

Trade and Transport Facilitation in Bhutan

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Current State of Trade and Transport Facilitation in Bhutan

Performance on LPI of South Asian Countries, 2016 *vis vis* 2014
(Score on a scale lowest to highest score from 1 to 5)

Indicators	Bangladesh	Bhutan	Nepal	India	Pakistan	Sri Lanka*
LPI Rank (Out of 160 countries)	87 (108)	135 (143)	124 (105)	35 (54)	68 (72)	(89)
Customs	2.57 (2.09)	2.21 (2.09)	1.93 (2.31)	3.17 (2.72)	2.66 (2.84)	(2.56)
Infrastructure	2.48 (2.11)	1.96 (2.18)	2.27 (2.26)	3.34 (2.88)	2.70 (2.67)	(2.23)
International shipments	2.73 (2.82)	2.50 (2.38)	2.50 (2.64)	3.36 (3.20)	2.93 (3.08)	(2.56)
Logistics competence	2.67 (2.64)	2.30 (2.48)	2.13(2.50)	3.39 (3.03)	2.82 (2.79)	(2.91)
Tracking & tracing	2.59 (2.45)	2.20 (2.28)	2.47 (2.72)	3.52 (3.11)	2.91 (2.73)	(2.76)
Timeliness	2.90 (3.18)	2.70 (2.28)	2.93 (3.06)	3.74 (3.51)	3.48 (2.79)	(3.12)

Source: World Bank Logistic Performance Index, 2016

*Note : Data of Sri Lanka for the year of 2016 is not available

Bhutan's Cross Border Trade and Traffic Movement

- Being a landlocked country, Bhutan's connectivity by land transport is possible through India only
- Phuentsholing near Jaigaon in West Bengal is the main gateway for more than 75 per cent of its international trade
- Bhutan is dependent on India for its foreign trade and around 55 percent import and 85 percent export takes place with India
- Transport connectivity with Nepal and Bangladesh is possible through India only
- Sea ports in India (Kolkata and Haldia) are its main maritime gateways for foreign trade with the world other than Nepal and Bangladesh

Survey Methodology

- Extensive field survey was conducted at Phuentsholing land customs station of Bhutan and 40 stakeholders (including exporters, importers, customs officials, freight forwarders, road carriers, clearing agents and other stakeholders) were interviewed to understand micro level issues related to trade and transport facilitation.
- Qualitative inputs were gathered through informal discussion with customs officials, trade bodies and other government officials to understand key procedural , administrative and regulatory challenges.

Key Observations From Phuntsholing Land Port

- Procedural complexities, administrative and regulatory inefficiencies in clearance of cargo leads to substantial delays
- Lack of integration among various operating agencies creates delays, uncertainty in customs clearance of cargo
- Inadequate level of harmonisation and regulatory standards and customs rules and regulations encourage the usages of non-tariffs measures
- Sub-optimal trade infrastructure (including lack of integrated check post, road, approach roads and internet connectivity) affect the efficient movement of vehicles
- Absence of a National Single Window System for the clearance of cargo increases the cost of doing trade
- Transport and transit through India is difficult in the absence of Inland Container Depots

Key Recommendations

- Establish a National Single Window System to ensure transparent, reliable and quick clearance of cargo
- Focus on mutual recognition agreement (MRAs) and conformity assessment to address challenges arising due to trade, technical and transport related regulations
- Emphasis on the development of road infrastructure, Integrated Check Post (ICP), Inland Container Depot (ICD), IT related infrastructure to reduce the cost and time of doing trade.
- Develop interactive trade portals with enquiry platform to resolve all queries related to regulations, processes and procedures
- Set-up testing laboratories to expedite the process of clearance of cargo

Thank You