



Survey on Trade Facilitation Themes for Augmenting CAREC CPMM Methodology

Asian Development Bank

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Private and Confidential



Introduction to 'Cross Border Trade & Transport Facilitation Index' (CBTTFI)



While CPMM leverages Time/Cost/Distance (TCD) methodology for evaluating trade facilitation measures at BCP level, a more holistic approach is required to evaluate the effectiveness of various trade and transport facilitation related projects in the CAREC region

The 'Cross Border Trade & Transport Facilitation Index' (CBTTFI) has been proposed as a composite Index under CPMM with the objective of locating the root cause of delays along BCPs across CAREC countries and aid in effective evidence-based policymaking with respect to the following thematic areas:

At the border and behind the border Infra

(including Parking, warehousing, testing / certification, transport Infra, logistics connectivity etc.)

Institutions

(evaluating efficiency level and coordination among customs officials, PGAs etc. in cross border transit)

Policies and Regulations

(evaluating the level of implementation and impact of policies and regulations on cross-border trade and transit activities)

Based on Sub-National Trade Readiness Assessment (STRA) framework adopted from previous ADB-TTF study, CBTTFI would help supplement current TFIs with more granular information around the challenges in the operations of BCPs

Coverage of Themes



- 1
- 2
- 3
- 4

Customs Procedures and Formalities



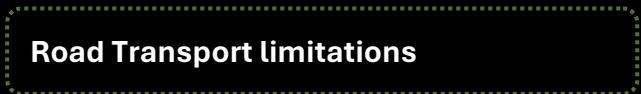
Customs Coordination



Transit Cross Border Support facilities



Transport Regulations



Proposed Scoring Methodology



CBTTFI Survey Stakeholders

Data capturing methodology shall be same as that of CPMM, i.e. primary survey-based responses to questionnaire on an annual basis from:

- **Public sector:** Customs Authorities
- **Private sector:** Traders/ Exporters/ Importers/ Trade Associations/ Transport Associations etc.

Private sector input will help validate Customs Authorities' responses for BCPs and ensure the accuracy of survey results.

If conflicting responses are received from public and private stakeholders for a BCP, fact-finding will be conducted with customs authorities to resolve the issue. In case of non-response, ADB will make the final decision on the contradictory input

Weightage of Themes

Theme Name	No. of Questions	Maximum Marks	Proposed Weightage
Customs Procedures and Formalities	13	54	40%
Customs Coordination	3	13	15%
Transit Cross Border Support facilities	4	29	40%
Transport Regulation	2	2	5%
Grand Total	22	98	100%

Case scenario	Treatment
For questions part of the questionnaire	Weightage to be kept as maximum 1 mark per option of a question in questionnaire
For questions not part of main questionnaire: (Utilization Ratio, Time Efficiency Index, TFI 1, TFI 2, Operating hours)	Maximum marks to be kept as 2 per parameter
In case no response is given against an option	The response will be considered as 'No' / 'unfavourable' and be awarded 0 marks
In case the scoring of a question is based on Distance to Frontier (DTF) approach	To calculate the DTF, the scores of all BCPs from where response has been received for that year will be taken into account

Formula for calculating CBTTFI score for BCP

Sum of score of BCP under each theme

(Total max score – NA score for BCP)

Current Status of responses

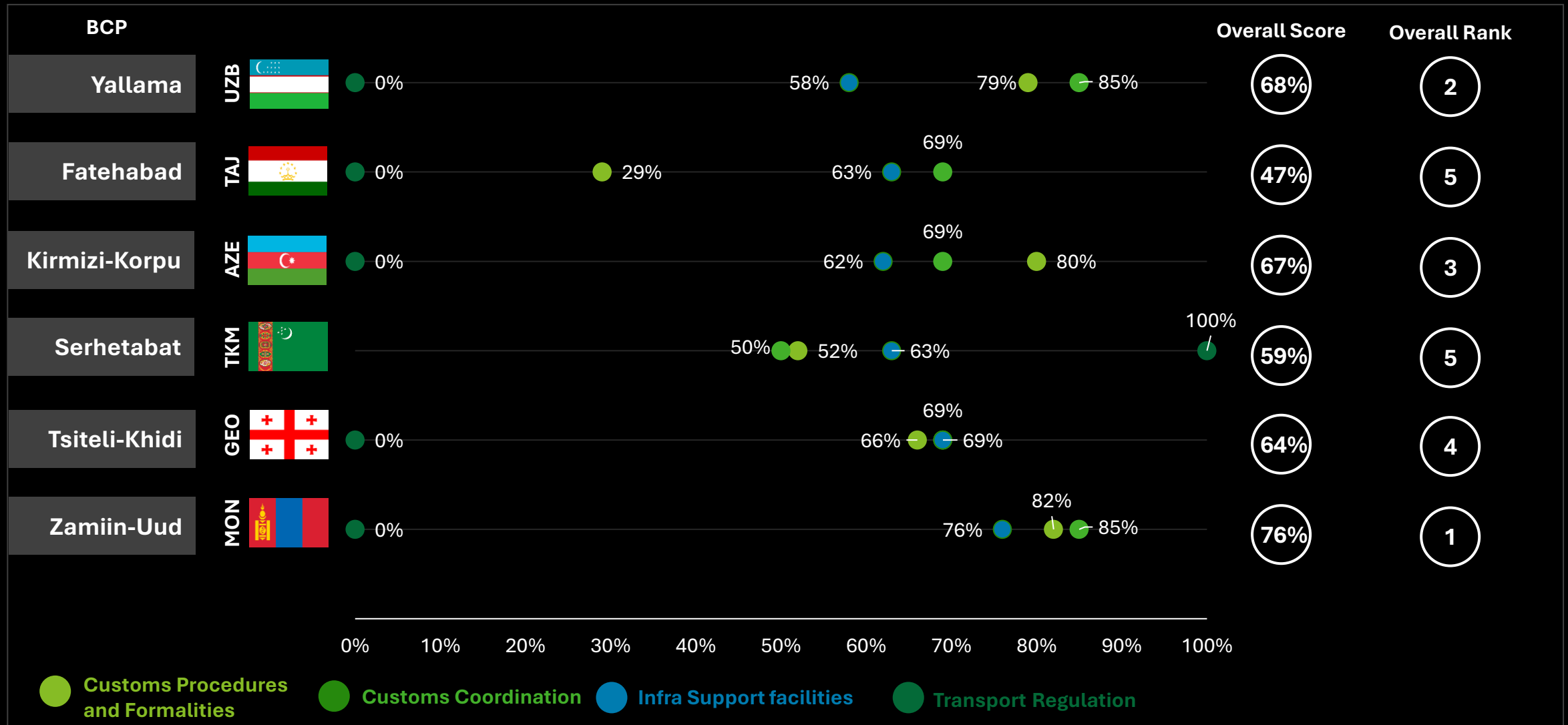
10 Countries

17 BCPs

18 Responses

9 Public stakeholders and 9* Private stakeholders have contributed thus far

Preliminary Findings | Aggregate Level (For Select BCPs)

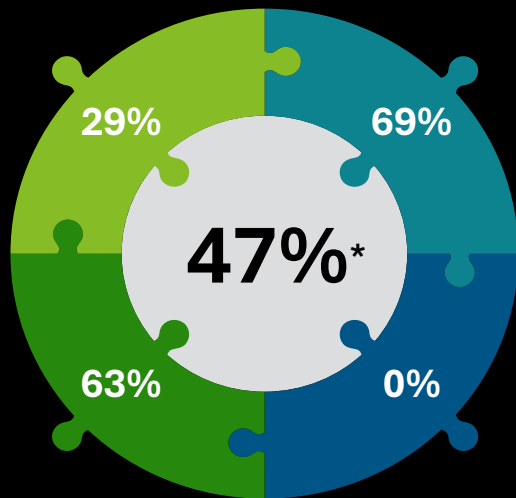



Note: The above analysis is preliminary only and does not capture all parameters under consideration. This analysis would be refined based on responses to queries received from Customs Department of the concerned BCPs.

Preliminary Findings for Fatehabad BCP (Tajikistan)



Key challenges identified



-  Customs Procedures and Formalities
-  Customs Coordination
-  Infra Support facilities
-  Transport Regulation

*based on preliminary analysis of response from Customs Authorities

- Most key documents such as Customs Declaration, Official Weight Ticket, Packing List / Cargo Manifest etc. **require mandatory physical submission of original documents, necessitating the need for creating provisions to process documents electronically by customs**
- **Need for augmenting ICT infra** such as Customs Mobile APP, Automated systems for SPS inspection and declarations, Computerized transit control systems, Electronic queue management systems
- **Need to ensure prior intimation** on documentation requirements, testing / certification requirements, inspection requirement upon risk assessment, as well as create provision for making advance fee payment for inspections etc.
- While less than 5% of physical inspections take place, rule-based mechanisms need to be defined to **eliminate any overriding/discretionary powers for carrying out physical inspection**
- While 'utilization ratio' is already >1, expected annual traffic growth rate for next 5 years is 30% per year with just 1 lane available exclusively for truck examination, **exhibiting potential need for infrastructure augmentation in near future**
- **Physical infrastructure** such as 'Material handling equipment' for heavy cargo, Product Testing Laboratories, warehouses **is not available**, with **shortage of X-ray scanners** at the BCP
- **Need for synchronized clearance procedures and Interoperable information systems** between customs authorities
- Vehicle Registration Documents & Permits, Customs guarantee for Transport and cargo etc. are **not mutually recognized**
- There are **weight limitations as well as dimension limitations for cargo vehicles**

Way Forward



Assistance in obtaining additional responses from private sector stakeholders on BCPs across CAREC countries

Providing feedback on the questionnaire for further refining the questions to make it more impactful



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Questions Not Part of Main Questionnaire

Utilization Ratio	<p>This index measures how much of the BCP's capacity is being utilized over a month. It gives an insight into the operational efficiency of the BCP. A high utilization ratio indicates that the BCP is operating close to its maximum capacity, while a low ratio suggests underutilization.</p> <p><i>Formula for utilization ratio = (total number of loaded + empty trucks using the BCP per month) / (Maximum BCP cargo handling capacity per month)</i></p>
Time Efficiency Index	<p>This index measures how efficiently time is utilized at the BCP relative to the time taken to process each truck.</p> <p><i>Formula for Time Efficiency Index = (BCP Operating Hours per Day) x n / TF1, where 'n' = no. of truck lanes</i> Therefore, if BCP operates for 16 hours per day, the average time to process 1 truck is 0.5 hours (30 minutes), and it can handle 5 trucks simultaneously ('n' = 5): <i>Time Efficiency Index = (16 × 5) / 0.5 = 160 trucks per day</i></p>
Operating Hours %	<p>This measures the percentage of hours that the BCP operates</p> <p><i>Formula for Operating Hours % = (no. of operational hours of BCP per day / 24 hours) * 100%</i></p>
TFI 1 and TFI 2	<p>TFI 1 - Time taken to clear a BCP</p> <p>TFI 2 - Cost incurred at a BCP</p> <p><i>(latest data to be sourced from ADB for each BCP being surveyed)</i></p>

Summary of Survey Responses Received As on 22nd October 2024

Country	BCP	Response from Public Stakeholders	Response from Pvt Stakeholders	Total
Mongolia	Zamiin Uud	1	1	2
China	Horgos	0	1	1
Kazakhstan	Nur Joli	0	1	1
Uzbekistan	S.Nadjimov/Mayskiy	0	1	1
	Oybek	0	1	1
	Khavastabad	0	1	1
	Yallama	1	0	1
Tajikistan	Fatehabad	1	0	1
	Dusti	0	1 ^(^)	1
Azerbaijan	Kirmizi Korpu	1	0	1
Turkmenistan	Serhetabat	1	0	1
	Sarakhs	1	0	1
	Parom geçelgesi	1	0	1
	Farap	1	0	1
Georgia	Red Bridge	1	0	1
Afghanistan	Torkham	0	1 ^(^)	1
Pakistan	Torkham	0	1 ^(^)	1
Total		9	9*	18

*A few additional ones received in form of a different questionnaire from ADB