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Ad hoc Intergovernmental Meeting on an Intergovernmental Agreement on Dry Ports

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Item 2 of the provisional agenda*

Introduction to the development of dry ports in Asia

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Note by the secretariat

I. Introduction

1. At the request of the Commission in its resolution 66/4 of 19 May 2010 on the implementation of the Bangkok Declaration on Transport Development in Asia and of the Committee on Transport at its second session, held in Bangkok from 1 to 3 November 2010 (see E/ESCAP/67/7, para. 4), the secretariat has been working towards the development of an intergovernmental agreement on dry ports.

2. The present document provides an update on the progress made towards the development of an intergovernmental agreement on dry ports, which will be considered by the Meeting with a view to adoption.

II. Concept and definition of a dry port

3. Similar to a seaport, a dry port provides facilities and services in an inland area that connects to one or more modes of transport. As they frequently refer to facilities with similar functions, the following terms are often used interchangeably: logistics centre, freight village, inland terminal, inland clearance depot, dry port, inland freight terminal, inland container depot and intermodal freight hub.

4. The table below shows some of the terms used by the United Nations Conference on Trade and Development (UNCTAD) and the Economic Commission for Europe (ECE) and their definitions.

* E/ESCAP/IADP/IGM.1/L.1.

Table
Various terms and definitions

Term	Definition
Inland terminal	An inland terminal to which shipping companies issue their own bills of lading for import cargoes assuming full responsibility for costs and conditions and from which shipping companies issue their own bills of lading for export cargoes ^a
Dry port	Customs clearance depot located inland away from seaport(s), giving maritime access to it ^b An inland terminal which is directly linked to a maritime port ^c
Inland clearance depot (or inland customs depot)	A terminal located in the hinterland of a gateway port and serving as a dry port for customs examination and clearance of cargoes, thereby eliminating customs formalities at the seaport ^b A common-user inland facility with public authority status, equipped with fixed installations and offering services for the handling and temporary storage of any kind of goods (including containers) carried under customs transit by any applicable mode of inland surface transport, placed under customs control and with customs and other agencies competent to clear goods for home use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export ^d
Inland freight terminal ^d	Any facility, other than a seaport or an airport, operated on a common-user basis, at which cargo in international trade is received or dispatched

Notes

^a UNCTAD, "Multimodal Transport and Containerization", TD/B/C.4/238/supplement 1, Part Five: Ports and Container Depots, 1982.

^b UNCTAD, *Handbook on the Management and Operation of Dry Ports*, UNCTAD/RDP/LDC/7, Geneva, Switzerland, 1991.

^c Economic Commission for Europe, European Conference of Ministers of Transport and European Commission, "Terminology on combined transport" 2001.

^d Economic Commission for Europe, Recommendation No. 16, "UN/LOCODE - code for ports and other locations" (ECE/TRADE/227), 1996.

5. Considering common features and functionalities of various terms together with the situation in Asia, the secretariat proposes the following as a working definition of a dry port:

A secure inland location connected to one or more modes of transport for the handling, temporary storage and regulatory inspection of goods moving in international trade and the execution of applicable customs formalities.

6. Additional functions of a dry port may include: (a) receipt and dispatch; (b) consolidation and distribution; (c) warehousing; and (d) transshipment of goods.

7. The regulatory inspection of goods moving in international trade and execution of applicable customs formalities is the key function that should

be available at dry ports of international importance. This would avoid double handling and inspection of international goods at border check points and greatly facilitate international trade, thus expediting the movement of goods and reducing costs.

8. Promoting intermodal transport requires integration of various transport networks, transport nodes and transport services. Transport nodes include intermodal facilities, such as airports, seaports, logistics intermodal terminals and dry ports. While the development of railways, highways and seaports has progressed well in Asia, the development of dry ports in the hinterland needs to be encouraged. These intermodal transfer nodes with transshipment and customs-clearance facilities are important, particularly for landlocked countries that need to rely on coastal State(s) for movement of goods by sea.

9. Regarding the development of dry ports, countries in Asia are at different stages. Some countries have established well-functioning dry ports; others remain at an early stage of dry port development. For examples of dry port development in selected Asian countries, see www.unescap.org/ttdw/common/Meetings/TIS/EGM-DryPorts-Bangkok/EGM_Nov2010.asp.

III. Progress in the development of an intergovernmental agreement on dry ports

10. The process of drafting an intergovernmental agreement on dry ports started with the Regional Expert Group Meeting on the Development of Dry Ports along the Asian Highway and Trans-Asian Railway Networks, which was held in Bangkok from 1 to 3 November 2010. The Meeting discussed institutional, regulatory, technical and operational issues related to the development of dry ports.

11. A document outlining a proposed structure of an intergovernmental agreement on dry ports (E/ESCAP/CTR(2)/3) was submitted to the Committee on Transport at its second session, held in Bangkok from 1 to 3 November 2010. After considering the proposed structure, the Committee expressed support for it.

12. Subsequently, a working draft of an intergovernmental agreement on dry ports¹ was prepared by the secretariat, in consultation with the Treaty Section of the Office of Legal Affairs, on the basis of the outcomes of the expert group meeting and the second session of the Committee on Transport.

13. In preparing the working draft of the agreement, the secretariat took into account the relevant provisions of the intergovernmental agreements on the Asian Highway² and Trans-Asian Railway³ Networks to ensure that harmony exists, where appropriate, among the associated provisions of the agreements to facilitate understanding and negotiation.

¹ For details, see www.unescap.org/ttdw/common/Meetings/dry_ports/iga_dp_vientiane.asp.

² United Nations, *Treaty Series*, vol. 2323, No. 41607.

³ United Nations, *Treaty Series*, vol. 2596, No. 46171.

14. The working draft was discussed at three subregional meetings on dry ports organized during 2011: a subregional meeting for South-East Asia, held in Vientiane in July 2011; a subregional meeting for South and South-West Asia, held in Dhaka in September 2011; and a subregional meeting for Central and North-East Asia, held in Dushanbe in December 2011. Delegations from member States representing intermodal transport, road, railway and customs authorities participated in the meetings and provided feedback and comments on the working draft of the agreement.

15. In order to facilitate the consideration and adoption of the agreement, a revised draft intergovernmental agreement on dry ports (E/ESCAP/IADP/IGM.1/WP.1) was developed that incorporated feedback received from member States during the subregional meetings and further advice received from the Office of Legal Affairs.

16. The revised draft agreement consists of: (a) a preamble; (b) the main text (articles 1 to 17); (c) annex I, Dry ports of international importance; and (d) annex II, Guiding principles for the development and operation of dry ports.

17. Annex I to the draft agreement lists the names and locations of existing and potential dry ports of international importance nominated by member States.

18. Annex II to the draft agreement describes the basic guiding principles for the development and operation of dry ports: (a) functions; (b) institutional, administrative and regulatory framework; (c) design, layout and capacity; and (d) infrastructure, equipment and facilities.

19. The Commission at its sixty-seventh session, held in May 2011,⁴ and the Ministerial Conference on Transport at its second session, held in March 2012,⁵ acknowledged the progress made in developing the agreement.

20. If adopted, the agreement will be open for signature by member States during the sixty-ninth session of the Commission, in 2013.

IV. Benefits of an intergovernmental agreement on dry ports

21. The adopted intergovernmental agreement on dry ports will: (a) promote international recognition of dry ports; (b) facilitate investment in infrastructure; (c) improve the operational efficiency of intermodal transport services; (d) establish guiding principles for the development and operation of dry ports; and (e) enhance the environmental sustainability of freight transport.

22. The agreement will also enable countries to better appreciate the importance of strategically-located dry ports and will assist in the advocacy

⁴ See *Official Records of the Economic and Social Council, 2011, Supplement No. 19* (E/2011/39-E/ESCAP/67/23), para. 115.

⁵ See the Ministerial Declaration on Transport Development in Asia and the Pacific (E/ESCAP/68/9, chap. I), sixth preambular paragraph. See also *ibid.*, chap. II, para. 4.

of policies that promote and facilitate the development of these facilities. The agreement will also create a better understanding of the minimum technical and operational requirements for dry ports, thereby assisting in the design and development of these facilities. It will allow member States to recognize dry ports in other countries, thus making it possible to consign goods and clear customs using a bill of lading that nominates a dry port as the origin or destination. This will lead to more efficient and cost-effective transport, which will enable dry ports to better capture business and investment opportunities.

23. The development of a dry port will, among other things, create jobs with associated economic and social benefits for the people of the region. Integration of available facilities with various modes of transport will encourage a modal shift towards greener modes of transport, such as railways and inland waterways. Consolidation and distribution services that are available at a dry port will help to reduce less-than-truckload trips as well as the number of trips. Integration of transport and logistic networks will help to extend the reach of the rail mode to provide door-to-door freight services through intermodal transport.

24. The formalization of this regional network of dry ports together with the existing Asian Highway and Trans-Asian Railway networks will further advance progress towards the realization of an international integrated intermodal transport and logistics system.
