SIDE-EVENT

“Modernization of the transit process – opportunities offered by TIR”

UN Secretariat New York
Conference Room 12 (01:15 – 2:30 pm)
6 December 2019

BACKGROUND

The world’s 32 landlocked developing countries (LLDCs) face special challenges associated with their lack of direct territorial access to the sea. They are isolated from major centres of economic and trade activity and their sea-borne trade unavoidably depends on transit through other countries.

For the LLDCs, the following issues are particularly prevalent and tend to result in significantly higher transport costs thereby extending LLDC’s ‘economic distance’ to the international markets:

- Longer geographic distances for cargo transportation (by road, rail and inland waterways) to the nearest sea ports often connected with poor and/or scarce or underfinanced transport infrastructure construction, maintenance and renewal.

- Time losses at border crossings/ inefficiencies in border crossing procedures.

- Cumbersome administrative requirements (both domestically and in transit countries) for import and export.
Additional trade transaction costs in transit turning LLDC transport costs significantly higher than coastal countries.

As a result, LLDCs tend to be at a significant economic disadvantage compared to their non-landlocked neighbours due to higher than average trade and transport costs and limited integration into the global economy because of their geographic remoteness. More specifically, LLDCs have transport costs which are on average 50% higher than developing countries that have access to the open sea. If containerized imports are considered, LLDCs have costs that are 85% higher than the world average. As a result, LLDC exports are less competitive and the average LLDC has 60% of the trade volume of the average coastal country.

The above is exactly why LLDCs and transit developing countries should work towards the establishment of a successful transit regime. The Vienna Programme of Action for LLDCs (VPoA) stresses the need to promote harmonization, simplification and standardization of rules and documentation, including the full and effective implementation of international conventions on transport and transit. There are several key international conventions that offer the legal and regulatory framework to facilitate transit.

The World Customs Organization (WCO) is fully aware of the challenges faced by LLDCs and contributes to the efforts aimed at unlocking their potential. More specifically, the WCO contributes to improving transit systems for LLDCs by setting standards for simplified and harmonized border procedures, delivering capacity building projects and enhancing cooperation and coordination with other development partners. In addition to the WCO Revised Kyoto Convention that outlines the standards for simple yet efficient procedures, the WCO has developed several non-binding tools to support LLDCs and transit countries in their efforts to establish efficient and effective transit regimes. The most relevant among those tools is the WCO Transit Guidelines. Moreover, the WCO is currently compiling a new tool that will showcase and promote Members’ best practices in the area of transit.

The United Nations Economic Commission for Europe (UNECE) is administering the TIR Convention (of 1975). This is a United Nations Convention that establishes and regulates the only existing and operational global customs transit system. It has a broad geographic coverage with 76 Contracting Parties, including the European Union. As of 2018, more than 33,000 operators are authorized to use the TIR system and around 1.2 million TIR transports are carried out annually. The TIR Convention facilitates the international carriage of goods from one or more customs offices of departure to one or more customs offices of destination and through as many countries as necessary. As a rule, the vehicle remains sealed throughout the TIR transport and, thus, goods are generally not inspected at border crossings. However, customs authorities remain entitled to perform inspections whenever they suspect irregularities or randomly. To cover the customs duties and taxes at risk throughout the journey, the Convention has established an international guaranteeing chain which is managed by the International Road Transport Union (IRU) based on the authorization provided by the Contracting Parties to the convention. The Convention applies to transports with road vehicles, combinations of vehicles as well as containers and allows for the use of the TIR Carnet across all modes of transport, including railways, inland waterways and maritime transport provided that at least one leg of the journey is made by road. According to a recent IRU study the benefits to the economy of implementing the TIR Convention range between 0.14 and 1.31 per cent of the national GDP of a country which may even be higher in the case of LLDCs.
MODERNIZATION OF THE TRANSIT PROCESS FOR THE BENEFIT OF LLDCs

Convinced that computerisation and digitalization of transport documents brings with it considerable time, cost and efficiency gains, the 76 TIR Contracting Parties, out of which many are LLDC or transit developing countries, have started the eTIR project. Implementation of eTIR by Contracting Parties ensures a secure electronic exchange of TIR transport data between national customs systems and the management by customs of TIR guarantees data. A step-by-step and corridor-based approach has been adopted for its implementation. Several eTIR pilot have taken place in recent years such as between Iran (Islamic Republic of) and Turkey and Georgia and Turkey. Other eTIR projects are currently under development, such as the eTIR intermodal project between Azerbaijan, Georgia, Kazakhstan and Ukraine or the eTIR project between Azerbaijan and Iran (Islamic Republic of).

The purpose of this side-event is to shed lights on the many opportunities offered to LLDCs by the ongoing TIR digitalisation efforts and the transit facilitation tools and initiatives provided by other organizations such as the World Customs Organization (WCO).

PROGRAMME
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Moderator: **Mr. Roel Janssens**, UNECE Sustainable Transport Division

**Mr. Konstantinos Alexopoulos**, TIR Secretary, United Nations Economic Commission for Europe (UNECE) Sustainable Transport Division, on “Opportunities offered for LLDCs by TIR digitalisation efforts”

**Mrs. Gladys Mutangadura**, Senior Programme Officer, UN-OHRLLS, on “The importance of the Vienna Programme of Action and enhanced transit for LLDCs”

**Ms. Vyara Filipova**, Compliance and Facilitation Directorate, World Customs Organization – “WCO instruments tools and initiatives aimed at transit facilitation”


**Mr. Martin Rojas**, Senior Adviser for the Americas, International Road Transport Union (IRU) – “Views of the road transport industry”

Interactive discussion