WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Transit Facilitation for Regional Economic Integration and Competitiveness

The 7th PICARD Conference

Marrakesh
23 September 2012

Research and Strategies Unit
Office of Secretary General
World Customs Organization (WCO)

Key principles

- **International conventions**
  - GATT Article V, RKC, Geneva Convention, etc.
  - Two types of transit: International & National

International transit

Through transit,
Thailand to Singapore through Malaysia

National transit

Transit at importation,
Seaport to inland Customs office

Transit at exportation,
Customs inland office to airport

Internal transit,
Customs office to another

(source) Matrang Shuhaili and Ho Lock (2012)

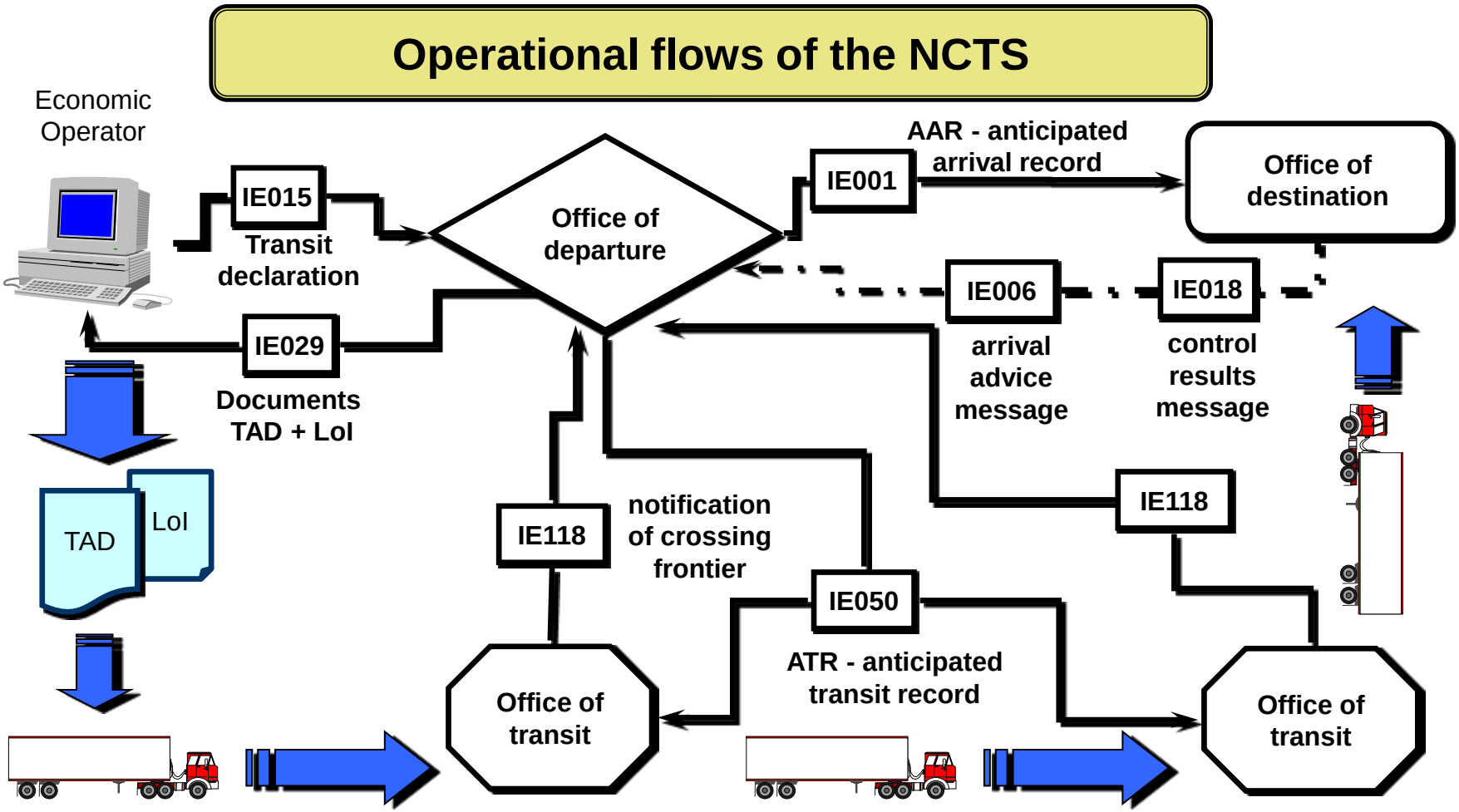
Key principles

- **Characteristics of transit by road**
  - Customs duties & taxes temporarily suspended
  - Transport operation under Customs control
  - Responsible person (principal) – mostly carrier
  - Simple & inexpensive to implement, because:
    - Informing on transit traffic and goods likely unchanged
    - Fewer data elements for transit declarations
    - Fewer regulatory agencies
    - Less frequently inspected

Case Studies

- **Sampling countries**
  - Landlocked countries & Transit countries
- **Seven areas of transit facilitation measures**
  (1) Information sharing
  (2) Guarantee systems
  (3) Pre-arrival information
  (4) Operators with high compliance
  (5) Border infrastructure
  (6) Application of Information Technology
  (7) Performance measurement

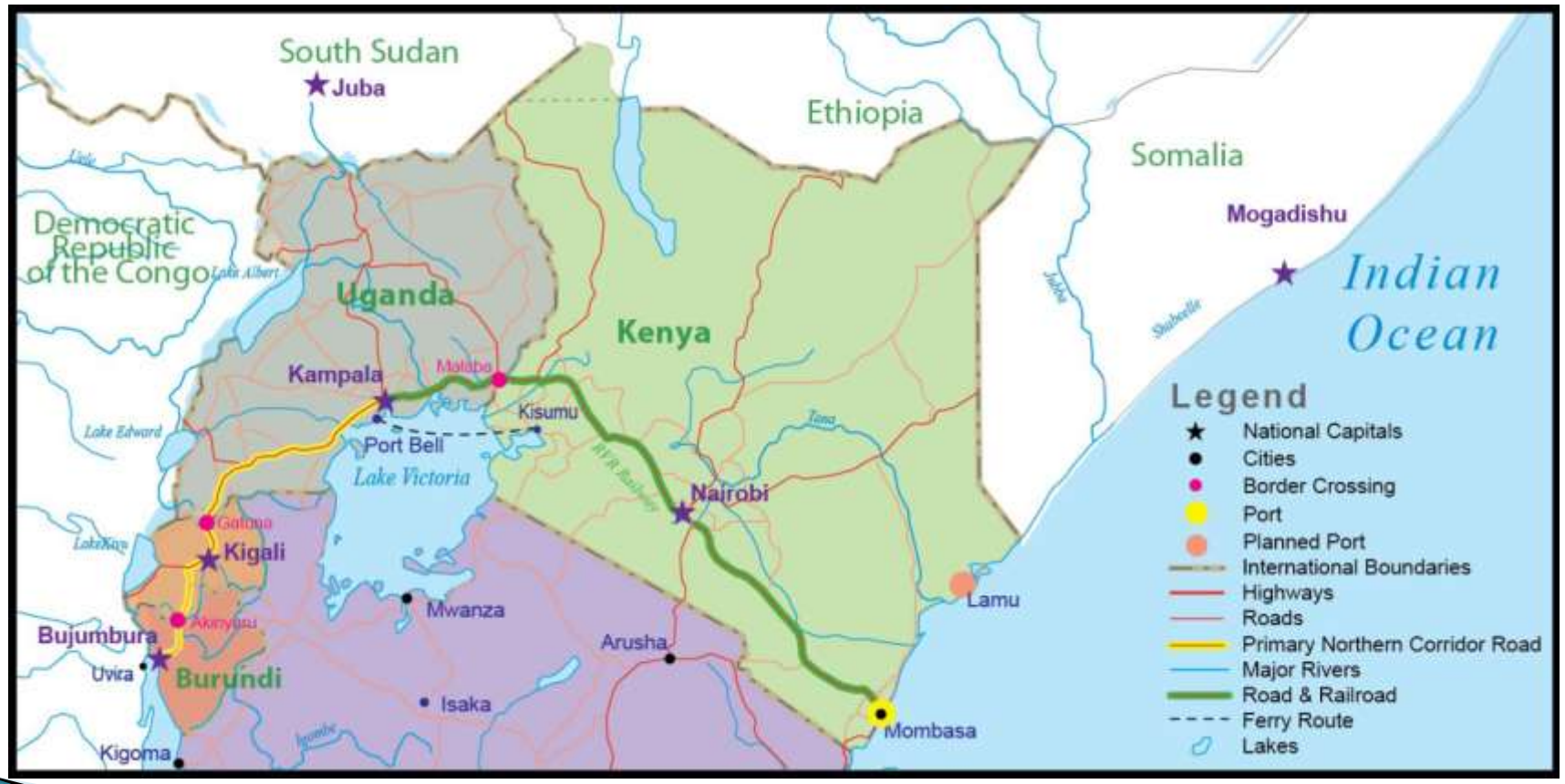
(1) Information sharing



(source) Yasui (2011)

(1) Information sharing

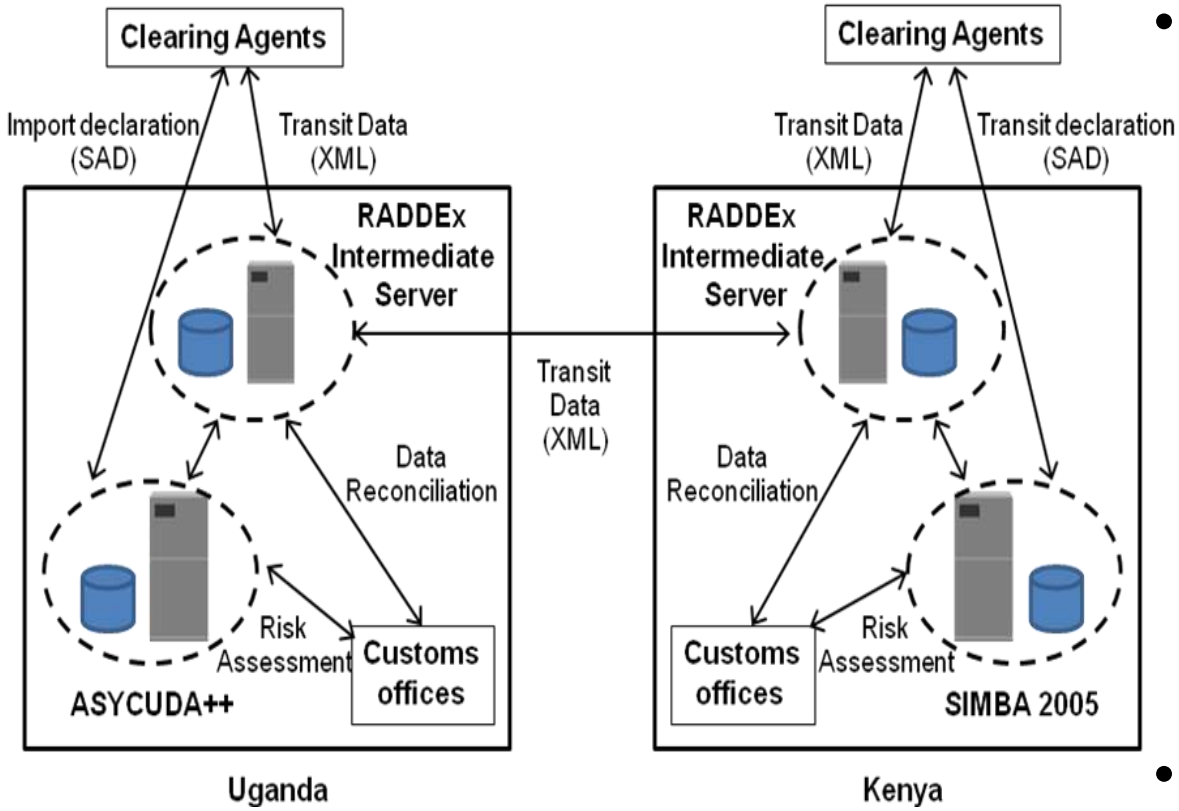
The Northern Corridor in the EAC region



(source) USITC (2012)

(1) Information sharing

RADDEx system in the EAC region



(source) Yasui (2011)

- Outcomes
  - 95% coverage of the northern corridor
  - Faster border release: 3 hours on average
  - Easy check of outstanding export-/re-export transaction
  - Detection of fraud
  - Benefits to business
- A regional system under development

(2) Guarantee systems

- **Multinational and Regional systems**
  - International legal framework needed
  - Saving in time and cost of administrative work
  - TIR system - operational in 51 countries
  - Common Transit System - EU, EFTA and Croatia
- **National systems**
  - Comprehensive guarantees
  - Automatic release of guarantee - Uganda
  - Full or partial waiving - Malaysia

(3) Pre-arrival information

- **Risk assessment as early as possible along the supply chain management**
- **New EU's rule:**
  - Security and safety data for any goods entering into the territory:
    - Implemented from January 2011
    - Road traffic: One hour before arrival
  - Agreement between the EU and Switzerland
    - Waiving the rule on goods between the two parties
    - The same rules implemented in both parties
    - Mutual recognition of the equivalence of security standards

Little impact on movements & procedures

(4) Operators with high compliance

- **Authorized consignor/consignee programs**
  - RKC Specific Annex E
  - Possible benefits for the business:
    - Full or partial waving of transit guarantees
    - Reduced data elements in transit declarations
    - Customs clearance at the operator's domicile
    - Less inspection by Customs and other regulatory bodies
  - Challenges:
    - A few AEO programs for transit and carriers
    - Little coordination between authorized consignor/consignee programs & AEO programs
    - Lack of mutual recognition of AEO status & a regional AEO program

(5) Border infrastructure

- **Border infrastructure designed for transit**
  - Separate transit lanes, Customs transit offices, special zones dedicated to transit, etc.
  - Cost reduction: less waiting time at borders
  - Efficient procedures: Specialization of staff & facility
  - Juxtaposed offices:
    - Basel between Germany and Switzerland
    - Chiasso between Italy and Switzerland
  - OSBP: Rwanda and Uganda

(6) Application of Information Technology

- **Malaysia**
  - Security and Trade Facilitation Program from 2011
  - RFID seals affixed to containers
  - Information automatically retrieved by RFID reader
  - Infrastructure cost: US$15 million
  - Outcomes of the 2011 trial:
    - 47 minutes less per container
    - Welcomed by the private sector

(Source) Matrang Suhaili and Ho Lock (2012)

(6) Application of Information Technology

- **Jordan**
  - Electronic transit tracking system from 2008
  - Real time tracking of the truck movements through GPS
  - Voluntary program: a fee at US$30 per truck
  - Mobile team when an alarm is activated
  - Outcomes:
    - Used by nearly 100% of transit trucks;
    - Average waiting time at borders: 8 hours to few minutes;
    - Transit time along a transit route: reduced by more than 60%;
    - Truck congestion at borders: disappeared;
    - Transit traffic across Jordan: grew by more than 80%; and
    - Smuggling cases during the transit operation: downwards

(7) Performance measurement

Performance indicators (in mean, by road) of the CAREC six corridors in 2011

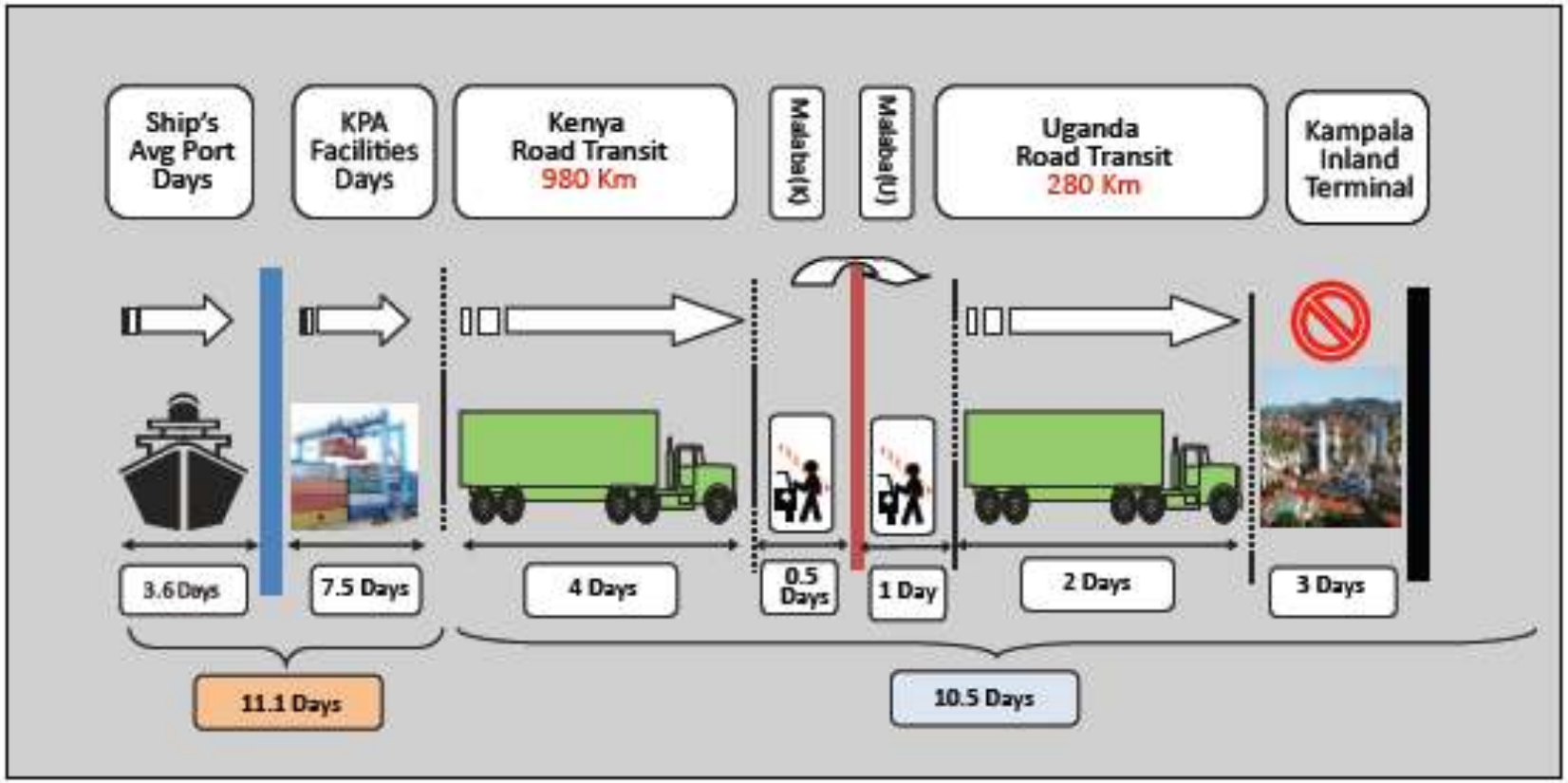
Performance indicators	Lowest *	Highest *	Overall
Time to clear/release a border crossing point (in hour)**	4.9	8.6	6.2
Cost incurred at border crossing clearance/release (in US$)	91	201	148
Cost incurred to travel a corridor section (in US$, per 500km,per 20 ton)	679	1,663	1,055
Speed to travel on CAREC corridors, without delay*** (in kph)	19.4	29.9	24.5
Speed to travel on CAREEC corridor, with delay*** (in kph)	30.5	52.1	43.0

* Each represents the lowest and highest figures among the six CAREC corridors
** The term “Release” is added to the original descriptions of the two indicators, because the indicators measures time and cost to release transit goods, and to clear imported and exported goods.
*** “Speed without delay” as a ratio of distance travelled to the time spend by a vehicle in motion between origin and destination (actual travelling time), while “Speed with delay” as the ratio of distance travelled to the total time taken to traverse the entire journey including transit time as well as spend on stop activities

(Source) CAREC (2012), p.5

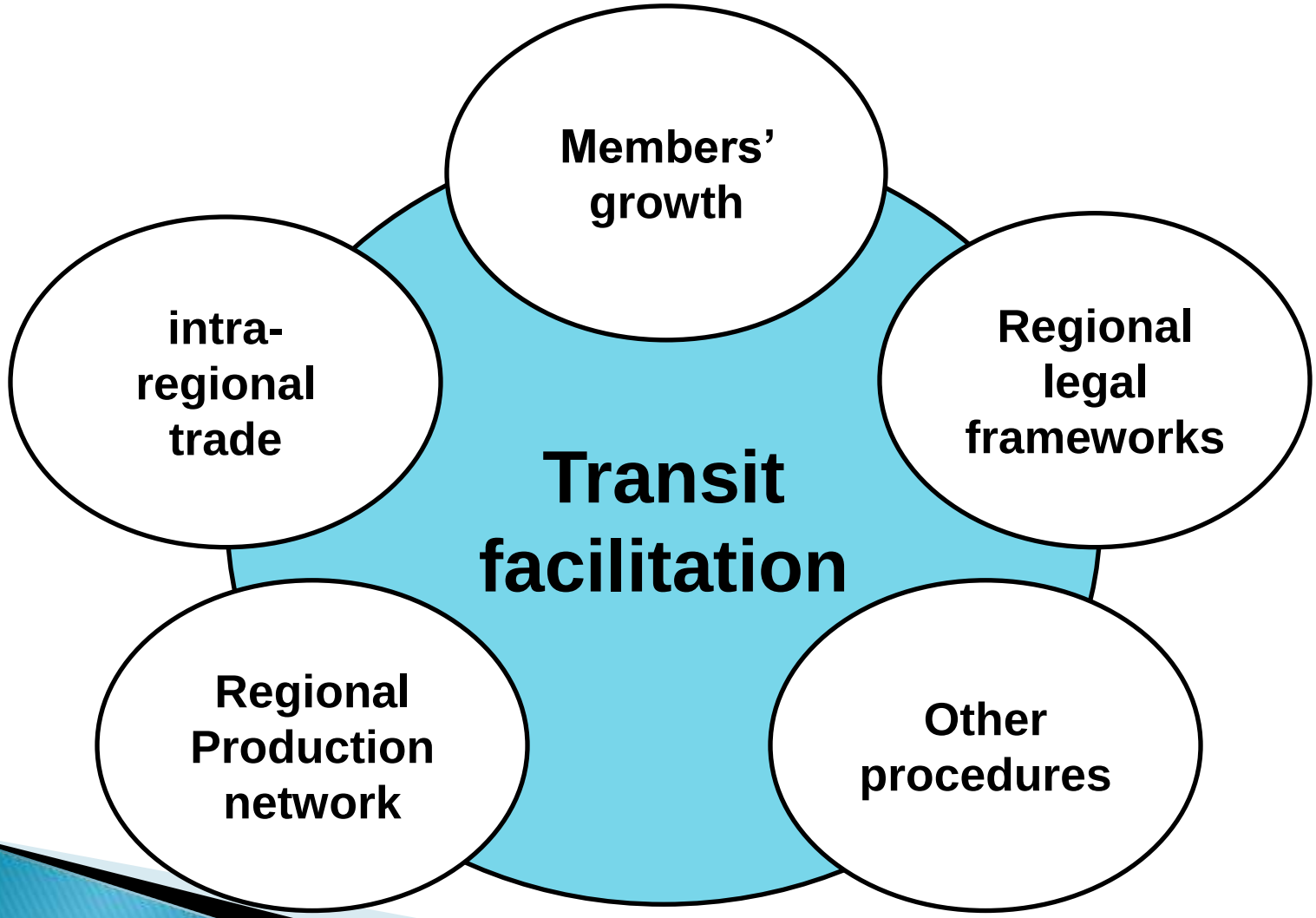
(7) Performance measurement

A container from the Mombasa seaport and by road to Kampala, Uganda



(source) World Bank (2010)

Regional Economic Integration & Competitiveness



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Thank you