National Trade and Transport Facilitation Monitoring Mechanism (TTFMM)

Dr. Somnuk Keretho
Director
Institute for IT Innovation
Kasetsart University, Thailand

Dr. Tengfei Wang
Economic Affairs Officer
Trade Facilitation Unit
UNESCAP
1. Why is a national sustainable national trade and transport facilitation monitoring mechanism important and essential?
2. Why should TTFMM become a new UNCEFACT recommendation?
3. What foundation has been laid?
4. Trade and Transport Facilitation Monitoring Mechanism (TTFMM)
   i. Rationale and Purpose
   ii. Framework
   iii. Data collection and analysis: Business Process Analysis Plus (BPA+)
   iv. Key functions of TTFMM
5. Implementation of TTFMM
6. Conclusion
Why is sustainable national trade and transport facilitation monitoring mechanism important and essential?

- Available international cross-country trade and transport indicators are useful but not sufficiently detailed or reliable

- Many trade facilitation monitoring exercises have been carried out in developing countries, but
  - One-off / Ad hoc assessment studies; Overlapping and not coordinated; No uniform method & approach
  - Lack of ownership of results, with no follow-up

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
TTFMM and other UNCEFACT recommendations

- Recommendation N°. 4 - National Trade Facilitation Bodies: *NTFC is recommended to be the executive body of TTFMM.*
- Recommendation N°. 18 - Facilitation Measures Related to International Trade Procedures: *TTFMM is based on Buy-Ship-Pay Model and would effectively help materialize and institutionalize Recommendation N°. 18.*
- Recommendation N°. 33 - Single Window Recommendation: *TTFMM would assist the establishment of single window (by providing “as-is” and “to-be” analysis) and monitor the effectiveness of SW for trade facilitation.*
- Recommendation N°. 34 - Data Simplification and Standardization for International Trade: *TTFMM would provide analysis of “as-is” and “to-be” and monitor the effectiveness of measures on data simplification and standardization for trade facilitation.*
- Recommendation N°. 40 - Consultation approaches Best Practices in Trade and Government Consultation on Trade Facilitation matters: *Consultation approach is one of the cornerstones of TTFMM.*
Why should TTFMM become a new UNCEFACT recommendation?

- TTFMM is a continuation and further development of Recommendations N°. 4, N°. 18, N°. 33, N°. 34 and N°. 40

- Importantly, TTFMM will fill in a gap: the sustainable trade facilitation monitoring mechanism has not been fully addressed by the existing recommendations.
What foundation has been laid? (1)

*(Business Process Analysis for Trade Facilitation)*

1. Business Process Analysis for Trade Facilitation
2. Process Simplification and Harmonization
3. Document Simplification & Standardization
4. National Data Harmonization
5. Cross Border Data Exchange
6. e-Single Window and paperless trading
BPA has been used by UN/CEFACT as part of their standardization work, for example in the Buy-Ship-Pay model.
The Buy-Ship-Pay model

The Buy-Ship-Pay model developed by UN/CEFACT describes the main processes and parties in the international supply chain. The supply chain ensures that goods are ordered, shipped and paid for while complying with regulatory requirements and supporting trade security. The Buy-Ship-Pay model identifies the key commercial, logistical, regulatory and payment procedures involved in the international supply chain and provides an overview of the information exchanged between the parties throughout its various steps. The model presents a "top-down" view of the supply chain linking the detailed "bottom-up" actions derived from the business requirements specified in the UN/CEFACT standards development process. New operations are incorporated in the model as new projects are tackled by UN/CEFACT.

The model was formally developed according to the UN/CEFACT Modelling Methodology (UMM) using Enterprise Architect software. The International supply chain reference model and the Buy-Ship-Pay model have the
UNCEFACT Buy-Ship-Pay Model

Supplier – Intermediary – Authorities – Customer

Buy  Ship  Pay

Prepare for export  Export  Transport  Prepare for import  Import

<table>
<thead>
<tr>
<th>Commercial Procedures</th>
<th>Transport Procedures</th>
<th>Regulatory Procedures</th>
<th>Financial Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish contract</td>
<td>Establish transport contract</td>
<td>Obtain export/import licenses, etc.</td>
<td>Provide credit rating</td>
</tr>
<tr>
<td>Order goods</td>
<td>Collect, transport and deliver goods</td>
<td>Provide customs declaration</td>
<td>Provide insurance</td>
</tr>
<tr>
<td>Advise on delivery</td>
<td>Provide waybill, goods receipt and status reports</td>
<td>Provide cargo declaration</td>
<td>Provide credit</td>
</tr>
<tr>
<td>Request payment</td>
<td></td>
<td>Apply trade security procedures</td>
<td>Execute payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clear goods for import/export</td>
<td>Issue statements</td>
</tr>
</tbody>
</table>

Source: UN/CEFACT Recommendation No. 18
What foundation has been laid? (2)  

**BPA applications and database**

- Business Process Analysis for trade facilitation has been applied for 50 import and export process cases in over 20 countries since 2009 by international organizations such as ESCAP, ECE, ADB and their member states.
- International Trade Centre (ITC) and United Nations Industrial Development Organization (UNIDO) are applying BPA in selected African countries.
- A Microsoft Access and Web-based Trade Process Analysis Database (TPAD) have been developed.
TTFMM: Rationale and Purpose

- Existing studies of BPA (and Time Release Studies etc) have been ad-hoc or one off. Countries have no long-term data to monitor the effectiveness of trade facilitation measures.

- In a nutshell, TTFMM will enable a country to collect its own data on trade and transport facilitation, develop a TF database and support evidence-based decision making and reform.

- TTFMM can be applied to all countries including LDCs or small economies as work under the framework of TTFMM will be implemented in a cost-effective and sustainable manner.
Framework

Baseline trade and transport facilitation assessment study

Formulate, update and prioritize recommendations for advancing trade facilitation

Trade facilitation reform Implementation

Measure, monitor and assess progress in trade facilitation

Integrated Methodology: BPA+

National Human Capacity  Institutional Arrangement
From BPA to BPA+

- Business Process Analysis Plus (BPA+) is built on the UNNExT Business Process Analysis methodology, supplemented by other trade facilitation monitoring measures. (countries are able to customize and select other TF monitoring measures such as Time Release Study or Time-Cost-Distance).
- The idea is to collate and verify data and draw strengths of different TF measures.
- BPA adopts an integrated “whole-of-supply chain” methodology based on UNCEFACT Buy-Ship-Pay model and UML.
### BPA+: An Integrated Methodology

<table>
<thead>
<tr>
<th><strong>Trade-related procedures before cargo movement</strong></th>
<th><strong>Cargo origin</strong></th>
<th><strong>Border crossing point</strong></th>
<th><strong>Border crossing point</strong></th>
<th><strong>Cargo destination</strong></th>
<th><strong>Trade-related procedures after cargo arrival</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time-Cost Distance Method (TCD)</strong></td>
<td>TRS</td>
<td>TRS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Time Release Study (TRS)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BPA of Trade Procedures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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

So far, the most comprehensive TCD application is the ADB CAREC Corridor Performance Measurement and Monitoring (CPMM)
Institutional arrangement: an example

International organizations such as UNESCAP

[Diagram]

NTFC

TTFMM implementation team leader
(A senior member of NTFC or a person appointed by NTFC)

TTFMM implementation coordinator (Secretariat of NTFC)

BPA data collection & TTFMM analysis, database and report
(a research institute under the Min. of Trade or Customs)

TRS data collection
(Customs officers)

TCD data collection
(freight forwarders and drivers)
TTFMM – Key Outputs

- **TTFMM Database, including:**
  - Description, activity diagram and related rules/regulations for each trade & transport procedure for selected products along selected corridors
  - Time, Cost, No. of documents for each process/procedure

- **Set of Indicators (dashboard)**
  - Include Time, Cost, No. of documents for each process/procedure
  - Average speed along the corridor
  - Average border crossing time

- **An annual report**
  - Presenting relevant summary information from the database to relevant stakeholders (including in-depth analysis and recommendations)
Different tiers of data for targeted stakeholders

Policy makers

Analysts, experts and specialists to support decision making
Implementation of TTFMM

- The publication of TTFMM was launched by UNESCAP and ADB at the Asia-Pacific Trade Facilitation Forum held on 24-25 September 2014.

- The TTFMM baseline studies will be carried out in Bangladesh, Bhutan and Nepal from January 2016, with support from UNESCAP and ADB.
Possible UNCEFACT Recommendations

- **Policy-Level recommendations**
  - Countries need to regularly and systematically monitor progress and impact of trade and transport facilitation reforms.

- **Technical-level recommendations**
  - Institutional arrangement needs to be put in place. Ideally, TTFMM should be anchored with NTFC.
  - National experts and human resources need to be used to support all activities under the framework of TTFMM to reduce the costs and develop national capacity.
Concluding Remarks

- Important to stress the importance of trade facilitation monitoring as many countries invest time and efforts in trade facilitation measures and establish NTFCs.
- Monitoring of TF implementation a core function of NTFCs but little guidance available on this.
- Member States very interested in developing their own system and reduce reliance on cross-country indicators (such as WB Doing Business...).
- TTFMM concept builds on NTFCs and BPA, hence fully consistent and complementary with UN/CEFACT work on trade procedures.
- A UN/CEFACT project (and ultimately a recommendation) on National Trade (and Transport) Facilitation Monitoring Mechanism at UN/CEFACT would help refine the concept, take stock of some of the TF monitoring practices in different countries, and develop an international standard for countries to follow.