HARMONIZATION OF DOCUMENTS FOR INTERNATIONAL TRANSPORT: A STUDY IN THE CONTEXT OF SOUTH AND SOUTH-WEST ASIA

Goran Andreev

October 2018
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Harmonization of Documents for International Transport:
A study in the context of South and South-West Asia

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Foreword

The Development Papers series of the United Nations ESCAP South and South-West Asia Office (UNESCAP-SSWA) promotes and disseminates policy-relevant research on the development challenges facing South and South-West Asia. It features policy research conducted at UNESCAP-SSWA as well as by outside experts from within the region and beyond. The objective is to foster an informed debate on development policy challenges facing the subregion and sharing of development experiences and best practices.

This paper by Goran Andreev examines the state of affairs of cross-border transport related documentary requirements with the objective of arriving at a feasible course of reformatory actions for procedural ease. Divergent and inconsistent cross-border transport documentation rules and procedures across South and South-West Asian countries are observed to have a regressive impact on the intraregional trade prospects of the subregion. High compliance cost and longer time taken for clearance of transport documents have translated into high intra-regional trade costs, consequently diminishing trade competitiveness of the subregional countries to a large extent.

In search of possibilities of harmonizing trade-related transport documentation in the subregion, the paper examines the ongoing reforms proposed under the Bangladesh-Bhutan-India-Nepal Motor Vehicle Agreement (BBIN MVA) as a special case. It reviews various national and bilateral legal requirements and functional aspects of relevant executive authorities existing between these select group of countries, and makes a comparison with international best practices. Based on this analysis, the paper provides recommendations for streamlined border crossing processes and application of modern digital platforms for reduced and efficient documentation.

This paper was prepared under a project implemented by UNESCAP titled ‘Strengthening connectivity of countries in South and Central Asia’. Its purpose is in line with the recommendations of the Regional Strategic Framework for Facilitation of International Road Transport, adopted by UNESCAP Member States in 2012, to address non-physical barriers through national, bilateral, subregional and regional efforts for transport facilitation in a coordinated way.

We hope that this paper will contribute to the advancement of ongoing procedural reforms in the area of cross-border transport in the South and South-West Asia, strengthen the connectivity of the countries in the subregion, particularly landlocked countries, and enhance their participation in the regional transport and trade networks.

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Harmonization of Documents for International Transport: A study in the context of South and South-West Asia

Goran Andreev

Abstract

Simplification of documentary requirements, an important aspect of international transport facilitation, can have substantial impacts in terms of reducing transport costs and improving trade competitiveness. This is especially so in the case of the South and South-West Asian countries, where procedural reforms for easing cross-border transport remain far behind advanced subregions of the Asia-Pacific region. Against an examination of the existing documentary requirements and legal arrangements in the subregion, this paper provides options for harmonization of road transport documents through a step-by-step approach. It outlines the key elements necessary for such harmonization based on modern electronic information systems. Among various options, the paper highlights solutions for dealing with transport permits and customs transit related documents. Employment of electronic vehicle/cargo tracking based on available models such as the UNESCAP Secure Cross Border Transport Model can strongly support implementation of a subregional road permit system and paperless customs transit system. The paper also provides recommendations for the special case of documentary reforms for transit, which applies to the landlocked countries of the subregion including Afghanistan, Bhutan and Nepal, based on lessons from international models such as the European New Computerized Transit System (NCTS) and ASEAN Customs Transit System (ACTS). Given the complexities of harmonization of cross-border transport documents, the paper calls for cooperation among all competent authorities and stakeholders, including customs and the private sector, at the national and regional levels.

1 Consultant, UNESCAP. Formerly Head of Department for Customs and Tax Procedures, Customs Administration, Government of the Republic of Macedonia. This paper was prepared as part of a UNESCAP project entitled ‘Strengthening connectivity of countries in South and Central Asia’. The author is grateful for the feedbacks received from Mr. Sandeep Raj Jain (Transport Division, UNESCAP) and the participants of the Workshop on ‘Road Transport Facilitation along the Asian Highway Corridors in Southern Asia’ organized by UNESCAP Subregional Office for South and South-West Asia at Bangkok, Thailand, on 6 February 2018. The views expressed in this paper are those of the author and do not necessarily reflect the views of the United Nations Secretariat.
# Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>BBIN MVA</td>
<td>Motor Vehicle Agreement for the regulation of passenger, personal and cargo vehicular traffic between Bangladesh, Bhutan, India and Nepal</td>
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<td>BIMSTEC</td>
<td>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</td>
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<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<tr>
<td>CMR</td>
<td>Convention Relative au Contrat de Transport International de Marchandises par la Route (French) or Convention on the Contract for the International Carriage of Goods by Road (English)</td>
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<td>EAEU</td>
<td>Eurasian Economic Union</td>
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<td>ECO</td>
<td>Economic Cooperation Organization</td>
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<td>EDI</td>
<td>Electronic data interchange</td>
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<td>GMS</td>
<td>Greater Mekong Subregion</td>
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<td>GMS-CBTA</td>
<td>GMS Cross Border Transport Agreement</td>
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<td>ICT</td>
<td>Information and communication technology</td>
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<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>NSW</td>
<td>National Single Window</td>
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<tr>
<td>OGA</td>
<td>Other Government Agencies</td>
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<td>RFID</td>
<td>Radio frequency identification</td>
</tr>
<tr>
<td>RSF</td>
<td>Regional Strategic Framework</td>
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<tr>
<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<tr>
<td>SWI</td>
<td>Single Window Inspection</td>
</tr>
<tr>
<td>TCD</td>
<td>Time/Cost-Distance</td>
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<tr>
<td>TIR</td>
<td>Transports Internationaux Routiers (French) or International Road Transports (English)</td>
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<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>TRACECA</td>
<td>Transport Corridor Europe-Caucasus-Asia</td>
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<td>TRS</td>
<td>Time Release Studies</td>
</tr>
<tr>
<td>TTFMM</td>
<td>Trade and Transport Facilitation Monitoring Mechanism</td>
</tr>
<tr>
<td>UN/CEFACT</td>
<td>United Nations Centre for Trade Facilitation and Electronic Business</td>
</tr>
<tr>
<td>UN ESCAP</td>
<td>UN Economic and Social Commission for Asia and the Pacific</td>
</tr>
<tr>
<td>UNLK</td>
<td>UN Layout Key</td>
</tr>
<tr>
<td>UNNExT</td>
<td>United Nations Network of Experts for paperless Trade and Transport</td>
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<tr>
<td>WCO</td>
<td>World Customs Organization</td>
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I.  Background

International road transport in the ESCAP region is plagued with numerous non-physical barriers leading to inordinate delays due to elaborate, repetitive, uncoordinated and often cumbersome procedural requirements of border agencies. Recognizing the need for an integrated and comprehensive approach to address non-physical barriers, ESCAP member countries adopted the Regional Strategic Framework for Facilitation of International Road Transport (RSF), which identifies six fundamental issues in international road transport and possible solutions to address them. It also provides seven modalities to support smooth road transport in the region. The framework serves as a primary policy document for member countries and their development partners to plan and implement transport facilitation measures.

International road transport is often disrupted at the border crossings from one country to another with limited access for foreign road vehicles and their drivers as well as cargo they carry. This coupled with divergent and inconsistent documentary requirements of the border agencies for each country increase transportation time leading to higher costs and reduced competitiveness of countries to trade among themselves and with other sub regions. One of the modalities under the RSF encourages ESCAP member countries on building an effective legal regime for international road transport that includes harmonization of documentation and procedures in order to support transport facilitation.

A study on application of new technologies on Bhutan-India transit transport corridor carried out by ESCAP and ADB in 2014 provided indications that the number of documents required to initiate transit from India and the subsequent return from Bhutan could be reduced significantly.

Transport facilitation agreements provide opportunities for simplification of transport related documents. As an example, the recently signed motor vehicle agreement among Bangladesh, Bhutan, India and Nepal (BBIN MVA) for the regulation of passenger, personal and cargo traffic could become incentive for increased transport operations and hence economic cooperation among the countries. However, the successful implementation of the agreement would need streamlined, standardized and harmonized documentation that can be preferably submitted electronically.

This study analyses and recommends the options for harmonization of transport related documents for international transport with focus on selected countries in South and South-West Asia. The study attempts to review current national, bilateral and international/regional legal requirements to identify the transport related documentation in international transport and related legal/executive authorities.

With the analysis of the options for harmonization of transport related documentation for international transport, particularly in the context of transport agreements, harmonization and reduction of data elements in existing transport related documents are recommended along with suggestion for introduction of simplified/harmonized transit transport document.

The study provides recommendations for streamlined border crossing process in line with reduced documentation required for electronic submission of documentation. The options for electronic data exchange in the context of paperless customs transit transport, electronic tracking of goods and vehicles,
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and interface of transport requirements in single window environment and the ESCAP model on logistics information system are included.

Harmonization of documentary requirements and streamlined border crossing processes can strengthen the connectivity of the countries in the region, particularly landlocked countries and support their efforts to efficiently link with subregional and regional transport and trade networks.

**II. Review of existing legal arrangements on transport related documentary requirements**

A number of legal arrangements on international and national level regulate various documentary requirements regarding international transport. The legal arrangements on international level (regional, subregional or multilateral) enable higher level of documentary harmonization, which is very challenging to achieve when international transport is regulated only on bilateral or national level. International arrangements set the foundation for documentary requirements relevant for government authorities to control the flow of goods and transport means across the borders (e.g. road transport permits and customs transit declarations). Such documentary requirements from international legal arrangements have to be transposed in national legislation to enable practical implementation.

Some aspects of the interaction between private entities involved in international transport could be regulated on international level as well (e.g. provisions on international transport contract, international road transport consignment note regulated in international conventions/agreements).

**II.1 International/Regional Conventions**

Highest level of harmonization of the transport related documentary requirements could be achieved by with participation in international global/regional conventions that support transport facilitation. The efforts to introduce harmonized transport facilitation measures as a precondition for enhanced international transport connectivity, are supported by ESCAP resolution 48/11 (1992) that recommends to the countries in the region to consider acceding to several international conventions including:

- the Convention on Road Traffic (1968), which regulates general conditions for admission of motor vehicles to international traffic including details for registration of motor vehicles, registration certificate, national and international driving permit,
- the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) (1975), which introduces a TIR Carnet as a customs transit declaration and proof of transit guarantee under the global TIR customs transit system that covers whole Europe and it is spread to North Africa, Middle East and Central Asia,
- the Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956) and other international conventions relevant for temporary importation, such as Convention on Temporary Admission (Istanbul Convention) (1990), that regulate documentary requirements for various categories of goods and transport means,
- the Customs Convention on Containers (1972), that lays down the conditions for temporary import of containers without production of customs documents and without furnishing security; as well as conditions and certification for approval of containers for transport under customs seal,
the International Convention on the Harmonization of Frontier Control of Goods (1982) that:

- urges the contracting parties to use, between themselves and with the competent international bodies, documents aligned on the UNLK (Art.9);
- recommends acceptance of the International Technical Inspection Certificate as defined with the Agreement Concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of such Inspections (1997), (Annex 8 – Art. 4 and Appendix 1);
- introduces International Vehicle Weight Certificate (Annex 8 – Art.5 and Appendix 2);
- advises cooperation in order to standardize as fully as possible the requirements in respect of documents in all areas connected with the carriage of goods by rail (Annex 9),

the Convention on the Contract for the International Carriage of Goods by Road (CMR) (1956), that provides basis for introduction of standard CMR consignment note (CMR road waybill).

It should be noted that majority of the countries in South and South-West Asia have not reached the recommended level of harmonization by becoming contracting parties to the above mentioned conventions.

The present status of accession of the selected countries from South and South-West Asia subregion to the recommended international transport facilitation conventions is shown in the Table 1 below.
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Table 1: SSWA status of accession to the international transport facilitation Conventions recommended by ESCAP resolution 48/11

<table>
<thead>
<tr>
<th>Convention</th>
<th>Afghanistan</th>
<th>Bangladesh</th>
<th>Bhutan</th>
<th>India</th>
<th>Islamic Republic of Iran</th>
<th>Nepal</th>
<th>Pakistan</th>
<th>Turkey</th>
</tr>
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<tbody>
<tr>
<td>Convention on Road Traffic (1968)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) (1975)</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956)</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Istanbul Convention on Temporary Admission (1990)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Customs Convention on Containers (1972)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Convention on the Harmonization of Frontier Control of Goods (1982)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Convention on the Contract for the International Carriage of Goods by Road (CMR) (1956)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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II.2 Subregional Agreements

Subregional legal arrangements on transport facilitation and subregional free trade agreements that have embedded transport and transit facilitation provisions have important role in harmonization of transport related documentary requirements.

In the Asia and the Pacific region there are number of subregional initiatives that are addressing various transport facilitation issues including: Association of Southeast Asian Nations (ASEAN); the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC); the Commonwealth of Independent States (CIS); Eurasian Economic Union (EAEU); Economic Cooperation Organization (ECO), Greater Mekong Subregion (GMS); South Asian Association for Regional Cooperation (SAARC), Shanghai Cooperation Organization (SCO), Transport Corridor Europe-Caucasus-Asia (TRACECA).

ASEAN

Transport facilitation between ASEAN\(^2\) countries is governed with several agreements such as:

- ASEAN Agreement on the Recognition of Domestic Driving Licenses issued by ASEAN Countries (1985);
- ASEAN Agreement on the Recognition of Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles issued by ASEAN Member Countries (1998);
- ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) (1998)\(^3\), which provides for the rights of transit transport and it is addressing the issues on road transport permits, mutual recognition of inspection certificates and driving licenses; third-party insurance scheme (Protocol 5), and provides legal basis for implementation of ASEAN Customs Transit System (ACTS) (Protocol 7 (2015)\(^4\)) that includes the core elements such as single paperless customs transit declaration and regulated guarantee system.
- ASEAN Framework Agreement on Multimodal Transport (2005);
- ASEAN Framework Agreement on Facilitation of Inter-State Transport (2009), which is focused on the rights of inter-state transport and it is addressing the comprehensive set of the relevant issues including: road transport permits, mutual recognition of inspection certificates and driving licenses; third-party insurance scheme, and harmonization and simplification of customs procedures.

BIMSTEC

The BIMSTEC\(^5\) initiative that aims to connect South Asia and Southeast Asia and advocates establishing a free trade area with the Framework Agreement on the BIMSTEC Free Trade Area (2004) where endeavor to strengthen cooperation in transport sector is vaguely mentioned. The BIMSTEC Counties are considering negotiation of Motor Vehicle Agreement among them.

\(^2\) More information on ASEAN is available at: http://asean.org
\(^4\) The text of the Protocol is available at ASEAN web site: http://agreement.asean.org/media/download/20150505101259.pdf
\(^5\) More information on BIMSTEC is available at: http://bimstec.org
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CIS

The CIS\(^6\) countries endeavor to establish common transport space and address transport facilitation issues with several agreements including:

- Agreement on Building a Common Transport Space and Cooperation on Transport Policy among the Members of the Commonwealth of Independent States (1997)
- Agreement on Weights and Dimensions of Vehicles Undertaking International Transport on Roads of the CIS Member States (1999)
- Agreement on Procedures of Transit through the Territories of the CIS Member States (1999) that among other issues regulates mutual recognition of national means of identification and documents necessary for control of goods and transport means (Art.6).
- Agreement on Cooperation of the CIS Member States in the Field of International Road Freight Transport (2003) lays down provisions for recognition of registration documents of the transport means from other member states (Art. 7.2); makes reference for use of CMR consignment note (Art. 8) and international driving license (Art. 10) and control of transport documents (Art. 12).

EAEU

The EAEU\(^7\) is aiming to establish common transport area based on the Treaty on the Eurasian Economic Union (2014) and the Annex 24 of the Treaty that introduces coordinated (agreed) transport policy. The transport facilitation envisaged in EAEU includes gradual liberalization of road transport carried out by carriers registered on the territory of one of the EAEU member states between points located on the territory of another EAEU member state, with elimination of the barriers affecting international road transport and conducting road transport control on external borders of the Union.

ECO

The ECO\(^8\) initiative endeavors to facilitate cross border transport among the member states with Transit Transport Framework Agreement (TTFA) (1998) that is advocating facilitation and harmonization of the transport regulations with international conventions and standards. The TTFA comprehensive agreement that is addressing the issues on: road transport permits; technical requirements of vehicles and mutual recognition of certificate of road worthiness; motor vehicle third party insurance scheme (Annex 5); rules of carriage by road transport with references to application of CMR Convention (Annex 6); pledge to consolidate and align documentation; and establishment of Customs transit system (Annex 7) in accordance with relevant customs convention with specific highlighting of TIR Convention (1975).

GMS

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\(^6\) More information on CIS is available at: http://www.cisstat.com/eng/cis.htm

\(^7\) More information on EAEU is available at: http://www.eaeunion.org/?lang=en

\(^8\) More information on ECO is available at: https://aric.adb.org/initiative/economic-cooperation-organization
A comprehensive GMS Cross-Border Transport Agreement (GMS-CBTA)\(^9\) covers all areas relevant for cross-border land transport on people, goods and transport means that includes transport, customs, immigration and quarantine formalities. The GMS CBTA introduces a GMS Road Transport Permit for regulation of traffic rights and GMS Customs Transit Declaration, under the GMS customs transit and guaranteeing system (GMS-CTS). The GMS-CBTA is addressing a range of other transport facilitation issues such as: single window inspection and single stop inspection; visa facilitation, registration of vehicles; recognition of technical inspection certificates; third-party motor vehicle liability insurance; mutual recognition of driving licenses issued by national competent authorities.

**SAARC**

The SAARC\(^{10}\) initiative advocates cooperation in the subregion that will bring accelerated economic growth that includes cooperation in transport area. The SAARC trade facilitation agreements: Agreement on SAARC Preferential Trading Arrangement (SAPTA) and of South Asian Free Trade Agreement (SAFTA) have only vague provisions on endeavor to undertake appropriate steps and measures for developing transit facilities for accelerating the growth of trade within the region (Art. 12 SAPTA) as well as simplification and harmonization of customs clearance procedure, and providing transit facilities for efficient intra-SAARC trade (Art. 8 SAFTA).

The SAARC countries are trying to negotiate SAARC Motor Vehicle Agreement (SAARC MVA).

**SCO**

The SCO\(^{11}\) promotes cooperation in several fields in the subregion including transport. The Agreement between the Governments of the Member States of the Shanghai Cooperation Organization on Creating Favorable Conditions for International Road Transportation (2014) regulates road transportation permits (Art.5 and Annex 2); recognition of national drivers license and registration documents accompanied by certified translation into the Chinese, and/or Russian languages (Art. 10).

**Other Multilateral Agreements**

In addition to the wider subregional agreements there are several multilateral agreements in the ESCAP region that are relevant for transport facilitation such as:

- Agreement for Traffic in Transit among the Governments of the People's Republic of China, the Kyrgyz Republic, the Republic of Kazakhstan and the Islamic Republic of Pakistan (1995), which introduces a system of international road transport permits, and vaguely encourages uniform customs procedure and formalities as well as adoption of uniform set of consignment notes.

- Basic Multilateral Agreement on International Transport for the Development of the Europe-Caucasus-Asia Corridor (TRACECA\(^{12}\) MLA) (1998) and particularly the Technical Annex on

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\(^9\) Agreement between and among the Governments of the Lao People’s Democratic Republic, the Kingdom of Thailand, and the Socialist Republic of Viet Nam for the Facilitation of Cross-Border Transport of Goods and People, originally signed on 26 November 1999 at Vientiane, amended at Yangon on 29 November 2001, acceded to by the Kingdom of Cambodia at Yangon on 29 November 2001, acceded to by the People’s Republic of China on 3 November 2002 at Phnom Penh, acceded to by the Union of Myanmar on 19 September 2003 at Dali City, and amended in Phnom Penh on 30 April 2004. More information on GMS and GMS CBTA is available at: http://www.gms-cbta.org

\(^{10}\) More information on SAARC is available at: http://www.saarc-sec.org

\(^{11}\) More information on SCO is available at: http://eng.sectsco.org

\(^{12}\) More information on TRACECA is available at: http://www.traceca-org.org/en/home/
International Road Transport the Basic Agreement regulate international transport of goods and passengers in bilateral movements and in transit. The TRACECA MLA provides for access to the market subject to permits (Art.3); mutual recognition of driving licenses, certificates of roadworthiness and official registration documents (Art.6). The Technical Annex on Customs and Documentation procedures to the Basic Agreement gives recommendation for accession to the international conventions such as TIR Convention (1975) and foresee introduction of harmonized format of the customs declaration for goods in UN aligned form.

- Motor Vehicle Agreement for the regulation of passenger, personal and cargo vehicular traffic between Bangladesh, Bhutan, India and Nepal (BBIN MVA) (2015) which introduces traffic rights under permit for plying through the contracting parties (Art. III), and lays down documentary requirements such as registration certificate, certificate of fitness, insurance policy, driving license, waybill etc. (Art. IV). Introduction of tracking system, subject to the mutual consent is considered; however specifics of the customs transit systems are not addressed. The agreement has not yet entered into force, pending ratification by Bhutan. After ratification Protocol for Movement of Regular, Non-regular and Personal Vehicles for Implementation of BBIN MVA, and Protocol for Movement of Cargo Vehicles for Implementation of BBIN MVA are expected to be signed.

II.3 Bilateral Agreements

Despite the existence of many subregional and multilateral agreements that are addressing transport facilitation issues in the ESCAP region, international transport and transit are substantially regulated with bilateral agreements between the countries in the region. The ESCAP secretariat keeps a data base on agreements related with international road transport in both bilateral and multilateral categories. With this study we will have a closer look of the bilateral agreements between Bangladesh, Bhutan, India and Nepal.

Bilateral agreements between Bangladesh and Bhutan

Bilateral trade agreement between Bangladesh and Bhutan, originally signed in 1980 and renewed in 2009 and 2014, governs import and export between the two countries. The Bilateral Agreement is addressing the movement of goods between Bangladesh and Bhutan (Articles VIII, IX and X and the Protocol to Trade Agreement (2014)).

Traditionally the ports in Bangladesh are not used for exports from Bhutan or imports to Bhutan from third countries, despite signed Transit Agreement between Bangladesh and Bhutan (1980). Movement of goods by road between Bangladesh and Bhutan requires transit through India.

13 The overview of the agreements related with international road transport and their legal texts are available at: https://tadb.unescap.org/
Bilateral agreements between Bangladesh and India

Several bilateral agreements govern trade and transport between Bangladesh and India including:

- Bilateral Trade Agreement (originally signed in 1972 and renewed multiple times)\textsuperscript{14} that notes the understanding to make mutually beneficial arrangements for the use their waterways, roadways and railways for commerce between the two countries;
- MoU to facilitate overland transit traffic between Bangladesh and Nepal (1978 as amended);
- Agreements for the regulation of Motor Vehicle Passenger traffic (e.g. for Dhaka-Kolkata / Dhaka-Agartala / bus service) and their Protocols (1999/2001);
- Jointly agreed Standard Operating Procedure (SOP) for movement of:
  - cargo vehicles across the Bangladesh-India border (2010)
  - Nepalese cargo vehicles across the Bangladesh-India border (2010)
  - Bhutanese cargo vehicles across the Bangladesh-India border (2011)

Bilateral agreements between Bhutan and India

Bilateral Agreement on trade, commerce and transit between Bhutan and India, first signed in 1972 and renewed multiple times since then,\textsuperscript{15} and the protocol attached to the Agreement details the procedure for import/export from/to third countries for/form Bhutan through India. The Protocol introduces a Letter of Guarantee issued by the Royal Bhutan Customs/ Representative of the Royal Government of Bhutan that serves as transit declaration.

Bilateral agreements between India and Nepal

The bilateral agreements that regulate transport between India and Nepal include:

- Treaty of Trade, first signed in 1950, renewed in 1991 and updated several times.\textsuperscript{16} The Protocol to the Treaty of Trade has a vague provision on willingness to facilitate cross-border flow of trade through simplification, standardization and harmonization of customs, transport and other trade related procedures.
- Treaty of Transit, originally signed in 1999 and revised/updated several times since then.\textsuperscript{17} The Protocol to the Treaty of Transit and Memorandum to the Protocol detail provisions for procedures on traffic-in-transit and documentary requirements regarding import licenses, letters of credit, customs transit declaration, insurance policy and bank guarantee.

\textsuperscript{14} The text of 2006 version is available at: http://commerce.nic.in/trade/India_Bangladesh_Trade_Agreement.pdf (Last version from 2015 is not available)

\textsuperscript{15} The text of the last version of the Agreement on trade, commerce and transit between the Royal Government of Bhutan and the Government of the Republic of India (2016) (presently still not in force pending competition of internal ratification formalities in Bhutan) is available at: http://www.nationalcouncil.bt/assets/uploads/docs/bills/2016/Trade_Commerce_Transit_Agreement_with_India_Eng.pdf

\textsuperscript{16} The text of 2006 version is available at: http://commerce.nic.in/trade/TransitTreaty_NEPAL.pdf (2013 version not available)

\textsuperscript{17} The text of 2009 version is available at: http://commerce.nic.in/trade/TransitTreaty_NEPAL.pdf (2016 version not available)
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**Bilateral agreements between Nepal and Bangladesh**

Trade and Payments Agreements between His Majesty's Government of Nepal and the Government of the People's Republic of Bangladesh, originally signed in 1976 is vaguely addressing transport facilitation matters.\(^\text{18}\)

Transit Agreement between His Majesty's Government of Nepal and the Government of the People's Republic of Bangladesh, originally signed in 1976 and the Protocol to the Transit Agreement defines the procedure of movement of traffic-in-transit with use of multiple copies of the invoice of the goods as transit declaration.\(^\text{19}\) Movement of goods by road between Nepal and Bangladesh requires transit through India.

**Bilateral agreements between Nepal and Bhutan**

There is no formal trade and transit agreement between Bhutan and Nepal. Movement of goods by road between Nepal and Bangladesh requires transit through India.

**II.4 National Legislation**

National transport related and customs legislation sets main documentary requirements regarding international transport. Provisions from international regional / subregional / multilateral / bilateral arrangements have to be incorporated into provisions of national transport, customs and other relevant legislation. Nationally regulated aspects of transport and cross border movement of goods and transport means have to be merged with the agreed features of international arrangements in international transport.

Harmonization of the documentary requirements regarding international transport should take into account all relevant national legislation, to identify possible conflicting areas and to provide adequate alignment between relevant national and internationally based provisions.

If national regulations of two or more countries is specific area (e.g. on driving licenses, road worthiness certificates, etc.) are sufficiently harmonized and aligned (e.g. based on internationally set standards) that will allow mutual recognition of the relevant national transport related documents in international transport. If sufficient harmonization and alignment does not exist specialized international documents (e.g. international driving licenses, road worthiness certificates etc.) have to be agreed and created.

National regulation may address the transport contract documentary requirements on transport and transport liability (e.g. road transport waybill). For example the Indian national transport legislation (Carriage by Road Act (2007) and Carriage by Road Rules (2011)), defines and mandates use of Goods Forwarding Note (GFN) to determine liability of the common carrier to the consignor. When transport carries will be allowed to ply through the other country (e.g. under BBIN MVA) the issue on transport contract and liability could be addressed on international level (e.g. with internationally accepted road transport waybill).

This chapter shows a diversity of legal arrangements that tackle documentary requirements regarding international transport on international and national level. While most of them are addressing traffic

\(^{18}\) The text of the Agreement is available at: http://commerce.nic.in/trade/TransitTreaty_NEPAL.pdf  
\(^{19}\) same as above
rights and road transport permits, some of them are more comprehensive and include regulation of customs transit and other transport and transit facilitation issues and only few of them establish fully-fledged customs transit system (e.g. GMS-CBTA and ASEAN (AFAFGIT) Protocol 7.

Mutual recognition of national transport related documents (e.g. driving licenses, registration certificate, road worthiness certificate), which is a subject of the legal arrangements, could be challenging to implement without substantial harmonization of related requirements. Seamless international transport cannot be achieved only with national customs facilitation measures, and without binding international customs arrangement that includes establishing well-organized regional/subregional customs transit system.

Having several diverse legal arrangements on transport facilitation may be challenging to implement as result of divergent, inconsistent and complex requirements. Diversity of transport and customs documentary requirements contributes to fragmentation of cross border movement of goods and transport means that hampers opportunity for streamlined international trade and transport. Harmonization of documentary requirements is necessary to avoid repetition of border crossing formalities and to reduce costs and time spent at the borders.

For that purpose multiple bilateral legal arrangements on transport facilitation could be revised in order to favor wider subregional/regional approach that offers better potential for harmonization of transport related documentary requirements. Shifting primary transport facilitation regulation from bilateral to subreregional/regional level should not exclude possibilities for bilateral arrangements that offer even greater transport facilitation measures. Customs transit and border crossing formalities may be addressed by separate but complementary legal arrangements on subregional/regional level.

### III. Transport related documents in the context of BBIN MVA

The BBIN MVA is designed to facilitate cross border transport and enable cargo vehicles and passenger vehicles registered in each contracting party to ply in territory of other contracting parties.\(^{20}\) For authorized operators regular cargo/passenger transportation will be allowed.\(^{21}\) Competent authorities of the contracting parties will issue a license / authorization for authorized operator to undertake regular passenger or cargo transportation between and among the contracting parties of BBIN MVA.

Main documentary requirement under the BBIN MVA is a permit issued by one contracting party and countersigned by competent authorities of other contracting parties. Following types of permits are agreed:

- Regular passenger transportation permit (Form A), which has one year validity for multiple entries;
- Regular cargo transportation permit (Form B), which has one year validity for multiple entries;
- Personal Vehicles Permit (Form C); and
- Non-regular passenger vehicles Permit (Form D) for period up to 30 days.\(^{22}\)

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\(^{20}\) Article 2.1 of the BBIN MVA

\(^{21}\) Article 2.2 of the BBIN MVA

\(^{22}\) Article 3 of the BBIN MVA
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In a case of regular passenger transportation, documents required for plying in the territory of another Contracting party under BBIN MVA are:

- Permit (Form A) that authorizes the movement of a vehicle under BBIN MVA,
- Registration certificate that certifies registration of a vehicle (under acts of the Contracting Parties),
- Certificate of fitness testifying mechanical fitness of the vehicle to ply on the road,
- Insurance policy that could be valid international vehicle policy or a certificate issued by insurers,
- Pollution under control (PUC) certificate (PUC compliance check to be decided),
- Driving license as a national authorization to drive specified category of vehicle or international driving permit,
- Pre-verified passport of the crew. The identity of conductor, helper and cleaner of the vehicle have to be certified with appropriate Conductor, helper and cleaner certificate
- Passenger list,
- Travel document for passengers,
- List of personal goods of crew / spare parts of vehicle.\(^{23}\)

In a case of regular cargo transportation, documents required for plying in the territory of another Contracting party under BBIN MVA are:

- Permit (Form B) that authorizes the movement of a vehicle under BBIN MVA,
- Registration certificate that certifies registration of a vehicle (under acts of the Contracting Parties),
- Certificate of fitness testifying mechanical fitness of the vehicle to ply on the road,
- Insurance policy that could be valid international vehicle policy or a certificate issued by insurers,
- Pollution under control (PUC) certificate (PUC compliance check to be decided),
- Driving license which could be national authorization to drive specified category of vehicle or international driving permit,
- Waybill, commercial invoice and packing lists,
- List of personal goods of crew / spare parts of vehicle.\(^{24}\)

Other documentary requirements may be imposed by national laws of the respective contracting parties that govern matters other than those mentioned in the BBIN MVA or other international arrangements.\(^{25}\)

\(^{23}\) Article 4 of the BBIN MVA  
\(^{24}\) Article 4 of the BBIN MVA  
\(^{25}\) Article 14 of the BBIN MVA
Endorsement on entry/exit on the permit at the border check posts, lend ports/dry ports and land customs station is regulated with the BBIN MVA. The BBIN MVA does not mention specific customs transit documentary requirements, therefore some of the customs related issues could be addressed with relevant BBIN MVA protocol, though national legislation on customs transit (or if applicable relevant bilaterally agreed provisions) regarding customs transit documentary requirements will be also applicable.

**Bangladesh and Bhutan**

Present arrangement for transport of goods between Bangladesh and Bhutan are based on bilateral trade agreement, which do not stipulate specific transport related documentary requirements. **Road transport documentary requirements between Bangladesh and Bhutan is summarized in Annex Table A.** The Article II of the Agreement and Clause IV of the Protocol to the Agreement are expressing the commitment to accord to each other the most-favored-nation treatment in respect of customs formalities and issues of licenses. Export, import and transit customs formalities and documentary requirements are based on relevant national customs legislation.

In general, there is transshipment at each border crossing moving between Bangladesh and Bhutan. For the transit through India appropriate Indian national customs transit formalities and documentary requirements are applicable. The goods can be also transported by Bhutanese vehicles in accordance with customary understanding between Bhutan and India on plying of Bhutanese vehicles in the territory of India. Standard Operational Procedures for movement of Bhutanese cargo vehicles across the Bangladesh – India border are agreed between Bangladesh and India.

Present border crossing formalities for movement of goods between Bangladesh and Bhutan is organized based on multiple series of consecutive national documentary requirements in Bangladesh, Bhutan and India, without formal harmonization of such requirements and without any electronic data interchange on cross border level. Transit transport arrangement for movement of third country goods from Bangladesh to Bhutan and Bhutanese export to third countries from Bangladesh currently is not fully operationalized.

**Bangladesh and India**

Present arrangement for movement of goods between Bangladesh and India are based on bilateral trade agreement, which do not define specific transport documentary requirements. **Road transport documentary requirements between Bangladesh and India is provided in Annex Table B.** The Article V of the Trade Agreement stipulates that imports and export of commodities and goods produced or manufactured in India or Bangladesh are permitted in accordance with import, export and foreign transaction laws and regulations and procedures in force in either country. In general there is transshipment at border crossings. Standard Operational Procedures for movement of cargo vehicles across the Bangladesh – India border are agreed.

Present border crossing formalities for movement of goods between Bangladesh and India is organized based on series of consecutive national documentary requirements in Bangladesh and India, without

26 Article 6.7 of the BBIN MVA
27 The Agreement on Trade between the Royal Government of Bhutan and the Government of the Peoples Republic of Bangladesh (2014) and the Protocol to the Agreement on Trade (2014)
28 The Trade Agreement between India and Bangladesh (2006 version is available at: [http://commerce.nic.in/trade/India_Bangladesh_Trade_Agreement.pdf](http://commerce.nic.in/trade/India_Bangladesh_Trade_Agreement.pdf)) (Last version from 2015 is not available)
any formal harmonization of such requirements and without any electronic data interchange on cross border level. Transit transport arrangement for movement of goods to and from India, using ports in Bangladesh is being negotiated. After signing a MoU on use of Chittagong and Mongla Ports in 2015 Standard Operating Procedures have to be agreed in order to operationalize such transit movements. The MoU specifies that the movement of goods within Bangladesh shall be subject to relevant national laws and regulations of Bangladesh.

**Bhutan and India**

Present arrangement for movement of goods between Bhutan and India are based on the provisions from Bilateral Agreement on trade, commerce and transit, which do not stipulate specific transport documentary requirements in a case of bilateral trade and in a case of international transit introduce a Letter of Guarantee that serves as a simplified transit customs declaration. **Road transport documentary requirements between Bhutan and India is provided in Annex Table C.** Documentary requirement on bilateral imports and exports are subject to respective national legislation. In general there is transshipment at border crossings. Bhutan and India have customary understanding on plying of Bhutanese vehicles in the territory of India. Present border crossing formalities for movement of goods between Bhutan and India is organized based on consecutive national documentary requirements in Bhutan and India, partially harmonized, however without any electronic data interchange on cross border level.

**India and Nepal**

Present arrangement for movement of goods in bilateral trade between India and Nepal are based on the provisions from Treaty of Trade, which do not stipulate specific transport documentary requirements. Bilateral imports and exports are subject to relevant national legislation. **Road transport documentary requirements between India and Nepal is provided in Annex Table D.** The Treaty of Transit, the Protocol to the Treaty and attached Memorandum of understanding define the use of import licenses, letters of credit, customs transit declaration, insurance policy and bank guarantee.

In general there is transshipment at border crossings. Based on understanding between Nepal and India in 1960s, for Nepal registered vehicles permit is not required for movement up to the nearest municipal town/market place or railhead in India if the vehicle returns to Nepal on the same day. Otherwise a Vehicle Permit has to be issued by authorized Indian authorities (e.g. Embassy or Consulate General Offices). For Indian registered vehicles a Pass/Challan issued by the Nepal Customs authorities has to be obtain. 29 Present border crossing formalities for movement of goods between India and Nepal is organized based on consecutive national documentary requirements in both countries, without any formal harmonization of such requirements and without any electronic data interchange on cross border level.

**Nepal and Bangladesh**

Present arrangement for movement of goods in bilateral trade between Nepal and Bangladesh are based on trade and payments agreement, which do not stipulate specific transport documentary requirements. **Road transport documentary requirements between Nepal and Bangladesh is provided in Annex Table E.** Export, import and transit customs formalities and documentary requirements are based on

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29 Information on Vehicle Permit from Consulate General of India in Birgunj, Nepal available at: http://www.cgibirgunj.org/page/detail/179
relevant national customs legislation. For the transit through India appropriate Indian national customs transit formalities and documentary requirements are applicable.

Present border crossing formalities for movement of goods between Nepal and Bangladesh is organized based on multiple series of consecutive national documentary requirements in Nepal, Bangladesh, and India, or consecutive bilateral documentary requirements between Nepal and Bangladesh and India and Nepal without any formal harmonization of such requirements and without any electronic data interchange on cross border level.

The transit agreement between Nepal and Bangladesh (1976) regulate use of multiple copies of a transit declaring invoice (TDI) to be used as a customs transit declaration for movement of third country goods from Bangladesh to Nepal and Nepalese export to third countries from Bangladesh at the territory of Bangladesh. To operationalize this agreement India has agreed to allow transit movement across its territory. For the movement across the territory of India the provisions for third country transit agreed between India and Nepal are used, however the transit procedure is further limited and cumbersome, which includes security escort of the convoys of Nepalese vehicles across India.

**Nepal and Bhutan**

The movement of goods in bilateral trade between Nepal and Bhutan presently is not formally regulated. For the transit through India appropriate Indian national customs transit formalities and documentary requirements are applicable. Present movement of goods between Nepal and Bhutan is limited and organized based on consecutive national documentary requirements, without any formal harmonization of such requirements and without any electronic data interchange on cross border level.

The general overview of transport related documentary requirements presented in this chapter and more detailed findings of several related studies such as UN ESCAP Trade and Transport Facilitation Monitoring Studies on selected corridors in South and Southwest Asia are showing that international transport and transit in the subregion is heavily burdened with extensive procedural and documentary requirements.
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Number of processes and documents required on selected corridors in SSWA

- **Bangladesh exports to Bhutan (via India) (melamine products)**
  - 10 transport related processes
  - 20 transport related documents / total of 63 copies required

- **Bhutan exports to Bangladesh (via India) (cardamom)**
  - 7 transport related processes
  - 16 transport related documents / total of 58 copies required

- **Bhutan exports to Europe (via India) (ferrosilicon)**
  - 6 transport related processes
  - 19 transport related documents / total of 90 copies required

- **Nepal exports to Bangladesh (via India) (lentils)**
  - 9 transport related processes
  - 18 transport related documents / total of 58 copies required

Source: based on UN ESCAP (2017) Trade and Transport Facilitation Monitoring Studies on selected corridors SSWA

Implementation of the BBIN MVA is expected to address some of the issues related with restrictive and unclear traffic rights, and contribute to facilitation of movement of goods and transport means across the borders with elimination of requirements for transshipment at border crossing checkpoints. However BBIN MVA is introducing new documentary requirements, which do not exist with present arrangements for movement of goods in bilateral trade or transit with third countries such as: BBIN MVA permit, Certificate of fitness of transport means, PUC certificate.

Implementation of BBIN MVA will not fill the gap regarding repetitive and differing documentary requirements on customs transit and the issue of efficient subregional customs transit system remains to be addressed. Harmonization of customs transit documents, introduction of paperless customs transit solutions, linkages of customs information systems and creation of subregional customs transit system could be considered to complement BBIN MVA in order to maximize transport facilitation potential.

Restrictive import and transit polices with burdensome documentary requirements and extensive and multiple requirements for submission of paperbased transport, commercial and foreign transaction documents as supporting documents for numerous transport related processes are hampering present arrangements in international transport and threatening successful introduction of BBIN MVA.
IV. Review of existing standard transport related documents

Single Administrative Document (SAD)

The single administrative document (SAD), introduced with the Convention on the simplification of formalities in trade in goods (1987), is used for export, import and transit procedures between the contracting parties regardless of the kind and origin of goods with objective to simplify trade and transport formalities.

The Convention on the simplification of the formalities in trade in goods defines the specimens of the SAD and lays down provisions on the completion and common codes to be used in the SAD forms. The SAD completed in one of the official languages of the contracting parties as a general rule is acceptable to the competent authorities in transit countries, however where necessary customs authorities of the country of destination or of the transit may require translation of the declaration.

The SAD was used as a regular transit document in the regional transit system based on the Convention on a common transit procedure. Presently regular customs transit declaration is submitted only electronically the use of the SAD, as a customs transit declaration is limited only to few cases when the electronic New Customs Transit System (NCTS) is not applied (e.g. in the fallback procedure).

The contracting parties of the Convention on the simplification of formalities in trade in goods have used the SAD as the general documentary basis for national (or community/union) customs declarations. The EU customs regulation and the national customs legislation of other contracting parties have incorporated SAD related provisions from the Convention and generally use the SAD within the framework of trade with third countries and movement of third country goods across their territories.

The SAD based electronic declarations are usually presented by approved computerized systems linked to information systems of customs authorities. Customs information systems process electronically submitted customs declarations based on information included in SAD forms, data requirements and codes.

The Convention on the simplification of formalities in trade in goods and the SAD related customs regulation provides high level of data harmonization, uniform implementation and common understanding concerning use of the SAD. The use of SAD enables reduction of administrative documentary requirements and simplification of customs formalities.

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31 The text of the Convention on a common transit procedure (as amended) is available at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:01987A0813(01)-20160501

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European Common Customs Transit Declaration and NCTS

The Convention on a common transit procedure introduces a regional customs transit system between European Community, the EFTA countries (Switzerland, Norway, Iceland) and other common transit countries (Turkey, the former Yugoslav Republic of Macedonia and Serbia). As a general rule the customs formalities of the common transit procedure have to be completed using electronic transit system. The Convention on a common transit procedure defines the particulars and the structure of the data of the transit declaration by means of electronic data-processing techniques.

Since 2007 it is mandatory to submit customs transit declaration electronically without presentation of paper-based copy. The use of paper-based transit declarations is limited only to few cases such as goods transported by travelers and business continuity procedure in a event of a temporary failure of the electronic transit system, computerized system of the holders of procedure or electronic connection.

For the purpose of the common transit procedure the competent authorities use the electronic transit system for information exchange and Common Communication Network / Common Systems Interface of the European Union (CNN/CSI). The electronic submission of the common transit declaration is supported with the New Computerized Transit System (NCTS). In the European Union the NCTS manages union transit procedure and common transit, where both transit systems function in harmonized operating environment.

The customs office of departure provides a transit accompanying document (TAD) to the declarant in form and with particulars set out in the Convention on a common transit procedure. Printed TAD with bar code included provides easily readable information on customs transit operation in question and it has to accompany the goods under the Common transit procedure. Where necessary a list of items is printed and attached to the TAD.

For the supporting documents, that might be necessary for implementation of transit procedure, the customs authorities may provide possibility for submission in electronic form or to allow such documents not to be lodged with the electronic customs declaration. The reference to the documents will be recorded in the transit declaration and the declarant will be obliged to keep necessary supporting documents to the customs authorities' disposal.

The European Common Transit procedure and the NCTS offers some of the most advanced paperless transit solutions regionally implemented, with electronically connected economic operators, national customs offices and customs administrations. The use of single electronic customs transit declaration is supported with exchange of electronic messages with respect to each step of customs transit procedure. Simplifications of regular customs transit procedures for compliant traders could be also granted.

ASEAN Customs Transit Declaration and ACTS

ASEAN Framework Agreement on the Facilitation of Goods in Transit (1998) and its Protocol 7 (2015) provide legal basis for implementation of subregional ASEAN customs transit system (ACTS). The Protocol 7 defines the core elements of the ACTS such as single customs transit declaration, security for customs debt and management of the transit system.

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33 The text of the Convention on a common transit procedure (as amended) is available at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:01987A0813(01)-20160501
Details on processing of ASEAN customs transit declaration and the Transit Accompanying Document are laid down in the Technical Appendix on ASEAN Customs transit rules and procedures attached to the Protocol 7. The Technical Appendix regulates application of electronic data exchange for the facilitation of goods in transit and use of standard electronic messages for control of transit operations.

The ASEAN customs transit declaration has to be lodged at the customs office of departure by means of electronic data-processing technique. The structure and the particulars of the ASEAN customs transit declaration are in format agreed by the contracting parties. The Customs Administrations of ASEAN member states will operate individual ACTS applications on national level. They will be connected through secure computerized network that enables exchange of standardized electronic messages between relevant customs offices. After approval of the customs transit declaration by the customs office of departure the transit accompanying document may be printed from the principal’s own premise or other authorized computer system.

The ACTS pilot project between Singapore, Malaysia and Thailand started in 2016. If implementing challenges are successfully addressed the ACTS has a potential to become efficient subregional transit system that will contribute to transit facilitation and streamlined cross border transit movements.

**TIR Carnet**

The oldest and presently only global customs transit system is established on the grounds of the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention, 1975). The TIR system is still functioning in dominantly paper-based environment despite ongoing initiatives for transformation towards computerization and electronic support for processing of TIR Carnets.

The use of TIR Carnet is one of the key principles of the TIR customs transit procedure. The TIR Carnet is an internationally accepted customs transit document that accompanies the goods in TIR transport. The TIR Carnet consists series of vouchers and counterfoils in sets of two by two inside. The sets are designated for each consecutive country during the TIR transport movement. The standardized TIR Carnets presently are printed only by International Road Transport Union (IRU) and distributed to the national issuing/guaranteeing associations. Transport operators may provide TIR carnets from their national issuing association if they comply with minimal conditions and requirements set by the TIR Convention. Properly filled in, signed and stamped TIR Carnet represents proof of the existence and validity of the guarantee.

The TIR system offers to transporters and customs authorities uniform and easy to use customs transit procedure however it lacks flexibility, options for simplified procedures and fully computerized paperless customs transit solution.

**GMS-CBTA Transit and Inland Clearance Customs Clearance Document**

The GMS Customs transit system (GMS-CTS) is based on the provisions of the Annex 6 of GSM CBTA, which introduces Transit and Inland Clearance Customs Clearance Document (TICCD) as a customs transit document. The TICCDs are issued by national authorized issuing/guaranteeing organizations/institutions and represent a guarantee for the payment of customs duties and taxes as well.

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35 Article 4 of the Annex 6 of GMS CBTA
The Annex 6 defines the structure and the content of the TICCD. Under GMS-CTS in addition to the TICCD temporary admission documents for motor vehicles and containers are required.

The TICCD and other temporary admission documents are paper based and presently electronic support is not provided, which makes challenging managing and processing of the transit operations. GMS-CTS does not offer simplification of transit procedures and the design of the customs transit procedures and guarantee arrangements are perceived as complex and difficult to use in practice.

**WCO Goods Declaration and Data Model**

The WCO Revised Kyoto Convention supports harmonization of customs procedures and sets standards and recommending practices on implementation of transit procedures. With regard to Goods declaration the WCO Revised Kyoto Convention advocates conformity with the UN-layout key for the paper format of the Goods declaration and use of international standards for electronic information exchange for automated customs clearance process. The Customs should limit the data required in the Goods declaration only to particulars deemed necessary for the assessment and collection of duties and taxes, the compilation of statistics and the application of customs law.

Commercial or transport documents could be used as a descriptive part of the Goods declaration for Customs transit and it is recommended to accept any commercial or transport document for the consignment concerned which meets all the Customs requirements as the Goods declaration for Customs transit.

The WCO Data Model is one of the key instruments for standardization of data requirements on control of cross-border operations, including customs transit. This model includes data sets and code lists; technical solutions for information exchange such as UN/EDIFACT and XML message design; business process and information models. The data sets are based on international conventions and the other common requirements of the customs administrations and the requirements of other cross-border regulatory agencies.

**UN Layout Key**

UN Layout Key for Trade Documents is international standard for layout and content of trade documents, which is crucial in process of harmonization of transport and transit related documents. The use of UN Layout Key promotes standardization of various forms of documents with design of aligned series of forms. The process of harmonization is based on preparation of master document and reproduction techniques to transfer the information from the master to the one or more forms that constitute an align series. Data elements included in the forms should be harmonized with international standards.

UN Layout Key takes into account layout of the paper based documents and the relationship with their electronic forms, thus it could be applied for the layout of visual display in electronic data applications.

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36 WCO, ‘International Convention on the Simplification and Harmonization of Customs Procedures, as amended, is often referred as Revised Kyoto Convention. Customs transit is addressed in Specific Annex E of the Convention, Accessible at: [http://www.wcoomd.org/Kyoto_New/Content/content.html](http://www.wcoomd.org/Kyoto_New/Content/content.html)


Application of UN Layout key is providing harmonization on international, national and company level. Existing international standard forms aligned to the UN Layout key include many documents in commercial, transport and official control sector.

The UN Layout Key (UNLK) clusters documents related to transport services as documents for: forwarding and cargo handling (instructions from customers to forwarders; goods receipts; advice documents; administrative documents); transport (contract documents (e.g. bills of lading, road consignment note); receipt documents; contents documents; administrative and legal documents; notification documents) and insurance (insurance agreements; notification documents; administrative documents).

**Transport documents on rules of carriage**

There is a variety of transport documents in regard of rules of carriage in different modes of transport that are subject to private law use including: bill of lading (B/L), sea waybill (SWB); cargo and freight manifests; international rail consignment notes (CIM, SMGS and CIM/SMGS consignment note); international road consignment note (CMR consignment note); air waybill (AWB).

Certain standardization and harmonization of transport documents on rules of carriage is achieved by related international conventions and recommendations for use of standardized forms. Use of CMR consignment note enables usage of single transport document that is accepted and recognized in international road transport among contracting parties. With introduction of CIM/SMGS consignment note, the goods can be transported across the territories of jurisdictions of both CIM and SMGS rail systems with single document. Use of CIM/SMGS consignment note in rail transport eliminates the need for rewriting CIM consignment note to SMGS consignment note, and vice versa at the borders crossing points where rail transport regime changes.

Standardized transport documents that are applicable to more than one mode of transport have been developed (e.g. negotiable FIATA Multimodal Transport Bill of Lading (FIATA-FBL); non-negotiable FIATA Multimodal Transport Way Bill (FIATA-FWB)). ESCAP is also working on recommendation for introduction of a single unified multi-modal transport document.

Transport documents on rules of carriage are usually required to be presented as a supporting document with customs declarations during various customs formalities including customs transit. Presently transport documents are dominantly paper-based despite the initiatives to introduce their electronic counterparts (e.g. electronic CIM/SMGS, e-CMR).

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39 In accordance with the Convention on the Contract for the International Carriage of Goods by Road (1956)
40 The common CIM/SMGS consignment note was introduced by International Rail Transport Committee (CIT) CIM/SMGS Consignment Note Manual (GLV CIM/SMGS), applicable with effect from 1 September 2006; available at: http://www.citrail.org/en/freight-traffic/manuals/?id=639 and SMGS Agreement, Art. 13 and Appendix 6 – Guidance on CIM/SMGS consignment note
41 Technical Specifications for the Electronic CIM/SMGS Consignment Note published as Recommendations to undertakings intending to use an electronic version of the CIM/SMGS consignment note; applicable with effect from 8 July 2009; available at: http://www.citrail.org/en/freight-traffic/manuals/?id=639 and
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Commercial documents
Commercial documents such as commercial invoice and packing list are usually required to be presented as a supporting document with customs declarations during various customs formalities including customs transit. Commercial documents are dominantly paper-based, they do not have specific form and their data elements are not necessarily harmonized.

V. Options for harmonization of legal requirements and transport related documentation

Diverse legal requirements for international road transport and extensive requirements for transport related documents based on bilateral arrangements and national legislation create challenging environment for transport facilitation in South and South-West Asia. The options for international transport and customs transit in the subregion are diverse with potential to be harmonized and simplified. Recently signed Motor vehicle agreement for the regulation of passenger, personal and cargo vehicular traffic between Bangladesh, Bhutan, India and Nepal (MVA BBIN) provides certain level of harmonization such as single BBIN MVA permit, however it does not address the issues on harmonization and simplification of customs transit documentation.

Without formally harmonized customs transit systems and international road transport regimes the countries in the subregion will continue to rely mainly on bilateral arrangements and national legislation, which contributes to fragmentation of international transport and reduces opportunities for simplification of border crossing formalities. Inconsistent and duplicated transport and customs documentary requirements when goods are transported from country to country are increasing the time spent at the borders and contribute to higher transport costs.

ESCAP Regional Strategic Framework for the facilitation of international road transport (2012) provides guidance in harmonization of common targets for fundamental elements of international road transport (e.g. wider application of multiple-entry and multilateral road transport permits, third-party insurance through the use of Green Card or similar system and standardized vehicle registration and inspection certificates) as well as common approaches for key modalities for international road transport facilitation (e.g. wider application of new technologies that may include paperless customs transit systems and electronic vehicle and goods tracking systems).

Taking in account good practices of standardized transport related documentation and as well as the specific characteristics of subregion, options for harmonization of could be considered in the field of traffic rights and road transport permits; customs related documentary requirements; other key transport documentary requirements, such as driving licenses, vehicle registration and technical standards; transport documents on rules of carriage and commercial documents relevant for organization and control of international transport.

A. Traffic Rights and Road Transport Permits

The BBIN MVA will introduce subregional system of traffic rights and permit system, however it is uncertain if this system will mange to grow to a main instrument on traffic rights in the subregion or it
will only have supplementary role in the present system of bilateral transit arrangements. Several conditions have to be fulfilled for successful implementation of BBIN MVA including:

- process of application, issuing and control of the permits to be simple and efficient;
- the system of permits to provide clear benefits to transport and trade community;
- sufficient number of cargo vehicles and volumes of traffic to be permitted;
- possible impediments for the implementation of the system to be identified and addressed.

The BBIN MVA does not specify if the process for application and issuing a permit is paper based or electronic. Paper based processing requires physical contact in each step of the procedure for obtaining the permit, which will make such system burdensome and costly to operate.

Facilitation of the process for application and issuing of the BBIN MVA permits could be achieved with creation of electronic Permit (e-Permit) system that will enable:

- electronic submission of electronically signed e-Permit application that includes scanned copies of the documents required;\(^{43}\)
- verification of the documents required and issuing of e-Permit for authorized operators without paper based documents;
- electronic signing and countersigning of e-Permit;
- exchange of e-Permit electronic messages between competent authorities themselves, competent authorities and authorized operators and competent authorities and customs authorities;
- use and endorsement of e-Permit printout by customs authorities.

The e-Permit system could be jointly developed and independently implemented as a national application that is able to exchange standardized messages with national applications of other partner contracting parties. The national e-Permit system developed in correlation with electronic national transit permit systems and national customs electronic systems will further facilitate implementation of transport system based on BBIN MVA.

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\(^{43}\) Supporting documents in accordance with Article 3.2 of the BBIN MVA.
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**Figure: Option for development a E-Permit System for BBIN MVA**

The e-Permit system could have a component for registration and identification of authorized transporters eligible for regular cargo transportation permit. Such unique registration and identification number will enable to the competent authorities in all BBIN countries to identify authorized transporters in same manner. The structure of the authorized transporter registration and identification number could consist of a country code and national identification number for company/tax registration.

Access to the e-Permit System will be enabled to authorized transporter that will electronically sign the application for the permit. The e-Permit system has to provide integrity and protection of the data. The trial run on BBIN MVA permit between India and Bangladesh that was organized in September 2016 included electronic BBIM MVA permit. Getting a permit for regular transportation, for multiple entries and one-year validity will simplify the formalities and reduce transaction costs for organization of international transport. The permit for regular transportation will identify the operator, however some flexibility of identification of the driver could be considered (e.g. possibility to identify multiple drivers of specific vehicle, with identification of the actual driver at the border crossing).

In a case of permits for multiple entries valid for one year, present documentary requirements for obtaining a permit could be restrictive (e.g. waybill, commercial invoice and packing lists might not be available at the time of application, or validity of the documents, which are subject to regular renewal, could be less than a year at the time of application). Therefore practical solution could be considered such as possibility to accept supplementary documents (e.g. commercial contract or declaration of intent) instead of those missing in the time of application and conditional clauses at the permit that
require possession of valid documents (e.g. registration certificate, driving license) at the time of crossing the border and international transport operation.

Present documentary requirements for issuing of BBIN MVA permit are relatively extensive and reduction of such requirements could be considered to avoid multiple verification and repetitive inspection of same documents.

The subregional BBIN MVA permit system will provide regulated system of traffic rights, which offers greater simplification of bilateral transport in some cases (e.g. between India and Bangladesh) and clear regulation of transit transport traffic rights (e.g. transit transport through India and Bangladesh in the case of Bhutanese and Nepali exports/imports to/from third countries).

Present bilateral arrangements do not offer compatible system of traffic rights. With present bilateral arrangements traffic rights are not necessarily regulated. For example there is a customary understanding between India and Bhutan that permits are not required, however this mechanism is rarely implemented and Bhutanese trucks extremely rare operate in Indian territory, while Indian trucks are allowed to operate only in restricted border zone in Bhutan.

Present bilateral arrangements and national legislations also introduce different documents that have to certify that goods are intended for transit transport. For example for transit transport to/from third counties the bilateral arrangement between India and Bhutan is introducing the Letter of Guarantee (LoG) that has several functions: a) to certify that goods are intended for transit; b) to secure possible customs duties in transit; to serve as customs transit declaration. In addition to the letter of guarantee a certified transport note (Dispatch Challan), which identifies the vehicle and driver is required by national legislation. In the case of India and Nepal verified letter of credit (L/C) by the Consular General Office represents a document that provides certification that the goods are intended for transit.

The BBIN MVA it is not addressing the issue for certification that the goods are intended for transit and it is not certain if only the BBIN MVA permit will be considered sufficient (as it may be expected) or present requirements for certification (e.g. submission of LoG or verified L/C) will remain to be required in addition to BBIN MVA.

Facilitation of the requirements for certification that the goods are intended for transit should be considered in implementation of BBIN MVA since the BBIN MVA permit provides clear indication that the goods are intended for transit transport and in general other documents for such purpose should not be required.

Furthermore it is possible to facilitate certification requirements in the bilateral arrangements as well. More liberal regime could be considered where the certification that the goods are intended for transit could be significantly simplified or not needed at all. It should be noted that the requirement for certification that the goods are intended for transit does not exist in many national and international customs transit systems around the world.

The BBIN MVA can provide clear benefits to international transport in the subregion only if the system could reduce the transport costs and it could be implemented without limitation of the options for economically justified routes. Sufficient number of permits for cargo vehicles and volumes of goods in accordance with the needs of the trade and transport community have to be provided as well.
In addition any possible impediments for the implementation of the transport system based on BBIN MVA have to be identified and addressed. For example the practices of high charges for issuing transit permits and certificates should be examined and reconsidered. In general the charges for issuing the transit permits and certificates have to be limited in amount to the approximate cost of the services rendered.

**B. Customs related documentary requirements**

To reduce the time spent at border crossings, when the goods are transported under BBIN MVA, the import customs clearance at the border crossing point should be optional (only if required by the declarant). Otherwise the goods can continue in customs transit procedure within the territory of each BBIN country to an inland customs office of destination where the goods will be cleared for import.

Main customs related documentary requirement, for the transport system based on BBIN MVA, is a customs transit declaration that can cover both:

- customs transit procedure for transit transport across the territory of each BBIN country; and
- customs transit procedure for the movement within the territory of each BBIN countries between the inland customs office (e.g. at inland container depot, airport, free zone, bonded customs warehouse, etc.) and border crossing point and vice versa, when such movement is part of a transport operation based on BBIN MVA.

Following options are possible for using customs transit declaration:

- customs transit declaration(s) based on national legislation only (multiple customs transit declarations, presently not harmonized between the BBIN countries; and different customs transit declaration for transit transport and for movement within the territory) (status quo);
- customs transit declaration(s) based on bilateral arrangements (multiple customs transit declarations, presently not harmonized between BBIN countries; and different customs transit declaration for transit transport and for movement within the territory) (status quo);
- use of BBIN MVA permit as a customs transit declaration (in electronic and paper based form) (without use of customs transit declarations based on national legislation or bilateral arrangement);
- harmonized paperless customs transit declaration(s) (e.g. similar to SAD type of customs transit declaration that could be paper-based and/or electronic) (in addition to the BBIN MVA permit) for the transport system based on BBIN MVA (without introduction of subregional customs transit system);
- common paperless customs transit declaration (e.g. similar to SAD type of customs transit declaration that could be paper-based and/or electronic) (in addition to the BBIN MVA permit) for the transport system based on BBIN MVA (with introduction of new comprehensive sub-regional customs transit system);
- TIR Carnet for the countries that may accede to the TIR Convention (in addition to the BBIN MVA permit).

In general, the customs transit declaration should be submitted in electronic form. Issues to be addressed include: use of paper based transit documents e.g. only as a transit accompanying document; electronic signature; exchange of paperless customs transit declaration between transporter/representative and
customs; as well as among customs authorities on national and cross border level.

Full harmonization could be achieved only with introduction of new sub-regional customs transit system (preferably paperless) that has to be based on comprehensive arrangement (e.g. agreement / convention). Development of a new sub-regional customs transit system could be done initially on the BBIN level only, however such arrangement should not prevent future expansion to the SAARC level and possible link with ASEAN customs transit system.

Main elements that have to be addressed with the sub-regional customs transit arrangement include:

- customs transit formalities at customs offices of departure/transit/destination (minimal controls without physical inspection at border crossing points; multiple customs offices of departure/destination);
- content of the common customs transit declaration;
- electronic submission of customs transit declaration;
- format and structure of electronic messages (customs transit declaration and other related messages);
- infrastructure for electronic information exchange and ICT systems;
- security (guarantee system);
- customs seals (conditions for sealing of load compartments of vehicle and containers, including standardization, criteria and technical details required to recognize vehicles and containers as suitable for sealing; minimal requirements for customs seals; mutual acceptance of customs seals);
- electronic vehicle/cargo tracking and use of electronic seals (optional, if used greater simplifications could be offered);
- simplifications of transit procedures (e.g. reduction/waiver of guarantee; authorized consignor / authorized consignee, etc.) (possibilities for granting greater simplification on bilateral level should be included – e.g. to waiver of guarantee in a case a governmental instrument that undertakes responsibility to cover the potential customs duties and other dues leviable on the goods is provided (e.g. Bhutanese LoG to India)).
Figure: Possible flow of the electronic BBIN customs transit messages

Electronic information provided as an electronic BBIM MVA Permit / electronic customs transit should be sufficient for the customs requirements for advance submission of pre-arrival information / entry manifest and risk management at the border crossing points.

Possible BBIN customs transit electronic messages:

- The BBIN customs transit declaration and guarantee data from the principal/declarant to the customs office of departure;
- The ‘Anticipated Arrival Record’ (AAR) message from the customs office(s) of departure to the customs office(s) of destination;
- The ‘anticipated transit record’ (ATR) message to transit customs office(s) en route;
- The ‘release for transit’ message, to confirm that the transit can start from departure customs office to the principal/declarant;
- The Notification Crossing Frontier (NCF) to notify passage of the goods from the transit customs offices en route to the departure customs office;
- The ‘arrival advice’ (AA) message, to notify customs office of departure when the goods arrive at customs office(s) at destination;
- The ‘control results’ (CR) message, sent after the goods have been checked from the customs office of destination to the customs office of departure.
- The ‘guarantee use’, ‘guarantee use result’, and ‘guarantee use cancellation’ exchanged with the customs office of guarantee

Example of possible BBIN customs transit operation of goods loaded on same truck with multiple customs offices of departure/destination:

- export clearance at inland customs office at country A (e.g. free zone) and customs transit clearance to destinations at inland customs office at countries B and C;
- exit/entry clearance at the border crossings between counties A and B (only check of the seal and recording the passage without any physical inspection);
- import at inland customs office in country B for part of the cargo;
- export clearance at inland customs office in country for the cargo to be loaded on same truck and customs transit clearance to destination at inland customs office at country C;
- exit/entry clearance at the border crossings between counties B and C (only check of the seal and recording the passage without any physical inspection);
- import at inland customs office in country C.

C. Other key transport documentary requirements

Diving license/permit

The BBIN MVA regulates that a valid driving license or international driving permit (either in English or in a certified English translation) has to be readily available while plying in the territory in other partner country. The requirements on driving license/permit are not clearly regulated between BBIN countries with existing bilateral arrangements on trade, transport and transit. The requirements for recognizing domestic and international licenses/permits to drive specified category of vehicles as well as their content are not formally harmonized in BBIN countries with existing multilateral or bilateral arrangements signed among and between them.

Following options for harmonization regarding driving licenses/permits are possible:

- join the Convention on Road Traffic (1968) that regulates driving permits (Article 41), domestic driving permit (Annex 6) and international driving permit (Annex 7);
- agree on multilateral/bilateral level to mutually recognize national driving licenses/permits and/or international driving permit in accordance with internationally accepted rules and model of driving license/permit (e.g. as those established with the Convention on Road Traffic (1968) without joining the Convention);
- agree on multilateral level on harmonized subregional rules for recognition of national driving licenses/permits and or standardized subregional driving permit.

The harmonization of driving licenses/permits (e.g. standardized content and use of Latin characters) can eliminate the need for providing certified English translation and facilitate the control when admitting foreign drivers in the territory of the country concerned. Due to differences in road traffic rules and regulations, further cooperation among competent authorities of BBIN countries may support an endeavor to ascertain that required knowledge and skills of the drivers, as verified with the driving license/permit, are compatible with the specifics for driving in different BBIN countries.

Vehicle registration documents
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The BBIN MVA regulates that a valid registration certificate (either in English or in a certified English translation) has to be readily available while plying in the territory in other partner country. The requirements on registration certificates are not clearly regulated between BBIN countries with existing bilateral arrangements on trade, transport and transit. The rules for registration of vehicles as well as conditions for admission of motor vehicles and trailers to international traffic are not formally harmonized in BBIN countries with existing multilateral or bilateral arrangements signed among and between them.

Following options for harmonization regarding vehicle registration are possible:
- join the Convention on Road Traffic (1968) that regulates registration of vehicles and conditions for the admission of motor vehicles and trailers to international traffic (Chapter III);
- agree on multilateral/bilateral level to mutually recognize registration certificates issued in accordance with internationally accepted rules (e.g. as those established with the Convention on Road Traffic (1968) without joining the Convention);
- agree on multilateral level on harmonized subregional rules for recognition of registration certificates.

The harmonization of registration certificates (e.g. standardized content and use of Latin characters) can eliminate the need for providing certified English translation and facilitate the control when admitting foreign vehicles/trailers in the territory of the country concerned.

Documents on compliance with technical standards

The BBIN MVA regulates that a certificate of fitness testifying mechanical fitness of the vehicle to ply on the road (either in English or in a certified English translation) has to be readily available while plying in the territory in other partner country. In addition compliance check of pollution under control (PUC) certificate is envisaged. The requirements on compliance with technical standards and related documents such as certificate of fitness and PUC certificate are not clearly regulated between BBIN countries with existing bilateral arrangements on trade, transport and transit. The rules regarding compliance with technical standards for admission of motor vehicles and trailers to international traffic are not formally harmonized in BBIN countries with existing multilateral or bilateral arrangements signed among and between them.

Following options for harmonization regarding vehicle registration are possible:
- join the Convention on Road Traffic (1968) that regulates some technical requirements and inspection of vehicles (Article 39) and technical conditions concerning motor vehicles and trailers (Annex 5);
- agree on multilateral/bilateral level, mutually recognize technical inspection certificates (or their equivalent) in accordance with internationally accepted rules on technical requirements and conditions (e.g. as those established with the Convention on Road Traffic (1968) without joining the Convention);
- agree on multilateral level on harmonized subregional rules on technical requirements and conditions as well as recognition of technical inspection certificates, such as certificate of fitness and PUC certificate.

Motor vehicles and trailers in international traffic shall satisfy technical requirements and conditions and be in good working order in domestic territory and while plying in the territories of other partner...
Harmonization of the rules on technical requirements and conditions could facilitate the control when admitting foreign vehicles/trailers in the territory of the country concerned. Fulfillment of technical requirements and technical inspections (when first introduced in service and periodical) could be linked with validity of registration certificate, which makes issuing separate technical inspections certificates for international traffic obsolete.

**Transport documents on rules of carriage**

The BBIN MVA regulates that a waybill (either in English or in a certified English translation) has to be readily available while plying in the territory in other partner country. Use of waybill between BBIN countries is not clearly regulated in existing bilateral arrangements on trade, transport and transit. The contractual relations for international carriage of goods by road between the sender, the carrier and the consignee, carrier liability and use of road transport waybill and the rules for in international traffic are not formally harmonized in BBIN countries with existing multilateral or bilateral arrangements signed among and between them.

Following options for harmonization regarding use of road transport waybill are possible:

- join the Convention on the Contract for the International Carriage of Goods by Road (CMR Convention) that regulates rules of carriage by road transport and use standard CMR waybill/consignment note (e.g. in accordance with a model developed by IRU).
- agree on multilateral/bilateral level, to use internationally accepted rules of carriage by road transport (e.g. as those established CMR Convention without joining the Convention) and use standard waybill/consignment note (e.g. based on a CMR waybill/consignment note);
- agree on multilateral level on harmonized subregional rules of carriage by road transport and use standard subregional waybill/consignment note.

Harmonization of the rules for carriage by road could increase predictability of contractual relations for international carriage of goods by road between the sender, the carrier and the consignee and address the issues regarding carrier liability across BBIN countries in consistent manner. Use of standard waybill/consignment note could facilitate the border crossing controls when admitting foreign vehicles/trailers in the territory of the country concerned. Use of multimodal waybills could be also encouraged to reduce the number of documents involved in international transport and eliminate the need for production of new transport documents with change of the mode of transport.

**Insurance documents**

Several diferent types of insurance documents presently are in use in BBIN countries:

- third-party motor vehicle liability insurance;
- cargo insurance;
- insurance policy for customs transit.

In some of the bilateral arrangements between the BBIN countries insurance documents are addressed however insurance polices presently are not mutually recognized in all BBIN countries.

In order to address the issues for complexity of dealing with multiple insurance companies in several countries, which are involved in same international road transport operation, it is recommended to consider development of multilateral insurance arrangement (e.g. BBIN multilateral third-party motor vehicle liability insurance).
D. Other Government Agencies (OGA) documentary requirements

Border control, immigration, veterinary, sanitary and phytosanitary controls and other government documentary requirements depend on a wide spectrum of laws, rules, regulations and procedures. Harmonization regarding documentary requirements on subregional/bilateral level may be considered in order to facilitate international trade and transport (e.g. mutual recognition of the certificates issued by the competent agencies of partner country).

E. Facilitation of documentary requirements

It is very important to consider facilitation of documentary requirements in parallel with the process of their harmonization. Such facilitation measures may include:

- reduction of requirements for multiple submission of same documents;
  
  For example company registration / tax registry documents could be submitted and inspected only once (e.g. only when first introduced in the electronic system of the competent authorities).

- reduction of the number of supporting documents in applications for permits and transit customs clearance (e.g. only essential commercial documents such as invoice to be required without regular requirements for submission of other contracts and foreign payment documents). Revision of the requirements for submission of supporting documents is recommended based on international standards and best practices for transport and customs facilitation;

- merging documents (e.g. one document that can serve as invoice and packing list);

- use of electronic documents and reuse of data (or scanned documents e.g. scanned invoice);

- introduction of single window facility as a single-entry point for submission of documentary requirements;

- single window inspection of documents (e.g. one competent authority to inspect the documents on behalf of other competent authority);

- submission of import/export customs clearance documents at inland customs offices instead at border crossing points;

- simplified documentary requirements for authorized economic operators (e.g. authorized consignor, authorized consignee simplifications).

Recommendations for simplification and harmonization of customs documentary requirements relevant for the regulatory formalities at railway border crossings based on Revised Kyoto Convention include:
### General Annex

The format of the electronically lodged Goods declaration should be based on recommended international standards for electronic information exchange *(Standard 3.11.)*

| Limit the data required in the Goods declaration only to such particulars deemed necessary (e.g. for assessment of duties and taxes) *(Standard 3.12.)* |
| Limit requirements for supporting documents to the Goods declaration only to those necessary (e.g. to permit control of the operations) *(Standard 3.16.)* |
| Permit lodgement of supporting documents by electronic means *(Transitional Standard 3.18.)* |
| Do not require a translation of the particulars of supporting documents except when necessary to permit processing of the Goods declaration *(Standard 3.19.)* |
| Permit the lodging of the Goods declaration by electronic means *(Transitional Standard 3.21.)* |
| Provide lodging and registering or checking of the Goods declaration and supporting documents prior to the arrival of the goods *(Standard 3.25.)* |

### Specific Annex A - Arrival of goods in a Customs territory

The carrier is responsible to ensure that all goods are included in the cargo declaration or brought to the attention of the Customs *(Specific Annex A Ch.1 – Standard 4)*

| Limit information requirements to that available in carriers’ normal documentation (based on relevant international transport agreements) *(Specific Annex A; Ch.1 – Recommended Practice 9.)* |
| Accept the cargo declaration as the only required documentation for the production of the goods *(Specific Annex A; Ch.1 – Recommended Practice 10.)* |
| Do not require regular translation of the particulars from other languages given in the documents produced to the Customs *(Specific Annex A; Ch. 1 – Recommended Practice 12.)* |

### Specific Annex E - Customs transit / Transshipment

Accept any commercial or transport document setting out clearly the necessary particulars as the descriptive part of the Goods declaration for Customs transit *(Specific Annex E; Ch.1 – Standard 6.)*

| Accept adequate commercial or transport documents as the Goods declaration for Customs transit (e.g. road transport consignment note) *(Specific Annex E; Ch.1 – Recommended Practice 7.)* |
| Accept any commercial or transport document setting out clearly the necessary particulars as the descriptive part of the Goods declaration for transshipment *(Specific Annex E; Ch.2 – Standard 5.)* |
| Accept adequate commercial or transport documents as the Goods declaration for transshipment *(Specific Annex E; Ch.2 – Recommended Practice 6.)* |

### Specific Annex G - Temporary admission

Grant temporary admission without a written Goods declaration when there is no doubt about the subsequent re-exportation of the goods *(Specific Annex G; Ch.1 – Recommended Practice 9.)*
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Use of electronic permits, electronic customs declarations and other electronic documents (e.g. electronic road transport waybill) provides opportunity for reuse of data and facilitated processing of documents. Customs and transport related documents have many same and similar data, however those data have to be formally harmonized and standardized in order to enable seamless data reuse and efficient electronic data interchange. Formal harmonization and standardization of data elements will support interoperability among different electronic systems of various competent authorities and other stakeholders in international transport.

Numerous UN and WCO instruments are developed to support such data harmonization and standardization (e.g. ESCAP Model on Integrated Controls at Border Crossings, UN Layout Key for Trade Documents, UN Electronic Data Interchange for Administration, Commerce and Transport Standard (UN/EDIFACT) syntax rules, and XML schemas, Code Lists, United Nations Trade Data Elements Directory (UNTEDD), WCO Data Model). Standardization and harmonization of data elements could enable replacement of several paper-based documents with single electronic exchange.

It should be noted that efficient customs clearance and control at the border crossings could be organized with fewer documents required on regular basis, however the reduction of number of documents/data required have to be introduced as a comprehensive set of measures for increased control capacity of the competent authorities. That includes: development of efficient risk analysis/intelligence systems; increased capacity to perform effective audit and post clearance controls; and other control measures such as electronic vehicle/cargo tracking for example based on the ESCAP Secure Cross Border Transport Model.

The ESCAP Secure Cross Border Transport Model, which is described in detail in next Chapter, offers several options for electronic vehicle/cargo tracking. The electronic vehicle/cargo tracking systems based on this Model will not only address control and security concerns, but it will increase confidence and trust between the stakeholders involved. Therefore the ESCAP Secure Cross Border Transport Model could support introduction of facilitation and simplification measures, such as reduction of documentary requirements; reduced controls at the border crossing; and transfer of the main customs and other in-depth regulatory controls from the border crossings to inland customs offices at departure and destination points.

Transport and customs facilitation measures could be introduced with unilaterally based only on national regulations as well as with bilateral/multilateral arrangements (MoU, agreements). Higher level of harmonization regarding facilitation measures could be achieved through multilateral/subregional arrangements.

VI. Conclusions and Recommendations

This study provides an overview of options for harmonization of road transport documents and recommends electronic submission and electronic processing of harmonized transport related documents. The key elements necessary for harmonization of documentary requirements and operation of electronic information systems, which enable processing of such documents, have been outlined. Among multiple harmonization and facilitation options, the study highlights the solutions for dealing with transport permits and customs transit related documents. Employment of electronic vehicle/cargo tracking system based on ESCAP Secure Cross Border Transport Model can strongly support implementation of a subregional road permit system and paperless customs transit system.
Having in mind that introduction of subregional transport permit systems and paperless customs transit system could be demanding and complex process, for successful implementation it is necessary to provide strong political support on national level, well organized cooperation among all competent authorities, including customs, on both national and cross border level, as well as active involvement of private sector.

Harmonization of transport related documents and introduction of electronic processing systems such as e-permit system and paperless customs transit system could be achieved with step-by-step approach.

(1) Interested countries have to decide, negotiate and agree on general concept(s) for harmonization of transport documents and basic features of the electronic processing systems. This Study aims to support interested parties in exploring possibilities and facilitate such decision-making process. Main general concepts recommended by this study are:

▪ use of electronic permit (e-Permit);
▪ introduction of new subregional paperless customs transit system;
▪ introduction of electronic vehicle/cargo tracking system on subregional level based on ESCP Secure Cross Border Transport Model;
▪ cross border electronic data interchange among competent authorities, including customs, harmonized on subregional level;
▪ simplified document requirements particularly for transit transport in line with international standards and ESCAP Models.

(2) Once the general concept and basic features are agreed among interested countries appropriate institutional arrangements have to be formalized in order to offer a legal framework for harmonization of transport related documents and introduction of corresponding electronic processing systems.

That may require revision of existing transport arrangements and/or signing of new subregional arrangements (e.g. on paperless customs transit). New subregional arrangements could be introduced in two phases. First to sign an initial institutional arrangement that will reflect only general concept and basic features agreed; without going into implementation options and details (e.g. Memorandum of Intentions or Framework Agreement). This initial institutional arrangement should initiate two parallel processes: a) revision of any national conflicting legislation to provide alignment with the concept agreed (e.g. acceptance of electronic customs declaration, electronic signature etc.) and b) activities for development of further institutional arrangements regarding implementing details that will be negotiated and signed in next phase.

In the case of BBIN countries, the BBIN MVA is already introducing a subregional road permit system, which provides harmonization in this field. However basic features of the system that supports issuing and processing of permits (e.g. e-permit system) is yet to be agreed. In order to establish BBIN MVA e-permit system some amendments of the BBIN MVA may be required.

Presently customs transit documents and customs procedures in South and South-West Asia are not harmonized and there is no operational customs transit system that connects the countries on subregional level. The general concept and basic features for subregional paperless customs transit system presented for the BBIN countries in this study are based on European New Computerized Transit System (NCTS) and ASEAN Customs transit system. Since this concept has been proved successful, it
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is recommended to the countries to consider introduction of similar system, which will be adjusted, where necessary to subregional characteristics.

Harmonization of other transport related documents on subregional level might be also considered (e.g. road transport consignment note, third-party motor vehicle liability insurance, driving licenses/permits etc.).

(3) Before starting the negotiations on institutional arrangements regarding implementing details (e.g. on the subregional paperless customs transit procedure, electronic vehicle/cargo tracking system) it is recommended to conduct a detailed feasibility study. Such comprehensive study (or separate studies on different topics (e.g. on subregional paperless customs transit system, on electronic/vehicle cargo tracking, etc.) will be based on agreed general concept(s) for harmonization of transport documents and basic features of the electronic processing systems.

The purpose of the feasibility study will be to evaluate different implementing options, to detail procedural and technical requirements and to project financial and economic implications (e.g. from introduction of subregional paperless customs transit system). A detailed feasibility study should identify gaps and constraints as well as possible solutions to overcome obstacles in the process of introduction of new electronic processing systems.

(4) Once the preferred implementing options are identified, negotiated and agreed among participating countries, a formal institutional arrangement (e.g. agreement on subregional paperless customs transit) could be signed and preparations for practical implementation could start.

The ESCAP publications relevant for customs transit, integrated border control and electronic vehicle/cargo tracking that can support the process for identification of implementing options include:

- Guide on establishing an automated Customs Transit Transport System (2016)
- Study on paperless transit (2016)
- Model on integrated border controls (2012)
- Model on Secure Cross Border Transport (2012)

The provisions from the new international agreements have to be transposed to the relevant national legislation.

For implementation of the new electronic processing systems (e.g. e-Permit system, paperless customs transit system) it will be necessary to prepare detailed high-level specifications and user requirements.

(5) The process of negotiation and preparation of the international agreement as well as the transformation of international agreement in national legislation will be facilitated if the national legislation is already harmonized with relevant international standards and recommendations. For example if national customs legislation already has incorporated generic provisions regarding use of electronic documents and simplified procedures for authorized economic operators.
Alignment of the national legislation against relevant provisions from major international border crossing facilitation initiatives may be evaluated (for example with relevant provisions from WCO Revised Kyoto Convention (1999); WTO Trade Facilitation Agreement (2014)).

Where necessary, the national legislation may be amended in order to avoid potential legal constrains in future (e.g. lack of provisions for use of electronic documents and electronic signatures; prohibition for exchange of data with other authorities on national or cross border level etc.).

With alignment against relevant international standards and recommendations, the countries will minimize differences in national legislations regarding harmonization of transport related documents and facilitation of border crossing procedures.

(6) The efficient paperless transport and customs related systems are built on well-established electronic data interchange and interface of the relevant information systems of the competent authorities, including customs. In order to enable efficient EDI and interface of the IT systems formal standardization and harmonization of data elements is required. The tools that can support harmonization and standardization of document requirements and data elements include, UN Layout Key and WCO Data Model.

(7) Efficient coordination mechanisms should be established on national level (among relevant competent authorities and customs) as well as the modalities for continuous cooperation and coordination at cross border level among central authorities as well as authorities at border crossings. The private sector should be duly involved, preferably under established public-private mechanisms for organized and continuous cooperation.

The ESCAP guidelines on establishing and strengthening national coordination mechanisms for trade and transport facilitation could provide support in this regard.

(8) Capacity building and training programs for public sector and outreach activities for public sector will raise awareness and enable smooth implementation of novelties such as new harmonized document requirements and corresponding electronic processing systems (e.g. paperless customs transit system).

If needed the introduction of new customs and border crossing formalities may be supported with integrity programs, to maximize the benefits from introduction of the new systems.

(9) Complex systems such as new subregional paperless customs transit system should be implemented gradually. First as a pilot project on limited scale (for example on selected transit transport routes in parallel with existing procedures). With the pilot project the new system could be tested, operational challenges should be identified and if necessary possible alterations could be suggested. Subsequently the new paperless customs transit system will be gradually extended in the process of full roll-out in the participating countries.

(10) Regular performance monitoring is recommended using available tools such as ESCAP Time/Cost Distance Methodology and/or WCO Time Release Study to measure and assess the progress in implementation of the formalities based on harmonized transport documents and corresponding electronic processing systems.
Harmonization of Documents for International Transport:
A study in the context of South and South-West Asia

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Harmonization of Documents for International Transport: 
A study in the context of South and South-West Asia


### Annex I

**Bilateral Road Transport Documentary Requirements**

<table>
<thead>
<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* Bangladesh Bhutan</th>
<th>India Transit National legislation / Bilateral arrangement*</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit for plying in other country</td>
<td>Yes</td>
<td>No (transshipment/clearance at border or allowed entry for Bhutanese vehicles only)</td>
<td>No (transshipment/clearance at border or use of Bhutanese vehicles)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Import License</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>No</td>
</tr>
<tr>
<td>Letter of Guarantee (LoG) (Certificate for transit of goods)</td>
<td>Yes (Third country goods included in BBIN MVA Permit)</td>
<td>Not applicable</td>
<td>Yes* (LoG)</td>
<td>Yes* (LoG)</td>
</tr>
<tr>
<td>Delivery/Dispatch Challan</td>
<td>Yes</td>
<td>Not applicable</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Office Order</td>
<td>Yes*</td>
<td>Not applicable</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Car Pass</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
<td>Yes*</td>
</tr>
<tr>
<td>Registration Certificate of Transport Means</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Road worthiness Certificate (Certificate of fitness)</td>
<td>Yes</td>
<td>No (transshipment/clearance at border) otherwise Yes for Bhutanese vehicles</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment at border) otherwise Yes for Bhutanese vehicles</td>
</tr>
<tr>
<td>Pollution under control (PUC) certificate</td>
<td>Yes (to be decided)</td>
<td>No (transshipment/clearance at border) otherwise Yes for Bhutanese vehicles</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment at border) otherwise Yes for Bhutanese vehicles</td>
</tr>
<tr>
<td>Weigh Slip</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>? Yes*</td>
</tr>
<tr>
<td>Driving License</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Passport / Identity Card of driver/crew</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>List of personal goods of driver/crew and spare parts of vehicle</td>
<td>Yes</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment at border)</td>
</tr>
</tbody>
</table>
Harmonization of Documents for International Transport:
A study in the context of South and South-West Asia

### Table A
**Road Transport Documentary Requirements between Bangladesh and Bhutan**

<table>
<thead>
<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* Bangladesh Bhutan</th>
<th>India Transit National legislation / Bilateral arrangement*</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Invoice</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Packing List</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Road Waybill (Track Receipt / Consignment Note)</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Insurance policy</td>
<td>Yes (for vehicle and goods*)</td>
<td>Yes*</td>
<td>Yes</td>
<td>? Yes*</td>
</tr>
<tr>
<td>Letter of Credit or other payment related documents</td>
<td>Yes* on import/export</td>
<td>Yes* on import/export</td>
<td>Yes*</td>
<td>? No</td>
</tr>
<tr>
<td>Customs Duties and Taxes Security (Insurance / Bank Guarantee)</td>
<td>Yes*</td>
<td>No (clearance at border) otherwise Yes* (for national customs transit if not cleared at border)</td>
<td>No (clearance at border) otherwise Yes* (for national customs transit if not cleared at border)</td>
<td>No (if LoG is presented) otherwise Yes*</td>
</tr>
<tr>
<td>Customs Transit Declaration</td>
<td>Yes*</td>
<td>No (clearance at border) otherwise Yes* (Transit Declaration Invoice - for national customs transit if not cleared at border)</td>
<td>No (clearance at border) otherwise Yes* (for national customs transit if not cleared at border)</td>
<td>No (if LoG is presented) otherwise Yes*</td>
</tr>
<tr>
<td>Customs Export / Import Declaration (Bill of Export / Shipping Bill / Bill of Entry)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Authorization for the customs agent</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Company registration / Tax Registry Certificate</td>
<td>Yes* for importer/export and transporter</td>
<td>Yes* for importer/export and transporter</td>
<td>Yes* for importer/export and transporter</td>
<td>Yes* for transporter</td>
</tr>
</tbody>
</table>

* otherwise Yes for Bhutanese vehicles*  

BBIN MVA: Border Economic Integration Network Agreement

LoG: Letter of Guarantee
### Table A
#### Road Transport Documentary Requirements between Bangladesh and Bhutan

<table>
<thead>
<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* Bangladesh Bhutan</th>
<th>India Transit National legislation / Bilateral arrangement*</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bill of Lading</strong></td>
<td>Yes* on import</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Certificates for specific types of goods</strong> (sanitary / phytosanitary / veterinary / medicines / hazardous cargo / etc.)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes* on entry or negative list</td>
<td>Not applicable</td>
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### Table B
#### Road Transport Documentary Requirements between Bangladesh and India

<table>
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<tr>
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<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* Bangladesh India</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
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<tbody>
<tr>
<td><strong>Permit for plying in other country</strong></td>
<td>Yes</td>
<td>No (transshipment/ clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Import License</strong></td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td><strong>Letter of Guarantee (LoG) (Certificate for transit of goods)</strong></td>
<td>Yes (Third country goods included in BBIN MVA Permit)</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Delivery/Dispatch Challan</strong></td>
<td>No</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Car Pass</strong></td>
<td>Yes*</td>
<td>No (transshipment/ clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Registration Certificate of Transport Means</strong></td>
<td>Yes</td>
<td>No (transshipment/ clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Road worthiness Certificate (Certificate of fitness)</strong></td>
<td>Yes</td>
<td>No (transshipment/ clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Pollution under control (PUC) certificate</strong></td>
<td>Yes (to be decided)</td>
<td>No (transshipment/ clearance at border)</td>
<td>Not applicable</td>
</tr>
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# Table B
## Road Transport Documentary Requirements between Bangladesh and India

<table>
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<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* Bangladesh</th>
<th>India</th>
<th>Transit Transport arrangement / National legislation*</th>
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<tbody>
<tr>
<td>Weigh Slip</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Driving License</td>
<td>Yes</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment/clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Passport / Identity Card of driver/crew</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>List of personal goods of crew / spare parts of vehicle</td>
<td>Yes</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment/clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Packing List</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Road Waybill (Truck Receipt Consignment Note)</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Insurance policy (for vehicle and goods*)</td>
<td>Yes* on import/export</td>
<td>Yes* on import/export</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Letter of Credit or other payment related bank documents</td>
<td>Yes* on import/export</td>
<td>Yes* on import/export</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Customs Duties and Taxes Security (Insurance / Bank Guarantee)</td>
<td>Yes*</td>
<td>No (clearance at border)</td>
<td>No (clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Customs Transit Declaration</td>
<td>Yes*</td>
<td>No (clearance at border)</td>
<td>No (clearance at border)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Customs Export / Import Declaration (Bill of Export/ Shipping Bill / Bill of Entry)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Authorization for the customs agent</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Company registration / Tax Registry Certificate</td>
<td>Yes* for importer/export and transporter</td>
<td>Yes* for importer/export and transporter</td>
<td>Yes* for importer/export and transporter</td>
<td>Not applicable</td>
</tr>
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</table>
### Table B
**Road Transport Documentary Requirements between Bangladesh and India**

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<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation*</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill of Lading</td>
<td>Yes* on import</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Certificates for specific types of goods* (sanitary / phytosanitary / veterinary / medicines / hazardous cargo /etc.)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
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### Table C
**Road Transport Documentary Requirements between Bhutan and India**

<table>
<thead>
<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation*</th>
<th>Transit Transport arrangement / National legislation*</th>
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</thead>
<tbody>
<tr>
<td>Permit for plying in other country</td>
<td>Yes</td>
<td>No (transshipment/clearance at border or allowed entry in border area 7-10 km)</td>
<td>No (transshipment/clearance at border or allowed entry)</td>
</tr>
<tr>
<td>Import License</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Letter of Guarantee (LoG) (Certificate for transit of goods)</td>
<td>Yes (Third country goods included in BBIN MVA Permit)</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Delivery/Dispatch Challan</td>
<td>Yes</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Office Order</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Registration Certificate of Transport Means</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Road worthiness Certificate (Certificate of fitness)</td>
<td>Yes</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment/clearance at border)</td>
</tr>
<tr>
<td>Pollution under control (PUC) certificate</td>
<td>Yes (to be decided)</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment/clearance at border)</td>
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### Table C
Road Transport Documentary Requirements between Bhutan and India

<table>
<thead>
<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* Bhutan</th>
<th>Transit Transport arrangement / National legislation* India</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weigh Slip</td>
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<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Driving License</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Passport / Identity Card of driver/crew</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>List of personal goods of crew / spare parts of vehicle</td>
<td>Yes</td>
<td>No (transshipment/clearance at border)? otherwise Yes*</td>
<td>No (transshipment/clearance at border)? otherwise Yes*</td>
<td>No (transshipment at border)? otherwise Yes*</td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Packing List</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
</tr>
<tr>
<td>Road Waybill (Truck Receipt / Consignment Note)</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Insurance policy</td>
<td>Yes (for vehicle and goods*)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Letter of Credit or other payment related documents (Invoice attested by bank)</td>
<td>Yes* on import/export</td>
<td>No</td>
<td>? No</td>
<td>Yes*</td>
</tr>
<tr>
<td>Customs Duties and Taxes Security (Insurance / Bank Guarantee)</td>
<td>Yes*</td>
<td>No (clearance at border)</td>
<td>No (clearance at border)</td>
<td>No (if LoG is presented)</td>
</tr>
<tr>
<td>Customs Transit Declaration</td>
<td>Yes*</td>
<td>No (clearance at border)</td>
<td>No (clearance at border)</td>
<td>No (LoG and Dispatch Challan)</td>
</tr>
<tr>
<td>Customs Export / Import Declaration (Bill of Export / Shipping Bill / Bill of Entry)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Authorization for the customs agent</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Company registration / Tax Registry Certificate</td>
<td>Yes* for importer/exporter and transporter</td>
<td>Yes* for importer/exporter and transporter</td>
<td>Yes* for importer/exporter and transporter</td>
<td>Yes* for importer/exporter and transporter</td>
</tr>
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### Table C

**Road Transport Documentary Requirements between Bhutan and India**

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<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation*</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill of Lading</td>
<td>Yes* on import</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Certificates for specific types of goods (sanitary / phytosanitary / veterinary / medicines / hazardous cargo / etc.)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Port formalities related documents - Import Manifest (Master / House) - Bill of Lading - Delivery Order - Entry Gate Pass</td>
<td>Yes* (when applicable)</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

### Table D

**Road Transport Documentary Requirements between India and Nepal**

<table>
<thead>
<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation*</th>
<th>Transit Transport arrangement / National legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit for plying in other country</td>
<td>Yes</td>
<td>No (transshipment/clearance at border) or allowed entry up to nearest town, market in same day otherwise</td>
<td>No (transshipment/clearance at border) otherwise Yes (Pass/Challan) for allowed entry within specified No. of days to complete the journey</td>
</tr>
<tr>
<td>Import License</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Letter of Guarantee (LoG) (Certificate for transit of goods) (Third country goods included in BBIN MVA Permit)</td>
<td>Yes</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Delivery/Dispatch Challan</td>
<td>No</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Registration Certificate of Transport Means</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
</tbody>
</table>

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## Table D
### Road Transport Documentary Requirements between India and Nepal

<table>
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<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation* India</th>
<th>Transit Transport arrangement / National legislation* Nepal</th>
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<tbody>
<tr>
<td>Road worthiness Certificate (Certificate of fitness)</td>
<td>Yes</td>
<td>No (transshipment/ clearance at border) otherwise Yes</td>
<td>No (transshipment/ clearance at border) otherwise Yes</td>
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<tr>
<td>Pollution under control (PUC) certificate</td>
<td>Yes (to be decided)</td>
<td>No (transshipment/ clearance at border) otherwise Yes</td>
<td>No (transshipment at border) otherwise Yes</td>
</tr>
<tr>
<td>Weigh Slip</td>
<td>Yes*</td>
<td>Yes*</td>
<td>? Yes*</td>
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<tr>
<td>Driving License</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
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<tr>
<td>Passport / Identity Card of driver/crew</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
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<tr>
<td>List of personal goods of crew / spare parts of vehicle</td>
<td>Yes</td>
<td>No (transshipment at border) otherwise Yes</td>
<td>No (transshipment at border) otherwise Yes</td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Packing List</td>
<td>Yes</td>
<td>Yes*</td>
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<tr>
<td>Certificate of Origin</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Road Waybill (Truck Receipt / Consignment Note)</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Insurance policy</td>
<td>Yes (for vehicle and goods*)</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Letter of Credit / other payment related documents</td>
<td>Yes* on import/export</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Customs Duties and Taxes Security (Insurance / Bank Guarantee)</td>
<td>Yes*</td>
<td>No (clearance at border)</td>
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| | | | Yes* |

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### Table D
#### Road Transport Documentary Requirements between India and Nepal

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<th>BBIN MVA / National legislation*</th>
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<tr>
<td>Customs Transit Declaration</td>
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<td>No (clearance at border)</td>
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<td>Customs Export / Import Declaration</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
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<td>(Bill of Export / Shipping Bill / Bill of Entry)</td>
<td>Yes* for importer/exporter and transporter</td>
<td>Yes* for importer/exporter and transporter</td>
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<td>Authorization for the customs agent</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
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<tr>
<td>Company registration / Tax Registry Certificate</td>
<td>Yes* for importer/exporter and transporter</td>
<td>Yes* for importer/exporter and transporter</td>
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<tr>
<td>Bill of Lading</td>
<td>Yes* on import</td>
<td>Not applicable</td>
<td>Yes*</td>
</tr>
<tr>
<td>Certificates for specific types of goods (sanitary / phytosanitary / veterinary / medicines / hazardous cargo / etc.)</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
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<tr>
<td>Port formalities related documents</td>
<td>Yes* (when applicable)</td>
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<td>No</td>
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<td>- Import Manifest (Master / House)</td>
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<td>- Bill of Lading</td>
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<tr>
<td>- Delivery Order</td>
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<td>- Entry Gate Pass</td>
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### Table E
#### Road Transport Documentary Requirements between Nepal and Bangladesh

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<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
<th>Bilateral transport arrangement / National legislation*</th>
<th>India Transit National legislation / Bilateral arrangement*</th>
<th>Transit Transport arrangement / National legislation*</th>
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<td>Permit for plying in other country</td>
<td>Yes</td>
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Table E
Road Transport Documentary Requirements between Nepal and Bangladesh

<table>
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<tr>
<th>Type of document</th>
<th>BBIN MVA / National legislation*</th>
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<th>India Transit National legislation / Bilateral arrangement* Bangladesh</th>
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<tr>
<td>Import License</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
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<tr>
<td>Letter of Guarantee (LoG) (Certificate for transit of goods)</td>
<td>Yes (Third country goods included in BBIN MVA Permit)</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Yes (Verified L/C by Consular Office or Certified Customs Transit Declaration)</td>
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<td>Car Pass</td>
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<td>Registration Certificate of Transport Means</td>
<td>Yes</td>
<td>Yes*</td>
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<td>Yes*</td>
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<td>Road worthiness Certificate (Certificate of fitness)</td>
<td>Yes</td>
<td>No (transshipment/clearance at border)</td>
<td>No (transshipment at border) otherwise Yes for Nepalese vehicles</td>
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<td>Pollution under control (PUC) certificate</td>
<td>Yes (to be decided)</td>
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</tr>
<tr>
<td>Commercial Invoice</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Packing List</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Type of document</td>
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<td>Letter of Credit / other payment related bank documents</td>
<td>Yes* on import/export</td>
<td>Yes* on import/export</td>
<td>Yes* on import/export</td>
<td>No</td>
</tr>
<tr>
<td>Customs and Taxes Security (Insurance / Bank Guarantee)</td>
<td>Yes*</td>
<td>No (clearance at border) otherwise Yes* otherwise Yes*</td>
<td>No (clearance at border) otherwise Yes* for national customs transit if not cleared at border</td>
<td>Yes*</td>
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<tr>
<td>Transit Declaring Invoice (TDI)</td>
<td>Yes*</td>
<td>Not applicable</td>
<td>No (transshipment/clearance at border) / otherwise Yes*</td>
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<tr>
<td>Customs Transit Declaration</td>
<td>Yes*</td>
<td>No (clearance at border) otherwise Yes* otherwise Yes*</td>
<td>No (clearance at border) otherwise Yes* for national customs transit if not cleared at border</td>
<td>Yes* (in form of TDI in Bangladesh and CTD in India)</td>
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<tr>
<td>Customs Export / Import Declaration (Bill of Export/Shipping Bill / Bill of Entry)</td>
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<td>Yes*</td>
<td>Yes*</td>
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<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes* on entry</td>
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Table E: Road Transport Documentary Requirements between Nepal and Bangladesh
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Road Transport Documentary Requirements between Nepal and Bangladesh

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<tr>
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</table>

- Import Manifest (Master / House)
- Bill of Lading
- Delivery Order
- Entry Gate Pass
A. Present Transit Transport Flow for Bhutan

1. Transit transport across India

Present transit transport flow for Bhutan from/to third counties through India is based on provisions for Import Procedure and Export Procedure for and from Bhutan, stipulated in the Protocol to the Agreement on Trade, Commerce and Transit. The core elements of the transit procedure are transit declaration in a form of letter of guarantee (LoG) and customs sealing.

For the Bhutan imports of third country goods, which are moving through ports in India, representative of the Royal Government of Bhutan (e.g. Bhutan Revenue and Customs Liaison and Transit Office (LTO) in Kolkata) issues the LoG for each consignment to be transported through Indian customs territory. Indian Custom authorities are processing the LoG on departure (e.g. at Kolkata Customs Office), and on exit (e.g. at Jaigaon Customs Office).

The LoG identifies the Bhutanese importer, and describes the consignment. The LoG ensures the security for the transit movement and there are no other requirements introduced to furnish another transit bond (e.g. bank guarantee) or transit declaration. Customs seals affixed at the customs office of departure are ensuring physical integrity of the consignment. Transit transport flow for import of goods from a third country to Bhutan through ports in India includes following steps:

- An importer from Bhutan (a company registered in Bhutan with valid trading license) applies for an import license to the Department of Trade within the Ministry of Trade and Industry of Bhutan. For each consignment a separate import license is issued. The Import License specifies the CIF value of the goods thus, along with the prescribed form of the application, a copy of the pro-forma invoice or any other documentary evidence indicating the cost of the goods has to be submitted;

- Foreign exchange transactions for payment of import goods in Bhutan are authorized only against valid import licenses. The objective of the import license is to monitor the release of foreign exchange by the central bank for payment of imports and to ensure that third country goods are imported only to the extent of meeting internal demand. The importer has to obtain an Invoice attested by the bank through which payment has been made;

- Importer in Bhutan has to arrange authorization letter to a CHA in Bhutan (Office Order). The approval of the letter of guarantee (LoG) is initiated with submission of the documents required (Original copy of Bill of Lading; Commercial invoice; Packing list and Import license) to Bhutan Customs in advance of the arrival of the vessel carrying the cargo. Bhutan Customs examines the documents and informs the representative of the Royal Government of Bhutan in India (e.g. the LTO in Kolkata);

- Importer from Bhutan appoints and authorizes a Customs House Agent (CHA) in India to clear the goods and process the import documents on their behalf. The LTO is also authorized to act as customs house agent in accordance with relevant regulations. For the imports indented for the Royal Government of Bhutan, the LTO is usually having a role of customs house agent. Other Bhutanese importers also choose to use services of the Bhutan Revenue and Customs Liaison and Transit Office in Kolkata as customs house agent or could hire other authorized Indian CHAs. Authorization for clearance of goods in India in the form of Letter of Authority is issued to the Indian CHA for each consignment;

- Upon receiving of the Letter of Authority and obtaining the documents from Bhutan, the CHA authorized by the importer approaches the LTO to start the procedure for issuing LoG
submission of the required documents: a) Letter of Authority; b) original import license; c) original Bill of Lading; d) Invoice attested by the bank through which payment has been made, e) Packing List; f) Certificate of Origin and g) Insurance policy documents;

- The LTO assesses the documents against data sent from Bhutan Customs and issues the LoG to cover the transit movement to Phuentsholing. The charge for issue of LoG is $0.25% of the CIF value of the goods, if the clearance is got done through a CHA or 1% if clearance is undertaken by the Bhutan LTO office. Upon payment of the charge and where with the assessment is confirmed that all required documents are in order, LTO could issue LoG in five copies as prescribed with the Protocol to the Agreement on Trade, Commerce and Transit between the Government of the Republic of India and the Royal Government of Bhutan; the CHA submits the import manifest at Master and House-level in prescribed electronic form to the customs office (e.g. Kolkata Customs House) before arrival of the vessel;

- The CHA presents the LoG together with the other necessary accompanying documents (import license, bill of lading, invoice, packing list and certificate of origin) to the designated customs office (e.g. Kolkata Customs House), even before actual arrival of the goods at the port. The LoG is presented as transit declaration in paper-based form. (It should be noted that all other customs declarations in Indian Customs, including other transit declaration for transit movements other than Bhutan are presented in electronic form);

- The customs formalities at the customs office of departure (e.g. Kolkata Customs House) regarding documentary checks include: a) checking of transit documentation submitted; b) registration of the documents; c) classification of goods under Indian Customs Tariff and assessment of the duties; d) filling in the data for the classification of the goods and the assessment of the duties in last two columns of the Letter of Guarantee. Upon arrival of the vessel at the port (e.g. Kolkata Port), the unloading of containers/cargo could be undertaken for declared goods from the vessels under supervision of customs authorities. The Shipping lines could issue the Delivery Order against the Bill of Lading to the authorized CHA;

- When customs documentary check is concluded, Deliver Order is received, and port formalities are finalized, an Entry Gate Pass for the road transport operator and the vehicle concerned for each particular consignment could be requested. With the Entry Gate Pass the port authorities (e.g. Kolkata Port Trust) or Container Freight Station authorities will allow the entrance of the transport vehicle (e.g. container truck, container carrier trailer or open truck) and loading of the container or the cargo in the open truck may begin. For the road transport between the port in India (e.g. Kolkata Port) and entry point in Bhutan (e.g. Phuentsholing), usually Indian transport operators are being engaged;

- the representative of the Royal Government of Bhutan in India (e.g. the LTO in Kolkata), issues a transport note in form of a Dispatch Challan document, which identifies the transporter and the transport vehicle. The Dispatch Challan is not regulated with the Agreement on Trade, Commerce and Transit however this document is essential for customs authorities to identify the transporter and the transport vehicle. It should be noted that the goods covered with one Bill of Lading and one LoG, could be transported with several transport vehicles and in such case corresponding number of Dispatch Challan documents will be issued. Processing of the Dispatch Challan document is important requirement of Bhutanese transport and customs regulation. The LoG together with the Dispatch Challan represents the transit customs declaration. For the transit movements to Bhutan any other transit customs declaration is not requested. (Presently transit declaration documents for Bhutan are the sole customs declaration documents that are submitted to Indian customs authorities only in paper form);

- The vehicle number is endorsed in the Dispatch Challan and after completing loading the customs authorities could continue with physical checks at the customs branch located directly at the port. In case of containerized goods, the Customs House checks to see whether the shippers seal is intact on the container and if it is so, an additional Customs One Time Lock
(OTL) is affixed to the container. In case the shipper’s seal is found broken, tampered or otherwise not intact, then the cargo is examined to ensure that it tallies with the LoG and thereafter, it is sealed with the OTL;

- In case of non-containerized goods and break-bulk cargo, the goods are subjected to a percentage check and then, they are sealed individually or the transport in which they are being carried is sealed. General requirement for checking and affixing customs seals is mentioned in the Agreement on Trade, Commerce and Transit between the Government of the Republic of India and the Royal Government of Bhutan, however detailed provisions on customs sealing are provided with national customs rules and instructions;

- The customs authorities are affixing one-time ‘bottle’ customs seals with unique identification number and the customs markings for containerized cargoes. Those customs seals are providing high-security protection against intrusion and must be removed by quality bolt or cable cutters. They could be easily affixed with simple assembling of the two parts of the seal. For the consignments in open trucks covered with tarpaulin, all the packages have to be individually sealed with lead ‘stripe’ customs seal. Those customs seals are indicative, and stripes are manufactured of material that can be broken easily by hand or simple snipping tool;\(^44\)

- After customs sealing of the transit cargo, the container number and the seal number are marked on the LoG and Indian customs officers at the port (e.g. from Kolkata Customs House) are endorsing all of the copies of the LoG. One copy of the LoG (the fourth copy) shall be handed over for the importer, and one copy (the fifth copy) shall be sealed and handed over for passing on to the customs office at the exit point in India (e.g. LCS Jaigaon);

- When all formalities at the departure port are finalized (e.g. formalities with Kolkata Customs House, Bhutan Revenue and Customs LTO and Kolkata Port authorities), the Exit pass out of the port for the vehicle and the goods could be given. Then the consignment could be taken from the custodianship of the port authorities or container freight station and the transport vehicle could leave the port and start the transit movement to the designated customs office of exit (e.g. LCS Jaigaon);

- On arrival at the customs office of exit (e.g. LCS Jaigaon), the transporter/customs house agent shall present the goods to the customs officers, and the following documents have to be submitted: a) the copy of the LoG for the importer; b) the sealed copy of the LoG for the customs office; c) the Dispatch Challan; and d) the invoice and the packing list in a case of non-containerized cargoes transported in open trucks.

- The customs formalities at the customs office of exit (e.g. LCS Jaigaon) include: a) checking of transit documentation submitted, including comparison of the two copies of the LoG; b) manual registration of the documents in the customs office book records; c) examination of integrity of customs seals; and d) identification of the packages sealed, in the case of open tracks.

- As a general rule, the goods at customs office of exit (e.g. LCS Jaigaon) are not subject to physical examination by the customs authorities. The LoG is discharged when the Customs authorities at the LCS check that the OTL is intact and the seal and container numbers mentioned on the LoG tally with those found physically.

- The customs officers at the customs office of exit (e.g. LCS Jaigaon) shall endorse submitted copies of the LoG and the Dispatch Challan. In the case when several Dispatch Challans are

\(^{44}\) The import provisions from the Protocol to the Agreement on Trade, Commerce and Transit are providing the options for non-containerized goods to be “sealed individually or the transport in which they are being carried be so sealed” (e.g. open truck covered with tarpaulin to be sealed). However it seems that the latter option could not be implemented in practice because present standards for covering the open trucks are not providing sufficient security of the cargoes. In order to enable effective sealing of the non-containerized goods, without sealing of each individual package, higher standards of covering with plastic sheets have to be applied (e.g. standards similar to those stipulated in TIR Convention).
issued for one LoG, the LoG will be endorsed when all goods and the last Dispatch Challan will be presented. The fourth copy of the LoG shall be returned for the importer and the fifth copy shall be sent to the customs office of departure (e.g. Kolkata Customs House). When all customs formalities with the customs office of exit are finalized, the movement of goods into Bhutan could be allowed.

- If the irregularities are detected at customs office of exit (e.g. tampered seals), the customs officers will have to examine and identify the goods presented and notify their findings. Before rescaling the cargo and allowing continuation of the trip, further investigation and appropriate legal actions may be initiated.

- The border crossing line that goes through the connected border towns of Jaigaon (India) and Phuentsholing (Bhutan) it is marked with Phuentsholing Border Gate. It is located approximately 2 km from Jaigaon customs office and few hundred meters from Phuentsholing customs office. At the border gate, there is a presence of India Border Security Forces, however customs authorities are not present. The traffic under border gate is free and without discontinuation. At the border gate there is no any kind of registration of the cross border movements or any kind of regular border crossing control activity.

- Upon arrival at the customs office of destination (e.g. Phuentsholing) the transporter/clearing agent shall present the goods for the end of transit procedure and the following documents have to be submitted: a) the endorsed copy of the LoG for the importer; b) endorsed Dispatch Challan; c) import license; d) Bill of Lading; e) Invoice attested by the bank; f) Packing List; g) Certificate of Origin and h) Insurance policy documents. Importer or his authorized Bhutanese clearing agent has to clear the goods and submit import declaration in prescribed form, supported by a duplicate copy of the shipping documents and the invoice attested by the bank, within seven working from the arrival of the goods.

- The customs formalities at the customs office of destination (e.g. Phuentsholing) include: a) checking of transit and import documentation submitted; b) registration of the documents; c) examination of integrity of customs seals; and d) physical verification of the goods wherever necessary; e) end of transit procedure when the documents submitted are in order and customs seals are intact and f) import clearance and releasing the goods in free circulation.

- After ending of the customs transit procedure at the customs office of destination, goods are usually de-stuffed, cleared for import in Bhutan and transported by Bhutanese transport operators to the final destination in Bhutan, such as Thimphu or industrial establishments in Pasakha. Bhutanese transporters are usually using smaller trucks.

For the Bhutan exports to third countries through ports in India, the Royal Bhutan Customs (e.g. Regional Revenue and Customs Office (RRCO) in Phuentsholing) issues the LoG for each consignment to be transported through Indian customs territory. Indian Custom authorities are processing the copies of the LoG on entry point (e.g. at land customs station (LCS) Jaigaon) and at port of exit (e.g. at Kolkata Customs House) in similar manner as described above.

For the bilateral imports/exports between Bhutan and Bangladesh (as well as between Bhutan and Nepal), the transit transport through India is treated as movement to/from third country in accordance with the Protocol to the Agreement on Trade, Commerce and Transit between India and Bhutan. The Royal Bhutan Customs (e.g. RRCO in Phuentsholing) is issuing the LoG for each consignment to be transported through Indian customs territory. Indian Custom authorities are processing the copies of the LoG on entry point (e.g. at LCS Jaigaon on the border with Bhutan) and at exit point (e.g. at LCS Changrabandha on the border with Bangladesh) in similar manner as described above.

2. **Transit transport across Bangladesh and India**

Transit transport across Bangladesh (and India) for Bhutan’s third country exports and imports is not fully operationalized because Bhutan is traditionally using the ports in India for this purpose.
Figure: Present Transit Transport Flow for Bhutan (across India)

1. Applies for Import License
2. Import License
3. Provides Letter of Authority and other docs.
4. Submits:
   - Letter of Authority
   - Import License
   - Bill of Lading
   - Invoice
   - Packing List
   - Certificate of Origin
   - Insurance
5. Letter of Guarantee
6. Submits: Letter of Authority; Import License; Bill of Lading; Invoice; Packing List; Certificate of Origin; and Letter of Guarantee
7. Customs Office: checks documents; register documents; classify goods; assess duties.
8. Shippers issues Local Delivery Order
9. Entry Gate Pass
10. Port (or Container Freight Station) Authorities allow:
    - trailer entry
    - loading of container (cargo)
11. Customs Office: checks the integrity of the container seal; rarely examine the goods (% of LCL); affix customs seal; endorse LoS copies; gives pass out.
12. Dispatch Challan
13. Transporter submits: Endorsed LoS copies; Dispatch Challan and Invoice; Packing List (for non-containerized cargo)
14. Customs Office: checks documents; register the docs; checks the integrity of the customs seal; examine the goods in case of irregularities; endorse LoS copies and Dispatch Challan; returns one LoS copy to customs office of departure.
15. Transporter/ Customs Agent submits: Endorsed LoS copies and Dispatch Challan and Import declaration
16. Customs Office: checks documents; register documents; checks the integrity of the container seal; examine % of the goods; end transit; release the goods.
B. Present Transit Transport Flow for Nepal

1. Transit transport across India

Present transit transport flow for Nepal imports/export through India is based on provisions for Import Procedure and Export Procedure for and from Nepal, stipulated in the Memorandum to the Protocol to the Treaty of Transit between India and Nepal. The core elements of the transit procedure are import license or letter of credit opened through a commercial bank in Nepal, customs transit declaration, customs sealing and security in form of insurance policy or bank guarantee.

When there is no requirement of import license or letter of credit the Royal Nepalese General Consulate or Consulate in Kolkata have to furnish corresponding certification at the customs transit declaration. Indian Custom authorities are processing the customs transit declaration at the Indian port of entry (e.g. Kolkata Customs House), and at land border customs station on exit.

The content of the customs transit declaration is specified in the Memorandum and it includes: name of the ship, rotation and line number; number, description, marks and serial number of the packages; country consignment/origin; description of identification of the Nepalese importer; description of the goods, their quantity and value; import license; letter of credit; route of transit and declaration of the importer or his agent stating that the declared goods are for Nepal in transit through India.

The security for the transit movement is provided in a form of insurance policy or bank guarantee in amount equal to the Indian customs duties for such goods / difference between the market value of goods in India and their c.i.f. value. Customs seals affixed (e.g. at Kolkata Customs Office) are ensuring physical integrity of the consignment.

Transit transport flow for import of goods, from a third country to Nepal, through India, includes following steps:

- an importer from Nepal applies for import license by the competent authorities of the government of Nepal. A letter of credit (L/C) account is opened through a commercial bank in Nepal;
- the importer from Nepal appoints and authorizes a Customs House Agent (CHA) in India to clear the goods and process the import documents on their behalf. Authorization for clearance of goods in India in the form of Letter of Authority is issued to the Indian CHA;
- Upon receiving the Letter of Authority and obtaining the documents from Nepal the importer or his agent at the Indian port of entry (e.g. Kolkata) provides vessel information from the shipping company and prepares a customs transit declaration (CTD) in six copy;
- when there is no requirement of import license of letter of credit, the CHA submits the CTD to the Royal Nepalese Consul General, Consulate office at Kolkata to furnish a corresponding declaration on the CTD;
- the CHA submits the import manifest at Master and House-level in prescribed electronic form to the customs office (e.g. Kolkata Customs House) before arrival of the vessel;
- the CHA presents all six copies of the CTD together other necessary accompanying documents (bill of lading, invoice, packing list, a copy of the import license, a copy of the L/C and insurance policy/bank guarantee) to the Customs (e.g. Nepal Unit of Customs House, Kolkata). The data of the CTD is entered into customs transit information system;
- For sensitive goods, as specified by the Government of India from time to time, an insurance policy or
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- bank guarantee, at the option of the importer, has to be furnished. The amount of the insurance policy / bank guarantee should equal the Indian Customs duties on such goods if the goods are moving by the trucks belonging to Nepal Transit and Warehousing Company Ltd. (NTWCL) of Nepal Transport Cooperation or it should equal the amount of the difference between the market value of the goods in India and their c.i.f. value if the goods are moving by the trucks of other companies;

- For goods other than those specified as sensitive by the Government of India, the importer furnishes a legally binding undertaking in amount equal to the difference between the market value of goods in India and their c.i.f. value;

- The customs formalities at the customs office of departure (e.g. Kolkata Customs House) regarding documentary checks include assessment and verification of transit documentation submitted and registration of the customs transit declaration;

- Upon arrival of the vessel in the port (e.g. Kolkata Port), the unloading of containers/cargo could be undertaken for declared goods from the vessels under supervision of customs authorities. The Shipping lines could issue the Delivery Order against the Bill of Lading to the authorized CHA;

- When customs documentary check is concluded, Delivery Order is received, and port formalities are finalized, an Entry Gate Pass for the road transport operator and the vehicle concerned for each particular consignment could be requested. With the Entry Gate Pass the port authorities (e.g. Kolkata Port Trust) or Container Freight Station authorities will allow the entrance of the transport vehicle (e.g. container truck, container carrier trailer or open truck) and loading of the container or the cargo in the open truck may began;

- The vehicle number is endorsed in CTD after completing loading and the customs authorities could continue with physical checks at the customs branch located directly at the port;

- In case of containerized goods, the Customs House checks to see whether the shippers seal is intact on the container and if it is so, the customs officer in general allows transportation of the cargo without examination. In case the shipper’s seal is found broken, tampered or otherwise not intact, then the cargo is examined to ensure that it tallies with the CTD and thereafter, it is sealed with the Customs One Time Lock (OTL). The serial number of the OTL is recorded in the CTD;

- In case of non-containerised goods and break-bulk cargo, the goods are subjected to a percentage examination and then, they are sealed individually or the transport means in which they are being carried is sealed;

- after the documentary and physical checks satisfy the customs authorities, all the copies of the CTD are endorsed. The original copy is handed over to the importer. The duplicate and triplicate are sent by post to the Indian border customs officer, and the remaining copies are retained by the customs. In order to avoid delay in postal transmission, the duplicate and triplicate copies of the CTD are handed over to the importer or his authorized representative in a sealed cover, if he so desires;

- When all formalities at the departure port are finalized (e.g. formalities with Kolkata Customs House and Kolkata Port authorities), the Exit pass out of the port for the vehicle and the goods could be given. Then the consignment could be taken from the custodianship of the port authorities or container freight station and the transport vehicle could leave the port and start the transit movement to the designated border LCS of exit;

- On arrival of the containerized cargo at the border LCS, the Indian Customs authority checks the OTL of the container. If the seal found is intact, the containerized cargo could proceed onwards without examination;

- On arrival of the non-containerized cargo at the border LCS, the Indian Customs authority carries out selective percentage examination as is deemed necessary to ensure that goods are in accordance with CTD;
- On arrival of the traffic-in-transit at the border LCS, the importer presents the original copy of the CTD, duly endorsed by the Indian Customs House of entry. The Indian Customs officer at the border LCS compares the original copy with the received duplicate and triplicate, and then endorses all the CTDs;
- The Indian Customs officer, thereafter, ensures that the goods will cross the border and reach Nepal through escort or supervision;
- Then the Indian Customs officer hands over the original copy of the CTD to the importer, sends the duplicate to the Indian Customs house at the port of entry, sends the triplicate to the Nepalese Customs officer at the corresponding Nepalese post;
- The Nepalese customs officer endorses original copy of the import license, letter of credit and the triplicate copy of the CTD. The authenticated original copy of the CTD is handed over to the importer, who is obliged to present it to the corresponding Indian LCS within fifteen day of the date on which the transit was allowed. The Nepalese Customs officer directly sends the duly endorsed triplicate copy of the CTD to the corresponding Indian LCS, which is retained to maintain records;
- The Nepalese customs officer sends a telex/fax/email communication on a daily basis to the Commissioner of Customs, Kolkata, giving the numbers and dates of the CTDs received on that day and confirming that the goods covered by those CTDs have been received in Nepal. These particulars are sent by a post copy in confirmation;
- The Indian customs officer at the concerned border LCS sends fax/telex/email communication on a daily basis to the Commissioner of Customs, Kolkata, giving details of the original copies of the CTDs received on a particular day from the importer, duly endorsed by the Nepalese customs authorities that the goods have been received in Nepal. The Indian border LCS also forwards the triplicate of the duly endorsed CTS on a daily basis to the Commissioner of Customs, Kolkata by speed post.

For the Nepal’s exports to third countries through ports in India, the Nepalese customs office at the border has to furnish a certification on a CTD to confirm that the goods have been permitted to be exported. Such certified CTD is used for transit transport through Indian customs territory. The Indian Custom authorities are processing the copies of the CTD on entry point – border LCS and at port of exit (e.g. at Kolkata) in similar manner as described above.

For the bilateral imports/exports between Nepal and Bangladesh (as well as between Nepal and Bhutan), the transit transport through India is treated as movement to/from third country in accordance with the Treaty of Transit between India and Nepal. Authorized border LCSs (e.g. on border with Nepal and on border with Bangladesh) are processing the copies of CTD and other documents in similar manner as described above.

2. **Transit transport across Bangladesh and India**

Transit road transport across Bangladesh (and India) for Nepal’s third country exports and imports, presently is operational only across the border crossings of Banglabandh (Bangladesh) - Phulbari (India) and Panitanki (India) - Kakarvita (Nepal), which provide shortest access for Nepal’s trade through Bangladesh.

The transit transport movements across India of Nepal’s imports/exports through Bangladesh are subject to several conditions:

- transit transport has to be organized only during broad day light with security escorts, in convoys of not more than 25 trucks; maximum of four convoys could be organized each way per day;
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- only Nepal registered vehicles are permitted provided that:
  - pilfer proof containers/trucks can be securely sealed,
  - maximum gross vehicle weight do not exceed 16.2 tons for conventional vehicles and 19 tons for three or multi-axle vehicles,
- drivers/assistants/cleaners travelling with the truck have to hold identity cards issued by Nepal government,
- goods on negative list are not permitted for transit (e.g. fire arms and ammunition, hazardous cargo, gold and silver bullion, goods prohibited for the protection of human, animal and plant life, antiques and similar other objects, and narcotics and psychotropic substances).

The transit transport through India, of Nepal’s imports/exports through Bangladesh, is treated as movement to/from third country in accordance with the Treaty of Transit between India and Nepal. Authorized border LCSs (e.g. Phulbari (India on the border with Bangladesh) and Panitanki (India on the border with Nepal)) are processing the copies of CTD and other documents in similar manner as described in point B.1. above. Nepalese exporters/importers do not have to go to the Kolkata Customs House because border LCS (e.g. Phulbari) are authorized for processing CTD and other documents for the clearance of Nepal's transit transport traffic.

The NTWCL is officially appointed as customs agent of Nepalese exporters/importers providing services at the offices in Kakarvita (Nepal) and Phulbari (India) such as issuing of an undertaking letters for duty insurance to the Indian Customs. The NTWCL levies a clearing fee of 0.20% of the FOB value on Export and 0.30% of the CIF value on import trade traffic moving through the Phulbari-Banglabandh route. The charges for issuing the letter of undertaking to the Indian Customs are 0.07% for cement and fertilizer, and 0.15% for other products on FOB exports and CIF imports.45

The Protocol to the Transit Agreement between Nepal and Bangladesh governs the transit transport procedure for Nepal’s third country exports and imports through Bangladesh.

Transit transport flow for import of goods, from a third country to Nepal, through Bangladesh, includes following steps:
- on arrival of the goods at a port in Bangladesh an import goods manifest (IGM) containing a separate sheet called 'Nepal Transit Cargo Manifest' (NTCM) for Nepal destined transit cargo has to be filed by the master of the vessel or Shipping Line at the import section of the port (e.g. Chittagong Customs House);
- the owner of the goods or his agent will declare to the Bangladesh Customs that the goods intended for transit to Nepal and it will furnish in six copies the transit declaring invoice (TDI) along with B/L, invoice, packing list and authority letter of the importer;
- After processing the documents, the Bangladesh Customs shall retain the original copy of the TDI and return to the owner of the goods or his agent the remaining five copies, duly certified by them;
- The owner of the goods or his agent shall present the five certified copies of the TDI to the customs officer in-charge for inspection of the consignment. The customs officer will identify the packages and allow the goods to be loaded under his supervision in the trucks. The tarpaulin-covered trucks shall be sealed by the Customs authorities;
- If the Customs officer finds any package damaged, the content will be surveyed in the presence of the

owner of the goods or his agent and the goods will be released for loading on trucks after the customs sealing of such packages. The damages or short landings will be noted in all the certified copies of the TDIs presented to the customs officer in-charge;

- Once the goods are loaded on trucks, the customs officer shall initial and return the five copies of the TDI to the owner of the goods or his agent, allowing the onward movement of the goods to the exit point through which the goods are intended to be taken out of Bangladesh territory. The owner of the goods or his agent will present the TDI copies to the transport carrier operating the trucks. The transport carrier operating the trucks will make necessary endorsement in all the copies of the TDI to demonstrate the receipt of the goods. The duplicate and triplicate copies shall be carried in sealed cover by the driver of the truck to be submitted to a Customs Officer at the point of exit. The remaining three copies shall be handed over to the owner of goods or his agent;

- On arrival of the goods at the point of exit the customs authorities shall receive the sealed cover containing duplicate and triplicate copies from the driver of the truck as well as the three copies of the TDI from the owner of the goods or his agent. The customs authorities shall check the customs seal on the truck on which the goods have been transported. If customs seal are found intact the truck will be cleared for onward journey beyond Bangladesh. Necessary entries shall be made in the five copies of the TDI by the customs authorities;

- When the transit procedure is completed the customs authorities shall retain the quadruplicate of the TDI for its record and shall send back the triplicate copy by registered post to the Customs House at the point of entry. The Duplicate copy as well as he remaining two copies of the TDI shall be handed back after the necessary endorsement to the owner of the goods or his agent in order to facilitate the further movement of the transit goods to Nepal;

- In case the customs seals on trucks are found not intact at the points of exit, physical verification of the entire broken and damaged cargo shall be done and survey recorded in all the five copies of the invoice. Thereafter the goods shall be allowed to proceed further after resealing of the truck;

- Transporter fills out a Car Pass Form to cross from the point of exit from Bangladesh to the border LCS in India. The Car Pass system is operated in cooperation between Bangladesh and Indian customs and border control authorities. The system is introduced to improve monitoring of the movement of trucks and drivers across the border. The customs officer at exit point stamps the Car Pass and retains a copy. The Transporter shows the stamped Car Pass to the Border Control authorities who issue a token number that has to be given back on return.

For the Nepal’s exports to third countries through Bangladesh the transit transport flow is organized in similar manner with processing of TDI at the points of entry and points of exit in Bangladesh.

Transit transport flow for Bhutan and Nepal as presented respectively in the parts A and B in this chapter are:

- heavily dependent on processing of paper-based documents, including large number of supporting documents;
- burdened by complex customs transit procedure that includes several steps, such as:
  - certification from official authorities a country of destination/origin confirming that the goods are intended for transit transport (e.g. from representative office of Bhutan /consular office of Nepal in India or customs authorities of Bhutan/Nepal in India);
  - processing of customs transit declaration (or alternative documents such as LoG and Dispatch Challan) at the offices of departure (entry) and destination (exit), which are not
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- electronically connected;
  - manual discharge of customs transit procedure, which requires sending of paper-based copies of customs transit declaration (or alternative documents such as LoG);
- not harmonized regarding use of customs transit declaration (e.g. CTD and LoG.Dispatch Challan in India and TDI in Bangladesh); as well as regarding the rules for requirements to provide security (e.g. bank guarantee/insurance) or waiver of such requirements (e.g. LoG);
- fragmented and disrupted at each border crossing due to lack of subregional customs transit system and/or lack of transport/transit rights.

C. Recommended new transit transport flow supported with electronic vehicle cargo tracking system

Transit transport flow for Bhutan and Nepal can be significantly facilitated if harmonization and facilitation options elaborated in Chapter 5 in this document are employed supported by other transport facilitation measures such as introduction of electronic vehicle/cargo tracking system based on ESCAP secure cross border transport model.

Electronic vehicle/cargo tracking system

The electronic vehicle cargo tracking system based on ESCAP Secure Cross-Border Transport Model should complement the BBIN MVA and customs transit arrangement(s) between BBIN countries.

To introduce electronic vehicle cargo tracking system on BBIN level the Customs authorities of the BBIN countries will have to use same or similar and compatible electronic vehicle cargo tracking equipment, which may include following key components: (a) electronic seals (e-seal); (b) tracking unit; and/or (c) single device (integrated tracking unit and e-seal) (e-lock).

The e-seals combine physical seal, mechatronic component and Radio Frequency Identification (RFID) component. They will be used to secure and lock the door of a container (or the load compartment of a vehicle), and shall be configured to the tracking unit, functioning as a one unit. For the vehicles with more than one door, more than one load compartment, or more than one container, appropriate number of e-seals shall be used.

The tracking unit shall contain Satellite Positioning System (SPS) module, Cellular Communication Systems (CCS) module and Radio Frequency module (RF). The tracking units will be placed in the vehicles registered under the System, at location accessible to the vehicle driver (e.g. at truck or road tractor) and shall be used to provide communication between the e-seal(s) and the electronic tracking application software via cellular communication network.

The e-locks shall combine physical seal, mechatronic component, SPS module and CCS module, integrating functions of the e-seal and the tracking unit. They will be used to secure and lock the door of a container (or the load compartment of a vehicle), and to provide communication with electronic tracking application software via cellular communication network in the same time.

The Customs authorities of the BBIN countries will have to cooperate and coordinate in the process of customs accreditation for the electronic vehicle cargo tracking equipment. Customs accredited electronic vehicle cargo tracking equipment should be mutually recognized.

The container or the vehicles recognized as suitable for sealing shall be sealed with electronic seals or electronic locks. The movement of the vehicles under the electronic vehicle cargo tracking system shall be tracked with application of the electronic tracking equipment and electronic tracking application software.

Figure: Possible design of electronic vehicle cargo tracking system along India – Bhutan transit corridor based on ESCAP secure cross border transport model
There are several options for introduction of electronic vehicle/cargo tracking system based on SCBT Model that have to be considered in the process of preparation and implementation, such as:

- use of individual electronic tracking systems in each BBIN country that are interfaced/interoperable (e.g. same type(s) of electronic seals and different but interfaced/interoperable software systems) or same electronic tracking system (e.g. same type(s) of electronic seals and same software systems);
- level of integration between electronic tracking systems with other national systems (e.g. customs declaration processing systems, national single window);
- type of software system to be used e.g.:
  - software developed/purchased as a product for the designated operator of the system (e.g. Customs or other designated organization);
  - software monitoring platform used as a service (e.g. web-based platform);
- operation of the system for electronic vehicle/cargo tracking based on SCBT Model, which includes operation of the software and managing/charging the batteries/storing of the e-seals (or e-locks) by:
  - Customs
  - designated organization (public or private) (supervised by Customs)
  - in Public Private Partnership: e.g.
    - tracking software by Customs and
    - tracking units/electronic seals or electronic locks by the transport operators;
- access to the tracking software (e.g.: exclusive access to the Customs or access to the transport operators and to other relevant stakeholders as well) regarding:
  - submission of cargo and tracking information to the system (entry trip information) (e.g. customs and/or transport operators);
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- initiate/authorize start of the trip e.g.:
  - automatic (when position on designated location or triggered by moving next to dedicated device (e.g. fixed RFID reader) or
  - manual (access given only to customs and/or transport operators e.g. with a status of authorized economic operator);
- monitoring the trip (customs transit) (e.g. customs, other agencies responsible for control of specific types of goods, transport operators);
- receiving notifications (e.g. customs, other agencies responsible for control of specific types of goods, transport operators);
- report/authorize end of the trip (customs transit) e.g.:
  - automatic (when reaching designated location or triggered by moving next to dedicated device (e.g. fixed RFID reader) or
  - manual (access given only to customs and/or transport operators e.g. with a status of authorized economic operator).

- type of monitoring actions and notifications e.g.:
  - position and status of the e-seal reporting (e.g. every 10 – 15 min) (background activity – not to be notified);
  - unauthorized tempering/opening of e-seal/e-lock;
  - unauthorized separation of vehicle and container;
  - lost signal / out of battery;
  - deviation from the geo corridor;
  - unusually long/unscheduled stoppage;
  - late arrival;
- Organization of response to the notification e.g.:
  - Designated customs officers
  - Control centre
  - Use of mobile customs teams
  - Cooperation with police
- status of e-seal/e-lock (as a regular customs seal or as an addition to the regular customs seal)

An electronic vehicle/cargo tracking based on SCBT model on BBIN level could be introduced in several stages. First with trials and pilot implementation (which have already been organized on bilateral level between several BBIN countries) and regular implementation, which will require signing formal arrangements for introduction of electronic vehicle and cargo tracking based on SCBT model between BBIN countries.

Expected benefits from use of electronic vehicle cargo tracking system based on ESCAP Secure Cross-Border Transport Model are increased security; improved predictability; reduced congestion at border crossings, and improved transit time by providing enabling environment for introduction on facilitation and simplification measures for the customs transit formalities.

Such facilitation and simplification measures may include: removal customs escorts and organization of customs transit in convoys; reduction/waiver of transit guarantee; simplified temporary admission of vehicles; reduced number of documents required for customs transit procedures; dedicated lines/priority for customs transit clearance at border crossings; reduced level of physical inspections for customs transit at the border; minimized customs formalities at the border and moving of import/export formalities inland (e.g. at inland customs office or the place of loading/unloading of the cargo); and other simplifications for authorized economic operators. Legal requirements for introduction of such facilitation and simplification measures have to be addressed.

Options for introduction of new transit transport flow between and among BBIN countries
New transit transport flow between and among BBIN countries could be based on:

I. amended bilateral transit transport arrangements, without or with BBIN MVA permit, supported by electronic vehicle/cargo tracking system based on ESCAP SCBT Model; or

II. new subregional BBIN customs transit arrangement, without or with BBIN MVA permit, supported by electronic vehicle/cargo tracking system based on ESCAP SCBT Model.

Option (I) - amended bilateral transit transport arrangements, could bring certain facilitation and simplification if the BBIN MVA permit system and electronic vehicle/cargo tracking system are well integrated in the bilateral customs transit systems.

Amendments of the bilateral transit transport arrangements may include following key elements:

- reduction of requirements for certification that the goods are intended for transit transport (e.g. from representative office of Bhutan /consular office of Nepal in India);
- reduction of document requirements for transit transport procedure (e.g. import licenses, L/C not to be required);
- replacement of paper based transit declarations (e.g. CTD, LoG/Dispatch Challan, TDI) with their electronic counterparts;
- use of electronic signature and EDI;
- replacement of manual discharge of customs transit procedure with electronic using electronic messages between customs offices;
- Implementing options for introduction of electronic vehicle/cargo tracking system;

With Option (I) - amended bilateral transit transport arrangements, full harmonization will be lacking, and customs transit in the subregion will remain fragmented. Full potential for facilitation and simplification cannot be achieved with this option. However making amendments to present bilateral transit transport arrangements could be less challenging than introducing a new subregional (e.g. BBIN) customs transit arrangement for transit transport (option II).

Option (II) – introduction of new subregional customs transit system provides higher level of harmonization because the key elements of the system will be introduced on common level. The transit transport flow for Bhutan and Nepal could be significantly streamlined if it is harmonized on BBIN level and if it is based on:

- electronic BBIN MVA permit;
- subregional paperless customs transit system; and
- electronic vehicle/cargo tracking system based on ECSAP SCBT Model.

The electronic systems that support all three parts of this option have to be integrated/interfaced. Data elements of: electronic BBIN MVA permit, subregional paperless customs transit declaration and cargo and transport declaration for the electronic vehicle/cargo tracking system will have to be formally harmonized and reused in the interlinked systems.

Implementing options for introduction of electronic BBIN MVA permit, as elaborated in Chapter 5 part A in this document, have to be agreed among participating countries. Subsequently, a system for processing of electronic BBIN MVA permits (e-Permits) has to be introduced. Such system will have to support electronic signing and countersigning of e-Permits and exchange of e-Permit electronic messages between the stakeholders concerned in partner countries.

Options for organization of customs transit procedures between BBIN countries have been elaborated in Chapter 5 Part B of this document. Introduction of new comprehensive subregional customs transit system
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was identified as an option that will provide full harmonization and accordingly it will have highest potential for simplification and facilitation of transit procedures.

The institutional arrangement for introduction of such comprehensive subregional customs transit system (e.g. Subregional Agreement) will establish key elements of the subregional customs transit procedure e.g.: paperless customs transit declaration, exchange of electronic messages among stakeholders concerned; elaborated rules for use of guarantee/insurance and options for guarantee waiver; etc. Simplifications of customs transit procedure for authorized economic operators and stakeholders that use electronic vehicle/cargo tracking system will have to be included as well.

New transit transport flow on option (II) – introduction of a new subregional customs transit system

The new transit transport flow will be harmonized on BBIN level regardless across which country the goods are moving. The subregional customs transit system will be also applicable for bilateral movements between any BBIN countries in particular when a customs office of departure and/or a customs office of destination is located inland. The new transit transport flow may include following steps:

- the authorized transporter already registered in the e-Permit BBIN MVA system will apply electronically for BBIN MVA permit (preferably for multiple entries valid one year). The competent authorities will verify the application, in general without asking for submission of paper based documents and subsequently they will issue the e-Permit. The electronically signed e-Permit will be shared with competent authorities of concerned partner countries, which will electronically countersign the e-Permit. The e-permit will be communicated to the authorized operator and to the customs authorities concerned;

- the authorized operator will register to use the electronic/vehicle cargo tracking system based on ESCAP SCBT model under conditions determined by the customs authorities/operator of the system (e.g. tracking unit installed, conditions for sealing fulfilled – one time registration with renewal every one/two years);

- the principal/declarant of the customs transit procedure will contact designated customs office of guarantee to register the guarantee (bank guarantee/insurance preferably for multiple use valid one/two years) and/or it will apply for reduced guarantee amount or guarantee waiver. The customs office of guarantee will make a decision and mange the guarantee management system, which is accessible by the customs authorities of departure;

- before arrival of the goods at a port entry goods declaration (entry manifest) will be submitted. Upon arrival of the goods at a port the principal/declarant will submit customs transit declaration in electronic format only. If necessary supporting documents will be scanned and submitted electronically (e.g. invoice, packing list). Potential debt regarding customs duties and taxes if the transit procedure is not properly terminated will be self calculated by the principal/declarant and stated in the electronic customs transit declaration;

- the customs transit declaration will be accepted if sufficient guarantee amount is available or if the guarantee waiver is granted; The check if sufficient guarantee amount is available will be automated with exchange of massages between the system for processing of customs transit declaration at the departure office and guarantee management system at the customs office of guarantee;

- customs agents will be obliged to keep the supporting documents referenced in the customs transit declaration to the customs authorities' disposal (e.g. for calculation of customs debt of customs duties and taxes if the transit procedure is not properly terminated);

- in the case of export from BBIN country, an electronic customs transit declaration will be linked to the export customs declaration;

- customs authorities will apply risk management to determine the goods subject to customs control. In
general customs transit will not be a subject to physical controls however customs authorities may
decide to inspect the consignment in exceptional circumstances (e.g. indications that customs seals have
been tampered or strong transit fraud indications). Decision to have physical controls is based on
findings at customs offices (e.g. status of customs seal), intelligence information, and risk profiles;
- if the consignment is not selected for physical control the customs officer will check if the foreign seal
is intact and it will attach the e-seal (or e-lock) (other customs will not be attached in this case. If the
consignment is physically inspected new customs seal will be attached in addition to the e-seal (or e-
lock). The transport declaration for the electronic vehicle/cargo tracking system will be automatically
generated from the customs transit declaration. The customs officer at departure office will authorize
start of the trip in the electronic vehicle/cargo tracking system, which will trigger the status of goods
released in customs transit procedure and endorse the printout of the e-Permit/transport accompanying
document (TAD);
- authorized economic operators (authorized consignors) may be granted a right to attach the e-seal (e-
lock) and initiate start of the trip themselves. The departure customs office will be automatically
notified. The economic operator will wait for a time set in authorization (e.g. 30 minutes upon initiating
start of the trip). In this period the customs authorities may take actions for checking the consignment,
if necessary or notify the authorized consignor about the further course of actions for carrying out the
checks. After the time limit the economic operator will receive a notification that the goods are released
in customs transit procedure;
- after the goods are released in customs transit procedure all transit customs offices will automatically
receive an anticipated transit record (ATR) message from the customs office of departure. Similarly the
customs office of destination will receive an anticipated arrival record message (AAR). The ATR and
AAR are automatically generated from the electronic customs transit declaration. While traveling in
customs transit procedure the movement of the vehicle and the cargo and the status of the e-seal (or e-
lock) will be continually monitored with electronic vehicle/cargo tracking system based on ESCAP
SCBT model. The system will automatically notified any unauthorized tempering/opening of the e-
seal/e-lock; unauthorized separation of the vehicle and container/trailer; deviation from approved route
and unusually long/unscheduled stoppage. Based on such notification the customs authorities (if
necessary with other authorities e.g. police) may take appropriate actions;
- on arrival at each transit customs office (at exit and at entry of a BBIN country), the customs authorities
may check the status of customs seals without any physical control, record the passage across the border
(e.g. using bar code readers if the of the e-Permit/TAD contains a bar code) and endorse the e-
Permit/TAD. When the passage across the border is recorded in the customs transit system a notification
crossing frontier (NCF) message will be automatically sent for the transit customs office to the
departure customs office;
- upon arrival at customs office of destination (on the border on inland) the customs officers notify the
customs office of departure with arrival advice (AA) message, deactivate the e-seal (or lock) and
authorize the end of the trip. After necessary control of the consignment at the customs office of
destination the control results (CR) message will be sent to the customs office of departure. That will
automatically trigger the discharge of the customs transit procedure and release of the customs transit
guarantee;
- authorized economic operators (authorized consignees) may be granted a right receive goods under
customs transit procedure at their premises or at any other specified place without presenting the goods
at the office of destination. The authorized consignees will be able to deactivate the e-seal (e-lock) and
report the end of the trip themselves. The destination customs office will be automatically notified. The
economic operator will wait for a time set in authorization or until "unloading permission" message is
received by the customs office of destination. The authorized consignee shall send "unloading remarks"
message and report any differences to the office of destination, in accordance with the procedure laid down in the authorization. The printout of the e-Permit/TAD has to be submitted to the customs office of destination as well. In this case the customs office of destination will send the control results (CR) to the customs office of departure in order to automatically trigger the discharge of the customs transit procedure and release of the customs transit guarantee;

- if the customs transit procedure is not properly terminated an enquiry procedure will start in order to obtain the information needed to discharge the customs transit procedure. If necessary with further investigation the customs authorities shall establish whether customs duties and taxes have became a due and identify the person(s) directly liable. If such due can not be charged from the person(s) directly liable, a guarantee should cover potential claims of customs duties and taxes;

- the customs authorities may also carry out post-clearance verification of the information and documents related to the customs transit procedure, especially where doubts arise or fraud is suspected.

Main possible benefits of the new transit transport flow include:

- increased security and predictability of customs transit procedures;
- fully harmonized procedures for paperless customs transit among BBIN countries and eliminated need for creation of new documents at the borders;
- single data entry and reuse of data elements with electronic submission of: a) the e-BBIN MVA permit application, b) paperless customs transit declaration and c) cargo and transport declaration for the electronic vehicle/cargo tracking system;
- automated electronic distribution of the electronic documents (the e-BBIN MVA permit application, paperless customs transit declaration and cargo and transport declaration for the electronic vehicle cargo tracking system) to the competent authorities end electronic exchange of messages between the customs office of departure, transit customs offices at borders en route and customs office of destination;
- elimination of need for certification of transit related documents from representative, liaison and diplomatic offices in foreign country;
- significant reduction/elimination of supporting documents required in customs transit procedure (e.g. import licences, certificate of origin, foreign exchange payment documents);
- possibility to present scanned supporting documents if necessary;
- reduction of paper based transit documents required (multiple copies of LoG/CTD and supporting documents) to a single paper based transport accompanying document (TAD) (self-printed by the declarant/principal);
- possibility to use of long-term comprehensive security instruments (insurance/bank guarantee), reduction of guarantee amount requirements and granting guarantee waiver;
- automated discharge of customs transit;
- simplified formalities for processing of transit procedure for authorized economic operators (e.g. authorized consignor and authorized consignee).

Use of a new transit transport flow will reduce the costs necessary for physical presentation of paper based documents as well as the costs and time for processing of customs transit. Introduction of the for flow new transit transport flow requires initial investment for developing and implementing the electronic systems for e-Permit, customs transit and electronic vehicle/cargo tracking as well as covering the costs for running and maintaining such electronic systems.