Fundamental Transit Policy Issues and Transport Infrastructure

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Preparation for the Midterm Review of Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024

Priority 1: fundamental transit policy issues
Priority 2: Infrastructure Development and maintenance

Operational connectivity
Physical connectivity
ESCAP Transport

Regional Action Programme on Sustainable Transport Connectivity in Asia and the Pacific (Phase I, 2017-2021)

- Integrate different modes of transport (incl. airports and ports)
- Connect industry clusters
- Synchronize supply chains
- Serve the lives of communities along the corridors

Intergovernmental Agreements

- on Asian Highway network
- on Trans-Asian Railway network
- on Dry Ports

International Intermodal transport corridors for seamless connectivity
A new UN Treaty open to interested (53) ESCAP member states (voluntary) to become parties

Objective: To facilitate cross-border paperless trade (data exchange) among willing ESCAP member states by providing a dedicated intergovernmental framework to develop legal and technical solutions

Complementary to the WTO Trade Facilitation Agreement as well as (sub)regional efforts

Strong capacity building support to countries with special needs, including landlocked developing countries (LLDCs).

For more information: http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific
PRIORITY 1: FUNDAMENTAL TRANSIT POLICY ISSUES

ACTIONS

1. To accede to and ratify international, regional and subregional conventions on transit and trade facilitation;
2. To ensure their effective implementation
3. To enhance coordination and cooperation of national agencies responsible for border and customs controls (Domestic and cross-border)
4. To create an effective bilateral or regional mechanism for the implementation of the agreements and to avoid maintaining, seeking or adopting quotas or other quantitative restrictions;
5. To promote the simplification, transparency and harmonization of regulations and requirements related to transit systems by all modes of transit transport;
6. To develop effective logistics systems by aligning incentives for efficient transport and transit operations, promoting competition;
7. To collaborate on exchanging trade and transport data with a view to conducting cross-border transactions faster and more efficiently;
8. To formulate national transit policies and establish appropriate national mechanisms with the participation of all relevant stakeholders.

OBJECTIVES

1) To reduce travel time along corridors with the aim of allowing transit cargo to move 300-400 kilometres per 24 hours;
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## Accession and Ratification of Selected Conventions and International Agreements Related to Transit Transport (Progress Made in Period 2014 – 2018)

<table>
<thead>
<tr>
<th>Convention</th>
<th>Landlocked Countries</th>
<th>Transit Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention on Road Traffic (1968)</td>
<td>/</td>
<td>Viet Nam (2014)</td>
</tr>
<tr>
<td>Convention on Road Signs and Signals (1968)</td>
<td>/</td>
<td>Viet Nam (2014)</td>
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</table>
Accession and ratification of selected conventions and international agreements: the current situation

- In 2014 – 2018, there has been a significant number of new ratifications by LLDCs: (Afghanistan – 4, Kazakhstan– 3, the rest, except Uzbekistan, 1-2) and by transit countries (Viet Nam – 4, Islamic Republic of Iran, China and India – 3, other-1-2).

- Presently 5 out of 12 landlocked and 7 out of the transit countries participate in less than half of 20 international conventions/agreements considered.

- In general lower participation is notable with the Customs Convention on the Temporary Importation of Commercial Road Vehicles, Istanbul Convention on Temporary Admission, the Customs Convention on Containers, the International Convention on the Harmonization of Frontier Control of Goods and Convention on the Contract for the International Carriage of Goods by Road.

- At the sub-regional level the landlocked and transit countries from Central Asia are much better integrated, while participation to the above-mentioned instruments in South East Asia and South Asia countries is sporadic.

- In some circumstances it is not possible to fully utilize the benefits from participation to the international instruments because landlocked countries and their transit countries do not participate to the same agreements:
  - Afghanistan and the Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956): only Uzbekistan or one out of six of its transit/potential transit countries is a member.
  - Lao PDR is a member of the International Convention on the Harmonization of Frontier Control of Goods (1982), however none of its transit/potential transit countries do not participate in this Convention.
  - Tajikistan can use the Convention on the Contract for the International Carriage of Goods by Road (CMR) only with two out of four transit/potential transit countries, which are members.
Subregional and multilateral initiatives

- Significant developments in sub-regional agreements:
  - the ASEAN Framework Agreement on Multimodal Transport (AFAMT) and the Great Mekong Sub-region (GMS) Cross-Border Transport Facilitation Agreement (CBTA)
  - SCO Agreement between on Creating Favorable Conditions for International Road Transportation

- Multilateral agreements:
  - China, Mongolia and Russian Federation;
  - Bangladesh, Bhutan, India and Nepal (BBIN MVA);
  - Islamic Republic of Afghanistan, the Republic of India and the Islamic Republic of Iran (Chabahar Agreement);
  - Afghanistan, Azerbaijan, Georgia, Turkey and Turkmenistan (Lapis Lazuli Transit, Trade and Transport Route).

- Several ongoing negotiations and preparatory activities for on transit related multilateral arrangements:
  - Trilateral Agreement among Azerbaijan, Georgia and Kazakhstan for development and piloting of CAREC Advanced Transit System (CATS);
  - Pakistan-Afghanistan-Tajikistan Trilateral Transit Trade Agreement;
  - South Asian Association for Regional Cooperation (SAARC) Motor Vehicle agreement;
  - Agreement on facilitating cargo movement along the India-Myanmar-Thailand (IMT) Trilateral Highway.
Bilateral agreements

- All twelve landlocked Asia-Pacific countries have bilateral agreements relevant for transit transport with their most important transit countries concluded before 2014.

- In the period between 2014 and 2018 some of those bilateral agreements have been updated and few new bilateral arrangements have been agreed, including:
  - Agreement between Azerbaijan and Georgia and on Coordination of Railway Transport Activities, in 2014;
  - Railway Agreements on rule and regulation of railway communication across border between Afghanistan and Turkmenistan, in 2017.
  - The bilateral Afghanistan - Pakistan Transit Trade Agreement (APTTA) from 2010 has expired in 2017 and presently Afghanistan and Pakistan do not have a bilateral road transport agreement.
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ESCAP Transport Facilitation Technical assistance

**The Regional Framework on Road** that identified six fundamental issues and seven modalities for supporting efficient international road transport in the region.

**The Regional Cooperation Framework for Railways** that identified four fundamental issues and provides eleven areas for cooperation to facilitate international railway transport.

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Secure Cross Border Transport Model</td>
<td>Use of new technologies in transport facilitation</td>
</tr>
<tr>
<td>The Efficient Cross Border Transport Models</td>
<td>Developments in trucking industry practices that allow the tractor and trailer to be swapped to deal with non-physical barriers</td>
</tr>
<tr>
<td>The Model on Integrated Controls at Border Crossings</td>
<td>Streamlining the flow of information from various agencies at the border to avoid duplications</td>
</tr>
<tr>
<td>The Time Cost Distance methodology</td>
<td>A diagnostic tool and a method of monitoring the performance of transport corridors</td>
</tr>
<tr>
<td>The Standard Model of Logistics Information Systems</td>
<td>Interoperability and information exchange of the existing national and transnational logistics information systems and identifies good practices</td>
</tr>
</tbody>
</table>

Model sub-regional agreement on Transport Facilitation

Model bilateral agreement on road transport
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**Objective:** To reduce travel time along corridors with the aim of allowing transit cargo to move 300-400 kilometres per 24 hours

**Sources of information**
- CAREC Annual Reports of Corridor performance measurement and monitoring (CPMM) by ADB (2014, 2015 and 2016 CPMM Reports; and CPMM 2017 preliminary)
- Baseline Studies on Trade and Transport Facilitation Monitoring Mechanism (TTFMM) in Nepal and Bhutan supported by ADB/UNESCAP conducted in 2016/2017,
- Other relevant studies and publicly available information.

**Preliminary results**
- Many corridors in the Asia Pacific still not meeting the VPoA target
- In some corridors, observed improvement in SWOD and not SWD
- Average time has increased for several corridors.
Objective: Reduction of time spent at land borders

Sources of information
- annual CAREC CPMM Reports (for 2014, 2015 and 2016) and 2017 preliminary information.
- Other relevant studies and publicly available information
- International (perception) indicators

Preliminary results
- The average time to clear a border-crossing point in road transport on CAREC Corridors by road increased by 69 per cent, from 9.9 hours in 2014 to 16.7 hours in 2017. Impressive reduction of time to clear a border-crossing point on Corridor 4 (reduction by 70%) and corridor 1 (reduction by 33%)
- Low perception of customs efficiency has been maintained or even increased for most LLDCs
- Successful measures which resulted in the time reduction:
  - Cross-border level: (e.g. start of electronic exchange of cargo manifests; mutual recognition of weight certificates and X-ray scans; opening of green channels);
  - National level: e.g. changes in Customs and other regulation that result in fewer paper based documents required
  - Local level: e.g. introduction of automated customs clearance system; improvements of facilities and border crossing infrastructure.
Objective: To significantly improve intermodal connectivity with the aim of ensuring efficient transfers from rail to road and vice versa and from port to rail and/or road and vice versa.

SHARE OF FREIGHT MODE (MILLION TONNES/KM), 2015

Source: ESCAP Review of Developments in Transport in Asia and the Pacific 2017
**Objective:** To significantly improve intermodal connectivity with the aim of ensuring efficient transfers from rail to road and vice versa and from port to rail and/or road and vice versa.

Number of Dry Ports of international importance identified by the Intergovernmental Agreement on Dry Ports (2013)

<table>
<thead>
<tr>
<th>Number of Dry Ports at Landlocked Countries</th>
<th>Number of Dry Ports at Transit Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>8</td>
<td>8 (8 &amp; 9 potential)</td>
</tr>
<tr>
<td>Armenia</td>
<td>Cambodia</td>
</tr>
<tr>
<td>4</td>
<td>7 (1 potential)</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>China</td>
</tr>
<tr>
<td>11 (10 potential)</td>
<td>17 (1 potential)</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Georgia</td>
</tr>
<tr>
<td>1 (5 potential)</td>
<td>1 (1 potential)</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>India</td>
</tr>
<tr>
<td>2 (3 potential)</td>
<td>34 (1 potential)</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>Myanmar</td>
</tr>
<tr>
<td>2</td>
<td>8 (potential)</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Pakistan</td>
</tr>
<tr>
<td>1 (8 potential)</td>
<td>12 (1 potential)</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Russian Federation</td>
</tr>
<tr>
<td>4 (1 potential)</td>
<td>5 (10 potential)</td>
</tr>
<tr>
<td>Nepal</td>
<td>Thailand</td>
</tr>
<tr>
<td>4 (1 potential)</td>
<td>1 (2 potential)</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Turkey</td>
</tr>
<tr>
<td>7</td>
<td>2 (17 potential)</td>
</tr>
<tr>
<td>Viet Nam</td>
<td></td>
</tr>
</tbody>
</table>

Source: ESCAP, 2018
Status and challenges

Dry Ports

- Intergovernmental Agreement on Dry Ports
  247 dry ports in 27 countries
- Regional framework for the Planning, Design, Development and Operation of Dry Ports of International Importance
  - address the cross-cutting nature of logistics
  - set common strategies across sectors
  - provide consistency across the region in the approach to dry port development and operation
Priority 2 (a) : Transport infrastructure

ACTIONS

1. To develop and implement comprehensive national policies for infrastructure development and maintenance, encompassing all modes of transport
2. To collaborate to promote sustainable and resilient transit systems
3. To work towards the harmonization of gauges to facilitate regional connectivity, where feasible
4. To promote multilateral and regional permit systems for road transport and to endeavour to implement permit-free bilateral and transit road transport and the expansion of a multilateral quota system
5. To endeavour, to gradually liberalize road transport services, taking into account specific circumstances
6. To encourage the development of international logistic hubs;
7. To develop the necessary policies and regulatory frameworks to promote private sector involvement in infrastructure development and promote an enabling environment to attract foreign direct investment;
8. To promote PPP for the development and maintenance of transport infrastructure
9. To develop inland transport networks that ensure road and rail safety and involve local businesses thereby creating development corridors along transit highways and railroads

OBJECTIVES

1. Significantly increase the quality of roads, including increasing the share of paved roads, by nationally appropriate standards;
2. To expand and upgrade the railway infrastructure in landlocked developing countries, where applicable;
3. To complete missing links in the regional road and railway transit transport networks.
Status and challenges

Asian Highway

- 143,000 km
- unequal standards for same AH route on different sides of a border (*risk to drivers and vehicles*)
- model facilitation instruments
- intergovernmental agreement on international road transport along the Asian Highway network
- standards for road safety facilities

<table>
<thead>
<tr>
<th>Class</th>
<th>Length (km)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>14,961</td>
<td>10%</td>
</tr>
<tr>
<td>Class I</td>
<td>26,797</td>
<td>20%</td>
</tr>
<tr>
<td>Class II</td>
<td>50,305</td>
<td>39.5%</td>
</tr>
<tr>
<td>Class III</td>
<td>25,366</td>
<td>22.2%</td>
</tr>
<tr>
<td>Below</td>
<td>9,175</td>
<td>7.3%</td>
</tr>
</tbody>
</table>
**Trans-Asian Railway**

- 118,000 km
- Efficient for long-distance international container block train services
- Unequal level of operational readiness
- 10.5% of network still need to be constructed
  *(investment requirement estimated at US$ 75.5 billion)*

### TAR missing links by subregion

<table>
<thead>
<tr>
<th>Subregions</th>
<th>Share of missing links</th>
<th>Cost of construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>South-East Asia</td>
<td>4,763 km (38%)</td>
<td>US$ 49.6 billion</td>
</tr>
<tr>
<td>North-East Asia</td>
<td>3,396 km (27%)</td>
<td>US$ 8.6 billion</td>
</tr>
<tr>
<td>South Asia</td>
<td>2,495 km (20%)</td>
<td>US$ 9 billion</td>
</tr>
<tr>
<td>Central Asia</td>
<td>1,405 km (12%)</td>
<td>US$ 5.2 billion</td>
</tr>
<tr>
<td><em>(incl. IR of Iran and Turkey)</em></td>
<td>346 km (3%)</td>
<td>US$ 3.2 billion</td>
</tr>
</tbody>
</table>
Perception of transport infrastructure quality: LLDCs in Asia and the Pacific (2018)

LPI Infrastructure 2014 - 2018

Source: LPI, World Bank, 2018
PRIORITY 1 and 2 (2) : FUNDAMENTAL TRANSIT POLICY ISSUES AND INFRASTRUCTURE

OBJECTIVES

- To reduce travel time along corridors;
- To significantly reduce the time spent at land borders;
- To significantly improve intermodal connectivity
- To significantly increase the quality of roads
- To expand and upgrade the railway infrastructure applicable;
- To complete missing links in the regional road and railway transit transport networks

Assessment of progress.

Reasons behind the persisting challenges.

Role of UN system and other development actors.
Thank you for your kind attention!

For any further questions: azhar.jaimurzina@un.org