What works and why

Global review of transit systems

IMPROVING TRADE AND TRANSPORT IN LANDLOCKED COUNTRIES
What good transit systems do

- Support the trade of landlocked countries and long-distance trade more generally
- Delayed clearance based on universal and robust principles (= transport under customs bonds)
- Provide seamless movements across borders
- Foster private-public arrangements for procedures, guarantees, and professional competence
What it takes to build them

Transit regimes and procedures

Regional Framework:
- Transport & transit agreements
- Physical infrastructure

Services: Truckers, FF...

Institutions:
- National: CC customs
- Cross-border

Framework

Implementation

WHAT WORKS AND WHY
Start with the basics of regional integration and infrastructure

- Transit/transport agreement on cross-border movement of vehicles, drivers and goods.
- Road infrastructure
- Other regional integration: e.g. Insurance
- Border infrastructure
- National institutions (transport, customs, CC)
- Multinational institutions (Corridor body)
Implement transit regime according to simple and universal principles

- Private-public partnerships to back the right of transit with professional competence and fiscal security
  - Transit manifests
  - Bonds and seals by transit operators
  - Good information systems and customs reconciliation
  - Simple border processes
  - Regulated entry of transit operators
Unify systems across borders

Transit regime and procedures implemented at the national level in the countries of transit and destination, but major gains also possible from

- Portable and interoperable manifests and bonds
- Consistent regulation of entry for regional transit operators
- Green transit lines at the border (not local clearance)
Benchmarks for a seamless transit regime

TIR, a robust regime which supported trade expansion in Europe and eastward for 60 years

- Carnets and attached guarantees from start to finish
- Strict regulation of entry by transit operators
- Oversight and capacity building to deal with local weaknesses

Common transit (UE-AELE) and NCTS

=> high degree of integration and governance.
Agreements essential but carrying them out is the big problem

- Transit regime implementation departing in essential way from core principles
- Poor quality service
- Weak national institutions
- Mentality of control and rent-seeking
- Cross-cutting requirements difficult to meet
- Perceived incompatibility with security or (wrongly) with fiscal needs
So, what should be simple is complex

- Inadequate customs documentation and processing (confusion with clearance)
- Duplicated procedures
- Excessive controls and No risk management based on qualification.
- Improper tracing of manifest, inadequate use of IT
- No interoperability between countries
- Inadequate guarantees and securization
- Fragmentation of services eventually induced by policies

WHAT WORKS AND WHY
<table>
<thead>
<tr>
<th>What the global review shows</th>
<th>NAFTA</th>
<th>Latin America</th>
<th>East Asia</th>
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<tbody>
<tr>
<td>Regional Framework</td>
<td>Limitations (US-Mex)</td>
<td>Ad hoc per corridor</td>
<td>Very restrictive</td>
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<td>Institutions</td>
<td>***</td>
<td>Depends</td>
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<tr>
<td>Transit regime &amp; implementation</td>
<td>Purely national</td>
<td>Ad hoc national missing components</td>
<td>National ad hoc, very weak</td>
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<td>Regulation Services</td>
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**WHAT WORKS AND WHY**
What the global review shows (continued)

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<thead>
<tr>
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<th>South Asia</th>
<th>Africa (E-S)</th>
<th>Africa (W-C)</th>
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<td><strong>Regional Framework</strong></td>
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<td>Very Open</td>
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<tr>
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<td>weak</td>
<td>weak (very)</td>
</tr>
<tr>
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<td>Essentially nominal</td>
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<td>Very weak</td>
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Re-engineer transit regimes

Implement the core features of working regimes

- Documentation
- Information system and manifest tracing
- Regulation of transit operator entry
- Financial guarantees

=> Expand the trade facilitation agenda to logistics and transit regimes

=> Leverage regional infrastructure projects to rebuild transit regimes
Set priorities

- Transit manifests (compatible with TIR)
- IT guidelines for operators and for customs
- Entry regulations for authorized operators
- Risk management and controls

A case for global standards?