Fundamental Transit Policy Issues

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MIDTERM REVIEW OF THE IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION FOR LLDCs FOR THE DECADE 2014-2024 IN THE EURO-ASIAN REGION
ESCAP Regional Action Programme on Sustainable Transport Connectivity in Asia and the Pacific (Phase I, 2017-2021)

**Areas of actions:**
- Regional transport infrastructure connectivity
- Regional transport operational connectivity
- Euro-Asian transport connectivity
- Transport connectivity for LDCs, LLDCs and SIDs
- Sustainable urban transport
- Rural transport connectivity to wider networks
- Improving road safety

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

the ESCAP institutional framework
Intergovernmental Agreements
- on Asian Highway network
- on Trans-Asian Railway network
- on Dry Ports

International Intermodal transport corridors
for seamless connectivity
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;
2) To **significantly reduce the time** spent at land borders;
3) 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.
| Accession and ratification of selected conventions and international agreements related to transit transport (progress made in period 2014 – 2018) |
|---|---|---|
| **Landlocked Countries** | **Transit Countries** |
| Convention on Road Traffic (1968) | / | Viet Nam (2014) |
| Convention on Road Signs and Signals (1968) | / | Viet Nam (2014) |
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.

- New development related to WTO TF Agreement and TIR Convention.

- 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:**
  - Eurasian Economic Union (EAEU): a new customs code from January 2018.
  - the ASEAN Framework Agreement on Multimodal Transport 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

- The transit transport in the region is mainly regulated at the bilateral level.

- All 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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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.
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.

Assessment:

- The transit cargo presently moves with an average speed of 300-400 kilometers per 24 hours (or higher) along most of the transport corridors in Northern, Central, and South-East Asia.

- Further attention for reduction of travel time is needed for transit movements in South Asia and transit movements in railway transport (other than block container trains) for which this VPoA target has not been achieved yet.

- 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 individual corridors, from 33% (Corridor 1) to 70% (Corridor 4)
- 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.

- It is very challenging to assess the progress in achievement of the VPoA objective to improve intermodal connectivity due to lack of available quantifiable indicators.

- The information on infrastructural projects finalized in this period (e.g. further development of port connectivity, dry-ports) indicates that the potential for intermodal connectivity has been improved.

- However there is no recorded increase of import/export volumes of cargo moved by railway (other than by block container trains), which may be an indistinct indication of improved intermodal connectivity.

Source: ESCAP Review of Developments in Transport in Asia and the Pacific 2017
The Time/Cost-Distance analysis in Mongolia

It takes 28 hours for a container train to travel the 1,110 km long Trans-Mongolian route from the border port with Russian Federation (Sukhbaatar) to the border port with China (Zamyn Uud) and 31 hours in opposite direction.

The analysis shows that the freight transport in container trains can travel across Mongolia with a speed between 850 and 950 km per day.

If compared with travel time from several years ago the transit travel in direction from Russian Federation to China has been reduced by 27 per cent and the traveling time in opposite direction has been reduced by 26 per cent.

Technological time for train receiving procedure time at Zamiin-Uud station was also reduced from 420 minutes to 248 minutes.

The Container train transit transport is much faster than the wagon load transport.

Source: Ministry of Road and Transport Development of Mongolia, 2018, Presentation on EGM on Midterm review of VPoA, Almaty, Kazakhstan 18 - 19 September 2018
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### ESCAP Transport Facilitation Frameworks

|---|---|
Highlighted ESCAP activities on facilitating international transit

- **Handbooks on cross-border transport along the Asian Highway network**: Documenting the regulatory requirements for cross-border transport operations along the Asian Highway network, including required documentation, for cross-border road transport operations. Based on a region-wide survey in cooperation with relevant officials and other stakeholders in countries sharing land borders.

- **Harmonizing weights, dimensions and emissions requirements for road vehicles**: A comprehensive study to develop recommendations to better address the challenge of divergence in vehicle weights and dimensions to facilitate international road transport in the region.

- **Facilitation of international rail transport**: Addressing the issues of the efficiency of rail border crossing along the Trans-Asian Railway and beyond.
Thank you for your kind attention!

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