

# **Bhutan Status of Cross Border & Transit Transport**

21<sup>st</sup> January 2014

Hotel Taj Tashi, Thimphu

# **TRANSPORTATION SYSTEM**

- **Road- the principle mode of transport in Bhutan.**
- **Construction began in early sixties**
  - **national road network expanded over 10,000km**
- **All twenty districts are connected by road network**
- **Road construction in the country is costly and challenging due to rugged mountainous terrain.**
- **Air services:**
  - **operate to nine destinations in six countries:**
    - **India- Delhi,Kolkata,Gaya,Guwahati,Bagdogra**
    - **Dhaka- Bangla Desh,**
    - **Katmandu-Nepal,**
    - **Bangkok –Thailand,**
    - **Yangoon-Myanmar**
    - **Singapore.**
- **Tashi Air-A private airline has commenced operation recently**
- **Domestic air services commenced since December 2011**
- **No rail transport, no inland water transport and no dry port**

# TRANSPORTATION SYSTEM CONTD.

- **Motorization has been rapid:**
  - With 13,584 in 1997
  - 67,499 in 2012
  - with an annual increase of 11%
  
- **Vehicle model split:**
  - Trucks/Buses -14%
  - Light vehicles/passenger cars -58%
  - 2Wheelers -14%
  - Taxis -08%
  - Others -06%

# TRANSIT ROUTE

- **To third countries including Bangladesh and Nepal via Indian territory.**
- **Nepal:**
  - Panitanki (India) and Kakarbhitta (Main Route)
  - Raxaul (India) -Birgunj (Also agreed)
- **Bangladesh:**
  - Changrabanda (India) and Burimari (Bangladesh) - 115 Km from Phuentsholing (Main route)
  - Dawki (India) and Tamabil (Bangladesh) from eastern Bhutan (mainly in exporting oranges from southeastern Bhutan to Bangladesh)
  - Dalu (India) – Nakugaon (Bangladesh) and Gasuapara (India) – Haluaghat (Bangladesh)
  - Fulbari (India) - Banglabandha (Bangladesh) and Dhubri (India) - Noonkhawa (Bangladesh)

## Exit/entry points in India for the imports into and exports from Bhutan

<b>I.</b>	<b>India side checkpost</b>	<b>Bhutan Side Checkpost</b>
1	Birpara	Gomtu/Pugli
2	Chamurchi - road route	Samtse
3	Darranga - road route	S/Jongkhar
4	Hathisar (Gelephu) - road route	Gelephu
5	Jaigaon - road route	Phuentsholing
6	Partshala	Nanglam
7	Rangapani-road route	Lhamoizingkha
8	Ulta Pani - road route	Jitti

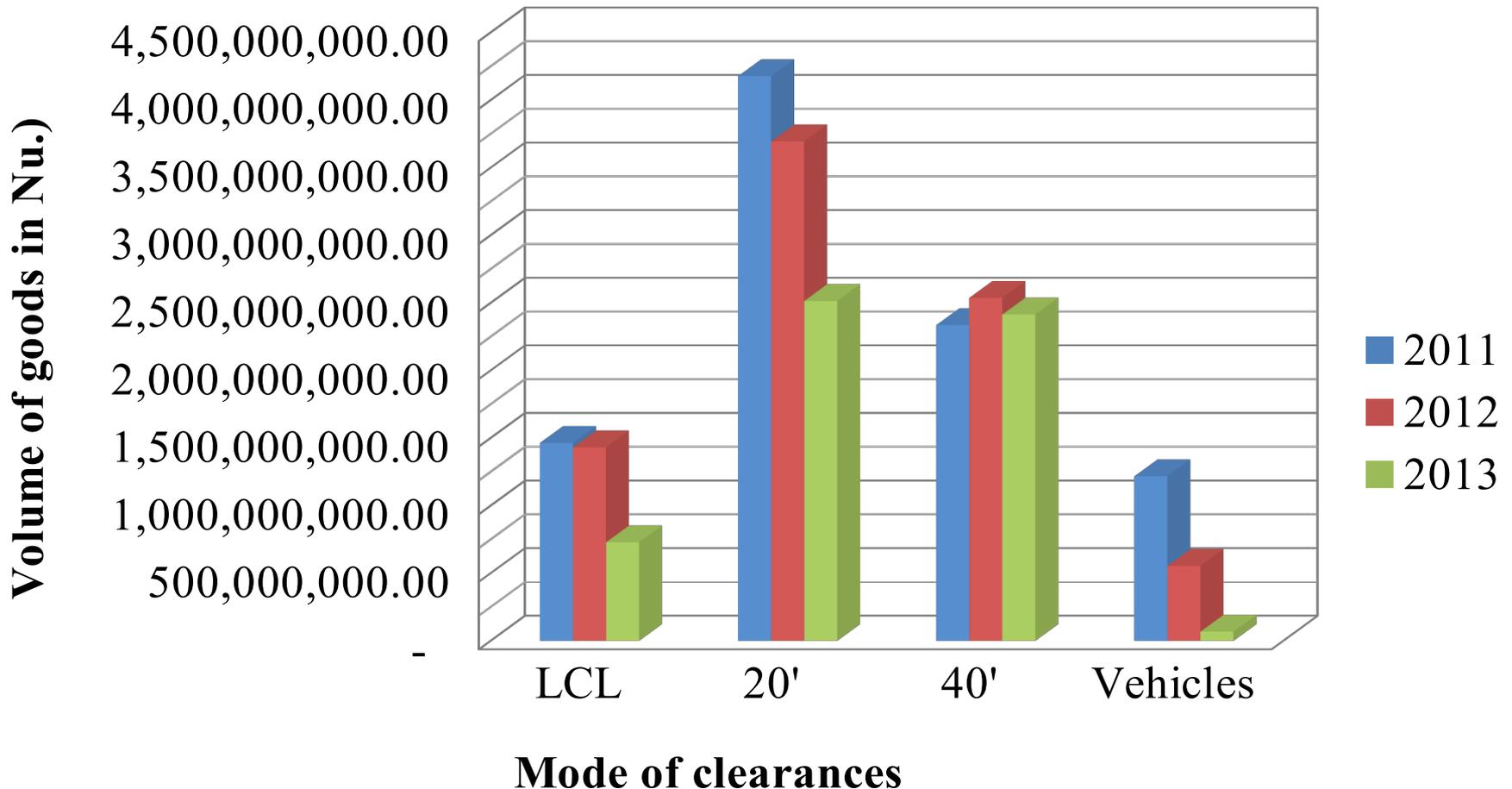
<b>II</b>	<b>Other Transit routes</b>
1	Changrabandh - road route
2	Chennai - sea & air route
3	Dawki - road route
4	Dhubri - riverine route
5	Haldia - sea route
6	Kolkata - air & sea route
7	Mumbai - sea & air route
8	New Delhi - air route
9	Panitanki - road route
10	Phulbari - road route
11	Raxaul - road & rail route

	<b>Future Transit Routes</b>
1	Chittagaong, Bangla Desh
2	Mongla Port, Bangla Desh

# Major types of vehicles used in cross-border and transit transport

- Standard Truck (18'x7') upto 09 MT
- Mini Truck (12'x6') upto 05 MT
- Standard Trailer (40'x9'x9') upto 18 MT (not valid for container transport)
- More than 18 MT per ton (not valid for container transport)
- 1x20' container upto 18MT (on one vehicle)
- More than 18 MT per ton (on one vehicle)
- 2x20' container upto 18 MT (on one vehicle)
- More than 18 MT per ton (on one vehicle)
- 40' container upto 18 MT
- More than 18 MT per ton
- Low bed trailer (20'x10'x12') upto 18 MT
- More than 18 MT per ton

# Volume and types of goods and containerization Kolkata to Phuentsholing (amount in Ngultrums/rupees)



# IMPORT & EXPORT STRUCTURE

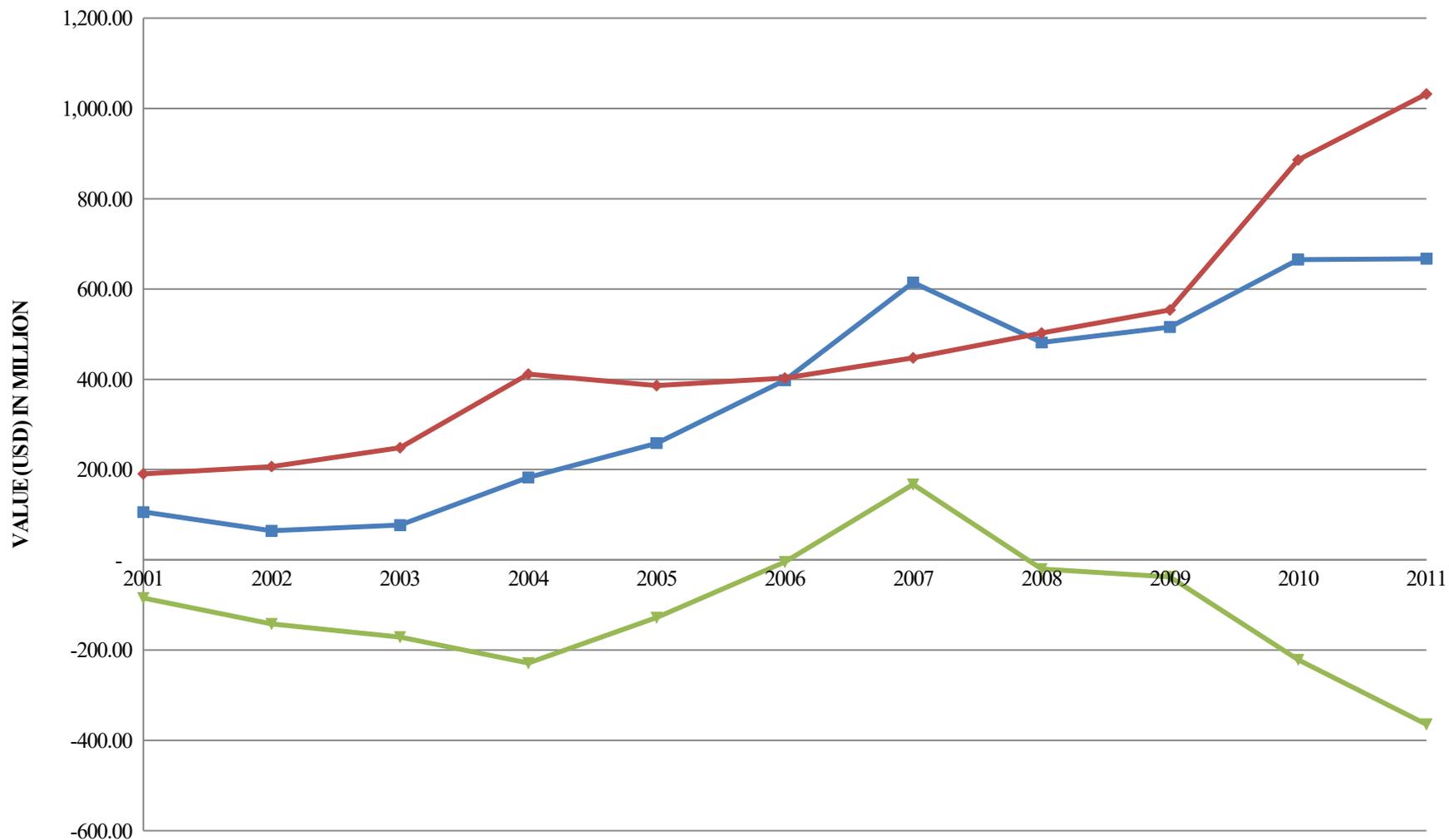
- ***IMPORT FROM INDIA:***
  - As per the Bilateral Trade Agreement
  
- ***THIRD COUNTRY IMPORT:***
  - All imports via Kolkata Port, India
  - Bangladesh and Nepal via Indian Territory

# BHUTAN'S TOP TEN IMPORT AND EXPORT DESTINATIONS, 2011

Sl. No	Country	Export (\$ M)	Country	Import (\$ M)
1	India	341.45	India	754.04
2	Hong Kong	72.96	South Korea	62.49
3	Bangladesh	26.28	Singapore	39.52
4	Japan	2.79	Japan	32.92
5	Italy	2.56	Thailand	26.22
6	Germany	1.76	China	18.82
7	Nepal	1.63	Italy	13.75
8	U.K	0.56	Germany	13.70
9	Singapore	0.26	French Polynesia	12.94
10	China	0.13	Sweden	12.46

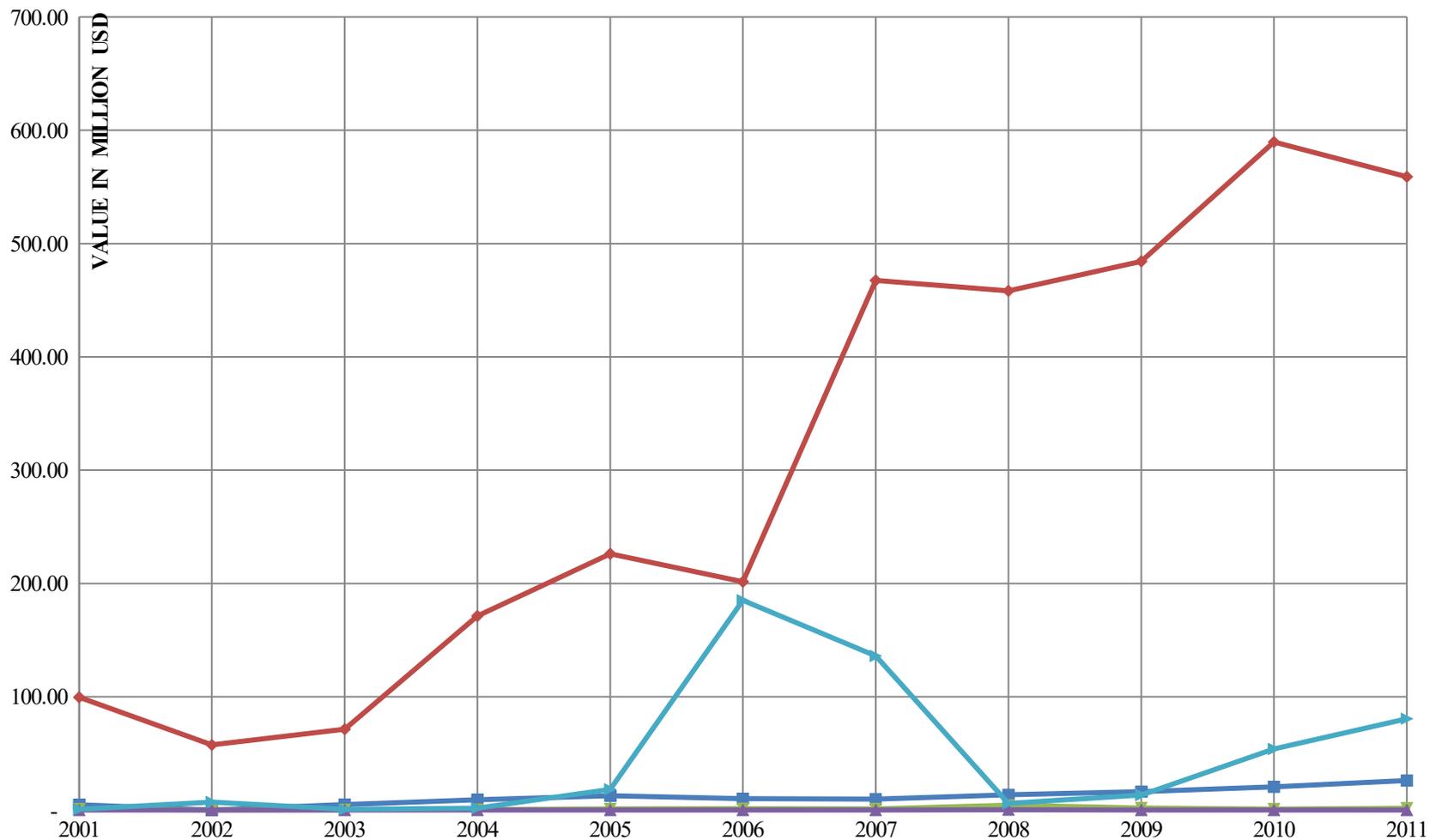
*Source: Bhutan Trade Statistics 2011, DRC, Ministry of Finance, Thimphu.*

# ***BHUTAN'S OVERALL EXPORT, IMPORT AND TRADE BALANCE, 2001-2011***



Source: Bhutan Trade Statistics, DRC, Ministry of Finance, Thimphu, Bhutan.

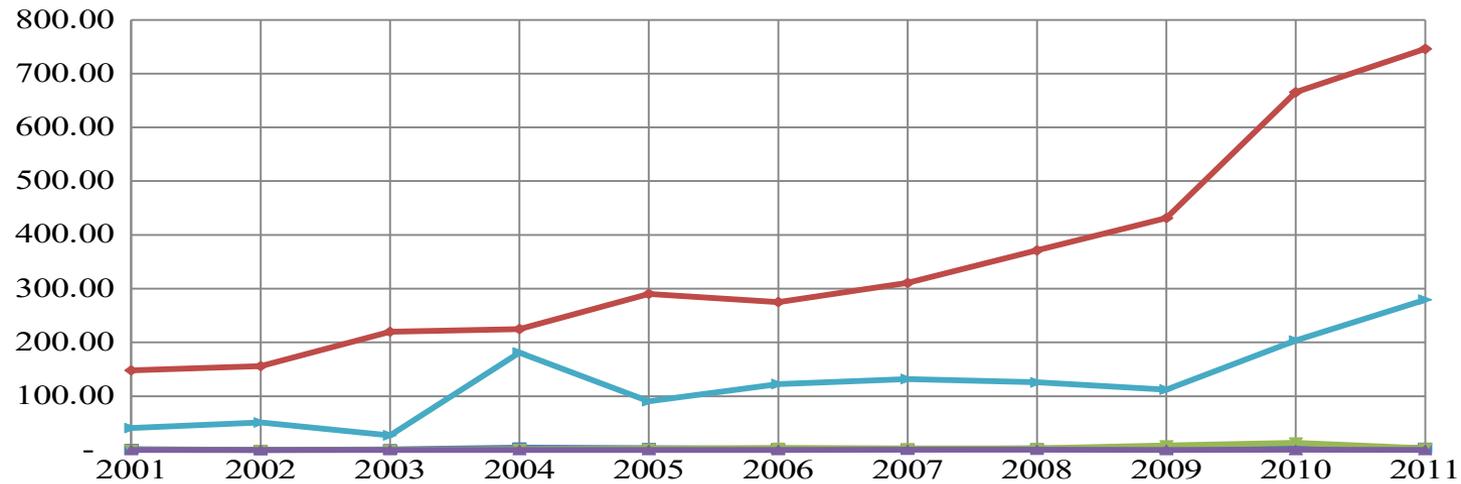
# ***BHUTAN'S OVERALL EXPORT PERFORMANCE, 2001-2011***



*Source: Bhutan Trade Statistics, DRC, Ministry of Finance, Thimphu.*

# ***BHUTAN'S OVERALL IMPORT PERFORMANCE, 2001-2011***

VALUE IN MILLION USD

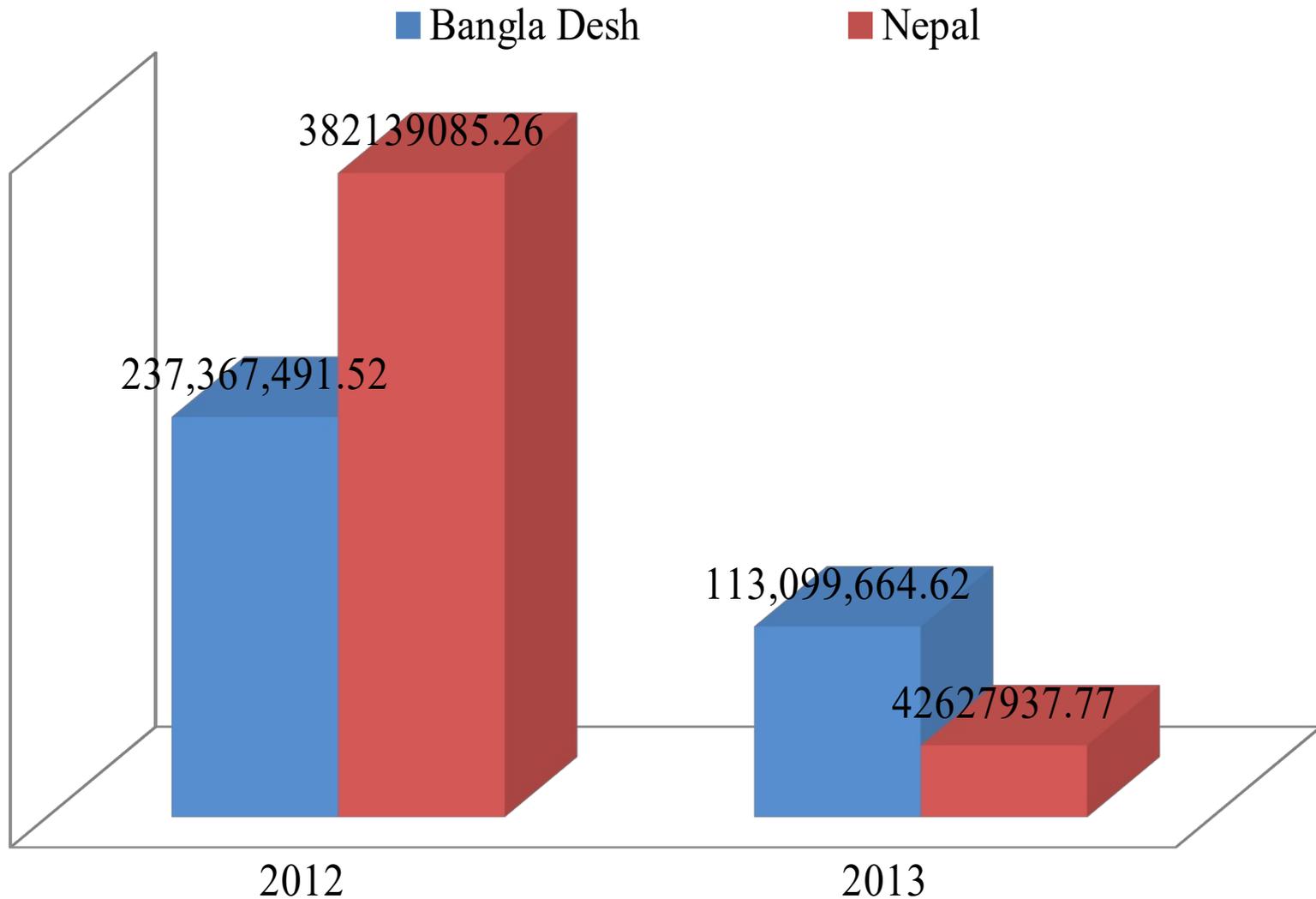


Source: Bhutan Trade Statistics, DRC, Ministry of Finance, Thimphu.

# Import Statistics through Phuentsholing(Nu.)

<b>I. Import</b>	<b>2012</b>	<b>2013</b>
Bangla desh	237,367,491.52	113,099,664.62
Nepal	382139085.3	42627937.77
<b>II. No of vehicles</b>		
Bangla desh	393	216
Nepal	247	142
<b>III. No. of Transactions</b>		
Bangladesh	394	216
Nepal	247	142

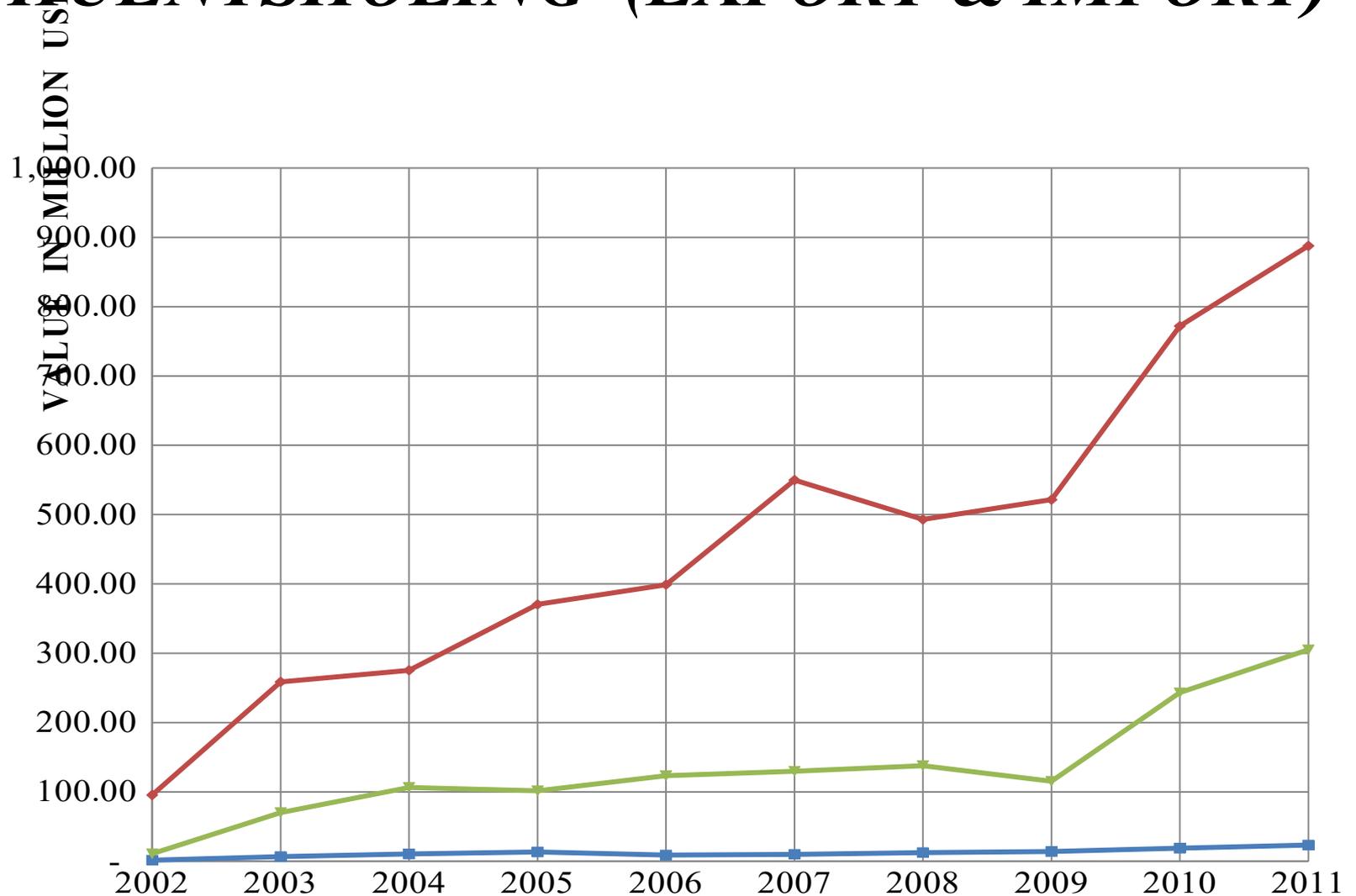
# Import from Nepal & Bangla Desh in 2012-2013 through Phuentsholing



# Export Statistics through Phuentsholing (Nu.)

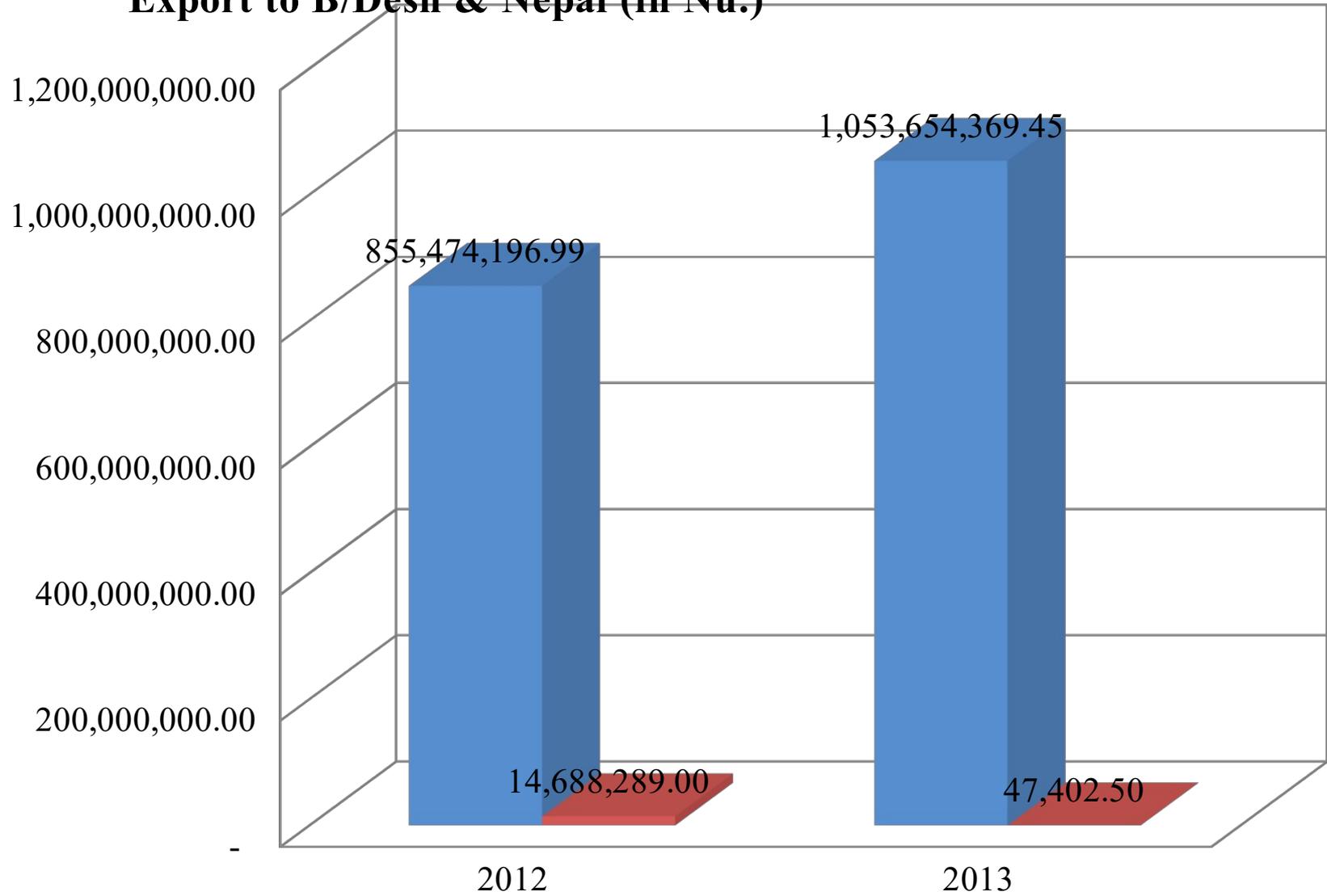
<b>I. Export</b>	<b>2012</b>	<b>2013</b>
B/Desh	855,474,196.99	1,053,654,369.45
Nepal	14,688,289.00	47,402.50
<b>II. No of v/cles</b>		
B/Desh	6739	6679
Nepal	61	61

# ***TOTAL TRADE THROUGH PHUENTSHOLING (EXPORT & IMPORT)***



Source: Bhutan Trade Statistics, DRC, Ministry of Finance, Thimphu.

# Export to B/Desh & Nepal (in Nu.)



■ Bangla desh ■ Nepal

# IMPORT & EXPORT DOCUMENTS

EXPORT	IMPORT
<ol style="list-style-type: none"> <li>1. Trade license</li> <li>2. Commercial Invoice;</li> <li>3. Packing List;</li> <li>4. Certificate of Origin;</li> <li>5. Export Declaration;</li> <li>6. Insurance document, as applicable;</li> <li>7. Transport Bill (truck receipt);</li> <li>8. Phyto-sanitary and zoosanitary certificates</li> <li>9. Letter of authorization from the exporter to the clearing agent where such agent is appointed by the exporter.</li> </ol>	<ol style="list-style-type: none"> <li>1. Bill of Lading;</li> <li>2. Commercial Invoice attested by the bank through which payment has been made;</li> <li>3. Packing List;</li> <li>4. Certificate of Origin;</li> <li>5. Certificate of insurance, as applicable;</li> <li>6. Transport Challan/Bill; and</li> <li>7. Special permit from the Government agency concerned when a restricted product is imported either from India or third countries (not relevant in the case of import of fruit juices from Bangladesh).</li> </ol> <p><b><i>Additional documents required for Third Country Import:</i></b></p> <ol style="list-style-type: none"> <li>8. Customs copy of Import License;</li> <li>9. Letter of Guarantee issued by RRCO or LTO, Kolkata;</li> <li>10. Jetty Challan* for the Port Trust Authority (PTA), Kolkata;</li> <li>11. Loading Order* from the Port, Kolkata;</li> <li>12. Dispatch Challan* from LTO, Kolkata;</li> <li>13. Import Declaration Form (CD Form-III);</li> <li>14. Exchange Control Copy of the payment instruction issued by the Bhutanese Bank.</li> </ol> <p>(* items not needed for import from Bangladesh or Nepal)</p>

# Roles of Various Agencies

## Export to Bangla Desh:

### **1. Deptt of Trade/RTIO:**

1. Issues Trade license.
2. Issue of COO.
3. Ensure to be registered member of BCCI.
4. Issue token.

### **2. Ministry of Home & Cultural Affairs/Royal Bhutan Police:**

5. Issue security clearance certificate.

### **3. Bhutan Chamber & Commerce Industries:**

6. Traders register as member

### **4. Bhutan Food Regulatory Authority:**

1. Issues phyto-sanitary certificate against exports.

# Roles of Agencies for Export to Bangla Desh cont...

## **5. Ministry of Health:**

- ✓ issues medical certificates to labours

## **6. Ministry of Labour & Human Resource:**

- ✓ Issues labor permit to Bangla Beshi labours

## **7. Bhutan Exporter Association:**

- ✓ coordinates exports.
- ✓ Apply labour permit once requirement submitted by exporters.
- ✓ Apply for phyto-sanitary certificate

## **8. Customs:**

- ✓ Issues export declarations

## **9. Bhutan Importer:**

- Cross check with bank on the deposit of sales proceed.
- Arrange transport till indo-bangla border.

# Roles of Various Agencies

## Import Clearance of Bangla Desh goods to Bhutan:

### 1. Deptt of Trade/RTIO:

- Obtain Trade license.
- Obtain import license.
- Register for import house permit.

### 2. Ministry of Home & Cultural Affairs/Royal Bhutan Police:

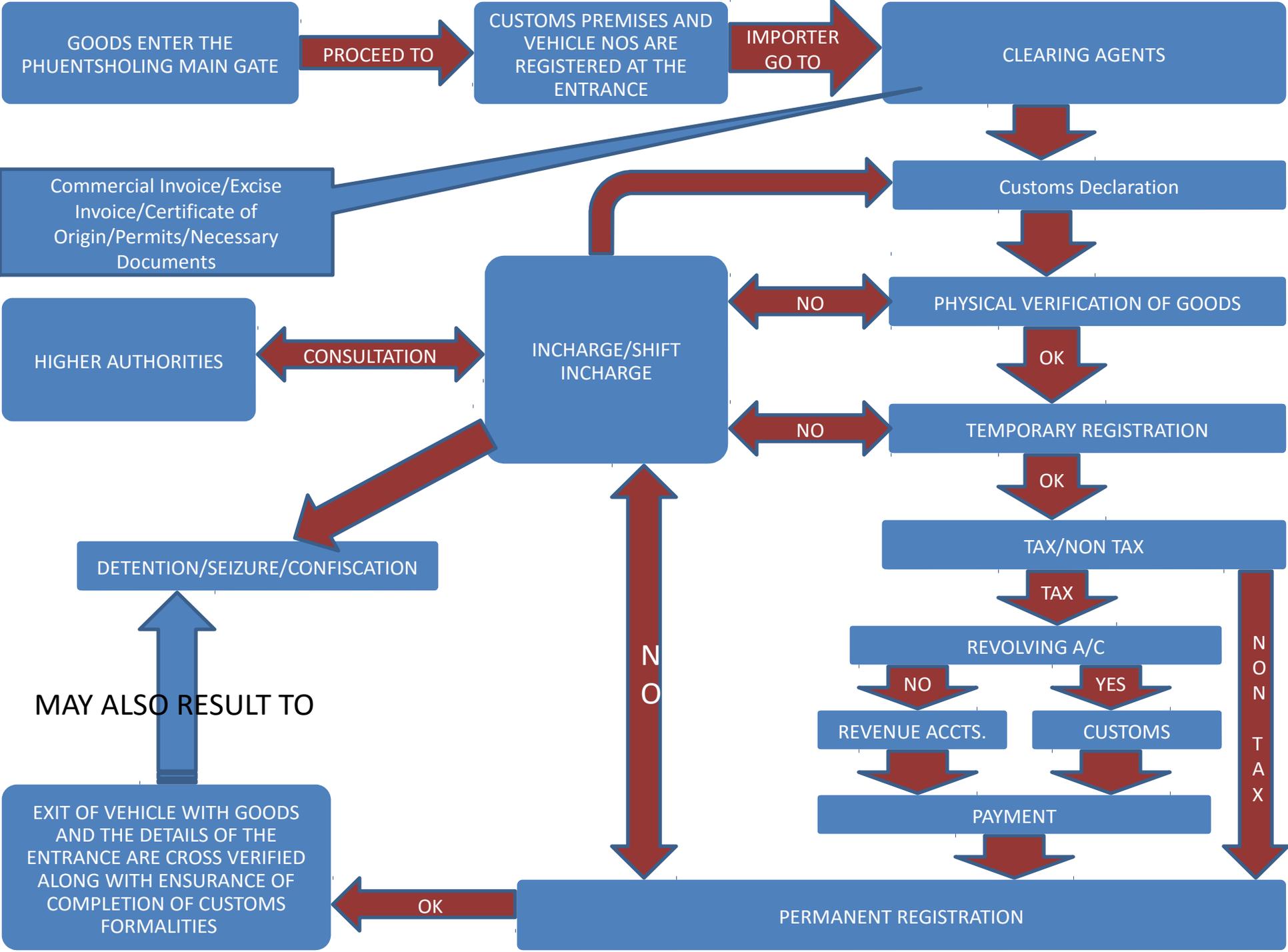
- Obtain security clearance certificate.

### 3. Bhutan Importer:

- Transfer money to exporter.
- Arrange transport from indo-Bangla border

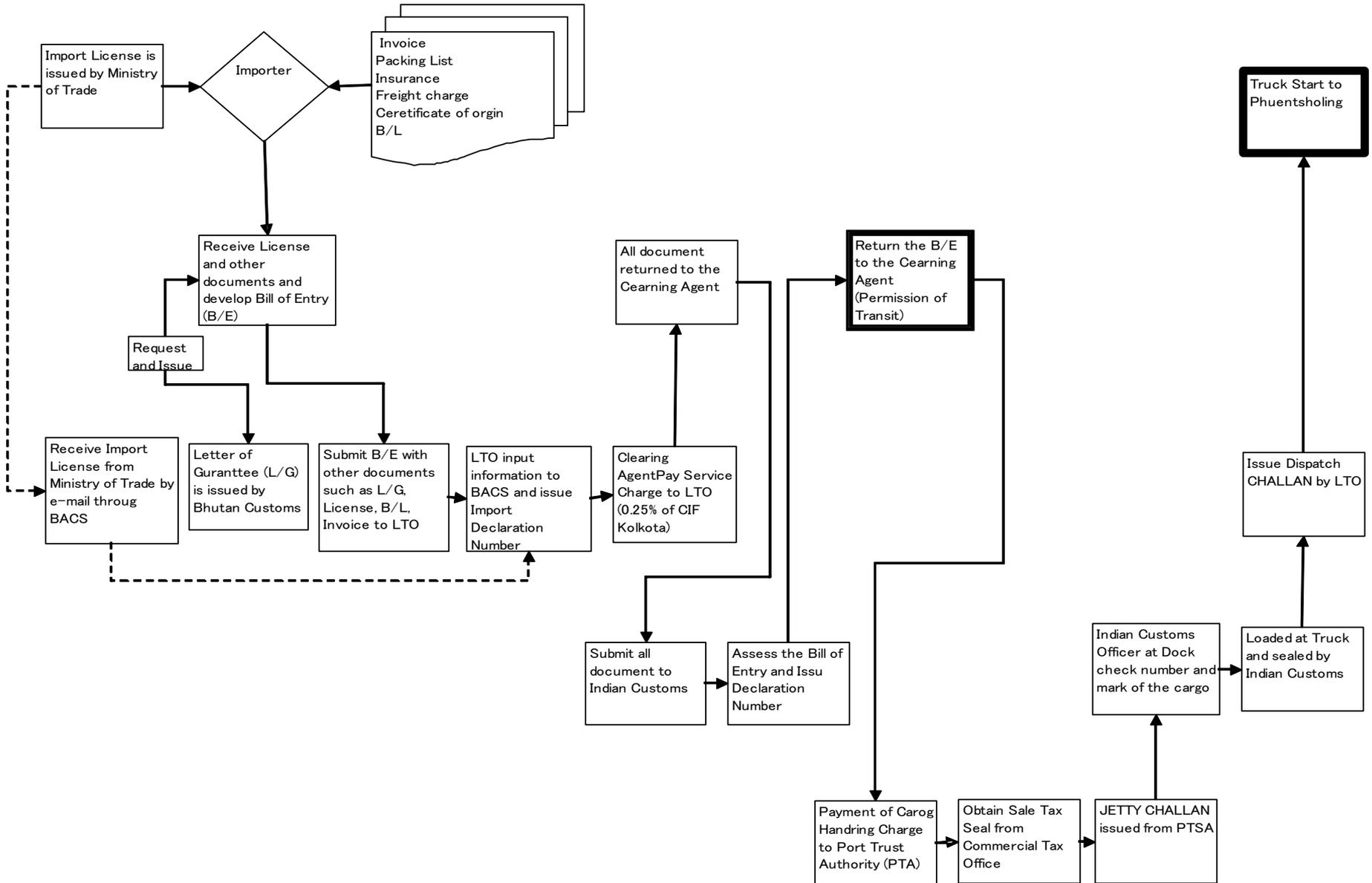
### 4. Customs:

- Issues letter of gurantee.
- Clearance of goods at Burimari.
- Clearance of goods at Changrabandha
- Issue import declaration.



# Procedure Flow Chart at LTO, Kolkata, India

[APPENDIX 3, WCO SAFE FoS Diagnostic Report, p. 57]



# **ADB Assisted Initiatives**

- ***SASEC Road Connectivity Project***
- ***SASEC Trade Facilitation Program***

# SASEC Road Connectivity Project

- ***DEVELOPMENT IMPACT:***

- Industrial development and regional trade promoted in the southern economic hubs
  - Mini Dry Port in Phuentsholing
  - Northern By-Pass & Bridge in Phuentsholing
  - Customs Land Station at Allay, Bhutan
  - Road Access to Pasakha, Bhutan

- ***PROJECT OUTCOME:***

- Efficient, safe, and expanded capacity of road transport infrastructure in the southern region of Bhutan with India and through India to Bangladesh and Nepal:
  - Road Network II Project (On-Going)
  - National Highway - Nganglam & Dewathang (Pipeline)

# SASEC-TFP Objective

*(Source: PDS, ADB)*

Type/Modality of Assistance	Approval
Loan (70%) & Grant (30%)	Approved by the ADB Board on 29 <sup>th</sup> November 2012

➤ **Development Impact & Project Outcome (Regional):**

- Increased intra-regional trade in the SASEC region
- Faster and cheaper processing of cross-border trade in the SASEC region

➤ **Outputs (National):**

- Modernized and more effective customs administration
- Streamlined and transparent regulations and procedures
- Improved information and responsiveness to the private sector

# Core Policy Action Commitments

- Accession & Compliant to Revised Kyoto Convention (RKC), WCO
- Customs Management Module (CMM), Revenue Administration & Management Information System (RAMIS)
- National Trade Facilitation Committee

# Bhutan Customs: Current Status

- For Third country Imports- majority of the goods are transported in containerized cargo.
- Goods coming from India- are transported in open trucks
- Free entry and exit of vehicle to the country within proximity 7-10 KM
- Multi-enforcement agencies involved to clear the goods

# Changes over time in Bhutan's doing business scenario (2006-2013)

- Cost of export and import has almost double since 2011.

## *Export:*

- 2006 – 2008: \$ 1,150 per container
- 2009 – 2010: \$ 1,210 per container
- 2011 – 2013: \$ 2,230 per container

## *Import:*

- 2006 – 2008: \$ 1,780 per container
- 2009 – 2010: \$ 1,840 per container
- 2011 – 2012: \$ 2,505 per container
- 2013-- \$ 2,330 per container

# CHALLENGES

- Lack of tracking equipments for tracking the movement of good for predictability purpose
- Manual verification of consignments.
- Narrow road conditions.
- Multi check post on the highways (local authorities)
- Lack of multi-access bypass from importing country to exporting countries.
- Non involvement of customs in border coordination meetings

**TASHI DELEK & THANK**  
**YOU**