The Global Alliance for Trade Facilitation , a collaboration of international organisations, governments and businesses that provides support to governments in developing and least developed countries for implementing the World Trade Organization's Trade Facilitation Agreement, developed a methodology for measurement of transport and logistics cost in cross-border trade.

The Total Transport and Logistics Costs (TTLC) is a tool aimed at identifying bottlenecks and estimating ex ante the potential returns of trade facilitation reforms which allows the measurement not only of direct costs (such as transportation and customs fees), but of indirect costs of trading across borders induced by long lead times, delays and unpredictability in the supply chain as well. Indirect costs, for instance, can take the form of demurrage and detention charges, higher and lengthier storage requirements, theft and spoilage, and penalties for late deliveries, which raise trade costs by forcing firms to hold additional inventory to prevent production stoppages or supply interruptions to customers.

Although it is generally acknowledged that indirect costs have a negative impact on trade, they are typically not fully taken into account for in the design of trade facilitation policies, as reliable estimates of these costs are not generally available. In contrast, their identification and measurement is particularly important, because differently from direct costs, they can have a multiplying effect by generating additional delays and further costs downstream in the supply chain. Consequently, in most cases this is the domain where most gains can be achieved with trade facilitation reforms.

The TTLC is also useful to assess ex post the impact of specific trade facilitation interventions on the total costs of transport and logistics.

One of the key assumptions of the TTLC is that indirect costs correlate with time, whereby the longer a consignment is delayed by a given supply chain process, the higher will be the attributed indirect cost. A container idling multiple days at terminal, whether it is waiting for clearance by Customs or because it is misplaced by a terminal operator, may incur additional costs in the form of demurrage, storage and losses from spoilage, for example. The TTLC approach proportionally allocates these costs along the supply chain according to the time required to complete a specific step relative to the total time to complete the import or export process, and the type of indirect costs applicable at this step. The TTLC is calculated using survey data collected through interviews with key supply chain stakeholders.