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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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

Irkutsk, Russian Federation, 22 – 25 October 2001

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INTRODUCTION

1. Pursuant to General Assembly resolution 50/95, 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. The Meeting adopted the Ulaanbaatar Memorandum of Understanding, which was subsequently welcomed by the General Assembly in its resolution 52/183 of 18 December 1997.
2. The Ulaanbaatar Memorandum of Understanding requested UNDP, UNCTAD 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.
3. The first negotiating meeting to consider the Draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation was held from 15 to 17 May 2000 in Ulaanbaatar, Mongolia.
4. The second negotiating meeting on the Draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation was held from 16 to 18 January 2001 in Tianjin City, China.
5. The third negotiating meeting on the Draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation was held from 22 to 25 October 2001 in Irkutsk, the Russian Federation.
6. The main document before the meeting was document UNCTAD/LDCs/Misc.47.Add.2 containing the revised Draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation. The meeting also had before it a number of documents. (The full list of documents appears as Annex II to this report.)
7. The revised Draft Transit Traffic Framework Agreement is contained in document UNCTAD/LDC/Misc.47/Add.3.

I. OPENING STATEMENTS

8. The meeting was opened by **H.E. Mr. Alexey Sobol, Vice Governor, Irkutsk Region, Russian Federation.** In his opening statement, Mr. A. Sobol welcomed on behalf of the Governor of the Irkutsk region all the participants in the meeting. He emphasized that the Irkutsk region attached utmost attention to developing relations with the countries of the rapidly developing Asia-Pacific region. In this context, the Irkutsk region with its strategic geographical location and infrastructure development serves as an important bridge between Europe and Asia. He said that the trade of the Irkutsk region with China and Mongolia had increased substantially recently. He emphasized the importance of developing the transit transport infrastructure connecting these three countries. He also pointed out the need to improve the operational efficiency of the transit trade. The importance of the Transit Traffic

Framework Agreement in improving the legal framework for governing transit transport operation was also mentioned.

9. **H.E. Mr. Evgeny Kazantsev, Deputy Minister for Transport and Communication of the Russian Federation**, paid special tribute to the People's Republic of China and Mongolia as well as the UNCTAD secretariat for their contribution to the substantive preparations for this important meeting. He emphasized that establishment of a comprehensive and balanced transit transport system was necessary for developing mutually beneficial cooperation between China, Mongolia and the Russian Federation. Such a system require well-developed legal framework. The Transit Traffic Framework Agreement between the three countries would facilitate the efforts to harmonize the transport policies in this subregion. The Government of the Russian Federation welcomed the progress which has been made during the previous two negotiating meetings. The speaker said that his government attached great importance to developing transit transport systems linking Europe and Asia. In this context, he emphasized the importance of further upgrading and modernization of the Transsiberian Railway.

10. **The representative of China** expressed appreciation to the Governments of the Russian Federation and the Irkutsk region for hosting the meeting. He mentioned that transit traffic was one of the most important issues in foreign trade. The interests of land-locked States were closely related to the interests of their neighboring transit States. He pointed out that transit traffic cooperation, including negotiations on transit traffic agreements, should be conducted on the basis of the respect of sovereignty, equality and mutual benefit. To make transit traffic cooperation more effective, the international community should provide the transit States with technical assistance for human resource development and infrastructure development. Transit developing countries needed time for undertaking institutional reform and policy adjustment. The Transit Traffic Framework Agreement between China, Mongolia and the Russian Federation would set up a good example for international cooperation in the area of transit traffic. During the past two rounds of negotiations in Ulaanbaatar and Tianjin City, progress had been registered. However, the progress seemed to be rather limited. The speaker pointed out that the Agreement should reflect the interests of all parties in a balanced manner. The Agreement should constitute a supplement, rather than a challenge, to other international conventions and bilateral agreements. The Transit Traffic Framework Agreement should include basic principles of the transit trade.

11. **The representative of Mongolia** expressed his appreciation to the Governments of the Russian Federation and the Irkutsk region for their hospitality and for the excellent preparations for the meeting. A favorable economic environment was a prerequisite for effective participation in the increasingly globalized world economy. He mentioned that complex formalities, multiple documentation requirements, and intercountry variation in procedures and documentation all added to costs and inefficiency. The simplification of procedures and institutions of transit transport would bring positive benefits for both landlocked and transit countries and enable them to expand their cooperation and their economic growth. With its disadvantaged geographical location, Mongolia faces a number of difficulties which could not be resolved without the understanding and cooperation of its neighbors. He said that support and cooperation extended by the Russian Federation and China would have an enormous positive impact on Mongolian foreign trade.

12. **The representative of the Russian Federation** said that his Government attached high importance to transit transport cooperation between China, Mongolia and the Russian Federation. Because of its unique geographical location and transport infrastructure, the Russian Federation served as an important bridge linking the Asia-Pacific region with Europe. He said the government of the Russian Federation gave special significance to the development of transport systems both within its territory and with its neighbors. He emphasized the development of the transcontinental transport corridor linking the countries of the North-East Asia subregion. He pointed out that during the previous two meetings held in Ulaanbaatar and Tianjin City, the parties had managed to develop core concepts of the Transit Traffic Framework Agreement and had reached consensus on major issues. The purpose of this meeting should be to prepare agreed text. He expressed the hope that all parties came to Irkutsk with constructive suggestions of a substantive as well as editorial nature. He stressed the desire of the Russian delegation to have a well-balanced, open Transit Traffic Framework Agreement which would reflect the interests of all contracting parties. He emphasized that the agreement should be consistent with existing international conventions and bilateral agreements in this field.

13. In his statement, the **Chief of the Landlocked and Small Island Developing Countries Unit, Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries**, said that efficient transit transport services, in terms of speed, predictability and flexibility, were a critical factor in winning and maintaining external markets. A transit traffic framework agreement could provide a good platform for the development of regional transport networks and the simplification, harmonization and standardization of transit procedures and documentation, thereby improving the efficient working of transit transport systems at the national and sub-regional levels. He also said that holding the negotiations for the Transit Traffic Framework Agreement successively in Mongolia, China and Russia was an excellent idea because it provided an opportunity for wider participation by governmental and local officials, which would generate stronger support for the future implementation of the agreement.

II. CONSIDERATION OF THE DRAFT TRANSIT TRAFFIC FRAMEWORK AGREEMENT

14. The representatives of the People's Republic of China, Mongolia and the Russian Federation had one meeting of the heads of the delegations to resolve the major outstanding issues, namely, special clauses for land-locked States; passengers; modes of transit traffic; the open or closed nature of the draft agreement; and the relationship between the Transit Traffic Framework Agreement and the existing relevant bilateral agreements. The representatives of the People's Republic of China, Mongolia and the Russian Federation had four meetings to consider the Draft Transit Traffic Framework Agreement. The revised draft is contained in document UNCTAD/LDC/Misc.47/Add.3.

III. FOLLOW-UP ACTION AND CONCLUSION OF THE MEETING

The participants in the Meeting:

Welcomed the generous offer made by the Government of Mongolia to host the Fourth Negotiating Meeting on the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation. The fourth meeting will be convened in June 2002 in Ulaanbaatar;

Agreed to refrain from reopening the agreed provisions of the Draft Transit Traffic Framework Agreement between the governments of the People's Republic of China, Mongolia and the Russian Federation in order to conclude the agreement in the near future;

Agreed to consider establishing expert groups to start detailed consultations on the Annexes referred to in the Draft Transit Traffic Framework Agreement;

Urged the UNDP to resume its financial support for future negotiations leading to the adoption of a Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation and preparation of the Annexes referred to in the Transit Traffic Framework Agreement;

Requested the UNCTAD secretariat to continue to provide substantive support to the negotiations for the Draft Transit Traffic Framework Agreement, including the preparation of Annexes referred to in the Draft Agreement;

Requested the UNCTAD secretariat to finalize the draft report of the third negotiating meeting and the revised text of the Draft Agreement under the authority of the Chairman of the meeting and circulate these drafts to participating governments in due course. The UNCTAD secretariat was also requested to make translations of the revised Draft Transit Traffic Framework Agreement into relevant languages; and

Expressed appreciation for the assistance provided by the UNCTAD secretariat for its substantive and organizational support during the negotiations. Participants conveyed their deep gratitude to the people and Governments of the Russian Federation and the Irkutsk region for the warm reception and the hospitality extended to them during the meeting, as well as for the excellent organization of the meeting.

IV. ORGANIZATIONAL MATTERS

A. Election of the Bureau

(Agenda item 1)

At its first meeting, on 22 October 2001, the Meeting elected the following officers to serve on its Bureau:

Chairman:	Mr. Andrey Smorodin (the Russian Federation)
Vice-Chairman-Rapporteur:	Mr. Zhang Xiangchen (China)
Vice-Chairman:	Mr. Gonchig Seseer (Mongolia)

B. Adoption of the agenda and organization of work

(Agenda item 2)

The Meeting adopted the provisional agenda as follows:

Election of the Bureau;

Adoption of the agenda and organization of work;

Negotiation of the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation;

Other matters;

Adoption of the report of the Third Negotiating Meeting on the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation.

V. ADOPTION OF THE REPORT OF THE MEETING

At its closing meeting, on 25 October 2001, the Meeting adopted its report, which is contained in document UNCTAD/LDC/Misc.81. 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.3.

Annex I

LIST OF PARTICIPANTS

People's Republic of China

1. Mr. Zhang Xiangchen
Head of Delegation, Deputy Director-General Department of International Trade and Economic Affairs, Ministry of Foreign Trade and Economic Cooperation
2. Mr. Zhu Guangyao
Delegate, Deputy Division Director, Department of International Trade and Economic Affairs, Ministry of Foreign Trade and Economic Cooperation
3. Mr. Zhang Baoqi
Delegate, Deputy Division Director, Department of International Treaties and Laws, Ministry of Foreign Affairs
4. Mr. Mao Tianyu
Official, Department of International Trade and Economic Affairs, Ministry of Foreign Trade and Economic Cooperation
5. Mr. Li Lu
Official, Department of Asian Affairs, Ministry of Foreign Trade and Economic Cooperation
6. Mr. Chen Shufa
Official, Exit-Entry Administration Bureau, Ministry of Public Security
7. Mr. Yu Hongchi
Attaché, Embassy of the People's Republic of China in the Russian Federation

Mongolia

1. Mr. Gonchig Seseer
Head of Delegation, Deputy Director, Legal and Consular Department, Ministry of Foreign Affairs
2. Mr. Damdin Tsogttbaatar
Deputy Head of Delegation, Deputy Director, Department of Multilateral Cooperation, Ministry of Foreign Affairs
3. Mr. Javchig Sereeter
Head, Department of Policy Coordination on Road Transportation, Communications and Tourism, Ministry of Infrastructure Development

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| 4. Mr. Yongdon Batsaikhan | Deputy Director, Mongolian Railway's Administration |
| 5. Mr. Delger Bayarsaikhan | Head, Division of Customs Policy and Cooperation, Customs General Administration |
| 6. Mr. Urjinkhudev Tugsbilguun | Officer, Department of Trade Policy and Cooperation, Ministry of Industry and Trade |

Russian Federation

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| 1. Mr. Andrey Smorodin | Head of Delegation, Deputy Director
Economic Cooperation Department
Ministry of Foreign Affairs |
| 2. Mr. Dmitriy Kasatkin | Counselor, Department of Economic
Cooperation
Ministry of Foreign Affairs |
| 3. Mrs. Tatiana Kovaleva | Chief of Division, Ministry of Transport |
| 4. Mrs. Tatiana Krivolevich. | Deputy Chief of Division, Ministry of
Transport |
| 5. Mr. Boris Sitkov | Chief of Division, Ministry of Railway
Transport |
| 6. Mr. Vladimir Donskoy | Chief of Division, Association of
International Carriers |

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| 1. Mr. Ernest Mbuli | Chief, Landlocked and Small Island Developing
Countries Unit
Office of the Special Coordinator for LDCs
(OSC/LDCs) |
| 2. Mr. Sandagdorj Erdenebileg | Economic Affairs Officer
(OSC/LDCs) |
| 3. Ms. Regina Ogunyinka | Secretary (OSC/LDCs) |

Annex II

CHECKLIST OF DOCUMENTS

UNCTAD/LDC/Misc.47/Add.2 -	Draft Transit Traffic Framework Agreement
UNCTAD/LDC/Misc.60 -	Provisional Agenda
UNCTAD/LDC/Misc.51 -	Report of the Second Negotiating Meeting on Transit Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation