

Trade and Transport Facilitation Audit in South Asia  
and  
Promoting MSMEs for Inclusive, Equitable and  
Sustainable Development in South Asia

**Introduction to  
The Blue Book on Transport and Trade Facilitation  
&  
Trade and Transport Facilitation Assessment**

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Assessing Trade and Transport Bottlenecks:  
Different Tools for Different Purposes

Methodologies recently applied in the Greater  
Mekong Subregion (GMS):

- ◉ The Blue Book (Time-Cost-Distance Model) by ADB
- ◉ Trade and Transport Facilitation Assessment by WB
- ◉ Transport Corridor Logistics Assessment by ADB
- ◉ Business Process Analysis by UN ESCAP
- ◉ Time Release Studies
- ◉ ...

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- ◉ Trade and Transport Facilitation Assessment

## Background

- UNESCAP's methodology applied to the Southern Economic Corridor (SEC)
- ADB invested heavily in upgrading the infrastructure – impact?
- Private sector reported high trade and transport costs – evidence?
- No performance monitoring tool available for the SEC

**Much progress in infrastructure; less on software!**

## The GMS Southern Economic Corridor



### Objectives

- Indices i.e. LPI, Doing Business, etc. lack the level of detail for targeted policy formulation
- Snapshot of the performance of the SEC
- Verify complaints from the private sector
- Identify policy measures for faster, cheaper, and more reliable transport and trade

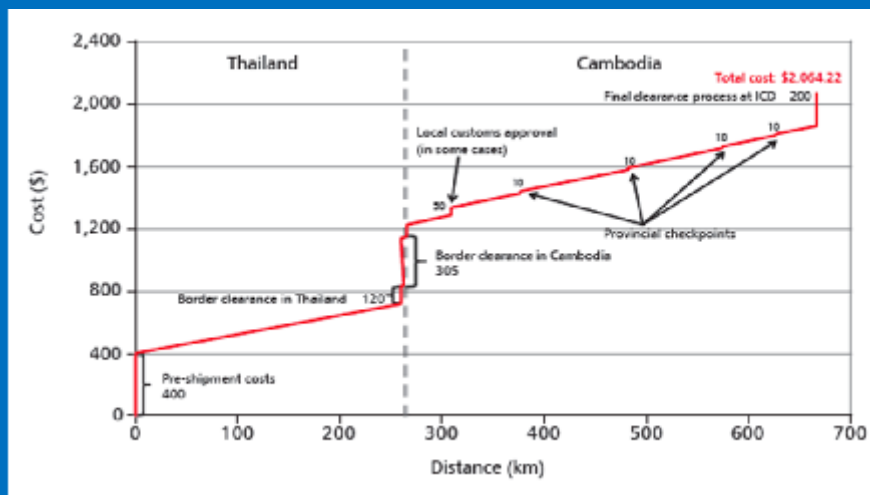
### Methodology

- Primary data collection through semi-structured interviews and workshops with users of the corridor
  - Transporters
  - Freight forwarders
  - Customs brokers
  - Exporters/importers
  - Other logistics providers such as ICDs, etc.
- Verification with officials

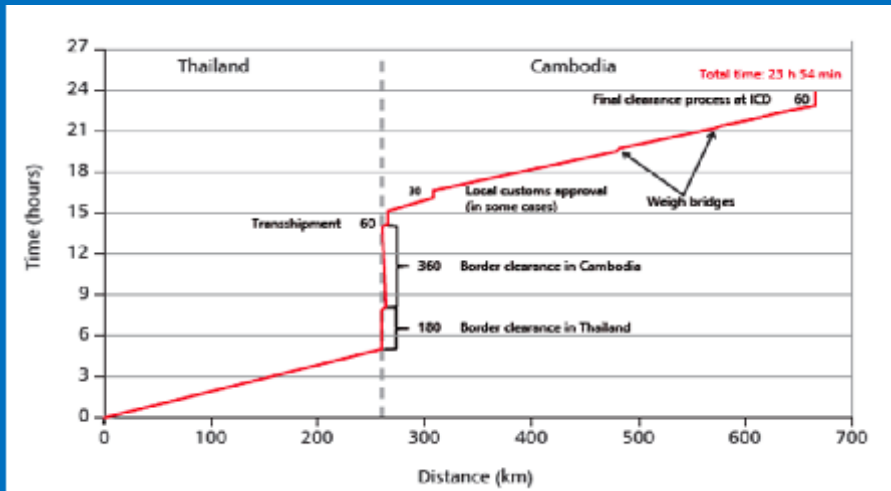
### Assumptions

- Exact route of transport
- Type of good and its requirements
- Vehicle operating costs (VOC)
- Travel speed of trucks
- Duties and taxes
- Office hours, operation hours of ferries etc.

### Results – Cost Model from Bangkok to Phnom Penh



### Results – Time Model from Bangkok to Phnom Penh



### Results – Overview by Corridor Leg

Process	Bangkok to Phnom Penh		Phnom Penh to Ho Chi Minh City	
	Time (minutes)	Cost (\$)	Time (minutes)	Cost (\$)
<b>Pre-shipment process</b>				
Deliver original documents		40.00		0
Obtain documents	2-3 days	350.00	1-2 days	110.00
Process documents		20.00	240	90.00
Trucking	724	869.22	289	338.36
River crossing			30	15.00
Police checkpoints	0	40.00	0	80.00
Weigh bridges	20	0	10	0
Transshipment (TEU)	60	80.00	60	80.00
Border process, incl. local customs	570	465.00	210	80.00
Final clearance	60	200.00		
<b>Total</b>	<b>1,434.00</b>	<b>\$2,064.22</b>	<b>839.00</b>	<b>\$793.36</b>

## Results – Overview by Country

Item	Total	Cambodia	Thailand
Total distance (km)	665.8	405.8	260.0
Total time (hours)	23.9	15.9	8.0
Total logistics cost (\$)*	2,064.22	1,607.08	457.14
Average time (min/km)	2.2	2.3	1.8
Average speed (km/h)	27.9	25.6	32.5
Average cost (\$/km)	3.10	3.96	1.74
Transport cost per ton-km <sup>†</sup>	0.07	0.09	0.06
Logistics cost per ton-km <sup>†</sup>	0.16	0.20	0.09

Item	Total	Cambodia	Viet Nam
Total distance (km)	237.1	167.1	70.0
Total time (hours)	14.0	9.0	5.0
Total logistics cost (\$)*	793.36	649.14	144.22
Average time (min/km)	3.5	3.2	4.3
Average speed (km/h)	17.0	18.7	14.0
Average cost (\$/km)	3.35	3.88	2.12
Transport cost per ton-km <sup>†</sup>	0.11	0.13	0.07
Logistics cost per ton-km <sup>†</sup>	0.17	0.19	0.10

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### Policy Recommendations

- Based on interviews and validation workshops with stakeholders
- Supported by the Time-Cost-Distance Model
  
- Selection was guided by
  - Magnitude of impact on improving logistics;
  - Ease of implementation; and
  - Capability of being acted on within 2 years

### Overview of Proposed Measures

- **Measure 1:** Increase Availability of Information about Agreements, Laws, Rules and Regulations
- **Measure 2:** Adjusting Road Regulations including their Strict Enforcement
- **Measure 3:** Eradicate Checkpoints along the Corridor
- **Measure 4:** Extend Opening Hours of Border Points and Logistics Services
- **Measure 5:** Strengthen Cooperation and Coordination of the Public and Private Sector
- **Measure 6:** Expedite Border Procedures by Enhancing Risk Assessment
- **Measure 7:** Establish 'Service Level Agreements' to Decrease Uncertainty in Documentation Processes
- **Measure 8:** Expedite Issuance of Certificate of Origin
- **Measure 9:** Acceptance of E-Mails and Facsimiles in Trade Procedures and Removal of Local Customs Office Approval



## Assessing Trade and Transport Bottlenecks: Different Tools for Different Purposes

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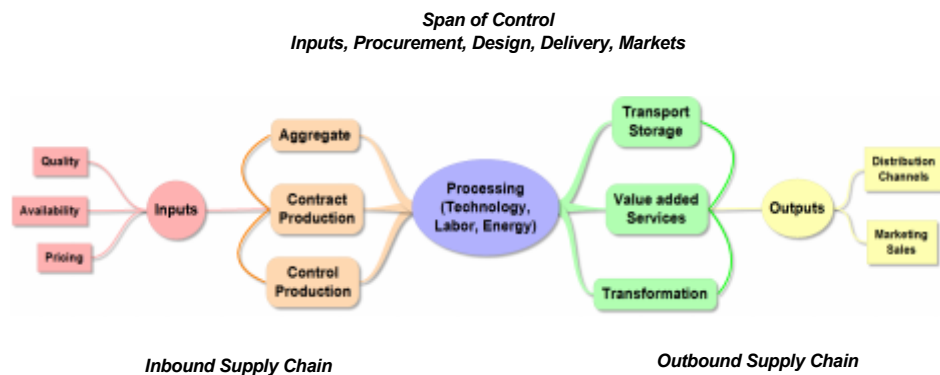
## Background and Objective

- ◉ TTFA is a toolkit developed by the World Bank
- ◉ Two phase approach
  - Phase 1: Provide a general understanding of bottlenecks in the overall trade logistics environment
  - Phase 2: Examining the relative importance of the bottlenecks identified in Phase 1
- ◉ Identify and prioritize initiatives to sustain trade growth and increase the value added provided within the country

## Methodology

- Qualitative approach
- Focus on specific products / supply chains
- Analysis covers four key areas
  - The performance of the supply chains
  - What influences the decision of firms when structuring supply chains and order cycles
  - The different transactions conducted by the different stakeholders
  - The different risks within a supply chain
- Primary data collection through interviews
  - 4-5 Leading firms in each sector (4 in-depth interviews per firm)
  - Logistics service providers e.g. transporters, freight forwarders, customs brokers, financial institutions

## Results



## Results

The TTFA revealed for each trade

- Business models
- Financial transactions
- Span of control
- Information flow
- Logistics requirements

Recommendations are based on

- Market requirements
- Endowments and resource availability
- Competitiveness of firms and country
- Long-term strategy for the industry/sector

## In Summary

	Time-Cost-Distance Model	Trade and Transport Facilitation Assessment
Study object	Corridor	Sector/Industry
Objective	General OR product specific	Product-specific
Results	-Easy and fast implementable recommendations -High ownership if participation inclusive -Progress can be tracked over time	-Broad set of interventions for targeted sectors -Long-term strategy based on endowments and resources -Recommendations embedded in demands of business
Resources required	Limited	Extensive
Time required	Rapid	Medium/long
Challenges	Private sector reluctant to share data due to fear of repercussions	Firms must be willing to share sensitive data
Disadvantages	-Can be too broad or too narrow -Assumptions	High resource requirements

Thank You!

Questions?

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