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UPDATE AND REPORTS

Compendium of Best Practices in the Area of Transit

(Item IV.c on the Agenda)

(“B” Item on the Agenda)

SUMMARY

Purpose of document

This document reports on the progress towards finalising the Compendium of best practices in the area of transit.

Action required of the Permanent Technical Committee

The Permanent Technical Committee is invited to :

- examine the final draft of the Compendium of best practices in the area of transit; and,
- endorse it for submission to the June 2020 sessions of the Policy Commission and Council for their endorsement.

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I. Background

1. The establishment by Members of efficient and effective transit regimes in their territories is a major trade facilitation measure. The WCO Revised Kyoto Convention (RKC), Article V of the General Agreement on Tariffs and Trade (GATT), and Article 11 of the World Trade Organization Agreement on Trade Facilitation (WTO TFA) frame the nature of transit by prohibiting the application of any duties and taxes for goods in transit and ensuring their free flow. For Customs administrations, however, transit still causes concerns vis-à-vis the cases of diversion of transit goods to home consumption and the associated revenue implications, as well as other illicit activities involving goods in transit.
2. Efficient transit regimes are of particular importance for the economic development of landlocked developing countries (LLDCs), as well as transit developing countries. The WCO contributes to improving transit systems for LLDCs and transit developing countries by setting standards for simplified and harmonized border procedures, delivering capacity building projects and enhancing cooperation and coordination with other development partners.
3. With regard to the standard-setting area, in November 2014 the WCO launched the Transit Handbook during the Second UN Conference on LLDCs. The Handbook deals with various aspects of the operation of the Customs transit procedure, and is accordingly intended to serve as a practical guide to assist WCO Members to develop functional and effective transit systems which may contribute to the enhancement of economic competitiveness and secure their revenue. In particular, the Transit Handbook helps developing and least developed Members to assess the effectiveness of their transit schemes and identify any further improvements needed.
4. In July 2017, the WCO launched another tool in the area of transit – the Transit Guidelines. The development of the WCO Transit Guidelines, containing 150 guiding principles for efficient transit regimes, is an important milestone, not only for LLDCs but also for other Members, in particular transit countries. Given that there are countless regional and national initiatives on transit, the WCO Transit Guidelines contribute to the harmonization of different regional transit projects, support the economic growth of LLDCs, and promote regional economic integration.
5. Following the launch of the Transit Guidelines, in the period November 2017 – April 2019, the WCO delivered regional workshops for all six WCO regions to promote the implementation of the Guidelines, further discuss challenges and possible solutions, and collect regional and national best practices in the area of transit.
6. The best practices collected through these regional workshops and as a result of a call for submission of best practices were compiled in a Compendium of best practices in the area of transit. The development of this new tool is foreseen in the Action Plan for Phase IV of the ECP, where the deadline for completion of the task is set at June 2020. The first draft of the Compendium, containing 29 Members' practices, was presented to the October 2019 PTC. In October 2019, the PTC took note of the status of the Compendium of best practices in the area of transit.

II. Progress towards finalising the Compendium of best practices in the area of transit

7. Since October 2019 the Secretariat added more best practices to the Compendium and enhanced the introductory sections therein, thus producing the final draft of the new tool. The final draft of the Compendium includes a total number of 34 best practices, grouped per WCO region. The introduction to each of the sections of

the Compendium provides information about the respective WCO region in terms of Members, regional integration entities of relevance to transit, etc.

8. The Compendium of best practices in the area of transit is aimed at illustrating, in practical terms, the guiding principles outlined in the WCO Transit Guidelines, thus contributing to enhancing the transit regimes efficiency and effectiveness. The best practices in the Compendium cover the various aspects of transit as described in the Transit Guidelines - legal framework, ICT and efficient information management, guarantee system, simplification of formalities, etc.

III. Conclusion

9. The Permanent Technical Committee is invited to :
- examine the final draft of the Compendium of best practices in the area of transit; and;
 - endorse it for submission to the June 2020 sessions of the Policy Commission and Council for their endorsement.
