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# **Application of Gravity and Related Methods in Trade Facilitation Research**

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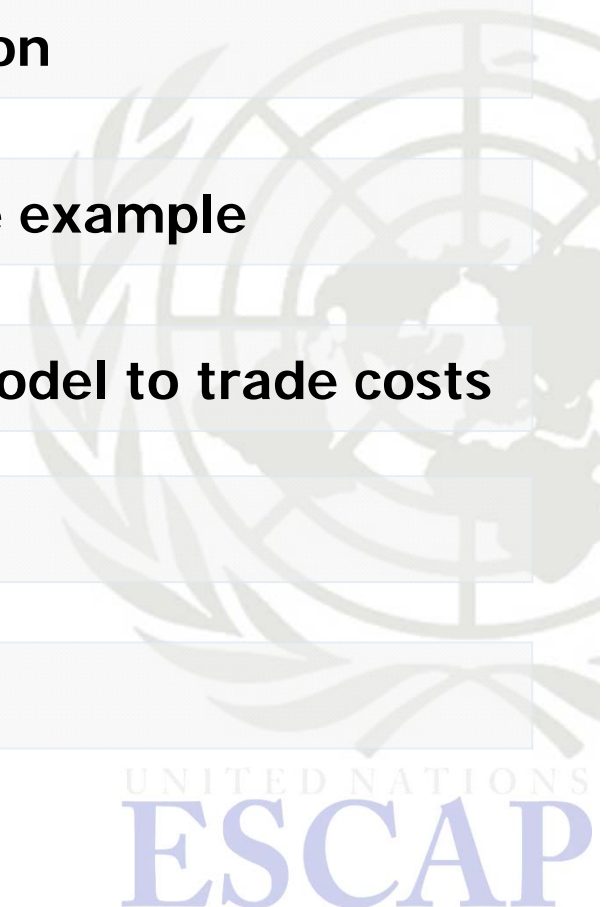
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## What is Trade Facilitation (TF)? - Definition

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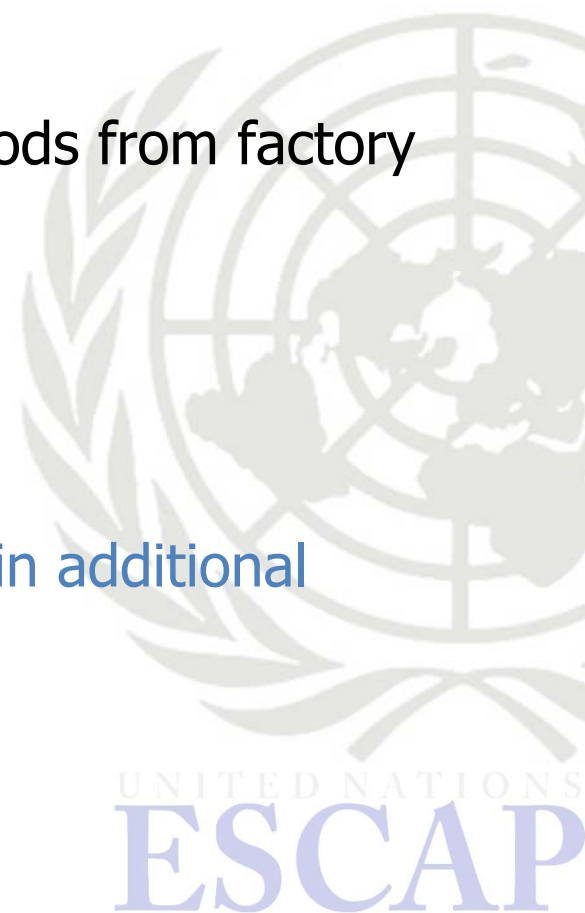
- “the simplification and harmonization of international trade procedures”
- “measures that aims to increase the cost effectiveness of international trade transactions”



## What is Trade Facilitation? – Overview of TF

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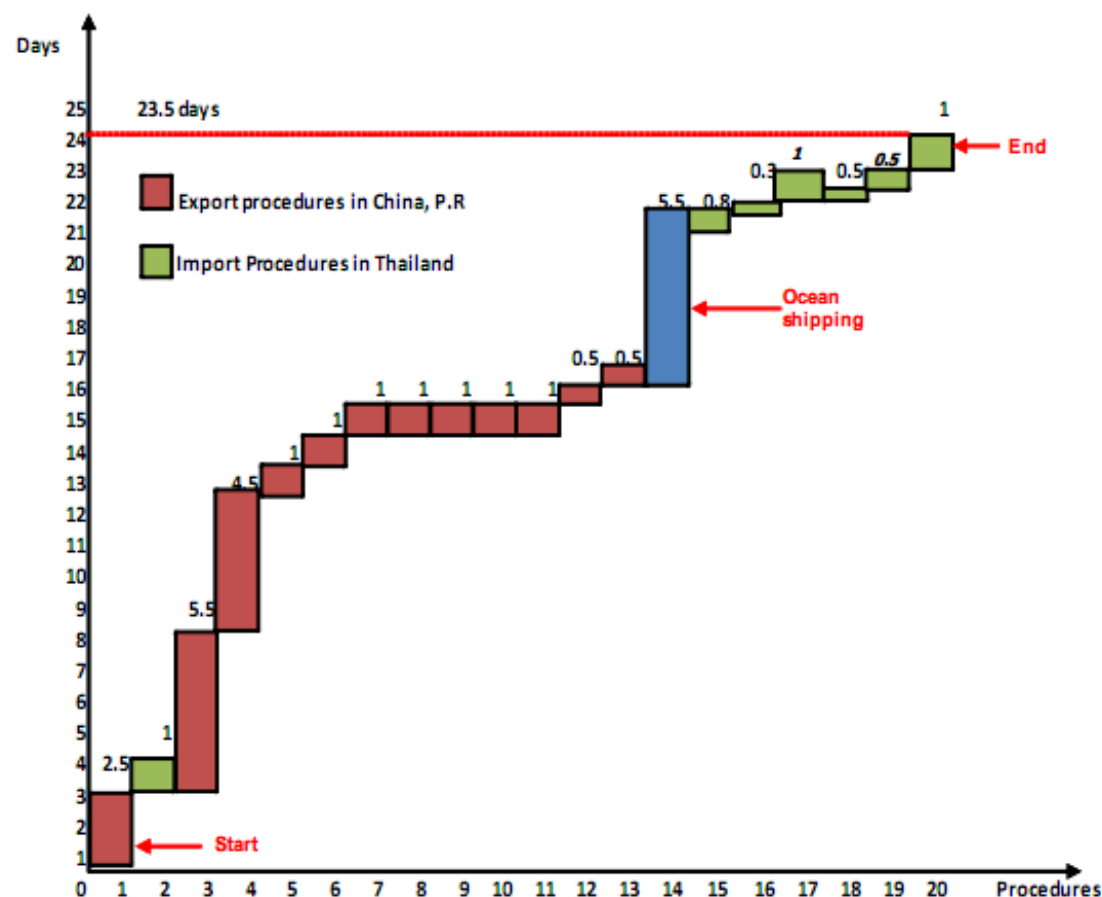
- Significant progress made in reducing time of import/export since 2005, but developed economies also improved during that period
- On average, it still takes 30 days to move goods from factory to deck-of-ship at the nearest seaport
  - South Asia: 30 days
  - South-East Asia: 20 days
  - Developed economies: 10 days
- Improvements in TF could bring \$250 billion in additional trade for Asia and the Pacific



# What is Trade Facilitation? – Overview of TF

Sr. No	Process	Days
1	Buy	2.50
2	Obtain permission for raw materials release	1.00
3	Obtain export permit	5.50
4	Arrange transport	4.50
5	Arrange inspection	1.00
6	Prepare customs declaration	1.00
7	Collect empty containers from yard	1.00
8	Stuff a container	1.00
9	Transfer to port of departure	1.00
10	Clear goods through customs	1.00
11	Handle containers and stow on vessel	1.00
12	Obtain cargo insurance	0.50
13	Prepare documents for payment	0.50
14	Ocean shipping	5.50
15	Request for vessel berthing	0.75
16	Unload goods from vessel	0.25
17	Declare goods to Customs	1.00
18	Arrange goods for inspection	0.50
19	Inspect and release goods	0.50
20	Pay	1.00
	<b>Total</b>	<b>23.50</b>

Figure 4. Time Procedure Chart: Trade in electronic devices from China to Thailand



Source: ARTNeT Working Papers 88 and 103.

# What is Trade Facilitation? – Overview of TF

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INVOLVES

## Commercial Procedures

- Establish Contract
- Order Goods
- Advice on Delivery
- Request Payment
- Packing
- Certification
- Accreditation
- Warehousing

## Transport Procedures

- Establish Transport Contract
- Collect, Transport and Deliver Goods
- Provide Waybills, Goods Receipts Status Reports, etc.

## Regulatory Procedures

- Obtain Import/Export Licenses, etc.
- Provide Customs Declaration
- Provide Cargo Declaration
- Apply Trade Security Procedures
- Clear Goods for Export/Import

## Financial Procedures

- Provide Credit Rating
- Provide Insurance
- Provide Finance
- Execute Payment
- Issue Statements

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## ables for TF? – Doing Business

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Business ranks the business regulation and  
cost in 185 economies around the world

is based on 10 topics: starting a business,  
getting construction permits, getting electricity,  
dealing with properties, getting credit, protecting  
investments, paying taxes, trading across borders,  
enforcing contract, resolving insolvency

World Economic Forum provides the score for comparison  
across

<http://www.doingbusiness.org>

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