Expert Group Meeting on Documentation and Procedures for Rail-Based Intermodal Transport Services in Northeast and Central Asia

Bangkok
30-31 August 2016

Item 6: Overview of documents and procedures in current use on selected routes: Routes 1A, 1B and 2

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For international transit routes:
1A (Republic of Korea to Europe via China and Kazakhstan);
1B (Republic of Korea to Central Asia via China); and
2 (Republic of Korea via China, Mongolia and Russian Federation), will consider:

1. Route status and major traffic flows
2. Summary of border control procedures and performance for route
3. Border control procedures in ports
4. Border control procedures at land borders
5. Documents used for border clearance along each route
Routes 1A and 1B:

1. Route status and major traffic flows

- Routes shown in map on next slide
- Route 1A starts in Port of Busan ROK and ends in Duisberg, Germany – total distance of 12,240 km, of which sea distance (via Lianyungang Port) is 1,114 km and rail distance 11,126 km
- Route 1B starts in Port of Busan or Port of Incheon ROK and ends in Almaty or Tashkent – total distance (Incheon-Almaty via Qingdao Port), 5,549 km, of which sea distance is 659 km and rail distance 4,890 km
- Both routes pass through one of two border control posts on the border between China and Kazakhstan, at Dostyk/Alashankou or Altynkol/Khorgos, where international cargo is stopped for transhipment between rail gauges, as well as for inspection and clearance procedures
- In addition to intermodal transit cargo between ROK and Europe, Route 1A carries: intermodal and bulk transit cargo between ROK and locations in Kazakhstan; intermodal and bulk cargo between trade sources in China and Kazakhstan; and intermodal cargo in container block trains between trade sources in China and Europe (example is three weekly block trains between Chongqing and Duisberg)
- Route 1B also used for transit cargo between ROK and Kazakhstan, but in addition carries: transit cargo from ROK and China to Uzbekistan and other countries in Central Asia; and bilateral cargo from China to locations in Kazakhstan
International transit routes 1A and 1B

Source: Presentation by S J Logistics, Seoul, 14 April 2016
Routes 1A and 1B:

2. Summary of border control procedures and performance

<table>
<thead>
<tr>
<th>ROK</th>
<th>CHINA</th>
<th>CIS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Busan Port</strong></td>
<td><strong>Lianyungang Port</strong></td>
<td><strong>Alashankou</strong></td>
</tr>
<tr>
<td>2-3 days</td>
<td>6-8 days</td>
<td>2-4 days</td>
</tr>
</tbody>
</table>

**Border control procedures**

- Raising and submission of SBL, HBL or FITA MMT
- Export clearance at port or inland

<table>
<thead>
<tr>
<th><strong>Border control procedures</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit customs clearance at port</td>
</tr>
<tr>
<td>Application for block train</td>
</tr>
<tr>
<td>Issuance of railway consignment note</td>
</tr>
<tr>
<td>Loading imbalance check</td>
</tr>
</tbody>
</table>

**Dwell time:** 5-6 days

<table>
<thead>
<tr>
<th><strong>Border control procedures</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit customs clearance at China border</td>
</tr>
<tr>
<td>Checking of containers and seals</td>
</tr>
</tbody>
</table>

**Dwell time:** 1-2* days

<table>
<thead>
<tr>
<th><strong>Border control procedures</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit customs clearance at Kazakhstan border for all containers</td>
</tr>
<tr>
<td>X-ray examination</td>
</tr>
</tbody>
</table>

**Dwell time:** 1-2* days

**Total transit time:** 20-27 days

Source: Adapted from: Presentation by SJ Logistics, Seoul, 14 April 2016

*Inclusive of time taken for transhipment between rail gauges.
Routes 1A and 1B:

3. Border control procedures in ports

**ROK ports**
- Customs require just two documents for import consignments, a sea import cargo manifest and a discharged cargo declaration.
- These are provided electronically to Customs by shipping lines, 24 hours before vessel arrival
- Customs check these documents for missing items or suspicious cargoes
- If it is decided that cargo is suspicious, X-ray scanning is used in the terminal to determine whether container should be sent to off-port customs site and discharged for detailed inspection
- Physical inspections conducted for only 5% of import cargo, EDI checks apply to 80% and other document checks apply to 15%. Overall detention of import cargo no more than 2 days.

**Chinese ports (Lianyungang and Qingdao)**
- Reported at meetings with ROK forwarders that Chinese Customs treat transit consignments in same manner as import consignments, despite receiving advanced information from ROK
- Thus, there are rigorous documentation and inspection requirements – may explain why container dwell times in Lianyungang are so long (5-6 days), but absence of a “single window” system also serves to prolong border processes
- Also reported that China applies strict documentation requirements for transit of certain commodities, e.g. chemicals and foodstuffs – require certificates of origin, special licenses, or quarantine certificates in addition to necessary customs documentation
Routes 1A and 1B:

4. Border control procedures at land borders

- International cargo crosses the China/Kazakhstan border by rail through one of two border control posts: Alashankou/Dostyk (in operation since 1992) and Khorgos/Altynkol (in operation since 2012)
- Similar controls applied either side of the border: cross-checking of physical consignments against declarations undertaken through x-ray scanning, to pinpoint false declarations or suspicious cargo; detailed physical inspections undertaken if problems revealed
- Railway consignment notes now transmitted electronically to border control authorities by Kazakhstan Railways in advance of cargo arrival at border (some difficulties experienced with introduction in early 2016)
- Other documentation generated by freight forwarders on behalf of shippers must be submitted to Kazakhstan border authorities through customs agents located at border
- In case of westbound cargo coming from China, hard copy documents accompany consignments
- Typical container dwell time about 1-2 days on both sides of Alashankou/Dostyk border; much less, 3.5-4.5 hours on both sides of Altynkol border
Routes 1A and 1B:

5. Documents used for border clearance

- Next slide shows documents, responsibility and mode of submission
- As shown on this next slide, transport documents used for clearance of transit and import consignments in Chinese ports and at land borders between China and Kazakhstan can include:
  - Sea B/L, House B/L, or FIATA “Multimodal Transport” B/L and Railway Consignment Note
- In most cases, both a House or FIATA B/L, covering transport over entire route and a Railway Consignment Note, covering transport over rail segment of route are used
- Representatives of forwarding companies met in Almaty and Seoul indicated that delays due to border control procedures are not usually attributable to use of these transport documents
- Rather, delays caused by problems associated with other documents required for border control, especially where special permissions, licenses, or quarantine certificates are required
- Forwarder representatives in Almaty generally in favour of a single multimodal transport document provided it was simple and easy to complete for all parties
### Routes 1A and 1B:

#### 5. Documents used for border clearance (continued)

<table>
<thead>
<tr>
<th>Westbound</th>
<th>Eastbound</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Busan or Incheon-Lianyungang or Qingdao-China/Kazakhstan border at Alashankou/Dostyk or Khorgos/Altynkol-Almaty or Europe)</strong></td>
<td><strong>(Almaty or Europe - China/Kazakhstan border at Alashankou/Dostyk or Khorgos/Altynkol-Lianyungang or Qingdao-Busan or Incheon)</strong></td>
</tr>
<tr>
<td><strong>Document name</strong></td>
<td><strong>Document name</strong></td>
</tr>
<tr>
<td><strong>FIATA or House Bill of Lading</strong></td>
<td><strong>FIATA or House Bill of Lading</strong></td>
</tr>
<tr>
<td><strong>Other shipping documents</strong> (e.g. Packing list, Commercial Invoice, Certificate of Origin, etc)</td>
<td><strong>Other shipping documents</strong> (e.g. Packing list, Commercial Invoice, Certificate of Origin, etc)</td>
</tr>
<tr>
<td><strong>Additional documents for border control, if required</strong> e.g. licences, quarantine certificates, etc</td>
<td><strong>Additional documents for border control, if required</strong> e.g. licences, quarantine certificates, etc</td>
</tr>
<tr>
<td><strong>SMGS Rail Consignment Note OR Domestic Rail Consignment Note (China)</strong></td>
<td><strong>SMGS Rail Consignment Note</strong></td>
</tr>
</tbody>
</table>
Route 2

1. Route status and major traffic flows

- Route shown in map on next slide
- Route 2 starts in Port of Incheon in ROK and ends in Duisberg, Germany – a total distance of 10,283 km, of which sea distance is 1,023 km and rail distance is 9,260 km
- Route 2 is shortest of 3 routes currently available for transit of international block trains between China and Europe, although majority of these move on Route 1A through Kazakhstan
- Transit cargo from ROK moves by short sea service from Port of Incheon in ROK to Port of Tianjin in China where it is transferred to rail, for journey through Mongolia
- International cargo crosses the China/Mongolia border at Erlian/Zamyn-uud, where it is stopped for transhipment between rail gauges, as well as for inspection and clearance procedures
- In addition to intermodal transit cargo between the ROK and Europe, Route 2 available for:
  - Intermodal and bulk transit cargo between ROK and Mongolia
  - Intermodal cargo in block container trains between China and Europe
International transit route 2

Source: Presentation by S J Logistics, Seoul, 14 April 2016
Route 2:

2. Summary of border control procedures and performance

<table>
<thead>
<tr>
<th>Country</th>
<th>Port</th>
<th>Transportation</th>
<th>Time (days)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROK</td>
<td>Incheon</td>
<td>Vessel</td>
<td>2-3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHINA</td>
<td>Tianjin</td>
<td>Rail or truck</td>
<td>3-4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MONGOLIA</td>
<td>Erlian</td>
<td>Rail</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Zamyn-uud</td>
<td>Rail</td>
<td>1.5-2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ulaanbaatar</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Border control procedures**

- Raising and submission of SBL, HBL or FITA MMT
- Submission of documentation and transit customs clearance at port
- Check of seals and container condition
- Submission of documentation and final transit customs clearance at border
- Despatch of wagons to Zamyn-uud
- Arrival and discharge of wagon at Ulaanbaatar station
- Movement of container to bonded CY for import customs clearance

**Dwell time**

- Incheon Port: 4-5 days
- Tianjin Port: 1 day
- Erlian: 1-2 days
- TOTAL TRANSIT TIME: 12-17 days

* Inclusive of time taken for transhipment between rail gauges.

Source: Adapted from: Presentation by SJ Logistics, Seoul, 14 April 2016
3. Border control procedures in ports

ROK ports

- As shown earlier, border control processes in ROK ports are greatly simplified, with 80% of import cargo passing with only EDI document checking
- Import cargo detention is not a major issue in ROK ports – dwell time no longer than 2 days

Tianjin Port

- Shippers, or their freight forwarding agents, required to make full declaration for all transit cargo arriving in Tianjin Port
- All necessary documentation must be transmitted electronically to Chinese Customs at port prior to cargo arrival, but does not replace hard copy documents (still required to accompany consignments)
- Vetting of transit consignments at port follows standard procedure of initial cross-checking of physical cargo against documents, followed by detailed inspection of suspicious cargo
- Average dwell time of transit cargo reported as 4-5 days, but forwarder representatives in Ulaanbaatar claim that high percentage of transit cargo bound for Mongolia treated by Chinese Customs as suspicious – therefore not uncommon for transit containers to take 1 month to clear
- Absence of single window system also prolongs dwell time in port
- Withdrawal of Mongolian containers for inspection reported as worse since disastrous chemical explosion on 12 August 2015
Route 2:

4. Border control procedures at Erlian/Zamyn-uud checkpoints

• X-ray equipment installed on both sides of Erlian/Zamyn-uud border used to cross-check documentation against physical characteristics of consignments (number of containers, number of packages, description and weight of goods etc)
• If, for any reason, cargo appears suspicious, container moved to designated warehouse for detailed physical inspection
• This can involve opening of container and in extreme cases opening of packages from container – can detain container and cargo for at least 2 weeks
• In addition to these standard procedures, approximately 5% of all border crossing cargo is randomly inspected
• Average dwell time of containers at Erlian reported as only 1 day and at Zamyn-uud as 1-2 days
• Lifting of containers between the 1435 mm gauge of China and the 1520 mm gauge of Mongolia can be accomplished at either station, but bogie exchange of non-container wagons is undertaken only at Erlian
• Inter-gauge transfer does not add significantly to container/cargo dwell times
Route 2:  

5. Documents used for border clearance

- Consignment moving from Seoul to Ulaanbaatar likely to require at least two different transport documents: a *House or FIATA B/L* covering the whole journey and exchanged for the cargo at destination; and an *SMGS Consignment Note* covering rail leg of journey.

- All documents required for border clearance, including transport documents, accompany each consignment in hard copy form – even if some documents transmitted in advance to border authorities in electronic form.

- Representatives of Mongolian customs Agency indicated that they require only 4 documents for clearance of ordinary transit cargo:
  
  (a) transport document  
  (b) trade contract  
  (c) commercial invoice and  
  (d) packing list

- However, complications arise in case of certain goods, such as foodstuffs and chemicals, for which additional documentation required by other government agencies responsible for quarantine, health and licensing.

- Mongolia still long way from implementing single window concept – forwarders must negotiate with multiple government agencies for clearance of consignments (problems with “too many documents”, varying and unclear interpretation of requirements by authorities, etc).
Thank you!