

**Trade and Transport Facilitation
Monitoring Mechanism in Bhutan:
Baseline study series #5**

Time Release study in
Phuentsholing



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Time Release study in Phuentsholing

The 5th report of a series of 6 studies on Trade and Transport Facilitation Monitoring Mechanism (TTFMM) in Bhutan

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PREFACE

In the process of undertaking the baseline study of Trade and Transport Facilitation Monitoring Mechanism (TTFMM) in Bhutan, six studies are carried out to provide multiple facets of trade and transport facilitation covering export and import of specific products, corridors and border crossings. A synthesis report is also produced based on five study reports.

The current report is focused on the Time Release Study (TRS) at Phuentsholing Land Border Customs Station under the Regional Revenue and Customs Office, Phuentsholing, Bhutan. It is a stand-alone document itself and in the meantime the 5th report of a series of 6 studies on TTFMM in Bhutan. It feeds the TTFMM synthesis report. As such, it needs to be read along with other reports to fully understand the background, key findings and conclusions of the TTFMM baseline study.

ACKNOWLEDGEMENTS

In conducting the TRS and preparing this report, great support provided by the host was essential for completion of the study. Guidance from Mr. Yonten Namgyel, Director, Department of Revenue and Custom and Member Secretary of National Trade and Transport Facilitation Committee (NTTFC) was vital for completing the study. The core national team of the TRS comprising Sonam Dorji, Regional Director, RRCO, P/ling, Tandin Wangchen, Joint Collector, HQ, Phuntsho Dorji, Dy. Collector, HQ, Deki Jamtsho, Dy. Collector, RRCO, P/ling, Bidiya Rai, Asst. Collector, RRCO, P/ling and Phuntsho Wangdi, National Consultant, ADB played the leading role in conducting the TRS.

The report was prepared by Phuntsho Wangdi and Tengfei Wang. The TRS constitutes part of the TTFMM baseline study, which was managed by Tengfei Wang from ESCAP and Aileen Pangilinan from ADB under the guidance of Yann Duval and Ronald Antonio Q. Butiong. Tanya E. Marin, Linel Ann Reyes-Tayag, and Alona Mae Agustin from ADB provided support for the logistical arrangement of the workshops.

Participants of the various workshops under the project, as detailed in **Appendix 1**, substantially contributed their expertise to enhance the quality of the project. Sonam Dema played a crucial role for organizing the TTFMM national validation workshop on 3-4 August 2016 in Thimphu, Bhutan¹. Josiah Littlehales, Vyonna Bondi, Megane Vanselow and Ekaterina Silanteva substantially contributed to data input and analysis during their internship at UNESCAP.

Takayuki Miyoshi and Jing Cheng from the World Customs Organization (WCO) Asia-Pacific Regional Office for Capacity Building (ROCB A/P) delivered training on Time Release Study at the national workshop on TTFMM held in Phuentsholing, Bhutan during 10-14 March 2014. Their guidance on application of TRS is gratefully acknowledged.

The TTFMM baseline study is funded under both ADB's Technical Assistance Special Fund and the Japan Fund for Poverty Reduction.

¹ <http://sasac.asia/index.php?page=event&eid=213&url=bgd-ttfmm-validation>

EXECUTIVE SUMMARY

The Report is focused on the Time Release Study (TRS) at Phuentsholing Land Border Crossing Station. Following the *Guide to Measure the Time Required for the Release of Goods* prepared by the World Customs Organization², the study reviews border crossing procedures in detail and examines the border crossing time.

Analysis covers a sample of 796 import transactions from India to Bhutan and 174 export transactions from Bhutan to India and other countries during 30th May-4th June 2016. Furthermore, the analysis also covers a sample of 77 import transactions to Bhutan from the third countries during 30th May-21st July 2016.

The result from the TRS shows that the average time taken for clearance of goods imported from India is 58 minutes for taxable goods and 28 minutes for non-taxable/exempted goods, respectively. For the imports from third countries, the average time taken for clearance of taxable goods is 16 hours and non-taxable/exempted goods is nearly 7 hours. Export of goods to India and third countries follow the same procedures. Data analysis shows that the average time taken for clearance of export goods is about 13 minutes.

This report proposes specific recommendations for further enhancing the efficiency of clearance of the goods at the borders according to the bottlenecks identified in the study. Some key recommendations include, for example, upgrading of the stand-alone Bhutan Automated Customs System (BACS) to a web-based system, introduction of risk management system and elimination of repetitive numbering and signing of documents by different customs officers at different clearance stages. Certainly, some recommendations are tentative and any follow-up actions are subject to further feasibility studies and availability of resources.

The TRS baseline data produced in this study provide a fundamental basis for benchmarking

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