Undeniably, the standards to which transport infrastructure is designed and maintained will have an important bearing on the efficiency of transportation and the pertinence of the services offered by the railways in relation to shippers’ requirements will be essential to securing adequate container volumes to generate sufficient return on investment.

Yet, another feature of international transport that can be an obstacle to the efficiency of international trade are customs and other procedures at border points. Every international movement involves at least two customs interventions: one at export and one at import points. It is clear, therefore, that the manner in which the relevant authorities conduct their business has a substantial impact on the movement of goods across borders. In addition, at border points into and out of countries transited by movements, the very transit nature of the movements seems lost on local authorities and checks are still the norm.

The reform and streamlining of frontier formalities is generally less costly than investment in infrastructure, although public money may be required to increase resources and develop administrative facilities. However, failure to secure the necessary political commitment and financial resources to reform may severely reduce the benefits of investments in infrastructure.

Administrative rules governing border crossing traffic can operate at three different levels. At the top level, neighbouring countries can be signatories to multilateral agreements and international conventions which guarantee observance of standard procedures for customs clearance and movement of freight consignments across borders. At the middle level, these procedures can be embodied in bilateral agreements between neighbouring governments. Finally, at the level of individual railway organizations, there can be arrangements between neighbouring railways for their joint operation of border stations and associated facilities, for the exchange of rolling stock, and for the sharing of costs, revenues and liabilities associated with border crossing rail vehicles and freight consignments. It is essential that neighbouring countries operate at each of these levels while ensuring that agreements concluded at each level work to support the operation of agreements concluded at every other level.

6.1 International transit agreements and conventions

6.1.1 Work of ESCAP

Since 1992, ESCAP has had an active role in demonstrating the benefits of accession by the countries of the region to seven international transit conventions. The main vehicle for ESCAP in this role is Resolution 48/11 of the 48th Commission Session held in Beijing in
April 1992. The seven international conventions covered by Resolution 48/11 are listed in Annex 1, which also indicates the status of each country with respect to accession.

Of the seven conventions, two are of particular relevance to rail transit. These are the Customs Convention on Containers (1972) and the International Convention on the Harmonization of Frontier Control of Goods (1982). Both of these conventions are of great potential benefit to signatory nations, since they codify rules for rapid customs inspection of containers at land borders. The principal feature of these rules is that they confine border customs formalities to a quick inspection of container seals and of documentation (only for the purpose of establishing that they are intact and complete). If adopted and put into effect by the countries of the region, they are likely to result in a marked reduction in border crossing delays and dwell time, which can only serve to benefit rail freight customers.

Of the eight countries in the North-South corridor, as of 5 February 2001, only Finland, the Russian Federation and Uzbekistan had acceded to the Customs Convention on Containers. The International Convention on the Harmonization of Frontier Control of Goods scores a higher rate of accession but, at this point in time, the Islamic Republic of Iran has not yet acceded despite the prominent role of the country in the transit of goods. Turkmenistan has also not acceded. The advantages and requirements under both conventions are briefly outlined hereafter.

-Customs Convention on Containers, 1972

(a) Advantages of the temporary importation regime

(i) Advantages for customs authorities and the national economy

Customs authorities can avoid the organization of national documentary systems, if they so wish, and the administration of national guarantee systems. However, Customs authorities retain the right, under certain circumstances, to require the furnishing of a form of security and/or the production of Customs documents. In case control measures are to be carried out, Customs authorities can request to check the records kept by container operators or their representatives in the country as regards all container movements. Thus, the Convention provides customs authorities with a flexible instrument to reduce administrative work while at the same time, safeguarding customs control.

(ii) Advantages for the transport industry

The temporary importation facilities for containers allow the importation of containers into a country without payment or the deposit of duties and taxes and, in principle, without the production of customs documents. As the Convention also provides for the possibility to use temporarily imported containers at least once for internal traffic before re-exportation, container transport operators not only can avoid the deposit of large sums of security upon importation and avoid delays in border crossing procedures, but can also react in a flexible manner to emerging transport needs.

(b) Requirements and obligations under the Convention

The Customs Convention on Containers requires that containers admitted temporarily into the territory of one of the Contracting Parties must be re-exported within three months –
this period can be extended – and in an unaltered state and cannot be substituted by another or similar container.

The Convention also imposes restrictions as to the use of temporarily imported containers in internal traffic. It is required that the journey in a country of temporary importation shall bring the container by a reasonably direct route to, or nearer to, the place where export cargo is to be loaded or from where the container is to be exported empty. It is also required that the container is used only once in internal traffic before being re-exported.

(c) Implementation of the Convention

In order to set up and ensure the operation of the temporary importation facilities provided for in the Convention, the following tasks (basic requirements only) have to be carried out by Government authorities and the private sector:

(i) Responsibility of the government

- Acceptance of the Convention in accordance with national legal procedures (i.e. publication in the national public law journal) and modification, if need be, of national laws, regulations and administrative instructions in line with the provisions of the Convention;

- Deposit of an instrument of accession at the Legal Office of the United Nations in New York (depositary), as per Article 18 of the Convention;

- Training of Customs officials in the operation of the temporary importation procedures.

(ii) Responsibility of the transport operator

- Containers need to be marked in line with Annex 1 of the Convention;

- Compliance with the time frame for temporary importation, as per Article 4 of the Convention;

- Compliance with imposed restrictions relating to use in internal traffic, as per Article 9 and Annex 3 of the Convention;

- Keeping detailed records, for submittal if requested, of the movements of each individual container in the country of temporary importation and appointing a national representative, as per Article 7 and Annex 2 of the Convention.
of scarce manpower and technical resources at border stations. The Convention provides a framework for national authorities to cooperate among themselves towards this end. The Convention also calls on Governments to provide sufficient and qualified personnel as well as adequate equipment and infrastructure to improve administrative and control procedures at border stations.

The Convention also recommends basic principles to align border crossing procedures among neighbouring countries and adjacent border crossing points. The Convention thus provides the basis for the conclusion of bilateral agreements on concrete measures. These measures can contribute to a better flow of goods in international transport to the benefit of the national economy.

(ii) Advantages for the transport industry

Any improved cooperation among the various national border control services as well as improved coordination of border crossing procedures at adjacent border crossing points will speed up the crossing of frontiers by transport vehicles and will reduce waiting time due to nonaligned opening hours.

Apart from Customs procedures, a number of other regulations falling within the competence of various national administrations are emerging more and more often. Examples of such regulations are: medico-sanitary, veterinary, phytosanitary inspections, controls of compliance with technical standards and quality controls in general. The cooperation of the various control and inspection services involved and the abolition of not essential procedures, particularly for transit traffic, could facilitate international transport considerably.

(b) Requirements and obligations under the Convention

The Convention aims at a reduction in the requirements for completing formalities and a reduction in the number and duration of all types of controls, be it for health reasons or for quality inspections, and applies to all goods being imported, exported or in transit.

In substance, the Convention covers the following control services at border crossing points:

- Customs procedures and other controls,
- Medico-sanitary inspection
- Veterinary inspection,
- Phytosanitary inspection,
- Control of compliance with technical standards,
- Quality control measures.
(c) Implementation of the Convention

In order to set up the cooperative facilities provided for in the Convention in a country and to ensure its operation, the following tasks (basic requirements only) have to be carried out by government authorities:

- Acceptance of the Convention in accordance with national legal procedures (i.e. publication in the national public law journal) and modification, if need be, of national laws, regulations and administrative instructions in line with the provisions of the Convention;
- Deposit of an instrument of accession at the Legal Office of the United Nations in New York (depositary), as per Article 16 of the Convention;
- Training of officials at border stations to streamline import, export and transit procedures;
- Establishment of coordinated procedures, at the national and international level, covering all relevant border control authorities (customs, veterinary, phytosanitary, etc. controls), as per Articles 4, 6 and 7 of the Convention;
- Provision of adequate resources at border crossing stations, in accordance with Article 5 of the Convention;
- Provision of relevant information to other Contracting Parties, on their request, as per Article 8 of the Convention.

Related to the issue of international transit conventions and agreements are the workshops on land transport facilitation being conducted by ESCAP at the subregional and national level. Flowing from these workshops is a key resolution for the participating countries to establish National Transport Facilitation Committees, on which the railway, highways, customs, and border control agencies as well as the major trade/shipping associations of the country are represented. The primary objective of these committees will be to liaise with governments concerning any desired legislative changes in relation to land transport facilitation.

6.1.2 Work of the Organization of Economic Cooperation

With at least five countries in the corridor being members of Organization of Economic Cooperation\(^1\) (ECO), it is worth mentioning the work of the organization in relation with transport issues as it too can provide leverage to promote transport facilitation. Right at the time of its foundation, ECO has listed transport and communications as a top priority on its agenda and has reflected the importance of unimpeded border-crossing in its “Outline Plan of Action for the Development of Transport in the ECO Region” adopted during the meeting of Ministers of ECO countries held in Almaty in October 1993. Among others, the Plan contains the following actions:

\(^1\) Azerbaijan, Islamic Republic of Iran, Kazakhstan, Turkmenistan, Uzbekistan. It must be noted that Pakistan is also a member.
- to conclude bilateral or multilateral agreements within or beyond the region that may be necessary to facilitate transport;

- to study border-crossing and related customs problems with the objective of bringing the border points in conformity with expected traffic density;

- to consider the possibility of acceding to international conventions on road and rail transport modes in relation to facilitation measures and to complete the preparation and signing of a bilateral inter-governmental agreements on international transportation of goods and passengers;

- to prepare and sign multilateral conventions on transiti regulations and create a common system of customs procedures in the region in accordance with international laws and conventions;

- to bring about a comprehensive trade and transport regulatory framework for an efficient regime of multimodal transport in the region.

Furthermore, during the ECO summit of 1995 in Islamabad, the organization decided to make 1995-2004 the “Transport and Telecommunications Decade for the ECO Region” with the Almaty Outline Plan as the policy document, and during the ECO extraordinary meeting in Ashgabat in May 1997 certain rail and road routes were designated as priority routes for future development as indicated in the declaration of the meeting. Among the rail routes, were the Kerman - Zahedan and Baqf - Mashad line sections currently under construction and also the Eralievo – Turkmenbashy – Kazandjik - Bandar-E-Torkman line sections whose completion would have significant implications for the routes in the corridor.

6.2 Transit facilitation

Facilitation measures in relation to cross-border movements are important to all countries but take on a particular significance for landlocked countries of which there are five in the corridor, namely: Armenia, Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan.

Two important conventions, namely: the Convention on Statute on Freedom of Transit of 1921, known as the Barcelona transit convention, and the Convention on Transit Trade of Land-locked States of 1965, known as the New York transit convention. These conventions were developed keeping in view the geographical handicaps of landlocked countries and establish their right to have free access to the sea to “enjoy the freedom of the seas on equal terms with coastal states”.

However, at this point in time, only Finland has acceded to both conventions. None of the Central Asian countries have acceded to either of the conventions, the Islamic Republic of Iran has only acceded to the Barcelona convention while the Russian Federation is a party only to the New York convention.

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6.3 International rail transit agreements

Many countries in Europe and some in Asia (for example, the Islamic Republic of Iran) are parties to the Convention Concerning the International Transport of Goods by Rail (COTIF), Berne 1980, which replaces the traditional national customs document with the International Consignment Note (CIM) established under COTIF. The COTIF Convention is valid in most European countries, as well as in the states of the Middle East and Africa, which are connected with the European railway network via rail or via ferry. The Islamic Republic of Iran is also a party to the COTIF Convention.

Meanwhile, the member countries of the Organization for Railways Cooperation (OSJD), including among others, countries in the Caucasus and Central Asian regions as well as the Russian Federation, have developed and are using the system known as the Agreement on International Railway Freight Communications (SGMS) for the same purpose.

At border points separating neighbouring railway organizations which are signatory to either of the above convention or agreement, the waybill are rewritten from one format to the other. Recognizing the impact of this situation on the efficiency of international movements by rail, both organizations are seeking ways to harmonize the existing procedures. In this respect, it is interesting to note that the Russian Federation has spearheaded efforts to define a new transit document, the so-called GPBRT bill of lading, relating to the operation of container block-trains between Germany and the Russian Federation through Belarus and Poland under the ‘Ostwind’ container services running between Berlin and Moscow.

6.4 International agreements and conventions

It is understood that bilateral (sometimes multilateral) agreements govern transit by road and/or rail vehicles at the borders and border stations between countries in the corridor.

Although the limited resources allocated to the study did not permit a detailed analysis of these agreements, the concerned railways should review them to assess whether their strict observance is an obstacle to efficient border-crossing. An ad hoc multilateral agreement for the corridor may be desirable to replace or supersede existing bilateral agreements, at least so far as container traffic is concerned.

At regional level, the Inter-governmental Agreement on International North-South Transport Corridor signed in Saint Petersburg in September 2000 (Annex 2) encompasses the common desire of the four signatories – India, Islamic Republic of Iran, Sultanate of Oman and Russian Federation – to develop transport linkages and services. However, the agreement only covers the route from India and Oman by sea to and through the Islamic Republic of Iran and further on through the Caspian Sea and the Russian Federation. The corridor designation in the agreement does not cover the all-land routes described in Chapter 2 of this report going through the Caucasus area or the Central Asian region. However, the agreement may be an example to follow for the entire North-South Corridor as outlined in this report.

Rail border crossing times in Western Europe may provide a benchmark to guide the efforts of the railways in the corridor. Between West European railways border crossing times are in the order of 2 to 60 minutes for passenger trains and 20 minutes to 15 hours for
freight trains with stoppage due mostly to break-of-gauge and change of traction. Since 1 January 1993, all customs procedures in the member states of the European Union are conducted within the countries (freight yards, stations of departure or arrival). Only selected types of goods are subject to control procedures at the border points, such as dangerous goods and goods liable to sanitary and phyto-sanitary control. In comparison with the above, border crossing times are twice as long between railways of Eastern Europe. The routes in the North-South corridor would no doubt become more attractive if such times could be equalled, or even only approached, by the railways concerned. Experiences in a number of countries, e.g. the Czech Republic, have shown that the operation of joint border stations/yards could reduce border crossing time by as much as 30 per cent. In this context, a number of other countries in Central and Eastern Europe are cooperating to streamliner their procedures and improve overall transit times for international freight movements, among these countries are Austria, Hungary, Romania, Slovakia and Ukraine.

Finally, the efforts developed in the Russian Federation by the Ministry of Transport and the State Customs Committee to promote transit container traffic along the Trans-Siberian line, provide another example of successful actions leading to improved performances by the railways, and could also be a possible source of inspiration for similar actions by railways in the corridor.

6.5 Railway adoption of EDI systems

The adoption of systems for the interchange of customs and trade documentation and data by electronic means (EDI) is one area where the railway organizations lag behind their competitors, particularly ship operators. The ability for consignees and customs authorities at borders to have access to vital customs and trade documentation and consignment status/location data well in advance of the arrival of consignments at borders or at ultimate destinations can only serve to reduce delays in the transportation chain, particularly if the EDI systems adopted are linked to wagon tracking systems.