Export Process Analysis of Sugar and Automobile Spare Parts from Thailand to South Asia

“Regional Study on Improving Regional Trade Procedures and Processes” for ARTNeT Trade Facilitation Research (ATFR) 2010

Institute for Information Technology Innovation
Kasetsart University, Thailand

ARTNeT Trade Facilitation Research Team Meeting
4 October 2010
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Export of Sugar and Auto Spare Parts during 2005-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Products</th>
<th>Sugar</th>
<th>O.E.M. Part</th>
<th>Spare Parts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Body Part</td>
<td>Component Part</td>
</tr>
<tr>
<td>2005</td>
<td>Quantity (ton)</td>
<td>1,419,417</td>
<td>--- Total units not specified---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value (mil.bath)</td>
<td>14,437.50</td>
<td>6,462.11</td>
<td>70,328.58</td>
</tr>
<tr>
<td>2006</td>
<td>Quantity (ton)</td>
<td>981,463</td>
<td>--- Total units not specified---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value (mil.bath)</td>
<td>13,151.60</td>
<td>6,677.28</td>
<td>80,489.32</td>
</tr>
<tr>
<td>2007</td>
<td>Quantity (ton)</td>
<td>2,321,484</td>
<td>--- Total units not specified---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value (mil.bath)</td>
<td>25,383</td>
<td>39,910.06</td>
<td>72,432.02</td>
</tr>
<tr>
<td>2008</td>
<td>Quantity (ton)</td>
<td>2,015,012</td>
<td>--- Total units not specified---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value (mil.bath)</td>
<td>21,733.50</td>
<td>71,493.36</td>
<td>61,320.34</td>
</tr>
<tr>
<td>2009</td>
<td>Quantity (ton)</td>
<td>2,694,467</td>
<td>--- Total units not specified---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value (mil.bath)</td>
<td>35,503.40</td>
<td>14,665.70</td>
<td>86,225.42</td>
</tr>
</tbody>
</table>

- Increasing export quantity and value during the part five years
- Set high impact on national economic growth

2 Source: Office of Agricultural Economics http://www.oae.go.th/
3 Source: Thailand Automotive Institute http://www.thaiauto.or.th/statistic/vehicle_and_part_export.asp
Business Process Analysis of Automobile Spare Parts Export from Thailand
Business Process Analysis of Automobile Spare Parts from Thailand

12 Stakeholders - involved in fulfilling procedural and documentary requirements
1) Exporter
2) Importer
3) Exporter’s bank
4) Importer’s bank
5) Suppliers
6) Inland haulage service
7) Carrier (shipping agent)
8) Port Authority of Thailand
9) Terminal Operator
10) Department of Foreign Trade
11) Royal Thai Customs Department
12) Thai Chamber of Commerce
Business Process Analysis of Automobile Spare Parts from Thailand

29 related trade documents (approx.)

1) Purchase Order
2) Picking Slip
3) RTS Invoice
4) Commercial Invoice
5) Preemption Freight
6) Bill of Lading
7) Haulage Order
8) Request for Certification of Origin
9) Certification of Origin
10) Request for FTA Form
11) FTA Form
12) Request for Permission for Container Movement to the Port Area (TKT 308.2)
13) Permit for Cargo Movement (KN 6.1)
14) Packing List
15) Equipment Interchange Receipt (EIR)
16) Goods Transition Control List
17) Case Check Sheet
18) Export Declaration
19) Export Entry
20) Payment Order
21) Credit Advice
22) Debit Advice
23) Remittance Advice
24) Export Permit
25) Manifest
26) Bill of Lading
27) Application for Letter of Credit
28) Letter of Credit
29) Shipping Documents (as per importer’s purpose)
Business Process Analysis of Auto Spare Parts from Thailand

Time-Procedure Chart

Total time 65 days

Process

Place Order | Allocate | Pick/Pack | Send/Receive Invoice | Arrange Transportation | Pre-shipment approval | Insurance Process | Inland Transport | Security Inspection | Customs Clearance | Port and terminal handling activities | Waiting time before next ship departs | Loading containers onto the vessel | Maritime transport | Prepare Documents for Importation in India | Send documents for Importation to Importers by Couriers | Payment Process

0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17

days

0 10 20 30 40 50 60 70

Time (Day)
## Time/Cost-Distance Analysis: Automobile Spare Parts from Thailand

<table>
<thead>
<tr>
<th>Export Process</th>
<th>Time (Day)</th>
<th>Cost (Baht)</th>
<th>Distance (km.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Place Order</td>
<td>0.25</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Allocate</td>
<td>0.25</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. Pick/Pack</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Send/Receive Invoice</td>
<td>0.25</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5. Arrange Transportation</td>
<td>0.25</td>
<td>3547</td>
<td>0</td>
</tr>
<tr>
<td>6. Pre-shipment approval</td>
<td>0.25</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7. Insurance Process</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>8. Inland Transport</td>
<td>1</td>
<td>5500</td>
<td>100</td>
</tr>
<tr>
<td>9. Security Inspection</td>
<td>0.25</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>10. Customs Clearance</td>
<td>1</td>
<td>1650</td>
<td>3</td>
</tr>
<tr>
<td>11. Port and terminal handling activities</td>
<td>1</td>
<td>65</td>
<td>2</td>
</tr>
<tr>
<td>12. Waiting time before next ship departs</td>
<td>2</td>
<td>635</td>
<td>0</td>
</tr>
<tr>
<td>13. Loading containers onto the vessel</td>
<td>0.25</td>
<td>2600</td>
<td>0</td>
</tr>
<tr>
<td>14. Maritime transport</td>
<td>14</td>
<td>0</td>
<td>6054.188</td>
</tr>
<tr>
<td>15. Prepare Documents for Importation in India</td>
<td>2</td>
<td>1300.56</td>
<td>0</td>
</tr>
<tr>
<td>16. Send documents for Importation to Importers by Couriers</td>
<td>2</td>
<td>0</td>
<td>5920</td>
</tr>
<tr>
<td>17. Payment Process</td>
<td>35</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Time-Distance Analysis: Automobile Spare Parts Export from Thailand

![Time-Distance Chart: Automobile Spare parts Export from Thailand to India](chart.png)
Cost-Distance Analysis: Automobile Spare Parts Export from Thailand

Cost-Distance Chart: Automobile Spare parts Export
(from Thailand to India)

- Departure from Thailand
- Border Crossing Destination (India)
- Sending Documents for Importation by Courier
- Payment Process

Number of Stakeholder: 11 parties (approx.)
Number of Documents: 29 documents (approx.)
Business Process Analysis of Sugar Export from Thailand

ud Sugar Export

Exporter

Importer

buy

pay

request for permit

request for cargo movement permit

prepare for insurance

prepare for cargo movement

prepare docs to customs

receive empty container

load cargo into the container

declare to customs

move cargo into the ship

prepare docs for importation

report

Production and Distribution Center

Haulage

Ship Agent

Thai Customs Department

Port Authority of Thailand (PAT)

Office of the cane and sugar board

Insurance Company

Ministry of Foreign Trade/The Thai Chamber of Commerce
13 Stakeholders - involved in fulfilling procedural and documentary requirements
1) Exporter or representative
2) Importer
3) Exporter’s bank
4) Importer’s bank
5) Suppliers
6) Inland haulage service
7) Carrier (shipping agent)
8) Office of the Cane and Sugar Board
9) Port Authority of Thailand
10) Terminal Operator
11) Department of Foreign Trade
12) Royal Thai Customs Department
13) Insurance Company
Business Process Analysis of Sugar Export from Thailand

31 related trade documents (approx.)

1) Proforma Invoice
2) Application for Permission to Export Sugar (KP. 9)
3) Application for Collection of Permit for Sugar Export (A 3)
4) Draft Permit for Sugar Export (A. 4)
5) Permit for Sugar Export (KN 10)
6) Purchase Order
7) Sales Contract
8) Notification of Quota Deduction
9) Application for Permission for Sugar Movement (KN 5.1)
10) Permit for Sugar Movement (KN 6.1)
11) Cargo Insurance Application Form
12) Commercial Invoice
13) Packing List
14) Letter of Credit/Telegraphic Transfer
15) Insurance Policy
16) Bill of Lading
17) Booking Request
18) Booking confirmations for inland and cross-border transportation
19) Export Declaration
20) Empty Container Movement Request
21) Permit for Empty Container Movement (KBT.05)
22) Goods Transition Control List
23) Request for Permission for Container Movement to the Port Area (TKT 308.2)
24) Request for Container Labels
25) Equipment Interchange Receipt (EIR)
26) Container Loading List
27) Manifest
28) Outward Container List,
29) Application for Certification of Origin
30) Certification of Origin
31) Report of Details of Sugar Export (KN 11)
Business Process Analysis of Sugar Export from Thailand

Time-Procedure Chart

1. Buy - Conclude sales contract and trade terms
2. Ship - Obtain export permit
3. Obtain goods movement permit
4. Obtain cargo insurance
5. Arrange transport
6. Provide customs declaration
7. Collect empty container(s) from yard
8. Stuff container(s)
9. Clear goods through customs
10. Handle container at terminal and stow on vessel
11. Prepare documents required by importer
12. Verify the accuracy/authenticity of exported cargo
13. Pay - Claim payment of goods

Total export time 13 days
### Time/Cost-Distance Analysis: Sugar Export from Thailand

<table>
<thead>
<tr>
<th>Export Process</th>
<th>Time (Day)</th>
<th>Cost (Baht)</th>
<th>Distance (km.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Buy/Conclude sale contract &amp; trade term</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Request for export permit</td>
<td>2</td>
<td>200</td>
<td>11</td>
</tr>
<tr>
<td>3. Request for cargo movement permit</td>
<td>1</td>
<td>200</td>
<td>11</td>
</tr>
<tr>
<td>4. Prepare documents for insurance</td>
<td>2</td>
<td>200</td>
<td>0</td>
</tr>
<tr>
<td>5. Prepare documents for cargo movement</td>
<td>3</td>
<td>3500</td>
<td>0</td>
</tr>
<tr>
<td>6. Prepare documents for customs declaration</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7. Receive empty container</td>
<td>1</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>8. Load cargo into the container</td>
<td>2</td>
<td>5000</td>
<td>100</td>
</tr>
<tr>
<td>9. Declare to Customs</td>
<td>1</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>10. Customs clearance</td>
<td>10</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>11. Waiting time before next ship departs</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12. Loading containers onto the vessel</td>
<td>0.5</td>
<td>2600</td>
<td>0</td>
</tr>
<tr>
<td>13. Maritime transport</td>
<td>20</td>
<td>0</td>
<td>7253</td>
</tr>
<tr>
<td>14. Prepare documents for importation</td>
<td>10</td>
<td>1500</td>
<td>0</td>
</tr>
<tr>
<td>15. Report of sugar export</td>
<td>1</td>
<td>500</td>
<td>11</td>
</tr>
<tr>
<td>16. Payment Process</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Time-Distance Analysis: Sugar Export from Thailand
Cost-Distance Analysis: Sugar Export from Thailand

Cost-Distance Chart: Sugar Export (from Thailand to Bangladesh)

- Departure from Thailand
- Border Crossing Destination (Bangladesh)
- Payment Process

Number of Stakeholder: 12 parties (approx.)
Number of Documents: 31 documents (approx.)

Cost (Baht)

Distance (km.)
Implications from case studies of sugar and automobile spare parts export

- **High costs** for preparing, sending and receiving documents and inland transport
- **Data inconsistency and duplicated information** in trade documents for many stakeholders
- Some **processes** of sending and receiving documents are manual.
- In the case of sugar export, many **procedures** involving several stakeholders can be reduced and simplified.
- In the case of automobile spare parts export, as the concerned companies are normally large and take part in both import and export, several procedures and documents requirements can be further automated and streamlined as part of the Thailand National Single Window (NSW) development.

Recommendations

- **Duplicated processes and data** for export of both selected products should be defined and eliminated.
- The **information technology (IT) systems** of related government agencies and business sectors and also with National Single Window System should be integrated.
- **Open and international standards** to ensure technical interoperability within and across borders should be adopted.
Thank you

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