

Global preparatory meeting on the midterm review of the
implementation of the Almaty Programme of Action
Geneva, 8–9 July 2008

**Trade facilitation opportunities for landlocked
and transit developing countries**

Chair's summary

UNCTAD/DTL/TLB/MISC/2008/2

Introduction

1. UNCTAD organized in Geneva on 8 and 9 July 2008 the “Global preparatory meeting on the midterm review of the implementation of the Almaty Programme of Action: Trade facilitation opportunities for landlocked and transit developing countries”. The meeting was a contribution by UNCTAD to the high-level midterm review of the Almaty Programme of Action.¹ The purpose of the meeting was to review the recent progress made in matters related to trade facilitation for the benefit of landlocked and transit developing countries, and look at new opportunities for the next Almaty Programme of Action half-term of five years, which goes until 2013.

2. The Chair’s summary of the meeting, as contained in the present document, will be transmitted as a contribution to the high-level midterm review meeting, to take place on 2 and 3 October 2008 in New York.

3. The meeting was attended by around 50 representatives from diplomatic missions in Geneva and from trade and transport ministries from capitals, as well as from international organizations and private sector companies, and other agencies dealing with transport and trade (see annex).

4. Substantive discussions were grouped under the following topics:

- (a) Developments since the Almaty Declaration – new realities;
- (b) Initiatives resulting from Almaty Programme of Action – new approaches;
- (c) Developments in the pipeline – new expectations; and
- (d) Looking at the next five years – new opportunities.

I. Developments since the Almaty Declaration – new realities

5. In reviewing the steps taken in the first half-term of the Almaty Programme of Action, the meeting took note of the realities faced by both landlocked and transit developing countries. For landlocked developing countries (LLDCs), these include, inter alia, well-known issues such as the distance to and from sea ports, the obstacles presented by border crossings, and the dependency on the infrastructure of transit countries, which all contribute to increasing the transport cost. This was illustrated by the example that 1,000 km of sea transport adds 4 per cent to the transport cost, whereas 1,000 km of land transport adds 30 per cent to the transport cost. The same studies consider that the transport cost of LLDCs are 50 per cent higher than those of countries with access to sea ports, comparatively adding over 10,000 km to the distance to overseas markets.

6. In addition to the above-mentioned factors that penalize LLDCs, a number of recent developments – such as global supply chain security requirements, rising fuel costs and increasing concerns about environmental impacts of land transport – also add to the disadvantages faced by LLDCs.

7. In relation to new approaches to transit transport between LLDCs and transit countries during the first five years of the Almaty Programme of Action, some experiences with the corridor and cluster-based approach were provided. In this context, it was noted that informal structures often seemed to find operational solutions and achieve significant improvements in transit operations, without having to rely on formal negotiations or agreements. It was also noteworthy that operators from transit countries often appear to actually drive and take the lead for the improvement of transit corridor operations.

¹ In 2003, the United Nations General Assembly adopted the Almaty Programme of Action (A/CONF.202/3). In 2007 it decided to undertake a mid-term review of the Almaty Programme of Action in October 2008 (A/RES/61/212).

8. In terms of the procedural aspects of transit, it was noted that a number of existing United Nations-administered agreements and conventions² were in place to support international transit traffic and transport. These agreements, which for the major part were open to all United Nations member countries, contributed to simplifying, standardizing and harmonizing transit procedures between the countries that had accepted the agreements. Additionally, a large number of international standards and recommendations, including the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendations,³ also provided support for international trade and transport procedures. It was discussed why the international agreements and conventions were not more utilized in developing countries. Participants were of the view that, in order to reap the benefits of the international agreements, it was necessary to have a consolidated regional approach, which had often been absent. Furthermore, countries expressed the view that additional training and capacity-building on the international agreements were necessary, with a view to improve the knowledge about these agreements in LLDCs and transit countries.

9. The meeting noted that infrastructure developments were taking place in a number of ports worldwide that were of strategic importance to LLDCs. In particular, it was noted that private port operators were increasingly investing in facilities in major transit ports around the globe, thereby introducing better know-how, efficiency, management and increased capacity, all factors which were expected to benefit both transit countries and LLDCs.

10. The role of the private sector in the development of new solutions in the field of land transport was also highlighted. SGS made a presentation on transit solutions at the national and regional levels: i-Transit, a transit transport monitoring solution implemented in Ghana, and TransitNet, a Customs transit information and communications technology (ICT) and guarantee solution offered in Europe.⁴

II. Initiatives resulting from the Almaty Programme of Action – new approaches

11. The World Bank presented a number of conclusions based on its global review on transit systems:

- (a) Poor infrastructure was only part of the problem in transit;
- (b) Predictability in the transit chain was as important a factor, if not more important. The overall reliability of the transit chain should be improved. World Bank research showed that each extra day in transit added nearly 1 per cent to the shipment's value;
- (c) Anti-competitive regulation and transit "overheads" (superfluous services and corruption) should be eliminated. According to the World Bank, transit "overheads" added 30–100 per cent to transport costs;
- (d) There was no lack of agreements at the international, regional and bilateral levels, but there was, however, a lack of implementation. Therefore, the World Bank recommended to focus on implementing the core features of well-functioning transit regimes such as documentation, ICT systems, regulation of transit operator, guarantee systems, risk management and performance indicators;
- (e) Efforts should be focused on what worked and did not work in transit transport, including market-oriented regulations of services and governance.

² The agreements and conventions presented were: (a) the European Agreement on Main International Traffic Arteries; (b) the European Agreement on Main International Railway Lines; (c) the European Agreement on Important International Combined Transport Lines and Related Installations; (d) the European Agreement on Main Inland Waterways of International Importance; (e) the Intergovernmental Agreement on the Asian Highway Network 2003; (f) the Intergovernmental Agreement on the Trans-Asian Railway Network 2006; (g) the Agreement on International Railways in the Arab Mashreq 2003; (h) the Agreement on International Roads 2001; (i) the Arab Mashreq 2003 Convention on Road Traffic 1968; (j) the Convention on Road Signs and Signals 1968; (k) the Convention on the Contract for the International Carriage of Goods by Road; (l) the Customs Conventions on the Temporary Importation of Private and Commercial Road Vehicles; (m) the Customs Convention on Containers 1972; (n) the Customs Convention on the International Transport of Goods under Cover of TIR Carnets; and (o) the International Convention on the Harmonization of Frontier Controls of Goods 1982. Several of the agreements can be accessed via the United Nations Economic Commission for Europe (ECE) website: <http://www.unece.org/trans/conventn/legalinst.html>.

³ Available at: http://www.unece.org/cefact/recommendations/rec_index.htm.

⁴ Mention of firm names and commercial products does not imply endorsement by the United Nations.

12. A specific World Bank study on transit transport in Africa provided further evidence to some of the main issues relating to challenges in transit transport:

- (a) Delays in the transit chain were predominantly observed in the port of entry in the transit country and to a lesser extent during the land transport, border crossing and final clearance operations;
- (b) Quotas, freight allocations and queuing system in the road transport market led to poor quality of services and low productivity, with no incentives to improve efficiency;
- (c) Many individuals in LLDCs and transit countries would lose considerably in case of facilitated transit trade, for example, protected trucking companies, chambers of commerce receiving fees for transit documents, owners of trucks, customs agents, etc.;
- (d) The implementation of transit facilitation was mainly a process at country level, not at the regional level;
- (e) The political economy, i.e. Governments, port and customs authorities, were key drivers of the initial facilitation process, and political will in the transit country was paramount;
- (f) Successful transit facilitation required the involvement of all stakeholders (corridor authorities, private sector and public sector).

13. It was highlighted that one most significant areas of recent progress in transit transport analysis was the focus on bi-national transit operations as a single unit supply chain perspective, in an approach similar to the one adopted by manufacturing industries for their assembly lines and supply chains. Such a perspective, first suggested by UNCTAD in 2003, was now increasingly acknowledged. It allowed looking at the interaction between the different suppliers of services along a given line of production of transit services, being a corridor or a global supply chain including sea port stages and maritime transport legs.

14. In planning for future collaborative policy actions to be promoted in the framework of the Almaty Programme of Action, these recent operational developments would have to be taken into account. Other potentially significant changes could be coming from the regulatory environment that would emerge at regional and multilateral levels alike. Transit regimes are currently examined in order to have them evolve, if possible, into a universal common model.

III. Developments in the pipeline – new expectations

15. Negotiations were presently under way at the World Trade Organization regarding trade facilitation aspects of the General Agreement on Tariffs and Trade (GATT) Agreement 1994, in particular with regard to clarifying and improving articles V, VIII and X, with a view to further expediting the movement, release and clearance of goods, including goods in transit. Proposals for clarification under consideration, were, inter alia: (a) freedom to choose the transit route; (b) similar treatment of domestic transport and transit; (c) fees should be directly related to the transit movement, clarified rules for publication and transparency; (d) provisions to avoid unnecessary delays; and (e) rules regarding transit bonds and guarantees and abolition of restrictive transit measures. It was considered that the proposals dealing with expediting the process of border crossing would invariably lower the cost of the movement of goods. However, it was still too early to say if the proposals would eventually be adopted in the framework of the GATT.

16. The representative of Mongolia provided an overview of the national Mongolian Transit Strategy and its implementation, as well as the work programme of the Mongolian National Trade and Transport Facilitation Committee (MNTTFC). The strategy had enabled Mongolia to set clear and objective targets in its transit policy, which were being operationalized and implemented with the assistance of the MNTTFC, with both public and private stakeholders.

17. Efforts to modernize customs and other related trade facilitation procedures had been the centerpiece of recent reforms in the United Republic of Tanzania. This included automation of the customs procedures implementing the UNCTAD Asycuda customs automation system version++, the use of x-ray scanners for risk management purposes. In relation to infrastructure, port, road and rail infrastructure had been upgraded over recent years. However, the transit traffic through the port of Dar-es-Salaam had decreased by around 0.2 per cent per annum since 1995

because of, inter alia, competition between regional ports and constraints in inland transport. Transit cargo accounted for 20 to 25 per cent of the total traffic of the port of Dar-es-Salaam.

18. The meeting also noted contributions by the Islamic Republic of Iran and Namibia. These contributions stressed the importance of regional cooperation and regional cooperation organizations, e.g. the Economic Cooperation Organization, the needs for infrastructure investment and finally technical support and capacity-building for transit developments in LLDCs and transit countries.

19. When considering the question of transit, the representative of ECE divided the issue into two categories:

- (a) Free flow of transit, which related to regulations and conditions regarding cargo, vehicle and infrastructure. These issues were to a large extent covered by international conventions and agreements;
- (b) Freedom of transit, which related to the business conditions issues such as the access to the profession and market access, i.e. transit rights and permits, which were covered by national, bilateral and regional rules and agreements.

20. It was stressed that, due to increasing globalization, issues regarding transportation and transit were evolving from a national or unimodal approach towards a regional/global multimodal supply chain approach. Such a shift may require new solutions for both operators and regulators and trigger efforts towards a global customs transit system in parallel with a growing number of regional customs transit systems.

21. With a view to facilitating trade, transport and transit procedures, the concept of a single window (SW) had been developed to create a single national point of entry for standardized delivery of information and documentation from traders to the regulatory authorities such as customs, etc. Transit transport could be significantly improved through the application of a single window. SW solutions were ultimately intended to function based on one-time submission of electronic data. It was noted that the SW solution was ideal for regional integration, providing for a single entry point of data, thereby avoiding repetitive entry of the same data when crossing borders. This approach also applied to transit operations in a regional perspective. Regional SW initiatives existed in e.g. the Association of South-East Asian Nations and the European Community. The meeting noted that, within the UNCTAD Asycuda system, an SW portal was being developed, providing the opportunity to link the Asycuda system with other government and private systems such as, for instance, port community systems. The Asycuda SW system would also be able to facilitate the use of SW in a regional approach, linking both Asycuda-based and non-Asycuda-based systems in a regional information exchange network.

IV. Looking at the next five years – new opportunities

22. The meeting took note of the mid-term process of the Almaty Programme of Action.⁵ In this context, thematic meetings had been organized focusing on transit transport infrastructure (Ouagadougou, Burkina Faso) and international trade and transport facilitation (Ulaanbaatar, Mongolia). Furthermore, regional meetings in the Europe–Asia region, in the African region and in the South American region had been organized. A number of specially-focused meetings had also been organized. Finally, the present global meeting was a major contribution to the process.

23. The contributions from the various preparatory meetings was to be consolidated by the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) in an outcome document which would be submitted for consideration at the midterm review meeting which was

⁵ Information about the Almaty Programme of Action process, the preparatory meeting reports and the schedule for the midterm review in October 2008 is available at <http://www.unohrlls.org/>.

to take place on 2 and 3 October 2008 in New York. The document was to focus on the following aspects:

- (a) General assessment of the situation for LLDCs and transit countries;
- (b) Fundamental transit policies;
- (c) Transit transport infrastructure and maintenance;
- (d) Trade facilitation aspects;
- (e) International support measures; and
- (f) Future actions to accelerate the Almaty Programme of Action.

V. Way forward

24. The participants called for the international community to provide technical expertise, capacity-building support and financial resources to furthering progress in collaborative solutions between landlocked and transit developing countries in the framework of the implementation the Almaty Programme of Action, in the period 2008–2013.

25. They also said that international development agencies, in collaboration with other relevant international and regional organizations, should continue to coordinate and intensify their contributions in that regard, to concretely improve the transit facilitation framework in both transit and landlocked countries.

26. Concrete areas identified by the participants included:

- (a) Deepening the understanding of the costs of landlockedness by pursuing and disseminating the results of research programmes on the economics and political economy on transit corridors, notably through surveys and case studies;
- (b) Implementing capacity-building programmes aimed at setting up collaborative mechanisms on specific corridors, and developing competences accordingly. These arrangements would assist dialogue on facilitation issues and initiatives between countries, and between private and public stakeholders;
- (c) Promoting targeted projects within transit and landlocked countries to implement, when required, core reforms related to facilitation, especially in the area of transport and customs;
- (d) Assisting groups of countries on a corridor or within a trading subregion to address systemic issues, including the design and implementation vehicles of transit regimes, based on international best practices;
- (e) Developing transit corridor performance measurement systems that should be cost-effective and sustainable, and should facilitate benchmarking of performance between corridors. This should take the form of toolkits and capacity-building initiatives to help transit and landlocked countries implement them.

27. It is further recommended that international agencies – including UNCTAD, ECE, and the World Bank – create and maintain a repository of best practices regarding transit facilitation and related policy areas.

VI. Organizational matters

28. The meeting was opened at the Palais des Nations, Geneva, on 8 July 2008, by Mr. Khalil Rahman, Officer-in-charge, Division of Technology and Logistics, UNCTAD.

29. Mr. Abdoulaye Sanoko, Counsellor, Permanent Mission of Mali, chaired the meeting.

30. During the meeting, a number of presentations were provided by participants. These are available from the UNCTAD website: <http://r0.unctad.org/ttl/GPM>.

Annex

List of participating countries and organizations

Belarus
Bhutan
Bolivia
Botswana
Burkina Faso
Burundi
Cameroon
China
Ethiopia
India
Indonesia
Iraq
Iran, Islamic Republic of
Kazakhstan
Kyrgyzstan
Lao People's Democratic Republic
Lesotho
Madagascar
Mali
Mexico
Mongolia
Namibia
Nepal
Paraguay
Qatar
Saudi Arabia
Switzerland
Syrian Arab Republic
The former Yugoslav Republic of Macedonia
Turkey
United Republic of Tanzania
Zambia
Zimbabwe

African Union
Agency for International Trade Information and Cooperation
SGS
ECE
UN-OHRLLS
World Bank