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Q1: Respondent details

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Q2: Country or Customs territory

BHUTAN

Q3: Organization

Public sector

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Q4: Title of case story

Instituting national committee on trade facilitation in Bhutan

Q5: Case story focus

Trade Facilitation.

Q6: Case story abstract

Bhutan is a small landlocked nation situated in South Asia, and an observer to the WTO since 1999. As a landlocked country, trade facilitation is a priority policy agenda for the country and it actively participates in many trade facilitation activities and programmes both at national and international level. Apparently, it was important for Bhutan to institute a national committee on trade facilitation, a body responsible to oversee all trade facilitation matters in the country. With technical assistance from the Asian Development Bank (ADB), the National Transport and Trade Facilitation Committee (NTTFC) was established in 2013 and it is still at its infant stage. Considering the need and importance of such committee, it is timely that the committee is now established and the members of the committee with support from the government are committed to further strengthen and maintain a well-functioning committee to promote trade and development in the country.

Q7: Who provided funding?

Other (please specify)
Asia regional development organization

Q8: Project/Programme type

Single country

Q9: Your text case story

Bhutan is a small landlocked least-developed country (LLDC) located in South Asia at the eastern end of the Himalayas. Its development policy is guided by the principle of Gross National Happiness (GNH) that strives to balance spiritual and material advancement through sustainable and equitable socio-economic development; preservation and promotion of culture and tradition; conservation of environment; and good governance. The country recognizes trade and trade facilitation measures as an integral part of development for growth and employment generation. Bhutan is a founding

facilitation measures as an integral part of development for growth and employment generation. Bhutan is a founding member of South Asian Association for Regional Cooperation (SAARC), and it is an Observer to the WTO. Bhutan was granted the Observer status to WTO in 1999 with the establishment of its Working Party for accession.

Reducing trade cost and improving trade efficiency is a big challenge for Bhutan due to its topography and various other factors. The World Bank's Doing Business Report 2013 ranked Bhutan 172 out of 185 countries in its 'trading across borders' category, and it was found that apart from infrastructure bottlenecks, the factors that hampered trade competitiveness and market opportunities for Bhutan were: (i) regulatory constraints (ii) complicated trade procedures and formalities (iii) absence of a fully automated customs system, and (iv) weak coordination among domestic agencies. This prompted the government to prioritize and focus on trade facilitation programmes and activities with objective to improving trade efficiency through reduction of time and cost and alignment of procedures and practices with internationally accepted standards. Bhutan's accession to the International Convention on Simplification and Harmonization of Customs Procedures popularly known as the Revised Kyoto Convention (RKC) in 2015 has further elevated the importance of trade facilitation as a priority policy for Bhutan. Since then, there have been a number of activities and programmes initiated and participated by Bhutan in the trade facilitation front. The establishment of National Trade Facilitation Committee (NTFC) in February 2013 marked a significant progress in Bhutan's trade facilitation efforts. The WTO Trade Facilitation Agreement (TFA) which was concluded at the Bali Ministerial in 2013 was another catalyst that invigorated the plan to establish national committee on trade facilitation in Bhutan.

Bhutan's NTFC was established by an Executive Order issued by the Hon'ble Secretary, Ministry of Finance, Royal Government of Bhutan in February 2013. The Committee was initially established as part of South Asia Sub-regional Economic Cooperation (SASEC) Trade Facilitation Programme with Technical Assistance (TA) from Asian Development Bank (ADB) to ensure proper coordination and smooth implementation of the cross-sectoral SASEC Trade Facilitation programme. However, with the signing of the Motor Vehicle Agreement between Bangladesh, Bhutan, India, and Nepal (BBIN) in July 2015, the scope and mandate of NTFC was further strengthened with inclusion of transport sector. Hence, the erstwhile National Trade Facilitation Committee was reconstituted as National Transport and Trade Facilitation Committee (NTTFC) with effect from 17 August 2015 with inclusion of the transport component. The objective of this reconstitution was to enable the committee to address effectively the transport-related matters as well in its process for further integration of trade into the multilateral trading system. The primary objective of the establishment of NTTFC was to encourage modernization of trade and transport practices including inter-modal transport in support of foreign trade and national economic development objectives through: (a) coordinative, review and monitoring role, (b) advisory, consultative and recommendatory role, and (c) awareness creation and capacity building role. The NTTFC is collectively accountable to the cabinet through the cabinet secretary and individually to the head of respective ministries or organizations they represent.

Currently, the NTTFC Secretariat is based with the Department of Revenue and Customs (DRC) under the Ministry of Finance (MoF). The NTTFC is chaired by the Finance Secretary with the Director, Department of Trade (DoT) under Ministry of Economic Affairs (MoEA) as the vice chair and the Director, Department of Revenue and Customs as member secretary. The NTTFC is represented by all relevant stakeholders, including the private sector and is the apex body in trade facilitation front. In order to effectively discharge its roles and responsibilities, the Committee is represented by the heads of the relevant agencies. The list of members of NTTFC are as follows:

1. Secretary, Ministry of Finance (Chairperson)
2. Director, Department of Trade, Ministry of Economic Affairs (Vice Chairperson)
3. Director, Department of Revenue and Customs, Ministry of Finance (Member Secretary)
4. Director General, Bhutan Agriculture & Food Regulatory Authority (BAFRA), Ministry of Agriculture and Forests
5. Director General, Road Safety and Transport Authority
6. Director General, Department of Immigration, Ministry of Home & Cultural Affairs
7. Director General, Bhutan Standards Bureau (BSB)
8. Secretary General, Bhutan Chamber of Commerce and Industry (BCCI)
9. Chief Planning Officer, Policy and Planning Division, Ministry of Information and Communication
10. Deputy Governor, Royal Monetary Authority of Bhutan (RMA)

The committee's roles and responsibilities are discharged in accordance to the Terms of Reference (ToR) and the Rules of Procedure (RoP). The NTTFC secretariat have initiated to draft a strategic framework and its action plan which intends to guide the committee focus on implementation of overall trade and transport facilitation initiatives towards simplification, standardization, and harmonization of trade and transport procedures and, where possible elimination of unnecessary obstacles to trade.

As a Rules of Procedures, the NTTFC meets on a quarterly basis but the chairperson can convene its meetings as and when required. As of November 2016, six meetings were held with two high level workshop, and various cross-cutting issues related to transport and trade facilitation initiatives were discussed. Among many important issues, the following

are some of the important and prominent issues discussed during the 6th meeting of the NTTFC:

- Setting annual budget provision for the NTTFC secretariat.
- Development of a strategic framework and action plan.
- Development of Bhutan Trade Information Portal (BTIP).
- Pre-feasibility study on National Single Window (NSW).
- Identifying a cross-cutting issues related to legislation and procedural aspect, and
- Preparing standard operating procedures amongst enforcement agencies at borders.

To further strengthen coordination and assist to achieve NTTFC's mandate and long term vision, the NTTFC is supported by a technical committee called the NTTFC Technical Committee comprising of working level officers from the relevant core agencies and organizations. The NTTFC Technical Committee was formed as per the decisions and directives of the 5th meeting of the NTTFC, and the main task of it is to advise and support NTTFC members and provide research based inputs on trade and transport related issues for discussions and consideration by NTTFC. Basically, the NTTFC Technical Committee conducts study on the cross-cutting issues and constraints relating to national, regional and international trade and transport facilitation, and provides policy guidance and recommends possible solution for consideration by its higher body. The first meeting of the NTTFC Technical Committee was convened in October 2015 following the directives and decisions of the 5th meeting of the NTTFC.

The most important and pressing issue for NTTFC at the moment is to review the draft strategic framework and the terms of reference with an aim to establishing and strengthening a committee with clear scope, mandate, and adequate decision making powers to achieve the committee's mission to 'Simplify, harmonize and standardize the trade and transport policies and procedures through coordination and communications amongst inter-agencies geared towards creation of Single Window and paperless trade across border'.

However, Bhutan's national trade facilitation committee is still at its infant stage, and the members with support from the government are putting in lot of efforts and resources to establish and maintain an efficient and effective committee. In absence of permanent NTTFC secretariat, it is still vulnerable on the sustainability in establishing a well-functioning NTTFC due to budget constraint, lack of cooperation and commitments from stakeholders, lack of strong institution and legal framework, and limited human resources. It is therefore, important for the committee and its members to continue and maintain good external relations with key national and international institutions and work towards creating high visibility nationally as well as internationally through result oriented effective coordination of trade and transport facilitation initiatives.

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Disclaimer:

'This report on national trade facilitation committee in Bhutan is prepared as part of an activity for the WTO Netherland Trainee Programme 2016. The report is intended to reflect and share the initiatives and developments in the area of trade facilitation in Bhutan.

The contents of this report reflect the information gathered from various sources and the views of the author who is responsible for the facts and the accuracy of the information presented herein. The findings and conclusions expressed in this report are those of the authors and not necessarily those of the information providers or the Ministry that the author represents.'

Q10: Lessons learnt

Respondent skipped this question
