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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
First Negotiating Meeting to consider the Draft
Transit Traffic Framework Agreement between
the People's Republic of China, Mongolia and
the Russian Federation
Ulaanbaatar, 15-17 May 2000

**REPORT OF THE FIRST NEGOTIATING MEETING TO
CONSIDER THE DRAFT TRANSIT TRAFFIC FRAMEWORK AGREEMENT
BETWEEN THE PEOPLE'S REPUBLIC OF CHINA, MONGOLIA
AND THE RUSSIAN FEDERATION**

Ulaanbaatar, Mongolia, 15-17 May 2000

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INTRODUCTION

1. In its resolution 50/97 of 20 December 1995, the United Nations General Assembly requested the Secretary-General of the United Nations Conference on Trade and Development, in collaboration with the donor countries and institutions, in particular the United Nations Development Programme, the regional commissions and relevant subregional institutions, to organize specific consultative groups to identify priority areas for action at the national and subregional level and draw up action programmes.

2. The First Subregional Consultative Meeting of countries of North-East Asia on transit transport cooperation was held in Ulaanbaatar, Mongolia, from 20 to 22 May 1997. It adopted the Ulaanbaatar Memorandum of Understanding, which was welcomed by the General Assembly in its resolution 52/183 of 18 December 1997.

3. The Ulaanbaatar Memorandum of Understanding requested the United Nations Development Programme, the United Nations Conference on Trade and Development and the Economic and Social Commission for Asia and the Pacific to prepare a draft subregional agreement for consideration by the Governments of the People's Republic of China, Mongolia and the Russian Federation.

4. The first negotiating meeting, which was convened to consider the Draft Transit Traffic Framework Agreement, was held from 15 to 17 May 2000 in Ulaanbaatar, Mongolia. It was preceded by a workshop, held on 13 May 2000.

5. The main document before the meeting was document TTFA/1 containing the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation. The meeting also had before it a number of background documents. (The full list of documents appears as annex II to this report.)

6. The report of the negotiating meeting, adopted on 17 May 2000, is contained in document UNCTAD/LDC/Misc.47. The revised Draft Transit Traffic Framework Agreement is contained in document UNCTAD/LDC/Misc.47/Add.1.

Chapter I

WORKSHOP ON THE DRAFT TRANSIT TRAFFIC FRAMEWORK AGREEMENT

7. The workshop on the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation was opened by H.E. Mr. S. Bold, Ambassador, Permanent Representative of Mongolia to the United Nations Office at Geneva.

8. The purpose of the workshop was to provide an opportunity for delegates to explore the many aspects of the Draft Transit Traffic

Framework Agreement ahead of the negotiations. It was expected that an extensive exchange of views on the purpose, scope and content of the Draft Agreement would promote a better understanding of it, and thus provide a good foundation for the negotiations. Delegates from the three countries appreciated the opportunity which the workshop offered for promoting dialogue among them, and expressed their gratitude to the UNCTAD secretariat for the preparation and delivery of the workshop.

9. The workshop was attended by many representatives of the Governments of China, Mongolia and the Russian Federation, including delegates to the First Negotiating Meeting to consider the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation. (For the list of participants, see annex I to this report.)

Chapter II

OPENING STATEMENTS OF THE MEETING

10. In his introductory statement, the **Chief of the Landlocked and Small Island Developing States Unit, Office of the Special Coordinator for the Least Developed, Landlocked and Island Developing Countries**, speaking on behalf of the Secretary-General of UNCTAD, extended a warm welcome to all the participants in the meeting. He said that the Secretary-General of UNCTAD attached a great deal of importance to action-oriented programmes, and considered the negotiation of subregional transit traffic agreements to be an important undertaking. He congratulated the Governments of Mongolia, China and the Russian Federation on the initiative they had taken to jointly develop a framework for the expeditious movement of transit traffic in the subregion. He commended UNDP for its support and commitment, which went beyond financial resources, and he thanked the Mongolian Government for agreeing to host the meeting. He said that UNCTAD was pleased to be associated with the current negotiations and for that reason would spare no effort to support the initiative taken by the Governments.

11. The **Minister for External Relations of Mongolia**, in her opening statement, conveyed greetings to all the participants on behalf of the Government of Mongolia. She expressed satisfaction with the fact that the international community paid particular attention to the development of cooperation between landlocked and transit countries. She underlined the importance of subregional transit transport cooperation and, in this regard, she referred to the landmark decision adopted by the First Subregional Consultative Meeting of Countries of North-East Asia on transit transport cooperation in May 1997, which in its Ulaanbaatar Memorandum of Understanding had decided to elaborate a subregional transit traffic agreement for the purpose of strengthening the legal framework governing the transit transport systems in this subregion. UNCTAD had been requested to prepare the Draft Transit Traffic Framework Agreement. She paid special tribute to UNCTAD and UNDP for providing substantive and financial assistance for organizing the first negotiating meeting. Referring to ongoing efforts

to improve transit transport systems and to reduce transit transport costs, she singled out the recent agreement between China and Mongolia to reduce rail transport tariffs by 50 per cent. The Government of Mongolia attached a great deal of importance to the conclusion of the Transit Traffic Framework Agreement. She hoped that this agreement would further strengthen the tripartite cooperation between and among the countries in the subregion. The goals of development and progress would be achieved, she believed, through joint efforts and long-term partnership. In this context, she pointed out the importance of the Agreement in achieving those goals in the era of globalization and mutual interdependence.

12. The **representative of China** stated that his Government paid special attention to the transit transport between China and Mongolia, as well as between China and the Russian Federation. China considered that an efficient transit transport system played an important role in the socio-economic development of landlocked and transit countries. It had participated in the First Subregional Consultative Meeting of countries of North-East Asia on transit transport, which had adopted the Ulaanbaatar Memorandum of Understanding. At present, China was studying the possibility of accession to international conventions on transit transport. He was pleased to note that the tripartite cooperation in the rail transport sector was operating satisfactorily. However, with regard to road transport, there were a number of problems and issues that needed to be addressed. The Government of China considered that it was necessary to establish an expert group to examine the way in which the road transit transport sector operated. The speaker noted that the Draft Transit Traffic Framework Agreement prepared by the UNCTAD secretariat was intended to provide an impetus for the expansion of trade between China, Mongolia and the Russian Federation by improving the legal transit transport environment and increasing transit transport efficiency. However, because of the comprehensive and complex nature of the Draft Agreement, was required considerable time for reflection and careful examination. The Chinese delegation was ready to listen to the views of the delegates of Mongolia and the Russian Federation on the Draft Agreement, and was prepared to make an effort to ensure that the negotiated agreement reflected principles that were mutually beneficial, well balanced and acceptable to all three parties. In conclusion, he expressed the hope that UNCTAD and UNDP would continue to provide technical support to the negotiations.

13. The **representative of the Russian Federation** said that the rapid development of economic cooperation and growth in international trade required more efficient transport services. The Russian delegation shared Mongolia's concerns and supported its efforts to establish stable transit transport systems linking it to other countries and continents through its transit neighbours. Because of its unique geographical location and transport infrastructure, the Russian Federation served as an important bridge linking the Asia-Pacific region with Europe. The Trans-Siberian Railway, which connected the ports of Vladivostok and Nakhodka with the main European transport corridors, had recently introduced new reduced transport tariffs for goods of Mongolia, the Democratic People's Republic of Korea, the People's Republic of China and the Socialist Republic of Viet Nam. He expressed his delegation's gratitude to the UNCTAD secretariat for the

reasonably balanced Draft Agreement, which appeared to be consistent with the main international conventions on transit transport. During the actual negotiations the Russian Federation would introduce several amendments for the purpose of making the draft more concise and simple. With regard to the establishment of a Transit Traffic Coordination Council, he expressed a reservation and suggested that cooperation be strengthened within the framework of existing international organizations.

14. The **Resident Coordinator for the United Nations Organizations in Mongolia**, in his opening remarks, said that he was delighted to see the People's Republic of China, Mongolia and the Russian Federation - three nations from the dynamic subregion of North-East Asia - enter into negotiations designed to reach agreement on transit facilitation. He observed that in recent years, landlocked and transit countries had benefited from a worldwide trend towards strengthening regional and subregional transit cooperation. With regard to globalization and the ever-increasing pressures to improve the efficiency of transit and transport services in order to meet the demands of the market, he said that new information technologies could play a major role in improving transit systems, thereby boosting the trade opportunities for the countries in this subregion. North-East Asia, he said, was a region of peace, an important asset which opened the doors of opportunity for markets to function, commerce to flourish, human resources to develop and jobs to expand. Referring to the International Conference on Human Security, held a week earlier in Ulaanbaatar, he observed that with the end of the cold war, security was no longer just a matter of national borders but one of human security, i.e. the well-being of individual citizens, their families and their communities, which was ultimately the main indicator of a strong nation. For this reason, he saw a direct link between the meeting on human security and the present meeting. In his view, as trade grew and barriers to efficiency were reduced, the growth in employment and household income had an important and positive impact on human security. Lastly, he paid tribute to the three countries for entering into negotiations aimed at improving transit trade, and he expressed his appreciation of the work UNCTAD was doing to assist the countries concerned.

Chapter III

CONSIDERATION OF THE DRAFT TRANSIT TRAFFIC FRAMEWORK AGREEMENT

15. The representatives of the People's Republic of China, Mongolia and the Russian Federation held six meetings to consider the draft Transit Traffic Framework Agreement. The revised draft is contained in document UNCTAD/LDC/Misc.47/Add.1

Chapter IV

FOLLOW-UP ACTION AND CONCLUSION OF THE MEETING

Follow-up action

16. The participants in the Meeting:

- (i) Requested the donor community, including UNDP, to continue to support the negotiating process leading to the adoption of a Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation;
- (ii) Requested UNCTAD to continue to provide substantive and organizational support, including the preparation of annexes referred to in the Draft Agreement;
- (iii) Decided to organize the second negotiating meeting on the Draft Agreement during the fourth quarter of 2000, and requested the UNCTAD secretariat to conduct consultations on the date and venue of that meeting;
- (iv) Requested the UNCTAD secretariat to finalize the draft report of the first negotiating meeting and the revised text of the Draft Agreement and circulate these drafts to participating governments in appropriate languages as soon as possible.

Expression of appreciation

17. Participants expressed their appreciation for the financial support provided by the UNDP's Special Unit for Technical Cooperation among Developing Countries, which had contributed to the successful preparation of the meeting. They also expressed appreciation for the assistance provided by the UNCTAD secretariat in the elaboration of the Draft Transit Traffic Framework Agreement and for its substantive and organizational support during the negotiations. Lastly, participants conveyed their deep gratitude to the people and Government of Mongolia for their warm reception and the hospitality extended to them during the meeting, as well as for the excellent organization of the meeting.

Closing statement

18. At the closing meeting, on 17 May 2000, the **Chairman** of the Meeting commended the cooperative spirit in which the deliberations had been carried out. In his view, the Meeting had made good progress. He called upon the parties to maintain the momentum in order to achieve agreement at an early date. He was pleased to note that all three countries shared the objective of improving transit systems in the subregion, and he believed that an effective transit traffic agreement could provide a good framework for regional transit transport cooperation.

Chapter V

ORGANIZATIONAL MATTERS

A. Opening of the Meeting

19. The Meeting was opened by the H.E. Ms. Nyamosor Tuya, Minister for External Relations of Mongolia, on 15 May 2000. Statements made at the inaugural session are reflected in chapter II above.

B. Election of the Bureau

(Agenda item 1)

20. At its first meeting, on 15 May 2000, the Meeting elected the following officers to serve on its Bureau:

Chairman:	H.E.Mr.Sukh-Ochir Bold (Mongolia)
Vice-Chairman:	Mr. Wang Xinggen (China)
Vice-Chairman-Rapporteur:	Mr. Evgeny Bobrov(Russian Federation)

C. Adoption of the agenda and organization of work

(Agenda item 2)

21. At the same meeting, the Meeting adopted the provisional agenda contained in document UNCTAD/LDC/Misc.46 as follows:

1. Election of the Bureau;
2. Adoption of the agenda and organization of work;
3. Consideration of the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation;
4. Other matters;
5. Adoption of the report of the First Negotiating Meeting to consider the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation.

D. Adoption of the report of the meeting

(Agenda item 5)

22. At its closing meeting, on 17 May 2000, the Meeting adopted its report, which is contained in document UNCTAD/LDC/Misc.47. The document also contains decisions regarding follow-up action. The Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation is contained in document UNCTAD/LDC/Misc.47/Add.1.

Annex I

LIST OF PARTICIPANTS

PEOPLE'S REPUBLIC OF CHINA

Mr. Wang Xinggen Deputy Director-General, Department of International Trade and Economic Affairs (DITEA), Ministry of Foreign Trade and Economic Cooperation (MOFTEC) - Head of Delegation

Mr. Liu Janhua Division Director, DITEA, MOFTEC - Deputy Head

Mr. Weng Lei Division Director, Department of Highway Administration, Ministry of Communications

Mr. Li Yueyin DITEA, MOFTEC - Adviser

Mr. Wang Boyong Attaché, Embassy of the People's Republic of China in Mongolia

MONGOLIA

Ministry of External Relations

Mr. G. Seseer Director, Legal Department - Head of Delegation

Mr. D. Gankhuyag Director, Department of International Organizations

Mr. J. Enkhsaikhan Ambassador, Permanent Delegate of Mongolia to the United Nations in New York

Mr. S. Bold Ambassador, Permanent Delegate of Mongolia to the United Nations Office at Geneva

Ms. B. Suvd Deputy Director, Department of International Organizations

Mr. J. Goulgou Head, Law and Treaty Division, Legal Department

Mr. D. Davaasambuu Deputy Director, Foreign Trade and Cooperation Department

Mr. L. Davaagiv Deputy Director, Political Department

Mr. P. Gansukh Senior Officer, Department of International Organizations

Ministry of Infrastructure Development

Mr. D. Naranpurev Director, Office of Road Transportation and
Tourism, Strategic Planning and Unified Policy
Department

Mr. S. Jamts Senior Officer, Coordination of Policy
Implementation Department

Mr. A. Togosbold Senior Officer, Department of Strategic
Planning and Integrated Policy

Mongolian Railways' Administration

Mr. Yo. Batsaikhan Deputy Director, MRA

Mr. V. Otgondemberel Deputy Director, MRA

Mr. L. Khaltar Director, Transport Forwarding Centre, MRA

Road Transport Department (Government Implementing Agency)

Mr. Ts. Sodov Deputy Director, RTD

Mr. R. Otgonbaatar Head of External Cooperation Division, RTD

Department of Roads (Government Implementing Agency)

Ms. E. Oyunchimeg Head, Division of Planning and Research, DOR

Mongolian Customs General Administration

Mr. D. Bayarsaikhan Head, Division of External Cooperation

Mr. G. Tuulkhuu Head, Division of Customs Control and
Registration

Ministry of Finance

Mr. J. Jargalsaikhan Senior Expert, Department of Economic Policy

RUSSIAN FEDERATION

Mr. Evgeny Bobrov Counsellor, Department of Economic
Cooperation, Ministry of Foreign Affairs - Head
of Delegation

Mrs. Tatiana Kovaleva Deputy Chief of Division, Ministry of Transport

Mr. Boris Sitkov Chief of Division, Ministry of Railway
Transport

Mr. Vitaliy Shamanov Chief Inspector, State Customs Committee

Mr. Igor Chuverin Counsellor, Embassy of the Russian Federation in
Mongolia

Ms. Anastasia Gromova Third Secretary, Embassy of the Russian
Federation in Mongolia

UNITED NATIONS

United Nations Conference on Trade and Development

Mr. Ernest Mbuli Chief, Landlocked and Small Island Developing
States Unit, Office of the Special Coordinator
for the Least Developed, Landlocked and Island
Developing Countries

Mr. Sandagdorj Erdenebileg Economic Affairs Officer

United Nations Development Programme

Mr. Douglas Gardner Resident Coordinator for the United Nations
Organizations in Mongolia

Annex II

CHECKLIST OF DOCUMENTS

1. UNCTAD/LDC/Misc.46 Provisional agenda and annotations to the provisional agenda
2. TTFA/1 Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation
3. UNCTAD/LDC/100 Review of progress in the developments of transit transport systems in North-East Asia
4. UNCTAD/LDC/105 Trade and transport facilitation : Case study of Mongolia
5. UNCTAD/LDC/Misc.48 Provisional list of participants