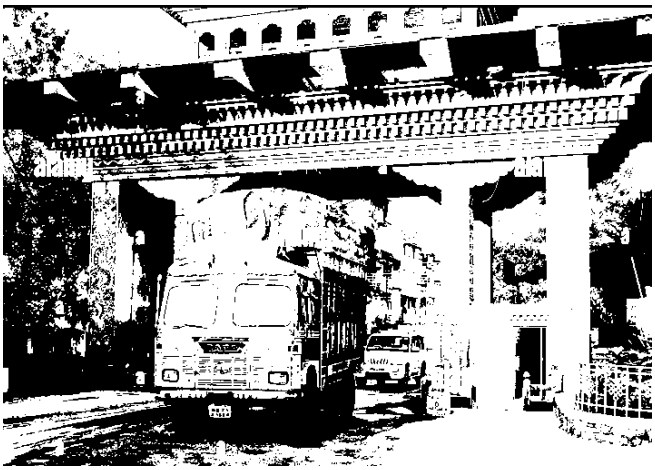


TIME RELEASE STUDY (TRS) BHUTAN - 2024

Alley Pasakha, Gomtu, Phuentsholing, Pugli and Samtse Main

Contents

Context

Bhutan has taken significant strides toward streamlining border operations to reduce delays and facilitate the efficient movement of goods. In line with global best practices, initiatives aimed at unified border management have been implemented, drawing guidance from international frameworks like the International Convention on the Harmonization of Frontier Control of Goods and the Revised Kyoto Convention. These conventions advocate for the standardization of customs procedures, which enhances predictability, transparency, and efficiency in trade.

A key tool supporting these efforts is the World Customs Organization's (WCO) Time Release Study (TRS), which measures the average time taken to clear goods at borders. Regular TRS assessments help identify procedural bottlenecks and promote data-driven decision-making. Countries like Japan have demonstrated the potential of TRS, reducing sea cargo release times dramatically over the years. Moreover, Bhutan's alignment with Article 7.6 of the World Trade Organization (WTO) Trade Facilitation Agreement underscores its commitment to transparency and international cooperation in trade facilitation. This article encourages WTO members to periodically publish TRS data, fostering shared learning and continual progress.

In Bhutan's context, TRS can be further strengthened by integrating Business Process Analysis (BPA), which helps uncover inefficiencies beyond what TRS alone reveals—such as redundant inspections or excessive paperwork. This combined methodology allows stakeholders, including customs authorities, logistics operators, and traders, to collaborate in streamlining procedures, improving communication, and removing procedural redundancies.

Conducting periodic TRS, supported by BPA, is essential for monitoring the impact of trade facilitation reforms and ensuring continuous improvement. Effective implementation requires careful planning and stakeholder engagement to yield actionable insights. Ultimately, these efforts contribute to reducing trade costs, accelerating cargo clearance, and boosting Bhutan's competitiveness in regional and global markets.

Sonam Jamtsho
Director General

Executive Summary

Bhutan Customs conducted its first Time Release Study (TRS) in alignment with the World Customs Organization (WCO) TRS methodology to assess the average time taken for the clearance and release of goods at selected land border crossing points. This initiative is part of Bhutan's broader commitment to trade facilitation, efficient border management, and alignment with international conventions such as the Revised Kyoto Convention and Article 7.6 of the WTO Trade Facilitation Agreement (TFA).

Study Outline

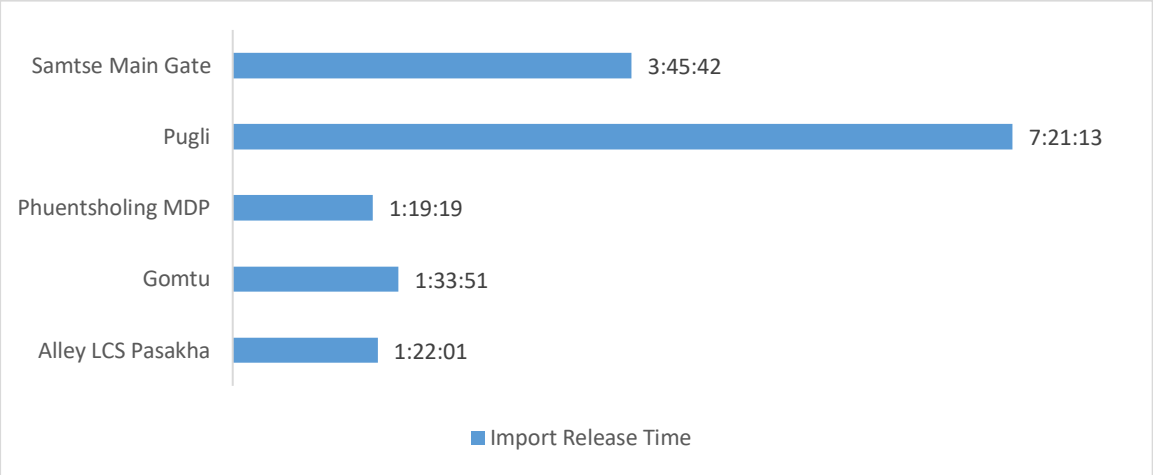
The TRS focused on measuring the time from the arrival of goods at border entry and exit points to their final release, covering both import and export consignments. Data was collected from the time stamps in the electronic customs management system (eCMS) and through observation and analysis of Customs and regulatory procedures, involving various stakeholders including customs brokers, freight forwarders, and other border regulatory agencies. To complement the TRS and understand procedural inefficiencies, a Business Process Analysis (BPA) was conducted for both import and export processes, providing a more granular view of documentary and procedural requirements. As transit has significant impact on the trade efficiency of Bhutan, insights were provided on transit times and processes too.

Major Findings

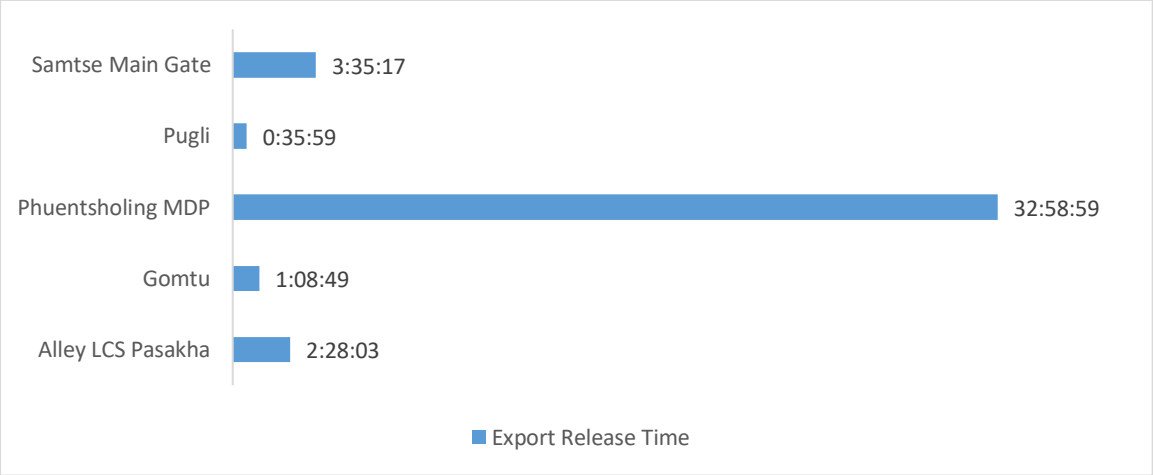
- Release Time: Preliminary findings indicated that while a significant number of consignments were cleared within one day, a substantial proportion required more than 24 hours, particularly for imports. Export consignments generally showed faster release times due to simplified procedures.
- Process Bottlenecks: Delays were primarily attributed to multiple document verification points, manual clearance processes, and a lack of real-time data sharing between border agencies.
- Redundant Procedures: The BPA revealed instances of duplicated documentation and physical inspections by multiple agencies, which contributed to longer processing times.
- Lack of Stakeholder Coordination: Inconsistent interpretation of regulatory requirements and uncoordinated procedures among border agencies further impacted processing times.
- In addition, cross-border coordination issues (such as inconsistent operational hours) also impacted the cargo release time.

The average release times for imports and exports are depicted below:

Average Import Release Time (from Arrival of Cargo until Release of Cargo)



Average Export Release Time*



*Measured from Valuation Completed to Gate Out

Source: Calculations based on data retrieved from e-CMS

Challenges

Limited ICT Integration: Despite the increased automation, many steps remain paper-based and reliant on physical presence and manual approvals.
Capacity Constraints: Both human resource limitations and infrastructural and connectivity constraints led to delays in goods clearance.

Data Gaps: The lack of consolidated time-stamped data across systems hindered the ability to obtain a full picture of clearance timelines.

Awareness and Compliance: Some traders and customs brokers demonstrated limited awareness of procedural requirements and available facilitation measures.

Recommendations

Automation and System Integration: Enhance the Customs Management System to allow for full end-to-end automation and interoperability with other regulatory agencies.
Standard Operating Procedures (SOPs): Develop and enforce unified SOPs across border agencies to reduce procedural variations and streamline operations at border points.

Risk-Based Controls: Promote risk management practices to reduce physical inspections and expedite low-risk consignments across agencies.

Human Resource Capacity: review the allotment of human resources and invest in training and upskilling customs officials and border agency staff on modern clearance procedures and digital tools.

Trader Outreach: Conduct regular awareness and education programs for traders and brokers to improve compliance and understanding of processes.

Periodic TRS Monitoring: Institutionalize TRS as an annual or biennial exercise to monitor improvements and support evidence-based policy adjustments.

Objectives

Efforts to streamline border operations have reduced delays and expedited the movement of goods through initiatives aimed at unified border management. International frameworks, such as the *International Convention on the Harmonization of Frontier Control of Goods*[1] and the *Revised Kyoto Convention*[2], are encouraging the adoption of standardized procedures to further these goals globally.

In this context, the World Customs Organization's (WCO) *Time Release Study (TRS)* serves as a valuable tool for assessing the time required to release cargo. Regular TRS assessments enable continuous improvements in border processing efficiency. For instance, Japan Customs utilized this tool to significantly reduce the time required for sea cargo release, from an average of seven days in 1991 to just 2.6 days by 2009[3].

According to the WCO TRS Guide, TRS is an effective measurement tool for evaluating how efficiently cross-border regulatory agencies and logistics providers handle imports, exports, and transit operations. The TRS methodology includes analysing the average time from the arrival of goods to their release. This helps identify bottlenecks, allowing stakeholders, including Customs, to take corrective action and boost their operational efficiency.

[1] United Nations. United Nations Treaty Collection. Retrieved December 7, 2024, from https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XI-A-17&chapter=11&clang=_en
[2] World Customs Organization. (n.d.). *The revised Kyoto Convention*. World Customs Organization. Retrieved December 7, 2024, from http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx#:~:text=The%20revised%20Kyoto%20Convention%20promotes,Parties%20must%20accept%20without%20reservation
[3] Japan Customs. (2010). *Japan's experience with the time release study (TRS)*. Central Asia Regional Economic Cooperation (CAREC) Program. Retrieved December 7, 2024, from https://www.carecprogram.org/uploads/Day2-JPN-Customs-TRS-Experience.pdf

TRS, following the standardized WCO methodology is conducted regularly in different countries. For eg., an annual national TRS is conducted in neighbouring India and multiple studies in Bangladesh. During the period 2021 to 2024, when the TRS was conducted annually in India, seaports witnessed a 19 percent reduction in release time from 2021 to 2024, the period where the TRS was conducted annually. The corresponding reduction in case of dry ports was 18 percent and 31 percent in case of air cargo complexes. This provides evidence of the effectiveness of TRS as a tool for evidence-based policy making. "*What gets measured gets done*".

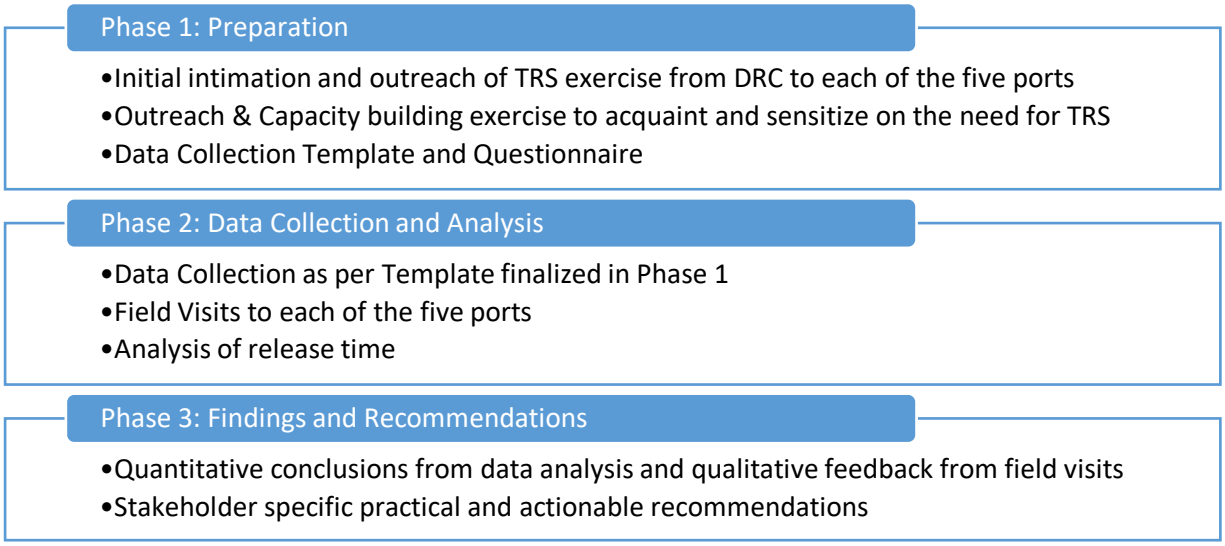
In this light, a TRS exercise has been undertaken in Bhutan for monitoring the time taken to process imports and exports at land borders. It aims to establish a pathway for faster clearance times and greater procedural efficiency.

This study is also consistent with Article 7.6 of the World Trade Organization (WTO) *Trade Facilitation Agreement (TFA)*[4], which recommends that WTO members measure and publish the average release times periodically and in a standardized manner. This provision not only promotes transparency but also encourages member nations to share their experiences with the WTO Trade Facilitation Committee, facilitating collective progress towards more efficient global trade.

Scope and Methodology

TRS 2024 at Phuentsholing, Pasakha, Samtse, Gomtu and Pugli has been conducted using a three phased approach.

Chart 1: Phased Approach for conduct of TRS



The following key decisions were finalized as part of Phase 1:

- *Study Period*: A two-week study period was agreed upon, ensuring it is free from extreme weather conditions to avoid skewing the results. It is recommended that the selected period is standardized to facilitate year-on-year comparisons by minimizing the impact of seasonality. Data collection focused on import, export and transit declarations filed during this sample period.

[4] World Trade Organization. (n.d.). *Article 7: Release and clearance of goods*. Trade Facilitation Agreement Facility. Retrieved December 7, 2024, from https://tfadatabase.org/en/tfa-text/article/7

- *Definition of Outliers:* Clear criteria for identifying outliers were established to maintain consistency in data analysis.
- *Data Collection Deadlines*: Timelines were set for extracting data from the electronic Customs Management System (e-CMS) to streamline the process.
- *Data Collection Template*: A standardized template for data collection was developed and agreed upon to ensure uniformity and accuracy across all datasets.

Time Period: The study has been conducted using 2 weeks period as the sample period covering all import, export and transit declarations filed in that period at the ports under the purview of the study. All declarations filed between 1st and 14th July 2024 are covered in the study. The two-week period was opted to ensure a sufficient trade volume for the study, considering the relatively low volume of trade transactions.

Outliers: Release times exceeding 720 hours (one month) are considered outliers, representing durations beyond typical processing norms. Including these values could distort the average release time, potentially skewing the understanding of standard release times. Therefore, such cases are considered outliers and excluded to ensure a balanced and accurate representation of the data.

Statistical Analysis and Areas for Reform:

The study covers parallel dimensions of regulatory clearance as well as the physical logistics movement of cargo, the overall release time being for:

i. Imports: Time taken from Arrival of the Goods at the Border (marked by Gate In of goods) until the Release of Cargo
ii. Exports: Time taken from Arrival of Goods (marked by completion of valuation before Gate In) to Gate Out from the port
iii. Transit: Release time being time taken from Approval of Declaration to Release of cargo and Transit time being time taken from Gate Out to Gate In

Beyond providing statistical insights that allow benchmarking of release times against international standards, targets, and studies, the report identifies critical challenges and bottlenecks within Bhutan's trade ecosystem across specific ports. A detailed assessment of these challenges, along with tailored recommendations, has been developed based on extensive multi-stakeholder consultations at each selected border location.

The WCO Approach for conducting TRS:

As per WCO guidelines, there are different possible approaches towards conducting TRS, of which the following five are embedded in this study.

- **Macro-Economic Approach** - To measure the arithmetic mean and/or median time between the arrival of the goods and their release into the economy
- **Strategic Planning Approach** - To estimate with some precision, based on the standardized system, the time required for each intervening event between arrival and release of the goods, i.e. unloading, storage, presenting the declaration, inspection, release, removal of goods, intervention by other services, etc.
- **Management Approach** - To inform the administration's officials in a precise manner, with proper statistical methods, of the time required for Customs release of goods

- **Coordinated Border Management (CBM) Approach** - To identify the constraints affecting Customs release, such as granting of authorizations or permits, application of other laws, inspections by other services, etc., consider possible corrective actions, if necessary in cooperation with other parties, and select solutions
- **Customs to Business Partnership Approach** - To undertake TRS with Business to find bottlenecks in border procedures in order to discuss reasons for delays caused by Customs, other border agencies and/or the private sector, and where necessary to formulate an action plan for improvement

For the five border check posts under the purview of the study – Phuentsholing, Pasakha, Samtse, Gomtu and Pugli, TRS exercise is being used to establish baseline performance, identify gaps in clearance process and undertake improvements to make trade more efficient.

Limitations:

Every study has its inherent limitations, and this analysis is no exception; outlined below are some of the key constraints encountered during the conduct of this study.

1. **Partial Representation of the Release Process**: The definition of release time, measured from the arrival of goods to their release, only accounts for a part of the overall process. Several critical steps, such as valuation, risk assessment, and creation of release orders, occur before the arrival of goods and are not included in the measurement of overall release time.
2. **Data Gaps**: Limited availability of data impacts the accuracy of certain metrics. For instance, in the case of exports, missing data on the "Gate In" process necessitated the use of valuation completion as a proxy for the arrival of goods.
3. **Manual Processes**: Many steps in the release process, such as obtaining No Objection Certificates (NOCs) from other government agencies or applying for permits and licenses, are conducted manually before the submission of declarations. These steps are not captured by digital time stamps, resulting in an incomplete view of the end-to-end process.
4. **Lack of Data Evidence for Certain Reforms**: Several areas for reform suggested in the report are based on qualitative inputs rather than quantitative data, as the limited scope of processes by other government agencies captured by digital time stamps does not provide sufficient evidence.
5. **Variability in Processes**: Insights into release times by country or by commodity and variations in processes across different geographies and goods remain underexplored as a part of this study and may benefit for deeper standalone assessment.
6. **Scope for Future Assessment**: There is potential for further research to address gaps in the study, particularly with respect to substantiating anecdotal evidence from stakeholders with data to inform targeted reforms.

Analysis and Findings

Import Release

In the TRS sample period, it was observed that 20875 import declarations were filed at the five ports combined, corresponding to 5834 unique import declarations. Certain import declarations may cover multiple trucks under a single declaration number, hence a unique line item in the data set is retained for analysis. According to WCO methodology, each unique declaration is treated as a single unit in the study. Therefore, duplicate declaration numbers are removed from the dataset. 100% sample of unique declarations is used for the conduct of TRS.

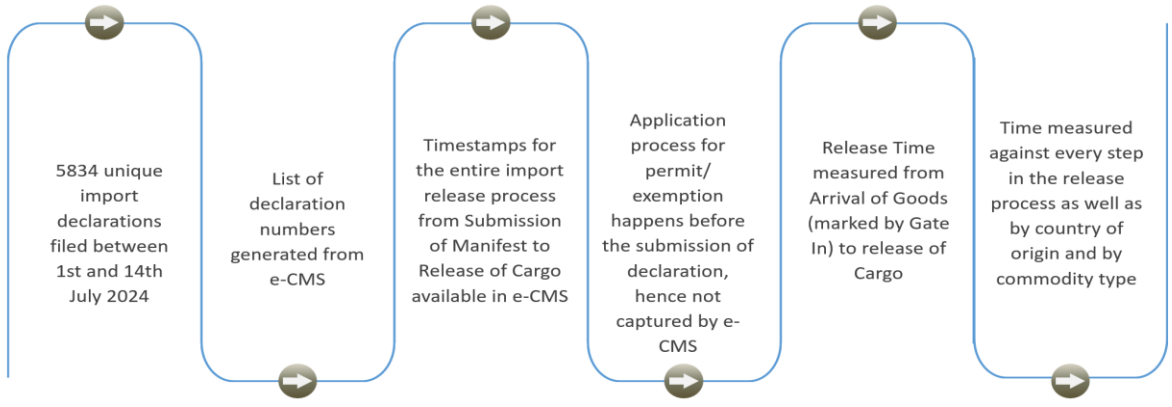
Table 1: Number of Import Declarations during TRS Period

Port	Import Declarations Filed	Unique Import Declarations
Alley LCS, Pasakha	1176	866
Gomtu	444	268
Phuentsholing MDP	18126	4375
Pugli	125	39
Samtse Main Gate	1004	286
Total	20875	5834

Source: Calculations based on data retrieved from e-CMS

The following process was followed for the purpose of data collection for Time Release Study of import declarations.

Chart 2: Data Collection Process for Import Release



The import process begins with submission of manifest, followed by its approval, creation of declaration and its submission and approval, payment of duty, completion of valuation, customs risk assessment, inspection of goods if selected for inspection, and finally customs release order before the release of goods. From creation of manifest to creation of release order, multiple steps can happen

before the physical arrival of goods. In case of green channel cargo, all the steps up to creation of release order can happen before the physical arrival of goods at the port.

Based on the process above, data against the following time stamps was received (digitally extracted in green and manually recorded or not recorded in orange).

Table 2: Data Field for Imports Release and Data Source

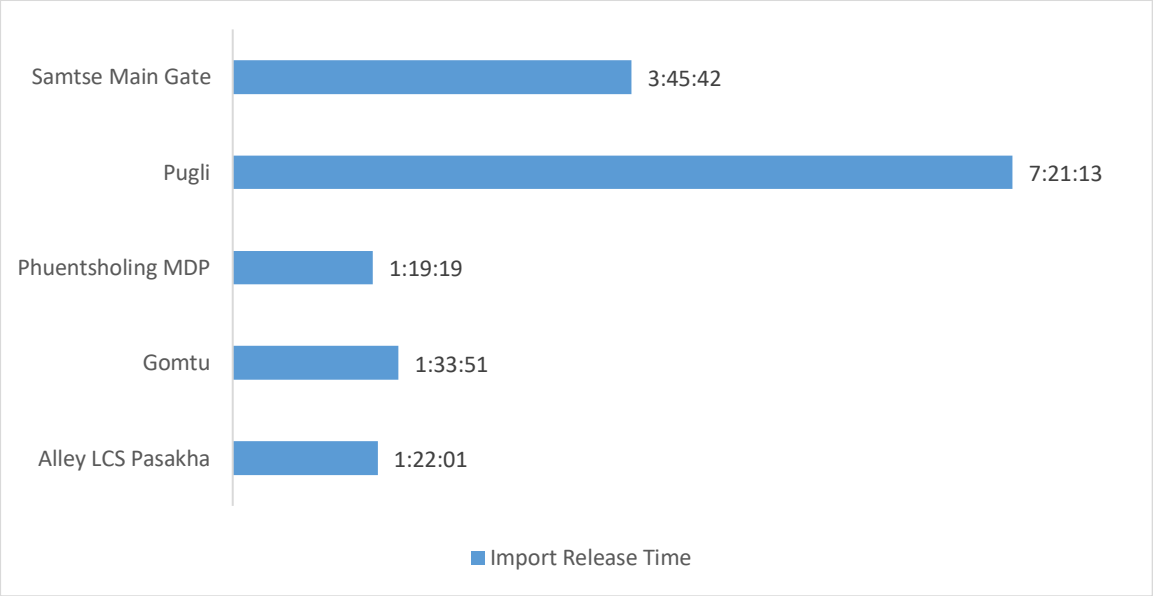
Data Field	Source
Import Declaration Number	e-CMS
Manifest – Created, Submitted and Approved	e-CMS
Declaration – Created, Submitted and Approved	e-CMS
Gate In of Goods	e-CMS
Payment – Created and Completed	e-CMS
Valuation – Created and Completed	e-CMS
Risk Assessment – Created and Completed	e-CMS
Inspection – Created and Completed	e-CMS
Release – Release Created, Release Order and Release of Goods	e-CMS
Country of Origin	e-CMS
Commodity HS Code	e-CMS
Permit/ Licence	Not recorded, as the process happens in parallel and manually for some agencies and digitally for others

Chart 3 provides data on the average import release times at various border points under the purview of the study, indicating the time taken from the arrival of goods to the release of cargo. When measured from the arrival of goods to the release of cargo, the entire process across the five ports studied averages 1 hour and 29 minutes. However, this release time is likely underestimated due to the substantial share of critical steps such as submission of manifests, declarations, payment, valuation and in some cases, creation of release order being completed prior to the goods' arrival. Additionally, time-intensive procedures, including applications for permits, licenses, and test certificates, occur even before the submission of declarations, thereby not getting captured in the release time.

- Among the locations, **Phuentsholing MDP**, **Alley LCS Pasakha** and **Gomtu** stand out for their efficiency, with release times of approximately 1 hour and 19 minutes, 1 hour and 22 minutes, and 1 hour and 33 minutes, respectively.
- In contrast, **Pugli** experiences significant delays in import release, with an average time of 7 hours and 21 minutes, despite processing only 39 declarations over two weeks and there being no third country imports. This is largely due to Pugli's primary role as an export-focused port, where export clearance is given priority. Many vehicles at Pugli carry export cargo multiple times a day, which shifts focus away from the relatively limited volume of imports, thereby prolonging their clearance time. Additionally, preference to pay customs duty by cheque or in cash instead of electronic payment delays the release process.
- **Samtse Main Gate** records moderate release times, averaging 3 hours and 45 minutes. Serving both imports and exports, this port faces congestion challenges due to a single-lane setup for the movement of goods in both directions, impacting overall efficiency.

This variation in release times highlights the need for targeted improvements at specific checkpoints to ensure a more consistent and efficient trade process across Bhutan's borders, for instance, allocation of dedicated, though limited, manpower for import clearance at Pugli and separate lanes for the movement of exports and imports at Samtse to address congestion at the zero gate.

Chart 3: Average Import Release Time (from Arrival of Cargo until Release of Cargo)



Source: Calculations based on data retrieved from e-CMS

Stage-wise time: Table 3 presents a detailed breakdown of the various steps, not limited to the overall release time as given in Chart 3, but covering the entire process from submission of manifest to release of cargo, involved in the import process at border points covered by TRS.

Each checkpoint—Alley LCS Pasakha, Gomtu, Phuentsholing MDP, Pugli, and Samtse Main Gate—exhibits unique processing times for every step, reflecting variations in operational efficiency.

For instance, Alley LCS Pasakha and Phuentsholing MDP have some of the longest processing durations in stages like "Release Order to Release of Cargo" (6 hours and 29 minutes for Alley Pasakha and 4 hours and 24 minutes for Phuentsholing MDP), partly attributed to the manual entry of cargo details by RBP personnel during the final release. For these port locations, creation of inspection after completion of risk assessment, for goods picked for inspection, also take much longer: 5 hours and 22 minutes for Alley Pasakha and 3 hours and 58 minutes for Phuentsholing MDP.

The inspection process, despite the significantly small share of inspection, takes much longer at Alley Pasakha: 9 hours and 55 minutes from creation of inspection to its completion. In case of Samtse, this process takes 2 hours and 15 minutes.

In case of Pugli, submission of declaration takes much longer than other ports, partly because of CFAs greater expertise and experience in handling export declarations, given Pugli's primary role as an export-focused port.

These differences highlight the varying operational efficiencies at each border point. Addressing these bottlenecks could improve the consistency and speed of the import process across these checkpoints.

The average time taken at various stages of the import process is depicted in Table 3.

Table 3: Average time taken at various stages of Import process

Step	Activity	Alley LCS Pasakha	Gomtu	Phuentsholing MDP	Pugli	Samtse Main Gate
A	Submission of Manifest to Creation of Declaration	2:00:07	0:45:52	0:34:33	1:10:34	2:39:57
B	Creation of Declaration to Submission of Declaration	3:07:21	0:35:51	2:04:45	4:03:23	0:33:57
C	Submission of Declaration to Approval of Declaration	0:11:30	0:08:17	0:18:35	0:12:35	0:11:10
D	Approval of Declaration to Creation of Payment	0:00:06	0:00:03	0:02:23	0:00:02	0:00:07
E	Creation of Payment to Completion of Payment	3:06:52	1:05:15	1:34:00	2:32:34	2:40:32
F	Completion of Payment to Creation of Valuation	0:01:00	0:01:00	0:00:59	0:01:00	0:00:59
G	Creation of Valuation to Completion of Valuation	0:03:51	0:03:16	0:08:52	3:13:01	0:06:56
H	Completion of Valuation to Creation of Risk Assessment	0:00:02	0:00:02	0:00:37	0:00:01	0:00:03
I	Creation of Risk Assessment to Completion of Risk Assessment	0:04:54	0:01:38	0:07:12	0:30:18	0:09:04
J	Completion of Risk Assessment to Creation of Inspection (if selected for inspection)	5:22:51	-	3:58:34	-	0:46:04
K	Creation of Inspection to Completion of Inspection (if selected for inspection)	9:55:18	-	0:35:50	-	2:15:35
L	Completion of inspection to Creation of Release (if selected for inspection)	0:00:02	-	0:09:18	-	0:00:40
M	Completion of Risk Assessment to Creation	0:00:04	0:00:03	0:00:08	0:00:03	0:01:28

	of Release (if not picked for inspection)					
N	Release Created to Release Order	0:01:41	0:02:06	0:10:17	0:00:20	0:01:20
O	Release Order to Release of Cargo	6:29:27	0:20:39	4:24:18	1:25:58	1:15:40

Source: Calculations based on data retrieved from e-CMS

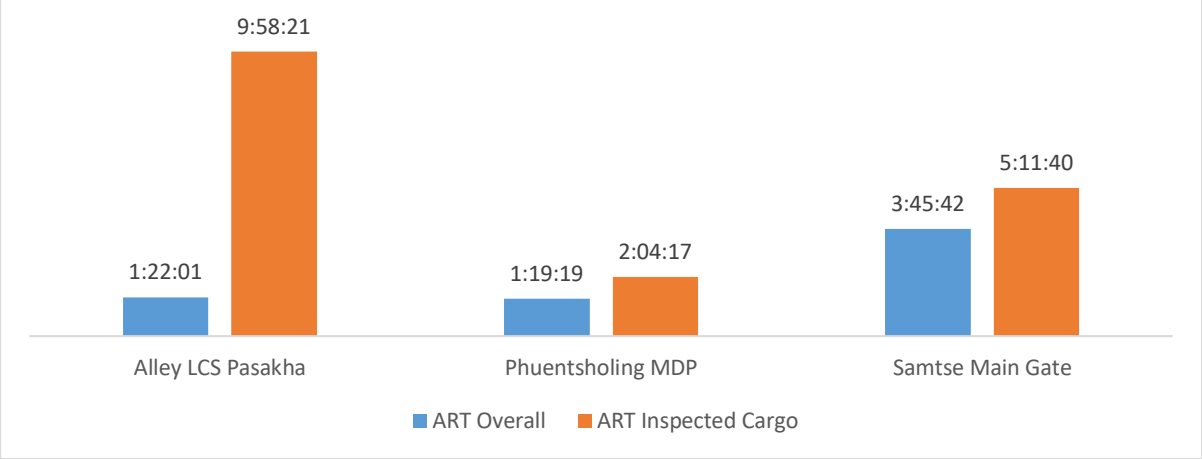
Chart 4 compares the average release times (ART) for overall cargo versus inspected cargo at three border points: Alley LCS Pasakha, Phuentsholing MDP, and Samtse Main Gate. It highlights the significant impact of inspections on release times, especially at **Alley LCS Pasakha**, where inspected cargo takes nearly 10 hours (9:58:21) to be released, compared to just 1 hour and 22 minutes for all cargo. **Samtse Main Gate** also sees a considerable increase in release time for inspected cargo, reaching 5 hours and 11 minutes versus 3 hours and 45 minutes for general cargo[5]. **Phuentsholing MDP** demonstrates relatively efficient handling, with inspected cargo taking around 2 hours and 4 minutes, only slightly longer than the 1 hour and 19 minutes for overall cargo. This data indicates that inspections significantly delay cargo release, with variations in efficiency across different border points.

Table 4: Share of Inspection during TRS period

Share of Inspection		
Alley LCS Pasakha	**Phuentsholing MDP**	**Samtse Main Gate**
2.4%	10.5%	62.9%

Source: Calculations based on data retrieved from e-CMS

Chart 4: Average release time for all cargo in comparison with inspected cargo



Source: Calculations based on data retrieved from e-CMS

[5] Release time for general cargo refers to time taken from arrival of goods to their release for all cargo; Release time for inspected cargo refers to time taken from arrival of goods to their release for goods selected for inspection

Table 5 provides insights into the average release times (ART) for goods entering Bhutan from India versus other countries across five border points: Alley LCS Pasakha, Gomtu, Phuentsholing MDP, Pugli, and Samtse Main Gate. For most ports, a high share of goods—between 93.9% and 100%—originates from India, reflecting strong trade ties. At **Alley LCS Pasakha**, 99.1% of goods come from India, with an ART of 1 hour and 22 minutes, while goods from other countries (Bangladesh, Korea, USA) are released faster, within 55 minutes. Similarly, **Gomtu** processes Indian goods in about 1 hour and 34 minutes, while goods from other countries like Germany and Japan have an ART of just 15 minutes.

Phuentsholing MDP stands out for handling a diverse range of goods from countries including China, Bangladesh, Thailand, Japan, and the USA, among others. Despite processing 93.9% of imports from India in just over an hour, goods from other countries experience a much longer ART of 5 hours and 31 minutes. **Samtse Main Gate** shows a similar trend, with Indian imports released in about 3 hours and 42 minutes, while imports from Germany and China take over 11 hours on average, indicating delay in handling non-Indian goods at this checkpoint. **Pugli** exclusively handles Indian goods, with an ART of over 7 hours, highlighting the slowest processing among these points. This data underscores both the dominance of Indian imports and varying efficiency levels for processing goods from other countries across Bhutan's border points.

Table 5: Average Release Time for imports from India and third country imports

Port	ART for goods coming from India	Share of goods coming from India	ART for goods coming from countries other than India	Other Countries
Alley LCS Pasakha	1:22:05	99.1%	0:55:02	Bangladesh, Korea, USA
Gomtu	1:34:29	98.9%	0:15:51	Germany and Japan
Phuentsholing MDP	1:09:06	93.9%	5:31:30	China, Bangladesh, Thailand, Japan, Vietnam, South Africa, Singapore, Germany, Austria, Italy, Korea, Sweden, Turkey, UK, USA, and others where a single declaration was filed
Pugli	7:21:13	100%	-	-
Samtse Main Gate	3:42:17	99.0%	11:06:48	Germany and China

Source: Calculations based on data retrieved from e-CMS

Table 6 showcases the average release times (ART) for various product categories, categorized by HS Codes, across five Bhutanese border points: Alley LCS Pasakha, Gomtu, Phuentsholing MDP, Pugli, and Samtse Main Gate. Each port has a distinct pattern in the types of goods processed and their associated release times. For instance, **Alley LCS Pasakha** frequently handles goods under HS Code 72 (17% share) with an ART of 2 hours and 27 minutes. Meanwhile, **Gomtu** predominantly processes goods under HS Code 26 (27% share) in just under 20 minutes, and **Phuentsholing MDP** releases HS Code 84 goods (11% share) in 1 hour and 30 minutes. The longest ART recorded at these ports is for HS Code 62 at Phuentsholing (56 hours and 29 minutes), indicating that certain goods might face substantial delays.

Pugli and **Samtse Main Gate** exhibit different profiles, with Pugli focusing heavily on goods under HS Code 27 (46% share) and an ART of almost 8 hours, while Samtse Main Gate processes HS Code 27 goods with an ART of just over an hour. The longest ART at Samtse Main Gate is for HS Code 94, with a release time of more than 54 hours, suggesting that particular goods, especially less common imports, may experience delays. The data highlights that some ports handle high-traffic items more swiftly than others. Targeting efficiency improvements in the processing of high-volume HS Codes, especially those with longer ART, could streamline the import process at these entry points.

Table 6: Average Release Time by Commodity Type

Alley LCS Pasakha		Gomtu		Phuentsholing	
HS Code (Share)	**ART**	**HS Code (Share)**	**ART**	**HS Code (Share)**	**ART**
72 (17%) Iron & Steel	2:27:16	26 (27%) Ores, slag and ash	0:19:56	84 (11%) Nuclear Reactors	1:29:58
27 (13%) Mineral Fuels	0:31:43	27 (23%) Mineral Fuels	0:49:42	85 (8%) Electrical Machinery	0:41:58
25 (13%) Stone and Cement	0:30:32	84 (10%) Nuclear Reactors	1:18:50	27 (8%) Mineral Fuels	0:30:14
44 (9%) Wood and articles of wood	2:40:15	85 (9%) Electrical Machinery	3:40:03	69 (7%) Ceramic Products	0:59:19
70 (6%) Glass & Glassware	0:20:16	25 (6%) Stone and Cement	0:21:56	39 (6%) Plastic and articles	0:48:19
Max ART 62 (0.5%) Articles of apparel	48:16:11	Max ART 71 (0.4%) Pearls & Stones	16:30:07	Max ART 62 (0.3%) Articles of apparel	56:29:25

Pugli		Samtse Main Gate	
HS Code (Share)	**ART**	**HS Code (Share)**	**ART**
27 (46%) Mineral Fuels	7:51:25	27 (17%) Mineral Fuels	1:12:34
84 (21%) Nuclear Reactors	7:17:57	72 (10%) Iron and Steel	3:09:01
40 (10%) Rubber and articles	5:28:30	39 (9%) Plastic and articles	1:41:33
85 (8%) Electrical Machinery	1:51:10	73 (8%) Articles of iron or steel	0:58:07

69 (5%) Ceramic Products	1:11:00	84 (7%) Nuclear Reactors	1:43:51
Max ART 82 (2.6%) Base metal tools and cutlery	34:01:42	Max ART 94 (3.1%) Furniture	54:40:34

Source: Calculations based on data retrieved from e-CMS

Fastest Cleared Bill: Import Release Time: 6 seconds
Arrival of Cargo on 4th July 2024 at 15:47:57 and final release at 15:48:03, this declaration filed at Phuentsholing took 6 seconds for its release. It's a green channel declaration where even the release order was created before the arrival of goods. While the quickest cleared bill was processed in just 6 seconds, the slowest bill took 506 hours for a declaration filed at Phuentsholing, where the goods arrived on 10th July 2024 at 18:14, the release order was issued on the same day, but the final release happened on 31st July 2024 at 20:06.

Source: Calculations based on data retrieved from e-CMS

Restricted or Prohibited Goods

To safeguard the national interest, the government may impose restriction or prohibition on the import or export of certain goods - prohibited goods where import or export is not allowed by the Customs Act or any other laws in force and restricted goods where limitations apply to the quantity or quality of goods.

In the absence of system-generated data on application and issuance of permit, Table 7 lists different categories of restricted goods, along with responsible agencies and whether permit issued is manual or digital. The time taken in the process, from application to issuance of permit, is estimated based on feedback from the relevant stakeholders.

Table 7: Restricted Goods, Responsible Agencies and Time taken in Permit Process

S. NO	Restricted Goods	Responsible Agencies	Legislation & International Convention	Permit Issued Digital or Manual	Estimated Time Taken for The Process
1	Arms and ammunition	Royal Bhutan Police	Firearms and Ammunition Act of Bhutan 1990	MANUAL	HALF A DAY
3	Explosives and explosive devices	Royal Bhutan Police	Explosive rules of 1989	MANUAL	HALF A DAY
4	Live animals and their products or byproducts	Bhutan Food and Drugs Authority	Livestock Act, 2001, CITES	DIGITAL	3 DAYS

5	Plant and plant materials	Bhutan Food and Drugs Authority	Plant Quarantine Act of 1993 Forest and Nature Conservation Act of1995 Bio-diversityAct2003 Bio-SafetyAct2015 International Plant Protection Convention International Treaty on Plant Genetic Resources for Food and Agriculture CITES Food Act 2005	DIGITAL	HALF A DAY
6	Forestry products (flora and fauna)	Department of Forest and Park Services, Ministry of Energy and Natural Resources	Forest and nature conservation Act of 1995 Bio-diversityAct2003 International Plant protection Convention	DIGITAL	HALF A DAY
7	Industrial and toxic waste and residues	Department of Environment and Climate Change, Ministry of Energy and Natural Resources	National Environment Protection Act 2007 Basel Convention	MANUAL	HALF A DAY
8	Wireless and remote sensing telecommunication and broadcasting equipment	Bhutan Civil Aviation Authority, Ministry of Infrastructure and Transport	Bhutan Information Communications and Media Act, 2006"	MANUAL	HALF A DAY
9	Scraps as notified by the National Environment Commission Secretariat	Department of Environment and Climate Change, Ministry of Energy and Natural Resources	Regulation on Import of Third Countries Goods Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal	MANUAL	HALF A DAY
10	Used or second-hand goods, vehicles, machinery and equipment	Department of Trade, Ministry of Industry, Commerce and Employment	Regulation on Import of Third Countries Goods Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal National Environment Protection Act 2007	MANUAL	HALF A DAY
11	Medicinal products including narcotics and psychotropic substances for medicinal use	Bhutan Food and Drugs Authority	Medicine Act 2003 Narcotic Drugs, Psychotropic Substances & Substance Abuse Act of Bhutan, 2015	MANUAL	HALF A DAY

12	Other Narcotics and 12 psychotropic substances and precursors	Bhutan Food and Drugs Authority	Narcotic Drugs, Psychotropic Substances & Substance Abuse Act of Bhutan, 2015	MANUAL	HALF A DAY
13	Chemicals and Fertilizers	Department of Agriculture, Ministry of Agriculture and Livestock	Pesticide Act 2000	MANUAL	HALF A DAY
14	Plastic packing materials	Department of Trade, Ministry of Industry, Commerce and Employment	Department of Trade's Letter Reference No. DTAT-17/2005/1325 dated 17/10/2005	MANUAL	HALF A DAY
15	Gold and silver in excess of the duty-free baggage allowance	Royal Monetary Authority	Foreign Exchange Rules and Regulation 2022	MANUAL	HALF A DAY
16	Currency in excess of the prescribed limit	Royal Monetary Authority	Foreign Exchange Rules and Regulation 2022	MANUAL	HALF A DAY
17	Ozone Depleting Substances (ODS)	Department of Environment and Climate Change, Ministry of Energy and Natural Resources	Vienna Convention on the Protection of the Ozone Layer Montreal Protocol on Substances that Deplete the Ozone	MANUAL	HALF A DAY
18	Intellectual Property Rights	Department of Media, Creative Industry & Intellectual Property, Ministry of Industry, Commerce and Employment	Copyright Act of Bhutan, 2001	MANUAL	HALF A DAY
19	Raw Materials /Plant and Machinery (Exemption)	DRC	Customs Act of Bhutan 2017/ Fiscal Incentive Act and Rules/Sales Tax Act and Rules	DIGITAL	5-10 MINS

Source: Information gathered from DRC based on stakeholder feedback

As a part of the application process, importers must identify if their goods are restricted or prohibited, as per the laws in force. For all the items, except for exemption for Live animals and their products or byproducts, Plant and plant materials, forestry products, raw materials/ plant and machinery, the application is submitted manually, which is reviewed by the relevant department based on which the permit is manually issued. Physical submission and reviews extend the time taken in issuance of permits, hence delaying the creation of declaration.

Export Release

In the TRS sample period, it was observed that 17661 export declarations were filed at the five ports combined, corresponding to 17556 unique export declarations. Certain export declarations may cover multiple trucks under a single declaration number, hence a unique line item in the data set is retained for analysis. According to WCO methodology, each unique declaration is treated as a single unit in the study. Therefore, duplicate declaration numbers are removed from the dataset.

It is noteworthy that Pugli, being primarily an export-oriented port, accounted for the highest number of declarations filed. Of these, 90.7% pertained to dolomite exported by the State Mining Corporation Limited (SMCL) of Bhutan. Since each declaration corresponds to a single commodity, the total number of export declarations is identical to the count of unique export declarations.

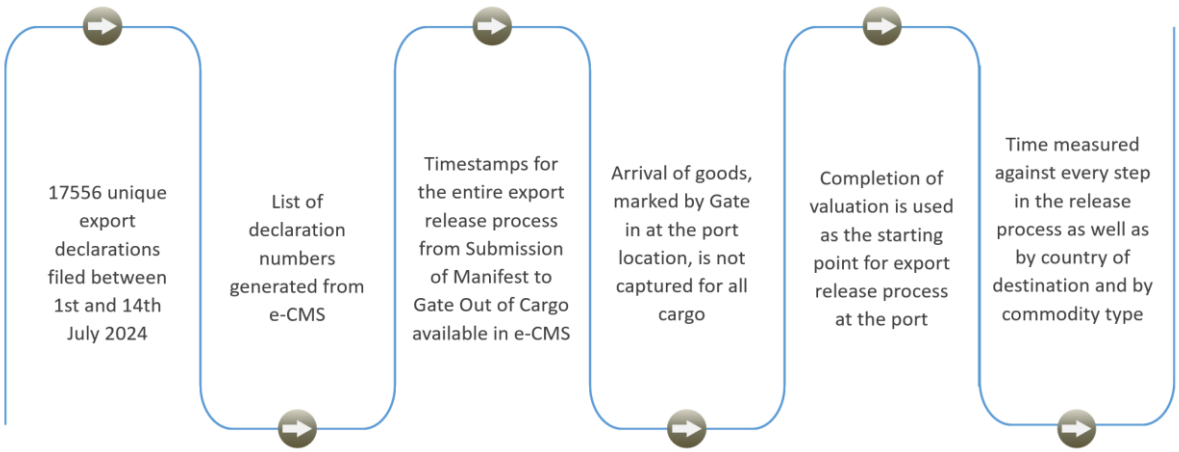
Table 8: Number of Export Declarations during TRS Period

Port	Export Declarations Filed	Unique Export Declarations
Alley LCS, Pasakha	758	750
Gomtu	1352	1351
Phuentsholing MDP	4114	4033
Pugli	7893	7893
Samtse Main Gate	3544	3529
Total	17661	17556

Source: Calculations based on data retrieved from e-CMS

The following process was followed for the purpose of data collection for Time Release Study of export declarations.

Chart 5: Data Collection Process for Export Release



The export process begins with submission of manifest, followed by its approval, creation of declaration and its submission and approval, payment of duty, completion of valuation, customs risk assessment, inspection of goods if selected for inspection, and finally customs release order before

the gate out of goods. From creation of manifest to creation of release order, multiple steps can happen before the physical arrival of goods. In case of green channel cargo, all the steps up to creation of release order can happen before the physical arrival of goods at the port.

Data against the following time stamps was received (digitally extracted in green and manually collected in orange).

Table 9: Data Field for Exports Release and Data Source

Data Field	Source
Export Declaration Number	e-CMS
Manifest – Created, Submitted and Approved	e-CMS
Declaration – Created, Submitted and Approved	e-CMS
Payment – Created and Completed	e-CMS
Valuation – Created and Completed	e-CMS
Risk Assessment – Created and Completed	e-CMS
Inspection – Created and Completed	e-CMS
Release – Release Created, Release Order and Release of Goods	e-CMS
Gate Out	e-CMS
Country of Destination	e-CMS
Commodity HS Code	e-CMS
Gate In of Goods	Manually recorded for limited cargo

Chart 6 displays export release times across five border points: Samtse Main Gate, Pugli, Phuentsholing MDP, Gomtu, and Alley LCS Pasakha. Export release time is measured from Arrival of Goods, marked by Gate in to the final departure, marked by Gate out of goods. Due to missing data on the "Gate In" process, timestamp against 'Completion of Valuation' has been used as a proxy for the arrival of goods.

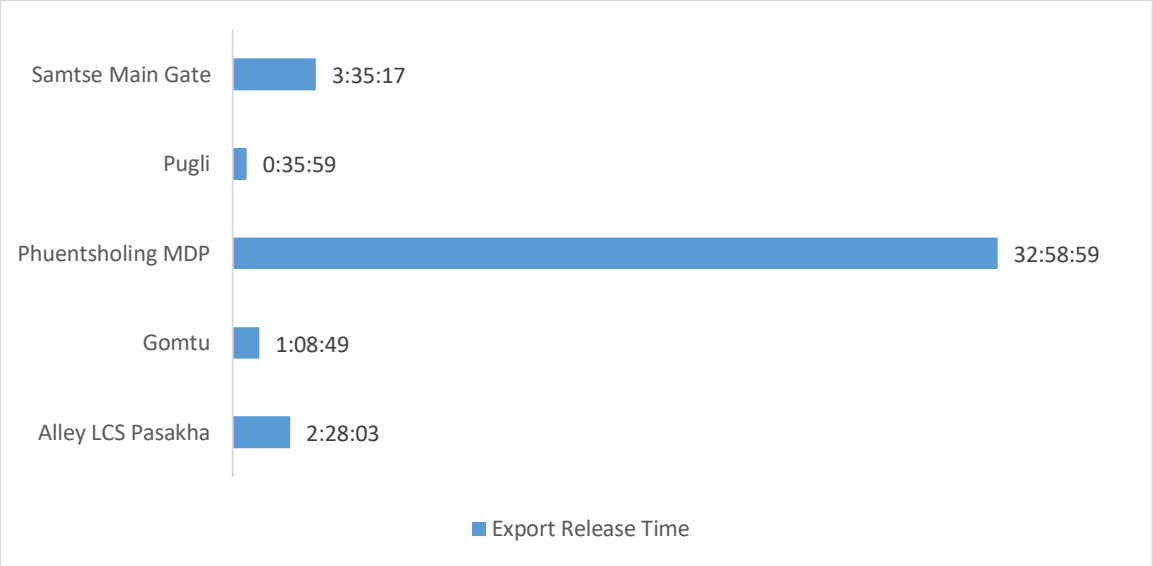
The data highlights a significant variation in the time taken to release exports:

- **Phuentsholing MDP** records an exceptionally high average release time of nearly 33 hours (32:58:59), significantly higher than other ports. This delay is primarily due to Phuentsholing's pivotal role in handling imports, with 75% of all import declarations during the TRS period across the five ports being processed here. Additional regulatory requirements for clearing third-country imports further contribute to more manhours spent in import processing. Moreover, the most time-consuming stage is from "Release Order to Gate Out" (as highlighted in Table 10), indicating congestion at the export gate, which hampers the movement of goods. This delay is compounded by differing working hours between Indian and Bhutanese customs, movement of export vehicles only in evening hours that adds to the waiting time to exit from Bhutan, and difficulty in obtaining slots on the e-SUVIDHA portal (applicable to 63% share of exports to Bangladesh), adding to the inefficiencies at this critical stage.
- In comparison, **Pugli** has the shortest release time of approximately 36 minutes. This efficiency is largely due to its primary focus on exports, with negligible import activity. The high priority

given to export clearance is further supported by the same vehicles carrying export cargo multiple times a day, necessitating swift processing. During the TRS period, 90.7% of the export declarations at Pugli were for dolomite exported by the State Mining Corporation Limited (SMCL) of Bhutan. The handling of a single commodity also simplifies regulatory processes, contributing to the expedited clearance times.

- **Alley LCS Pasakha** exhibits moderate release times at 2 hours and 28 minutes, stakeholders suggest that some of the delay is attributed to refuelling of trucks at Pasakha.
- **Samtse Main Gate** exhibits moderate release times 3 hours and 35 minutes and **Gomtu** records a release time of about 1 hour and 9 minutes.

Chart 6: Average Export Release Time*



*Measured from Valuation Completed to Gate Out

Source: Calculations based on data retrieved from e-CMS

Stage-wise time: Table 10 details the processing duration at each customs checkpoint, measured for specific steps in the cargo clearance process, not limited to the overall release time as given in Chart 6, but covering the entire process from creation of manifest to Gate Out of cargo, involved in the export process at border points covered by TRS.

The time taken in payment stage, "Creation of Payment to Completion of Payment" ranges from 0:14:43 at Gomtu to 0:50:51 at Alley LCS Pasakha. After the completion of payment, valuation is created within 1 minute – standard across all ports.

Last stage, "Release Order to Gate Out," highlights significant variance: Phuentsholing MDP shows a prolonged duration of 32:51:07, while Pugli is much faster at 0:32:36. These differences help pinpoint specific checkpoints and steps where procedural adjustments could enhance overall processing efficiency and reduce wait times, considering the varying trade volumes at these checkpoints.

Table 10: Average time taken at various stages of Export process

Step	Activity	Alley LCS Pasakha	Gomtu	Phuentsholing MDP	Pugli	Samtse Main Gate
A	Manifest Created to Manifest Submitted	0:06:16	0:03:39	0:02:52	0:10:31	0:04:29
B	Submission of Manifest to Creation of Declaration	0:16:10	0:04:07	0:06:59	0:09:08	0:05:04
C	Creation of Declaration to Submission of Declaration	0:24:29	0:12:46	0:18:46	0:12:17	2:03:08
D	Submission of Declaration to Approval of Declaration	0:07:53	0:04:32	0:08:35	0:08:55	0:12:12
E	Approval of Declaration to Creation of Payment	0:00:04	0:00:05	0:00:05	0:00:22	0:00:31
F	Creation of Payment to Completion of Payment	0:50:51	0:14:43	0:39:15	0:19:04	0:29:53
G	Completion of Payment to Creation of Valuation	0:01:00	0:01:00	0:01:00	0:01:00	0:01:00
H	Creation of Valuation to Completion of Valuation	0:05:00	0:02:41	0:02:35	0:01:07	0:07:36
I	Completion of Valuation to Creation of Risk Assessment	0:00:01	0:00:01	0:00:02	-	0:00:01
J	Creation of Risk Assessment to Completion of Risk Assessment	0:06:41	0:01:51	0:07:13	-	0:04:05
K	Completion of Risk Assessment to Creation of Inspection (if selected for inspection)	0:08:50	-	2:26:22	-	0:25:59
L	Creation of Inspection to Completion of Inspection (if selected for inspection)	0:00:36	-	0:01:10	-	0:00:51
M	Completion of inspection to Creation of Release (if selected for inspection)	0:00:03	-	0:04:25	-	0:00:06
N	Release Created to Release Order	0:01:32	0:01:21	0:07:20	0:03:13	0:06:49
O	Release Order to Gate Out	2:22:35	1:07:14	32:51:07	0:32:36	3:28:18

Source: Calculations based on data retrieved from e-CMS

Table 11 provides insights into the number of declarations processed and the average release time (ART) from valuation to gate-out across various checkpoints, based on the country of destination. For instance, Phuentsholing Mini Dry Port shows the highest ART at 32:58:59, processing 4,033 declarations, indicating substantial delays in clearing goods. Notably, declarations destined for Bangladesh at this port experience an even higher ART of 35:46:01, possibly due to additional procedures. In contrast, Pugli checkpoint has a much lower ART of 0:35:49 despite handling 7,893 declarations. Here, goods destined for India have a slightly quicker clearance time of 0:35:43, while goods for Bangladesh take marginally longer at 0:40:40.

Overall, the country-specific data reveals distinct patterns. Declarations destined to Bangladesh generally experience higher ARTs across checkpoints, particularly at Samtse Main Gate, with an ART of 4:37:55 for 2,245 declarations. Declarations destined for India, despite significant volumes across locations, show more efficient ARTs, such as 26:31:17 at Phuentsholing and 1:45:08 at Samtse Main Gate, which are considerably lower than those for Bangladesh at the same checkpoints.

Table 11: Average Release Time by Country of Destination

	Number of Declarations	ART (Valuation to Gate Out)
Alley LCS, Pasakha	**750**	**2:28:03**
INDIA	645	2:42:36
BANGLADESH	98	0:57:04
KOREA	4	2:35:10
USA	2	0:32:02
NETHERLANDS	1	2:23:15
Gomtu	**1351**	**1:08:49**
INDIA	1282	1:08:38
BANGLADESH	69	1:12:25
Phuntsholing Mini Dry Port	**4033**	**32:58:59**
BANGLADESH	2528	35:46:01
INDIA	1504	26:31:17
USA	1	-
Pugli	**7893**	**0:35:49**
INDIA	7727	0:35:43
BANGLADESH	166	0:40:40
Samtse Main Gate	**3529**	**3:35:17**
BANGLADESH	2245	4:37:55
INDIA	1284	1:45:08

Source: Calculations based on data retrieved from e-CMS

Table 12 highlights the distribution of HS Codes for goods and the corresponding Average Release Times (ART) at various checkpoints. HS Code 25 (which represents mineral products - cement, boulders, stones and chips, often bulk materials) is prevalent across all checkpoints, with share as high as 100% at Gomtu and Pugli, and nearly the same at Samtse Main Gate (99%) and Phuentsholing (94%). The ART for HS Code 25 varies significantly between locations, showing the fastest processing at Pugli with an ART of 0:35:49, while Phuentsholing has the longest delay at 32:55:39. The data suggests that despite the dominance of HS Code 25, processing times are heavily influenced by the location and its associated procedures. At Phuentsholing, the most significant bottleneck occurs between the "Release Order to Gate Out" stage, where congestion at the export gate slows the flow of goods. Additional factors contributing to the delay include differing working hours between Indian and Bhutanese customs, export vehicles being allowed to move only during evening hours, and difficulties in securing slots on the e-SUVIDHA portal, all of which increase waiting times for goods to exit Bhutan.

Other HS Codes with lower shares reveal marked differences in ART. For instance, HS Code 44 (wood and articles of wood) has a share of only 1% at Phuentsholing but shows the longest ART recorded at 488:10:11. Of this, 488:09:26 hours are taken from issue of release order to gate out. Similarly, Samtse Main Gate experiences delay with HS Code 08 (fruit and nuts) at 7:36:04 despite its small share of 0.3%, again maximum time being taken from release order to gate out. This suggests streamlining the movement of cargo post issue of release order and focus on congestion management to reduce waiting times at the gate.

Table 12: Average Release Time by Commodity Type

Alley LCS Pasakha		Gomtu		Phuentsholing	
HS Code (Share)	**ART**	**HS Code (Share)**	**ART**	**HS Code (Share)**	**ART**
25 (57%) Stone and Cement	2:09:44	25 (100%) Stone and Cement	1:08:49	25 (94%) Stone and Cement	32:55:39
72 (28%) Iron and Steel	2:32:47			07 (4%) Edible Vegetables	19:44:34
22 (8%) Beverages, Spirits and Vinegar	2:56:47			44 (1%) Wood and articles	488:10:11
28 (4%) Inorganic Chemicals	6:52:27			09 (0.2%) Coffee and tea	9:57:09
19 (1%) Cereals and Pastry	2:15:17			22 (0.2%) Beverages, Spirits and Vinegar	1:00:51
Max ART 28 (4%) Inorganic Chemicals	6:52:27			Max ART 44 (1%) Wood and articles	488:10:11

Pugli		Samtse Main Gate	
HS Code (Share)	**ART**	**HS Code (Share)**	**ART**
25 (100%) Stone and Cement	0:35:49	25 (99%) Stone and Cement	3:34:56
		08 (0.3%) Edible fruits and nuts	7:36:04
		09 (0.2%) Coffee and Tea	2:35:23
		22 (0.1%)	2:59:12

		Beverages, Spirits and Vinegar	
		20 (0.1%) Preparations of vegetables, fruits, nuts	2:07:02
		Max ART 08 (0.3%) Edible fruits and nuts	7:36:04

Source: Calculations based on data retrieved from e-CMS

Fastest Cleared Bill: Export Release Time: 22 seconds

Valuation completed on 2nd July 2024 at 19:22:05 and Gate Out at 19:22:27, this declaration filed at Pugli took 22 seconds for its release. At Pugli, most of the dolomite exports are cleared expeditiously.

While the quickest cleared bill was processed in just 22 seconds, the slowest bill took 704 hours for a declaration filed at Phuentsholing, where the valuation completed on 4th July 2024 at 13:01, the release order was issued within a minute, but the gate out happened on 2nd August 2024 at 21:00. These are stone boulders destined for Bangladesh, where the delay after release until gate out is attributed to the unavailability of slot on the e-SUVIDHA (an initiative of the Government of West Bengal and Land Ports Authority of India for online slot booking for vehicle entry management).

Source: Calculations based on data retrieved from e-CMS

Transit Release

The Bhutan-to-Bhutan transit via India is a logistical arrangement allowing goods to be transported between different regions of Bhutan passing through Indian territory. This transit is necessary because certain Bhutanese regions are more easily accessible through India due to Bhutan's mountainous terrain and lack of internal direct routes. This is facilitated under the Protocol to Trade, Commerce and Transit agreement between the Royal Government of Bhutan and the Government of India.

In the TRS sample period, it was observed that 1436 transit declarations were filed at the five ports combined, corresponding to 1154 unique transit declarations[6].

Table 13: Number of Transit Declarations during TRS Period

Port	Transit Declarations Filed	Unique Transit Declarations
Alley LCS, Pasakha	209	187
Gomtu	280	278
Phuentsholing MDP	884	631

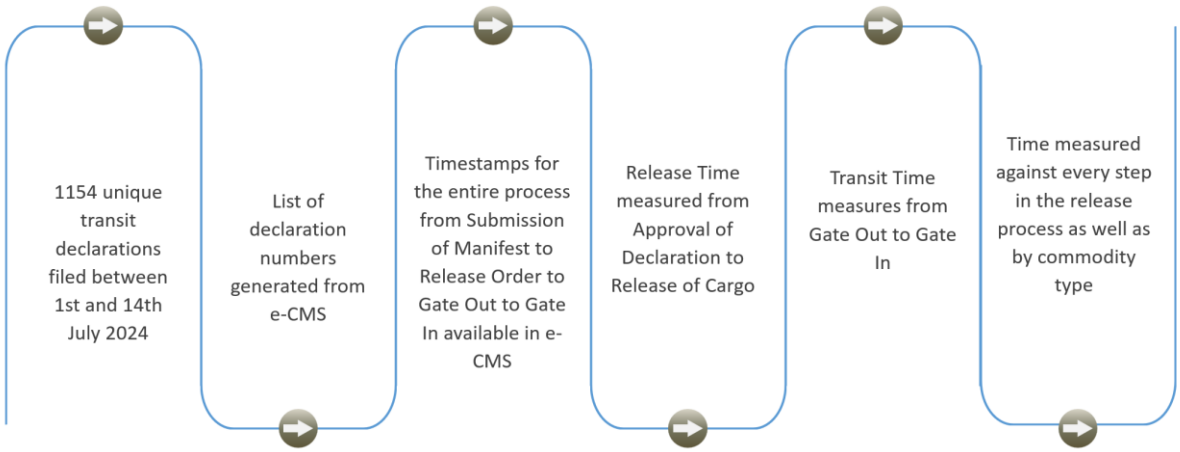
[6] As in the case of imports and exports, certain transit declarations may cover multiple trucks under a single declaration number. According to WCO methodology, each unique declaration is treated as a single unit in the study. Therefore, duplicate declaration numbers are removed from the dataset.

Pugli	3	3
Samtse Main Gate	60	55
Total	1436	1154

Source: Calculations based on data retrieved from e-CMS

The following process was followed for the purpose of data collection for Time Release Study of transit declarations.

Chart 7: Data Collection Process for Transit Cargo



The national transit process begins with submission of manifest, followed by its approval, creation of declaration and its submission and approval, payment of duty, customs risk assessment, inspection of goods if selected for inspection, and finally customs release order before the gate out of goods followed by re-entry into Bhutan.

Data against the following time stamps was received (all digitally extracted in green).

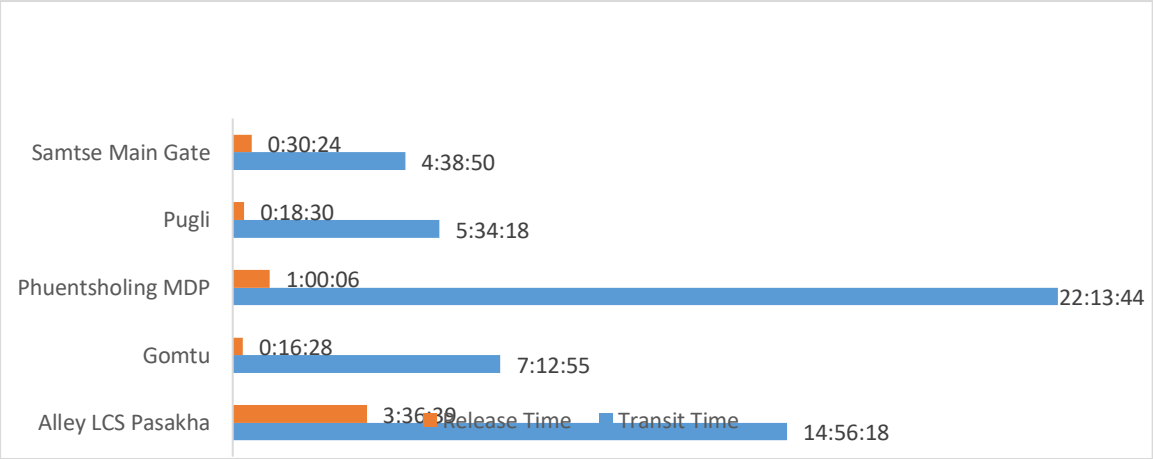
Table 14: Data Field for Transit Release and Data Source

Data Field	Source
Transit Declaration Number	e-CMS
Manifest – Created and Submitted	e-CMS
Declaration – Created, Submitted and Approved	e-CMS
Payment – Created and Completed	e-CMS
Risk Assessment – Created and Completed	e-CMS
Inspection – Created and Completed	e-CMS
Release – Release Created, Release Order and Release of Goods	e-CMS
Gate Out	e-CMS
Gate In	e-CMS
Commodity HS Code	e-CMS

Chart 8 provides insights into cargo movement efficiency by examining **Release Time** and **Transit Time** across various checkpoints. The **Release Time** is the period from the *Approval of Declaration* to the *Release of Cargo*, indicating how quickly the customs and clearance processes are completed. Locations like Pugli and Samtse Main Gate show shorter release times, at approximately 18 to 30 minutes, suggesting efficient processing at these points. Conversely, locations such as Phuentsholing MDP and Alley LCS Pasakha have longer release times, which could imply more complex or congested processing conditions. These variations in release times highlight potential areas for process optimization, especially at busy entry points.

Transit Time, on the other hand, measures the duration from *Gate Out* at one checkpoint to *Gate In* at the next checkpoint, representing the time cargo spends in transit between locations. Phuentsholing MDP has an exceptionally high transit time of over 22 hours, which could be due to factors such as longer travel distances, traffic bottlenecks, or road infrastructure issues. Comparatively, Samtse Main Gate has a transit time of around 4 hours and 38 minutes, indicating shorter distances or smoother transport conditions. Analyzing transit times across locations can assist in identifying logistical or infrastructural challenges, enabling stakeholders to address these issues and streamline cargo movement across the network.

Chart 8: Average Release Time* and Average Transit Time**



*Release Time measured from Approval of Declaration to Release of Cargo

**Transit Time measured from Gate Out to Gate In

Source: Calculations based on data retrieved from e-CMS

Stage-wise time: This data provides a detailed breakdown of the time taken at each stage of cargo clearance across various checkpoints: Alley LCS Pasakha, Gomtu, Phuentsholing MDP, Pugli, and Samtse Main Gate. Some stages in the process are more standardized across all locations, such as *Declaration Approved to Payment Created*, which takes about 2-3 seconds at each checkpoint, and *Payment Completed to Risk Assessment Created*, consistently set at 4 minutes. These uniform durations suggest these steps are highly streamlined or automated, reducing variability in processing time. This level of standardization can contribute to more predictable and efficient cargo release across checkpoints.

In contrast, other stages show considerable variation, reflecting potential differences in processes, cargo volume, or procedural complexity at each checkpoint. For instance, the *Release Order to Release* stage ranges from as little as 29 seconds at Pugli to nearly 3 hours at Alley LCS Pasakha, suggesting a wide disparity in the efficiency of final clearance activities. Similarly, *Release to Gate Out* times vary significantly, with Pugli completing this stage in just 4 minutes, while Samtse Main Gate takes over 3.5 hours. Such variations indicate that certain checkpoints might have localized challenges, such as limited staffing or infrastructure issues, which affect the speed of cargo movement. Addressing these differences could help reduce delays and standardize clearance times across the network.

Table 15: Average time taken at various stages of Transit process

Step	Activity	Alley LCS Pasakha	Gomtu	Phuentsholing MDP	Pugli	Samtse Main Gate
A	Manifest Created to Manifest Submitted	0:08:21	0:04:11	0:07:46	0:10:00	0:04:39
B	Manifest Submitted to Declaration Created	0:04:48	0:02:25	0:16:40	0:04:45	0:04:03
C	Declaration Created to Declaration Submitted	0:26:40	0:11:36	1:06:00	0:10:35	0:11:47
D	Declaration Submitted to Declaration Approved	0:07:18	0:03:50	0:11:43	0:04:16	0:08:57
E	Declaration Approved to Payment Created	0:00:03	0:00:04	0:00:03	0:00:02	0:00:03
F	Payment Created to Payment Completed	0:22:24	0:09:54	0:16:57	0:05:03	0:16:20
G	Payment Completed to Risk Assessment Created	0:04:00	0:04:00	0:04:00	0:04:00	0:04:00
H	Risk Assessment Created to Risk Assessment Completion	0:05:07	0:01:39	0:10:09	0:10:36	0:05:54
I	Risk Assessment Completion to Inspection Created, if picked for inspection	-	-	0:39:45	-	0:04:24
J	Inspection Created to Inspection Completed, if picked for inspection	-	-	0:00:48	-	0:01:15
K	Risk Assessment Completed to Release Created	0:00:03	0:00:06	0:00:28	0:00:04	0:00:23
L	Release Created to Release Order	0:05:14	0:00:21	0:05:43	0:00:09	0:00:26
M	Release Order to Release	2:59:52	0:00:41	0:22:46	0:00:29	0:03:18
N	Release to Gate Out	1:32:51	1:04:18	1:16:46	0:04:28	3:35:58

Source: Calculations based on data retrieved from e-CMS

Table 16 reveals the processing and transit patterns associated with different **HS Codes** and provides insights into the time efficiency for goods categorized under these codes. The **HS Code 25**, with 251 declarations, is by far the most frequently processed, showing a relatively quick **Release Time** of 15 minutes and 53 seconds from *Declaration Approval to Release*, and a **Transit Time** of about 7 hours and 35 minutes from *Gate Out to Gate In*. This suggests that goods under HS Code 25 (typically associated with minerals or stone products) likely have streamlined procedures due to their high volume and familiarity in processing, resulting in efficient handling and movement times.

In contrast, goods under less common HS Codes like **22** and **68** have significantly varied processing times. HS Code 22 (mostly beer), which only has 4 declarations, stands out with a much longer **Release Time** of 2 hours and 2 minutes and an exceptionally high **Transit Time** of over 21 hours. This could be attributed to additional compliance checks and handling complexities for alcoholic beverages. Meanwhile, HS Code 68 has a shorter transit time of just under 2 hours but a slightly extended release time of 29 minutes and 48 seconds, which may reflect moderate processing challenges for goods like stone or plaster products. Overall, these variations suggest that cargo handling efficiency can be influenced by both the nature of the goods and the frequency of their movement, with higher-volume HS Codes typically benefiting from more standardized, faster processing workflows.

Table 16: Average Transit Time and Average Release Time by Commodity Type

HS Code	Number of Declarations	Transit Time (Gate Out to Gate In)	Release Time (Declaration approved to Release of Cargo)
25 Stone and Cement	251	7:35:49	0:15:53
68 Articles of stone	5	1:59:57	0:29:48
22 Beverages, spirit and vinegar	4	21:07:05	2:02:20
39 Plastics and articles	1	2:30:59	0:15:47
73 Articles of iron or steel	1	3:04:24	0:18:29

Source: Calculations based on data retrieved from e-CMS

International Transit Release

Given Bhutan's landlocked status, international transit is vital for the import of essential goods and materials. Goods shipped to Bhutan from overseas typically arrive at Kolkata Port, where they undergo customs clearance. Following this, they are transported overland by road through India, generally using designated routes and transit permits that allow seamless passage through Indian territory.

Once goods leave Kolkata, they typically transit through Indian routes and reach the India-Bhutan border at entry points such as Jaigaon-Phuentsholing. At the border, they first undergo check by Indian customs to make sure the cargo has arrived in a secure condition and then undergo Bhutanese

customs checks, including verification of documentation, payment of applicable duties, and compliance checks based on Bhutan's regulatory requirements. After clearing customs, goods are then released for entry into Bhutan. This structured transit system enables smooth trade movement between Bhutan and countries other than India.

In case of goods from Bangladesh and Nepal, the transit clearance happens at RRCO Phuentsholing from Liaison and Transit Office (LTO) Bangladesh and LTO Nepal, respectively. In case of goods from countries other than India, Bangladesh and Nepal, LTO Kolkata is also involved in the transit clearance.

In the TRS sample period, it was observed that 1099 transit declarations were filed, corresponding to 116 unique transit declarations[7].

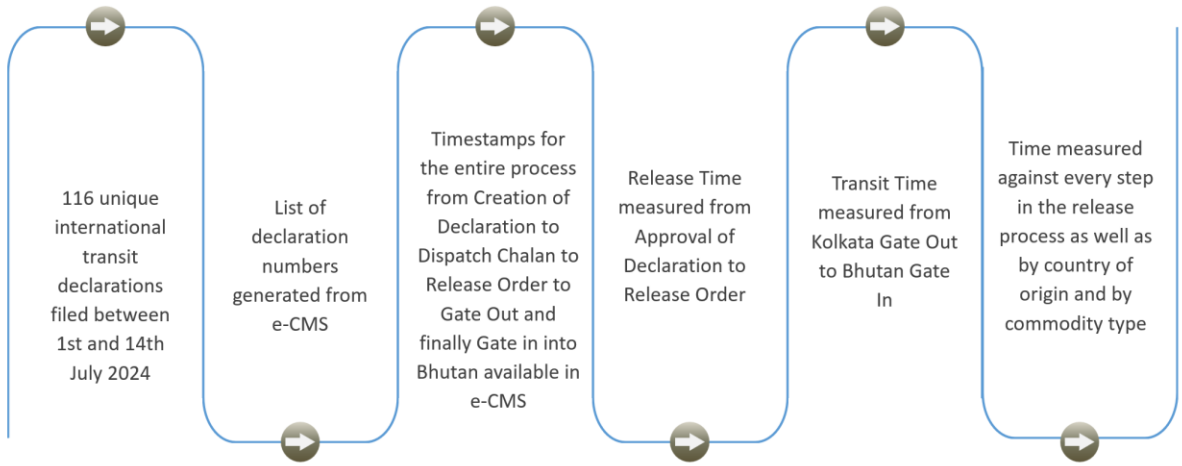
Table 17: Number of International Transit Declarations during TRS Period

Port	International Transit Declarations Filed	Unique Transit Declarations
Liaison and Transit Office (LTO) Kolkata	1044	92
LTO Bangladesh	53	22
LTO Nepal	2	2
Total	1099	116

Source: Calculations based on data retrieved from e-CMS

The following process was followed for the purpose of data collection for Time Release Study in case of international transit movement.

Chart 9: Data Collection Process for International Transit



[7] As in the case of imports and exports, certain transit declarations may cover multiple trucks under a single declaration number. According to WCO methodology, each unique declaration is treated as a single unit in the study. Therefore, duplicate declaration numbers are removed from the dataset.

The international transit process begins with creation of declaration and its submission and approval, creation of dispatch challan and its submission and approval, customs release order before the gate out of goods followed by entry into Bhutan.

Data against the following time stamps was received (all digitally extracted in green).

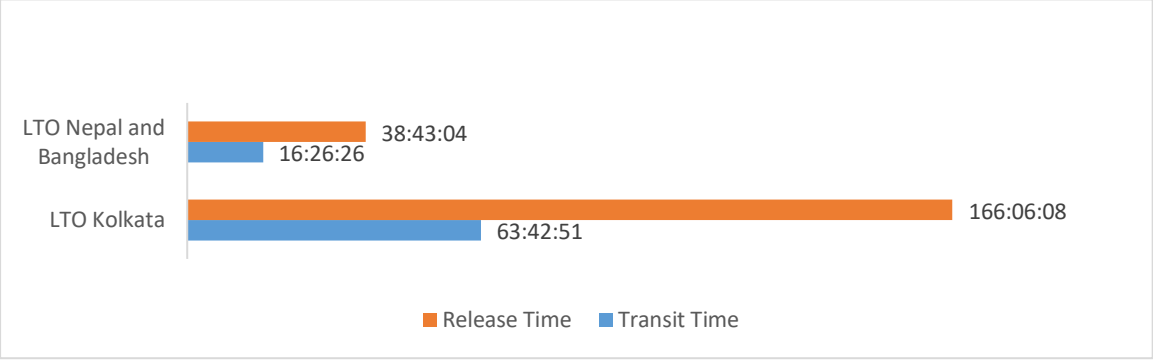
Table 18: Data Field for International Transit Release and Data Source

Data Field	Source
International Transit Declaration Number	e-CMS
Declaration – Created, Submitted and Approved	e-CMS
Dispatch Chalan – Created, Submitted and Approved	e-CMS
Payment – Created and Completed	e-CMS
Release – Release Created, Release Order and Release of Goods	e-CMS
Gate Out from Kolkata	e-CMS
Gate In into Bhutan	e-CMS
Country of Origin	e-CMS
Commodity HS Code	e-CMS

Chart 10 illustrates the cumulative time taken for goods to move from LTO to Bhutan, broken down into **Average Release Time** and **Average Transit Time**. The **Release Time**—measured from *Approval of Declaration* to *Release Order*—averages approximately 166 hours at LTO Kolkata, indicating that most of the time in the logistics process is spent in pre-departure activities in Kolkata. The **Transit Time**—from *Kolkata Gate Out* to *Bhutan Gate In*—averages at about 64 hours to cover distance of approximately 700 kilometres between Kolkata and Jaigaon (Indian side of Phuentsholing).

In case of goods from Bangladesh and Nepal, the **Release Time**—measured from *Approval of Declaration* to *Release Order*—averages approximately 39 hours, and the **Transit Time**—from *LTO*[8] *to Bhutan Gate In* —averages at about 16 hours, also dependent on the efficiency of the clearing agent.

Chart 10: Average Release Time* and Average Transit Time**



[8] LTO Bangladesh and LTO Nepal is at RRCO Phuentsholing unlike the LTO for transit through India, which is at Kolkata

*Release Time measured from Approval of Declaration to Release Order

**Transit Time measured from LTO Gate Out to Bhutan Port Gate In

Source: Calculations based on data retrieved from e-CMS

Stage-wise time: This data highlights the extensive timeline involved in international transit declarations for goods moving from LTO to Bhutan.

Maximum time is taken in the **creation of Dispatch Challan** which includes the time taken to release the goods by Indian Customs. In case of LTO Nepal and Bangladesh, this time is mainly because of the delay in arranging transportation to carry the consignment. The initial stage, from **Declaration Created to Declaration Submitted,** takes an average of 47 hours at LTO Kolkata, primarily attributed to the dependence on receipt of letter of authorization from the CFA in Bhutan.

The **Transit Time** from LTO *Kolkata Gate Out to Bhutan Gate In* takes about 64 hours for approximately 700 kilometres, indicating gaps in transit movement as well.

Table 19: Average time taken at various stages of International Transit process

Step	Activity	LTO Kolkata	LTO Bangladesh and LTO Nepal
A	Declaration Created to Declaration Submitted	47:27:27	1:04:19
B	Declaration Submitted to Declaration Approved	5:45:08	0:24:47
C	Declaration Approved to Release Created	0:00:05	0:00:04
D	Release Created to Dispatch Chalan Created	144:11:36	70:42:18
E	Dispatch Chalan Created to Chalan Submitted	1:33:55	0:00:00
F	Dispatch Chalan Submitted to Approved	1:02:37	2:00:00
G	Dispatch Chalan Approved to Release Order	26:46:13	22:33:29
H	Release Order to Release	0:29:42	25:28:28
I	Release to Gate Out	8:33:10	0:07:58
J	LTO Gate Out to Bhutan Gate In	63:42:51	16:26:26

Source: Calculations based on data retrieved from e-CMS

Table 20 offers a detailed look into the **Transit Time** (Gate Out to Gate In) and **Release Time** (from Declaration Approval to Release Order) across various HS Codes, revealing significant variation in processing and transit efficiency based on the type of goods and transit location. High-frequency codes, like HS Code 85 (electrical machinery and equipment) with 12 declarations, show longer **Transit Times** (over 61 hours) and extended release time (about 159 hours), attributable to the release from LTO Kolkata.

By contrast, some low-frequency codes, such as HS Code 26, display shorter **Transit Times** (27 hours) and **Release Times** (38 hours), attributable to the release from LTO Bangladesh at Phuentsholing.

Table 20: Average Transit Time and Average Release Time by Commodity Type

HS Code	Number of Declarations	Transit Time (Gate Out to Gate in)	Release Time (Declaration approved to Release order)
Total	116	53:50:54	139:31:03
85 Electrical Machinery	12	61:45:41	159:08:36
96 Miscellaneous manufactured articles	12	88:02:19	130:52:09
26 Ores, slag and ash *(from LTO Bangladesh and Nepal)*	10	27:42:57	38:11:46
84 Nuclear Reactors	9	47:38:16	261:42:52
94 Furniture	8	52:49:50	123:05:01
48 Paper and articles	7	68:03:55	191:32:38
22 Beverages, spirit and vinegar	6	53:21:45	177:08:27
87 Vehicles other than railway	4	107:48:17	212:13:14
64 Footwear and articles	4	71:37:45	97:22:41
40 Rubber and articles	4	59:11:36	87:20:20
21 Miscellaneous edible preparations *(mainly from LTO Bangladesh and Nepal)*	4	38:20:09	55:39:08
19 Cereals and Pastry	3	79:31:55	155:44:08
95 Toys and games	3	33:23:44	143:40:50
39 Plastics and articles	3	22:08:54	78:31:56
34 Soap and organic surface-active agents	3	35:30:08	68:03:22
33 Essential oils	2	53:49:38	165:29:03
73 Articles of iron or steel	2	16:59:43	153:24:17
90 Optical, photographic instruments and parts	2	41:22:03	141:53:09
09 Coffee and Tea	2	29:09:16	82:50:42
20 Preparations of vegetables, fruits and	2	0:42:23	78:51:00

nuts *(from LTO Bangladesh and Nepal)*			
62 Articles of apparel *(from LTO Bangladesh and Nepal)*	2	0:11:21	44:45:24
15 Animal, vegetable or microbial fats	1	64:45:21	309:42:40
47 Pulp of wood	1	2:43:09	307:32:04
81 Other base metals	1	162:13:31	265:51:55
57 Carpets and other floor coverings	1	65:18:26	213:20:18
72 Iron and Steel	1	88:19:41	188:54:44
82 Base metal tools and cutlery	1	2:52:52	165:13:35
17 Sugar and confectionary	1	41:51:36	143:37:15
16 Meat and fish preparations	1	41:51:36	139:52:32
38 Miscellaneous chemical products	1	93:08:12	100:52:15
63 Other textile articles	1	64:32:29	94:50:21
61 Articles of apparel *(from LTO Bangladesh and Nepal)*	1	24:02:28	26:02:05

Source: Calculations based on data retrieved from e-CMS

Table 21 provides insights into the **Release Time** (Declaration Approved to Release Order) for goods based on their **Country of Origin**. Notably, shipments from the **United Kingdom** and **Poland** exhibit the longest total processing times, with the **Release Time** of goods from the UK[9] extending over 381 hours.

In contrast, goods originating from neighbouring or regional countries, such as **Bangladesh** and **Nepal**, have much faster processing, especially in release times. Nepal, for instance, shows a remarkably low **Release Time** of only 2.5 hours.

These variations underline how different regulatory requirements based on country of origin and efficiency of clearing agent influence the efficiency of customs clearance processes for imports.

[9] Corresponding to HS Code 84 (Machinery and mechanical appliances) and HS Code 22 (Beverages, spirits and vinegar)

Table 21: Average Release Time by Country of Origin

Country of Origin	Release Time (Declaration approved to Release order)
UNITED KINGDOM	381:05:16
POLAND	359:22:52
Malaysia	307:32:04
TURKEY	247:31:58
ITALY	210:50:03
FRANCE	206:00:10
JAPAN	191:06:27
KOREA, REPUBLIC OF	191:04:15
SINGAPORE	184:31:26
VIET NAM	173:35:54
SWITZERLAND	165:13:35
CHINA	148:25:42
Thailand	130:24:39
TAIWAN, PROVINCE OF CHINA	126:14:31
NORWAY	100:52:15
UNITED ARAB EMIRATES	95:14:26
SLOVAKIA	72:56:15
BANGLADESH *(from LTO Bangladesh at RRCO Phuentsholing)*	42:00:52
NEPAL *(from LTO Nepal at RRCO Phuentsholing)*	2:27:13

Source: Calculations based on data retrieved from e-CMS

Recommendations and Conclusions

As per World Customs Organization (WCO), the implementation of reforms at border points (on either side as well as coordinated cross-border) can be thematically categorized into 4 sub-categories[10] which are-

- Information Technology
- Processes and Infrastructure
- Laws and Regulations
- Human Resources

Hence, the areas for reform at the checkpoints under the purview of the study are categorized into the same.

Additionally, some reforms require a bilateral approach, as they hinge on mutual consensus and coordination between agencies in Bhutan and India. And others are more qualitative in nature, informed by anecdotal insights from stakeholders on the ground. These qualitative observations are outside the direct scope of the current exercise.

[10] World Customs Organization. (n.d.). *Coordinated Border Management: An inclusive approach for connecting stakeholders*. World Customs Organization. https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/cbm-compendium.pdf?db=web

Table 22: List of Recommendations

SNO	Area of Reform	Category
1	SMS Integration for payment advice and payment receipt (currently shared on email), along with full integration between BIRMS and e-CMS, to reduce the time taken in completion of payment	Information Technology
2	Integration of Other Government Agencies into e-CMS, capturing real-time data of permit/ test certificate issuance process and use in future TRS	Information Technology
3	Resolution of internet network issues to address system downtime and assigning of a unique serial number to Single Administrative Declaration	Information Technology
4	Digitizing the application and issuance of permit process in case of restricted or prohibited goods for conduct of future TRS	Information Technology
5	Message exchange between e-CMS and Royal Bhutan Police to avoid duplicate manual entry of cargo details	Processes and Infrastructure
6	Electronic Cargo Tracking System (ECTS) seal on cargo transiting from Bhutan to Bhutan via India to prevent pilferage and enhance cargo security	Processes and Infrastructure
7	Segregate valuation process for imports from India and third country in the e-CMS	Laws and Regulations
8	Evaluation of Authorized Compliant Trader (ACT) scheme to make it relevant for trade and promotion of scheme to enhance expedited clearance for trusted traders, with scheme extending to OGAs	Laws and Regulations
9	Implementing a more robust Risk Management System for expedited clearance of green channel cargo and allocation of more resources for higher-risk shipments	Laws and Regulations
10	Dedicated customs personnel for import clearance at Pugli	Human Resources
11	Centralization of valuation function may be considered	Processes
12	Strengthening the technical capacity of BFDA field office to conduct pest risk analysis and issue permit for agrochemicals, seeds and seedlings	Human Resources
13	Continuous user training to stakeholders on the ground including RBP, CFAs and Industry on phased expansion of different modules of e-CMS and BTFN	Human Resources

Information Technology

- **SMS Integration for payment advice and payment receipt (currently shared on email), along with full integration between BIRMS and e-CMS, to reduce the time taken in completion of payment**
  Action Owner: DRC
  Recommendation: The Import TRS reveals that the time taken from the creation to the completion of payment exceeds 3 hours at Alley Pasakha, nearly 3 hours at Samtse Main Gate, over 2 hours at Pugli, and more than an hour at both Gomtu and Phuentsholing. This delay is partly attributed to issues with integration between the Bhutan Integrated Revenue Management System (BIRMS) and e-CMS wherein payment could not be processed in time and the current practice of sharing payment advice and receipts exclusively via email, which can impede timely access to crucial payment information, particularly for stakeholders with limited or unreliable internet connectivity. It is recommended to streamline full integration between BIRMS and e-CMS and introduce SMS alerts for payment advice and receipt confirmations, in addition to the current email system, offering a faster, more direct communication method. Payment Advice Notification can be sent as an SMS alert to stakeholders upon issuance of a payment advice, indicating the amount due, due date, and reference number. Payment Receipt Notifications can also be a SMS confirmation immediately upon successful payment, including details such as the payment amount, transaction reference number, and date of payment.

- **Integration of Other Government Agencies into e-CMS, capturing real-time data of permit/ test certificate issuance process for conduct of future TRS**
  Action Owner: DRC, Other Government Agencies (OGAs), GovTech
  Recommendation: During the conduct of TRS, it was found that many steps in the release process, such as obtaining No Objection Certificates (NOCs) from other government agencies or applying for permits and licenses, are conducted manually in some cases and through system in others, before the submission of declarations. These steps are not integrated with e-CMS resulting in an incomplete view of the end-to-end process. OGAs involved in trade processes (e.g., Bhutan Food and Drug Authority (BFDA)) currently operate outside the e-CMS, resulting in a fragmented approval process, delayed clearances, and additional paperwork.

  To derive the benefits of automation and also to enable measurement of time taken for various processes through digital time stamps, the following phased approach is recommended.
    - BTFN has been developed by the RMA to consolidate and strengthen cross-border trade and financial transactions and streamline the trade procedures and automate existing manual-based procedures. The BTFN currently covers the application and issue of import/export licenses/permit/certificates[11]. The OGA processes for issue of permits and licenses should be undertaken through the BTFN, which is the final stage of integration with the e-CMS.
    - Any OGA that cannot operate, and issue permits and licenses through BTFN should transmit the said documents to e-CMS, for which DRC can consult with GovTech for short term measures to facilitate receipt of permits, licences, certificates into e-CMS
    - Eventually, the National Single Window, which is in the planning state, should encompass submission of all essential documents, all trade-related approvals and

[11] Bhutan Trade Facilitation Network. (n.d.). *BTFN login*. Bhutan Trade Facilitation Network. Retrieved December 7, 2024, from https://www.btfn.bt/BTFN/login/loginbtfn.jsp

allow time stamps for the permit/test certificate issuance process to be captured digitally on a real-time basis, which is crucial for conduct of future TRS.

- **Resolution of internet network issues to address system downtime and assigning of a unique serial number to Single Administrative Declaration**
  Action Owner: GovTech, DRC
  Recommendation: During the study, it was found that owing to the frequent downtime of the e-CMS, there is a provision for manual intervention by customs, where a single administrative declaration (SAD) in hard copy is issued to substitute the electronic declaration. It is recommended to work with local telecom providers to strengthen network infrastructure to reduce downtime, prevent operational disruptions, and ensure continuous access to e-CMS, especially in remote or high-traffic areas. Internet connectivity and a reliable network are essential components of an effective e-CMS, as the system relies on real-time data processing, digital document submissions, payment processing, and regulatory compliance. Poor internet connectivity can lead to delays in data transfers, disruptions in system updates, and challenges in accessing crucial documents like manifests, declarations, and payment records. As a result, efficient customs operations, compliance monitoring, and data integrity are compromised. Ensuring robust internet infrastructure and good network coverage across ports and customs offices is therefore crucial to support seamless electronic customs management.

  In the event of occasional system downtime, it is recommended to print the SAD (Single Administrative Document) booklet, with each SAD assigned a unique serial number. This practice will help prevent any potential misuse or fraudulent activity related to declaration forms during periods when the electronic system is unavailable. By maintaining a physical record with serial numbers, customs authorities can ensure accountability, traceability, and transparency in processing declarations, even when relying on manual backup procedures.

- **Digitizing the application and issuance of permit process in case of restricted or prohibited goods for conduct of future TRS**
  Action Owner: OGAs involved in the issue of permits and licenses, DRC to communicate with relevant agencies
  Recommendation: During the TRS exercise, it was found that the government may impose restrictions or prohibition on the import or export of certain goods to safeguard national interest, but in the absence of system-generated data on application and issuance of permit, the time taken in the process, from application to issuance of permit, was estimated based on feedback from the relevant stakeholders.

  It is recommended that the application process, the review by the department concerned and the issuance of permit is digitized to reduce the processing time, enhance transparency, and ensure fully paperless trade ecosystem. This can be done through setting of an online application and tracking system, integrated with e-CMS and training of officials concerned to manage the transition to automated systems.

Processes and Infrastructure

- **Message exchange between e-CMS and Royal Bhutan Police to avoid duplicate manual entry of cargo details**
  Action Owner: RBP and DRC
  Recommendation: As found in the study, the Royal Bhutan Police currently requires cargo details (such as weight slip, invoice, packing list, and country of origin), which are manually entered into their system. This results in duplicate data entry efforts leading to increased processing time and possibility of data entry errors. It is recommended to enable message exchange with the e-CMS, in order to auto-populate cargo details in the Royal Bhutan Police (RBP) system and in parallel, provide adequate user training to RBP staff to access the e-CMS. Message exchange with BIRMS will enable record-keeping for collection of development fee, demurrage charges etc. and in the long term, implementation of national single window will be able to fully address this concern.

- **Electronic Cargo Tracking System (ECTS) seal on cargo transiting from Bhutan to Bhutan via India to prevent pilferage and enhance cargo security**
  Action Owner: DRC
  Recommendation: To reduce the time taken in risk assessment and inspection, as found in the transit TRS, it is recommended that cargo on exit from Bhutan gate is sealed with an ECTS seal that is tamper-proof and identifiable by both Bhutanese and Indian Customs. This seal would act as an indicator that the cargo has not been tampered with, reduce the risk of pilferage, ensure the integrity of the shipment throughout its transit via India and reduce the time taken in risk assessment and inspections, overall reducing the release time.

Laws and Regulations

- **Segregate valuation process for imports from India and third country in the e-CMS**
  Action Owner: DRC
  Recommendation: TRS found that 97% of the imports during the TRS sample period came from India and nearly 3% from third countries other than India (referred to as third country imports (TCI)). TCIs may have to undergo additional inspections due to differences in regulatory requirements and potential risk factors. Due to this reason, imports from India and third-country imports were handled separately, before the implementation of the e-CMS. To improve customs process efficiency and reduce overall release time for a majority of imports, without compromising on regulatory oversight, it is recommended to **segregate valuation processes for TCIs and apply** appropriate valuation criteria and risk assessments within e-CMS. Consolidating all imports into a single queue leads to overall delay in clearance of imports, given the higher scrutiny of third-country imports due to varied origin, compliance standards, and valuation protocols.

- **Evaluation of Authorized Compliant Trader (ACT) scheme to make it relevant for trade and promotion of scheme to enhance expedited clearance for trusted traders, with scheme extending to OGAs**

  Action Owner: DRC, Bhutan Chamber of Commerce and Industry, Association of Bhutanese Industries

  Recommendation: During the conduct of TRS, it was found that no trader is registered as authorized compliant trader. The provision for ACT exists as per the Customs Manual 2024[12] - Chapter 13, according to which ACT status can be granted based on the trader's history of compliance with customs regulations, financial solvency, and adherence to security standards. The trader can apply for ACT status in e-CMS, provided a) they have a valid Taxpayer Number (TPN) which is available in e-CMS PIN Master (centralized repository for managing TPNs) through Revenue Administration Management Information System (RAMIS) integration and b) they have a history of compliance (not a high risk) which can be validated against e-CMS provided information in TPN master. The ACT program offers benefits for the traders and a more efficient way of compliance management for customs.

  Absence of ACTs indicates the need to review the program to evaluate the benefits being offered are commensurate with the qualifying criteria and are meaningful to the trade, especially exporters. The benefit of deferred payment could be extended to ACTs, as done in other countries and expedited clearance for trusted traders by other agencies including OGAs could be considered. Upon such review and (if necessary) recasting the program, a focussed outreach program should be carried out targeting potential ACTs and the trade chambers, as well as with OGAs to raise awareness about the ACT program. Once the program is significantly matured, then the DRC can consider mutual recognition arrangements with similar programs with other countries, where it is commonly referred to as 'Authorized Economic Operator', that can facilitate end-to-end movement of cargo for the ACTs.

- **Implementing a more robust Risk Management System for expedited clearance of green channel cargo and allocation of more resources for higher-risk shipments**

  Action Owner: DRC and OGAs

  Recommendation: During the conduct of TRS, it was found that in Bhutan, the current practice of conducting valuation before customs risk assessment deviates from international standards, where risk assessment typically precedes valuation, determined based on risk classifications (green, amber, red). The time taken in valuation process ranges from a few minutes at all ports other than Pugli to more than 3 hours at Pugli, followed by more time for completion of risk assessment.

  To align with global best practices and enhance efficiency, it is recommended to implement a more robust Risk Management System (RMS) with high standards of data quality that should a) prioritize risk assessment as an early-stage process to identify high-risk shipments requiring detailed valuation; b) integrate automated tools to classify consignments into green (low risk), amber (moderate risk), and red (high risk) categories based on predefined parameters; and c) reduce delays by allowing expedited processing for green channel shipments while focusing resources on higher-risk consignments. A comprehensive risk management system can be considered not just for customs, but for OGAs as well.

[12] Royal Government of Bhutan, Department of Revenue and Customs. (2024). *Revised indirect tax manual 2024 for customs and excise*. Department of Revenue and Customs. Retrieved December 7, 2024, from https://www.drc.gov.bt/revised-indirect-tax-manual-2024-for-customs-and-excise/

Human Resources

- **Dedicated customs personnel for import clearance at Pugli and centralization of valuation function**
  Action Owner: DRC, Samtse Regional Office
  Recommendation: During the TRS period, it was found that Pugli faced significant delays in import clearance, with an average release time of 7 hours and 21 minutes, despite handling only 39 import declarations over two weeks and no third-country imports. This delay is primarily due to Pugli's focus on exports, as many vehicles carry export cargo multiple times daily, prioritizing export processes over limited import volumes. To address this challenge, it is recommended to deploy dedicated customs personnel specifically for import clearance at Pugli. This approach will: a) expedite the processing of the relatively limited import volumes, b) prevent imports from being delayed due to the prioritization of exports, and c) enhance overall efficiency and balance in clearance operations at the port – facilitating both imports and exports. Additionally, centralizing declaration approval and valuation from Samtse regional office could be considered to expedite clearance at Pugli despite limited personnel.

- **Strengthening the technical capacity of BFDA field office to conduct pest risk analysis and issue permit for agrochemicals, seeds and seedlings**
  Action Owners: Bhutan Food and Drug Authority (BFDA) coordinated by DRC
  Recommendation: During the conduct of TRS, it was found that the inspections at the port of entry for various goods such as fruits, vegetables, agrochemicals, seeds and seedlings, are conducted by Royal Bhutan of Police on behalf of BFDA.
  To improve the efficiency and effectiveness of agrochemical, seed, and seedling imports in Bhutan, it is recommended to build technical capacity within the Bhutan Food and Drug Authority (BFDA) field offices to conduct pest risk analysis (PRA) and issue import permits. Currently, PRAs for fruits and vegetables is centralized at BFDA's head office in Thimphu based on which the field office can issue permit. In contrast, in case of agrochemicals, seeds and seedlings, both PRA and permit issuance can only be done at the head office. Decentralizing these functions by empowering field offices would streamline the import process and reduce the reliance on inspections conducted by Royal Bhutan Police, which are not specialized for such risk assessment.

  By providing BFDA field officers with training in PRA methodologies and equipping them with necessary resources, the government can enable these regional offices to issue permits based on completed PRAs conducted at the head office or locally. Decentralizing permit issuance authority would reduce the burden on the head office, expedite the import process, and improve the efficiency of import inspections.

- **Continuous user training to stakeholders on the ground including RBP, CFAs and Industry on phased expansion of different modules of e-CMS and BTFN**
  Action Owner: DRC
  Recommendation: It was found during the study that the Royal Bhutan Police currently requires cargo details (such as weight slip, invoice, packing list, and country of origin), which are manually entered into their system, resulting in duplicate data entry efforts. As the e-CMS and BTFN undergo phased expansions with additional modules, there is a need for stakeholders on the ground to understand and effectively use these new functionalities.

Without proper training, users may struggle to fully leverage the system, which could hinder efficient customs processing and trade facilitation. It is recommended to conduct recurring training sessions for ground staff of RBP, CFAs, and industry representatives whenever a new module is introduced; create a digital training portal with accessible resources, including video tutorials, user manuals, FAQs, and troubleshooting guides; set up feedback channels for stakeholders to provide insights on their experience with new e-CMS and BTFN modules that can guide continuous improvement in the training program.

Conduct of future TRS

Conducting a periodic Time Release Study (TRS) in the future is crucial for identifying bottlenecks, enhancing efficiency, and monitoring the progress of trade facilitation measures over time. It requires meticulous planning and addressing several critical aspects, like mentioned below, to ensure meaningful outcomes and actionable insights.

Data Availability and Accuracy: Missing or inaccurate data can distort study outcomes. It is essential to establish clear data-sharing mechanisms and timelines among all stakeholders before commencing the study. Leveraging digital platforms for real-time data collection for an end-to-end process can minimize manual errors, enhance data integrity, and ensure reliability.

Stakeholder Engagement: Varied levels of interest or cooperation among stakeholders may lead to delays or incomplete information. To address this, organizing training and awareness sessions can highlight the importance of TRS in trade facilitation. Additionally, creating a dedicated nodal team and building in-house capacity through targeted training can streamline coordination and emphasize the study's value.

Consistency in Definition of Release Time: Varying definitions of "release time" can lead to inconsistencies in the study's findings. Providing clear guidelines and adopting a common framework for defining and measuring release time can ensure uniformity and comparability across studies.

Frequency and timing of the Study: Conducting TRS infrequently limits the ability to track progress and implement timely improvements. Setting a realistic and regular schedule for conducting TRS conducted at a comparable time of year to ensure consistency, can enable continuous monitoring of processes and support responsive corrective actions. Selecting a time period that represents least seasonal variations and shows consistent levels of export and import activity is important.

By addressing these considerations, future TRS efforts can enhance their impact and contribute significantly to improving trade facilitation.

Annexures

Annexure A: Import Release Data Template

Sl. No	Data Field	Data available in e-CMS (dd:mm:yyyy format for date and hh:mm:ss for time)
1	RRCO Office	
2	Customs Office	
3	Regime	
4	Manifest Created	
5	Manifest Submitted	
6	Manifest Approved	
7	Gate In	
8	Declaration Number	
9	Declaration Created	
10	Declaration Submitted	
11	Declaration Approved	
12	Payment Created	
13	Payment Completed	
14	Valuation Created	
15	Valuation Completed	
16	Risk Assessment Created	
17	Risk Assessment Completed	
18	Inspection Created	
19	Inspection Completed	
20	Release Created	
21	Release Order	
22	Release of Cargo	
23	HS Code	
24	Commodity Description	
25	Commercial Description	
26	Country of Origin	

Annexure B: Export Release Data Template

Sl. No	Data Field	Data available in e-CMS (dd:mm:yyyy format for date and hh:mm:ss for time)
1	RRCO Office	
2	Customs Office	
3	Regime	
4	Manifest Created	
5	Manifest Submitted	
6	Manifest Approved	
7	Gate In	
8	Declaration Number	

9	Declaration Created	
10	Declaration Submitted	
11	Declaration Approved	
12	Payment Created	
13	Payment Completed	
14	Valuation Created	
15	Valuation Completed	
16	Risk Assessment Created	
17	Risk Assessment Completed	
18	Inspection Created	
19	Inspection Completed	
20	Release Created	
21	Release Order	
22	Release of Cargo	
23	Gate Out	
24	HS Code	
25	Commodity Description	
26	Commercial Description	
27	Country of Origin	
28	Destination Country	

Annexure C: Bhutan-India-Bhutan Transit Data Template

Sl. No	Data Field	Data available in e-CMS (dd:mm:yyyy format for date and hh:mm:ss for time)
1	RRCO Office	
2	Customs Office	
3	Regime	
4	Manifest Created	
5	Manifest Submitted	
6	Manifest Approved	
7	Transit Declaration Number	
8	Declaration Created	
9	Declaration Submitted	
10	Declaration Approved	
11	Payment Created	
12	Payment Completed	
13	Risk Assessment Created	
14	Risk Assessment Completed	
15	Inspection Created	
16	Inspection Completed	
17	Release Created	
18	Release Order	
19	Release of Cargo	
20	Gate Out	
21	Port of Exit	
22	Gate In	
23	Port of Entry	

24	HS Code	
25	Commodity Description	
26	Commercial Description	
27	Destination Country	

Annexure D: International Transit Data Template

Sl. No	Data Field	Data available in e-CMS (dd:mm:yyyy format for date and hh:mm:ss for time)
1	RRCO Office	
2	Customs Office	
3	Regime	
4	Transit Declaration Number	
5	Declaration Created	
6	Declaration Submitted	
7	Declaration Approved	
8	Dispatch Challan Created	
9	Dispatch Challan Submitted	
10	Dispatch Challan Approved	
11	Payment Created	
12	Payment Completed	
13	Release Created	
14	Release Order	
15	Release of Cargo	
16	Gate Out	
17	Gate In	
18	Port of Entry	
19	HS Code	
20	Commodity Description	
21	Commercial Description	
22	Country of Origin	
23	Destination Country	

Annexure E: Manual Data Collection

The information in the data template below may be collected (*only*) for instances where the application for NoC, permit or testing is made as part of the import process for import declarations filed during the TRS period. Due to the unavailability of this data, it has been excluded from the current TRS; however, its inclusion should be prioritized in future studies for a more comprehensive analysis.

MANUAL DATA		
Sl. No	**Process**	**Data** (dd:mm:yyyy format for date and hh:mm:ss for time)
1	Import declaration date and time	
2	Import declaration number	
3	HS Code	
4	Application of permit for restricted or prohibited goods, date and time	
5	Receipt of permit for restricted or prohibited goods, date and time	
6	Testing Agency – Name, if test certificate is required	
7	Application for test certificate, date and time	
8	Test Certificate from the concerned testing agency, date and time	