

# **Benefits of the TIR Convention for the Implementation of the BBIN Motor Vehicles Agreement**



**06 Feb, 2018**

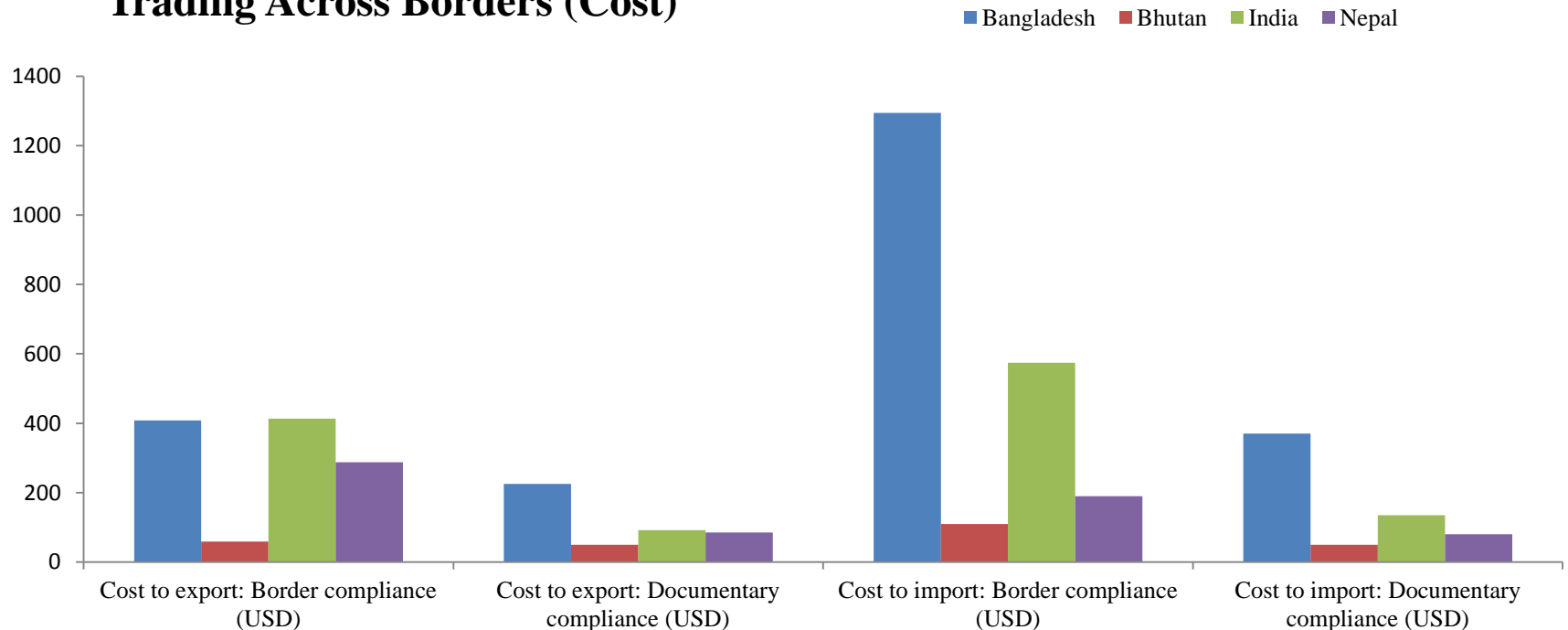
# Outline

- ❑ Current State of Transport Connectivity in BBIN Countries
- ❑ The BBIN MVA and Its Importance for Regional Connectivity
- ❑ TIR Convention
- ❑ BBIN Corridors: Observations from Field Survey
- ❑ Benefits of the TIR Convention
- ❑ Connecting BBIN to Other Regional Markets
- ❑ The TIR Convention and the BBIN MVA
- ❑ The TIR Convention and the WTO TFA

# Current State of Transport Connectivity in BBIN Countries

- The cost of import and export varies significantly across BBIN countries and reflects the prevailing asymmetries both in soft and hard infrastructure.
- High cost of import and export affects the growth of intra-regional trade among BBIN countries and the development of regional production networks.

## Trading Across Borders (Cost)



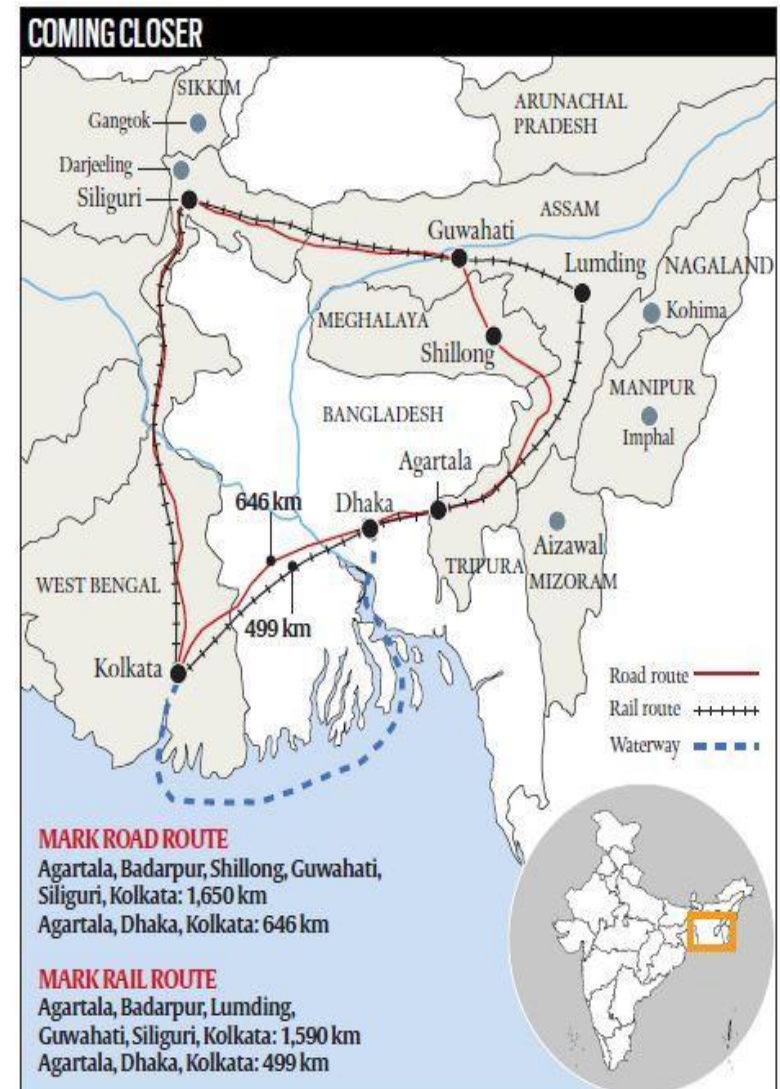
The World Bank's 2016 Report on '*Logistic Performance Index*' shows that the performance of BBIN countries is sub-optimal on various indicators. This, in turn, hinders the efficient movement vehicles and the growth of regional trade.

**LPI of BBIN Countries, 2016 *vis-a-vis* 2014**  
(Score on a scale of 1 to 5 - lowest to highest)

Indictors	Bangladesh	Bhutan	India	Nepal
<b>LPI Rank (Out of 189 countries)</b>	87 (108)	135 (143)	35 (54)	124 (105)
<b>Customs</b>	2.57 (2.09)	2.21 (2.09)	3.17 (2.72)	1.93 (2.31)
<b>Infrastructure</b>	2.48 (2.11)	1.96 (2.18)	3.34 (2.88)	2.27 (2.26)
<b>International shipments</b>	2.73 (2.82)	2.50 (2.38)	3.36 (3.20)	2.50 (2.64)
<b>Logistics competence</b>	2.67 (2.64)	2.30 (2.48)	3.39 (3.03)	2.13(2.50)
<b>Tracking &amp; tracing</b>	2.59 (2.45)	2.20 (2.28)	3.52 (3.11)	2.47 (2.72)
<b>Timeliness</b>	2.90 (3.18)	2.70 (2.28)	3.74 (3.51)	2.93 (3.06)

# The BBIN MVA and Its Importance for Regional Connectivity

- Effective implementation of the BBIN MVA will boost connectivity between Northeast and other states of India, and with other countries in our neighbourhood.
- Reduction in 'two-third' of transportation costs from mainland of India to Northeast India's economic hubs including Siliguri, Guwahati, Shillong, Agartala
- Improved connectivity through Northeast India via road transport will provide boost to the larger agenda of India's regional connectivity in the Bay of Bengal region and the Indo-Pacific Economic Corridor
- This coupled with the recently inked Coastal Shipping Agreement and Protocol on Inland Water Transit and Trade (renewed) with Bangladesh will be a game changer for the implementation of India's 'Act East' Policy.

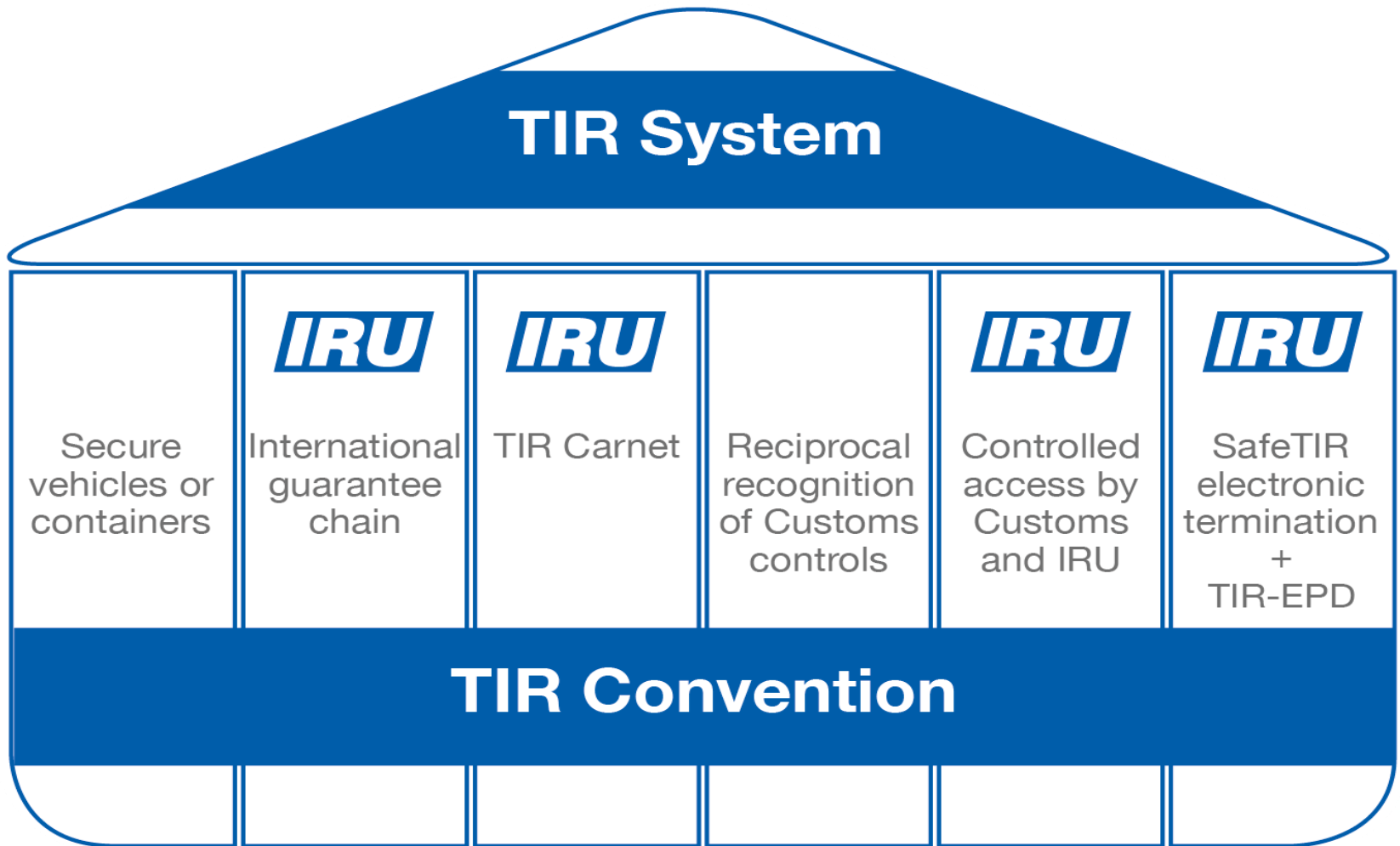


## **TIR Convention**

### **(Transports Internationaux Routiers)**

- The TIR Convention is a globally accepted, tried, tested, affordable facilitation instrument for international transit trade, which is established by the International Road Transport Union – a UN body. Main features are:
  - ✓ Multilateral
  - ✓ Multimodal (road-rail, road-maritime, road-air)
- As on date, 70 countries have ratified the Convention to facilitate their cross-border movement of cargo vehicles. In the Asia-Pacific region, 16 countries (such as Afghanistan, China, Iran, Pakistan, Central Asian countries) have ratified it. Myanmar and Vietnam are contemplating to join the TIR Convention.
- China and Pakistan have recently acceded to the TIR Convention to improve their cross-border movement of cargo vehicles with neighbouring countries.

# Six Pillars of the TIR System



## **BBIN Corridors: Observations from Field Survey**

- Divergent customs clearance procedures
- Challenges in harmonisation of export-import procedures
- Existing transit arrangements resulting in frequent loading and unloading of cargo at border crossing points
- Sub-optimal coordination among various agencies at border crossing points



## **BBIN Corridors: Observations from Field Survey**

- Need for a harmonised insurance guarantee mechanism for cross border transport as there is significant difference in the cost of insurance across BBIN countries which creates policy induced distortion
- Insufficient road infrastructure coupled with multiple check-posts and other administrative hurdles affect the smooth movement of cargo vehicles across BBIN countries
- Inadequate degree of coherence in transit and transport regulations across BBIN countries

## Benefits of the TIR Convention

- The BBIN MVA is a framework agreement, which needs specific mechanisms for making it operational. The TIR System provides such mechanisms:
- ✓ Accession to the TIR Convention will ensure higher a degree of harmonisation of transit, transport and customs related procedures.
- ✓ Implementation of the TIR Convention will provide higher security of cargo vehicles through its insurance guarantee mechanism and prevent the potential loss of duties.
- Successful implementation of the TIR Convention will create a unified regional market and easier access to other TIR members such as China, Central Asia countries.

## Benefits of the TIR Convention

- ✓ The TIR Convention will help fulfilling many protocols of the BBIN MVA; thereby boosting its operational effectiveness.
- ✓ Implementation of the TIR Convention will provide a single insurance mechanism.
- ✓ The TIR Convention will provide legal and operational certainty of various procedures in border crossing of cargo vehicles.
- ✓ Efficient circulation of information, higher quality of risk management through the TIR IT tools will help effective cross border coordination of cargo vehicles.

# Connecting BBIN to Other Regional Markets

- TIR is a global instrument and can better connect BBIN with other regions through BCIM, IMT and other corridors and by avoiding fragmented regional transit systems.
- Other Corridors such as INSTC can also be better connected with the BBIN region.



# The TIR Convention and the WTO TFA

	<b>TFA</b>	<b>TIR</b>
Aim	Facilitate trade	Facilitate transit procedures
Parties	121	70
Mode of transport	All	Inter-modal (subject to some portion of journey by road)
Negotiating authorities	Trade ministry	Revenue (Customs) and/or Transport ministries
Entry of force	in force	20 March 1978

# The TIR Convention the WTO TFA

TFA	TIR
Art 7 (4.3): focus on high risk consignment	TIR IT risk management tools, such as Real-Time Safe TIR and TIR-EPD, serve the basis for even higher security of TIR system
Art.9: Allow goods to be moved to a customs office inside the territory (instead of border)	Possible under TIR operations
Art.10 (2.1): Acceptance of paper or electronic copies of documents	eTIR
Art.11 (2): Transit shall not be conditional upon collections of fee and charges	Art.46: No charges shall be levied for customs attendance in connection with customs operations under the convention
Art.1: Publication and availability of information	Art.4 and 46: TIR procedure is transparent when it comes to procedures, fee and charges
Art.12 Customs cooperation	Principle 4 of “reciprocal recognition of customs control” of the TIR Convention

***The TIR Convention can serve the dual purpose of better implementation of the BBIN MVA and the WTO TFA.***

**Thank You**