

1. INTRODUCTION

1.1 Background

International trade and transport play a vital role in the economic development of member countries in the globalized environment. However inadequate infrastructure and non-physical barriers challenge hinder progress in international trade and development. The non-physical barriers include complicated, lengthy and frequently changed procedures and documentation, requirements that differ between countries, duplicated inspections, high charges, and the need for transshipment at border control points. The non-physical barriers create high costs for trade transactions and delays for cross-border movement of traded goods. Not all these impediments can be addressed through the simple modification of documentation and procedures. Some may require adjustments to policies and legal regimes.

The removal of physical and non-physical barriers in international trade and transport requires the involvement of many government agencies. Customs clearance of trade consignments, performed by Customs officers at the border, constitutes only one process which must be completed in order to allow the passage of trade and trade-carrying vehicles across borders. Others can include: inspections of driver passports and visas by the border police and/or immigration officials; inspections of vehicles and drivers licenses by transport and/or police officials in order to ensure compliance with national transport regulations; and agricultural, veterinary and public health inspections carried out by officials of the relevant government agencies to ensure compliance with national quarantine and public health regulations.

Administrative processes at borders can include up to 20 separate procedures required by up to eight separate government authorities which must be completed before cargo-carrying vehicles and transport-operating staff can move across national frontiers as shown in Table 1.1. In addition, national borders are increasingly becoming the location for trade and transport activities mostly undertaken by the private sector, such as the storage, transshipment and consolidation or deconsolidation of cargo, as well as international banking, insurance and other trade service activities.

Efficient and effective coordination and cooperation among all the relevant agencies through proper inter-agency coordination institutions are crucial for facilitation of international trade and transport.

The Almaty Programme of Action¹ recommended that landlocked and transit developing countries should consider establishing, where appropriate, and/or strengthening existing national trade and transport boards or committees involving all major stakeholders, including the private sector.

The Commission, at its fifty-ninth session, held in Bangkok in 2003, expressed support for the framework of recommendations and the action plan on transit transport issues in landlocked and transit developing countries, which include the provision of information on and analysis of examples of best practices in the

¹ Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, adopted at the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation held at Almaty, Kazakhstan, on 28 and 29 August 2003.

Table 1.1: List of possible border checks relating to international road freight transport

Checks on:		
<i>Transported cargo</i>	<i>Vehicles</i>	<i>Drivers</i>
1. Check on trade documentation: <ul style="list-style-type: none"> • <i>Waybill/Bill of Lading</i> • <i>Invoices</i> • <i>Packing lists</i> • <i>Certificates of Origin</i> • <i>Letters of Credit</i> • <i>Import licenses</i> • <i>Export permits</i> 	1. Fuel tax assessment: Check quantity of fuel in tank vs. quantity which is allowed free into the country	1. Passport and visa
2. Physical inspection of cargo	2. Vehicle tax, road charge, or transit fee	2. Customs inspection
3. Quarantine (agriculture and veterinary)/health inspection	3. Compulsory vehicle insurance	3. Quarantine (agriculture and veterinary)/health inspection
4. Collection of statistical data	4. Transport authorization (bilateral, transit, third country, multilateral)	4. Driver license
	5. Payments for special transport permits	5. Inspection re driving time and rest period requirements
	6. Weights and dimensions	
	7. Vehicle certificate	
	8. Vehicle roadworthiness	
	9. Customs security of vehicles (including check on Customs seals affixed to vehicles or containers)	
	10. Quarantine (agriculture and veterinary)/health inspection	
	11. Collection of statistical data	

Legend

Responsible authority

	<i>Customs authority</i>
	<i>Transport (and possibly Police) authority</i>
	<i>Combined Customs/Transport responsibility</i>
	<i>Border Police and/or Immigration authority</i>
	<i>Agriculture/Veterinary/Public Health authorities</i>

- Sources: 1. Molnar and Ajala, *Transport and Trade Facilitation Issues in the CIS 7, Kazakhstan and Turkmenistan*, World Bank paper prepared for Lucerne Conference on the CIS-7 Initiative, 20-22 January 2003.
2. Lakshmanan et al., *Integration of Transport and Trade Facilitation – Selected Regional Case Studies*, World Bank, Washington DC, January 2001

establishment and operation of trade and transport facilitation committees with the support of advisory services.

Many regional countries are yet to establish such inter-agency mechanisms. Some countries have made progress in improving cooperation among government authorities to provide coordinated controls at borders, streamline and harmonize documentation, simplify formalities and procedures and improve border-crossing facilities. These measures however are not sufficient to meet the increasing demand for greater facilitation of international trade and transport.

1.2 Purpose of the study

The secretariat has undertaken this study on national coordination mechanisms for trade and transport facilitation. In order to assist countries in establishing or strengthening coordination mechanisms that would lead to greater coordination between government agencies and between government agencies and the private sector.

The study provides:

- (i) A global and regional overview of activities undertaken with regard to the national trade and transport facilitation coordination mechanisms;
- (ii) Good practices in establishing new and strengthening existing coordination mechanisms; and
- (iii) Recommendations for establishing or strengthening national coordination mechanisms for trade and transport facilitation in the Asia-Pacific region.

The study is part of the project “Institutional Capacity Building for International Trade in Landlocked and Transit Countries” financed by the Government of the Netherlands. The main objective of this project is to help landlocked and transit countries reduce, and where possible, eliminate the non-physical barriers to international trade and transport. Apart from this study, the following outputs are developed under the project.

- The application of the UNESCAP Trade Facilitation Framework and the Time/Cost - Distance Model to assist countries in identifying, assessing and reducing bottlenecks in international trade and transport;
- Analysis and guidelines on harmonization of legal regimes on trade and transport facilitation;
- Guidelines on the use of interoperable information and communication technology (ICT) in simplifying and streamlining border crossing formalities and procedures; and
- On-line data base on trade and transport facilitation conditions of selected landlocked and transit developing countries.

1.3 Definitions and interaction of trade and transport facilitation

The term “facilitation” implies a notion of “making easier”. Although there is no internationally agreed definition for trade and transport facilitation, most definitions stress simplification and harmonization of procedures and documentation for international trade and transport².

The activities and processes to facilitate trade and transport vary from region to region and from country to country depending on prevailing circumstances in trade and transport in a region or a country. In the case of UNESCAP developing member countries, insufficient infrastructure can be the major reason for delays in the flow of cross-border trade and transport. In parallel with the difficulties in infrastructure, there are also a range of non-physical difficulties, such as lack of policy support, denial of access to foreign vehicles and drivers, incompatibilities between the vehicle weights and dimensions allowable in neighbouring countries, imposing the need for cargo transshipment at the border, complicated and duplicated procedures and documentation, differences of documents in different countries, long processing time of documents, high charges, lack of new technological tools and insufficient training of both control officers and business operators.

In most countries of the UNESCAP region, major activities and processes for trade and transport facilitation can be adjustments to policy, development of infrastructure, opening of border crossings and national routes, simplification and harmonization of procedures and documentation, use of new technologies and capacity building.

In light of the challenges facing the UNESCAP developing member countries, Trade and Transport Facilitation may be broadly described as the sum of all activities and processes needed to ease the flow of traded commodities, passengers and vehicles across borders.

Trade facilitation and transport facilitation are inter-related and partly overlap. Theoretically, “trade facilitation” deals with a set of processes and activities which must be completed in order to allow the export /import of trade consignments, while “transport facilitation” deals with the set of processes and activities which must be completed before and during the process of movement of cargo and people as illustrated in Figure 1.1.

Nevertheless, collaboration and coordination between trade facilitation and transport facilitation can strengthen both trade and transport sectors and avoid duplicated efforts in facilitation.

² Several international and regional organizations have come up with their definitions on trade facilitation such as:

Organization for Economic Cooperation and Development (OECD): “Simplification and standardization of procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction”.

United Nations Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT): “The simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment.”

Asia Pacific Economic Cooperation (APEC): “Trade facilitation generally refers to the simplification, harmonization, use of new technologies, and other measures to address procedural and administrative impediments to trade”.

Figure 1.1: Interaction of Trade and Transport Facilitation

