Transit and Trade Facilitation
Beyond Customs transit

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Transit is complicated

Trade (Customs and others) + Transport facilitation = Transit i.e. Multi stakeholder approach
Infrastructure and facilitation
Must go hand in hand
TFA
Art.11 – Freedom of transit

Measure description

List of disciplines to be applied to goods in transit
• Simplified formalities, documentation and controls
• No restrictions affecting traffic in transit and transit discipline application¹
• No discrimination vs. import traffic or between Members States cargos
• Controls limited to the beginning and conclusion of the transit operations
• Fees limited to transportation and administration services costs
• No quality controls for goods in transit
• Regulations of transit guarantees² and of customs convoy

Nature of Obligation

“Shall” obliged to implement as per description

1. “Without prejudice to existing and future national regulations, bilateral or multilateral arrangements relating to transport, consistent with WTO rules” (§3)
2. In a manner consistent with its laws and regulations (§13)
<table>
<thead>
<tr>
<th>Measure description</th>
<th>Nature of Obligation</th>
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<tbody>
<tr>
<td>Making available physically <strong>separate infrastructure for traffic in transit</strong> (e.g. lanes, berths…)</td>
<td>“Encouraged to” Best endeavor measure</td>
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<tr>
<td>Cooperating and coordinating with other countries with a view to enhance freedom of transit</td>
<td>“Shall endeavor to” implementation is not obligatory, but making efforts to implement the measure is mandatory</td>
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<tr>
<td>Appointing a <strong>national coordinator for transit</strong></td>
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TFA - Not only Article 11

• But also...
  – Article 1.1. Publication
  – Article 1.2. Publication on the Internet
  – Article 2.1. Opportunity to comment
  – Article 6.3. Penalties
  – Article 7.7. Authorized Operators
  – Article 8. Border Agency Cooperation
  – Article 10. Formalities, incl. International standards
  – Article 23.2 National Trade Facilitation Committee
Transit facilitation measures

Complementarity of solutions

Bilateral / regional / multilateral transport or transit transport agreements

- Bilateral agreements can be effective to regulate transit conditions, but can also be restrictive
  - E.g. Quantative restrictions

- Regional agreements,
  - ASEAN, GMS, etc

- Multilateral Agreements,
  - RKC, TIR Convention, Harmonization Convention etc.
International legal instruments (Conventions and agreements) and International trade standards

- Tested and ready to go, no need to reinvent
- Open to all member states, e.g. UN or WCO
- Can be basis for regional or bilateral cooperation
- Support and capacity building for implementation
- Be aware: Preparedness and capacity
Transit facilitation measures

Corridor arrangements., e.g. Northern Corridor

- Focused approach
- Limited number of stakeholders
- Specific interest of all stakeholders
- Potentially easier to negotiate
Issues for landlocked countries

- Clear rules and regulations for transit operations
  - Transport, customs, transit etc.
  - Border procedures, including other than Customs

- Moving from “LLDC victim” status to partnership focus
  - Focus on Economies of scale for transit partners
    - LLDCs provides additional volume for sea ports
    - Infrastructure and services in transit countries – Share?
  - Land-linking opportunities

- Sensitivity to issues in transit countries
  - Public – e.g. contraband, infrastructure costs
  - Private – e.g. competition
Issues for transit countries

- Securing public interests - compliance
  - Public revenue protection and public health/security
  - Protecting infrastructure

- Economies of scale reduce costs of country’s own trade
  - Port services
  - Logistics services
  - Infrastructure costs

- Transit traffic generates services and economic activities:
  - Public services
  - Repairs & workshops, gas stations,
  - Rest and parking places,
  - Small trade along transit corridors like restaurants
  - Warehouses
Issues for consideration

- National implementation
  - TFA, ensure correct national application
- Multilateral agreements, regional cooperation
  - RKC, TIR etc.
- Shared benefits
  - Better connectivity
- Cross-border connectivity
  - Infrastructure (Road, rail etc. + border)
  - Data
- Trade Facilitation supports SDGs
Thank You

Division on Technology and Logistics
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