

TTF Core Areas



Expanding Transport and Traffic

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TTF newsletter

Highlights of ADB's Transport and Trade Facilitation Activities in Southeast Asia

Inaugural Issue for the Year 2015



Transport and Trade Facilitation Action Program (TTF-AP) for the Greater Mekong Subregion (GMS)

The TTF-AP provides advisory support and capacity building to facilitate cross-border transport and trade in the GMS. It is comprised of four core areas: (i) expanding transport and traffic rights along GMS corridors; (ii) simplifying and modernizing customs procedures, including transit systems in the GMS; (iii) supporting enhanced transport and logistics in the GMS; and (iv) strengthening capacities of sanitary and phytosanitary agencies in the GMS. [Learn more](#) ➡ [p2](#)

EVENTS



SE Asia Officials Join ADB Time Release Study Workshop in Thailand

(June 22–24, Bangkok, Thailand) – Customs officials from Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Thailand, and Viet Nam participated in the Southeast Asia Time Release Study Workshop, organized by ADB. They shared experiences and recommendations in using time release studies (TRS) as a tool to facilitate trade. [Learn more](#) ➡ [p4](#)



Time Release Studies Workshop Held in Indonesia

(September 2–4, Surabaya, Indonesia) – ADB and the Directorate General of Customs and Excise of Indonesia co-organized a planning workshop on TRSs for the Tanjung-Perak and Belawan ports on 2–4 September in Surabaya. Government agencies and private sector representatives participated in the workshop, and discussed benefits of TRS their preparation. The workshop was funded by the Japan Fund for Poverty Reduction (JFPR) Technical Assistance on Trade Facilitation Support for ASEAN Economic Community Blueprint Implementation.



Customs Officials Join ADB Time Release Study Conference in Japan

(October 6–8, Tokyo, Japan) – Customs officials from Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Thailand, and Viet Nam, and development partners, discussed how TRS can further facilitate cross-border trade. They also discussed a draft action plan to implement recommendations, and modernize customs operations. [Learn more](#) ➡ [p4](#)

KNOWLEDGE SHARING



International Trade Supply Chain Training in Myanmar

(June 25–26, Myanmar) – A 2-day workshop covering the International Trade Supply Chain (ITSC) was organized to familiarize relevant trade stakeholders, through a series of highly participatory exercises, with all of the stages and processes in the ITSC, and different entities' roles and responsibilities. The workshop helped identify ITSC processes requiring improvement, and possible measures to address them.



Presentation Skills for Trade Outreach Training

(July, Yangon, Myanmar) – A 5-day training course at the Customs Training School was held for customs officials, freight forwarders, and customs brokers who will be responsible for making technical presentations to audiences of trade-related stakeholders.



2nd GMS Transport and Trade Facilitation Development Partners Meeting

(Bangkok) – Key development partners (DPs) and international organizations involved in TTF support for the GMS exchanged information on the progress of their respective TTF programs. The DP meeting also discussed ways to strengthen coordination amongst DPs.



ASEAN-ADB Workshop on Implementation of the WTO Trade Facilitation Agreement in the Context of ASEAN Economic Community

(Jakarta) – Representatives of key agencies from all ASEAN member states involved in Trade Facilitation, joined by dialogue partners, discussed means of boosting trade facilitation implementation as ASEAN moves towards the AEC. [Learn more](#) ➔ p8

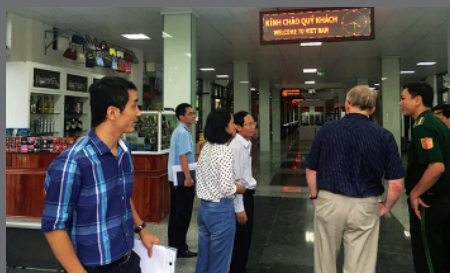
Transport and Trade Facilitation Action Program (TTF-AP) for the Greater Mekong Subregion

The TTF-AP aims for a more integrated GMS that can serve as a subregional production base and market center, with more efficient and higher volumes of land-based trade, particularly along the GMS North-South, East-West and Southern Economic Corridors. The TTF-AP works to expand transport and traffic rights, improve transit systems and procedures, and enhance coordinated border management and other TTF measures for faster, easier, cheaper, and more inclusive cross-border transport and trade. The TTF-AP also supports the strengthening of institutional capacities and improved coordination among national, subregional, regional and multilateral stakeholders.

By building upon the GMS Cross-Border Transport Facilitation Agreement (CBTA), the TTF-AP aims to tackle “software” challenges of improved connectivity across three broad areas: (i) transport facilitation; (ii) trade facilitation; and (iii) capacity building and institutional reform. The TTF-AP will also identify how the current CBTA can be

upgraded and aligned with international best practices.

ADB supports the GMS TTF-AP through four technical assistance packages implemented in close coordination with relevant government agencies and private sector organizations. As GMS Secretariat, ADB also coordinates with other Development Partners (DP) involved in TTF in the GMS, including the Government of Australia, European Union, Japan, USA, and multilateral institutions such as the World Bank and UNESCAP. A number of DP meetings on GMS TTF issues have been organized to align various work programs, thereby avoiding overlap and ensuring synergy. ❖



Expanding and Mapping Traffic Rights

Traffic rights and routes are central to transport facilitation agreements. Traffic rights provide the legal bounds by which the contracting parties transport goods into and between countries. The traffic routes on which foreign vehicles can operate need to include transport corridors that are economically viable for transport operators in the region. With traffic rights and routes having not been revised since the 1998 CBTA, the Transport Sector Report recommends the updating and expansion of traffic rights and routes in the GMS need to better address prevailing trans-shipment constraints and issues.

ADB Technical Assistance Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong (Subproject 2) (hereinafter “SP2”) is supporting this process. ADB

acts as an honest broker for, and facilitator of, traffic rights negotiations between the GMS countries, which has already resulted in a draft agreement to increase the number of vehicles allowed to operate across the border between Cambodia and Thailand from 40 to 500, alongside the opening of a second border crossing point at Hat Lek, Thailand and Cham Yeum, Cambodia. The SP2 ultimately aims to expand the current level of traffic rights to at least 500 vehicles, reciprocally, between all GMS members of ASEAN, in tandem with the completion of at least one new tripartite transport agreement. Alongside the increase of traffic rights, SP2 also supports the extension of traffic routes to better address private sector demand. Under the SP2 program, from January–October 2015 the extension of traffic rights has included:

- Development of a draft second addendum for the exchange of traffic rights for cross-border transport through the Aranyaprathet, Thailand–Poipet, Cambodia border crossing points;
- Preparation of a further draft MOU for the exchange of traffic rights for cross-border transport through the Hat Lek, Cambodia–Cham Yeum, Thailand border crossing points;
- Review of a proposed bilateral transport agreement beyond the scope of the CBTA;
- Development of a draft MOU template for Myanmar for the negotiation of cross-border traffic rights exchanges with Lao PDR, The People’s Republic of China (PRC) and Thailand; and
- Detailed analysis of the current draft text of the planned tripartite agreement among Lao PDR, PRC and Thailand.

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Simplifying and Modernizing Customs Procedures Including Transit System

SE Asia Officials Join ADB Time Release Study (TRS) Workshop in Thailand

The TRS Workshop provided an opportunity for participating countries to share their experiences in conducting TRS to improve trade-related procedures. Ms. Kajal Singh, a TRS expert from the World Customs Organization (WCO), discussed TRS in the global context and shared experiences in selected countries. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) introduced a sustainable trade and transport facilitation monitoring mechanism, a tool jointly developed by UNESCAP and ADB for business process analysis in transport and trade facilitation.

Each country presented their findings, recommendations, and the implementation status of recommendations of their TRS. Small group discussions were held to provide further recommendations on possible measures to improve cargo clearance procedures and future national TRS. The participants reaffirmed the need to improve cargo clearance procedures, including: (i) enhancing information and communication technology tools in clearance procedures, such as risk management; (ii) reduc-

ing time taken between arrivals of cargoes; and (iii) timely submission of customs clearance declarations, a common bottleneck in all countries as shown in the TRS conducted. In reviewing TRS methodology, discussions focused on the importance of designing TRS (including data collection at the checkpoint level, and selection of checkpoints) and the promotion of better coordination with other government agencies and the private sector. The participants also discussed the next steps in the drafting of the TRS Action Plan for the participating countries. ♦



Customs Officials Join ADB TRS Conference in Japan

At this conference ADB summarized the results and key findings of TRS conducted under its Technical Assistance for Trade Facilitation Support for ASEAN Economic Community Blueprint Implementation. Participants included Customs officials from Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Thailand, and Viet Nam, as well as officials from JCTB, JICA and WCO. The Conference was organized to cover two main areas: (i) the Regional TRS Report and Action Plan to implement TRS recommendations and modernize Customs operations; and; (ii) future areas of support from JCTB, JICA and WCO.

The TRS Report was presented, along with a TRS Action Plan (Action Plan), which identifies priority actions for the countries to initiate and implement. Delegates shared their key findings and experiences, and explained their plans to implement future TRS activities in light of anticipated challenges. The country-level action plans are in line with the overall Action Plan that reflects the TRS Regional Report's recommendations. The participants also highlighted the importance of: (i) data analysis at



checkpoints; (ii) high level support from management; (iii) implementation of recommendations; and (iv) strong collaboration with other government agencies (OGAs), and public and private partnerships.

A panel discussion with country representatives and DPs then presented their views on how to move beyond using TRS as a diagnostic tool in order to achieve concrete improvements in trade facilitation. Participants shared the view that: (i) TRS should be a cyclical process and monitoring is required; (ii) follow-up activities are essential (e.g., involvement of OGAs and the private sector); (iii) for Customs, outreach activities to other stakeholders are important; (iv) to keep the momentum, retaining staff and institutional memory are critical; and (v) the right approach to administrative reform is essential for success. The Japan Customs and Tariff Bureau (JCTB) also introduced their experiences on recent TRS activities, including the use of the National Single Window (NSW) to collect data for TRS activities, and methodologies employed, including data collection through the Nippon Automated Cargo and Port Consolidated System (NACCS), as well as means of involving other government bodies in the TRS processes. ♦

Expanding and Mapping Traffic Rights

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There is also a need to clarify existing traffic rights vis-à-vis traffic rights agreed under the ASEAN Framework Agreement on the Facilitation of Inter-State Transport, as well as to align traffic routes with those agreed under relevant ASEAN Agreements. Such clarity and alignment could allow the GMS to be the delivery vehicle for commitments between ASEAN and PRC, thereby deepening economic integration between ASEAN and PRC under an upgraded ASEAN-(PR)China FTA (ACFTA), and the Regional Comprehensive Economic Partnership.¹

Traffic Rights Mapping

The Mid-Term Report (MTR) recommends the mapping of current traffic rights, and defining “SMART” targets – either under the CBTA or on the basis of bilateral and trilateral discussions – that are based on economic criteria (i.e. potential volumes of trade/traffic). Mapping of bilateral and trilateral transport agreements in the GMS is being conducted to promote common templates as building blocks towards a more integrated (sub)regional transport market, and to better measure TTF progress.

An International Transport Specialist has been recruited to help complete the mapping and analysis of current agreements – the CBTA and other regional agreements (notably the ASEAN AFAFIST and AFAFGIT²) – and to develop common templates for future GMS use. The specialist will also develop a comprehensive report identifying common/divergent provisions, as

well as potential obstacles/solutions, with examples and explanations of international and (sub)regional best practices, and recommendations for a step-by-step Action Plan to develop a common (sub)regional approach to cross-border transport operations for the purposes of inter-state transit and transport, in the context of ASEAN and GMS commitments.



Developing a Road Usage Charge Scheme for Lao PDR

Landlocked Lao PDR has particularly significant potential to benefit from improved connectivity and inter-state transit. There are significant challenges, however, to realizing these benefits, including the maintenance of the country's roads. Drawing upon international best practices, the SP2 will undertake a study on the potential for levying a simple, time-/distance-based road use tax for heavy goods vehicles over a certain weight threshold, with scaled pricing according to the time/distance covered, number of axles, and other parameters. ADB has discussed and finalized the draft outline and TOR of the study with Lao PDR Ministry of Transport officials. ♦

¹ Commitment to further promote ASEAN-China Connectivity has been reiterated at Joint Media Statements issued at various high level ASEAN-China meetings, including among others, ASEAN-China Leaders Summits, ASEAN-China Transport Ministers at their special meetings on Connectivity in Nanning, PRC, September 2013, and ASEAN Economic Ministers – MOF-COM Meeting on 26 August 2014, Naw Pyi, Myanmar

² AFAFIST refers to ASEAN Framework Agreement on the Facilitation of Inter-State Transport while AFAFGIT is ASEAN Framework Agreement on the Facilitation of Goods in Transit.



Efficient Customs Operations: Support to Cambodia

Seminar on Advance Ruling System

Manufacturers, forwarders, customs brokers and business associations, as well as the government agencies and development partners, discussed Cambodia's advance ruling on customs valuation, classification, and rules of origin for further trade facilitation.

Trade Facilitation Seminar for Cambodia Customs

(July 2, Phnom Penh) – ADB Cambodia Country Director Eric Sidgwick emphasized ADB's continued support for trade facilitation in Cambodia in his opening remarks to over 100 participants from the private sector, government, and development partners. Participants discussed various aspects of trade facilitation at the event, which was organized by ADB, JICA, and Cambodia's General Department Customs and Excise.

Workshop on Customs Clearance

(August 27, Phnom Penh) – Deputy Director General Nuon Chanrith of Cambodia's General Department of Customs and Excise (GDCE) gave opening remarks at the conference, which was funded by JFPR Technical Assistance, and conducted in coordination with JICA. Recommendations and inputs on a draft customs clearance handbook were solicited from over 100 participants from the private sector, GDCE, and other government agencies.



Customs-Business Partnership

Development of an Authorized Economic Operator (AEO) Scheme

(July 27-29, Myanmar) – A 3-day introductory workshop for AEO Account Managers in Myanmar was held to provide participants with all of the information that they need in order to decide on the broad scope and coverage of the AEO scheme, its implementation, and its day-to-day administration.

(September 3-9, Hanoi, Viet Nam) – A Joint Pilot Workshop on AEO and Regulated Agents and Known Consignors (RA/KC) for Viet Nam Customs (the Workshop) provided a forum to exchange information and strengthen mutual understanding on current developments and issues in the AEO and RA/KC programs. The Workshop was co-organized with WCO, the International Civil Aviation Organization, and the General Department of Viet Nam Customs.



Support for Enhanced Transport and Logistics

Developing Subregional Trade Logistics Systems: Private Sector Support



Private sector transport operations in the GMS are unevenly developed due to economic reasons, the varying size and scope of domestic goods and passenger transport industries, freight forwarding and logistics capacities, and deep-rooted operational practices. The private sector requires support in developing subregional (or cross-border) transport services and trade logistics, especially in Cambodia, Lao PDR, Myanmar and Viet Nam (the CLMV countries), in order to better exploit the opportunities that can benefit business as well as consumers. The increasing mobility of goods and people are key drivers in the establishment of the single market and production base by the ASEAN Economic Community (AEC). [Learn more](#) ➡ p9

Aligning CBTA Customs Transit Systems with International Best Practices

Preparing Cambodia–Lao PDR–Myanmar–Viet Nam (CLMV) Countries to Implement Electronic Customs Transit System

Assistance is being provided to help prepare CLMV countries to implement an electronic Customs Transit System (eCTS) in line with current international best practice. To this end, efforts are underway to design and develop an ASEAN Customs Transit System (ACTS) along the North-South Corridor between Singapore, Malaysia and Thailand, followed by full roll out along the East-West Corridor (amongst others) beginning in 2017.

A gap analysis is being undertaken to assess the current level of CLMV preparedness for ACTS implementation, including a review of countries' legal and regulatory frameworks, operating systems and procedures, and human and institutional capacities. The analysis will contribute to the development of a comprehensive work plan for each country to address the identified gaps and constraints in adopting ACTS, and identify specific responsibilities of various stakeholders, such as the GMS National Transport Facilitation Committees (NTFCs), Customs agencies, transport ministries, financial institutions (insurance), and private sector representatives (transport operators and traders).

A first round of country missions and consultations has been completed with national Customs authorities in Cambodia, Lao PDR, and Myanmar, as well as with concerned development partners, to: (i) share information on the current ACTS pilot project, current transit rules and procedures in the three countries, and (ii) facilitate the future roll out and interoperability of the ACTS with the countries' national systems.

CBTA Realignment

Myanmar and Thailand fully ratified all protocols and annexes of the GMS Cross Border Transport Facilitation Agreement (CBTA) in 2015. This encouraging development will help facilitate the transport of goods and

people across GMS countries faster, cheaper, and easier, spurring the growth of land-based trade and transport markets. The implementation of the CBTA will also allow a better alignment of GMS corridors with maritime gateways and trade hubs, further enhancing their economic viability.

To help ensure that the CBTA is aligned and updated with international best practices – including transit and in-

land Customs clearance procedures – a workshop was organized in June 2015 to identify tasks, allocate responsibilities, and agree on a methodological approach for the update of the CBTA. The workshop also discussed the transposition of the CBTA, its Annexes and Protocols into a matrix, to allow article-specific comments and key recommendations for each component of the CBTA in line with the agreed-on methodology. A sample commentary and key recommendations were completed for CBTA Annex 6 on the GMS Transit and Inland Customs Clearance

Regime to inform the approach going forward.

Coordinated Border Management (CBM)

Support is also being provided for the implementation of coordinated border management, including joint customs inspection, at selected corridor border crossings within the GMS, with the aim of achieving a 30% decrease in overall clearance times, in line with Annex 4 of the CBTA on single stop inspection (SSI).

Consultations were held with concerned government agencies in Viet Nam and Lao PDR to prepare a joint review of SSI at the Lao Bao–Dansavanh border, where full SSI was launched on 6 February 2015. Five other border crossings were also identified for the possible application of SSI: (i) Savannakhet, Lao PDR – Mukdahan, Thailand; (ii) Moc Bai, Viet Nam – Bavet, Cambodia; (iii) Cham Yeam, Cambodia – Hat Lek, Thailand; (iv) Aranyaprathet, Thailand – Poipet, Cambodia; and (v) Mae Sot, Thailand – Myawaddy, Myanmar. The crossings will be appraised for their potential to implement Annex 4 of the CBTA. This assessment will also help identify what future SSI activities could benefit from SP2 support. ❖



ASEAN-ADB Workshop on Implementation of the WTO Trade Facilitation Agreement in the Context of ASEAN Economic Community

The workshop was attended by 70 participants from all ASEAN Member States (AMS), including officials dealing with TTF, representatives from ASEAN TTF-related bodies, and DPs supporting ASEAN TTF initiatives. The workshop was considered a landmark event, as it was the first time AMS had met with all DPs involved in TTF. It was also timely, following the recent endorsement of the WTO TFA, and the ASEAN Economic Ministers' (AEM) decision to elevate Trade Facilitation high in the agenda of the AEC.

The workshop focused on two main areas: (i) the WTO TFA and the ASEAN Trade Facilitation Initiatives, and (ii) the role of DPs in supporting trade facilitation initiatives in ASEAN. The workshop provided a forum for more detailed and frank discussion among AMS and their DPs. Countries highlighted a number of challenges, including: (a) customs and other regulatory agencies' coordination (e.g., establishing TF national committees), private sector coordination, and DPs coordination; (b) political will and national strategy development; and (c) international, regional and national frameworks. Technical challenges identified by countries included the development of national single window inspections, customs automation, non-tariff barriers (NTBs) review, and single stop inspections (SSI) at the land borders. Key workshop recommendations included:

- a) Seizing the momentum and existing political will to provide the required push for trade facilitation reform;
- b) Involving and coordinating among trade facilitation-related agencies to ensure harmonized trade facilitating policies at the national level. Each country should consider adopting a national strategy where trade facilitation plays an important role in enhancing the competitiveness of traders, especially the SMEs. In line with these recommendations, establishing National Trade Facilitation Coordinating Committees is important;
- c) Streamlining TF Coordinating Committees at the national, regional (ASEAN) and multilateral (WTO) level to ensure consistency and better national-regional coordination. This would envisage the involvement of the same committee members at all levels;
- d) Continued capacity building for newer AMS. Trained officials need to apply the knowledge, and within ASEAN more advanced AMS need to step up efforts to transfer knowledge and expertise to raise the capacities of other AMS to facilitate trade more efficiently and effectively, both within the region, and globally; and
- e) Ensuring coordination among DPs, especially through the soon-to-be-revived ASEAN Trade Facilitation Joint Consultative Committee to help advance TTF in the region. ♦



Partnership with Other Development Partners



(March 12-13, Bangkok, Thailand) – The 2nd GMS Transport and Trade Development Partners meeting was held to take stock of emerging TTF issues in the GMS and ASEAN, as well as progress in the projects and programs of each DP. The meeting was co-chaired by Ms. Emma Tiaree, Counsellor, Australian Embassy in Thailand and attended by representatives from the Department of Foreign Affairs and Trade (DFAT) Australia, ASEAN Secretariat, European Union (EU), USAID, Japan International Cooperation Agency (JICA) Myanmar and Lao PDR, the World Bank, UNESCAP and World Customs Organization Asia Pacific Regional Office for Capacity Building. Key decisions arrived at included:

- a) The TTF Action Framework (AF) will be updated to include national activities to better capture DPs support at all levels of the TTF Pyramid and to facilitate gap identification;
- b) The GMS TTF DPs will meet at least once a year. They will explore means of developing common approaches for monitoring and evaluation beyond project level information sharing and collaboration. The partnership will remain informal pending eventual adoption of a common M&E approach;
- c) There is a need to involve more DPs in the mechanism, and the next GMS DPs meeting was identified as an opportunity to reach out to other DPs; and
- d) The AF would be presented at the 7th GMS Economic Corridor Forum. At the next IAI Task Force Meeting, the ASEAN Secretariat would also report the GMS TTF AF as a means for supporting CLMV in parallel to the initiative for ASEAN Integration. ❖

For further information about TTF in the GMS, please contact:
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Developing Subregional Trade Logistics Systems: Private Sector Support

The SP2 is supporting the development of subregional trade logistics systems through dialogue with the private sector on new developments, including the extension of traffic rights, and practical demonstrations of planned transit arrangements under the ACTS. Moving forward, the project will support more intra-regional linkages, with a view to encouraging greater market integration and consolidation through strategic alliances and joint ventures.

Greater consolidation within the freight transport and forwarding sectors is essential to establishing entities of efficient size to undertake third party logistics services. Cambodia and Lao PDR, for example, require assistance in determining how to develop fleet-operated transport, including local distribution, storage and freight forwarding services for both bilateral and transit trade. One option to address the



weak capacity of the logistics sector in GMS is to encourage foreign transport operators to build the capacities of domestic operators through further liberalization of traffic rights based on strategic partnerships or joint ventures. The GMS Freight Transport Association (FRETA) could potentially play a facilitation and capacity building role, but FRETA's position against that of the ASEAN Freight Forwarders Association (AFFA) needs to be understood before defining its possible role in facilitating logistics services. Activities carried out during the current reporting period included:

- Consultations with the Myanmar Freight Forwarders Association during project inception missions;
- Briefings and Q&As with CLMV private sector representatives and operators, as part of the Output 1 live eCTS demonstrations; and
- Inclusion of private sector consultations as part of the traffic rights negotiations under the CBTA review and the road usage scheme in Lao PDR. ❖