

Multiyear Expert Meeting on

**Transport, Trade Logistics and Trade  
Facilitation, Seventh session:  
Trade facilitation and transit in support  
of the 2030 Agenda for Sustainable  
Development**

7 to 9 May 2019

**Transit and Transit Coordinator**

Presentation by

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UNCTAD



# TRANSIT AND TRANSIT COORDINATOR

UNCTAD MYEM, 7-9 May 2019, Geneva, Switzerland  
Poul Hansen, Chief Trade Facilitation UNCTAD

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## Why does transit matter?

- **What does an extra day of transit cost?**
  - World bank study: adds  $\approx 1\%$  of the shipment's value
- **Study on US exports:**
  - 1000 km by sea increase freight by 4%
  - 1000 km by land increase freight by 30%
  - Being landlocked increases freight by 50%
- **Additional transit time requires larger inventories**
- **Result: less trade, less investment, less growth**

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## WHAT TO CONSIDER FOR A GOOD FUNCTIONING OF TRANSIT?

International and Regional standards,  
WCO, UNECE, Regional standards (EAC, TIRE etc)

Complexity of transit procedures:

**Goes beyond customs**

Implementation of TFA :

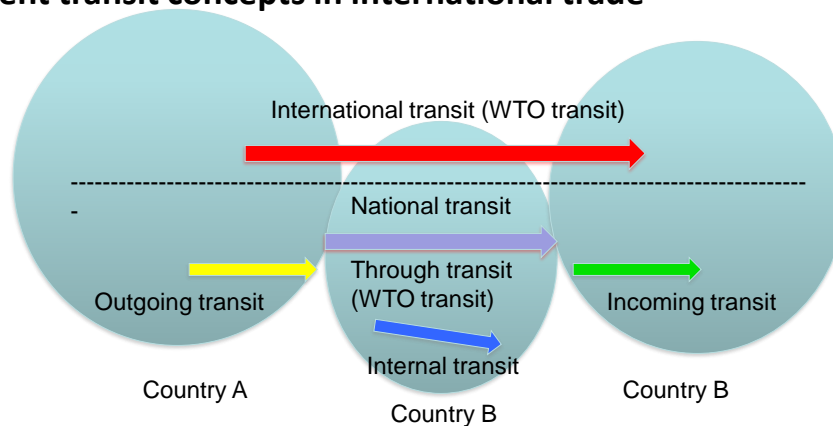
Article 11 and other relevant articles

Transit coordinator

Infrastructure

## What is Transit

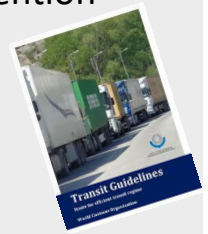
### Different transit concepts in international trade



## International standards

### Based transit on existing international standards:

- WCO Revised Kyoto Convention
  - WCO Transit Guidelines
- UNECE TIR Convention
- Vienna Programme of Action for LLDCs
- Other



## Regional transit solutions

### Examples:

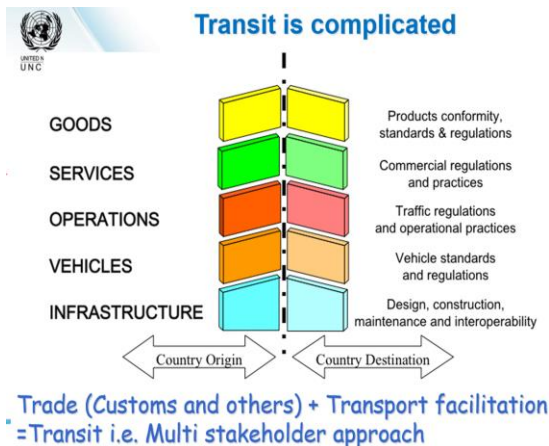
- COMESA Transit
- TRIE (West Africa)
- Mekong Subregion
- ASEAN

## General considerations for transit

### Transit procedures

- Transit management
- Information exchange, automated transit
- Guarantee mechanisms,
- Harmonized legal and security requirements,
- Fees and charges,
- Joint controls, coordinated border management,
- Mutual recognition of customs seals,
- And other facilitation measures.

## Multi stakeholder approach is needed



- What are the multiple players?
- What are the multiple interventions?
- What are the different laws and regulations?

## WTO TFA Art.11 – Freedom of transit

### Measure description

List of **disciplines** to be applied to **goods in transit**

- Limited / simplified formalities, documentation and controls
- No restrictions affecting traffic in transit and transit discipline application
- 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 guarantees<sup>2</sup> and of customs convoy

### Nature of Obligation

#### “Shall”

Obligated to implement as per description

## WTO TFA Art.11 – Freedom of transit

### Measure description

Making available physically **separate infrastructure for traffic in transit** (e.g. lanes, berths...)

### Nature of Obligation

#### “Encouraged to”

Best endeavor measure

**Cooperating and coordinating** with other countries with a view to enhance freedom of transit

#### “Shall endeavor to”

implementation is not obligatory, but making efforts to implement the measure is mandatory

Appointing a **national coordinator for transit**

#### “Shall endeavor to”

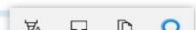
implementation is not obligatory, but making efforts to implement the measure is mandatory

## Other Measures Matter for a Functional Transit Frontier



### 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



WTO TFA Article 11.16 Transit Coordination and cooperation

Members **shall endeavour** to cooperate and coordinate with one another with a view to **enhancing freedom of transit**. Such cooperation and coordination may include, but is not limited to an understanding on:

- (a) charges;
- (b) formalities and legal requirements; and
- (c) the practical operation of transit regimes.



WTO TFA Article 11.17 Transit Coordinator

Each Member shall endeavor to **appoint a national transit coordinator** to which all enquiries and proposals by other Members relating **to the good functioning of transit operations** can be addressed

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## OUTLINE

### Transit Coordination

The importance of appointing a transit coordinator

Process of appointing a Transit Coordinator

The role of a transit coordinator

Other responsibilities of transit coordinators

Transit Coordinator in the Context of the NTFC, other stakeholders

Challenges faced by a TC





## THE IMPORTANCE OF APPOINTING A TRANSIT COORDINATOR ?

Transit regime requires compliance with laws and regulations of different countries that may be different and changing from time to time.

Thus, greater national and international coordination is required to facilitate the flow of goods

## THE IMPORTANCE OF APPOINTING A TRANSIT COORDINATOR

- Transit involves a number of operations and players, multiple offices and driving long distances.
- That complexity of procedures calls for a better coordination to respond to the enquiries related to transit operations.
- Hence need for a framework that allows for quick intervention and quick decision making without necessarily going through the normal administrative procedures to avoid the issues of unnecessary delays and costs that may arise.

## THE IMPORTANCE OF APPOINTING A TRANSIT COORDINATOR

Efficient management of transit requires exchange of information between transit countries; the information can be requested by the first point where transit started, the country of transit and /or the country of destination.

The information requested may be related to risk management or help to prevent transit offences.

Therefore, there is a need for appointing a focal person to coordinate and facilitate a timely exchange of information.

### ROLE OF TRANSIT COORDINATOR

Receive and respond to enquiries regarding transit operations

This could be **done by establishing a strong communication strategy** for receiving and responding to enquiries made by other members.

This **communication mechanism can include tools such as call center with toll free number**, use of emails and efficient use of Globally Networked Customs system.

## ROLE OF TRANSIT COORDINATOR



**Coordinate and Facilitate the exchange of information**



**Information exchange along the transit route is very key for efficient risk management.**



**The coordinator will facilitate the exchange of information among member States.**



**This can be efficiently achieved with the use of an electronic information system, the Globally Networked Customs system and other relevant tools.**

## ROLE OF TRANSIT COORDINATOR

### **Make proposals for a better functioning of transit**

He will be responsible for collecting information related to transit issues and challenges, best practices and make relevant recommendations for improvement.

To perform this role, he needs to work closely with the committee of Non-Tariff Barriers, border committees and should be a permanent/ad hoc member of the NTFC what is this?

## RESPONSIBILITIES OF THE TRANSIT COORDINATOR

### Regular review of transit formalities and regulations

- ✓ To ensure that transit **formalities, documentary requirements, Customs controls are simplified;**
- ✓ To ensure that transit **regulations or formalities are removed when the circumstances giving rise to their adoption no longer exist;**
- ✓ To ensure that goods under transit procedure that have been **authorized to proceed are not subject to any Customs charges;**
- ✓ To ensure that **traffic in transit is not subject to any fees or charges;**
- ✓ To ensure that **transit cargo is not treated less favorably.**

## RESPONSIBILITIES OF THE TRANSIT COORDINATOR

### Proper management of transit guarantee

- ✓ Responsible for **reviewing the transit guarantee** system to ensure that the following principles are applied:
  - ✓ Comprehensive guarantee is allowed which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.
  - ✓ Determination of transit guarantee is limited to ensuring that requirements arising from such traffic in transit are fulfilled.
  - ✓ Transit operation is promptly terminated once traffic in transit has reached the Customs office if all the requirements have been met.

## RESPONSIBILITIES OF THE TRANSIT COORDINATOR

### Spearhead the publication and update of information on transit

- Information on transit fees and charges
- Information on transit formalities and documentation
- Forms and documents required
- **To maintain the database of enquiries**

## RESPONSIBILITIES OF THE TRANSIT COORDINATOR

- **Champion the reforms aimed at improving and modernizing transit procedures**
  - ❖ To initiate steps to ensure that relevant reforms are done to enable the implementation of the provisions of article 11 of the TFA.
  - ❖ Propose amendments of the laws to establish a strong legal framework that support the implementation of TFA
  - ❖ Establish procedures for advance filling and processing of transit documentation and data
  - ❖ Develop risk management strategy
  - ❖ Promote the use of international standards such as: TIR , WCO data model, ASYCUDA transit module.....

## RESPONSIBILITIES OF THE TRANSIT COORDINATOR

### • Custodian and promoter of bilateral or regional agreement

- The dependency on countries in addressing transit issues calls for a greater cooperation among countries.
- The cooperation is achieved by concluding bilateral or regional agreement, acceding to the conventions related to facilitating transit.
- The transit coordinator will take an active part in the negotiations of the new agreement, initiate steps to accede to the existing ones and he will follow up the implementation of provisions of relevant agreements.

## WTO TFA Art. 8.1: Transit coordinator National coordination

Coordinated Border Management arrangement	<ul style="list-style-type: none"> <li>❖ Each key agency to designate a transit focal point who will work closely with the transit coordinator</li> <li>❖ Transit coordinator to participate in CBM meetings</li> </ul>
National Trade Facilitation Committee	<ul style="list-style-type: none"> <li>❖ Be a member or ad hoc member of the NTFC</li> <li>❖ Work closely with the enquiry point officer</li> <li>❖ Follow up with the publication of information on transit</li> </ul>
Use of other national forums : Committee on NTBs	<ul style="list-style-type: none"> <li>❖ To report transit issues</li> <li>❖ To have a better understanding of transit issues</li> </ul>
Single Window	<ul style="list-style-type: none"> <li>❖ Communicate with other border agencies through SW</li> </ul>

## WTO TFA Art. 8.2: Coordination with other members:

Coordinated Border Management arrangement

- ❖ One Stop Border Post (OSBP)

Establish a mechanism to receive and respond to the enquiries of other members

- ❖ To establish a call center or hot line
- ❖ E-mail group
- ❖ Create closed user group
- ❖ Globally Networked Customs System
- ❖ Transit network address books (the EU type)

Regional forums

- ❖ To discuss transit issues

## CHALLENGES of a Transit Coordinator



Lack of cooperation

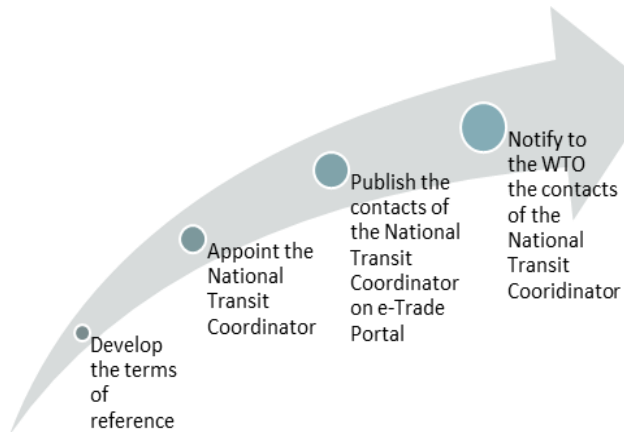


Lack of skills and knowledge about transit operations (HR)



Financial resources

## PROCESS OF APPOINTING A NATIONAL TRANSIT COORDINATOR



## UNCTAD TRANSIT COORDINATOR TRAINING

- Regional training workshops
- Training and capacity building and experience sharing with transit coordinators
- Develop Terms of Reference
- Draft Work plan for national transit coordinator
- Establish network





## Infrastructure and facilitation Must go hand in hand



- Roads
- Constructions
- High technology(cargo trucking, scanners)
- ICT



**Thank you**

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Poul Hansen, Chief Trade Facilitation UNCTAD

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