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

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Content

- The Blue Book (Time-Cost-Distance Model)
  - Background
  - Methodology
  - Results
- Trade and Transport Facilitation Assessment
  - Background
  - Methodology
  - Results
- Summary
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
- ...

Methodologies recently applied in the Greater Mekong Subregion:

- Time-Cost-Distance Model (The Blue Book)
- 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!**
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

![Time Model Graph]

Results – Overview by Corridor Leg

<table>
<thead>
<tr>
<th>Process</th>
<th>Bangkok to Phnom Penh</th>
<th>Phnom Penh to Ho Chi Minh City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-shipment process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliver original documents</td>
<td>40.00</td>
<td>0</td>
</tr>
<tr>
<td>Obtain documents</td>
<td>350.00</td>
<td>110.00</td>
</tr>
<tr>
<td>Process documents</td>
<td>20.00</td>
<td>90.00</td>
</tr>
<tr>
<td>Trucking</td>
<td>724</td>
<td>289</td>
</tr>
<tr>
<td>River crossing</td>
<td>30</td>
<td>15.00</td>
</tr>
<tr>
<td>Police checkpoints</td>
<td>40.00</td>
<td>80.00</td>
</tr>
<tr>
<td>Weigh bridges</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Transshipment (TEU)</td>
<td>80.00</td>
<td>80.00</td>
</tr>
<tr>
<td>Border process, incl. local customs</td>
<td>465.00</td>
<td>80.00</td>
</tr>
<tr>
<td>Final clearance</td>
<td>570</td>
<td>210</td>
</tr>
<tr>
<td>Total</td>
<td>1,434.00</td>
<td>839.00</td>
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</tbody>
</table>

Cost: $2,064.22 $793.36
### Results – Overview by Country

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>Cambodia</th>
<th>Viet Nam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total distance (km)</td>
<td>237.1</td>
<td>167.1</td>
<td>70.0</td>
</tr>
<tr>
<td>Total time (hours)</td>
<td>14.0</td>
<td>9.0</td>
<td>5.0</td>
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<tr>
<td>Total logistics cost ($)</td>
<td>793.36</td>
<td>649.14</td>
<td>144.22</td>
</tr>
<tr>
<td>Average time (min/km)</td>
<td>3.5</td>
<td>3.2</td>
<td>4.3</td>
</tr>
<tr>
<td>Average speed (km/h)</td>
<td>17.0</td>
<td>18.7</td>
<td>14.0</td>
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<tr>
<td>Average cost ($/km)</td>
<td>3.35</td>
<td>3.88</td>
<td>2.12</td>
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<tr>
<td>Transport cost per ton-km$^*$</td>
<td>0.11</td>
<td>0.13</td>
<td>0.07</td>
</tr>
<tr>
<td>Logistics cost per ton-km$^*$</td>
<td>0.17</td>
<td>0.19</td>
<td>0.10</td>
</tr>
</tbody>
</table>
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
Methodologies recently applied in the Greater Mekong Subregion:

- Time-Cost-Distance Model (The Blue Book)
- Trade and Transport Facilitation Assessment

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

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

Questions?

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