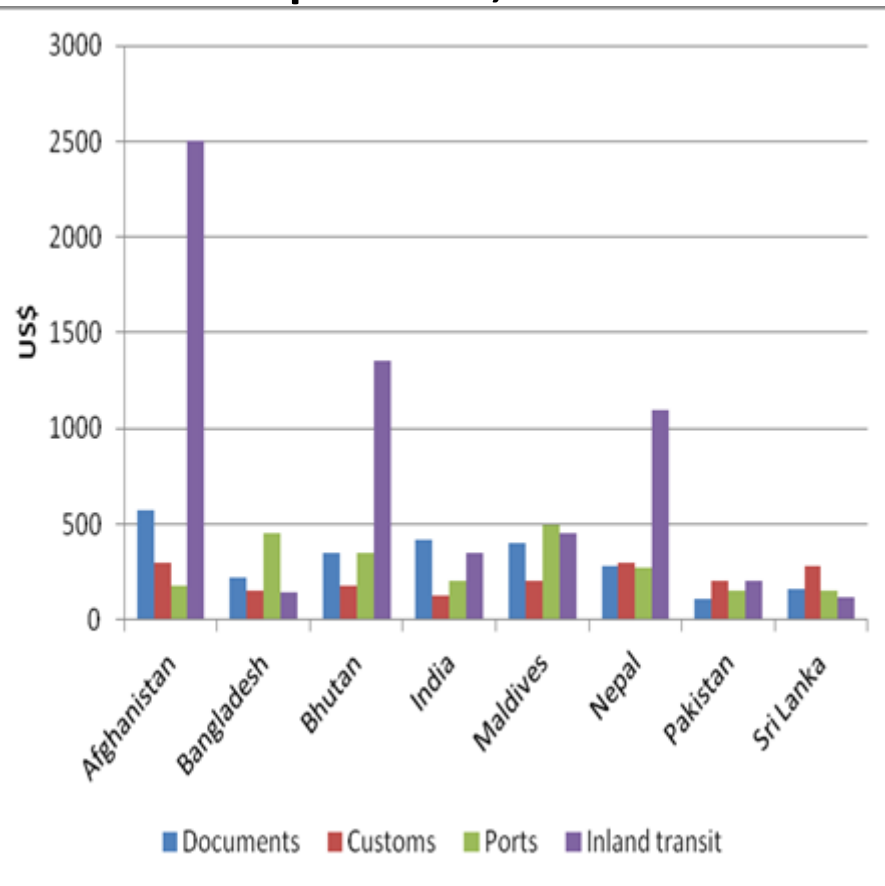
\*simplified representation based on Duval and Uthoktham (2011)

# Policy-related non-tariff trade costs more important in South Asia

## Export Time, 2011



## Export Cost, 2011



Source: Doing Business Database, World Bank



# Research advancement...so far

- Much progress has been made in developing trade facilitation/costs indicators – mainly driven by ESCAP
- However, there are limitations, including:
  - (1) partial coverage of international trade costs (e.g., only international shipping costs)
  - (2) little or no information on bilateral/regional/south-south trade costs
  - (3) very large variations in trade efficiency across products and trade routes not captured
- There is urgent need for:
  - Identifying the trade processes and procedures and building databases
  - Developing a database of bilateral and intraregional trade costs
  - Building capacity in Business Process Analysis

# India's trade with SASEC

	Export	Import	Total Trade	Composition
	(US\$ million)			(share in total, %)
1996	1012.03 (3.131)	141.09 (0.391)	1153.12	BGD: 77 NPL: 18 BTN: 5
2005	2585.98 (3.214)	570.23 (0.459)	3156.21	BGD: 56 NPL: 38 BTN: 6
2011	6628.02 (2.248)	1342.53 (0.301)	7970.55	BGD: 58 NPL: 36 BTN: 5
CAGR, % (2000-2011)	18.71	13.32	17.56	

Source: COMTRADE

# Bhutan's trade with SASEC

	Export	Import	Total	Composition
	(US\$ million)			(share in total, %)
2000	95.18 (92.41)	102.28 (58.19)	197.46	BGD: 4 IND: 95 NPL: 1
2005	219.41 (84.92)	277.07 (71.58)	496.48	BGD: 4 IND: 96 NPL: *
2011	591.80 (95.45)	619.75 (62.71)	1211.55	BGD: 5 IND: 93 NPL: 2
CAGR (2000-2011), %	18.07	17.80	17.93	

Source: COMTRADE

# Nepal's trade with SASEC

	Export	Import	Total	Composition
	(US\$ million)			(share in total, %)
1996	73.70 (20.47)	454.10 (33.68)	527.80	BGD: 4 IND:96 BTN:*
2005	544.10 (66.96)	1233.50 (59.59)	1777.60	BGD: 4 IND:98 BTN:*
2011	518.33 (62.26)	2586.28 (54.74)	3104.61	BGD: 4 IND:98 BTN:*
CAGR (2000-2011), %	4.81	14.52	12.01	

Source: COMTRADE

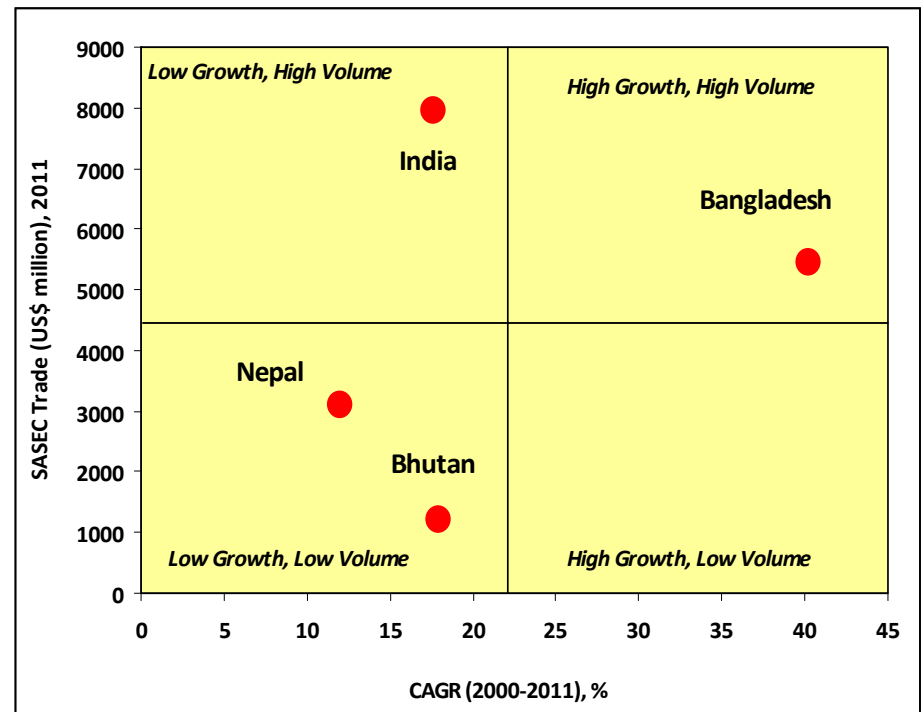
# Bangladesh's trade with SASEC

	Export	Import	Total	Composition
	(US\$ million)			(share in total, %)
1996	21.484 (0.65)	1024.369 (14.77)	1045.853	IND: 99 NPL: 1 BTN: *
2005	122.362 (1.44)	1954.182 (14.11)	2076.544	IND: 100 NPL: * BTN: *
2011	555.127 (2.80)	4898.610 (13.54)	5453.737	IND: 99 NPL: 1 BTN: *
CAGR (2000-2011), %	24.140	16.087	40.227	

Source: COMTRADE

# SASEC trade performance

- SASEC trade is India-centric
- Bhutan and Nepal depend more on SASEC for trade
- Bangladesh having faster growth in trade with SASEC (40% CAGR)
- India having highest volume of trade with SASEC (US\$ 8 billion)
- Bangladesh belongs to 'high growth – high volume' zone in SASEC, showing high trade potential and balancing the distribution
- Bhutan and Nepal need to improve trade performance.
- Trade facilitation reforms to support trade performance



# **Why to Conduct a BPA?**

# Motivation

- An analysis and modelling of business processes for improvement and automation
- Business Process Analysis (BPA) is a practical study
- BPA helps us to understand attributes of business processes, and their relationships.
- Examples
  - Documenting existing practice in an administration/company
  - Describing a “Standard Procedure”
  - Providing a basis to measure time/costs at different steps
  - Providing a specification for automation of the process

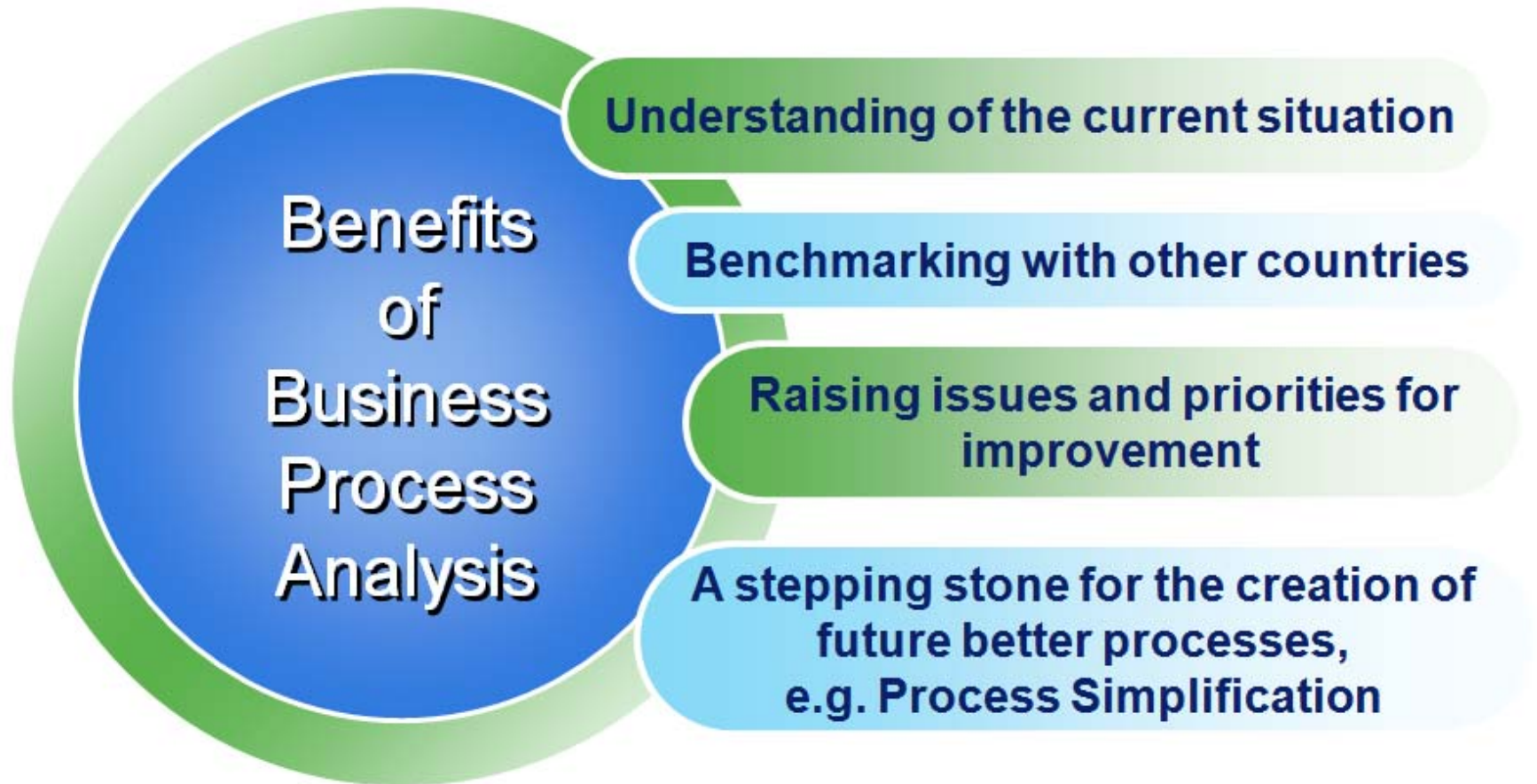


**BPA Outputs can be used:**

- 1. To assess TF performance (time and cost)**
- 2. To increase transparency / raise awareness for reform**
- 3. To identify inefficient process and re-engineer them before (eventual) computerization / automation**

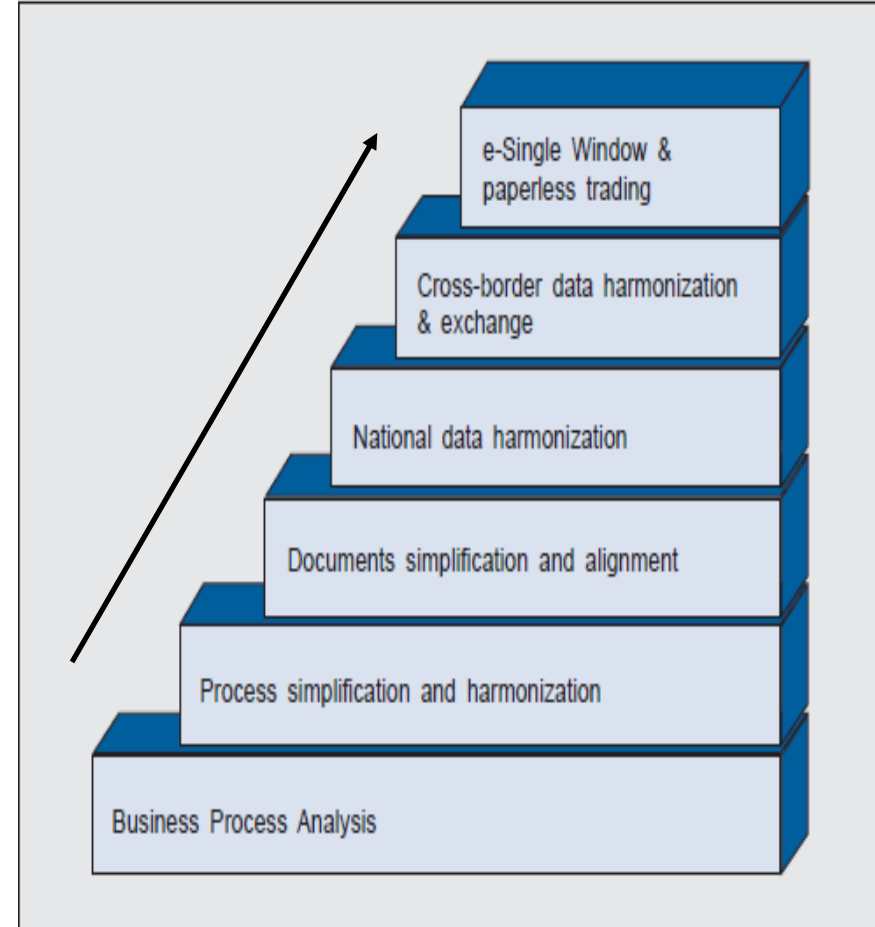


# Benefits

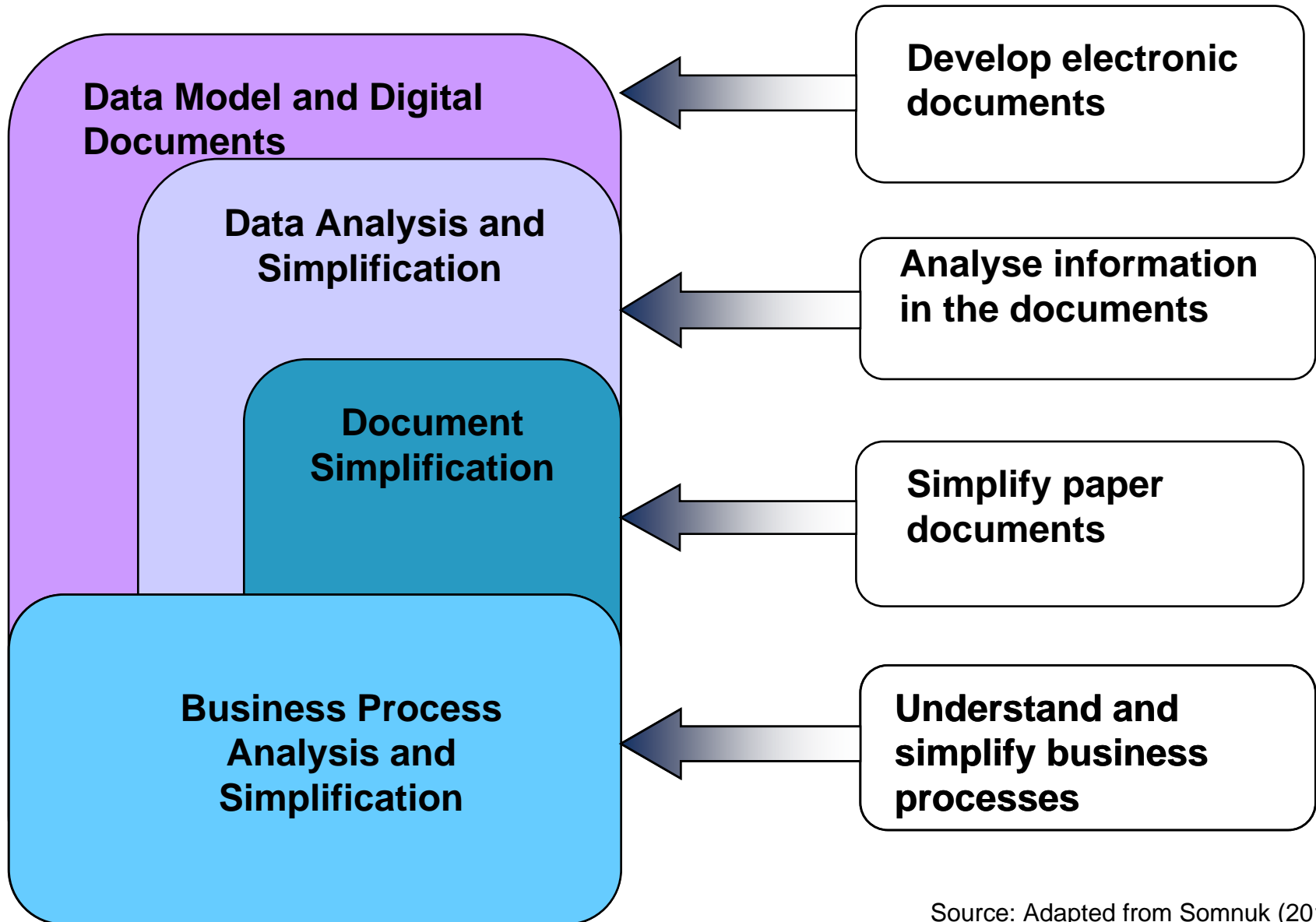


# BPA to implement paperless trade and single window

- BPA is the first technical step in preparing for paperless trade and single window (SW)
- It provides
  - Inventory of processes, documents, data, parties, rules & regulations..
  - Description of the processes
  - Specifications for harmonizing data and development of electronic documents
  - Specifications to develop software for the automation of procedures
  - Business Models for operation of SW
  - A basis for maintenance and improvement

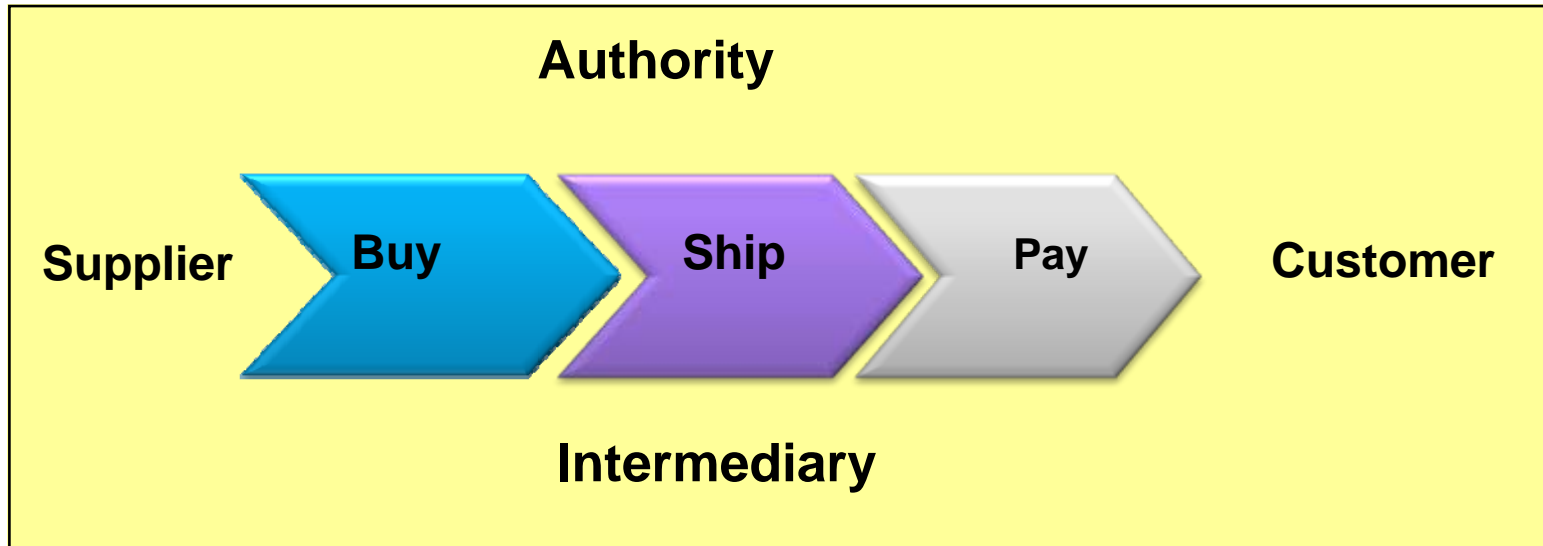


# From paper to paperless trade



Source: Adapted from Somnuk (2012)

# UN/CEFACT international supply chain model



# ESCAP's initiative on BPA for trade facilitation

- Part of ESCAP's support to paperless trade
  - United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT)
    - [www.unescap.org/unnext/](http://www.unescap.org/unnext/)
- UNNExT Business Process Analysis Guide for the Simplification of Trade Procedures (2010).



**BPA?** Analysis, including mapping, timing and costing of a process (e.g., moving goods from factory to deck of ship)

**Why?** Necessary first step to improving a process

# **ADB-ESCAP BPA Study TOR**

# **Tentative TOR**

## **Background of the Study**

### **Current status of SASEC Subregional Trade and Transit Corridors**

- ✓ Within and outside of Nepal and Bhutan territories

### **Bottlenecks and Issues in Trade and Transit Corridors**

- ✓ Corridors in Nepal territory
- ✓ Corridors in Bhutan territory
- ✓ Corridors in Indian territory
- ✓ Corridors in Bangladesh territory

## **Recommended Actions for Improvement**

- ✓ Customs, regulatory, transit procedures and documentation
- ✓ Legal and regulatory framework
- ✓ Bi-lateral/subregional/regional cooperative arrangement
- ✓ Transport infrastructure/logistics services
- ✓ Automation and ICT application
- ✓ Trade and transit facilitation in Nepal and Bhutan and its implication to trade in the Subregion

# **Selection of Products and Corridors**



# Selection of products

- Business Process Analysis helps pinpoint particular problems faced by exporters and importers
- Four SASEC exporters/importers were selected:
  - Lentil, carpet, lead acid accumulator, crude soya bean oil
  - Orange, fruit juice
- Companies have operations in three different SASEC countries: Bangladesh, Bhutan, and Nepal

# Products selected for BPA study

	<b>Export</b> →			
	Nepal	Bhutan	Bangladesh	Third country*
Nepal			Lentil	Carpet
Bhutan			Orange	
Bangladesh	Lead acid accumulator	Fruit juice		
Third country*	Crude soya bean oil			

\*Other than SASEC

# Trade flow: Export



# Trade flow: Import



# Nepal's export of carpet to third country

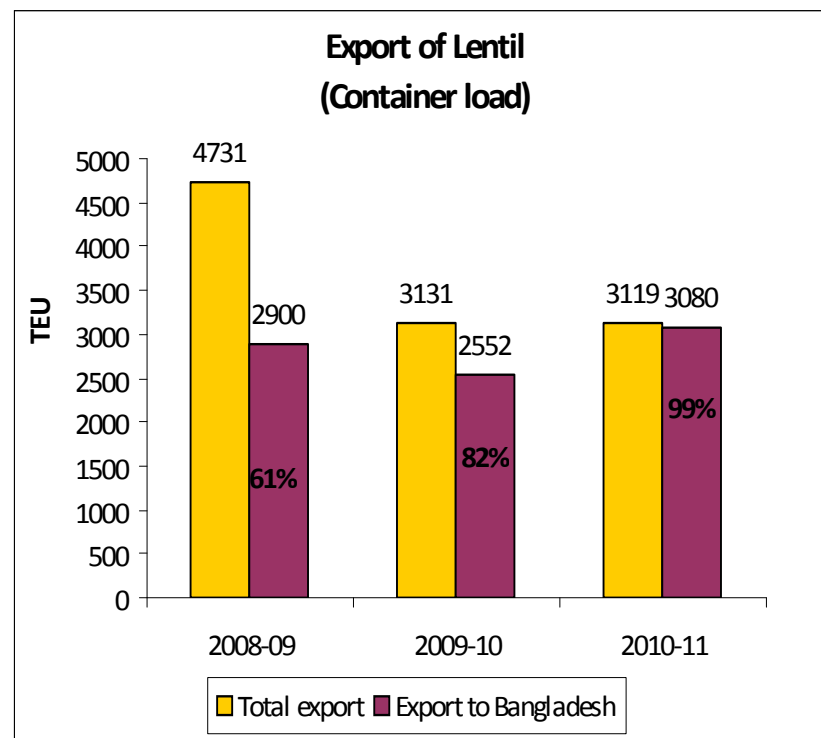
	Export (US\$ million)	Share in total export (%)
1998	128.93	29.06
1999	146.27	25.41
2000	146.36	20.31
2003	41.14	6.42
2009	72.65	10.87
2010	60.61	7.76

Source: COMTRADE

# Nepal's export of lentil to Bangladesh

	Export (US\$ million)	Share in total lentil export (%)
1998	7.19	54.62
1999	11.63	73.11
2000	1.034	7.11
2003	2.65	20.55
2009	44.07	60.27
2010	42.56	83.05

Source: COMTRADE

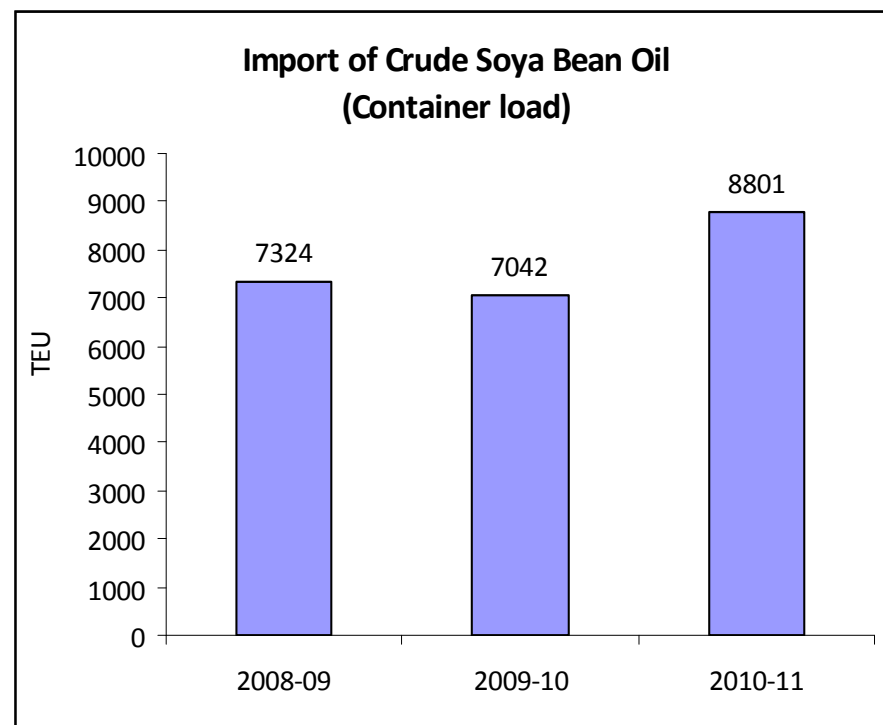


Source: Rajkarnikar

# Nepal's import of crude soya bean oil from third country

	Import (US\$ million)
1998	14.46
1999	21.89
2000	8.72
2003	21.02
2009	96.71
2010	82.01

Source: COMTRADE



Source: Rajkarnikar

# Nepal's import of lead acid accumulator from Bangladesh

	Import (US\$ million)	Share in total import of lead acid accumulator (%)
1999	0.034	12.048
2000	0.056	10.025
2003	0.139	12.925
2009	0.209	1.356
2010	1.561	7.777

Source: COMTRADE



# Bhutan's import of fruit juices from Bangladesh

	Import (US\$ million)	Share in total import of fruit juices (%)
2005	0.067	6.193
2006	0.179	14.255
2007	0.613	33.162
2008	0.737	35.596
2009	0.868	41.517
2010	1.833	63.393

Source: COMTRADE

# Bhutan's export of oranges

	Export to India	Export to Bangladesh
	(US\$ million)	
2001	0.31	2.91
2005	0.33	5.11
2011	0.46	6.57

# **Selection of Transit Corridors**

# Corridor 1 (Nepal Corridor)

## Kakarvitta-Panitanki-Fulbari-Banglabandha



1. Nepal's import of lead acid accumulator
2. Nepal's export of lentil
3. Distance: 54 km [Kathmandu to Dhaka – 1152 km]
4. Nepal's 1% total trade (US\$ term) passes through this corridor

# Corridor 2 (Bhutan Corridor)

Phuentsholing-Jaigaon-Hasimara-Changrabandha-Burimari



1. Bhutan's import of fruit juices
2. Bhutan's export of oranges
3. Distance: 115 km

# Corridor 3 (Nepal Corridor)

## Kathmandu-Birgunj-Kolkata

1. Nepal's import of Crude soya bean oil
2. Nepal's export of carpet
3. Distance: 704 km (Kolkata port, 832 km, Haldia port)
4. Share of Birgunj customs to total trade: 44%

## Handling of cargo by ICD Birgunj

	Containerized Cargo		Break Bulk Cargo	
	No of Train	Total TEUs	No of Train	Total MT
2008/09	178	14702	7	18242
2009/10	207	17616	81	194313
2010/11	222	19440	128	326826
Growth (%)	12.36	16.11	864.29	845.81



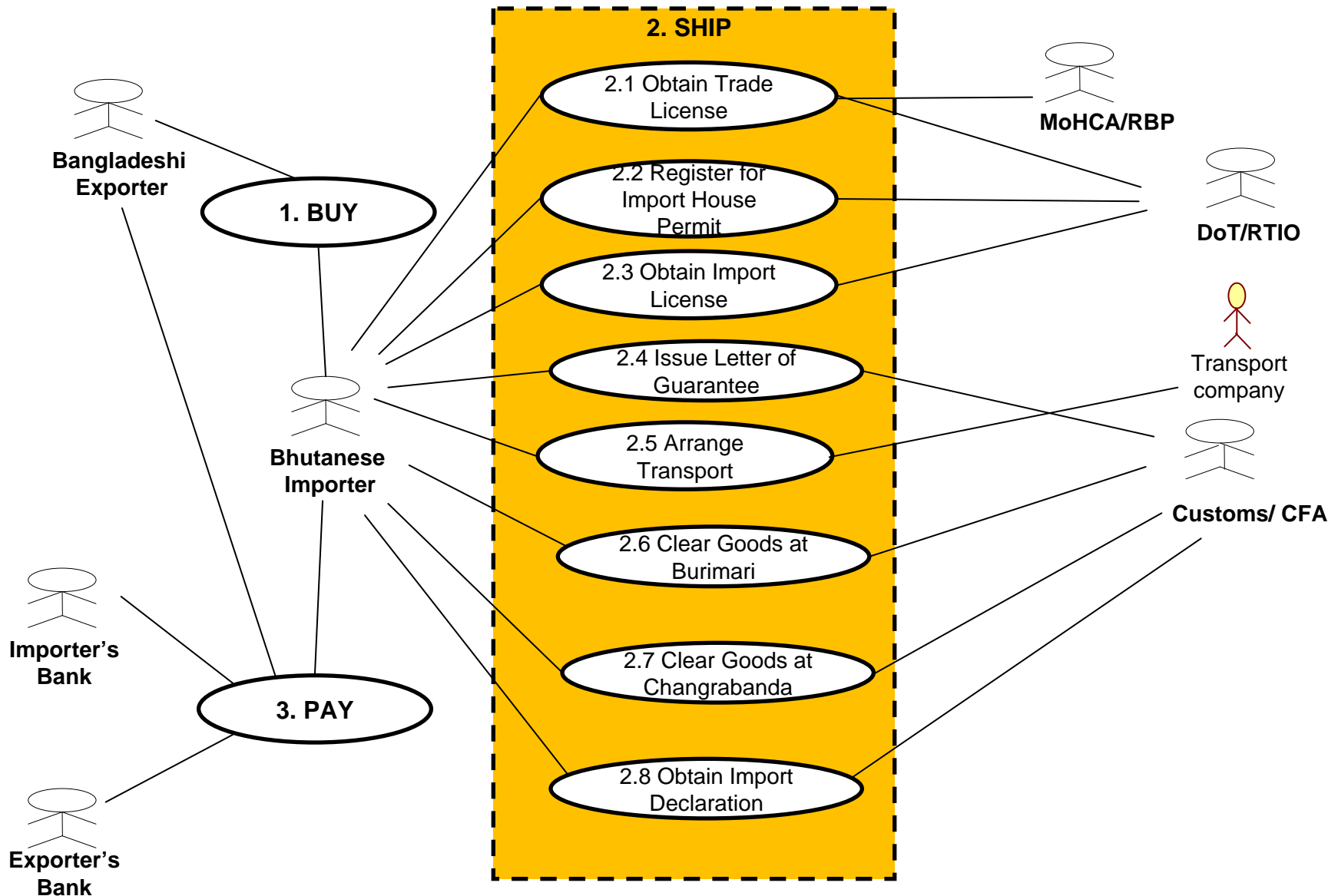
# **Major Findings**

# **Grouping the Business Processes**

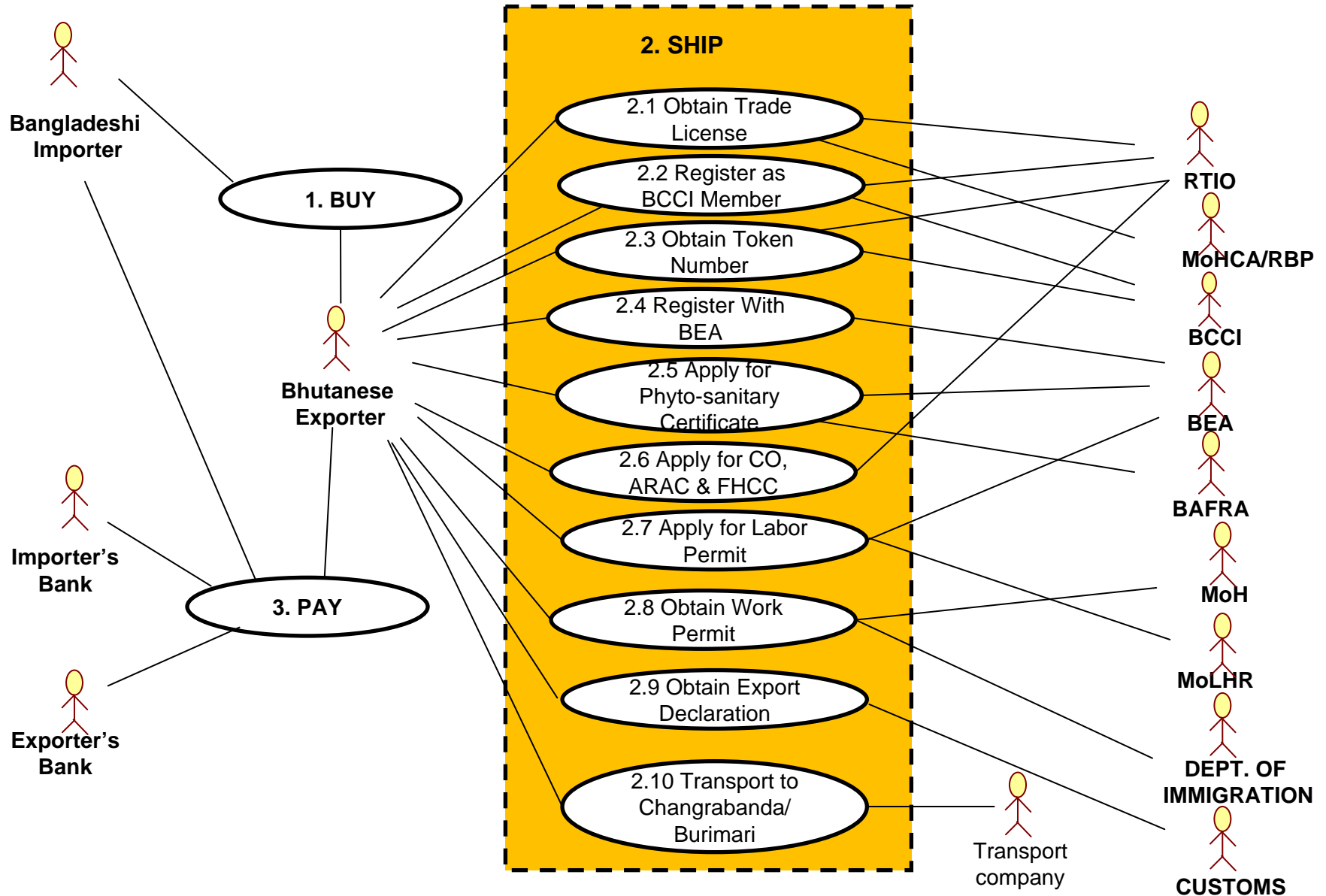
**Selected Use Case Diagrams**



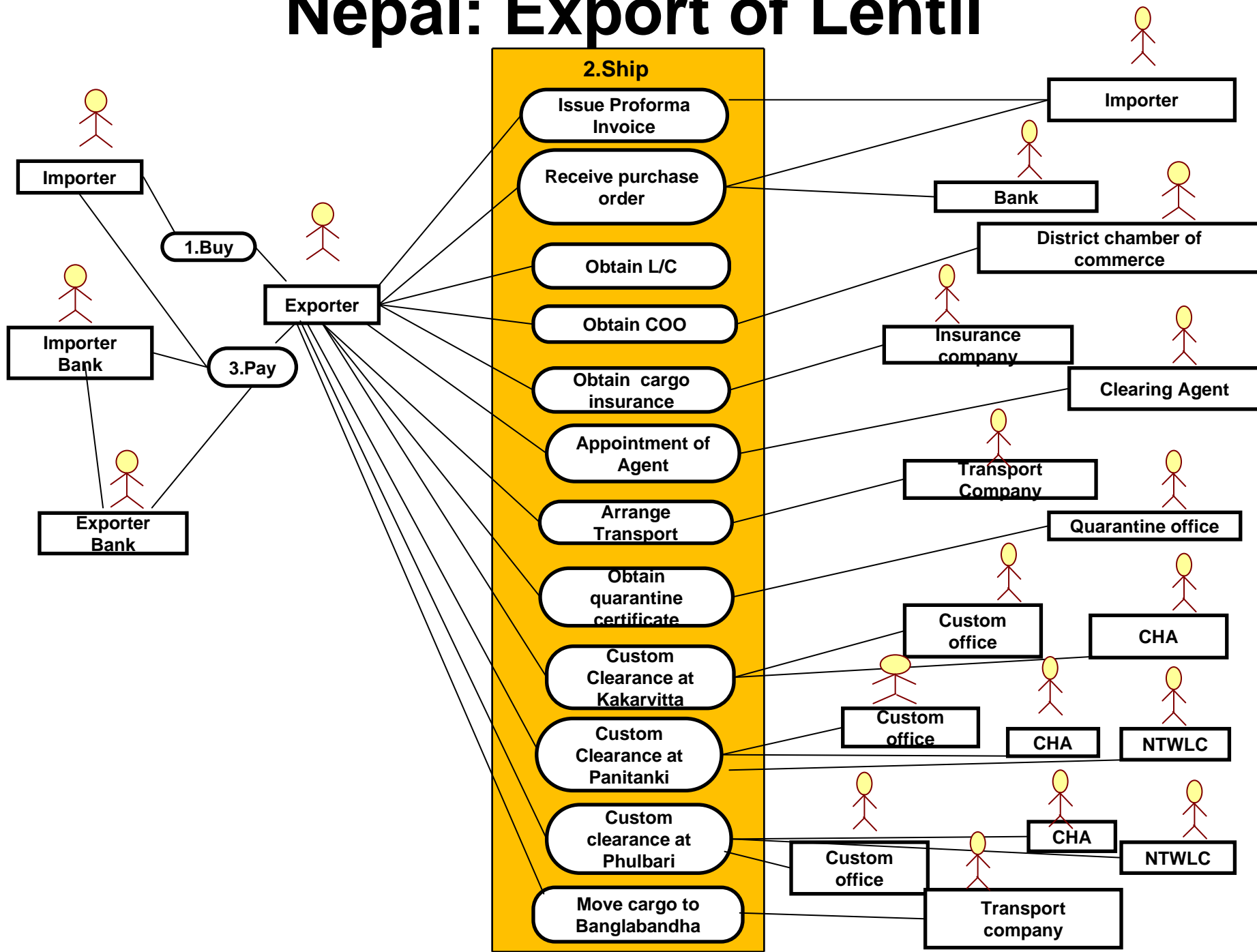
# Bhutan: Import of Fruit Juice



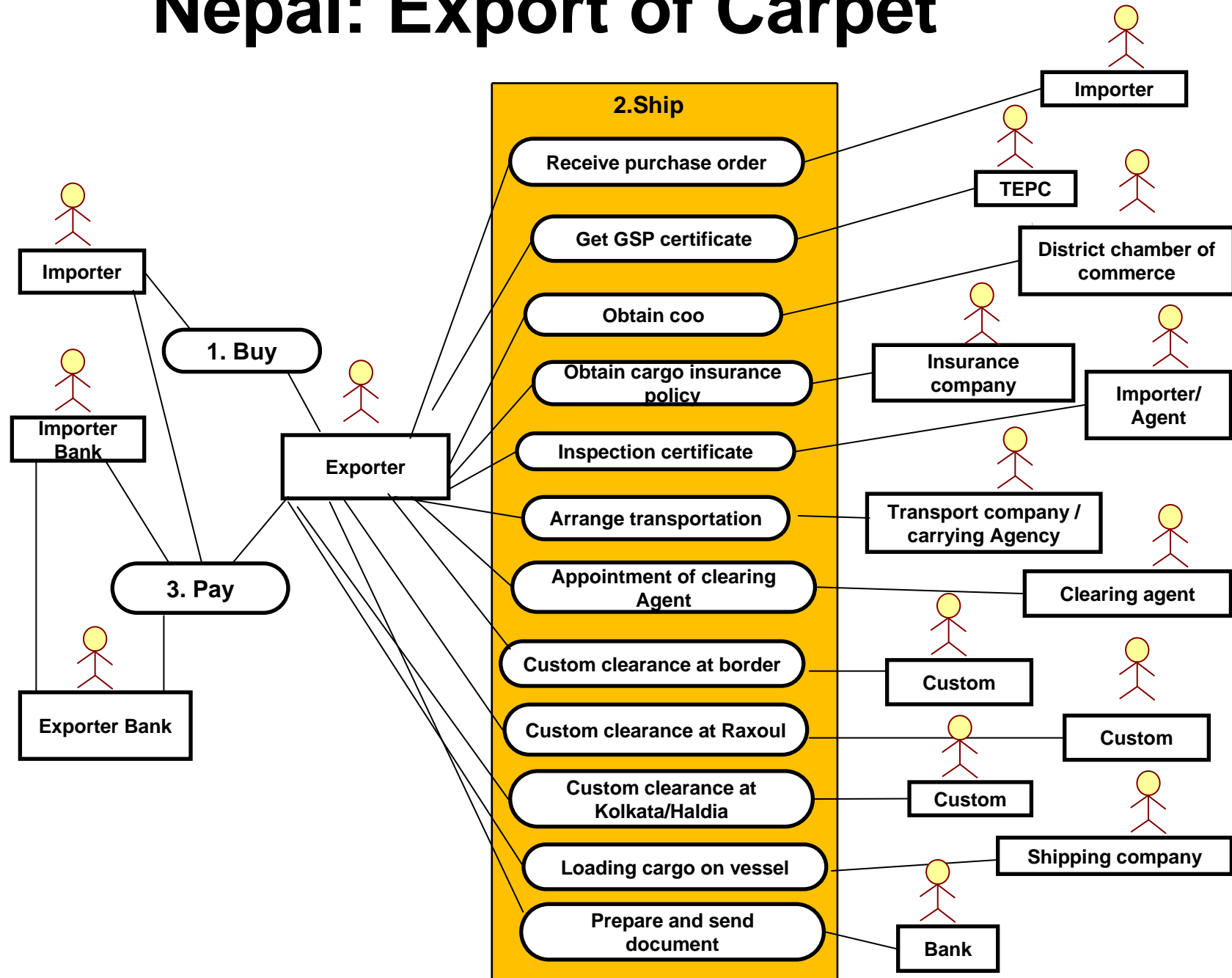
# Bhutan: Export of Oranges



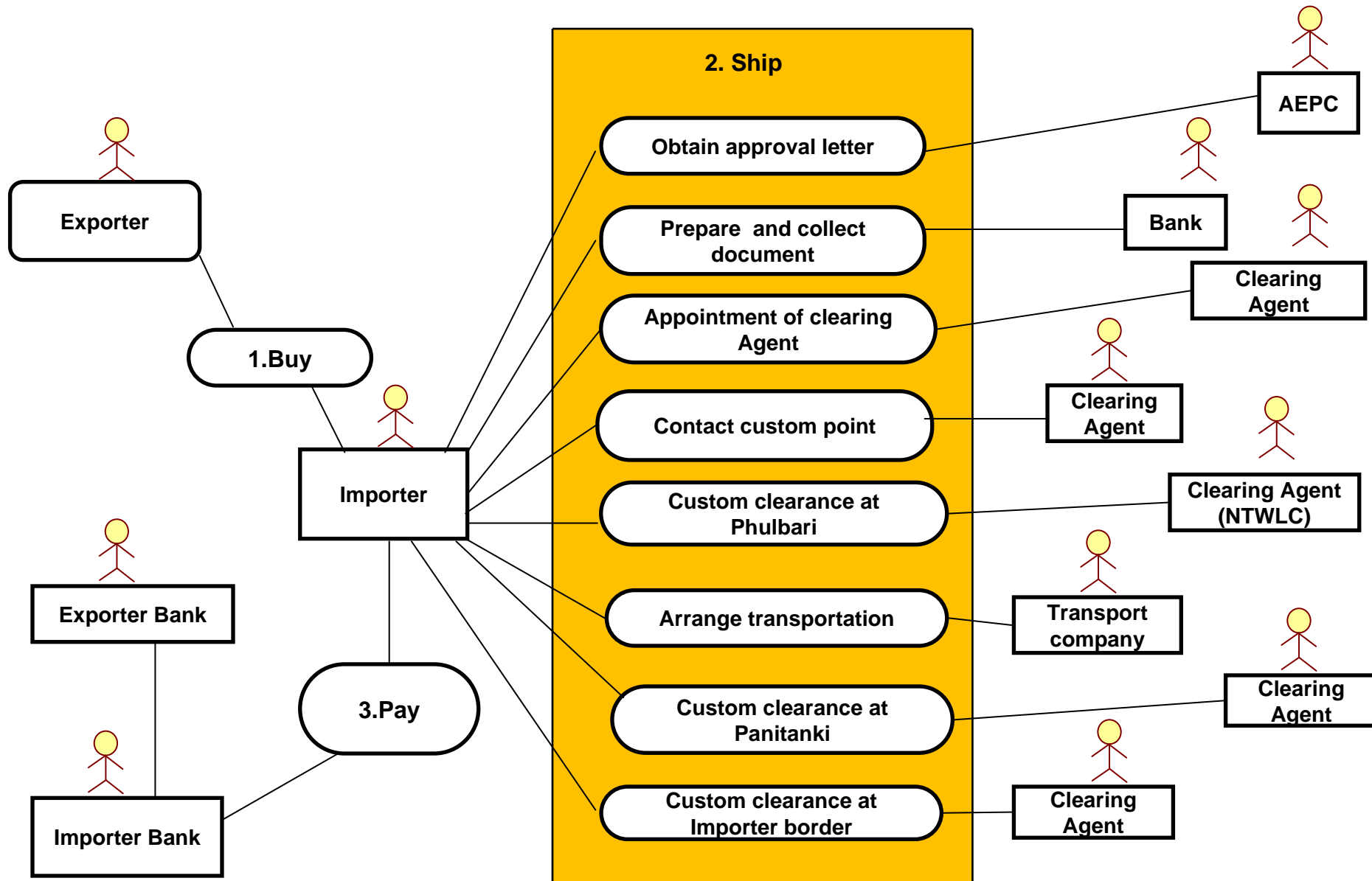
# Nepal: Export of Lentil



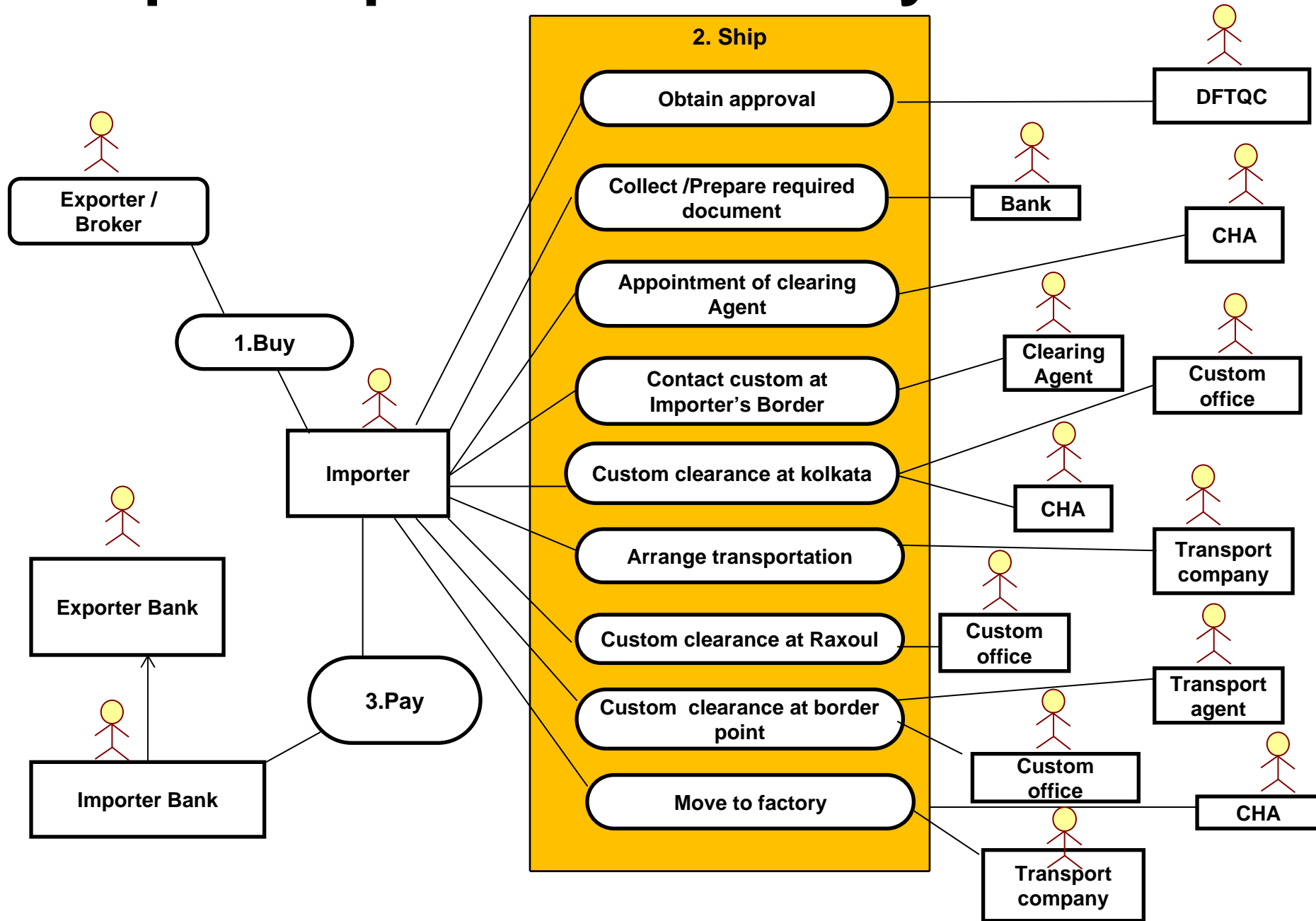
# Nepal: Export of Carpet



# Nepal: Import of Lead Acid Accumulator



# Nepal: Import of Crude Soya Bean Oil



# **Time and Procedures in Transit Corridors**

## **Selected Time Procedure Charts**

# Trade in Lentil

## Sr. No Procedures

- |              |  |           |
|--------------|--|-----------|
| 1            | Buy                                      | 1         |
| 2            | Send proforma invoice                    | 1         |
| 3            | Receive purchase order                   | 1         |
| 4            | Receive L/Cor advanced payment advice    | 4         |
| 5            | Obtain COO                               | 1         |
| 6            | Obtain insurance policy                  | 1         |
| 7            | Appoint clearing agent                   | 1         |
| 8            | Arrange transportation                   | 1         |
| 9            | Move cargo from exporter                 | 1         |
| 10           | Obtain quarantine certificate            | 1         |
| 11           | Customs clearance at border (Kakarvitta) | 2         |
| 12           | Customs clearance at Paritanki           | 1         |
| 13           | Customs clearance at Fhulbari            | 1         |
| 14           | Customs clearance at Banglabandha        | 1         |
| 15           | Transport to importer's warehouse        | 2         |
| 16           | Preparation of bank document             | 1         |
| 17           | Pay                                      | 1         |
| <b>Total</b> |  | <b>18</b> |



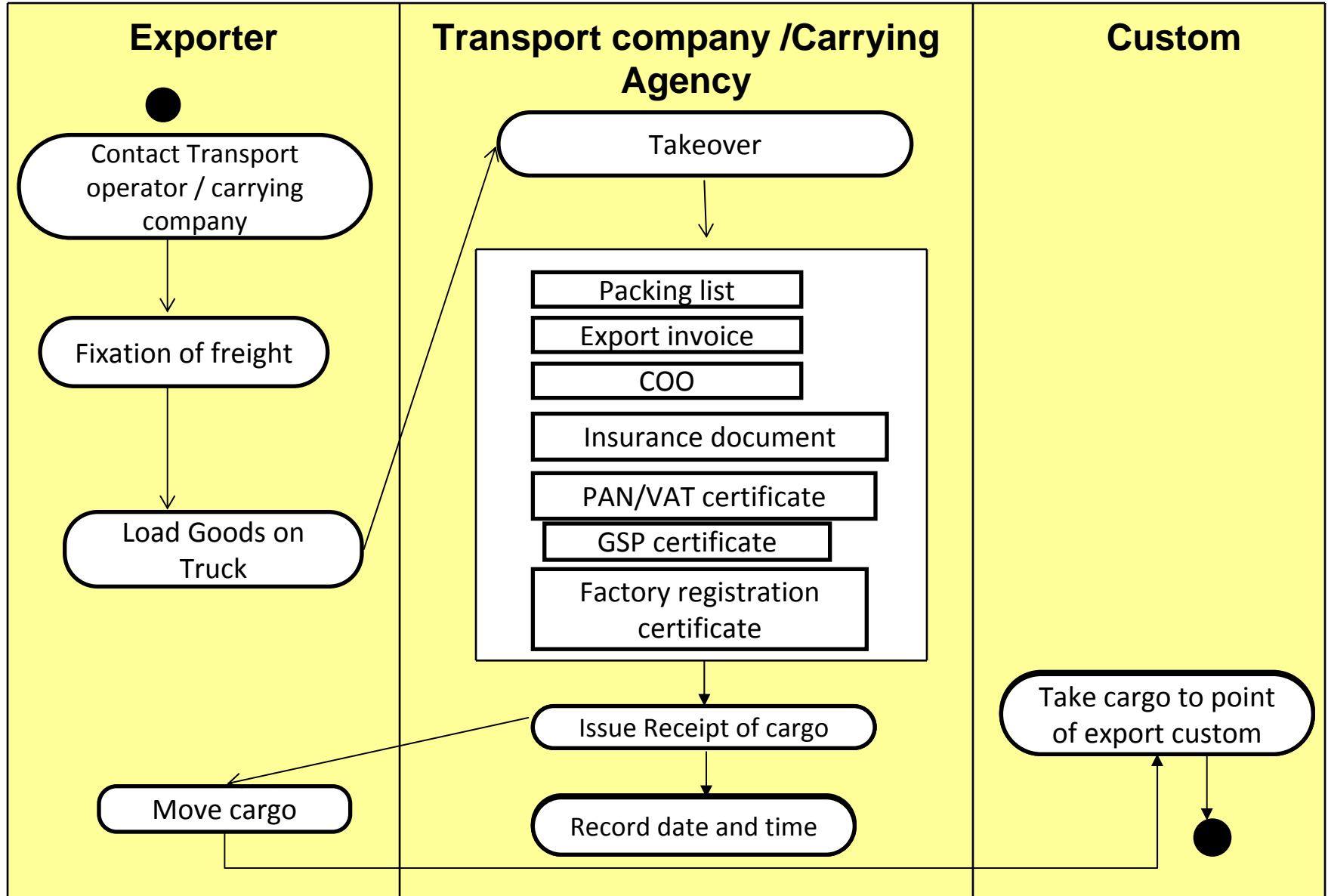


# Trade in Carpet

Sr. No.	Procedures	Days
1	Buy	5
2	Sample dispatch to importer by Air cargo	1
3	Receive purchase order	2
4	Receive payment L/C	1
5	Prepare export document	1
6	Obtain COO	1
7	Obtain GSP	1
8	Obtain insurance policy	1
9	Arrangement of transportation	1
10	Appointment and handover the full set of document to clearing an Agent	1
11	Cargo moves from factory to port of Kolkata	4
12	Custom clearance at exporter's custom (at Kolkata port)	1
13	Preparation of bank document	1
14	Pay	1
	<b>Total</b>	<b>22</b>

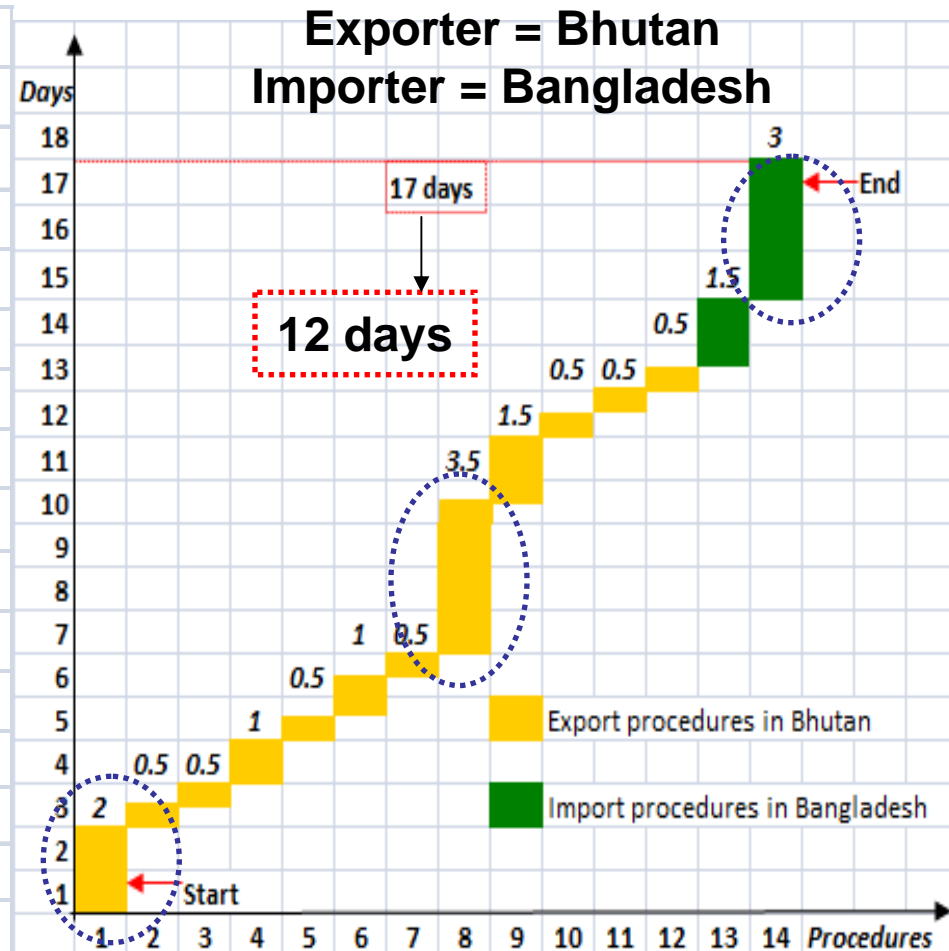


# SHIP: Arrange transport



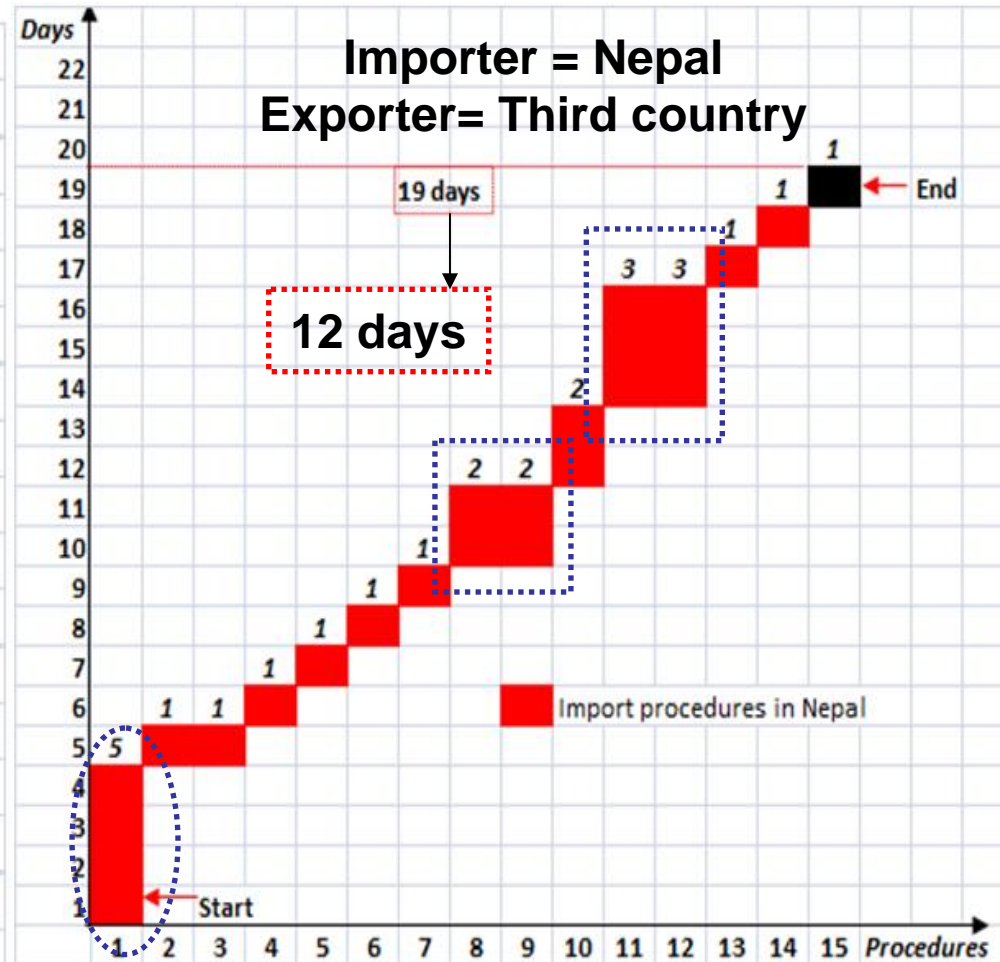
# Trade in Orange

Sr. No.	Procedures	Days
1	Buy	2.00
2	Obtain Trade License	0.50
3	Register as BCCI Member	0.50
4	Obtain Token Number	1.00
5	Register with BEA	0.50
6	Apply for Phyto-sanitary Certificate	1.00
7	Apply for COO, ARAC & FHCC	0.50
8	Apply for Labor Permit	3.50
9	Obtain Work Permit	1.50
10	Obtain Export Dedaration	0.50
11	Transport to Changrabanda/ Burimari	0.50
12	Customs clearanc at Burimari	0.50
13	Transport to importer's warehouse	1.50
14	Pay	3.00
	<b>Total</b>	<b>17.00</b>



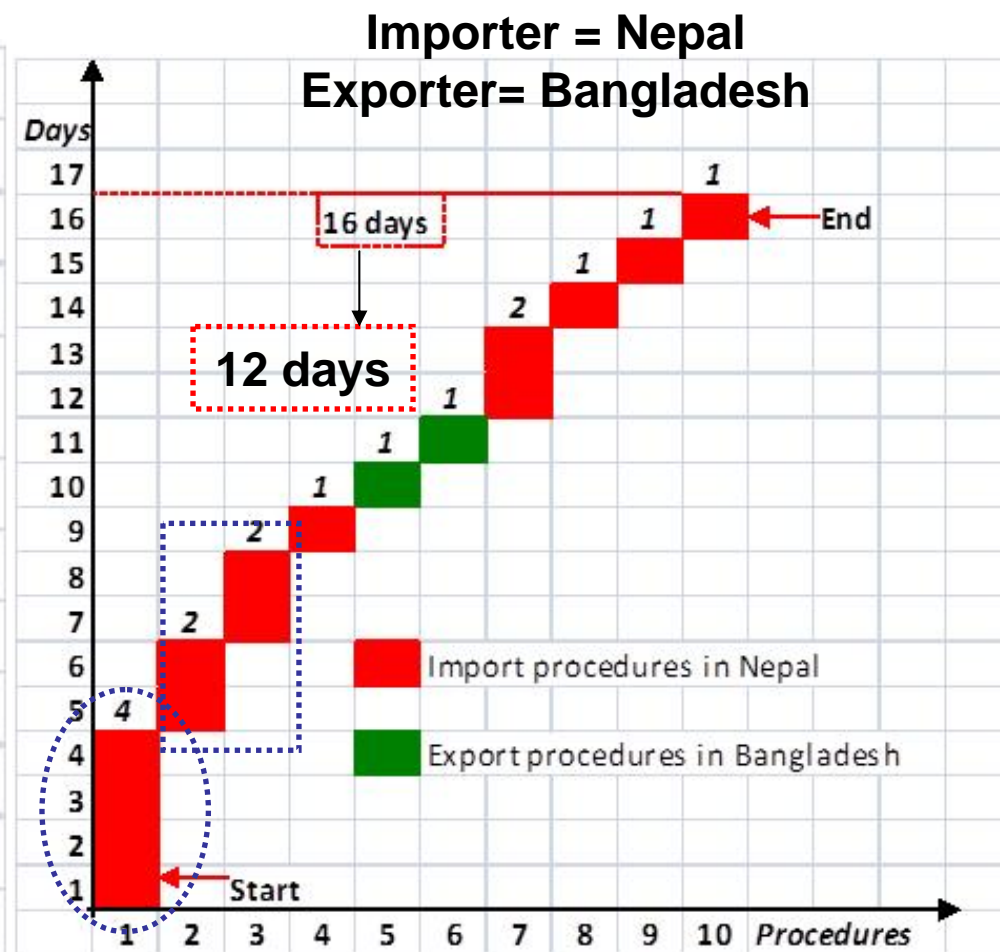
# Trade in Crude Soya Bean Oil

Sr. No.	Procedures	Days
1	Buy	4
2	Request proforma invoice	1
3	Received proforma invoice	1
4	Arrange transportation	1
5	Move cargo to importer's border	1
6	Custom Open L/C	1
7	Obtain approval from QFTQC	1
8	Received shipment notice	2
9	Collect & preparation of required document	2
10	Appointment of client agent	2
11	Handover document to client	3
12	Custom clearance at Kolkata port	3
13	Clearance at Raxoul border (LCS)	1
14	Custom clearance at importer's border camp	1
15	Pay	1
	<b>Total</b>	<b>19</b>



# Trade in Lead Acid Accumulator

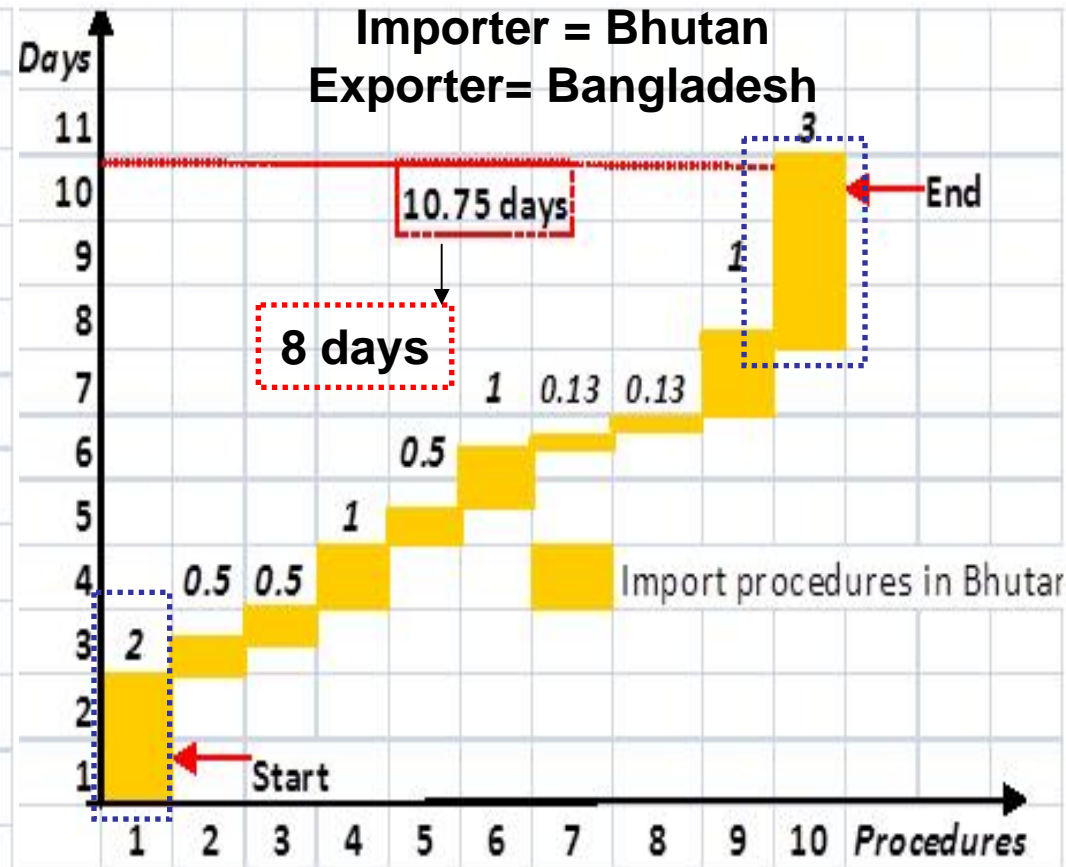
Sr No.	Procedures	Days
1	Buy	4
2	Open L/C	2
3	Obtain approval from AEPC	2
4	Collection of required document and appointment of clearing Agent	1
5	Move cargo from factory to exporter's border	1
6	Cargo transfer at border (load/unload)	1
7	Move cargo to importer's border	2
8	Customs clearance at importer border	1
9	Move cargo from Customs to importer's warehouse	1
10	Pay	1
	<b>Total</b>	<b>16</b>





# Trade in Fruit Juice

Sr. No.	Procedures	Days
1	Buy	2.00
2	Obtain Trade License	0.50
3	Register for Import House Permit	0.50
4	Obtain Import License	1.00
5	Issue Letter of Guarantee	0.50
6	Arrange Transport	1.00
7	Clear Goods at Burimari	0.13
8	Clear Goods at Changrabanda	0.13
9	Obtain Import Declaration	1.00
10	Pay	3.00
Total		10.75



# Transit Corridors, Export Procedures and Time

Corridor	Exporter	Importer	Products	Procedures (No.)	Time (day)
<b>Corridor 1:</b> Kakarvitta-Panitanki-Fulbari-Banglabandha	Nepal	Bangladesh	Lentil	17	18
<b>Corridor 2:</b> Phuentsholing-Jaigaon-Hasimara-Changrabandha-Burimari	Bhutan	Bangladesh	Orange	14	17
<b>Corridor 3:</b> Kathmandu-Birgunj-Kolkata	Nepal	Third country*	Carpet	14	22

# Transit Corridors, Import Procedures and Time

Corridor	Exporter	Importer	Products	Procedures (No.)	Time (day)
<b>Corridor 1:</b> Kakarvitta-Panitanki-Fulbari-Banglabandha	Nepal	Bangladesh	Lead acid accumulator	10	16
<b>Corridor 2:</b> Phuentsholing-Jaigaon-Hasimara-Changrabandha-Burimari	Bhutan	Bangladesh	Fruit juice	10	10.75
<b>Corridor 3:</b> Kathmandu-Birgunj-Kolkata	Nepal	Third country*	Crude soya bean oil	15	19



# **Costs of Trade**

# Nepal: Import of Lead Acid Accumulator

Sr. No.	Activity	US\$
1	Contact export agent	0.7
2	Fix trade term	0.8
3	Sign and exchange contract	7.4
4	Open L/C	47.0
5	Obtain approval from AEPC	0.0
6	Load / Unload at Phulbari/ Banglabandh custom	31.0
7	Freight from Phulbari to Kathmandu	573.2 (61%)
8	Custom clearing cost for clearing Agent	6.1
9	Custom clearing cost for NTWLC	203.0 (22%)
10	ICD entry fee	1.8
11	Custom service charge	6.9
12	Other cost	60.9
	Total	<b>938.8</b>

# Nepal: Export of Lentil

Sr. No.	Activity	US\$
1	Contact buyer and fix trade term	0.6
2	Prepare , sign and exchange contract	6.0
3	Obtain COO	22.1
4	Insurance policy	53.5
5	Clearing agent cost	3.6
6	Clearing cost for NTWC	73.8 (12%)
7	Freight from industry to importer boarder	366.0 (61%)
8	ICD entry fee	1.8
9	Custom service charge	8.2
10	Cost of Banking service for Payment settlement	15.0
11	Other cost	60.9
12	Quarantine certificate	1.2
	<b>Total</b>	<b>597.7</b>

# Nepal: Import of Crude Soya Bean Oil

Sr. No.	Activity	US\$
1	Contact exporter/ broker	0.67
2	Fix trade term	0.67
3	Sign and exchange contract	6.0
4	L/C	42.3
5	Insurance cost	49.3
6	Obtain approval from DFTQC	0.0
7	Collect and prepare required document	4.3
8	Handover document to clearing Agent	6.1
9	Custom clearing cost at transit custom	10.3
10	Shore tank charge	36.6
11	Freight from Kolkata to factory in Nepal	458.0 (66%)
12	cargo transfer	3.6
13	Custom service charge	6.9
14	Clearing cost at Importers custom	4.1
15	Other	60.9
	<b>Total</b>	<b>689.74</b>

# Nepal: Export of Carpet

Sr. No.	Activity	US\$
1	Contact buyer agent	0.67
2	Visit factory by importer agent	7.3
3	Prepare contract document	4.3
4	Sign and exchange of document by courier	16.5
5	Prepare and collect document	3.0
6	Obtain COO	130.0
7	Obtain GSP	91.5
8	Custom service charge	8.3
9	Obtain insurance	540.0 (24%)
10	Freight from Kathmandu to Kolkata	1100.0 (48%)
11	Clearing agent cost	46.0
12	Preparation of Bank document	0.8
13	Bank service charges for receiving payment	270.0 (12%)
14	Other cost	67.0
	<b>Total</b>	<b>2285.4</b>

# Bhutan: Export of Orange

Sr. No.	Activity	US\$
1	Buy	0.0
2	Obtain trade license	32.0 (13%)
3	Register as BCCI member	100.0 (41%)
4	Obtain Token No./ Register imports	10.0
5	Register with BEA, Phuentsholing	8.75
6	Apply for Phyto-sanitary Certificate (PSC)	5.63
7	Apply for Certificate of Origin	0.3
8	Apply for labor permit	0.0
9	Obtain work permit	5.0
10	Obtain export declaration	2.0
11	Transport to Changrabanda/Burimari	18.0
12	Receive payment	3.50*
	Total (average)	245.18

\*0.05% CIF value

# Bhutan: Import of Fruit Juice

Sr. No.	Activity	US\$
1	Buy	0.0
2	Obtain trade license	102.0 (37%)
3	Register for Import House	0.0
4	Obtain import license/permit	0.0
5	Obtain Letter of Guarantee	0.0
6	Arrange Transport	50.0 (18%)
7	Clear goods at Burimari	6.0
8	Clear goods at Changrabanda	30.0
9	Obtain import Declaration	45.0* (16%)
10	Payment	11.25
	Total	274.25

\*1% CIF value

# **Requirement of Documents in Transit Corridors**



# Bhutan: Export of Orange

Sr. No.	Documents / Procedures	No. of copies	No. of Parties
<b>A</b>	<b>General purpose</b>		
1	Trade License	1	2
2	Commercial Invoice	2	1
3	Certificate of Origin	8	1
4	Packing List	2	1
5	Export Declaration (GP Form 2)	2	1
6	Transport Chalan/Bill	4	1
7	Insurance certificate, if used	2	1
8	Authorization Letter from exporter if CFA issued	2	1
9	Certificate from concerned agency for restricted exports	2	1
<b>B</b>	<b>Specific documents/procedures for export of orange to Bangladesh</b>		
10	Import House Registration	1	1
11	Import License/Permit	1	1
12	Phyto-Sanitary Certificate	2	2
13	Non-Radio Active Certificate	8	1
14	Fit for Human Consumption Certificate	8	1
15	Membership in BCCI	1	2
16	Token No. from BCCI	1	2
15	Registration with BEA	1	1
17	Approval for expatriate labor	1	2
18	Work permit for expatriate labor	2	2
	<b>Total</b>	<b>51</b>	<b>25</b>

# Bhutan: Import of Fruit Juice

Sr. No.	Documents / Procedures	No. of copies	No. of parties
1	Trade License	1	2
2	Import House Registration	1	1
3	Import License	5	1
4	Bill of Lading	6	1
5	Commercial Invoice	6	1
6	Certificate of Origin	6	1
7	Packing List	6	1
8	Customs copy of Import License	1	1
9	Letter of Guarantee	6	1
10	Transport Chalan/Bill	6	1
11	Truck Permit	6	2
12	Exchange Control Copy	1	2
13	Insurance certificate, if used	6	1
14	Import Declaration Form (CD Form-III)	1	1
	<b>Total</b>	<b>58</b>	<b>17</b>

# Nepal: Import of Lead Acid Accumulator

Sr. No.	Type	No. of documents
1	Application	2
2	Firm/Company registration certificate	3
3	PAN/VAT certificate	4
4	Import Approval certificate	2
5	Contract document	4
6	L/C	2
7	Commercial Invoice	3
8	Performa Invoice	1
9	Road consignment note	2
10	Packing list	2
11	CTD	3
12	Appointment letter	1
13	Custom Clearance form	1
14	Foreign Exchange declaration form	1
15	Bill of exchange	1
16	Transport contract	2
	<b>Total</b>	<b>34</b>

# Nepal: Export of Lentil

Sr. No.	Type	No. of documents
1	Application	3
2	Industry registration certificate	3
3	PAN/VAT certificate	4
4	Performa Invoice	1
5	Contract document	4
6	L/C	3
7	Quarantine certificate	2
8	COO	3
9	Road Consignment Note	3
10	Insurance policy	2
11	Packing list	5
12	Commercial invoice	5
15	Appointment letter	1
14	Custom Clearance form	1
15	Foreign Exchange declaration form	1
16	CTD	3
17	Bill of exchange	2
18	Transport contract	2
	<b>Total</b>	<b>48</b>

# Nepal: Import of Crude Soya Bean Oil

Sr. No.	Type	No of documents
1	Application	2
2	Firm/Company registration certificate	2
3	PAN/VAT certificate	4
4	Import Approval certificate	3
5	Contract document	4
6	L/C	2
7	Commercial Invoice	4
8	Performa Invoice	1
9	Industry Registration Certificate	4
10	COO	3
11	packing /weight list	3
12	Vessel health certificate	1
13	Consignment note	3
14	Bill of lading	3
15	Appointment letter	1
16	Custom Clearance form	1
17	Foreign Exchange declaration form	1
18	Quality certificate	2
19	Bill of exchange	3
20	Transport contract	2
21	Insurance document	2
22	Certificate of human consumption report*	2
Total		53

\*Further refinement  
of the crude oil

# Nepal: Export of Carpet

Sr. No.	Type	No of documents
1	Application	3
2	Firm registration certificate	2
3	PAN/VAT certificate	5
4	Performa Invoice	3
5	Contract document	1
6	L/C	2
7	Factory Registration Certificate	2
8	COO	3
9	GSP	3
10	Road Consignment Note	1
11	Insurance policy	1
12	Inspection Certificate	1
13	Packing list	4
14	Commercial invoice	3
15	Appointment letter	1
16	Custom Clearance form	1
17	Foreign Exchange declaration form	1
18	CTD	3
19	Bill of exchange	3
20	Transport contract	2
21	Bill of lading	3
	<b>Total</b>	<b>48</b>

# Comparison of Trade Processes in Nepal

Activity	Import (LAA)	Export (Lentil)	Import (CSBO)	Export (Carpet)
Corridor	Corridor 1	Corridor 1	Corridor 3	Corridor 3
Business steps	13	15	17	20
Parties involved, <i>of which</i>	13	14	14	15
Private sector	5	6	7	8
No. of documents	34	48	53	48
Type of documents	16	18	22	21
Cost (US\$)	938.8	597.7	689.74	2285.4

# Comparisons of Trade Processes in Bhutan

Activity	Import (Fruit juice)	Export (Oranges)
Corridor	Corridor 2	Corridor 2
Business steps	14	10
Parties involved, <i>of which</i>	17	25
Private sector	*	*
No. of documents	58	51
Type of documents	14	18
Cost (US\$)	274.25	245.18



# **Conclusions**

## **(specific to corridors)**

# Some common challenges

1. Poor infrastructure and lack of modern handling facilities at border customs.
2. Lack in simplification and harmonization of trade procedures, more particularly at border.
3. Absence of modern corridor management techniques in selected corridors
4. Absence of regional transit (overland)
5. No regional institution (public-private interface) for trade facilitation.
6. A large of trade documentation yet to be digitized.
7. Big gap between India and rest SASEC countries in TF reforms and initiatives

# Selected general findings

- “Basic” trade facilitation measures not always in place
- Different countries require different documents and information for a same export product
  - **Harmonization of procedures and documentary requirements crucial**
- No. of documents and type of documents very high in Bhutan and Nepal
- Involvement of parties also bit high in Bhutan, compared to Nepal
- Business steps are more in Nepal than Bhutan
- Procedures between private parties are a big part of the overall trade process
- Importance of port logistics very important, freight makes the difference.
- Large variations in time and cost across products (or product usage), transport routes, destination, firm size,...
  - **Obtaining trade license costs about US\$ 100 in Bhutan**
- Freight, bank service charges, insurance, etc. are critical to overall costs.
- Ample scopes for reengineering inefficient process, and private sector has an important role in TF.

# Corridor 1: Kakarvitta-Panitanki-Fulbari-Banglabandha

- Road condition in Indian part of the corridor very poor [takes 4 hours to cross 54 km]
- Heavy congestion in Indian Customs (Panitanki)
- Lack of skilled human resources in all the Customs check-posts falling on this corridor
- Shortages of essential equipments at Customs such as X-ray machine.
- Quarantine office located outside of Kakarvitta ICD.
- No bank in Panitanki.
- Parking space in Panitanki Customs inadequate.
- Road to Kakarvitta from Panitanki is very congested and narrow.
- Very high trade costs
  - Cost in import of LAA from Bangladesh amounts to US\$ 938.8 per truck. The main component is freight from Phulbari to Kathmandu and Customs clearance cost. The clearing cost is as high as US\$ 203.
  - The cost of transshipment in Phulbari/Banglabandh is US\$ 31, which can be eliminated if Nepalese or Bangladeshi trucks are allowed to move in Nepal and Bangladesh.
  - Due to very bad road condition, the cost of transportation for export of lentil for a distance of 54 km from Kakarvitta to Phulbari is estimated to be US\$ 90.
- Improvement of Indian part of the corridor and elimination of transshipment system in Banglabandh can save one day.

# Corridor 2: Phuentsholing-Jaigaon-Hasimara-Changrabandha-Burimari

- Documentation is paper-based.
- Banking and insurance services located at Phuentsholing do not support Customs and tax clearance.
- No testing laboratory / facilities at Phuentsholing.
  - Non-radio-active and Fit for Human Consumption certificates are issued on an *ad hoc* basis.
- Customs at Phuentsholing does not have machinery and equipment like cranes, loaders, forklifts and scanning machines to facilitate cargo handling and clearance.
- Road condition is not good for the stretch between Phuentsholing and Hasimara (18 km) and between Birpara and Dhupguri (25 km).
- Limited parking space at Phuentsholing is a major constraint to speedy and orderly clearance of goods.
- No parking and warehouse facilities at Jaigaon LCS.
- Both Changrabanda and Jaigaon Customs have limited office and equipment, and function under poor conditions.

# Corridor 3: Kathmandu-Birgunj-Kolkata

- Birgunj ICD does not have office of food quarantine, animal quarantine, and quality control.
- Equipments at Birgunj ICD are inadequate and not in good condition.
  - The only one X-ray machine available is also out of order.
- Infrastructure at Birgunj Customs is not only inadequate but also very poor.
  - This custom is being operated from dilapidated premises.
- Parking space at both Birgunj and Raxaul Customs is very inadequate. Because of space limitation in the parking area the vehicles are parked on the road resulting disturbance in traffic flow.
- Birgunj Customs lacks in essential equipments such as stackers, forklifts and X-ray machines.
- Both Tribhuban International Airport Customs and Birgunj ICD Customs lack in skilled human resources and modern equipments.
- No Customs labs in all three Customs falling in this corridor.
- Quarantine offices are situated outside Customs complex.
- Electric power shortage is rampant
- Road to Raxaul from Birgunj is very congested and narrow.
- Shortage of trailers in both Raxaul and Birgunj.
- Railway service to Birgunj ICD is not smooth due to unavailability of railway engine.
- There is still lack of harmonized time of operation between Birgunj Customs and Raxaul Customs.
  - Birgunj Custom opens at 8 am whereas Raxaul Customs opens only at 10 am
- Trade cost in this corridor is very high. The major component of the cost is freight (from Kolkata port to Nepal).
- It takes 5 days to arrive goods in Birgunj Custom from Kolkata and about 4 days to reach Kolkata port in case of export cargo.

**Thank you**