Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)

COMCEC

Improving Customs Transit Systems In the Islamic Countries

COMCEC Coordination Office
October 2019

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List of Acronyms

ACDD	ASEAN Harmonized Customs Declaration Document
ACTS	ASEAN Customs Transit System
AEO	Authorized Economic Operator
AFAFGT	ASEAN Framework Agreement on Facilitation of Goods in Transit
AGVCB	ASEAN Goods Vehicle Cross-Border
AIRTO	Association of International Road Transport Operators of the Kyrgyz Republic
APRIS	ASEAN Programmes for Regional Integration Support
ARISE	ASEAN Regional Integration supported by EU
ASEAN	Association of Southeast Asian Nations
ATA	Passport for goods
ATIT	Partial Agreement on International Land Transport
ATT	ASEAN Authorized Transit Traders
BCIE	Central American Bank for Economic Integration
BCP	Border Crossing Point
BPMN	Business Process Model and Notation
BRS	Business Requirement Specifications
CAN	Andean Community of Nations
CAs	Customs Administrations
CAUCA	Central American Customs Code
CBM	Coordinated Border Management
CCN/CSI	EU Common Communications Network / Common Systems Interface
CD	customs declaration
CDPS	Customs Declaration Processing System
CDTA	NCTS Centrally Developed Transit Application
CEN-SAD	The Community of Sahel-Saharan States
CEPII	Le Centre d'études prospectives et d'informations internationales
CHD	NCTS Central Help Desk
CIS	Commonwealth of Independent States
CMR	International Carriage of Goods by Road / Convention Relative au Contrat de Transport International de Marchandises par la Route
CoD	Customs Office of Destination
CoDe	Customs Office of Departure
COL	Customs Office List
COMESA	The Common Market for Eastern and Southern Africa
CoT	Customs Office of Transit
CPTFWG	ASEAN Customs Procedures and Trade Facilitation Working Group
CRM	Customs Risk Management
CRMS	EU Common Customs Risk Management System
CS/MIS	NCTS Central Services/Management Information System
CS/RD	NCTS Central Services/Reference Database
CTR	CTR
DEP	Designated Export Place
DFID	UK Department for International Development
DUCA	Central American Unique Declaration - Declaración Única Centroamericana
DUT	Declaracio Unica de Transito / Unified Transit Declaration
EAC	East African Community

EAEU	Eurasian Economic Union
ECOWAS	Economic Community of West African States
EDI	Electronic Data Interchange
EFTA	European Free Trade Association
ERTS	*Enhanced Remote Transit Shed*
eTIR	electronic TIR
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GAFTA	Greater Arab Free Trade Area
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMS	NCTS Guarantee Management System
GPS	Global Positioning System
IBM	Integrated Border Management
ICT	Information Communication Technology
IMO	United Nations and International Maritime Organization
IRM	Integrated Risk Management
IRU	Road Transport Union
ISO	International Organization for Standardization
ISO TC	Technical Committees
KCS	Kyrgyz Customs Service
KPI	Key Performance Indicators
LLDC	landlocked developing countries
LPI	Logistics Performance Index
MCC	NCTS Minimal Common Core
MERCOSUR	Southern America Common Market
MoU	Memoranda of Understanding
MRN	Movement Reference Number
NCTS	New Computerized Transit System
NCTTA	Northern Corridor Transit and Transport Agreement
NII	Non-intrusive inspection technology
ODECA	Organization of Central American States - Organización de Estados Centroamericanos
OECD	Organization for Economic Co-operation and Development
OGA	Other Government Agencies
OIC	Organization of Islamic Cooperation
OSBP	One-stop border post
OTS	Old Transit System
RADDEx	Revenue Authorities Digital Data Exchange system
RCTG CARNET	Regional Customs Transit Guarantee scheme
RECAUCA	Regulations of Central American Customs Code
RIF	Risk Information Form
RILO	Regional Intelligence Liaison Office
RKC	Revised Kyoto Convention
RRECTS	Regional Electronic Cargo Tracking System
RTS	Real-Time Safe TIR

SAC	Tariff Sistema Arancelario Centroamericano / Central America common tariff
SAD	Single Administrative Document
SAFE FoS	WCO SAFE Framework of Standards
SAFTA	South Asian Free Trade Area
SICA	Central American Integration System - Sistema de la Integración Centroamericana
SIECA	Secretariat for Central American Economic Integration
SINTIA	International Customs Transit Computerized System
SIRRS	regional System of Integrated Sanitary Registers - Sistema de integración Regional para Registros Sanitarios
SMART	Statistics Management Analysis Reporting Tool
SMEs	Small and medium-sized enterprises
SPS	Sanitary and Phytosanitary
SW	Single Window
TAD	Transit Accompanying Document
TBT	Technical Barriers to Trade
TFI	Trade Facilitation Indicators
TIE	Inter-state Transport convention
TIM	International Customs Transit – Transito Aduanero Internacional de Mercancia
TIR	Transports Internationaux Routiers /International Road Transports
TIR-EPD	TIR electronic pre-declarations
TMEA	TradeMark East Africa
TRACECA	Europe-Caucasus-Asia International Transport Corridor
TRIE	Inter-state Road Freight Transit convention
TRS	Time Release Study
TTA	NCTS Transit Test Application
UAE	United Arab Emirates
UAIS	Kyrgyz Customs Service Unified Automated Information System
UIBE	University of International Business and Economics, Beijing, China
UN CCL	Core Trade Components Library
UN ESCAP	United Nations Economic and Social Commission for Asia
UN/EDIFACT	United Nations/Electronic Data Interchange for Administration, Commerce and Transport
UNECE	United Nations Economic Commission for Europe
UNLK	UN Layout Key
USA	United States od America
VPoA	UN Vienna Programme of Action
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organization
WTO	World Trade Organization
WTO TFA	WTO Trade Facilitation Agreement
XML	Extensible Markup Language

Executive Summary

The Study on Improving Customs Transit Systems in the Islamic Countries in the OIC Countries is the result of a research-based consultancy for the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC). The objective of the study is to document and analyze the state of implementation of Customs Transit Regimes (CTR) in the OIC Member States (MS) to support the Member States' efforts to deepen and improve CTR.

Customs Transit by definition of the World Customs Organization (WCO) "means the Customs procedure under which goods are transported under Customs control from one Customs office to another."

Whilst attempting to analyze through the survey as the many OIC Member States as possible, the final analysis was limited due to their partial participation or lack of any response. The final analysis was based on responses to the survey from 6 OIC MS and information publicly available.

35 OIC member states are evaluated according to trade facilitation measures of the UN Global Survey on Digital and Sustainable Trade Facilitation, each positioned at different stages on the CTR implementation.

The average on the four transit measures is 41.17% fully, 35.36% partially, 4.54% planned, and 18.94% not implemented status. Transit Facilitation Agreements are ranging from 37.50% having fully implemented, 40.63% partially, 0% planned, 21.88% at the not implemented level. Cooperation between agencies and countries measures ranging from 43.75% having fully, 37.50% at a partially, 3.13% at planned, 15.63% at the not implemented level. Supporting pre-arrival processing for transit facilitation measure ranging from 28.57% having fully, 34.29% at a partially, 8.57% at planned, 28.57% at the not implemented level. Customs authorities limit the physical inspection of transit goods and use of risk assessment measures ranging from 54.84% having fully, 29.03% at a partially, 6.45% at planned, 9.68% at the not implemented level.

The transit has a huge impact on trade costs and time, especially for landlocked MS. The average of the trade costs according to the UN ESCAP database for the OIC MS is 297.34%, and 23 Members States are below and inside mean value, while 17 MS have higher trade costs than the mean value. For the costal OIC MS, the average trade costs are 282.57%, comparing to the landlocked OIC MS, where the trade costs are 341.66% on average. Landlocked OIC MS have near 60% higher trade costs comparing with the costal OIC MS.

OIC MS LPI score is slightly below the global average LPI score for all six dimensions, except when compared with the best performing country (Germany). Landlocked countries have a higher score when it comes to trading across the border. While the average time to import is

higher than that of maritime countries, their own costs to import regarding border compliance is much less than the same costs for maritime countries. This way, most of the landlocked countries try to buffer the downside of being landlocked by improving the efficiency of their own BCPs.

This study remotely examined the three regional CTR systems, namely the Association of Southeast Asian Nations (ASEAN) Computerized Transit System (ACTS), Central and Southern America International Goods in Transit (TIM) system, and European Union New Computerised Transit System (NCTS) as global best examples. As the analysis of the three global cases presents, the implementation of the CTR to the point where they are today has been a laborious task for all of those countries considered to be advanced in the CTR concept. This results from the regionalization of the transit procedures, exchange of data, single transit declaration, guarantee management systems, and pre-arrival processing of information for risk management purposes.

However, there are many challenges that are not taken in the absence of CTR information available. The following policy options for attention to the OIC MS will assist with their CTR advancement for full implementation as follows:

- Full implementation of the International instruments, standards and recommendation arising from International Organizations;
- National Legislation, Customs Code and Implementing Regulations related to CTR should be aligned with the International standards and recommendation;
- Use of single window concept for information exchange between all national agencies involved en route, including Customs, transport control, OGA's, police, and railways;
- Pre-arrival information disseminated to all customs offices - from the country of departure, countries of transit (en route), and country of the destination;
- Implementation of the Authorised Economic Operator concept for the stakeholders involved in transit;
- Goods in transit and means of transport should be subject to customs risk management;
- Guarantee management system integrated into customs declaration processing systems and mutual acceptance of regional guarantees
- Use of GPS and RFID advanced technologies for the management of security measures, including the security of possible customs debt.

Introduction

Reduced costs of intercontinental transportation enabled industries and traders to globalize their operations and to locate production facilities at those places in the world where conditions are favorable, not necessarily close to the markets. As a consequence, the various supply chain activities are performed in different parts of the world, and transit of consignments has an important role in these activities.

Global supply chains are actually complex networks, which consist of many different stakeholders, including shippers, deep-sea carriers, port operators, and customs organizations and operations like export, transit, and import.

The world is moving persistently toward a single, global market. Purchasing, production, and distribution to the markets take place where the most significant benefits can be achieved. Trends, such as the increasing scale of operations, specialization, and customer-oriented production, proceed relentlessly. Due to commoditization, containerization, and economies of scale, transport and transit costs are in decline. As a result, global transport flows have grown spectacularly in the last two decades. Recent developments in the financial markets have caused a decline, but in any case, container transport volumes are connected with the global economy.

Furthermore, the dynamics in shipping is progressively impacted by the globalization of supply chains because businesses are operating on a global scale and demand a global service package. Furthermore, the dynamics in shipping is progressively impacted by the globalization of supply chains because businesses are operating on a global scale and demand a global service package that includes transit.

Customs is a rapidly changing environment that is gradually shifting from manual processes and independent tasks to trade facilitation and integrated transit solutions. Following the business needs, the governments may no longer offer standalone applications restricted to the client's requirements; on the contrary, the transit systems need to be modernized and be open to future extensions according to the current short and longer-term trends.

Today, the supervision model of customs and border control agencies, in case of Customs Transit Regime, are still focused on the entry and exit processes corresponding with the entry or exit of consignments subject to customs control regimes. Both customs organizations and economic actors have organized themselves accordingly. Recent developments, like transit regionalization, exchange of data, single transit declarations and transit guarantees, the AEO-framework and the WCO SAFE Framework describing potential reuse of improved upstream controls have vastly impacted in the reduction of costs and time for transit operations.

The Objective and Methodology of the Study

The objectives of the study are to improve awareness of the CTR and benefits of trade facilitation:

- Improve awareness on the importance of efficient custom transit regimes;
- Share information on the good practices of well-functioning custom transit regimes globally;
- Explore comparatively the state of the play in the OIC countries in this regard;
- Provide policy options that may be useful for policymakers to consider in their efforts to develop/improve efficient customs transit regimes.

CTR has an important role to play for simplifying trade formalities. This study provides a comprehensive view of how OIC MSs currently implement CTR. It also reflects how customs and other agencies involved in the export and CTR procedures can strengthen their efforts to ensure successful operations and sustainability and leverage a trade facilitation benefit.

The experts propose using a cross-country assessment framework and a pragmatic approach to policy options development to deliver on these objectives. Also, desk research on best practices and the evolution of the conceptual framework of CTR will be undertaken and summarized to improve the understanding of CTR concept and aspects.

The cross-country assessment framework is designed to compile and analyses information collected from primary and secondary information sources. It is a structured approach to describe and compare OIC MS's efforts and the way of implementation of Customs Transit Systems. The pragmatic policy options development approach is designed to derive a set of policy recommendations that are specific to the OIC MSs situations.

Cross-country assessment framework - Many Customs Administrations worldwide have implemented modern CTR with the aim to facilitate international trade and to simplify the transit procedures and at the same time to lower the costs and transit time to the Economic operators.

The way how the Customs Administrations adopted the CTR differs across countries and numerous different Customs Declaration Processing Systems and supportive tools and solutions have emerged. The exchange of data and information among Customs Administration(s) related to transit is an important aspect of simplifying, speed-up, and lower the risk focusing on the high-risk goods and means of transport.

Early attempts have been limited to the paper-based exchange of information or like in case of EU-EFTA at the very early stage by faxing among the Customs Authorities. The risk management functionalities of the Customs Declaration Processing Systems together with the Guarantee Management System and Authorization Management System are managing the transit

procedures allowing Customs to effective allocation of the resources, both human and technology, and allowing Economic operators to use several types of simplifications in transit.

It is the objectives of this study to present an overview of OIC MSs CTR efforts. The study is introducing the importance of well-functioning custom transit regimes (CTR), identify good practices globally, and analyze the state of play in the OIC MSs comparatively.

It is therefore proposed to use a framework that allows for both a description and cross-country comparison of the CTR practices in OIC Member Countries using 11 substantive criteria: Transit Legal framework, ICT and efficient transit information management, CTR Guarantee management and monitoring system, Transit Fees and charges, Simplification of formalities with wide use of simplified procedures in transit, Risk management, Authorized Economic Operators (AEO), Security measures, including the security of possible customs debt, Coordinated border management, Partnership with business, and Performance Measurement.

Data collection methods - Three different data collection methods will be used to gather the data required for this assessment: survey method, desk research, and in-country assessment. Whilst it will do so at varying level of detail depending on the information collection method: For three countries, information is collected through interviews and observations during the in-country visits; for the remaining countries this information collection relies upon survey responses and secondary resources.

Survey method - The survey questionnaire was circulated it to selected contact points in the OIC Member States (MSs). Two different channels were used for the dissemination of the survey: Through the COMCEC Secretariat and through official contact points for Customs in OIC Member Countries. The return rate on the survey was very low; only six MS submitted their replies on the survey. Survey information was also complemented through desk research by the experts.

Desk research - In the past years, numerous studies have been published on customs CTR. Some of these publications describe the CTR; others provide guidance on the CTR process, and again others summaries and evaluate individual/bilateral/regional countries CTR practices. The study addresses these publications, and the information was used to complement survey information for the cross-country assessment.

In-country data collection - For three OIC Member States information were collected using personal interviews and observations. The experts visited two OIC MS to interview representatives of the Customs. To the extent that the Customs entities allow and facilitate the CTR will be observed and statics on performance collected.

The results of the in-country data collection feed into the cross-country assessment and into a case study. These two case studies provide in-depth details regarding the particular situation with CTR procedure using the assessment framework used for the survey / comparative

assessment. Compared to the survey / comparative assessment covering OIC MSs, the case studies, however, provides more details with regards to the CTR procedure, processes, and technology criteria of the CTR assessment framework.

The coverage of the CTR procedure currently covered by customs is compared to those procedures with the international agreements/standards from the WCO. Existing CTR transaction processes covered by the customs system will be mapped in detail – statistically and holistically. Where possible the case studies will present a before and after comparison of the CTR that is now supported by the Customs Systems, with a focus on the risk assessment of export and CTR data and information. Where available, quantitative information will be analyzed - measurable timeframe and cost of the CTR for customs and Economic operators and trade facilitation impact.

The sections of the study

Conceptual Framework - This chapter of the study is introducing the definition, benefits, and key requirements for effective customs transit systems. In this context, the chapter will cover the following sub-chapters:

- Custom transit regime concept and custom transit procedure;
- Theoretical Background;
- Benefits of effective customs transit regimes with empirical evidence
- The role of transit facilitation in regional economic integration.

Global Trends and Good Practices from non-OIC Developing Countries - This chapter will cover global trends and will examine in detail three international good practices in customs transit regimes as case studies based on desk research. Discuss the lessons learned and critical success factors/challenges arising from the good examples. In this context, the chapter will cover the following sub-chapters:

- Global Trends in Customs Transit Regime
- International legal framework regarding customs transit regimes
- International transit regime TIR
- Emerging trends of custom transit facilitation and their practical implementation
- Key requirements for regionally integrated transit regimes

Good Practice from 3 Regional Transit Systems. The following three countries are suggested as case studies for the three non-OIC MSs Case studies:

- European Union (New Computerized Transit System - NCTS),

- ASEAN (ASEAN Computerized Transit System - ACTS)[1],
- Peru or Regional platform for land transit in Central America (International Transit of Merchandises - TIM).

Key Requirements for an Efficient Transit System Based on the research on global trends and three non-OIC MSs Case studies the key requirements for an efficient transit system will be developed

Benchmark indicators The 11 criteria and attributes which are used for this assessment framework in the process of analysis:

1. CTR Legal framework;
2. ICT and efficient transit information management;
3. CTR Guarantee management and monitoring system;
4. Transit fees and charges;
5. Simplification of formalities with the wide use of simplified procedures in transit;
6. Risk management;
7. Authorized Economic Operators (AEO);
8. Security measures including the security of possible customs debt;
9. Coordinated border management;
10. Partnership with business;
11. Performance measurement.

Analysis of the OIC Member States - This chapter will document and analyze the practices and experiences of the OIC countries regarding customs transit regimes by providing relevant empirical data and statistics. The Member Countries will be classified according to a set of criteria for classifying the benchmark indicators and criteria from Chapter 2. Also, this chapter will cover the analysis of the current status regarding the customs transit regime for the OIC countries using the data collected from the survey. In this context, the chapter will cover the following sub-chapters:

Current status regarding the customs transit regime - The current status regarding the customs transit regime for the OIC countries will be based on feedback from the survey.

[1] Pilot Phase, three ASEAN MS currently is participating

Empirical evidence - This part of the study is using transit specific statistics and indicators (including but not limited to OECD Trade Facilitation Indicators, UN Global Trade Facilitation Survey, World Bank Logistic Performance Indicators, etc.) to analyze the status of the OIC countries' transit system.

- Assessment of logistics performance of landlocked and coastal OIC countries;
- Profile of intraregional transit trade in the OIC countries;
- Figures on the status of the OIC countries in terms of accession to the relevant international conventions related to CTR;
- Figures on OIC member states' WTO TFA notification status regarding transit-related provisions of the Agreement;
- Figures on Transit Arrangement in the OIC countries;

Achievements, challenges, barriers - This part of the study will identify major achievements, challenges, and barriers in effectively implementing CTR in OIC countries, taking into account the differences between landlocked and transit. Also, an elaboration of the needs and solutions to overcome the identified challenges and barriers will be part of this subchapter.

OIC Member States Case Studies - This chapter is covering a desk research analysis exploring the current status of the customs transit system in the selected OIC countries.

OIC Case Studies - Current status of the CTR in two OIC member states via field visits is analyzed to identify whether and to what extent the design and implementation of custom transit systems in these countries depart from good practices internationally. Assessment of the effectiveness of their transit schemes and identification of any further improvements is included. The two detailed case studies were used to draft a series of policies and recommendations for future strategies to improve efficient customs transit regimes in the OIC member countries.

Case Study visits have undertaken in-country assessments in two OIC MSs. They propose to select the two OIC MSs cases based on the following criteria. Each selected country must have:

- Well-functioning CTR;
- Effective CTR concept;
- Represent current best practice.

Using the criteria above, Kyrgyzstan and Senegal Customs Administrations was pre-selected OIC MSs for the in-country assessment.

Desk-based research three OIC member states - The experts explored three OIC member states with regards to customs transit regime via desk-based research. The desk-based research was performed on Uganda, Pakistan and Jordan status regarding CTR.

Benchmark Analysis - Using the benchmark indicators identified in Chapter 2.4, this sub-chapter will be a benchmark analysis of these selected OIC member states against the good examples worldwide.

Challenges and Policy Options - In this chapter, the policy recommendations including their rationale are provided with the analysis described in sections 3 and 4, as well as elaboration on the recommendations of the not case-specific but necessary to improve the transit trade systems in the OIC member states.

Policy Options

This part of the study provides policy options for establishing/improving well-functioning custom transit systems for landlocked countries and transit countries with links between challenges and recommendations.

- Provide ways and means of improving cooperation between the landlocked and transit countries;
- Use the input from the analysis to identify how harmonized and regionally integrated transit regimes in the OIC countries can be achieved.

1 Conceptual Framework

1.1 Custom transit regime concept and custom transit procedure

For a long period of time, the goods have transited through different countries and the customs territories where they were subject to duties. Most countries began simplifying these procedures in the XVII century, and thus the goods transported in transit through a customs territory became free from payment of duties and taxes to the transit countries.

Trade facilitation aims to address CTR by simplifying and harmonizing transit formalities and procedures and increasing transparency. The objective is to cut costs and time of transit and to make transit operations more predictable.

There is a worldwide challenging mix of demands coming from trade, legal requirements, national and regional plans, social security and risk management, as well as demands of a pure technical nature. A growing globalization and international trade, combined with the recent technological developments, especially the development of Information Communication Technology (ICT) and the means of transport, place the pressure to Customs Administrations (CAs) to re-engineer their CTRs to meet the interests of the country, especially in the domain of security as well as the interests of the private sector and traders.

According to the World Customs Organization (WCO) Revised Kyoto Convention (RKC), customs transit is defined as the Customs procedure under which goods are transported under Customs control from one Customs office to another.

The Customs Transit Regimes (CTR) is the movement of goods and means of transports under customs control without paying import duties, taxes, or other charges from:

- the entry border crossing point, to the inland customs office for customs clearance (sometimes called 'internal transit');
- the entry border crossing point, to the exit customs border of the country where the transit procedure is completed;
- the inland customs office to the exit customs border (also internal transit, but in the reverse direction);
- the inland customs office to other inland customs office located in the customs territory of the country.
- various moves to and from Free Trade Zones, whereby customs lines are crossed by cargo under the suspensive regime.

According to these, there are customs transit movements that are within the same customs territory, and they are part of the **national transit**.

When there is a movement in more than one country, it is **international transit**. National transit is used when goods are moving within national borders under customs control, from the point

of first entry to another location in the same country where other customs procedures are conducted or between two inland customs offices within a country.

In most of the cases, national and international transit is combined, especially when it comes to landlocked countries.

The term landlocked country is used to describe countries that are entirely enclosed by land, or whose coastlines lie on closed seas[2]. Out of the 193 Member States of the UN, 44 are landlocked, 32 of who are landlocked developing countries (LLDCs), while 17 out of 32 LLDCs are least developed countries[3]. There are also double-landlocked countries which need to transit via another landlocked country to the nearest seaport.

1.2 Landlocked Countries Times and Transport Related Costs

The landlocked countries face an additional challenge – in terms of transport times and transport costs - when importing goods because the goods are required to move through one or more transit countries to reach the final destination. In such geographical circumstances, they fully depend on transit through other countries. Each day in transit is worth **0.6% to 2.1%** of the value of the good and **75%** of delays to shipping containers between the origin and destination countries is result to bureaucracy: customs procedures, tax procedures, clearance, and inspections.[4]

Transport of perishable goods, particularly agricultural goods is a special case, firstly, due to their importance for trade in the many OIC Member States and LLDC in general. These shipments face a particularly disadvantageous set of challenges, summarized in Table 1:

Table 1: Disadvantageous set of challenges of perishable goods

Requirements/Needs	Border & Transport Reality
Perishable goods, need to be delivered urgently	Faces additional time-consuming controls (phytosanitary and veterinary) Due to uncoordinated working hours, trucks spend weekends and holidays at Border Crossing Points
Simplified paperwork needed	Paperwork about 100% higher versus industrial goods
Low-margin business needs affordable transportation & good road/rail infrastructure	Must cover costs of gen-sets and/or special equipment (reefer containers, refrigerated trucks)
Uniform international rules and documents related to the phytosanitary and veterinary products, related certificates and means of	E-Phytosanitary Certificate by Food and Agriculture Organization of the United Nations (FAO) is still in a pilot stage.

[2] Reis, T. H. Cross Border Transport Facilitation in the Context of the United Nations General Assembly Resolution 70/197: Prospects for the TIR and the Harmonization Conventions. Asian Journal-Inter-Country Road Transport Facilitation, 20-35.
[3] United Nations Conference on Trade and Development: List of Landlocked Developing Countries https://unctad.org/en/pages/aldc/Landlocked%20Developing%20Countries/List-of-land-locked-developing-countries.aspx, checked June, 2019
[4] CEPII: Lionel Fontagné, Gianluca Orefice & Roberta Piermartini: Making (Small) Firms Happy.The Heterogeneous Effect of Trade Facilitation Measures No 2016-08 – April Working Paper

Requirements/Needs	Border & Transport Reality
transportation are needed to avoid duplicative procedures and delays	The United Nations Economic Commission for Europe (UNECE) Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for Such Carriage (ATP) was signed by 50 countries[5].

Source: Author's own compilation

International transit regimes begin when goods arrive at ports, whereas upon their arrival at the destination country, the national transit regime begins. The national customs regime ensures that the goods will be under customs control until they become part of other customs regimes like import, temporary import, re-export, etc.

CTR include laws, institutions, mechanisms, and procedures that facilitate the movement of goods without paying duties, taxes, and commercial policy measures that are usually applicable to imported goods, thereby allowing customs clearance formalities to take place at the country of destination rather than at the point of entry into the customs territory or en route[6].

An important requirement when it comes to CTR is that goods and means of transports in transit must remain in an unchanged state, due to the history of using the transit regime as a way of smuggling and loss of duties when transit goods stay in the transit country.

Customs Administrations worldwide face the challenge on how to design appropriate CTR procedures that will be simple, transparent, and efficient, and to avoid unnecessary delays and extra costs for trade community, while in the same time ensure that the goods will leave the transit country without any changes. The development of ICT in large part can help to overcome this challenge because efficient CTR does not require heavy IT infrastructure or infrastructure that is distinct from that of the underlying Customs IT backbone.

Having an efficient CTR in place can facilitate the movement of transit goods through transit countries between departure and destination locations without any interruption of customs and border control. For these to become a reality, there is a specific CTR named **door-to-door transit system**. Such a system enables only one customs transit procedure that covers both international and national transit for all the countries from departure to the final destination. The example of the door-to-door transit system is TIR or the New Computerized Transit System (NCTS) common transit in the European Union.

1.3 Customs Transit Procedure

[5] 8 countries are OIC Member States: Albania, Azerbaijan, Kazakhstan, Kyrgyzstan, Saudi Arabia, Tajikistan, Turkey and Uzbekistan

[6] Kunaka, Charles, and Robin Carruthers. 2014. Trade and Transport Corridor Management Toolkit. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0143-3. License: Creative Commons Attribution CC BY 3.0 IGO

Customs transit procedures are all the activities designed to facilitate the movement of goods that cross one or more customs territories or countries, without risking customs revenue, which could be threatened if transit goods were illegally diverted (sold) in the market of the transit country. It is not a customs clearance procedure, but the movement of goods under customs control. In most of the cases, the principal for transit procedures is the carrier or freight forwarder, not the company that imports or owns the goods. The principal provides the guarantee and presents the transit declaration (manifest) to the customs. The customs transit declaration is a simplified document, which will need to be processed differently from customs clearance at the border. This means that full document checking, customs tariff classification, and customs valuation will not be necessary regarding CTR.

When goods are in transit and need to cross one or more transit countries, the CAs in each country can apply different national customs transit procedures including controls (an effective CTR doesn't require physical control of goods). These procedures vary between the countries, in most cases they cover the inspection of the cargo and means of transport, ensuring security requirements such as guarantee, bonds, or deposits to cover the potential duty, taxes and other charges while goods are in transit and security measures ensuring that the transit shipment will leave the transit country in the same state as they enter the transit country (checking seals about possible damages). In most of the cases, a typical customs transit procedure is based on the following (Figure 1):

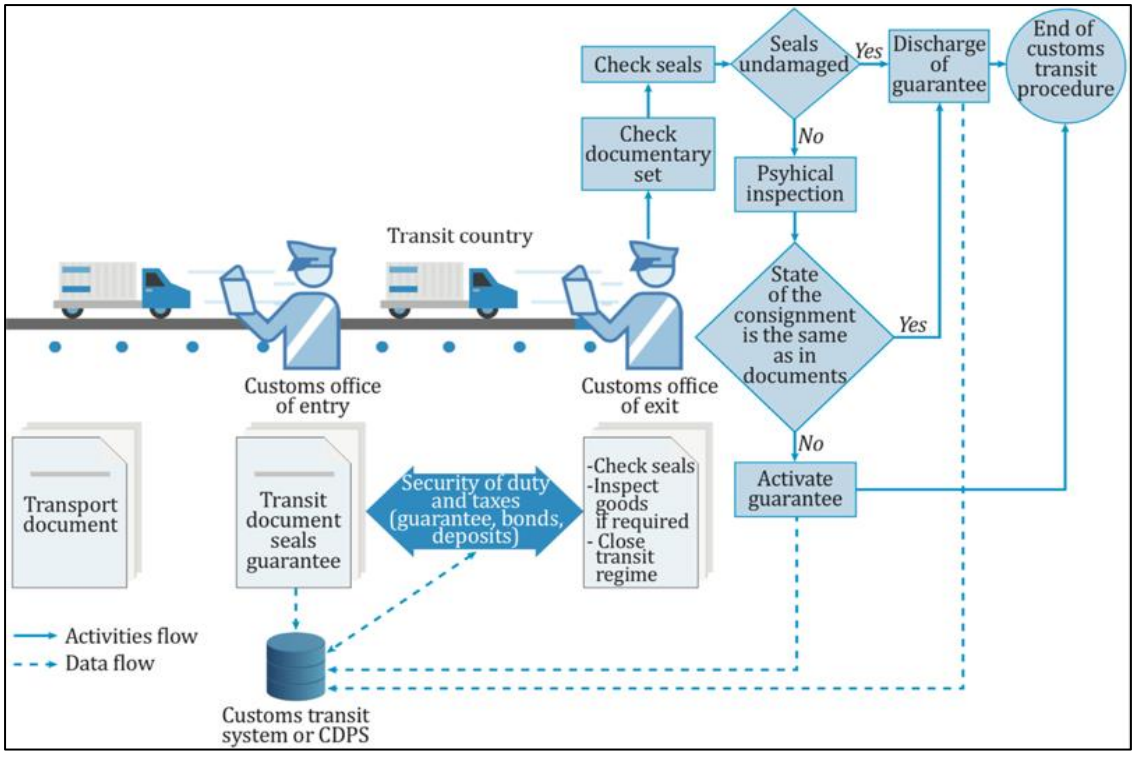
Customs office of entry - When the consignment comes to the customs office of entry with the transport documentation, the customs office accepts transit documents, affixes the seals and checks and accepts the guarantee provided by the principal. Based on the type of transit goods and national legislation of the transit country, sometimes certain licenses may be required to be issued by the competent authority. When it comes to transit documents, different modes of transit will require different procedure and documents. In some cases, the Customs will define the maximum transit time for the truck and/or the required, shortest route to take. As a means of control, the Customs may also place a Global Positioning System (GPS) transmitter on top of the truck cabin, so that the position of the truck can be controlled at any point in real-time. The same transmitter is then dismounted and returned to the Customs once the truck leaves the country. Customs seals may also have the Radio-frequency identification (RFID) or GPS technology, enabling the real-time control of the truck and immediate notification if there is any attempt at seal tampering.

Transit stage - If there is any reason to change the customs office of exit, the carrier will need to ask for permission to change the office of destination during the transit operation. Also, sometimes during the transit of goods, there can be some random checkpoints by customs mobile units, police, or other agencies that can do an additional inspection of documents and

goods. Some countries are prescribing the route and time for transit in order to avoid checking along the transit route.

Customs office of exit - When transit goods come at the customs office of exit or an inland customs office, customs officer checks the documents, the seals and if the seals are undamaged, it will release the guarantee, thus completing the transit procedure. If there is a problem with the seals, or with the documentary check, the customs office can decide to inspect the goods physically. If the state of the goods is the same as they are according to the documents, it will discharge the guarantee and finish the transit procedure. However, if the inspection results in an altered state of the transit goods, the customs office of exit will activate the guarantee and charge for the duties and other taxes. Customs transit procedures require the exchange of information between at least three locations: the customs office of entry where the transit procedure is initiated, the customs office of exit where the transit procedure is closing, and the guarantor for validation and discharging the guarantee.

Figure 1: Typical customs transit procedure



Source: Author's own compilation

These procedures, in large part, will be based on customs offices and their infrastructures such as ICT, area for inspection and non-intrusive equipment.

1.4 Theoretical Background

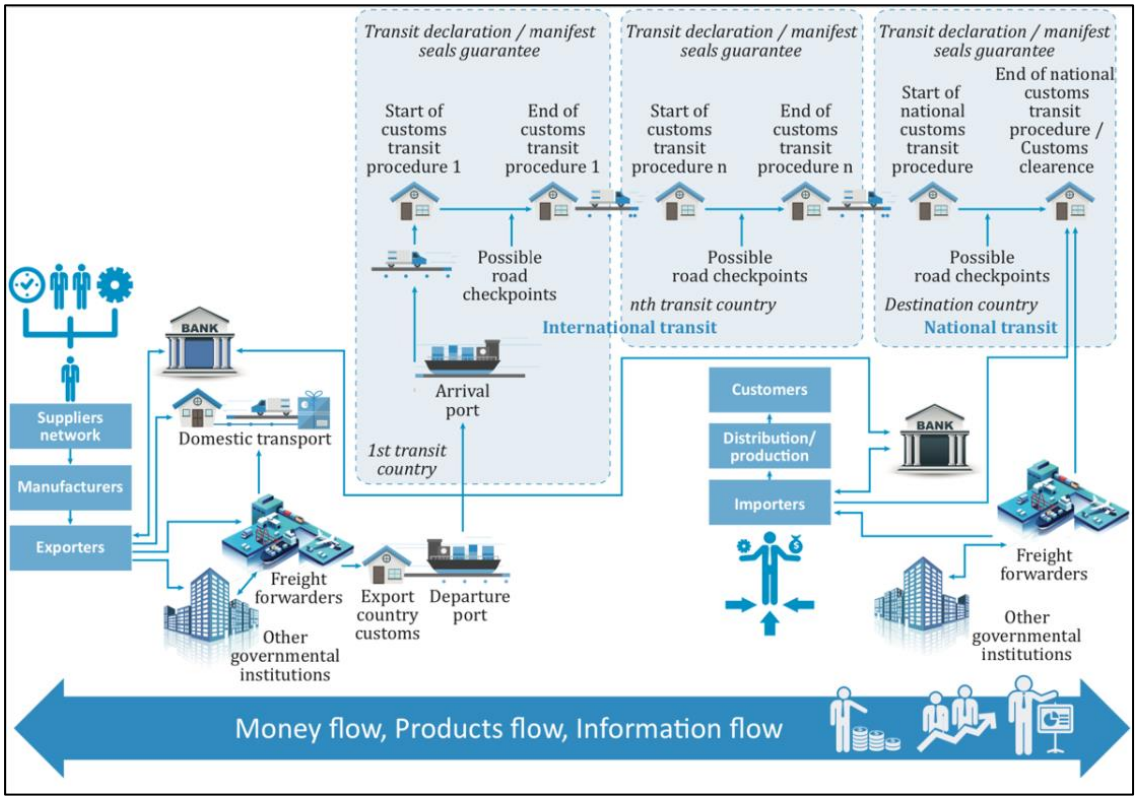
1.4.1 The Importance of CTR in the Performance of Global Supply Chain

Supply chain management and logistics play an important role in the economy in two main ways: (1) logistics is the main cost in businesses, and because of that it impacts on and is impacted by other economic activities of the private sector and (2) logistics support many transactions from raw materials to end-user products. In order to understand the role of logistics from a system' perspective, we need to take into account the case where goods would not arrive on time, at an appropriate place, and in an appropriate condition. In such a case, customers would not buy them, and all economic activities along the supply chain will suffer an economic loss and eventual legal liabilities.

The supply chain is the networks of organizations, including governmental organization's, trade, legal and regulatory requirements, national and regional plans, and customs risk management, through which materials, or goods move until the finished product arrives at the customers (Figure 2). In such complex networks, the variations in delivery time and costs can have a big impact on the performance of the last organizations inside the chain. Every trading company in the supply chain network depends on the services and products of another company. Therefore, the variability in time and costs can produce variability of orders, and variability of orders affect the appearance of the Forrester effect, (also called the bullwhip effect) where orders sent to the first organization in the chain on the supply side have a much larger variance than the changes in orders at the last organization or end customer[7].

[7] Forrester, J. W. (1997). Industrial Dynamics. Journal of the Operational Research Society, 48(10), 1037–1041. doi:10.1057/palgrave.jors.2600946

Figure 2: Customs transit as a part of the global supply chain



Source: Author's own compilation

As presented in Figure 2, CTR procedures cover a significant part of the supply chain network, and they need to be simple so as not to generate unreasonable delays and costs that create variations inside the chain. Because of this, many international organizations have identified inefficient transit procedures as a high cost-increasing factor, especially for landlocked developing countries.

Trade costs are defined as "all costs incurred in getting a good to a final user other than the marginal cost of producing the good itself: transportation costs (both freight costs and time costs), policy barriers (tariffs and non-tariff barriers), information costs, contract enforcement costs, costs associated with the use of different currencies, legal and regulatory costs, and local distribution costs (wholesale and retail)[8]." Also, the authors make a rough estimate that the tax-equivalent of "representative" trade costs for industrialized countries is 170% where 21% of them are transportation costs, 44% border-related trade barriers and 55% retail and wholesale distribution costs. Non-tariff barriers contribute to a large share of trade restrictiveness across

[8] Anderson, James, E., and Eric van Wincoop. 2004. "Trade Costs." Journal of Economic Literature, 42 (3): 691-751.

countries and on average, they add an additional 87% to the restrictiveness imposed by tariffs[9]. According to this study, in some of the countries, the restrictiveness of non-tariff barriers is larger than the restrictiveness of tariffs barriers. Looking at these different costs inside the supply chain, we can see that a significant part of the whole trade costs results from the policy.

The term total logistics costs as a sum of transport costs or fees paid for actual transit transportation services to truckers or rail operators, other logistics costs including transit overheads such as fees, procedures, and facilitation payments, and delay costs as delays in transit moving, inventory costs and induced costs to hedge unreliability inventory and warehousing costs, or shift to faster more expensive mode of transportation[10].

It is logical to conclude that efficient CTR procedures which will allow the means of transport and goods to pass as smoothly as possible are crucial for the supply chain network.

1.5 CTR International Legal Framework

The main objective of the International Legal Framework regarding CTR is to provide legal ground to facilitate the movement of goods and means of transport through a customs territory, without payment of duty and taxes in the Customs Office of Departure (CoDe) and Customs Office of Transit (CoT). The national customs code and the bilateral/multilateral agreement must be in line with the International Legal Framework standards and recommendations**.** In recent years many initiatives have been taken to raise the issue and cooperation on a global level. In numerous countries and regions, the national transit legislation has evolved into harmonizing and regionally integrated transit regimes.

International organizations are focused on harmonization and rationalization of the transit procedure, exchange of information (including dataset elements) that will assist governments and CAs in the development of an effective transit mechanism that supports effective customs control, facilitate legitimate trade and the movement of goods and thus meets the requirements of both CAs and traders.

Through the years, the transit legislation, standards, and recommendations which recognize the significance of CTR have been codified by a number of international conventions. Two multilateral agreements, the WCO Revised Kyoto Convention (RKS) and the WTO Trade Facilitation Agreement (TFA) constitute an international framework for trade facilitation and the harmonization and simplification of customs procedures. These agreements complement older legal instruments such as the UNECE Convention of Harmonization of Frontier Controls

[9] Looi Kee, H., Nicita, A., & Olarreaga, M. (2009). Estimating Trade Restrictiveness Indices. The Economic Journal, 119(534),172-199.
[10] Jean-Francois Arvis, Jean-Francois Marteau, Gael Raballand. The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability, The World Bank, 2010

(UNECE, 1982), the International Customs Convention International Road Transports[11] (TIR, 1975), the UNECE Convention on the Contract for the International Carriage of Goods by Road[12] (CMR Convention, 1956, as amended) and the International Maritime Organization Convention (IMO) on Facilitation of International Maritime Traffic (FAL) Convention (1967). It is also important to note the enabling role of the UN conventions on registration and technical standards for road vehicles, as well those related to specific types of cargo, such as, for example: the dangerous goods (ADR Agreement, 1957, as amended), perishable/refrigerated goods (ATP Convention, 1970, as amended), and the goods to which food safety and animal and plant health checks apply (the WTO Agreement on the Application of Sanitary and Phytosanitary Measures – SPS Agreement, 1995, as amended).

1.5.1 International agreements, standards, recommendations, and handbooks related to CTR

World Trade Organization Trade Facilitation Agreement (TFA). The WTO TFA (WTO, 2013), which entered into force on 22 February 2017 following its ratification by two-thirds of the WTO membership-TFAF, 2018[13]. Article 11 (2017): Freedom of transit, Paragraphs 1 – 17 is regulating the circumstances or objectives of freedom of CTR and disguised restriction on traffic in CTR. The agreement also makes specific reference to the exchange of information and data between Customs administrations. WTO TFA Article 12.2 states (WTO, 2013): "*Members shall exchange the information set out in subparagraphs 6.1(b) and/or (c) for the purpose of verifying an import or export declaration*…" (WTO, 2017).

The General Agreement on Tariffs and Trade (GATT 1947) have provisions related to freedom of transit of goods, vessels and other means of transport across the territory of each contracting party via the routes most convenient for international transit.

1.5.2 International Conventions Related to CTR

World Customs Organization - Revised Kyoto Convention (RKC). RKC was adopted in 1999 and entered in force in 2006. Specific Annex E, Chapter 1- Customs CTR, and Chapter 2 – Trans-shipment defines the standards and recommended practices in CTR and transshipment procedures. The RKC General Annex – Chapter 6: Guidelines on Customs Control - Exchange of information (Standards 6.7 and 7.4) directs Customs to: "*exchange and share information on international movements with other Customs administrations for Customs control purposes*." (WCO, 2010).

[11] Transports Internationaux Routiers
[12] Convention Relative au Contrat de Transport International de Marchandises par la Route
[13] https://www.tfafacility.org/

Customs Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention), a multilateral treaty that was concluded in United Nations Economic Commission for Europe (UNECE) at Geneva (1975) to simplify and harmonize the administrative formalities of international road transport; UNECE International Convention on the Harmonization of Frontier Controls of Goods (1982) (Chapter III Provisions Concerning Transit, Annex 2, 3, 5, 6, 8, 9 - Goods in transit; treaty whereby states agree to co-operate in harmonizing and simplifying international border control. For goods in transit, the states that ratify the Convention agree to implement "simple and speedy treatment, by limiting their inspections to cases where these are warranted by the actual circumstances or risks";

Customs Convention on Containers, 1972, is a United Nations and International Maritime Organization (IMO) treaty whereby states agree to allow intermodal containers to be temporarily brought into the duty of their state and tax-free;

UNECE Convention on Customs Treatment of Pool Containers Used in International Transport, 21 January 1994 – especially Chapter 3 - Provisions Concerning Transit, further also Annex 2, Article 4 (Goods in Transit), Annex 3, Article 5 (Goods in Transit), Annex 4, Article 5 (Goods in Transit), Annex 5, Article 5 (Goods in Transit), Annex 5, Article 5 (Goods in Transit), then also the entire Annex 8 – Facilitation of border-crossing procedures for international road transport, including two Appendices; finally, Annex 8 applies to international rail transport, including transit.

The largest positive impact on improving trade facilitation and transit times could be achieved by practical implementation of the **International Vehicle Weight Certificate** pursuant to the UNECE International Convention on the Harmonization of Frontier Controls of Goods, (1982) - Annex 8 Facilitation of Border Crossing Procedures for International Road Transport. Trucks would be weighed only at the time of loading and not repetitively when crossing the borders – twice per each border.

Overall, the listed UNECE Conventions have the greatest potential for the OIC Member States as they – at least in theory - provide universal, worldwide application. Unfortunately, many countries still need to accede to the conventions, including especially many OIC Member States. After the completion of this step, practical implementation would need to follow, and that will be an additional challenge.

1.5.3 International Standards, Handbooks, Manuals, and Guidelines related to CTR

The WCO SAFE Framework of Standards (SAFE FoS) It prescribes baseline standards that have been tested and are working well around the globe. This unique international instrument ushered in modern supply chain security standards and heralded the beginning of a new

approach to the end-to-end management of goods moving across borders while recognizing the significance of a closer partnership between Customs and business. WCO is advising the members to establish and enhance Customs-to-Customs network arrangements to promote the seamless movement of goods through secure international trade supply chains[14].

WCO Model of Bilateral Agreement on Mutual Administrative Assistance (WCO Model Agreement) provides a framework for the exchange of information related to:

- New trends and means or methods of committing customs offenses;
- Goods are known to be the subject of customs offenses, as well as transport and storage methods used in respect of those goods;
- Persons are known to have committed a customs offense or suspected of being about to commit a customs offense;
- Any other data that can assist customs administrations with a risk assessment for control and facilitation purposes; and, on request:
- Whether goods imported into the territory of the requesting Contracting Party have been lawfully exported from the territory of the requested Contracting Party; and
- Whether goods exported from the territory of the requesting Contracting Party, have been lawfully imported into the territory of the requested Contracting Party, and the Customs procedure, if any, under which the goods have been placed.

World Customs Organization WCO Transit Handbook to Establish Effective CTR Schemes for Landlocked Developing Countries LLDCs (2014) deals with various aspects of the operation of Customs CTR procedures and is accordingly intended to serve as a practical guide to assist WCO Members in developing a more functional and effective CTR system.

World Customs Organization Transit Guidelines Route for efficient CTR regime (2017) is a logical consequence of the CTR Handbook released by the WCO in 2014. CTR Guidelines provide a clear path to implementing the efficient CTR procedures that are of high economic importance for LLDCs and CTR developing countries.

WCO has launched an instrument for measuring the time needed to finalize the import, export, and transit formalities. It is highly recommended the **Time Release Study (TRS)** to be performed at least once per year, and in case of feasible irregularities, the TRS can be performed more often.

[14]http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/safe-framework-of-standards.pdf?la=en

United Nations Centre for Trade Facilitation and Electronic Business

- UN/CEFACT Standards Recommendations 33 and 35 – Single Window;
- UN/CEFACT Standards - UN/LOCODE (Location Code List), Presentation of UN/CEFACT standards, Business Requirement Specifications (BRS), Core Trade Components Library (UN/CCL), International Organization for Standardization / Technical Committees (ISO/TC) 154 (Processes, data elements and documents in commerce, industry and administration), Requirements Specification Mappings (RSM), United Nations/Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) (dataset and messaging standards) and Extensible Markup Language (XML) Schemas.

In addition, the **Vienna Programme of Action for Landlocked Developing Countries** for the Decade 2014–2024, emphasize the use of advanced ICT, including the electronic exchange of information among CAs of landlocked developing countries and the transit countries to improve the effectiveness of transit shipments.

The **Almaty Programme of Action:** Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries also focuses on the needs of landlocked developing countries to promote more efficient integration into the global trade through the implementation of specific actions in the priority areas of fundamental transit policy issues, infrastructure development and maintenance, international trade and trade facilitation, international support measures and implementation and review.

New Computerized Transit System (NCTS) - The legal basis for this regional transit system is the **EC/ European Free Trade Association (EFTA) Convention on a common transit procedure of 20 May 1987**. It is applicable to all EU Member States, EFTA states, North Macedonia, Serbia, and the only OIC Member State, Turkey. Thus, Turkey is using both the TIR and the NCTS systems in parallel. In order to become a member of NCTS, a country must be formally invited by **the EU-EFTA Joint Committee on common transit**, unlike the TIR system, which aims for worldwide implementation. Even though it is unlikely that another OIC Member States will become an NCTS participant – with the exception of Albania – it is still worthwhile to describe this transit system, as a source of advanced practice and a learning resource.

The **2016 NCTS Transit Manual** (Taxation and Customs Union / European Commission – EC DG TAXUD/A2/TRA/003/2016-EN) describes in detail how transit operations are managed under this system. Of note are several NCTS features:

1) Each transit movement is assigned the unique Movement Reference Number (MRN);

2) This MRN is listed on the Transit Accompanying Document (TAD), together with a bar code;

3) Guarantee system includes options for a comprehensive guarantee (multiple-use, revolving facility), as well as the waiver of guarantee – especially attractive for small businesses;

4) National Transit Coordinators are appointed in each country, and their names, institutional affiliation and contact information are listed in the Transit Manual;

5) Further simplifications are available, for example, for authorized consignors, who may be authorized to start the transit from their premises, a port or airport or other approved place such as a warehouse, Designated Export Place (DEP), Enhanced Remote Transit Shed (ERTS) or another temporary storage facility) without the need to present the goods and corresponding documents to the office of departure[15].

Future Legal Framework - Enabling a legal framework is a crucial element for simplifying the CTR, which includes both a framework for the use of a regulatory and procedural framework that has been streamlined and simplified among the partner countries and legal basis for single transit declaration. Going paperless has a significant impact on cutting down transit time and administrative expenses. Supporting a paperless environment is not difficult from a technological point of view but is often limited for legal and procedural reasons.

The key for the future will be a universal acceptance of e-signature, e-commerce, and e-Customs legal instruments in all OIC Member States. Legal validity of electronic signatures must be accepted in practice, across the borders, in order to make paper obsolete and eventually only a back-up solution.

Many transit initiatives failed to render cross-border procedures paperless, due to the lack of a legal framework and resistance, namely in Other Government Agencies (OGAs). The duplication of digital and paper processes did not deliver the expected benefits and limit opportunities for the transit procedure and for cross-border data exchange. There is now a strong driver and initiatives towards creating the necessary legal foundation for paperless national and cross-border trade. The integration of commercial and regulatory transport and logistics processes can be integrated with external systems - integrating the transit services into the Single Window. This integration is driven by the objective for CAs and OGAs to cut downtimes in port at border crossings and en route. As in the case of ASEAN SW, a part of the Certificate of Origin and ASEAN Customs Declaration Document (ACDD) will also be used to exchange electronically other documents such as Phytosanitary certificates, cargo documentation, shipping manifests and other port or transport documents.

[15] https://www.gov.uk/government/publications/uk-trade-tariff-community-and-common-transit-outwards/uk-trade-tariff-community-and-common-transit-outwards

1.6 The Convention on International Transport TIR

The first door-to-door CTR is International Road Transport (TIR from its name in French – Transports Internationaux Routiers) that was established in Western Europe in the early 1950s. The main goal of this regime is to facilitate transit procedures through simplified customs procedures using document issued once for all transit Border Crossing Points (BCPs) and covering security measures as a guarantee for the entire transit route. The system also enables the advance exchange of information and feedback between all participants in the process. In such a way, the TIR enable cost-effectiveness, time savings, and secure transit of goods under customs control. In addition, the modern TIR regime is truly intermodal – the documents cover all modes of transport, as long as there is at least one leg completed by road.

In recent years, the International Road Transport Union (IRU), which operates the system, has taken steps to promote the TIR system worldwide. China, India, Pakistan, United Arab Emirates (UAE), United States of America (USA), Canada, Saudi Arabia, Oman are all members now, and the number is growing on all continents. As the territory covered expands and becomes contiguous, the practical value and implementation efficiency are improved.

Another strategic direction is to move toward electronic and safe TIR carnets, which goes in line with the e-Customs programs and trade facilitation developments worldwide. This way, the TIR carnets ensure their future development and relevance, especially in countries outside the European Union, where they remain the only multilateral, intermodal transit system.

TIR Operations - The TIR system is based on single harmonized manifest, or TIR carnets issued in the country of origin that are used at all BCP as a transit document. In such a way, the TIR eliminate duplication of procedures related to issuing new transit document at each BCP and new guarantee for security under customs control. The TIR transit system is built on five main pillars:

- Goods travel in approved means of transports - with Approval certificate, (model in Annex 4 of TIR Convention, except transport of heavy or bulky goods) or containers - with Approval plate (model is in Annex 7 Part II of TIR Convention, except transport of heavy or bulky goods) under customs seal (except transport of heavy or bulky goods – Article 29 – 32 of TIR Convention);
- Throughout the TIR transport, duties and taxes due on the goods are suspended and secured by a chain of internationally valid guarantees provided by TIR Carnet. Each country sets its guarantee limit but the recommended maximum amount to be claimed from each national association in the event of an irregularity is an amount payable at a maximum of 50,000 USD dollars for normal carnets and 200,000 USD dollars for excise goods (tobacco, alcohol, etc.);

- The goods are accompanied by the TIR carnet, which provides proof of the existence of the guarantee and serves as the customs transit declaration in the countries of departure, transit, and destination. TIR carnets are printed and issued by the International Road Transport Union (IRU) to national guaranteeing associations. A TIR carnet is valid for a single TIR operation only. It is taken into use in the country of departure and serves as the customs control document in the countries of departure, transit, and destination;
- The countries of transit and destination accept customs control measures taken in the country of departure. As a consequence, goods carried under the TIR procedure in sealed means of transports or containers as a general rule will not be part of examination at customs offices in transit.
- For controlling access to the TIR procedure, national associations wishing to issue TIR carnets and persons wishing to utilize carnets must comply with minimum conditions and requirements and must be authorized by the competent authorities, in many cases CAs.

To date, 76 contracting parties across the globe have ratified the UN TIR Convention. More than 33,000 operators are authorized to use the TIR system and around 1.5 million TIR transports are carried out per year[16].

Information technology plays a vital role in the TIR system for higher regionalization of CTR. In 2003, the contracting parties to the TIR convention launched electronic TIR (eTIR) Project. The goal of eTIR is to ensure a secure system of exchange of data between CAs related to the international transit of goods, allowing them to manage the data on guarantees, the availability of advance cargo information for risk management purpose. For example, Real-Time Safe TIR (RTS) automatically makes real-time check regarding the validity of issued TIR Carnet and CAs can send feedback about the termination of a transit procedure. On the other side, TIR electronic pre-declarations (TIR-EPD), allows CAs to get the advance information on transit goods and perform an advanced risk assessment.

Box 1: Piloted intermodal transports on the Turkey – Iran border

Iran, in 2018, successfully piloted intermodal transports on the border with Turkey using the digitized TIR carnet. Thanks to this, all customs procedures in this country are now fully digitized. The next step is to introduce the possibility of using e-TIR on the border with Azerbaijan. Iranian and Azerbaijani customs have recently come to an agreement on this matter[17].

[16] https://www.unece.org/tir/welcome.html
[17] https://trans.info/en/iran-introduces-digital-tir-carnets-a-revolution-in-customs-clearance-103904

Box 2: First TIR transport from Europe to China

The first TIR transport between Europe and China was successfully completed in February 2019. The route started from Germany to Khorgos, a major Chinese overland Belt after a 7,400 km journey in just 12 days without disruption or customs issues. This is opening a new era of door-to-door TIR operations between China and Europe[18].

1.7 Efficient CTR

One of the most important parts in the development of efficient CTR is to enable the appropriate level of facilitation while goods transited through transit countries. The most significant barriers in the smooth flow of transit goods are administrative and procedural barriers. For example, the level of transparency, access to information about transit procedures, ineffective (or non-existent) coordination among national and international stakeholders, complicated transit procedures, lack of coordination on a regional level between neighboring countries, lack of an appropriate ICT transit system, etc., are only a part of the specific barriers to smooth transit of goods.

An efficient CTR will need to ensure that the physical movements of the goods, information flows, and guarantee data are synchronized, so upon finishing the transit procedure, the discharge of the guarantee will not be delayed.

The **legal framework** is one of the first prerequisites for an efficient CTR. The efficiency of the transit regime is based on a higher level of regionalization between countries. Therefore, it is necessary to have bilateral and regional agreements and implementation of the recommendations from international agreements and conventions in the national legislation.

Worldwide – or at least multilateral – agreements are preferred to the regional, while those are more useful than bilateral and corridor agreements. To date, the TIR Convention with 76 participating countries comes closest to this ideal.

Bilateral agreement examples include Afghanistan-Pakistan Agreement for cargoes from Pakistan seaports shipped to Afghanistan and further to Central Asian countries, as well as Afghan exports to India, transiting via Pakistan.

Another facilitation method is pre-arrival inspection, whereby Customs is pre-positioned in a foreign seaport and checks the cargo exported to its country (or transiting through it); this enables cargo to be pre-cleared and not checked at Road or Rail BCPs. The US Customs has a number of bilateral agreements, and its officers are located and operational in a number of seaports and airports. Historically, another example was the case of imports to the Kingdom of Yugoslavia in the special free zone in the Greek port of Thessaloniki.

[18] https://www.iru.org/resources/newsroom/first-tir-transport-europe-china-arrives-only-12-days

Logistics management and supply chain management is in large part based on ICT in international trade operations. Efficient CTR requires the use of ICT in managing transit procedures. This is especially important regarding the real-time exchange of information between CAs in departure, transit, and destination countries. An optimal ICT system regarding CTR in large part will facilitate and simplify customs transit procedures. The paper-based procedures that are inefficient, time-consuming, and risky will be changed with the electronic exchange of information between all stakeholders in the process.

Managing **guarantees** is an essential part of CTR. A guarantee system ensures that Customs duties and taxes suspended during the transit procedure are covered in cases where they have to be paid. The process starts when the principal provides a bond by a bank or insurance/voucher by a guarantor and released when the customs procedure ends. An automatic release of guarantees is another measure to reduce the cost of the business[19]. Guarantee management covers:

- Registration;
- Verification of the existence and validity;
- Monitoring of the reference amount;
- The release of the guarantee.

If a comprehensive guaranty is issued, it covers multiple shipments; the Customs and the principal will monitor the ceiling, ensuring that all pending shipments remain covered.

Partnership with the business sector is an important part of an efficient CTR, especially in the development of laws and regulations, and working together on improving the entire system. The development of an efficient CTR that secures the countries and help the business sector to do the business globally, there is a need for a comprehensive partnership with the business community. The partnership can be built by signing mutual assistance agreements with trade associations to encourage a high level of cooperation between the CAs and business sectors.

Generally, the CTR is public-private cooperation where CAs allows access to the business sector compliant with a set of criteria in simplified transit procedures to authorized operators. So, this level of partnership will eliminate the need for inspection of the goods in transit. Additionally, the business sector is faced daily with problems in transit procedures and has the potential to help CAs in improvements.

[19] http://www.wcoomd.org/en/topics/research/activities-and-programmes/~/media/30EA73887EED41E1A3E774175C7FE097.ashx

The **Authorised Economic Operator** (AEO) is another concept which is developed as a result of CAs efforts to deal with the increasing flow of goods among the countries. Since physical examination of all the goods moving across borders is impeding international trade, the CAs select the cargo based on their **risk management**. The idea is to trust reliable companies and focus on the goods which are considered riskier. WCO Framework of Standards[20] (WCO SAFE) defined the AEO as "*a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards*." According to the WCO SAFE, AEOs may include manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders[21].

Beyond developing standards and guidelines, the WCO provides capacity building support to its Members in establishing and enhancing AEO programmes in close cooperation with donor organizations, wherever required, through international, national, and regional activities. Partnerships with businesses are also indispensable, as evidenced by the contribution of the WCO Private Sector Consultative Group[22] to the work of the WCO SAFE Working Group in supporting and reviewing the implementation of the SAFE Framework of Standards.

Mutual recognition of the AEO programmes is given utmost importance by the WCO SAFE Framework, which will further facilitate the trade of the AEOs. The Framework also underlines that Mutual recognition could be successful if:

- The concerned programs are compatible with SAFE Framework;
- There is an agreed set of common standards;
- Standards are applied in a uniform manner;
- Agreed upon mechanism and standards for certification authority and legislation to enable mutual recognition.

The EU is one of the world's regions that successfully implemented the mutual recognition of AEO Programmes. The EU has a single AEO Programme since 2008, which is applicable in its 28 Member States.

An efficient CTR will need to be based on the real **simplification** of transit formalities as the simplification of documents required, simplification of the transit procedures and adequate

[20] http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/safe_package.aspx
[21]http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aeo-compendium.pdf
[22] http://www.wcoomd.org/en/topics/key-issues/private-sector-consultative-group.aspx

coordination with OGAs to facilitate transit trade using the Single Window concept. This is important to reduce costs and time spent on BCPs when it comes to transit procedures. The single window concept allows coordinated information exchanges by different national authorities. In such a way, traders can submit all transit information required by authorities at one time rather than providing the same information repeatedly to various government agencies.

When it comes to **transit fees and charges**, it is essential to have fair fees that would be non-discriminatory and limited to the real cost of the transit service provided. Also, it is critical for these fees to be published and available for all stakeholders in the process. In many countries, there are hidden fees and charges based on the inspection on the transit route by different authorities. The efficient CTR will need to eliminate or keep them on the lowest possible level.

Another essential part of an efficient CTR is related to using **security measures** that will enable transit goods and means of transport to stay in the same condition as they enter transit countries. The standard way to implement security measures for this purpose is to affix customs seals at the beginning of the transit procedures. CAs also can put time limits when the consignment will need to be at the customs office of exit, specification of routes for transportation, or use GPS technology to track the movement of the transit goods. Another possible way for security, especially for high-risk shipments and shipments that cannot be secured with the seals, is the convoys guarded by customs officers. This approach is obsolete and considered as an extreme measure because it will increase time and cost for the customs transit procedure.

As presented in Table 2, the large part of the global supply chain consists of transit procedures based on the number of transit countries between the departure and arrival of goods. Having in mind that the costs of the supply chain will depend on costs of transit, and transit costs are the function of the number of BCPs inside the chain, **Coordinated Border Management** (CBM) becomes an essential way to the development of an efficient CTR. The WCO has developed a CBM Compendium, including best practices identified in different areas of CBM. The document provides guidance on effective coordination at borders. Successful CBM requires an institutional arrangement for coordination, working hour's alignment, joint customs controls, one-stop border stop, and appropriate infrastructure and equipment at BCPs. With effective CBM, it will be possible the time and costs related to transit procedures to be cut in half because the transit goods and means of transport will not need to pass two BCPs at the border crossings, but everything will be processed inside one Joint BCP. Examples of Joint Road BCPs are Chirundu (Zambia-Zimbabwe) and Busia (Kenya-Uganda).

Like every system, an efficient CTR will need to incorporate the **performance measurement** to control the effectiveness of transit procedures and identify possible bottlenecks. The term

"performance measurement" usually refers to the continuous gathering of data from specific functional areas. It is the ongoing monitoring and reporting of a Customs administration's progress towards reaching its organizational goals. The Customs develops an internal system that collects, collates, and reports on workflows, outputs, and outcomes[23]. The WCO Time Release Study Guide can help countries to identify key problems in their national CTR. TRS is a tool and method for measuring the actual performance related to trade facilitation at the border. According to the guide - TRS measures the total time needed to complete all formalities. In other words, it can determine with precision the time for each separate procedure, such as the average time needed to prepare documents and to complete the formalities for each stakeholder responsible, and other average times in the movement of cargo between two or more countries along the international supply chain[24].

1.8 Benefits of efficient CTRs

CTR is more problematic for landlocked countries because the goods coming to these countries will need to pass more transit countries compared with maritime countries. According to data from World Bank Doing Business 2019[25] and Logistics Performance Index (LPI)[26] for 2018, the average trade across border score and average LPI score give different results for landlocked and maritime countries (Table 2). Unexpectedly, landlocked countries have higher score when it comes to trading across the border. While the average time to import is higher than that of maritime countries, their own costs to import regarding border compliance is much less than the same costs for maritime countries. In such a way, most of the landlocked countries try to buffer the downside of being landlocked by improving the efficiency of their own BCPs. On the other side, the average LPI score confirms the results of many other studies that landlocked countries have more challenges with when it comes to customs transit procedures before the goods come to the destination.

The data also shows that being landlocked is not the only factor that impacts these scores. Many maritime countries have poor CTR, while there are also landlocked countries like Switzerland with 91.79 tradings across border score and 3.9 scores of LPI and Austria with 100 scores of trading across border and 4.03. Austria is part of the EU common transit system, which means they use one of the most advanced CTR. Although Switzerland is not an EU Member State, it is an EFTA member as well as a full participant in the NCTS, so the transit of goods between the EU and Switzerland is very efficient.

[23] http://wcoomdpublications.org/downloadable/download/sample/sample_id/130/
[24] http://www.wcoomd.org/en/topics/facilitation/resources/~/media/01713916ED2A4BD38DC119C5E64B890D.ashx
[25] http://www.doingbusiness.org/en/data/exploretopics/trading-across-borders
[26] https://lpi.worldbank.org/international/global

Sourcing goods directly at the point of importation – a seaport – is clearly an advantage. On average, thanks to lower freight costs, retail gasoline price is usually few cents lower in seaports than in the inland areas of the same country. However, the retail prices are affected by many additional cost factors in addition to the transport alone, primarily the excise taxes, which in Europe account for 75-95% of the retail price. As a result, due to lower tax structure, landlocked North Macedonia has lower gasoline prices than Greece, even as it mainly imports its oil and oil derivatives via the Greek port of Thessaloniki. This anomaly may occur in other sectors, such as textile products in landlocked Uganda, which are cheaper than in neighboring Kenya. Overall, the natural advantage of having a seaport will always remain a factor; however, efficient trade facilitation measures and free trade agreements, in conjunction with more competitive (cheaper) transport, will minimize this difference.

Table 2: Average Trading across Border Score and LPI score

	Maritime	Landlocked	EU	EU candidates	All
Trading across Borders Score	69.61	75.40	97.39	93.16	70.86
Time to import: Border compliance (hours)	5.67	58.07	1.71	11.20	17.04
Cost to import: Border compliance (USD)	434.78	251.05	29.21	126.20	394.92
LPI Score	2.93	2.67	3.54	2.82	2.87

Source: Author own compilation

If we compare this data with the EU countries that use the common transit system, there is a large difference. Average trade across border score for all countries in the database is 70,86, while the average in EU countries is 93,16, and even some EU candidate countries have a higher score than the global average. The same case is regarding time and cost to import for border compliance and LPI score. Therefore, an efficient CTR is an important part of the individual performance of the countries.

Table 3: Benefits of efficient CTR for Customs, Business Sector, Transporters, National Economy and Regional Economy

Customs	Business Sector	Transporter	National Economy	The region as a Whole
Reduced costs for transit procedures	Reduced costs to import and export of goods	Reduced service costs	Reduced trade costs	Reduced trade costs
More advanced Risk Management	Higher trade volume	More transport services demand	Increased trade volume	Increased trade volume

Customs	Business Sector	Transporter	National Economy	The region as a Whole
Efficient CTR guarantee system	Reduced time to import goods	Reduce transport time	Increase national export	Increase regional export
Reduced paperwork	Reduced paperwork and guarantee costs	Reduced paperwork and guarantee costs	Regional economic integration	Improved global integration of the region
Standardized and simplified documents	Reduced costs, better compliance, fewer disputes	Reduced costs, better compliance, fewer disputes	Higher employment	Higher employment
Mutual cooperation with other CAs	Enhanced predictability and efficiency	Enhanced predictability and efficiency	Higher foreign investment	Higher foreign investment
The decrease in smuggling of goods in transit	Partnership with CA and OGAs	Partnership with CA and OGAs	Decrease of national grey economy	Decrease of regional grey economy
Reduced opportunities for bribery	Reduced corruption	Reduced corruption		
Better productivity	Fewer customs physical inspections	Fewer customs physical inspections	Faster transport times	

Source: Author own compilation

Implementation of an efficient CTR is a part of many facilitation agreements, conventions, and recommendations. According to the WTO[27], the full implementation of Trade Facilitation Agreement could reduce trade costs by an average of 14.3% and boost global trade by up to 1 trillion USD dollars per year, with the biggest gains in the poorest countries. For example, the University of International Business and Economics (UIBE) from Beijing, China in 2017 conducted a study about TIR implementation and the facilitation of unimpeded trade for China, offering compelling evidence of the benefits of TIR to establish unimpeded trade for China. The report shows the benefits of TIR implementation, which could reduce transit time by as much as 80 percent and increase total exports by up to USD 7.86 billion[28]. China joined the TIR Convention in 2018, and goods originated from China are going global with higher efficiency, while foreign imports also will be faster and safer.

[27] https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm
[28] https://www.iru.org/resources/newsroom/first-tir-transports-china-advance-belt-and-road-prospects

The implementation of NCTS brings financial benefits to the public and private sector. The research[29] related to the implementation of the NCTS in the EU showed that the NCTS had obtained a productivity gain of about 30 minutes. With labor costs gross billed at 30 euros an hour, the 8,800,000 movements in 2008, the annual cost savings amount to 132 million Euro. Although labor may cost less for customs brokers in some areas, the cost savings remain impressive - suggesting that the NCTS investment repays itself annually several times over. Having the 2008 analysis, in 2017, approximately 500 million messages were exchanged in CCN/CSI system running on more than 99% availability at an annual cost of 70 million Euros providing support to the rapid customs processes to support trade and decrease the cost of trade.

Some of the benefits for business sector besides time and costs for transit operations include less paperwork, enhanced predictability regarding transit shipments, less pressure because of inefficient CTR that will not release the guarantee, lower frequency of customs inspection, etc. In the case of AEO, customs clearance will be made at the operator's premises. For example, under the NCTS, an AEO can initiate transit operation at his premises, and also terminate transit procedure at his premises.

1.9 The role of transit facilitation in regional economic integration

Globalization and the global competition put significant pressure and challenge to national economies, especially for developing economies with the limited domestic market and intense global competition. It is crucial for these economies to reduce costs and increase productivity through better border cooperation and free movement of shipments without interruptions for customs or other inspections. Expanding regional cooperation and integration through regional agreements will create more competitive regional markets. In such a way, local companies will get access to a broader market.

Facilitating CTR as a part of regional economic integration can bring more significant benefits to the whole region and their member states. As CTR is not implemented by only one country as it would be for import, regional facilitation of CTR is a much better approach rather than uncoordinated measures by each state. Standardized and uniformed customs transit procedures coordinated and implemented at the regional level can remove bottlenecks and enhance the competitiveness of regional supply chains. The WTO TFA provides a legal framework within which neighboring countries can regulate and improve their CTR procedures.

The customs union is one of the best examples of regional integration and cooperation. Customs union is characterized by no customs duties among the countries of the union, and common

[29] McLinden, Enrique Fanta, David Widdowson, Tom Doyle; Editors, Border Management Modernization, 2011, The International Bank for Reconstruction and Development / World Bank, p.259-260

customs duties for imports from outside the EU (Common external tariff). The EU customs union is the best example of this type of regional integration of many countries. According to World Bank Doing Business[30], today, more than half the 190 economies covered by *Doing Business* are part of a customs union, 33 economies are in a customs union with their export partner, and 39 are in a customs union with their import partner. For these economies, the time for documentary and border compliance is substantially lower on average than for others. Also, the studies of Doing Business show that not all customs unions are the same. For example, customs unions among Organization for Economic Co-operation and Development (OECD) high-income economies perform substantially better than others, followed by customs unions in Europe and Central Asia, Sub-Saharan Africa and Latin America and the Caribbean.

Information sharing as a part of customs transit facilitation is one of the first steps toward regional integration of individual countries. Having information in real-time on transit goods when the transit procedure starts at the departure country can be useful for transit countries and destination countries for risk assessment of goods. A good example is the Advance transit info system one of the options in this regard like Advance Passenger Information (API) and Passenger Name Records (PNR) system that obtained data from travel documents, and information about bookings, enabling customs to conduct risk profiling before the plane and passenger arrival.

The next step in transit facilitation as a part of regional economic integration is the use of regional and multinational guarantee system that will allow traders to pass all transit countries with the same guarantee system. The AEO programme is an important part of building an efficient CTR, but it will not add much value if there is no mutual recognition of AEOs inside the region. Regional AEO program is a possible transit facilitation measure. Except for customs union as a way for regional cooperation, many countries start with the collaboration at BCPs through the implementation of one-stop border post where instead of two customs agencies, customs control is done by both agencies but in the same time and the same location – One-Stop-Shop. In such a way, this bilateral cooperation eliminates the need for the same procedures to be repeated on both BCPs.

Transit facilitation is one of the main postulates of regional economic integration[31]:

- Enhance regional competitiveness through the economic development and competitiveness of individual countries in the region;
- Support regional economic integration and competitiveness through the increased intra-regional trade;

[30] http://www.doingbusiness.org/en/data/exploretopics/trading-across-borders/good-practices
[31] Tadashi Yasui, Transit Facilitation for Regional Economic Integration and Competitiveness, WCO Research Paper No. 28, April 2013

- Have an important role in a regional production network, leading to further regional economic integration and competitiveness;
- Is a driver of regional economic integration. Most transit facilitation measures essentially require international legal frameworks to ensure administrative cooperation and coordination among CAs;
- Maybe a stepping-stone to the harmonization of other trade facilitation measures in the region, leading to further regional economic integration and competitiveness.

2 Global Trends and Good Practices from non-OIC Developing Countries

CTR is an essential part of trade facilitation measures that start emerging with the higher speed and new trends of customs transit facilitation have been developed. This chapter will review trends globally and examine in detail three international good examples in customs transit regimes: ASEAN Computerized Transit System (ACTS), transit regimes systems in Latin America and EU New Computerized Transit System (NCTS).

2.1 Global Trends in CTR

The most important global trends in CTR that will be explained in this chapter are following are SMART borders, border management and cooperation, institutional framework, CTR exchange of information and data, TIR electronic data exchange and data availability, blockchain, integrated risk management, new technologies and trends for management at border crossing points, customs seals, joint use of equipment and resources, infrastructure and equipment.

2.1.1 SMART Borders

Each year, the WCO Secretariat chooses a theme that is relevant to the international Customs community and its partners. The slogan chosen for 2019 is "SMART borders for Seamless Trade, Travel, and Transport." This is an apt theme as the world increasingly moves towards working smarter, using smart technologies, setting smart goals, and even living in smart cities.

"SMART" acronym stems from the following guiding principles: Secure, Measurable, Automated, Risk Management-based, and Technology-driven[32].

Secure refers to the difficult task for Customs to facilitate the trade on one side and to combat serious, organized smuggling and crime on the other side.

Performance **measurement** is an integral part of reaching and implementing well-rounded decisions, which is why Customs requires a tailored tool that is founded on a globally recognized and stand-alone standard. The WCO will lead the way in the development of this tool, as well as in encouraging a culture of objective self-evaluation in order to track trade and organization performance metrics.

In this process, Customs will have to further focus on **automated** solutions in order to foster an environment of effective data mining and analysis, as well as one that is aware of the cybersecurity threats and in keeping with emerging fields like digital forensics and internet privacy.

[32] http://www.wcoomd.org/en/media/newsroom/2018/november/world-customs-organization-dedicates-2019-to-transforming-frontiers-into-smart-borders.aspx

Employing an approach based on **risk management** and its accompanying methodologies would enable Customs to significantly decrease its reliance on physical inspection in order to identify risks, security threats, or obstacles in the supply chain.

Undeniably, **technology** must be at the forefront of Customs' pursuit of rising to the challenges posed by the digital era and the ongoing technological advancements.

2.1.2 Border Management and Cooperation

Border management and cooperation initiatives involve cooperative arrangements between Customs, other Border Agencies, the private sector, and the international counterparts involved in international trade. One of the goals of border management and cooperation is to facilitate the CTR on a national and international level.

The key aspect of the border management concept is cooperation and coordination among stakeholders at different levels. The three pillars upon which modern border management systems are based are the following:

- Intra-service cooperation;
- Inter-agency cooperation;
- International /cross-border cooperation.

Intra-service cooperation is cooperation within ministries and agencies responsible for specific tasks. Both the vertical aspect of intra-service cooperation among the different administrative levels from the Border Agencies with the units working at the borders and the horizontal aspect of cooperation between the various BCPs as well as inland control points should be taken into account. Examples include the top-down information flow from the central level to the BCPs by providing information on new regulations, as well as the cooperation between border veterinarians and inland veterinary authorities in order to enable the secure transit of veterinary consignments.

Inter-agency cooperation takes a horizontal approach based on cooperation and coordination between officers of the different agencies active at the border, as well as amongst the central ministries/OGAs responsible for these services. This starts with day-to-day operational contact at the BCPs at both a formal and an informal level and extends to the need to coordinate discussions on mid- and long-term strategies between the ministries. Controls and procedures, including their sequence, should be clear for all parties, as should the division of responsibilities for the different tasks between the respective authorities.

International - cross-border cooperation, and thus cooperation between agencies involved in border issues in different countries, can also have different faces: local cooperation between officials on both sides of the border focusing on improving day-to-day operations (*jour fixe*),

bilateral cooperation between neighboring countries on CTR, and joint operations. Information exchange is also a key part of international cooperation, both bilateral as well as multilateral.

As can be seen from above examples, additional complexity is added by the fact that cooperation and coordination within and between agencies may take place at and between the central levels, including CAs national headquarters and ministries, and at the operational unit's active at the regional and local level.

It should be noted that the pillars are not strictly divided. There are several issues that are clearly cutting across the pillars. An example would be the establishment of joint contact offices, in which both Customs and OGAs representatives could rapidly exchange information with officers from the neighboring country. This is clearly an issue to be discussed both between the agencies involved and on an international level to find an agreement with the neighboring country.

At the same time, different state structures and institutional (if not constitutional) arrangements influence the three-pillar approach to the extent that the levels might not always be explicitly identified or divided differently than in this study. These differences need to be kept in mind when reading this document and applying it to a specific country.

2.1.3 Institutional Framework

In discussing cooperation and coordination between different units of ministry/OGAs related to means of transport and goods in transit, the focus is on organizational set-up and management structures of the specific service. Important objectives regarding the institutional framework include the existence of central authorities responsible for certain aspects of management of the BCP, the strategies based on coherent policies, and the establishment of internal control and reporting mechanisms in order to monitor not only performance and the coherent implementation of the operational instructions, but also the efficient use of resources, both human and technology. Regular CTR performance evaluation will not only help to detect irregularities of any form but may also be used to provide feedback into the quality management system, thus allowing higher management to learn from good practices. At the same time, an internal audit system can also contribute to staff motivation insofar as it allows for constructive criticism – if taken into account; this underlines the importance of the experience of operational staff and can increase motivation.

Clear and transparent CTR procedures have to be established for corrective actions to be taken in case of irregularities, and their follow-up. If feasible, these functions could be carried out by specialized audit units.

Moreover, centralized risk management system can be established. Customs and OGAs should maintain the risk indicators and intelligence on the local level (particular for each BCP, at the

regional and central-national level). As well, the exchange of risk indicators and intelligence can be made with the officers from the neighboring country.

To ensure the implementation of the overall border control policy, Standard Operational Procedures can be developed with the CA from the neighboring country.

2.1.4 CTR Exchange of Information and Data

Many of the CTR changes are felt at the border crossing side where IT Technology provides services to OGAs and CAs and require the entry of relevant data only once, without personally having to present the paper documents to several locations any more as well as the increase of transparency. These services can eliminate any time and geographical limitations in the interaction between traders and governments and provides a 24/7 access to the services from anywhere, including a possibility to make multiple corrections, additions, and changes. When complete and correct information has been submitted, risk-based or at least fast decision can be taken by the Customs. This transit data single submission service improves the business environment for traders, transporters, forwarding agents, and their intermediaries. The impact of eliminating the CTR red tape is particularly high when contact points are reduced to the maximum. Ideally, the trader will have one electronic submission, while also filing the customs declaration (CD) with the CDPS and the processing is fully paperless.

Providing an electronic entry for documents is not enough for the transit process simplification. The back-office side of processing of documents and cargo also has to change. International trade procedures are complex as almost every aspect of the international supply chain is subject to interventions of one regulatory (CAs) or several regulatory bodies (OGAs) or has to comply with national and international best practices and standards. In many countries, there is a complex web of regulations procedures that determine transit processing. There is also a multitude of private and public stakeholders such as various government agencies, exporters, importers, freight forwarders, customs brokers, carriers, terminal operators, logistics companies and transporters, banks or financial institutions, insurance companies, business associations, international agencies, etc. that intervene along with the physical transit flow of goods for regulatory or commercial purposes.

2.1.4.1 Trends in Exchange of Information and Data

Progressive development trends also encompass IT Architecture. These developments are guided by three major aspects: integration, optimization, and sharing of information. Further integration of trading partners of a supply chain with blockchain technology will increase control and secure data sharing between disparate systems and will also develop services integration and scheduling capabilities.

This might require further development of inter/intra-actors communication, which can be incorporated into the blockchain. XML adoption as the *de facto* standard for information sharing might completely replace the obsolete EDIFACT standards[33] , and its incorporation in blockchain will improve Electronic Data Interchange (EDI) messaging standards. With the implementation of the blockchain technology, the full status of the visibility will be based on collected tracking and tracing information on end-to-end supply chains.

Recent transit bilateral and regional agreements have established new trade facilitation practices and regulatory requirements to be implemented worldwide. Many of these practices rely on data exchange across organizational and geographical boundaries.

The exchange of information related to transit is also synergistic with the following strategic objectives:

- The use of XML-based, EDI and emerging blockchain technology for the collection, processing, and transmission of the end-to-end global supply chains data, including the transit (*en route*) data;
- Efficient operational cooperation, coordination, and exchange of information with other CAs;
- Management and monitoring of transit operations, as well as the implementation of a partnership policy with economic operators;

2.1.4.2 Exchange of Information for Prevention, Investigation, and Suppression of Customs Offences

The exchange of intelligence is facilitated by the WCO's Regional Intelligence Liaison Office (RILO)34 system. The RILO's which report to the WCO Enforcement Committee Network was established by the WCO as a part of its Global Intelligence Network.

The RILO network supports WCO Members by providing operational support, designing and implementing target-oriented intelligence for regional operations, facilitating mutual administrative assistance, and promoting and maintaining regional co-operation with other law enforcement agencies and organizations.

Each participating WCO Member must designate a RILO National Contact Point (NCP) to:

- Collect information on seizures, including all required details relating to Customs offenses, from existing sources at the national level;
- Distribute intelligence reports, alerts and other relevant publications received from the WCO and RILO's at the national level;

[33] https://www.unece.org/cefact/edifact/welcome.html
[34]http://www.wcoomd.org/en/topics/enforcement-and-compliance/activities-and-programmes/intelligence-and-risk-management-programme/rilo.aspx

- Initiate and participate in special regional projects conducted by RILO's to identify new trans-border smuggling threats and trends;
- Cooperate nationally with the full gamut of enforcement agencies; and
- Perform specific analytical studies.

2.1.4.3 WCO Instruments that help Members to exchange information concerning customs fraud

The WCO Council has adopted several instruments that enable Members to exchange information, such as:

- Council Recommendation on Mutual Administrative Assistance[35];
- Recommendation of the Customs Co-operation Council on the Pooling of Information concerning Customs Fraud[36];
- The Cyprus Declaration – WCO Model Bilateral Agreement on Mutual Administrative Assistance in Customs Matters;
- WCO Nairobi Convention - International Convention on Mutual Administrative Assistance for the prevention, investigation, and repression of Customs offenses[37].
- WCO Johannesburg Convention- International Convention on mutual administrative assistance in Customs matters, 2003).

2.1.4.4 EU instruments for information exchange

Customs cooperation – including in particular the Customs-to-Customs exchange of information - among the European Union Member States is regulated by the **Naples II Convention** (original in 1967, modernized in 1998): Convention on mutual assistance and cooperation between Customs administrations, published as the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on mutual assistance and cooperation between customs administrations (Official Journal 24, 23 January1998). At the time, it was decided to draft a separate instrument for the use of IT for Customs purposes - Convention on the use of information technology for customs purposes (the CIS Convention) - published in the Official Journal 316, 27 November1995). These legislative actions were undertaken in response to **customs transit fraud** in Europe in the 1990s, the European Council *Action plan for transit in Europe - A new customs policy* and the report made by the **European Parliament Temporary Committee of Inquiry into Transit Fraud.**

[35]http://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/legal-instruments/recommendations/enforcement/recommendation-1953.pdf?la=en
[36]http://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/legal-instruments/recommendations/enforcement/recommendation-1967.pdf?la=en
[37]http://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/legal-instruments/conventions-and-agreements/nairobi/eg0019e1.pdf?la=en

In addition to the exchange of information, the Naples II Customs Convention contains special forms of cooperation, such as hot pursuit, cross-border surveillance, controlled delivery, covert investigations, and joint special investigation teams. The widest possible range of cooperative operations logically leads to improved law enforcement, and this, in turn, will also improve trade facilitation for all customs procedures.

2.1.4.5 New WCO Dataset for Transit

The definition of the transit dataset elements is leading to the development of an electronic transit system, that, a part of CTR data, will support results from Customs control (if any), scanner (x or gamma-ray) picture, notification on crossing frontier to be sent to all relevant Customs offices and thus meets the requirements of both CAs and traders.

WCO Data Model version 3.6.0 is defining new dataset elements for Customs Transit:

- WCO ID 235, Control results at departure - a code and description indicating the results of the controls carried out by the authorized consignor prior to departure;
- WCO ID 302, Security level - a code identifying a specific security level;
- WCO ID 405, Examination Image -the digital image is resulting from the examination, (example the x-ray scan of a container).

2.1.5 TIR Electronic Data Exchange and Data Availability

The TIR Electronic Data Exchange consists of three layers of TIR digitalization. The systems connect all TIR actors electronically and at the same time, enhance the TIR security for CAs, traders, transport companies, and TIR national associations.

- **TIR-EPD** is a system that enables TIR carnet holders to submit Customs transit declarations[38] to Customs authorities in different countries. With TIR-EPD, CAs are able to confirm that the declaration was submitted by an authorized TIR carnet holder and that the TIR carnet is valid. This exchange of pre-arrival information enables CAs to perform risk analysis on the pre-arrival basis and allocate resources in an accurate and timely manner;
- **SafeTIR** system provides a database of terminated TIR Carnets. The system is an effective risk management tool that allows early detection of possible infringements/fraud by CAs[39] with information on the validity and closure of TIR Carnets. As well, the system provides information in real-time to TIR country associations - guarantee chain on termination of the TIR movement. SafeTIR system can

[38] https://tirepd.iru.org/#/login
[39] OIC MS using the SafeTIR - Azerbaijan, Iran, Kyrgyzstan, Kazakhstan, Morocco, Turkey, Uzbekistan and Tajikistan (under implementation)

be integrated with the CAs CDPS; the typical implementation roadmap is on average 2 – 3 months;

- **ASKTIRweb** is used by TIR national associations to manage the TIR Carnets from ordering to the point when the unused are returned. TIR national associations can fully integrate the ASKTIRweb into Association information system.

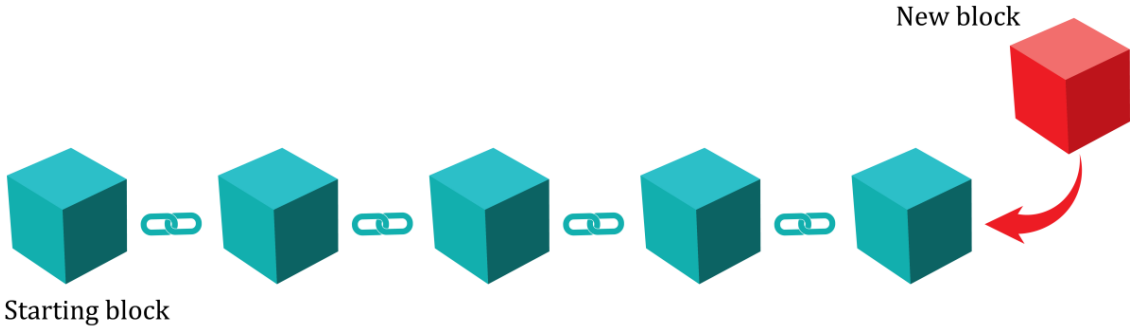
Figure 3: TIR Electronic Data Exchange and Data Availability

Source: Author's own compilation

2.1.6 Blockchain

The blockchain technology is primarily meant to secure the trade with cryptocurrency. Blockchain is a distributed layer of data, which means that data is spread across the network on a peer-to-peer basis in the network. Each block holds a copy of the complete dataset, encrypted in the chain. The dataset is visible only to the peer to which it belongs. If a new dataset needs to be linked in the blockchain, the dataset that is in the chain remains unchanged/intact/copied. The new dataset is simply attached to the chain, as presented in Figure 4:

Figure 4: Blockchain new dataset insertion



Source: Authors own compilation

WCO recognized many challenges in the use of blockchain technology. These included the integration of technology into Customs business model, data-driven Customs, the standardization of data, collection of the data in an accurate and timely manner, the interface of

Customs system and the interoperability of blockchain, the harmonization of blockchain as well as the quality of data[40]. In 2018, WCO published the Research Paper No. 45 "Unveiling the Potential of Blockchain for Customs," identifying possible case studies and uses of blockchain for Customs purposes.

Box 3: Saudi Customs and Singapore GSBN Blockchain projects

Maersk and IBM have implemented the TradeLens blockchain digital platform that provides traders and authorities along in the supply chain with a single, secure source of shipping data, enabling more efficient global trade. According to the IBM statistics, over ten million events are processed on a weekly basis[41].

At the beginning of 2018, **Saudi Customs** announced it had integrated its EDI system FASAH with IBM and Maersk's TradeLens blockchain platform. FASAH aims to enable data exchange between the Saudi Customs department and importers and exporters. In August 2018, TradeLens, the platform for digitizing the global supply chain went live. Like many blockchain projects initially, the platform had limited early access but became commercially available in early January 201942.

Port of Singapore Authority is participating in both TradeLens and the Global Shipping Business Network (GSBN) and is also part owner in the Open Trade Blockchain (OTB) which was launched at the end of 201843.

Additionally, the world's largest shipping freight forwarder Kuehne + Nagel is working on a logistics blockchain project with Accenture. EU DG TAXUD also considered the blockchain technology to boost the global trade, and at the same time, provide authorities with a secure and reliable data layer.

2.1.7 Integrated Risk Management

The increased volume of international trade also increases opportunities for evasion and fraud in an increasingly sophisticated and organized international manner. International security risks also increase due to international terrorism. Governments increasingly use risk-based compliance management for Customs or other purposes such as goods' safety and protection from these risks.

Governments have to ensure that goods entering, exiting, or transiting their territory comply with the regulatory requirements in the area of trade policy, revenue collection, transport, and

[40] http://www.wcoomd.org/en/media/newsroom/2018/november/digital-technology-and-customs-discussed-at-the-global-trade-2018-conference-in-london.aspx
[41]https://www.tradelens.com/?utm_source=Blog&utm_medium=In%20Text&utm_campaign=TradeLens%20Announce
[42] https://www.customs.gov.sa/en/node/1022
[43] https://www.ledgerinsights.com/container-shipping-blockchain-consortium-cargosmart/

public safety and health requirements. Simplification efforts may, therefore, be perceived as a loss of the ability to control compliance. Contrary to this view, in the operational practice, automated processing and risk management improves compliance and effectiveness of controls. Governments worldwide, therefore, increasingly use risk-based compliance management for Customs or other purposes such as revenue protection, food safety and protection of animal, plant and human health and lives.

Risk management requires agencies to establish the risk context, assess the risk, treat the risk, and monitor and review the risk. Commonly this is done separately at each agency level and with CAs often taking the lead. A Single Window can facilitate integrated risk management, whereby risk-relevant information is made available in a timely manner to all agencies, and a plurality of risk indicators drive controls and inspections. This enables more efficient profiling and targeting of high-risk consignments in transit and organization of controls based on cross-organizational risk profiles at different stages.

Currently, in most of the CAs, Customs Declaration Processing System (CDPS) support risk management and approaches are often limited to transactional Customs risk management and risk selectivity during Customs clearance. CAs recognize the importance of cross-border integrated risk management services, namely Integrated Risk Management (IRM) that will identify the risk on the pre-arrival basis and at the same time, allow CAs to allocate the resources in a proper and timely basis.

IRM supports the operational risk management processes of CAs and OGAs that are involved in the approvals of permits and certificates (pre-arrival), control of goods in import, export, transit, and post-clearance control. The IRM engine is a rule-based approach to risk analysis, whereby the individual analysis objects (traders, permits, transit declarations, etc.) are assessed for risk, primarily by assigning scores based on rules (risk indicators).

Box 4: EU Common Customs Risk Management System

The EU Common Customs Risk Management System (CRMS) is designed to provide a fast and easy-to-use mechanism to exchange risk-related information directly amongst operational officials and risk analysis centers in all Member States.

It facilitates EU-wide Customs intervention for the highest risks at the external frontier and inland and is thus an integral element in the development of a Union risk management framework. It consists of a Risk Information Form (RIF) to be filled in online and instantly made available to all customs offices connected[44].

[44] https://ec.europa.eu/taxation_customs/customs-risk-management-framework-crmf_en

Box 5: ACTS Common CRM

One of the main objectives of the ASEAN Computerized Transit System (ACTS) is to apply a common risk management technique. This is essential for risk management purposes so that each Customs office involved in a transit movement knows automatically in real-time which movements are en route, when they can be expected and whether they have been correctly discharged. The planned ACTS risk profiling scheme will be used to allow the reliable traders "simplifications" or exemptions from a range of standard CRM requirements.

2.1.8 New Technologies and Trends for Management at Border Crossing Points

It is essential to set up effective internal and external communication mechanisms in order to create appropriate interfaces between border agencies on national and international level. Emphasis can be put especially on neighboring countries, countries of origin of significant flows of goods, strategically relevant exporting and importing countries, as well as relevant international organizations (e.g. WCO CEN, CENComm). Communication between border services can be enhanced at local (between BCPs), bilateral (neighboring countries) and multilateral/regional level.

One concrete form of cooperation may be a systematic exchange of data and information (in real time or with minimum latency) that will allow monitoring the movements of goods and means of transport on the national and regional levels. Regional initiatives may be expanded upon in bilateral agreements – based on peer to peer basis. The exchange of data and information with the authorities of the neighboring countries should be institutionalized.

In 2012, UNESCAP published a Study on "Model on Integrated Controls at Border Crossings" intended to establish an efficient and effective information management system enhanced with integrated use of modern equipment, technologies and solutions.

2.1.8.1 Automatic number-plate recognition (ANPR)

Automatic number-plate recognition uses optical character recognition on means of transport registration plates or/and container code to read and insert the number plates/container code in CDPS, Closed-circuit television (CCTV) or law enforcement databases (for Customs Risk Management - CRM purpose).

Box 6: ANPR System used by UK and French Customs

The French Government has borrowed success from the IT to create a "smart border" at Calais in order to maintain speedy movement of goods once the UK leaves the European Union.

The customs declarations are identified via the means of transport number plate upon arrival at the customs facility (port or Eurotunnel terminal): electronic registration of the number-plate and customs forms (also known as "pairing") enables the means of transport to be tracked as it goes through the facility, especially when it crosses the border. Thus, upon arriving in France, the customs declarations will automatically be directed to the CRM channeling (green, yellow, red, blue, or orange) depending on the status of the transported goods[45].

[45] http://smarthighways.net/french-use-anpr-in-smart-border-solution/

2.1.8.2 Closed-circuit television (CCTV)

CCTV is a video surveillance system, widely used nowadays in different fields, and also can be applied at border crossings for the purposes of border-crossing safety, traffic management, as well as detection and prevention of smuggling and thefts. Apart from the border crossing, many countries are using CCTV technology to control and monitor the activities of the means of transport *en route* or in the cities (smart city systems). In many cases, police and customs have a central/regional CCVT control rooms monitored by relevant officers. The CCTV footages/videos are stored for the predefined timeframe and viewed and analyzed later (in the Republic of North Macedonia up to 6 months).

2.1.8.3 Radiation Detection System

A radiation detection system (for travelers and consignment) is at the entry points - border crossings to prevent the proliferation of radioactive materials and nuclear weapon precursors and to ensure the safety of people and the environment. Radiation detection is usually not a separate kind of border control and is being conducted in automatic mode. In case the radioactive emission is detected, the control officers, who have received an alert signal from the automatic system, call the service that is responsible for handling/disposal of dangerous goods.

2.1.9 Customs Seals

Customs seals are the physically secure mechanism used as a proof that the consignment at the start of transit, *en route*, and at the destination are with the same status, quantities, and forms.

The traditional plastic, lead, and bolt seals are unsecured, easy for manipulation, and not traceable. The only benefits of using the traditional seals are they are proof / evidence of opening the sealed cargo area, and at low price comparing to e-seals technology. Opening of the consignment (cargo area) by breaking the traditional seals, leave visible marks, but is not 100% tamper-proofs, depending on the seal configuration and the skills of the criminals.

Seals and means of transport approved for use in the transit operation must, therefore, confirm to well-specified criteria that guarantee their effective operation and security.

2.1.9.1 E-Seals transit tracking systems

New customs/transport seals use emerging technologies, and many types of e-seals are already in use. These seals include a memory chip that is activated when broken. The e-seals are costly in terms of initial capital cost (the price depend on the quantity) and operational maintenance (life cycle of the hardware and software). There are numerous advantages of using e-seals:

- e-seals are ensuring the security of consignment, traceability and increase visibility (in real-time);
- they conform to WCO - AEO requirements;

- e-seals can be affixed on the numerous means of transport and cargos including containers, trucks, rail wagon, air cargo, etc.;
- e-seals helps find containers that have been tampered in a discreet manner, reduces the time taken and reduce the physical inspection procedures;
- e-seals are proof of manipulation, in the event of any manipulation (example in case of unauthorized opening of the container, a warning notification will be displayed immediately);
- Ensures the safety of consignment to consignees.

2.1.9.2 Radio-Frequency Identification (RFID)

The RFID system uses automatic radiofrequency identification techniques in the UHF RFID (865-868 MHz) band - to read/write electronic seals of high security. The RFID system of electronic seals is allowing to:

- Implement the process of automatic identification, control, and traceability of each consignment;
- Increase international transports' security since electronic seals are impossible to be cloned;
- Prevent the contamination of transported goods, for instance in international container transport;
- Increase the logistics processes' efficiency. Moreover, the acceleration of the logistics operations, with consequent reduction of human mistakes, will increase the level of actual control inside areas – ports, border-crossing, and terminals. This automated process based on RFID will also provide added value to the international trade supply chains.

There are two types of RFID customs seals: passive and active RFID seals. **Passive RFID** electronic seals simply report if they have been broken, when asked by a reader. They have a low-cost and short-range operation.

RFID passive e-seals provides the automatic identification of the means of transport/container's seal and can be read quickly and accurately by static RFID gateway reading systems or by handheld devices assigned to check-point customs officers. Any tampering event to the seal is stored in the chip's memory. This activates the alarm, which immediately provides the status of the seal - Tampered/Not Tampered; The RFID chip should be able to store further information and can be written by using the proposed RFID reader/writer devices.

The key information that the RFID passive seal provides are:

- RFID e-seal serial number;
- Date and time that reading is sealing;
- Status of the seal (Tampered/Not Tampered);
- Number of readings take for each RFID e-seal;
- Registration sequence in the event of 2 RFID e-seals on two containers on the same means of transport/container.

Active RFID seals register the time when they are broken; can submit an alert signal thus triggering action; and, connected to a GPS, can also record and submit the location where they were broken. More sophisticated solutions are using satellite communications to report tampering or allow consignment interior access only in pre-determined zones (for example, at a Border Crossing Point). If electronic seals are not employed in layered security infrastructure, then they will add little more value if compared to physical consignment seals.

Currently, around the world, there are numerous RFID developments carried out on the container terminal, as well as a checkpoint for the consignment *en route* (in transit).

Box 7: Use of RFID in Malaysia

Malaysia is using RFID seals affixed to transit containers at departure. All transit information can be automatically retrieved from the seals each time when the transit trucks or containers pass through Customs checkpoints (land or seaports). It was reported that the RFID system saved 47 minutes/container on average with the auto-clearance[46].

Box 8: Jordanian Customs GPS tracking

Jordanian Customs at the departure Customs checkpoint use a GPS tracking unit connected wirelessly with two e-seals which are affixed one on the truck and the other on the container. This system can monitor the movement of the transit truck in the fixed assigned route during its journey on a real-time basis through GPS satellite signals. If the transit truck deviates from the pre-assigned route, or if there is an illegal opening of the container in the absence of Customs authorization, or an anomaly is detected, an alarm will be ringing in the main control room[46].

Box 9: Azerbaijan Customs GPS enabled e-seals

Azerbaijan Customs Targeting Center is using the IT technology, including GPS-enabled e-seals for tracking and risk-based targeting of consignments and observing the live operations of border management[47]. Azerbaijan uses the GPS monitoring Seal called "Beni Lock." The seals are equipped with sim card and battery. The battery will last for 3 days, which is enough for transit within Azerbaijan.

[46] https://waset.org/publications/10005764/enhancing-transit-trade-facilitation-system-and-supply-chain-security-for-local-regional-and-an-international-corridor-
[47]http://www.wcoomd.org/en/media/newsroom/2016/december/wco-support-mission-for-the-europe-region-on-e-commerce-and-digital-customs.aspx

Box 10: Pakistani Customs GPS tracking

The goods destined to Afghanistan from abroad through Pakistan and the goods exported from Pakistan to Afghanistan used to have a problem at the border as the goods were smuggled back to Pakistan without paying any duties and taxes. It was a major concern which affects the economy of Pakistan. This problem was resolved by computerizing and tracking system in Pakistan and good cooperation by Afghanistan. Pakistan has implemented the GPS system; therefore, the enforcement by the Customs has become easier than before using GPS. It is reported that the smuggling records has been reduced drastically since applying this system.

2.1.9.3 Security Sensors

The traditional seals only detect consignment breaches that occur through the consignment department. More sophisticated sensors also monitor the condition of the consignment (e.g., humidity, temperature, etc.). Intrusion detection devices can furthermore detect additional consignment breaks, through mechanical, light-sensitive or infrared motion detectors. This solution is gaining increased interest as it allows for non-intrusive inspections.

2.1.10 Joint use of Equipment and Resources

Appropriate border infrastructure does not only facilitate the work of staff at the border but can also be conducive to close cooperation between CAs and OGAs from both sides of the border. For this purpose, and in order to ensure that the needs of all services are taken into account, the development, modernization, and construction of new Border Crossing Points should be coordinated among all agencies present at the BCP, as well as with other relevant stakeholders such as the MoT or freight forwarders.

Minimum standards can be defined in a national approach for each type of BCP by the services present at BCPs and be laid down in the form of a law or regulation or another form depending on the country context.

In addition to the possibility of shared facilities, the sharing of equipment/resources and joint acquisition/tendering could also be taken into consideration for reasons of cost-effectiveness.

2.1.10.1 Nonintrusive Equipment - Scanners

At the BCPs and in the ports situated on the transport corridors with fixed X-ray and mobile X-ray scanner units, all agencies should have the possibility to use the equipment. Mobile scanners are widely used in CAs, due to the possibility to allocate the scanners inland or on the BCPs according to certain schedule or needs, In addition; the CA can agree with the neighboring country to use the scanners in an alternate mode. Apart from mobile scanners, there are scanners with different degrees of mobility: fixed, railway, pallet, baggage, and fast- postal scanners (low-cost high-volume shipments). The latest WCO dataset version, include scanner photo/image to be exchanged with other CAs in transit and with the Customs Office of

Destination (CoD). The usage of identical brands or types of equipment will limit costs and facilitate joint use of equipment.

Another important research and development trend is motivated by security issues, in particular, nonintrusive scanning of the consignment. Research efforts are looking for methods that can overcome traditional x-ray and gamma-ray scanning techniques limitations. New scanning technology is based on higher spatial resolution and low-attenuation materials. Although service dogs are highly specialized, sharing service dogs among the CAs and OGAs could also lead to good results and cost savings. Agreements can be established with reference to the joint use of common risk management (indicators), equipment/resources, addressing the questions of ownership and priority, maintenance, accountability / documentation, responsibilities, and the limitation on the use of specialized equipment by respective specialists.

2.1.10.2 Infrastructure and equipment

Sharing of facilities - Infrastructure at BCPs could be adapted to allow for integrated control in one building (goods and passengers separated from consignment on trucks) in order to facilitate joint controls and avoid duplication of controls. Where this is not possible, the workplaces of closely cooperating services should at least be placed within easy reach of one another.

In light of the efficient use of resources and facilitation of sharing specialized equipment Non-intrusive inspection technology (NII technology), it is recommended to use service rooms on a reciprocity basis, however, taking the restrictions related to hygiene and the contamination risk into account. For the Customs service, coordination with OGAs, with which equipment and facilities for the inspection of goods and incineration facilities could be shared, is especially important. Apart from incineration facilities, the sharing of infrastructure and equipment is largely not allowed for veterinary services. Facilities for intensive checks of means of transport and unloading of trucks can be used commonly, bearing in mind that ideally the control itself should be carried out by representatives of all relevant agencies.

Furthermore, the use of facilities such as kitchens or common rooms by all agencies can facilitate informal exchange between officers and encourage the feeling of pursuing a common goal.

Fast Lines - Transit procedures at Border Crossing Points frequently cause long waiting times, and delays as traffic volumes are growing and the infrastructure and design of border stations are often not adapted to the border control operations.

In particular, the BCPs are usually located in remote areas with poor infrastructure, limited by mountain passes, rivers (bridges), tunnels, or, sometimes, the opposite; the nearby urban agglomeration limits the space for border checks. Adding to this the fact that at least four border checks are performed – border police check and customs check by each neighboring country -in this limited space, the congestion and delays become almost inevitable. Another important

factor is the incentives of Customs and Border Police Officers to promote delays as a means of extracting bribes. There is usually no time standard for average or maximum border check and no positive incentive to complete checks in the shortest possible time.

Effective control of goods, passengers, and means of transports could be complex and difficult. A specific risk management approach at BCP enables CA to improve performance and to facilitate border crossing, including through simplification measures such as fast lanes. Integrated Border Management (IBM) and Common IT systems are essential aspects of underpinning risk management at Border Crossing Points.

A common mistake in designing BCPs is to overload it with Border Agencies, as well as the procedures. The first strategic rule is to allow only two "core" Border Agencies at the BCPs: Customs and Border Police, whereas any other should be placed selectively.

The next step in Trade Facilitation is to limit the border checks to the absolute minimum. This will exclude weighing and scanning and reduce physical checks to exceptional cases. The controls – physical and documentary – it can be done at the office of departure (or exporters' premises) and results submitted electronically to all BCPs and all Customs offices which the truck will cross.

Such a setup would reduce BCP construction costs, the staff payroll costs and also reduce corruption – all desirable results from economical and public policy viewpoints.

2.2 Good Practices from 3 Regional Transit Systems

2.2.1 Association of Southeast Asian Nations (ASEAN) Computerized Transit System (ACTS)

2.2.1.1 Objectives of ACTS

The main objective of the ACTS[48] is to support ASEAN MS global aim – trade facilitation and strengthening the ASEAN MS Customs Administration operational capacity in terms of customs transit through the implementation of the IT systems. The ACTS project is in compliance with the objectives set out in the 4th meeting of the ASEAN Customs Procedures and Trade Facilitation Working Group (CPTFWG)[49], and will further align modern ASEAN Regional Transit System in line with the member states' Customs' operational procedures.

ASEAN MS are geographically located on strategic transport corridors and actively participate in the integration of the transport network in Southeast Asia. With this in mind, ASEAN established the **ASEAN Framework Agreement on Facilitation of Goods in Transit** (AFAFGT

[48] The three OIC MS participating in the ACTS Project are Indonesia, Malaysia, and Brunei Darussalam
[49] https://www.usasean.org/industries/customs/about

- Ha Noi, 1998) and began work on developing the associated legal instruments. As part of this programme, the role of Customs control, management, and regulation remain a critical component. Without the harmonization of Customs procedures, documents, and systems, the potential of the transport corridors may not be realized. The AFAFGT set out a package of Trade Facilitation measures designed to achieve the objectives set out in Article 1, namely:

- To facilitate transportation of goods in transit, to support the implementation of the ASEAN Free Trade Area, and to further integrate the region's economies;
- To simplify and harmonize transport, trade and customs regulations and requirements for the purpose of facilitation of goods in transit; and
- To establish an effective, efficient, integrated, and harmonized transit transport system in ASEAN[50].

2.2.1.2 Brief History

The European Union has supported the creation of the ACTS under its ASEAN Programmes for Regional Integration Support (APRIS I and II)[51]. The new ARISE programme (ASEAN Regional Integration supported by EU) continues this assistance from 2013 to 2016, and as a priority, efforts will be concentrated on the implementation of the ACTS and other essential regional Customs integration activities.

In 2008, an ACTS Feasibility Study was prepared by a joint team of experts from the European Union and ASEAN MS. The Functional Specifications has been approved by the AMS. The basic design of the ACTS is based on the EU's NCTS.

The situation has changed since the Functional Specifications was completed. Technical improvements have since been made to the software development environment. In addition, the EU has re-worked the technical modules of the NCTS system from which the ACTS may be able to draw benefit.

As part of its inception activities, ARISE has commissioned a review of the ACTS software proposals. The objective is to make recommendations to the AMS in terms of the savings that can be made towards the cost of development of the ACTS software application over those estimated at the end of 2008, taking into consideration that the European Union has earmarked the sum of 3 million euros for development and piloting of the ACTS system. Secondly, during the last four years, the ASEAN Single Window project has progressed to the point where data is being moved over a network established between the Customs Administrations. Clearly, there is no place for two IT networks linking the Customs Administrations, and there is consequently, a requirement to review the network proposal for the ACTS to ensure that scarce components

[50] https://wits.worldbank.org/GPTAD/PDF/annexes/ASEAN%20framework%20goods.pdf
[51]https://www.cencenelec.eu/intcoop/projects/TA/pastprojects/Pages/APRISII(ASEANProgrammeforRegionalIntegration-PhaseII).aspx

and resources are shared and that costs are reduced to the minimum for the ASEAN Member States and Secretariat.

The review report on ACTS Feasibility Study has reached two conclusions, under the assumption that a number of software components will be provided at no cost to ASEAN by the European Commission, represented by DG TAXUD. DG TAXUD has agreed to provide the necessary NCTS specifications and software applications to be implemented in ACTS. It was recommended that the ACTS system makes use of the ASW network for the transmission of electronic messages between AMS. There are several different options. The preferred option is for the ACTS and ASW applications to maintain separate development paths, but for ACTS to make use of the ASW network for regional communications.

The development of the ACTS pilot system with assistance from DG TAXUD was a genuine contribution to ASEAN's efforts to develop the AEC, and to provide a significant opportunity for EU-ASEAN cooperation on vital trade facilitation matters in the future.

2.2.1.3 CTR Legal framework

The implementation of the ASEAN ACTS is one of the main pillars for transit facilitation transit, pursuant to the AFAFGIT Protocol 7[52]. This Protocol is the legal basis for the implementation of ACTS and defines the core elements such as uniform Customs transit declaration/document, regulated guarantee system, and the management of the transit system. ASEAN Member States have expressed their determination to increase the use of computerized customs clearance processes based on international standards for electronic information exchange developed by the WCO and other relevant international organizations.

ASEAN leaders have decided to create an ASEAN Economic Community (AEC) by 2015. For this to be achieved, the highest priority must be given to the free flow of goods in the region, supported by the establishment of a fully harmonized Customs environment. A key component of the Customs environment is the development and implementation of an automated Customs transit management system, the ASEAN Customs Transit System (ACTS), to facilitate regional trade and act as a catalyst for the necessary reforms.

2.2.1.4 ASEAN Regional Agreement

Under the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) signed on 16 December 1998 in Ha Noi, Viet Nam, the Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of

[52]https://acts.asean.org/Publication/Legal-Framework/afafgit-protocol-7-and-technical-appendix-%E2%80%93-customs-transit-system

Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam, Member States of the Association of Southeast Asian Nations (ASEAN) agreed, under Protocol 7, to establish the ACTS and to apply the provisions of this Protocol to the transit of goods in their territories[53].

All AFAFGIT protocols[54] have been signed and ratified, except for Protocol 2[55], which has been signed in January 2019 and was already ratified by four AMS out of the required six. It is expected that Protocol 2 will be ratified by all six AMS by the end of July 2019, which will establish the legal framework for operations of ACTS in the ASEAN region. Participating AMS have either already prepared and adopted or are currently finalizing national guidelines, implementing regulations decrees and/or SOPs to operationalize ACTS nationally.

The following list is presenting the Status of Protocols of the ASEAN Framework Agreement on the Facilitation of Goods in Transit[56]:

- Protocol 1: Designation of Transit Transport Routes and Facilities – signed in 2007;
- Protocol 2: Designation of Frontier Posts –ratified by 4 ASEAN MS in January 2019;
- Protocol 3: Types and Quantity of Road Vehicles – signed in 1999;
- Protocol 4: Technical Requirements of Vehicle – signed in 1999;
- Protocol 5: ASEAN Scheme of Compulsory Motor Vehicle Insurance – signed in 2001;
- Protocol 6: Railway Border and Interchange Stations – signed in 2011;
- Protocol 7: Customs Transit System – signed in February 2015;
- Protocol 8: Sanitary and Phytosanitary Measures – signed in 2000;
- Protocol 9: Dangerous Goods – signed in 2002.

Protocol 7 to AFAFGIT and its Technical Appendix establishes the legal and technical provisions for ACTS to operate as an effective and efficient Customs transit system within ASEAN MS. The Protocol has been signed by all AMS and is awaiting national ratification by all the AMS. Protocol 7 and its technical appendix cover pertinent areas for the operationalization of the ACTS, including:

- Customs Transit Declaration Procedures and Processes;
- Use of Information Technology for Automation of Transit Declaration Processes;
- Duty Exemption for Goods in Transit;
- Guarantee for Potential Customs Debt;
- Managing Incidences en-route;
- Offenses;
- Simplified Procedures;
- Administrative Assistance and Recovery of Customs Debt;
- Institutional Arrangements.

[53] https://acts.asean.org/file/552/download?token=33Uohb42
[54] https://acts.asean.org/Legal_Framework/asean-framework-agreement-facilitation-goods-transit-afafgit
[55] https://acts.asean.org/Legal_Framework/afafgit-protocol-2-designation-frontier-posts
[56] http://agreement.asean.org/search/by_pillar/2/13.html

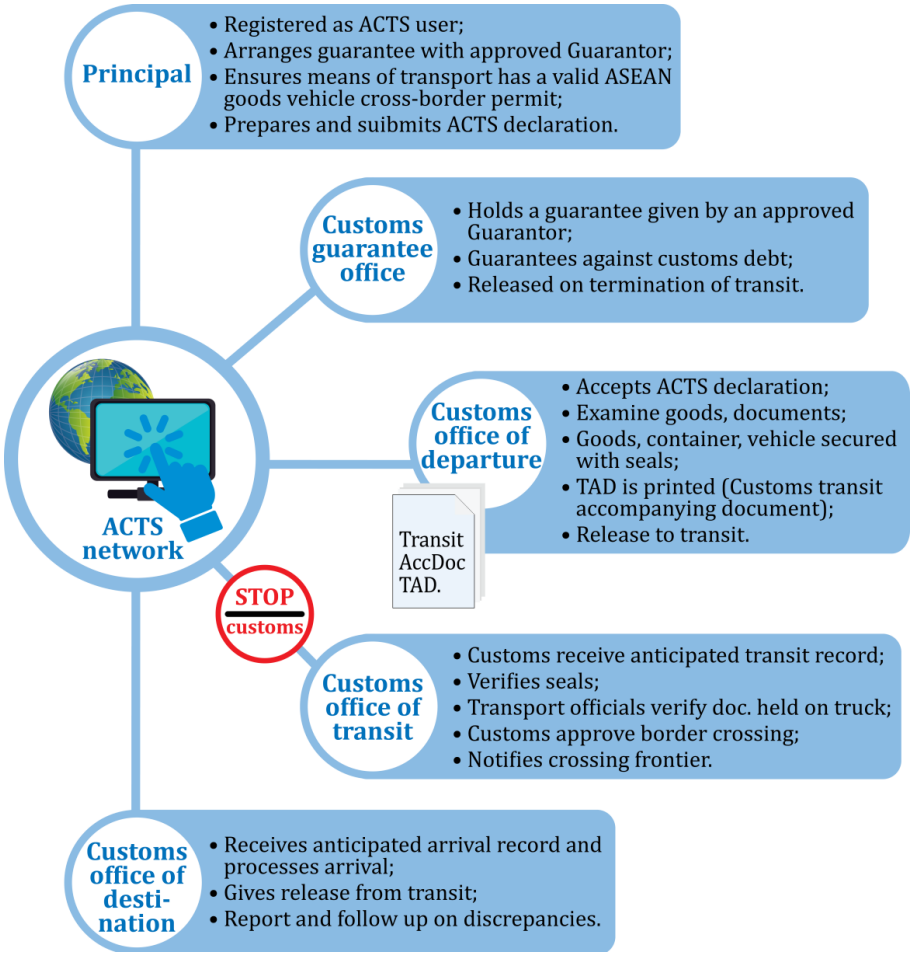
2.2.1.5 ACTS Transit Procedures

When the shipment is sent in the transit procedure, the goods are accompanied by the Transit Accompanying Document' (TAD) issued by the Customs Office of Export (Departure). The TAD contains sufficient detail from the national customs declaration and ACTS Reference Number (ARN) assigned by the ACTS. The ARN number has a similar structure to the NCTS Movement Reference Number (MRN) and is unique for every initiated transit procedure.

In order to close the transit procedure, at the Customs office of destination, the control should confirm that the goods as described in TAD have been safely received, and the guarantee is released to the Principal. In case of discrepancies, or if the goods were not delivered at the Customs office of destination, the Principal becomes responsible until inquiries resolve any resulting issues.

ACTS Business Processes Chart presented in Figure 5:

Figure 5: ASEAN ACTS Business Processes



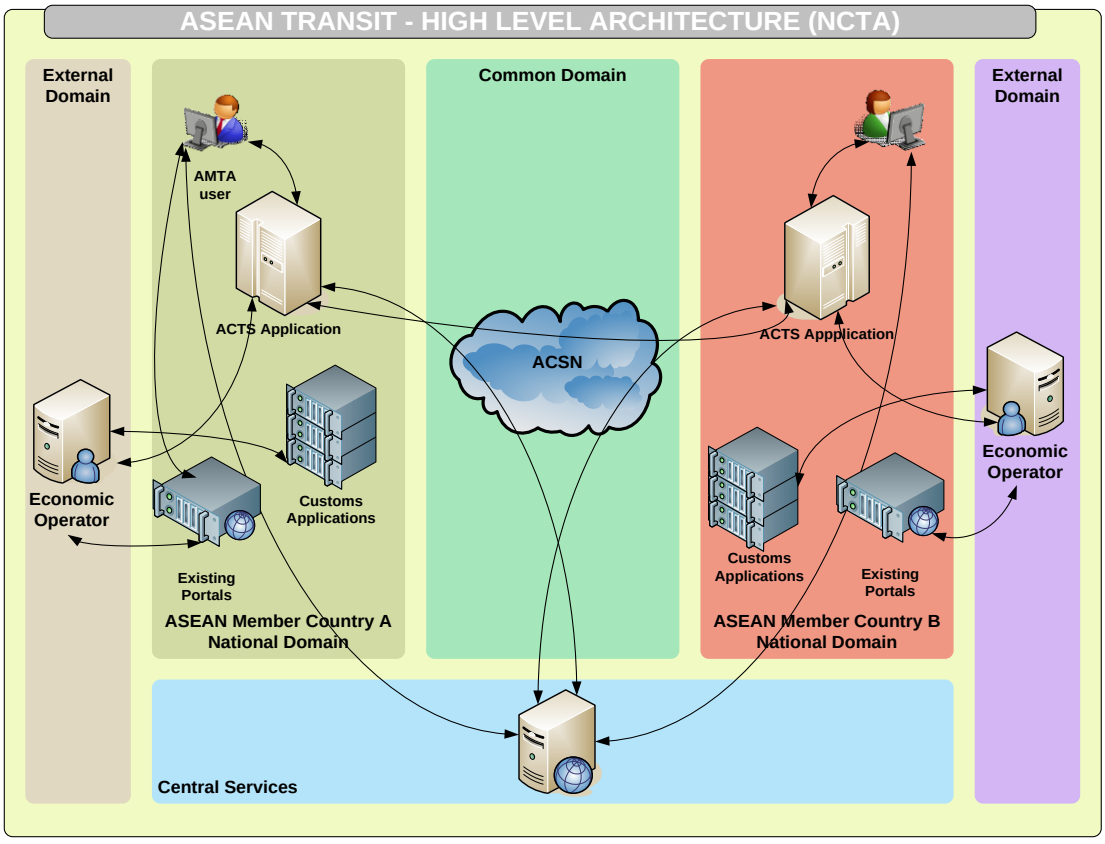
Source: Authors own compilation

2.2.1.6 ICT and ACTS Transit Information Management

The ACTS exchange of data – message flow is depicted in the Figure 6, and The ACTS Messages Flow, and Business Processes are presented in ANNEX I.

ASEAN Regional Integration Support by the EU (ARISE Plus[57]) programme is currently supporting the ASEAN Member States (AMS) in their final preparations for live operations, which includes: installations/deployments and functional upgrades of the ACTS IT system in all locations, further capacity building, training, and other preparations in Customs Administrations in AMS, preparations with Transport Authorities in AMS to issue reference data code for the list of transport documents under which the ASEAN Goods Vehicle Cross-Border (AGVCB) permits will be issued and performing further training, control of readiness of commercial banks to issue bank guarantees, delivering awareness programs and preparing the business community, including training and capacity building for principals and transporters.

Figure 6: ACTS High-Level Architecture



Source: ACTS Feasibility Study, 2008

[57] http://ariseplus.asean.org

2.2.1.7 Risk management

One of the most important components of ACTS is the possibility for the ASEAN CA to use their risk management systems (used for import and export) and develop a risk profile based on transit operator, the type of goods that are transiting, country of origin/export, transit route, etc. The ASEAN MS can also list the goods explicitly excluded from transit using ACTS, or subject to national restrictions on export, import or transit procedures.

The provisions of the implementing agreement specify that:

"*Contracting Parties may prohibit and/or restrict certain goods from the use of the ACTS, where this is justified on the grounds of public morality, public policy or public security, the protection of health and life of humans, animals or plants, the protection of national treasures possessing artistic, historic or archaeological value, or the protection of industrial or commercial property*[58]".

2.2.1.8 Guarantees and Guarantors

Two types of guarantees are managed by the ACTS System:

Single Transit Operation Guarantee - Covers a single transit operation, covering the full amount of duties, taxes and other charges for which the goods are liable.

Multiple Transit Operation Guarantee - Covers several transit operations up to a given TAD reference amount, set to equal 100% of the total amount of duties and other charges that may be incurred for goods under the Principal's transit operations over a period of at least one week. (For the pilot phase of ACTS, the MS are accepting only the guarantees issued by commercial banks.)

ACTS have a secure guarantee system, where only approved guarantors can issue a transit guarantee based on consignment values and based on risk performances level.

2.2.1.9 Authorized Transit Trader

Protocol 7 provides for the approval of registered traders to be considered for the status of ASEAN Authorized Transit Traders (ATT). Selected traders may be conferred with the ATT status if they meet the criteria set by the competent national authorities. National requirements could include -but are not limited to - the financial solvency, satisfactory track record good record keeping, no past records of fraud, etc. Privileges of an ATT would include using of their own seals, loading in their premises, etc.

For the traders to get the ATT status, the national CA is performing an evaluation of reliability, financial solvency, good record keeping, no records of fraud, etc. ATT has other advantages -

[58] https://acts.asean.org/file/552/download?token=33Uohb42

reductions in the amount of guarantee, reduced physical examinations, Customs clearance at their own premises - authorized locations) and the option of "door to door" transit.

2.2.1.10 ACTS Live Operations

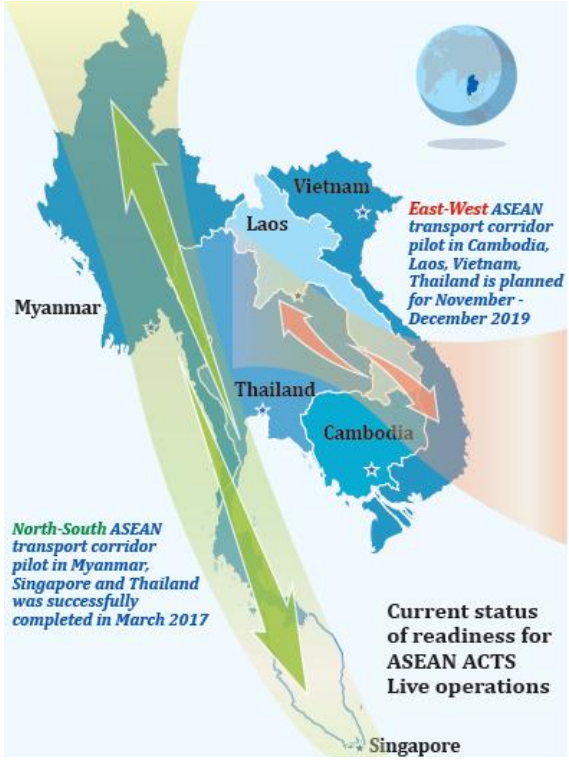
ASEAN Customs Transit System is providing a real-time exchange of standardized electronic messages between traders and Customs authorities for the submission of electronic transit declarations, for the discharge of transit movements, and other transit formalities, which will strengthen risk management and support the fight against fraud.

Current status of readiness for ASEAN ACTS Live operations can be summarized as follows:

- North-South ASEAN transport corridor pilot in Myanmar, Singapore and Thailand was successfully completed in March 2017;
- East-West ASEAN transport corridor pilot in Cambodia, Lao, Vietnam, Thailand is planned for November - December 2019;
- Launch of Live operations are planned in February-March 2020 in 6 ASEAN Member States: Cambodia, Lao, Myanmar, Singapore, Vietnam and Thailand; and
- Myanmar will join ACTS' live operations by the end of 2020;

Figure 7 presents the ASEAN ACTS Live Operations' corridors:

Figure 7: ASEAN ACTS Live operations corridors



Source: Authors own compilation

2.2.2 International Goods in Transit (TIM)

2.2.2.1 Transit Regimes Systems in Latin America

In Latin America, the border crossings have been traditionally identified as places where bottlenecks are formed; another problem was the documents required by different CAs in the region. According to the Inter-American Development Bank (IDB), an average of 60 documents is used in an international commercial transaction. Although these documents have different purposes, about 80 percent of the information they contain is the same.

Latin America (Central and South America) countries consider the multilateral agreements on CTR to be at the core of their trade facilitation initiatives. There are four regional transit regimes agreements in Latin America, namely:

- Community Customs Transit (TAC) – Andean Community of Nations - TIM Andean System;
- Partial Agreement on International Land Transport (ATIT) - ALADI;
- International Customs Transit Computerized System (SINTIA) – Southern America Common Market (MERCOSUR);
- International Transit of Goods (TIM) – Central America – the subject of analysis of the Study.

Community Customs Transit – TAC Andean Community of Nations - Bolivia, Colombia, Ecuador, Peru, and Venezuela signed the Decision 617 of the Andean Community of Nations – CAN --in line with the WCO RKC Specific Annex E, Article 26. Decision 617 states that the Andean Community of Nations MS should establish mechanisms for electronic transmission of data between the CAs to facilitate Customs transit.

The means of facilitation the transit regime, the consignment must be accompanied by International Cargo Manifest, CAN Customs Transit Declaration and International Waybill by Road. To date, it is not compulsory to use Community Customs Transit.

Since May 2015, TIM - as a Pilot Plan - has been implemented between Ecuador and Colombia, supported by the Inter-American Development Bank (IDB). TIM Andean System was not implemented in other CAN due to the lack of financing.

Partial Agreement on International Land Transport (ATIT) – ALADI - Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay signed the Partial Agreement on International Land Transport (ATIT). Similar to the TAC Andean System, the carrier must submit an International Cargo Manifest, Customs Transit Declaration (ICM/CTD), and International Waybill. Due to a lack of IT infrastructure, there is no exchange of information between the CAs.

International Customs Transit Computerized System (SINTIA) – MERCOSUR[59] Customs Records Information Exchange is a computerized system used by the MERCOSUR Member States of: Brazil, Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico (observer), Peru, and Venezuela (suspended) to enable their CAs to exchange information via an online database.

2.2.2.2 Brief History of TIM

The Mesoamerica countries of Central America and Mexico sub-region participate in the International Goods in Transit (TIM) Project. Mesoamerica Project is a regional integration and development plan that aims to connect Mexico, all seven Central American countries (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama), Colombia and the Dominican Republic by stimulating investment in infrastructure and focusing on energy, telecommunications, trade facilitation, and human development, among other issues. In this realm, Central America and Mexico have implemented the "Mesoamerican Procedure for the International Transit of Goods" Program[60] that regulates the transport of goods between all countries from Mexico to Panama, known as the Pacific Corridor. For goods subject to phytosanitary and sanitary controls, a special Regulation on Management of International and Regional Transit of Agricultural Shipments and Goods (2007) is in force. [61]

[59] https://www.mercosur.int/en/
[60] Procedimiento Mesoamericano para el Tránsito Internacional de Mercancías or TIM in Spanish
[61] Procedimiento Paral La Autorizacion Del Transito Internacional Y Regional De Envios Y Mercancias Agropecuarias - http://www.sica.int/busqueda/Reuniones%20Grupo%20de%20Autoridades.aspx?IDItem=53181&IDCat=9&IdEnt=690&Idm=1&IdmStyle=1

Figure 8: Latin America Transit Systems

Source: Authors' own compilation

The TIM program is based on the EU NCTS and is the main Central America trade and transit facilitation system. The TIM system is supporting the Customs, migration, sanitary/phytosanitary aspects of Customs control and border security initiative in place in Central America and Mexico sub-region.

In 2008, the Integration and Trade Sector (INT) of the Inter-American Development Bank (IDB) initiate the project in Central America called International Goods in Transit (or TIM, its Spanish acronym)[62], based on the agreement of six Central America countries - Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Mexico.

2.2.2.3 Objectives of TIM

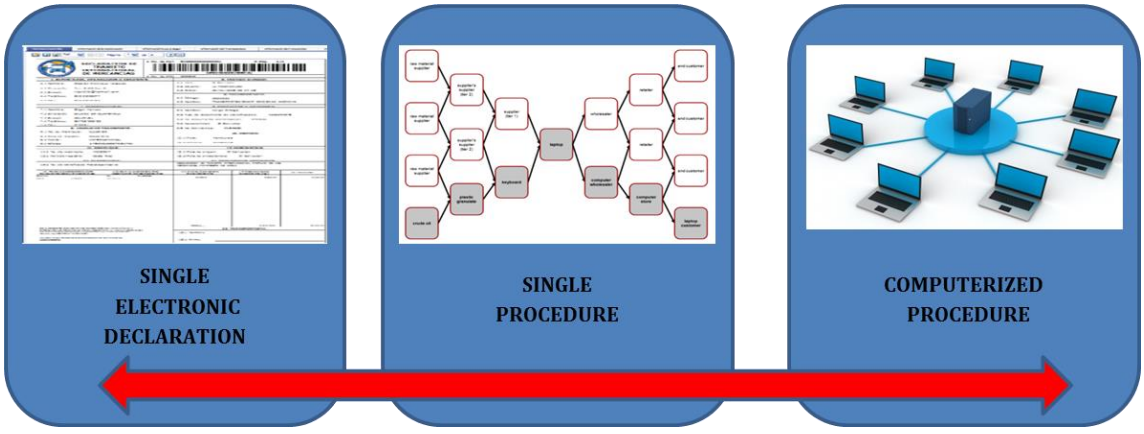
International Goods in Transit (TIM) is a computerized system that uses a Unique Declaration defined for all countries and control bodies for the management of customs transits, imports,

[62]https://openknowledge.worldbank.org/bitstream/handle/10986/10495/558890BRI0IFC010942211IDB1TIM1FINAL.pdf;sequence=1

and exports. Its objective is to facilitate the border crossing of goods based on the implementation of measures of commercial facilitation and border control that allow:

- Implicit reduction of time and cost in transits;
- Ensure effective and efficient control of people and goods circulating through the region;
- Greater competitiveness through the harmonization, optimization, and simplification of customs procedures;
- Increases the revenue collection and above all, improve security by applying the risk management.

Figure 9: TIM Concept



Source: Author's compilation

The International Transit of Merchandise of Central America (TIM) is partially inspired by the EU NCTS. The TIM is an IT system for the management and control of the transit of goods that includes the creation of unified border control; implementation of information technology to interconnect CAs in the process for CTR tracking; a modernization of system by means of which the various and different forms are replaced by a single one - the information of multiple agencies (including Customs and OGAs); and stronger cooperation among regional agencies.

2.2.2.4 TIM implementation phases

El Salvador was the first country to implement the TIM system gradually as a transit territory over the period 2011-2013 for consignments originated in El Salvador. This gradual implementation was to "learn on the fly" that standardized and harmonized the procedural variations in CTR. The TIM was first primarily applied on export and transit operations starting in San Bartolo, Comalapa, Santa Ana, Ajacutla, and the Free Trade Zones, going through La Hachadura or San Cristobal to Guatemala and Mexico and through El Poy or El Amatillo to Honduras and Nicaragua in 2011. Previously, at the Amatillo BCP between El Salvador and Honduras, it was necessary to present 12 sets of paper documents. After the implementation of

TIM, only one document – Declaracio Unica de Transito (DUT - Unified Transit Declaration) is used.

The addition of new routes was mainly determined by the decision of other Central American countries to take part in the new transit regime. For instance, exports to Panama could be processed under the TIM only once Costa Rica adhered to it.

2.2.2.5 Central American Integration & TIM Legal framework

The process of the economic integration of Central American countries starts with the establishment of the Organization of Central American States (ODECA) in 1951 and the signature of the General Treaty on Central American Integration in 1960.

At a conference in Managua, Nicaragua, on December 1960, the following three institutions were established: the Central American Common Market, the Central American Bank for Economic Integration (Spanish acronym: BCIE) and the Secretariat for Central American Economic Integration (Spanish acronym: SIECA).

Figure 10: SIECA Logo

Source: SIECA Website

The next important step was the development of the Central American Integration System (SICA) since 1993, as the economic and political organization of Central American countries, which is based on the Protocol of Tegucigalpa (December 1991). Belize and Dominican Republic joined SICA so that currently it has eight Member States. All these countries, in addition to Mexico and Columbia, are also members of the **Mesoamerica Project (HQ in San Salvador).** The trade among Central American countries was liberalized with the **General Treaty for Economic Integration** (the Guatemala Protocol), signed in October 1993, which effectively gave life to the Central American Common Market - Mercado Común Centroamericano- MCCA, followed by the **Framework Convention on Central American Customs Union** (2007), with a common tariff - **SAC**: Sistema Arancelario Centroamericano and the following key legal instruments[63]:

[63] https://www.centrex.gob.sv/scx_html/Tratado_General_de_Integracion_C.A.html

- Central American Customs Code (**CAUCA**) and Regulations of Central American Customs Code (**RECAUCA**);
- Central American Regulations on the Rule of Origin of Goods;
- Dispute Resolution Mechanism in Central America.

In addition, the **International Customs Transit**[64] – (TIM), administered by SIECA, was established with two already cited regulations: Regulation on Customs Transit and Regulation on International and Regional Transit of Agricultural Goods.

For the agricultural goods, food and beverages, a regional System of Integrated Sanitary Registers - Sistema de integración Regional para Registros Sanitarios (SIRRS)[65] administered by SIECA, was created for the recognition of sanitary registers of food and beverages, with the goal to *simplify, harmonize and automate procedures for sanitary registration in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.*

In the latest development, SIECA has created a standardized document: Central American Unique Declaration - **Declaración Única Centroamericana** (**DUCA**) in three sub-modules:

- DUCA-F – for goods of Central American origin;
- DUCA-D for goods imported or exported to third countries outside the region;
- DUCA-T for goods in international land transit[66].

The DUCA implementation has been extended repeatedly, with the latest deadline of 1 July 2019.

SIECA has also launched a request for Expression of Interest (EOI) by 15 July 2019, in order to select a Consortium for the development of the Electronic Single Window.

2.2.2.6 Functionalities of the TIM system

Before the implementation of TIM, the lack of information in the transit procedures and errors in documents triggered documentary and physical controls of consignments and means of transport. Insufficient use of automated procedures and information technology was one of the main causes of delays, costs, and inefficiencies since printed documents normally have to be presented when the border is crossed, at which time that the information provided is verified.

The TIM system not only simplifies the procedures for operators in the transport but also provides the control authorities (Customs and OGAs) with the necessary information in a timely and accurate manner to carry out the controls efficiently and expedite the transits that comply with the formalities, with the consequent reduction of the border crossing times. In addition, the

[64] Transito Aduanero Internacional de Mercancia in Spanish
[65] https://www.sirrs.sieca.int/
[66] https://www.sieca.int/index.php/plataformas-electronicas/servicios-en-linea/declaracion-unica-centroamericana/

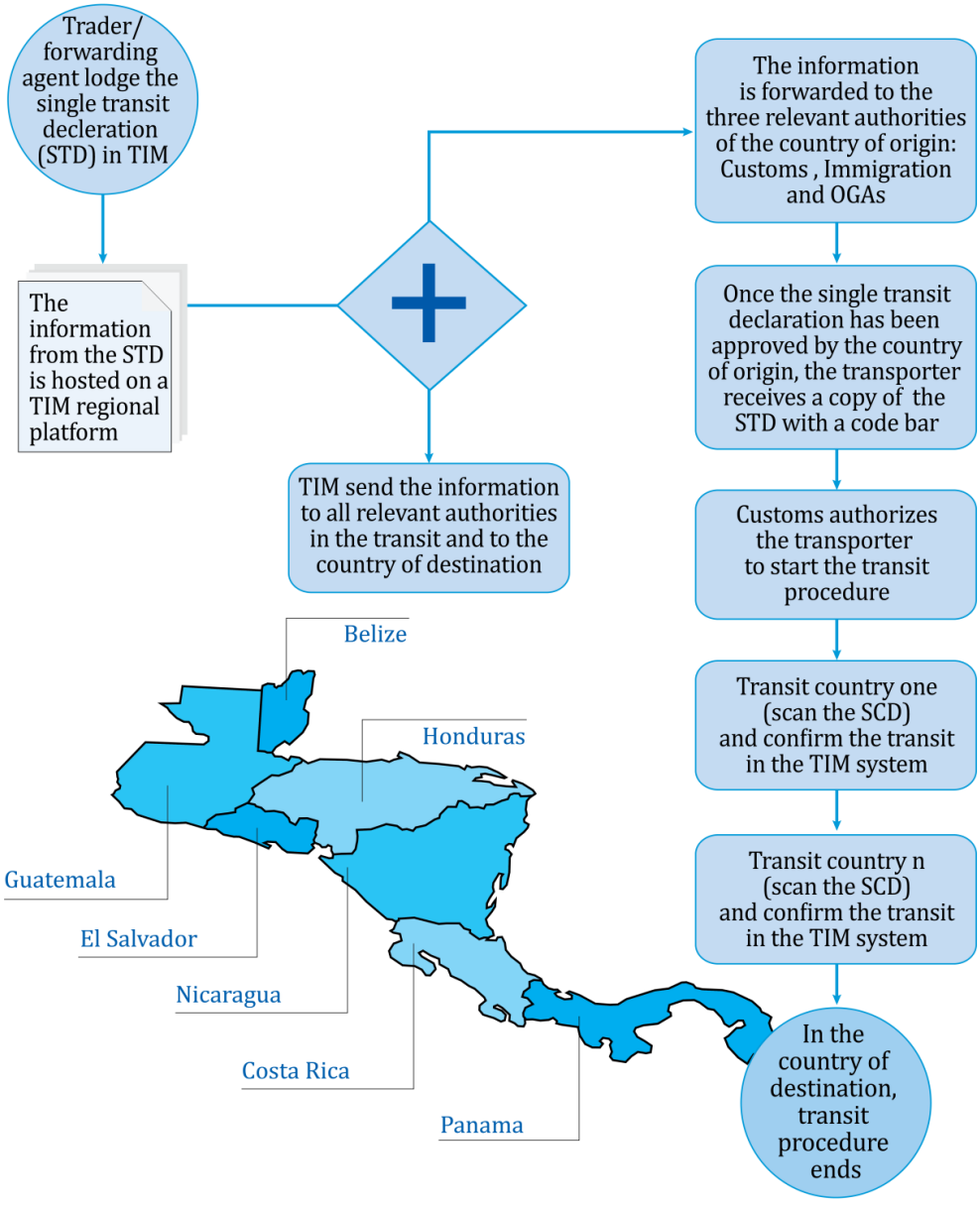
TIM system allows traceability to the means of transport from the country of export to its final destination and in transit (*en route*).

Under TIM system, instead of repetitive paper-based procedures initiated at the border, traders (at the point of export) can complete a single electronic document (DUT for its name in Spanish –Declaracio Unica de Transito) at their nearest Customs office and start the transit procedure. At the BCPs, controls are now carried out by scanning the bar code of the DUT, which shows all the relevant information on the consignment in the system, thus not requiring the presentation of multiple (paper-based) documents. More specifically, consignment in transit is now processed under the logic of a Single Window, whereby the transit carriers interact instantaneously, simultaneously and in the same place with all Border Agencies (Customs, migration, and OGAs) without using printed copies of documents. This new process significantly expedites border crossing time and reduces the costs, not only directly but also indirectly by allowing for a substantial reduction in congestion at these entry/exit points[67]. Furthermore, the TIM system allows traders and transport companies to monitor the movements of the consignment and means of transport through web-based application in real-time.

Under the authorized transit, the information provided in the "Declaration," may be presented to the Customs of border crossing and of destination electronically, on magnetic media, as authorized by the Customs. For the purposes of customs control, the Customs office of entry shall establish the deadline and shall indicate the route that the carrier must follow during the International Customs Transit operation in its territory.

[67] Sarmiento et al., 2010

Figure 11: TIM Customs Transit operation processes



Source: Authors' own compilation

2.2.2.7 Objectives & Benefits of the TIM

To promote commercial exchange and competitiveness, the TIM has s reduced the time spent on border operations by 80%, which translates into a reduction in transport operating costs, thus improving the competitiveness. At the same time, strengthens fiscal, compliance and security control instruments, taking advantage of the traceability of operations and the

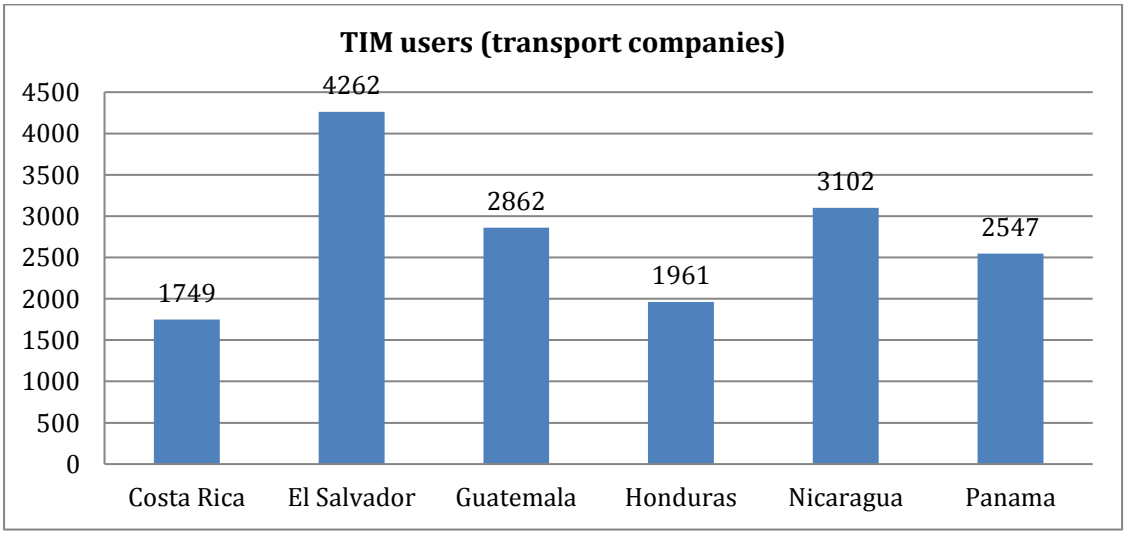
anticipation of the information provided by the system. This will allow for more precise ex-ante and ex-post controls, also supporting transparency and predictability at the borders. Furthermore, it supports regional integration, overcoming current border bottlenecks and promotes the spirit of cooperation among participating countries and the free movement of goods in the region, encouraging inter-institutional cooperation with harmonized processes and documents and shared infrastructure.

2.2.2.8 Before and after the TIM

The reduction in goods delivery costs has changed the modus operandi with a 27% reduction in these costs and led to an increase in exports; their value is rising to 5.1 billion USD dollars in 2015. 45% of these exports were destined for countries in the region.

The TIM-led modernization process has impacted the growth rate of exports subject to this regime, which has been 2.7% higher than for exports subject to standard transit procedures. The TIM has also led to an increase in firms' exports, which is clear from the number of shipments made. More specifically, in 2015, approximately 2,300 exporters made more than 400,000 shipments to sell 3,277 products to almost 9,300 buyers. One of the findings worth highlighting is that the benefits recorded have been heterogeneous across exports, with perishable goods having benefited more from transit facilitation than others. 26% of total export value and 28% of export transactions were channeled through the TIM in 2013[68].

Figure 12: TIM users (transport companies) statistics



Source: Authors' own compilation

[68] *Economic Intelligence Directorate (SIECA) - TIM statistical data*

In particular, TIM's positive effect on firms' exports can be mainly traced back to an increased number of shipments. In terms of the latter, the differential growth rate associated with the TIM has been 1.2 percentage points. Importantly, given the TIM's trade impacts, its prorated development and implementation costs, and its annual operative costs, the system has had a benefit/cost ratio of at least 40 US dollars per dollar invested in it.

2.2.3 New Computerised Transit System (NCTS)

The Community Transit system was created in 1968 following the introduction of a common customs tariff in the same year. Since then, the context of working has dramatically changed. The EU expanded from six to twenty-eight countries (2019), internal customs borders in the EU have disappeared, and the volume of trade has increased dramatically.

The NCTS started in the European Union in the early '90s, only four countries participated, and the scope was to cover only transit movements. Today, the number of participating countries is 29, and the number of transits (as measured by the number of issued unique Movement Reference Numbers - MRNs) has skyrocketed. Moreover, the EU and the EU Member States have come to realize that the NCTS platform has the potential to develop additional functionalities in addition to the transit function. Thus, the purpose, the legislative framework, as well as the ICT features of the NCTS, are all in the state of development.

2.2.3.1 NCTS in the EU – the DG TAXUD perspective

NCTS (New Computerised Transit System) materializes the electronic exchange of the transit data between the European Union Member States' CAs in parallel and in anticipation of the movement of the goods. It also enables communication between the Customs administrations and the business community.

The NCTS is a transit system based on an exchange of electronic messages. The NCTS, implemented by the first group of EU and EFTA countries in 2001-2002, serves as a tool to manage and control the transit system. Based on the use of electronic data-processing techniques, it guarantees much more efficient management than the paper-based system.

The main objectives of the NCTS are:

- To increase the efficiency and effectiveness of transit procedures;
- To improve both the prevention and detection of fraud;
- To accelerate transactions carried out under a transit procedure and to offer adequate security for the participating Customs administrations.

As a general rule the NCTS is mandatory for both external and internal European Union (EU) transit and for the common transit procedure (the international transit procedure between the EU,EFTA and other participating countries – Switzerland, Norway, Iceland, Turkey, Republic of

North Macedonia (former FYROM) and Serbia), except simplifications concerning certain modes of transport where a commercial/transport document serves as the transit declaration (such as for example in simplified procedures in air, sea, or rail where, respectively, the manifest or CIM consignment note serves as the transit declaration), the business continuity procedure (fallback procedure) and for travelers who can use a paper-based declaration in certain situations. EU plans to extend the NCTS operation to interested countries - Georgia, Ukraine, Albania, Moldova, Montenegro, and Bosnia & Herzegovina.

The transit in the EU can be divided into two transit regimes:

- Union transit - applies in the customs territory of the EU (28 MS), Andorra and San Marino (Customs Union);
- Convention on a common transit procedure / Single Administrative Document (SAD) Convention - Apply between the EU, Iceland, Norway, Switzerland, Liechtenstein, Turkey, Republic of North Macedonia and Serbia.

2.2.3.2 NCTS Functionalities

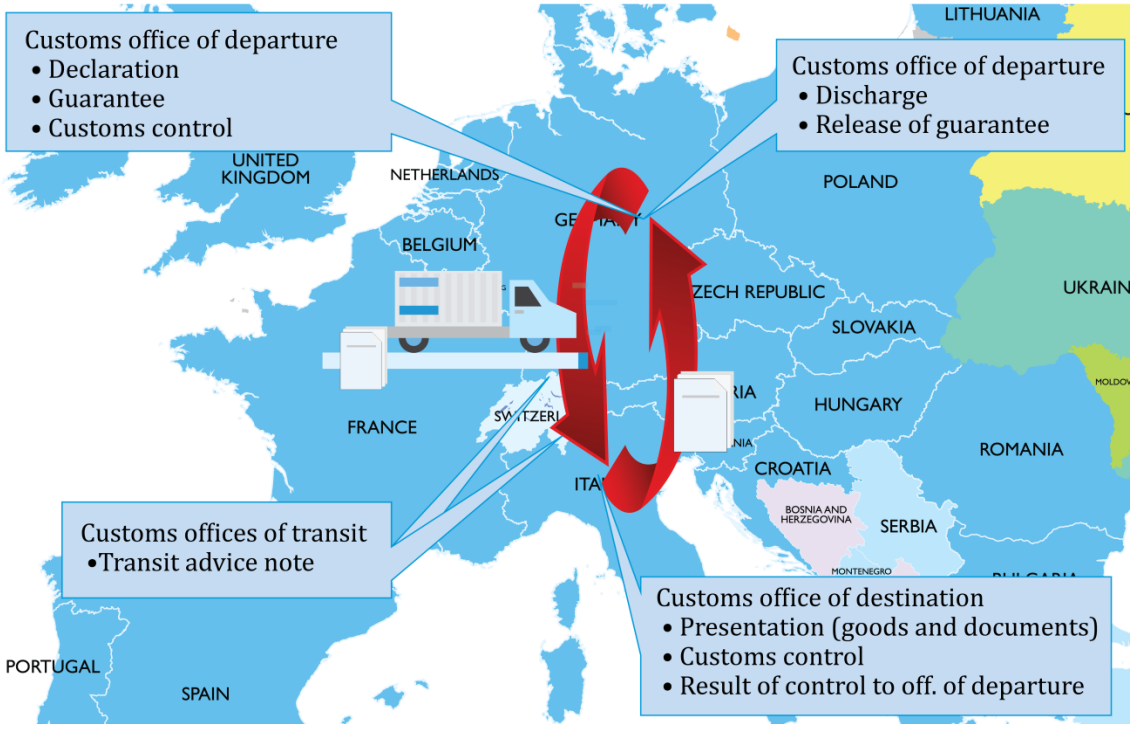
NCTS provides a fully computerized customs regime for goods which enter into the Common Transit. Its goal consists of strengthening and modernizing the means of customs control in the context of the European Single Market and the associated countries (EFTA)[69], and in reducing the possibilities for fraudulent operation inherent in the former paper-based OTS (Old Transit System) - Figure 13.

The OTS was based on manual, paper-based procedure; the information on transit was sent through fax. It suffered from the following problems[70]:

- Operational Problems;
  - Manual handling of documents (20M SAD/Year);
  - Incorrect transit declarations;
  - The slowness of manual procedure;
  - Inefficient customs controls;
- Fraud
  - Falsified guarantee certificates;
  - Goods not presented at destination & falsified copies (the result of control) returned;
  - Falsified stamps;
  - Falsified declarations;

[69] https://www.efta.int/about-efta/the-efta-states
[70] https://www.unece.org/fileadmin/DAM/trans/doc/themes/UNDAC2C/Geneva2016/Meszaros210616.pdf

Figure 13: Paper-based OTS (Old Transit System) processes



Source: UNECE[71]

NCTS optimizes the management of the Transit System by using informational technology. The following instruments are set up in order to support the NCTS:

- The legal base, valid in the EU and in the EFTA countries;
- The telecommunication network between all the Customs administrations involved;
- The Central Databases to distribute the common information to all National Administrations and to test the national systems;
- A set of information technology applications to assist the national applications to join NCTS ;
- A Central Help Desk (CHD) and a Technical Centre (TC) to monitor and to support the operation of the NCTS.

The Customs Office List (COL) is maintained by National Administrations via the Central Services/Reference Database (CS/RD) and has been made available on the public Europa website. A download facility has also been provided. The Management Information System (MIS) is available for consultation on the public Europe website since March 2004.

[71] https://www.unece.org/fileadmin/DAM/trans/doc/themes/UNDAC2C/Geneva2016/Meszaros210616.pdf

A Centrally Developed Transit Application (CDTA) suite has been developed to support NCTS. It consists of six applications, which are partially destined for national purposes of Member States, but partially are the central DG TAXUD applications:

- Minimal Common Core (MCC) – application supporting the core transit business;
- GMS – Guarantee Management System;
- Transit Test Application (TTA) – Member States test application;
- Standard Transit Test Application (STTA) – EU test application;
- CS/RD – a repository of centralized data and global NCTS parameters;
- Central Services/Management Information System (CS/MIS);
- Statistics Management Analysis Reporting Tool (SMART) – a statistical reporting tool application.

MCC and GMS applications (sunset 2008, not further supported by DG TAXUD since July 2010) can either be adopted by the Member States as the basis for their own NCTS development or be replaced by specific solutions, under the assumption that they do conform to all EU specifications.

From a functional point of view, the NCTS encloses several transit process threads corresponding to the various activities which are performed in the NCTS:

- Core business, dealing with the main Transit activities performed at Office of Departure, Office of Transit, Office of Destination and/or at Trader's premises;
- Guarantee management, covering the activities related to guarantee, wherever they take place;
- Risk management, performing the estimation of the risk present in every transit operation and producing relevant directives;
- Central services, including the management of reference databases and the provision of common services to the various NCTS users;
- System administration, providing services needed to administer an IT system such as the NCTS.

Unless human intervention is specifically required by national policy, NCTS allows fully automated processing of:

- Departure operations (from declaration reception to departure of the movement);
- Arrival operations (from presentation to release of the goods);
- Write-off operations which close transit movements.

The transit movement is initiated by the Trader's transit declaration. Thereafter, the Trader receives the NCTS Accompanying Document, identified by a Movement Reference Number (MRN), and the vehicle with the consignment covered by this document goes to the first Office

of Transit (if any); this may not happen at all or may happen several times. The consignment arrives at an Office of Transit where the processing of border crossing will be completed. Afterward, the consignment leaves either to the next Office of Transit or to its final destination.

Normally, the consignment arrives at the destination, and the goods are presented to the Office of Destination, which processes the arrival. Once the arrival processing is complete, the Office of Departure closes the movement. In the case the Office of Departure does not receive any feedback about the arrival of the movement within the expected period, an inquiry procedure is started. Depending on the result of the inquiry, taxes and duties might be collected through the recovery procedure. At the end of the transit procedure, the movement is closed.

During the transit movement, the concerned Customs Offices and Traders exchange data through standard messages. The NCTS messages are assigned identification numbers which all start with IE and then a two or three-digit number (e.g., a transit declaration is initiated by message IE15). Within these IE messages, there are 'data groups' consisting of various fields of data. Each data group and each field has certain characteristics, for example, whether it is alpha or numeric, a number of characters, whether its completion is mandatory (M), optional (O) or dependent on some conditions (D).

The automated NCTS processing occurs for most movements of traders (i.e., Consignors and Consignees), but it can only happen under these strict conditions:

- At departure:
    - the declaration is formally valid; and
    - the declaration is submitted within the time agreed for that purpose; and
    - the guarantee is valid; and
    - the risk analysis does not propose to control the goods and/or documents; and
    - the verification of data indicates no problems.
- At destination:
    - the notification is submitted within the hours agreed for that purpose; and
    - the risk analysis does not propose to control the consignment; and
    - the unloading remarks indicate no problems.
- Closure:
    - no discrepancies are reported[72].

[72] https://www.revenue.ie/en/online-services/support/software-developers/documents/ncts/post-brexit-technical-interface-spec.pdf

NCTS supports the following types of transactions:

- Declaration – Transactions to initiate a movement;
- Control – Transactions to handle control of a movement;
- Movement Release – Transactions to release a movement for transit;
- Cancellation – Transactions to cancel a movement before the goods are removed from the Office of Departure, or the approved place controlled by that office;
- Arrival – Transactions to handle the arrival of a movement;
- Diversion – Transactions to handle diversion of a movement;
- Unload – Transactions to handle the unloading of goods in a movement to an Authorized Consignee;
- Release – Transactions to release goods for Transit;
- Movement through Office of Transit (in reality, for the majority of transit operations there is no Office of Transit (OoTra) involved; on the other hand, it is possible that there is more than one OoTra involved in any transit operation).

NCTS, in the frame of Simplified Procedures, allows approved traders to move goods under Customs control from or to their premises, ports/airports or other approved places such as warehouses, and other temporary storage facilities without the need to present the goods and corresponding documents to the Office of Departure or destination. Authorized traders will enjoy, depending upon the conditions of their authorization recorded in Authorised Economic Operators system (AEO), several benefits such as unloading of the transported goods at their premises.

2.2.3.3 Main Messages used in an NCTS Operation

The main messages used in the NCTS operations and their description are as follow:

- The transit declaration is presented in an electronic form (the message "Declaration Data" (IE015);
- The Master Reference Number (MRN) is a unique registration number, given by the system to the declaration to identify the movement;
- The Transit Accompanying Document (TAD) accompanies the goods from the Customs office of Departure to the Customs office of the Destination;
- The message “Anticipated arrival record” (IE001) is sent by the Customs office of Departure to the declared Customs office of Destination indicated in the declaration;
- The message “Anticipated transit record” (IE050) is sent by the Customs office of Departure to the declared Customs office(s) of Transit to notify the anticipated border passage of the goods;
- The message “Notification of crossing frontier” (IE118), is sent by the actual Customs office of Transit used after having checked the goods;

- The message "Arrival advice" (IE006) is sent by the actual Customs office of Destination to the Customs office of Departure when the goods arrive;
- The message "Control results" (IE018) is sent by the actual Customs office of Destination to the Customs office of Departure (after the goods have been checked, where necessary).

Furthermore, it is important to mention that the NCTS covers all the possible combinations of normal and simplified procedures, at the Office of Departure as well as at the Office of Destination.

2.2.3.4 NCTS Guarantee Management System

NCTS also includes a Guarantee Management System (GMS) where guarantee data are recorded, i.e.:

- The guarantee management subsystem, at the Office of Guarantee, where the data related to comprehensive guarantees, individual guarantee with multiple usages, guarantee waivers, flat-rate guarantees, and associated vouchers are recorded;
- The Office of Departure subsystem where other kinds of guarantees are recorded.

The Office of Departure initiates operations such as:

- Check guarantee integrity ;
- Register guarantee usage;
- Release guarantee;
- Cancel guarantee usage.

2.2.3.5 NCTS Central Services

Central Services are defined at two different levels: National Domain and Common Domain whose needs are different. At the level of National Domain, they contain the functions that are common to different types of Customs Offices and the functions to manage the national information of reference (such as Customs Offices). For the Common Domain, they contain the functions to manage the information that is common to all countries (such as country codes). The Central Services are implemented through CS/RD (Central Services/Reference Data) system.

2.2.3.6 EU Common Communications Network / Common Systems Interface (CCN/CSI)

The NCTS system in each country is connected through a Common Communications Network / Common Systems Interface network to all other countries. It provides links between approximately 3000 Customs Offices[73].

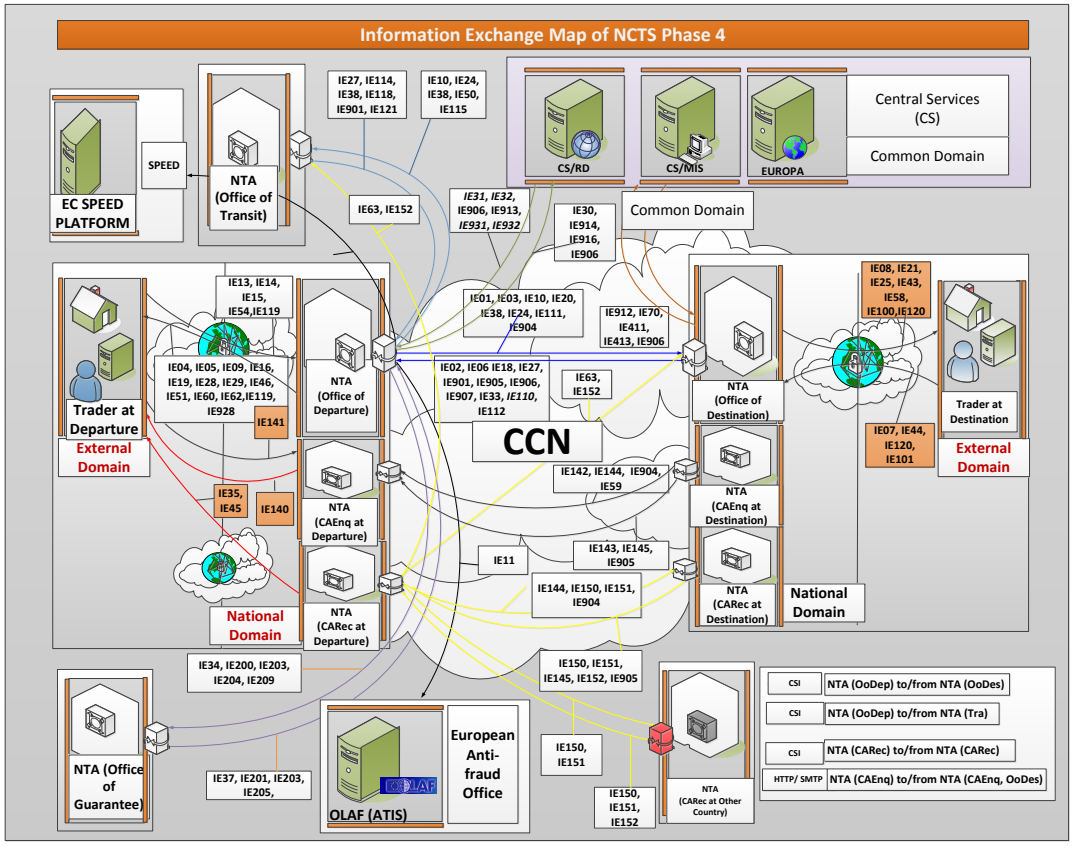
[73] https://ec.europa.eu/taxation_customs/dds2/col/col_home.jsp?Lang=en

The CCN/CSI is a value-added network operated by the Directorate-General for Taxation and Customs Union (DG TAXUD). The mission of CCN today and in the future is to provide common services to exchange taxation, excise and customs information at a reasonable cost, with high agility, high security, and business continuity. CCN was designed between 1993 and 1995 and is operational since 1999. Today, the Common Communications Network (CCN), which is composed of a series of physical Gateways located either in the National Administration or on the EU premises.

These Gateways are interconnected in a secure way through communications services and locally connected to the application platforms provided by the local site. The Common Systems Interface (CSI), which is a set of protocols and application programming interfaces, allows the above-described application platforms to exchange information through the CCN backbone. It ensures the interoperability between the relevant heterogeneous systems in the National Administration.

The NCTS transit movement processes and the exchange of messages are represented on the following Business Process Model and Notation (BPMN) diagram:

Figure 14: NCTS transit movement processes and the exchange of messages



Source: EU DG TAXUD, BPMN NCTS 4.0

2.2.3.7 Other forms of Transit Declaration registered and processed in NCTS

NCTS TIR procedure - Within the EU and/or some EFTA countries, the NCTS is used for registration, processing, and management of transit declarations in the form of TIR Carnet, ATA Carnet or CIM Consignments Note.

Under the EU legislation, the TIR procedure can be used in the EU only for a transit movement which begins or ends outside the EU or is made between two points in the EU through the territory of a third country.

Within the customs territory of the EU, the TIR Carnet holder is also responsible for submitting the TIR Carnet data for the TIR operation at the Customs office(s) of Departure or entry to be registered, processed and managed by the NCTS, i.e., the procedures for the Customs office of Departure, the Customs office of Destination and the Change of Customs office of Destination described above are applied correspondingly.

Within the customs territory of the EU, the termination/discharge of the TIR operation between the Customs Offices of Departure or entry and the Customs Offices of Destination or exit is accelerated by replacing the return of the appropriate part of the TIR Voucher No 2 with the sending of messages "Arrival Advice" (IE006) and "Control Results" (IE018).

The NCTS is used only for TIR operations within the EU (e.g., not in common transit countries). For a TIR transport entering the EU from a third country and involving a part of the journey in a non-EU country before re-entering the EU again, the TIR Carnet holder (or his representative) is responsible for submitting the TIR Carnet data to start a TIR operation at each Customs Office of entry to the EU.

NCTS ATA Transit Procedure - Under the national Customs legislation, the ATA transit procedure can be used in a country only for a transit movement which begins or ends outside this country.

The term ATA Carnet holder means the person on whose behalf the ATA Carnet is presented. The ATA Carnet holder is responsible for the presentation of the goods together with the ATA Carnet at the Customs Offices of Departure and Destination. Within the customs territory of the country the ATA Carnet holder is also responsible for submitting the ATA Carnet data for the transit operation at the Customs office of Departure or entry to be registered, processed and managed by the NCTS, i.e., the procedures for the Customs office of Departure, the Customs office of Destination and the change of Customs office of Destination described above are applied correspondingly. The NCTS is used only for ATA transit operations within one country.

2.2.3.8 Statistics

In 2017, the NCTS managed 11.2 million transit movements or 44,412 movements released per business day (+7% compared to 2016).

This growth is attributed mainly to the increase in the number of movements that were observed after Serbia, Turkey and North Macedonia acceded to the Common Transit Convention and joined the NCTS procedures (respectively 213%, 30%, and 120%). The improvement in the quality of operations is evidenced by the decrease in the average error rate in 2017 (0.10% compared to 0.17% in 2016) without any major business impact.

The CCN applications exchanged 4.79 billion messages marking an increase of 5.45% over 2016 when 4.54 billion messages were exchanged[74].

2.2.4 Success factors and best practices

In today's world, CAs has to adapt to the needs of trade with speed and flexibility and keep abreast of the continual changes in the business environment. CTR has an important role in the supply chain to lower the costs and time for transit, but just being an IT system is not enough. Several success factors for achieving an effective CTR require long-term transformation, from legal, procedural, IT, border management, aspects have been identified by this and previous studies.

2.2.4.1 General success factors

There is not one single or one-size-fits-all factor that Customs could follow and adapt for successful CTR. The ASEAN ACTS and Central America TIM regional transit systems have identified EU NCTS as a model for successful CTR. The ACTS, TIM, and NCTS best practices are:

- Speed up the procedures applied at all Customs offices involved in transit operations, i.e., at the Customs office of Departure, the Customs Office of Guarantee, the Customs office of Transit or Customs Office *en route* and finally at the Customs Office of Destination;
- Connected with the control of single transit customs declaration, the adequacy, and quality of guarantee, enclosed documents, and goods and with release or end of transit procedure;
- Eliminate barriers between customs brokers and Customs authorities which can occur at the Customs office concerned and which can be linked with a type and data in the Customs Declaration, a type of representation of a declarant, a guarantee to secure all the possible duties, taxes and charges and the documents enclosed to Customs Declaration;
- Reduce carriers' expenses resulting from delays, and repeated inspection of the cargo at each national frontier;

[74] https://ec.europa.eu/taxation_customs/sites/taxation/files/2017_e-customs_annual_progress_report_for_europa_en.pdf

- The imposition of national security requirements (guarantee, bond, a deposit of duty, etc.) to cover the potential duties, taxes and other charges at risk while the goods are in transit through each territory;
- Reduce the Customs requirements deriving from national transit procedures. The transit system should avoid the necessity - expensive in manpower and facilities - for physical inspection in countries of transit other than checking seals and the external conditions of the load compartment or container;
- Use of Customs Risk Management to focus on high-risk consignments; and also
- Provide simplification for Customs authorities arising from the fact that the international transit operation is covered by a single transit document, which reduces the risk of presenting inaccurate information – or data discrepancies- to different Customs administrations.

2.2.4.2 Best Practices

ASEAN ACTS Best practices - The ACTS aims to improve the ASEAN customs efficiency and transparency in transit by improving Customs Procedures and Trade Facilitation initiative through the utilization of information technology and by developing an advanced, web-based transit system.

ACTS is aimed at supporting the exchange of structured messages among the Customs Administration in the ASEAN Region by managing the movement of goods in transit. Such a system does not intend to replace, but to complement the current and future national Customs systems in transit procedure and to assist human controllers in ASEAN countries. Guarantee management and the management of risk are the key components of the system.

The benefits of ACTS[75] are:

- Access to the ASEAN Customs Transit System to all authorized traders in accordance with mutually agreed and pre-defined criteria, without discrimination;
- Electronic communication between traders and Customs authorities, as well as electronic communication among Customs authorities of Member States for each step in the application of ASEAN Customs Transit procedure;
- Single regional Customs transit declaration;
- One transit guarantee valid for all ASEAN countries, provided by approved guarantors from the financial sector;
- Simplifications and exemptions from standard requirements for authorized compliant traders based on risk profiling.

International Goods in Transit (TIM) Best practices - The operation of the TIM platform basically depends on the level technology acquired by each participating country; the CAs is

[75] ADB, 2012, Trade and trade facilitation in the Greater Mekong Sub region; Chapter 4: Trade Transit System in the GMS—Can It Work as Proposed? Des Grimble and Gordon Linington; (p.93)

investing in the implementation of a TIM so that there is compatibility in the exchange of information at the level of the participating CAs.

As mentioned above in the document, the TIM program is based on the EU NCTS and is the only operational transit facilitation system in Central and Latin America. The benefits of TIM are:

- Central America regional platform, used for the management of Single Transit Declaration (STD) - unified document STD, contributed to the simplification I of border Customs procedures and the recognition and validity in countries other than the issuing country;
- Exchange of messages on the regional centralized information repository - TIM system facilitated information flows on each export and transit transaction, thus ensuring better real-time control of consignment;
- Mandatory and additional documents required for transit are scanned and attached to the STD (such as a Phytosanitary Certificate);
- Streamlining of CTR procedures has reduced the time required to submit the documents and speed up the Customs control;
- Consignment delivery costs and general trade costs have fallen considerably. These benefits are achieved by intra/interconnecting border agencies so to ensure one-stop Customs control at each bilateral (peer to peer) Border Crossing Point;
- Use of national Customs Declaration Processing Systems for management of risks in transit;
- STD exchange of information with all OGAs (regulatory agencies) in each country;
- Using common customs seals in line with the WCO RKC recommendations, Specific Annex E Para 16-17;
- Transit process can be monitored by CAs, traders and transport companies - monitoring traffic, electronic notifications, and traceability;
- Automatic interaction with regulatory agencies for approval of transit.

New Computerized Transit System has constantly evolved over the past 30 years in order to improve its services and performance. Specific aspects that make the NCTS experience a model for other countries and regions are:

- Direct electronic data exchange with Customs – fully paperless Electronic transit declaration;
- Less administrative workload;
- Early discharge at the Office of Departure (release of guarantee);
- Minimum costs for traders;
- Direct data exchange between Customs administrations;
- Facilitations such as simplified procedures, modulation of guarantee, authorized consignor/consignee, etc.

- Better allocation of human and technical resources;
- Elimination of fraudulent document manipulation;
- Selective controls based on risk analysis;
- Reduction in number of inquiry procedures;
- Clear description and identification of goods;
- Guarantee and Electronic guarantee management;
- Transport within the prescribed time limit.

3 Analysis of the OIC Member States related to CTR

3.1 Current status of the OIC Member States related the CTR

6 OIC MS responded to the survey. The survey responses provide details on the characteristics of CTR in the countries.

3.1.1.1 CTR Legal Framework

In addition to national customs law, the CAs of OIC MS mostly defines transit regime through administrative instruction, implementing regulations and standard operating procedures, while only one MS has a transit policy (Table 4).

Table 4: Statutory instruments related to customs transit

	Frequency	Percent
Customs Transit Policy	1	16.7%
Transit Administrative Instruction	5	83.3%
Implementing regulations	5	83.3%
Standard Operational Procedures	4	66.7%
Total	15	250.0%

Source: Authors' own compilation

All of the CAs has the authority to conclude administrative agreements or MoUs with the business community and OGAs (Table 5). Also, most of them (83.3%) have authority to conclude such agreements with other CAs, national organizations or associations, port authorities, airline, and railway companies and express courier services.

Table 5: Authority to conclude administrative agreements / Memorandum of Understanding (MoU) related to transit procedure

	N	Percent
Other Customs Administrations	5	83.3%
Domestic Trade/business community	6	100.0%
Other domestic government agencies	6	100.0%
Regional/international organizations or associations	4	66.7%
National organisations or Associations	5	83.3%
Port Authorities	5	83.3%
Airlines Companies	5	83.3%
Railway Companies	5	83.3%
Express Courier Services	5	83.3%
Total	46	766.7%

Source: Authors' own compilation

Regarding membership in international nongovernmental organizations with their existing roles in CTRs, 5 MS OIC MS have implemented the IRU concept in road transport, while others are less used (Table 6).

Table 6: Most relevant governmental and non-governmental international organizations with their existing roles in CTRs

	N	Percent
in road transport (e.g. IRU)	5	100.0%
in railway transport (e.g. CIT - International Rail Transport Committee)	0	0.0%
in air transport (e.g. IATA)	1	20.0%
in maritime transport	1	20.0%
Total	7	140.0%

Source: Authors' own compilation

More than a half CAs that responded to the survey has not established intra-ministerial committees or body that will regularly review and examine the CTR (Table 7).

Table 7: Intra-ministerial committees or body regularly reviewing or examining the CTR

	Frequency	Valid Percent	Cumulative Percent
There is not intra-ministerial committees or body regularly reviewing or examining the CTR	4	66.7	66.7
There is intra-ministerial committees or body regularly reviewing or examining the CTR	2	33.3	100.0
Total	6	100.0	

Source: Authors' own compilation

3.1.1.2 ICT and Efficient Transit Data and Information Management

Most of the countries don't manage the electronic customs declaration related to transit in the CDPS, but they are planning to implement this, while 40% of the CAs manage transit declarations through their CDPS (Table 8).

Table 8: CDPS and Transit declarations

10. Does your Customs Administration manage the electronic customs declaration related to transit in your CDPS?			
	Frequency	Valid Percent	Cumulative Percent
Yes	2	40.0	40.0
Not yet, but planned	3	60.0	100.0
Total	5	100.0	

Source: Authors' own compilation

66.7% of the countries (Table 9) have the possibility to lodge a transit declaration in advance (before the presenting goods at departure), while 50% use combined declaration (transit and pre-arrival).

Table 9: Pre-arrival processing of transit data

11. Pre-arrival processing of transit data and information		
	N	Percent
Combined declaration (transit & Pre-arrival)	3	50.0%

11. Pre-arrival processing of transit data and information		
Pre-arrival message to the country of destination at the moment of releasing goods for transit procedure	1	16.7%
The lodgement of transit declaration in advance	4	66.7%
Pre-arrival processing for transit is supported for some importers/goods/entry points/modes of transport;	2	33.3%
Pre-arrival processing is supported for all transit goods and entry points	1	16.7%
No	1	16.7%
Not yet, but planned	1	16.7%

Source: Authors' own compilation

Most of the countries that responded to the survey (83.3%) are exchanging transit-related data and information with other Customs Administrations, while 16.7% don't exchange transit-related data, but are planning to start (Table 10). In most of the cases the type of information exchanged are related to providing the transporter with an accompanying document which must be shown at any office en route, as well as at the office of destination and anticipated arrival record (the content of transit declaration) shared with the office of destination and other relevant Customs offices immediately after the office of departure release declared goods for the transit (Table 10).

Table 10: Exchange of transit-related data

12. Is your Customs Administration exchanging transit-related data and information with other Customs Administrations?			
	Frequency	Valid Percent	Cumulative Percent
Not yet, but planned	1	16.7	16.7
Yes	5	83.3	100.0

Source: Authors' own compilation

The exchange of information related to transit is compliant with UN-layout key - UNCEFACT Standards and international standards for electronic information exchange as prescribed in the WCO (Customs Cooperation Council) Recommendations on information technology (Table 11).

Table 11: Type of transit information exchanged

13. Type of transit information exchanged		
	N	Percent
Using a unique identification number that can be recognized by all relevant Customs offices of transit operation	1	20.0%
Providing the transporter with an accompanying document (preferably an electronic document), which must be shown at any office en route, as well as at the office of the destination	4	80.0%
Anticipated Arrival record (the content of transit declaration) shared with the office of destination and other relevant Customs offices immediately after the office of departure release declared goods for the transit	4	80.0%
Anticipated Arrival record (the content of transit declaration) contains the inspection results that enable the office of destination and other	2	40.0%

relevant Customs offices to take the necessary action when the transit goods arrive		
Anticipated Transit record on crossing frontier is sent to all relevant Customs offices of transit	3	60.0%

Source: Authors' own compilation

Table 12: Exchange of transit data compliance

14. Exchange of transit data compliant with international standards		
	N	Percent
A common dataset for transit is developed using relevant international standards such as the WCO Data Model for exchange between and among relevant government agencies and other stakeholders	1	33.3%
The paper format of the Goods declaration is conformed to the UN-layout key - UNCEFACT Standards	3	100.0%
The format of the electronically lodged Goods declaration is based on international standards for electronic information exchange as prescribed in the WCO (Customs Cooperation Council) Recommendations on the information technology	2	66.7%

Source: Authors' own compilation

The ICT infrastructure used by OIC MS in most of the cases is based on a national and international level, as opposed to regional, and has enough capability to collect, process, secure and store data and share it with all relevant stakeholders (Table 13).

Table 13: ICT Infrastructure

15. ICT Infrastructure		
	N	Percent
National level	3	60.0%
Regional level	0	0.0%
International level	2	40.0%
The ICT infrastructure and information systems have enough capacity to collect, process, secure and store data and share it with all relevant stakeholders	5	100.0%
The ICT infrastructure and information systems have enough capability for real-time data exchange and real-time access to information	3	60.0%
Appropriate Business Continuity Planning (Fall-back procedure) is in place to ensure the resilience of ICT infrastructure and information systems and to prevent interruption of the ongoing transit operation, including power outages, weak Internet connections, natural disasters, storage failures, and network failures	3	60.0%
Customs administration set up a dedicated unit such as a help desk to keep the information system running and to provide support for all stakeholders involved in the transit operation	3	60.0%
The ICT infrastructure and information systems have enough flexibility to accommodate a variety of connectivity formats in order to make it easier to interface with the existing systems used by stakeholders	2	40.0%

Source: Authors' own compilation

3.1.1.3 Guarantee management and monitoring system

83.3% of the respondents accept guarantees and bonds as a security measure for CTR, but also, they accept cash deposit, international and regional guarantees (Table 14).

Table 14: Form of non-monetary guarantee

17. Form of non-monetary guarantee		
	N	Percent
Cash deposits (national or foreign currency)	4	66.7%
Temporary placement of funds on the Customs administration's bank account	1	16.7%
Tradable securities	1	16.7%
Movable property (e.g. means of transport) pledge agreement	0	0.0%
Non-movable property (e.g. office or production premises) pledge agreement	0	0.0%
Bank guarantee	4	66.7%
Insurance policy	1	16.7%
Surety contract	1	16.7%
International guarantees	2	33.3%
Regional guarantees	2	33.3%

Source: Authors' own compilation

In most cases, the guarantees are limited to the amount of duties and charges if the goods are imported into the country (Table 15). One country is not limiting the guarantees to the amount of duties.

Table 15: Guarantees limited to the value of duties and charges

18. Are the guarantees limited to the value of duties and charges		
	N	Percent
Guarantees are not limited to the amount of duties and charges	1	20.0%
Guarantees are limited to the amount of duties and charges (taxes)	4	80.0%
Other	1	20.0%
Total	6	120.0%

Source: Authors' own compilation

40% of the respondents calculate the guarantee amount according to risk level and guarantee waiver, while 60% doesn't relate guarantee calculation with the risk level. In 66.7% of the cases applicable regional or international agreements specify/support the issued transit guarantees. In most of the cases, the release of the guarantee is done automatic or in one to three days that is based on the time frame in which the goods exit the transit country (Table 16).

Table 16: Guarantee release

21. Guarantee release		
	N	Percent
Automatic release	1	20.0%
Within 1 day	2	40.0%

Within 3 days	1	20.0%
Within 1 week	0	0.0%
Within 2 weeks	0	0.0%
Within 1 month	0	0.0%
Other (please specify)	2	40.0%
Total	6	120.0%

Source: Authors' own compilation

3.1.1.4 Transit fees and charges

In most of the cases, OIC MS charge special fees for work outside normal working hours, charges for special measures, procedures or services at the request of the transit operator (83.3%) and special fees for working outside customs facilities (Table 17).

Table 17: Fees or charges for transit

22. Fees or charges for transit		
	N	Percent
Special fees for work outside normal working hours	5	83.3%
Special fees for work outside Customs facilities	4	66.7%
Special fees for the use of extra facilities (for example for oversized goods)	1	16.7%
Charges for storage	2	33.3%
Charges for special measures, procedures or services at the request of the transit operator (for example, a Customs convoy or Customs escort requested by the operator)	5	83.3%

Source: Authors' own compilation

Only one country set transit fees and charges as a flat-rate amount, while others are basing the calculation on an ad-valorem basis (Table 18). Half of the respondents don't make a periodic review of transit fees and charges, while 33.3% of the countries are doing a review once in a year, and 16.7% at least twice per year or more frequently.

Table 18: The basis for evaluation of transit fees and charges

23. The basis for evaluation of transit fees and charges		
	N	Percent
Transit fees and charges are calculated on an ad-valorem basis	2	40.0%
Transit fees and charges are set as a flat-rate amount	1	20.0%
Other	2	40.0%

Source: Authors' own compilation

Table 19: Periodic review of fees and charges on transit

24. Periodic review of fees and charges on transit		
	N	Percent
There is no periodic review of fees and charges	3	50.0%

Fees and charges are reviewed periodically (at least twice per year, or more frequently)	1	16.7%
Fees and charges are reviewed periodically (annually)	2	33.3%

Source: Authors' own compilation

3.1.1.5 Simplification of formalities with the wide use of simplified procedures in transit

In road transport, the average number of documents to initiate transit is 3.5, while 1.33 is for railway transport, 1.5 for air and maritime transport. All respondents to the survey require minimum necessary data to identify the goods and means of transportation, meet the requirements of the Customs administration and OGAs.

Table 20: Simplification of documentary requirements

27. Simplification of documentary requirements		
	N	Percent
The data required for the transit declaration are the minimum necessary to identify the goods and means of transportation, meet the requirements of the Customs administration and OGAs	6	100.0%
Customs administration and OGAs are reviewing the formalities and documentary requirements for transit with a view to minimizing their complexity	3	50.0%
Customs administration creates special favorable conditions and requirements, including submission of data, and simplified forms for transit operations for small and medium-sized enterprises (SMEs)	1	16.7%
Customs administration and OGAs are reviewing the formalities and documentary requirements for transit with a view to harmonizing them with the regional and international requirements	4	66.7%
Customs administration accepts commercial or transport documents (paper and/or electronic) for the transit declaration if the document meets all the Customs requirements	4	66.7%
Customs administration does not require the declarant to submit specific data on the transit declaration if the accompanying commercial or transport documents clearly cover the necessary particulars	2	33.3%
Customs administration works together with all relevant stakeholders to standardize different commercial and transport documents	2	33.3%
Transit operators are using international transit documents such as TIR Carnets, CPD Carnets as national transit declarations	4	66.7%
Customs administration and OGAs are identifying and publishing the list of required supporting documents that accompanying the transit declaration, and only keep those documents that are essential	3	50.0%
Customs administrations and OGAs accept electronic copies or electronic supporting documents for transit formalities	2	33.3%

Source: Authors' own compilation

There is still one-third of the MS where SW does not support transit procedure, while in 33.3% of the countries all transit procedures are supported by SW. In 80% of the countries, there is no possibility for relevant border agencies (OGA's) to provide advance filing and processing of transit documentation and data prior to the arrival of goods (Table 21).

Table 21: SW for Transit

28. SW for Transit		
	N	Percent
The Single Window does not support the transit procedure	2	33.3%
Some points of entry provide support for the Single Window for transit procedures	2	33.3%
All transit procedures are supported by the Single Window	2	33.3%
The Single Window ensures that the required documentation and/or data that have already been received through the Single Window are not requested again by the participating authorities or agencies except under urgent circumstances	0	0.0%

Source: Authors' own compilation

All of the respondents use the seals of a special type, where sealing is required to ensure the identification of the goods placed under the transit procedure and half of them use the concept of authorized consignor, allowing the holder of the authorization to place goods under the transit procedure without presenting them to Customs Authorities (Table 22).

Table 22: Simplified procedures used in transit

30. Simplified procedures used in transit		
	N	Percent
The authorized consignor, allowing the holder of the authorization to place goods under the transit procedure without presenting them to Customs Authorities	1	50.0%
Authorized consignee, allowing the holder of the authorization to receive goods moved under the transit procedure at an authorized place to end the transit procedure	0	0.0%
The use of seals of a special type, where sealing is required to ensure the identification of the goods placed under the transit procedure	2	100.0%
Other simplified procedures	1	50.0%

Source: Authors' own compilation

3.1.1.6 Risk Management

When it comes to applying risk management on CTR (Table 23), 40% of the MS that responded on the RM strategy that includes transit regime and procedures, while 40% planned to include them. Only 40% of the countries use risk analysis on AEO to transit procedure, 20% plan to use,

and 40% not use. 60% of the respondents don't have integrated RM system for transit procedures, and 60% don't use risk assessment to limit the physical inspections of transit goods.

Table 23: Risk Management related to Transit Regime

31. Risk Management related to Transit Regime			
	No	Not yet, but planned	Yes
The RM strategy includes transit regime	20.00%	40.00%	40.00%
The RM strategy includes transit procedures	20.00%	40.00%	40.00%
Risk analysis on AEO to transit procedures	40.00%	20.00%	40.00%
Integrated RM Systems for transit procedure – Customs and border control agencies	60.00%	20.00%	20.00%
A risk assessment that helps the Customs and border control agencies to limit the physical inspections of transit goods	60.00%	20.00%	20.00%
National program/initiative/ legal provision specifically fighting fraud in the customs transit system?	40.00%	40.00%	20.00%

Source: Authors' own compilation

The Gambia in the last 5 years has experienced only 2 CTR fraud cases, while Turkey has the much larger number 37136 fraudulent cases in CTR in the last 5 years.

3.1.1.7 Authorized Economic Operators (AEO)

60% of the respondents don't use the AEO concept to simplify the CTR, and from those that use such a concept the most simplifications are related to traders, shipping companies, airlines, railway operators and road transportation companies, but not for forwarders/customs agents (Table 24).

Table 24: AEO Simplification

33. In the AEO context, the procedures for CTRs are more simplified for:		
	N	Percent
No AEO	3	60.0%
Traders	2	40.0%
Forwarders/Customs Agents	0	0.0%
Shipping companies	1	20.0%
Airlines	1	20.0%
Railway operators	1	20.0%
Road Transportation companies	1	20.0%

Source: Authors' own compilation

The most impactful benefits under AEO programs are greater security for the AEO companies, increased knowledge about Customs regulations and an overall better relationship with the Customs Authorities as well as increased benefits to traders due to trade facilitation, followed

by more secure border transactions and transit trade and better communication with partners in the supply chain.

Table 25: Facilitation benefits for transit operations under their AEO programs

34. Facilitation benefits for transit operations under their AEO programs		
	N	Mean
Greater security for the AEO companies increased knowledge about Customs regulations and an overall better relationship with the Customs Authorities as well as increased benefits to traders due to trade facilitation	6	1.67
Privileges on using guarantee as standardized Authorized Economic Operator of placing a guarantee on transshipment and transit	6	1.17
More secure border transactions and transit trade	6	1.33
Shorter time for shipment clearance, increased predictability, lower storage and transit time and cost as well as increased benefits to traders due to trade facilitation.	6	1.17
Better access to the authorities via a single contact in Customs and other government authorities	6	0.83
Fast lanes at certain Border Crossing points and ports	6	1.17
Better communication with partners in the supply chain	6	1.33
Prior notification if selected for control	6	1.17
Recognition by Customs administrations at international level and inclusion into MRAs with third countries for Transit Regimes	6	0.67
Priority treatment if selected for inspection with a possibility for the operator to choose the location of inspection	6	0.83
Simplified Data Requirements and Data Submission for Transit Regimes	6	1.00
Valid N (leastwise)	6	

Source: Authors' own compilation

3.1.1.8 Security measures including the security of possible customs debt in transit

Half of the respondents don't use any type of electronic customs seals, and 33.3% use GPS seals (Table 26). RFID seals are not utilized until now.

Table 26: Electronic Customs Seals

35. Electronic Customs Seals		
	N	Percent
Lead seals	1	16.7%
RFID seal (Radio Frequency Identification	0	0.0%
GPS seal	2	33.3%
Other (please specify)	0	0.0%
Don't use electronic customs seals	3	50.0%

35. Electronic Customs Seals		
Not yet, but planned	1	16.7%
Total	7	116.7%

Source: Authors' own compilation

In most of the cases, convoys are used without limits (33.3%) and only for high-risk goods (33.3%). Only 16.7% of countries don't use convoys (Table 27).

Table 27: Convoys for transit procedures

36. Convoys for transit procedures		
	N	Percent
Convoys are used without limits	2	33.3%
Convoys are only used for high-risk goods	2	33.3%
Convoys are seldom employed	1	16.7%
Convoys are not used	1	16.7%
Total	6	100.0%

Source: Authors' own compilation

3.1.1.9 Coordinated border management

Half of the respondents have institutional arrangements with OGAs and other relevant border authorities for transit procedures coordination at the borders and cooperate with border agencies of other countries involved in transit (Table 28). In 83.3% of the countries, customs authorities and other border agencies cooperate with their counterparts from other countries to facilitate the transit of goods and half of the countries have special lanes on the border for quick movement of the transit shipments. But, 83.3% of the countries don't have established joint controls with neighboring countries for the physical inspections of transit goods.

Table 28: Coordinated border management

37. Coordinated border management	No	Not yet, but planned	Yes
Do you have Institutional arrangements with OGAs and other relevant border authorities for transit procedures coordination at the borders?	50.00%	0.00%	50.00%
Is there cooperation between the border agencies of your country and those of other countries involved in transit?	50.00%	0.00%	50.00%
Are Customs authorities and other border agencies cooperating with their counterparts from other countries to facilitate the transit of goods?	16.70%	0.00%	83.30%
Have you aligned the working hours and days with neighboring countries?	50.00%	33.30%	16.70%
Have you established joint controls with neighboring countries for the physical inspections of transit goods?	83.30%	0.00%	16.70%
Have you established a One-stop border post with neighboring countries	66.70%	33.30%	0.00%

37. Coordinated border management	No	Not yet, but planned	Yes
Do you have dedicated road lanes at border points / ports for transit	50.00%	0.00%	50.00%
Are you sharing the Infrastructure and equipment (for example non-intrusive inspection technology, scanners, forklifts, etc.)?	50.00%	16.70%	33.30%

Source: Authors' own compilation

3.1.1.10 Availability of Transit information

More than two-thirds of the MS have established a communication system or channel in place for the notification of changes in national regulations of the CTR, and in 83.3% of the cases, the information on changes in transit fees and charges are published in advance (Table 29).

Table 29: Advanced publication of transit fees and charges

41. Advanced publication of transit fees and charges		
	N	Percent
There is no prior publication of changes to fees and charges	1	16.7%
Information on changes is published in advance	5	83.3%
Information on changes is published in advance on the customs website	2	33.3%
Total	8	133.3%

Source: Authors' own compilation

50% of the MS is publishing information on transit fees and charges in paper-based and, on the customs website (Table 30).

Table 30: Availability of information on transit fees and charges

42. Availability of information on transit fees and charges		
	N	Percent
Information on transit fees and charges is not published	2	33.3%
Information is available in paper publications	3	50.0%
Information is published on the customs website	3	50.0%
Information is published on the trade portal website	2	33.3%
Information is published on the Single Window portal	2	33.3%

Source: Authors' own compilation

In most of the cases (60%), there is not free publicly accessible CTR related national information portal or another kind of sources for the transportation and trade communities in the exempt case studies and publicly known whistle policy and instruments within the CTR, e.g., telephone number (Table 31).

Table 31: Availability of transit information

43. Availability of transit information	No	Yes
Is there any free publicly accessible CTR related national information portal or another kind of sources for the transportation and trade communities in the exempt case studies	60.00%	40.00%
Is there any publicly known whistle policy and instruments within the CTR, e.g., telephone number	80.00%	20.00%
Is there any list of the national and/or regional contact points within the current CTR in place and what is their availability	66.70%	33.30%
Is there any national database containing the registered vessels or firms actively involved in CTR	66.70%	33.00%

Source: Authors' own compilation

3.1.1.11 Partnership with business

In 83.3% of the MS, the business community participates in the development of laws and regulations and in half of the MS there is a customs-business partnership program to improve the effectiveness of the transit. But, 80% of the countries have not established legal or administrative consultative national body composed of business and relevant national entities, regularly coming together to review the CTR system or discuss the upcoming changes in the relevant regulation, etc.

Table 32: Partnership with business

44. Partnership with business	No	Yes
Does the Business Community participate in the development of laws and regulations	16.70%	83.30%
Is there a Customs-Business Partnership programme to improve the effectiveness of transit	50.00%	50.00%
Is there any established legal or administrative, national consultative body composed of business and relevant national entities, regularly coming together within the CTR, tasked with the review of the system or discuss the upcoming changes in the relevant regulation, etc.	80.00%	20.00%

Source: Authors' own compilation

3.1.1.12 Performance measurement

Half of the countries use the WCO Time Release Study concept to measure the time and effectiveness of the CTR, while 83.3% don't have developed CTR performance indicators to be used for the improvement of the CTR procedures (Table 33).

Table 33: Performance measurement

45. Performance measurement	No	Not yet, but planned	Yes
Do you use the WCO Time Release Study concept to measure the time and effeteness of the CTR?	33.30%	16.70%	50.00%
Have you developed the CTR of performance indicators?	83.30%	0.00%	16.70%

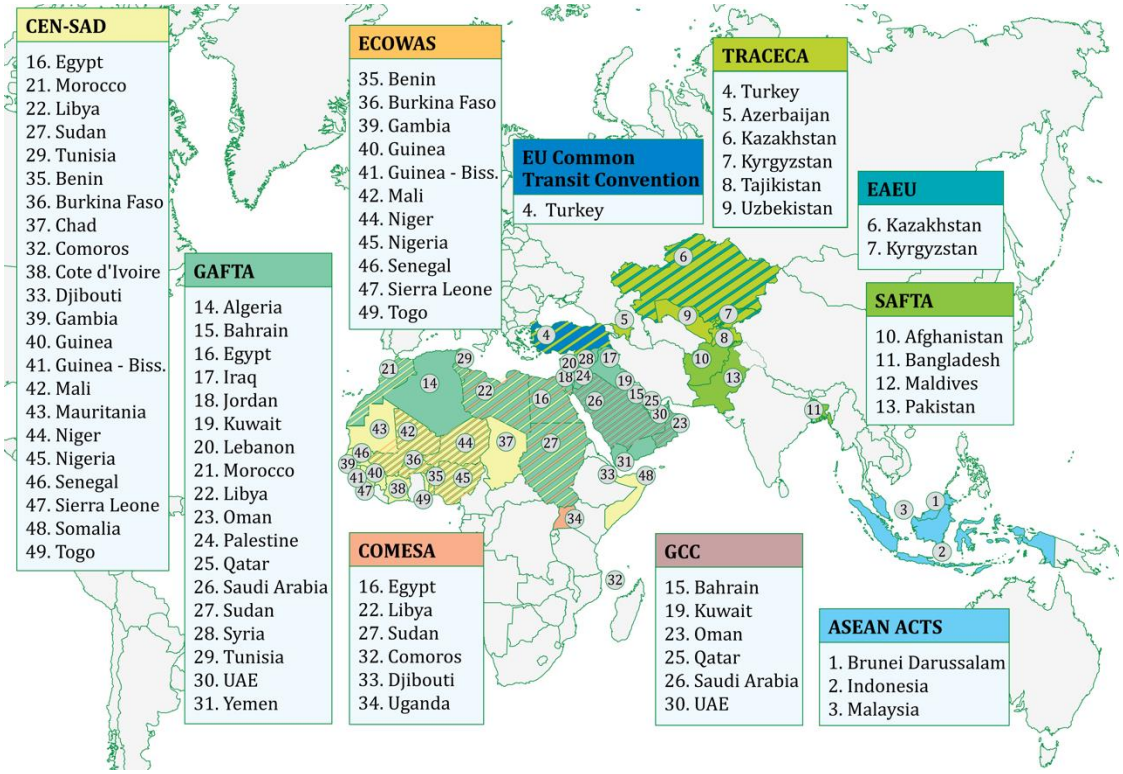
Source: Authors' own compilation

3.2 Empirical Evidence

3.2.1 Transit Arrangements in OIC countries

The purpose of regional and international transit arrangements is to enhance regional trade and reduce regional and multilateral trade costs, integrating the region by improving connectivity and cooperation. Figure 15 presents the OIC countries regional and international transit arrangements membership:

Figure 15: Regional and international transit arrangements of OIC MS



Source: Authors' own compilation

CEN-SAD (The Community of Sahel-Saharan States) - CEN-SAD was established in 1998 with the primary goal to develop the economic union by the implementation of the free movement of

people and goods through the member countries, advancing external trade and improving means of communication and transport. 22 OIC MS participate in the CEN-SAD.

GAFTA (Greater Arab Free Trade Area) - GAFTA is an Arab free trade zone established in 1997 in order to strengthen economic relationships between the member states, provide the best conditions for growing their economies, develop resources and ensure the prosperity of the GAFTA countries. One of the most important agreements is an agreement to simplify the transit of goods and persons. 18 OIC MS take part in the GAFTA.

COMESA (The Common Market for Eastern and Southern Africa) - COMESA is a free trade region established in 1994 with 21 member states where six are OIC MS. When it comes to CTR, in order to reduce cross-border transit costs, COMESA is promoting the Regional Customs Transit Guarantee Scheme (RCTG), as a single bond that would facilitate intra-regional trade between countries and ensure fast-track movement of goods in the COMESA region.

TRACECA (Europe-Caucasus-Asia International Transport Corridor) - TRACECA was established in 1993, as an international transport program, which includes the EU and 13 countries in the regions of Eastern Europe, the Caucasus and Central Asia. The primary purpose of TRACECA is to facilitate access to the international road, air and railway network and infrastructure, to improve the conditions and volumes of the international transport of goods and passengers and achieve harmonization of the transport and trade policies as well as the legal environment among the TRACECA members. 6 OIC MS are members of TRACECA.

GCC (Gulf Cooperation Council) - GCC was established in 1981, with the purpose to develop a Customs union, common market, and a common currency for all the Member States and thus facilitate the trade of goods and encourage trade between the Member States. All six GCC countries are OIC MS.

ASEAN (Association of Southeast Asian Nations) - ASEAN was established in 1967, with one of the purposes to stimulate economic growth, social progress, and cultural development by joint efforts in the spirit of equality and partnership. The ASEAN Customs Administrations perform a crucial role in the establishment of the ASEAN Economic Community for free goods flow as a part of the single market. Three OIC MS are members of ASEAN.

EAEU (Eurasian Economic Union) - EAEU, as an economic union of states, was established in 2000 with the purpose to increase cooperation and economic competitiveness, and the promotion of stable development in order to raise the standard of living in their Member States. The Customs transit arrangement in the EAEU is similar to the EU Common Transit. Two OIC MS is also a part of the EAEU (Kazakhstan and Kyrgyzstan).

SAFTA (South Asian Free Trade Area) - SAFTA agreement was signed in 2004 by the Member States with the purpose to create a free trade area to eliminate customs duties of all traded goods among the Member States. Four OIC MS also take part in the SAFTA agreement.

EU Common Transit Convention - The Common Transit Convention reduces barriers in trade between the EU members, the EFTA countries, Turkey, North Macedonia, and Serbia. It enables operators to make a single declaration when goods are in transit across Member Countries. Turkey is the only OIC country that is part of the EU Common Transit Convention from OIC MS. Albania is in the process of joining the NCTS.

ECOWAS (Economic Community of West African States) - ECOWAS, as a regional political and economic union, was established in 1975. The union consists of 15 Member States from West Africa, of which 11 are OIC MS. The primary purpose of ECOWAS is to promote economic trade across the region, national cooperation, and monetary union. The most important documents related to CTR are two conventions adopted in 1982: Inter-state Transport convention (TIE) and the Inter-state Road Freight Transit convention (TRIE). As a part of ECOWAS, there is also the West African Economic and Monetary Union (WAEMU) with eight Francophone West African countries.

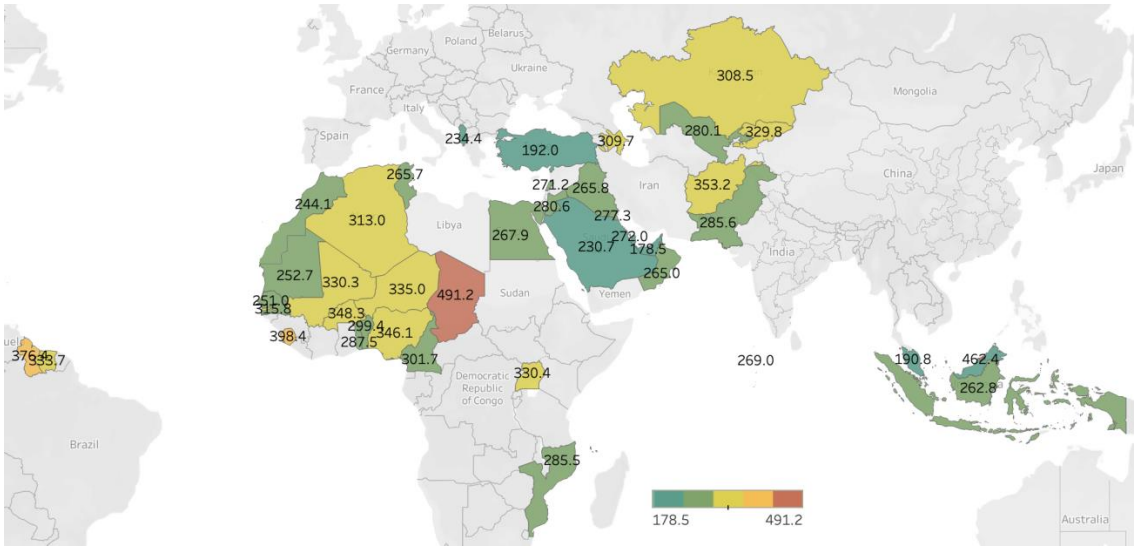
The next section is analyzing the trade costs related to these transit arrangements.

3.2.2 Trade Costs of OIC MS

The UN ESCAP and the World Bank (WB) have developed a methodology for measuring and estimating overall international trade costs and database for over 180 countries[76]. 40 OIC MS are included in the database. It is essential to mention that this database gives bilateral measure, or how much in percentage trade costs increase for one country when exporting to another country including all costs associated in trading goods internationally with another country relative to those involved in trading goods domestically. This measure includes international transport costs, tariffs, and other direct and indirect costs correlated with variations in languages, currencies as well as complicated procedures for import and export. These costs for 2016 for 40 OIC MS can be found in Figure 16. According to this data, the United Arab Emirates have the lowest trade costs, with 178% increase of average costs for export compared to domestic trade, and then there is Malaysia with 190% and Turkey with 192%. On the opposite end, Chad and Brunei Darussalam have the highest costs, which are almost 5 times higher than domestic trade, followed by Sierra Leone with a 398% increase.

[76] https://www.unescap.org/resources/escap-world-bank-trade-cost-database

Figure 16: OIC MS and UN ESCAP trade costs database

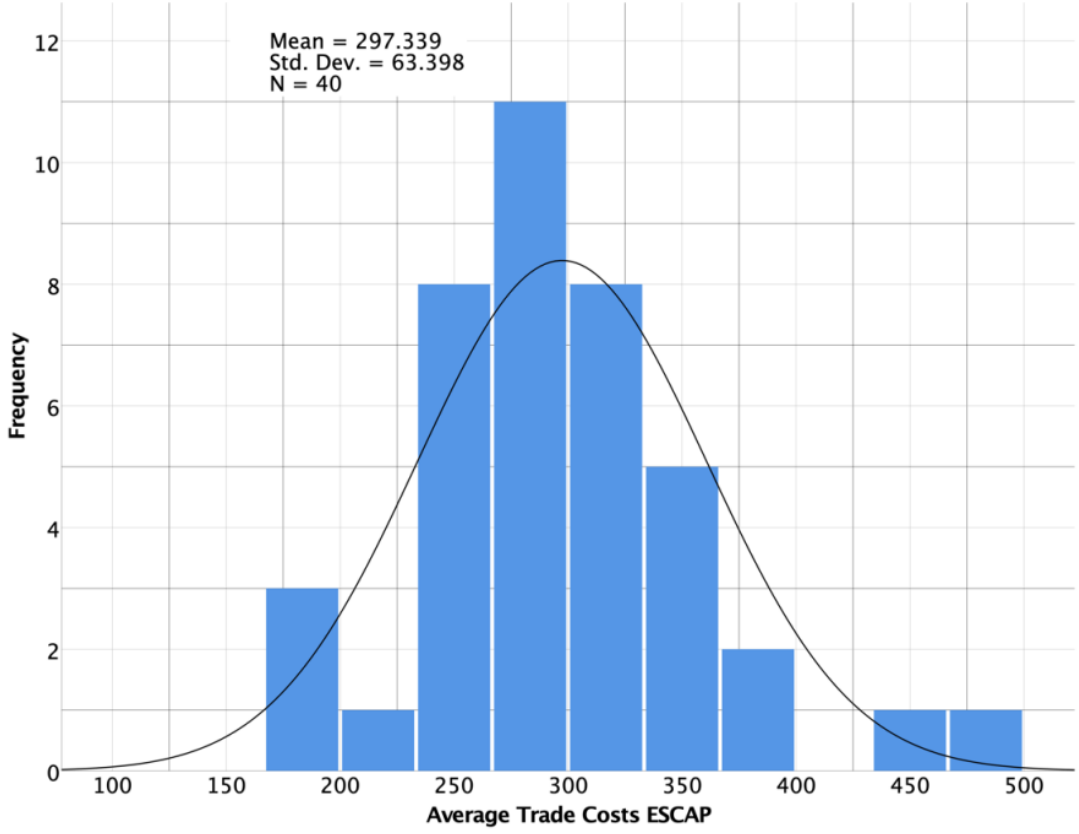


Source: Authors' own compilation

The mean of the trade costs according to UN ESCAP database for the OIC MS is 297.34%, and 23 Members States are below and inside mean value, while 17 MS have higher trade costs than the mean value (Figure 17).

Comparing these costs with the geographic distribution and level of economic development (Table 34) of the OIC MS, Arab countries have the lowest trade costs, all below the average of the OIC MS. Asian countries with the lower and upper middle income have lower costs than countries with the low and high income. On the other side, the highest trade costs have countries from the African group, all above the average of OIC MS. The highest tariff costs as a part of these costs have African group of countries (more than 41%), while Arab and Asian group of countries have lower tariff costs with their trade partners (27.53% and 26.39%, respectively).

Figure 17: Average Trade Costs UN ESCAP database for 2016



Source: Authors' own compilation

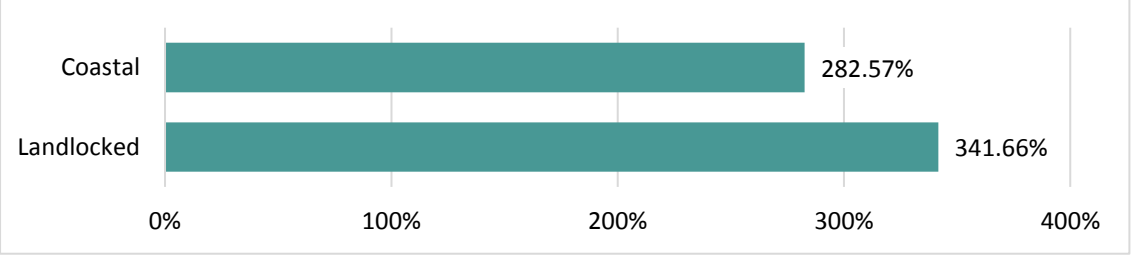
Table 34: Cross-tabulation of average trade costs (ESCAP) with geographic distribution and level of economic development

		Geographic distribution		
		African	**Arab**	**Asian**
		Av. Trade Costs	*Av. Trade Costs*	*Av. Trade Costs*
Level of economic development	**High income**		244.70%	386.03%
	Upper middle income	330.29%	274.94%	285.67%
	Lower middle income	379.66%	266.82%	269.80%
	Low income	316.82%	252.69%	353.18%

Source: Authors' own compilation

The impact of trade costs for landlocked MS from this analysis is evident. Maritime OIC MS have lower average bilateral trade costs (282.57%) compared to landlocked countries whose costs are 341.66% higher than for the domestic trade (Figure 18).

Figure 18: OIC MS average trade costs for landlocked and maritime countries



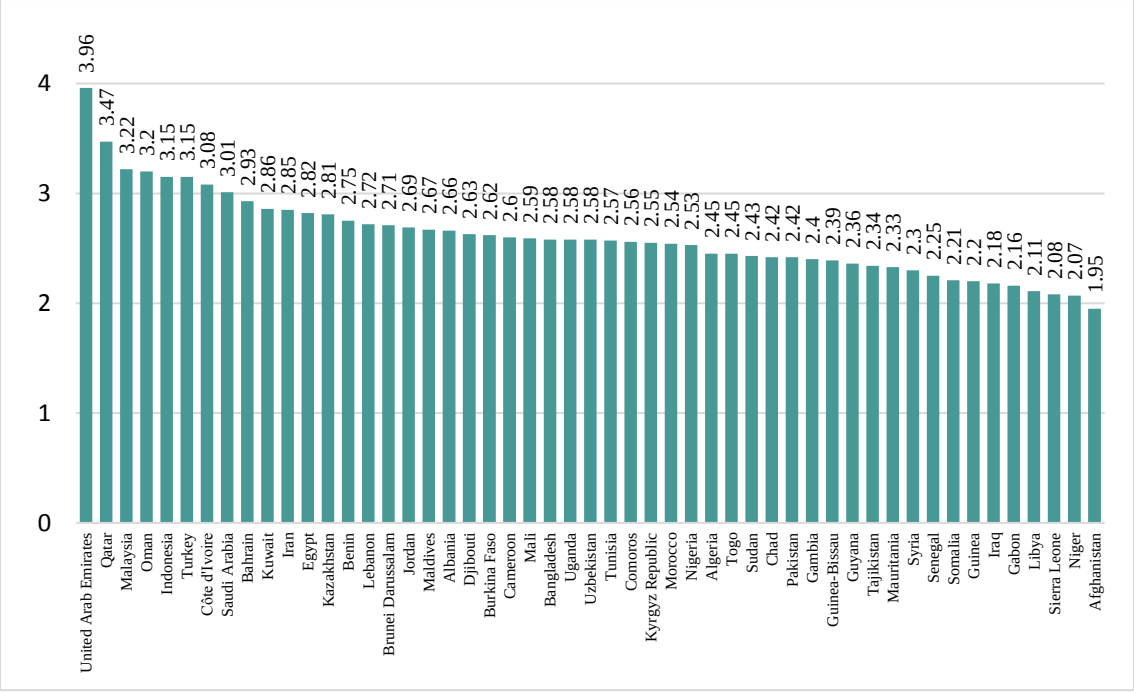
Source: Authors' own compilation

3.2.3 Logistics Performance Index (LPI)

The World Bank ranks countries according to the Logistics Performance Index (LPI)[77] based on six dimensions of trade: 1) Customs performance to measure the efficiency of Customs and border management clearance, 2) infrastructure quality to measure quality of trade and transport infrastructure, 3) international shipments to measure the ease of arranging competitively priced shipments, 4) logistics competence to measure the competence and quality of logistics services—trucking, forwarding, and customs brokerage, 5) tracking and tracing to measure the ability to track and trace consignments and 6) timeliness of shipments to measure the frequency with which shipments reach consignees within scheduled or expected delivery times. Figure 19 presents the World Bank's LPI (Logistics Performance Index) scores for 51 OIC, MS. The best performers are the UAE, Qatar, Malaysia, and Turkey, while the worst performing countries are Afghanistan, Niger, Sierra Leone, and Libya.

[77] https://lpi.worldbank.org/international

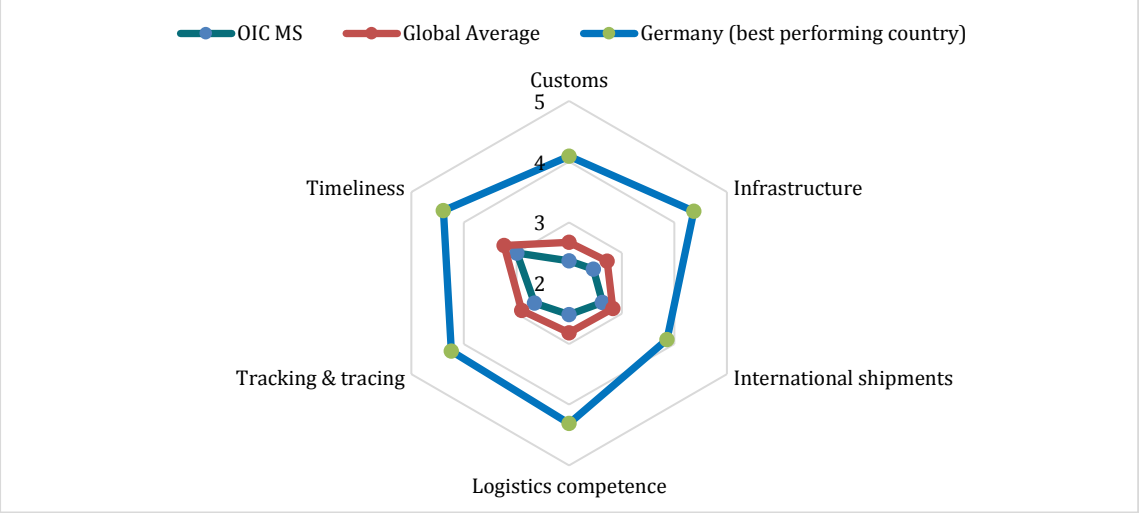
Figure 19: LPI score in OIC MS



Source: Authors' own compilation

OIC MS LPI score is slightly below the global average LPI score for all six dimensions, except when compared with the best performing country (Germany) (Figure 20).

Figure 20: Average LPI Score of OIC MS, Global and Best Performing Country (Germany)



Source: WB LPI

Comparing the LPI score, according to the level of economic development and geographic distribution of the OIC, the highest score has high-income OIC MS from the Arab group. The

lowest performance has low-income countries, especially low-income MS, of the Asian group (1.95).

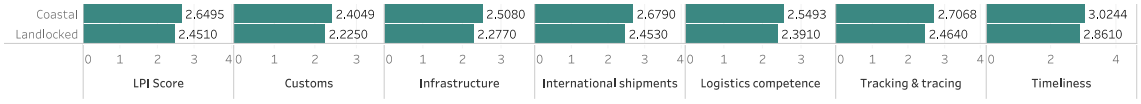
Table 35: Cross-tabulation of LPI score with geographic distribution and level of economic development of the OIC MS

		Geographic distribution		
		African Group	**Arab Group**	**Asian Group**
		LPI Score	*LPI Score*	*LPI Score*
Level of economic development	**High income**		3.24	2.71
	Upper middle income	2.38	2.52	2.75
	Lower middle income	2.66	2.48	2.69
	Low income	2.38	2.37	1.95

Source: Authors' own compilation

When comparing landlocked countries with maritime countries, according to overall LPI score and with all six dimensions, better performance of maritime countries is evident (Figure 21).

Figure 21: Landlocked and Maritime countries LPI Score



Source: WB LPI

3.2.4 UN Global Survey on Digital and Sustainable Trade Facilitation

The 2019 UN Global Survey on Digital and Sustainable Trade Facilitation conducted by the five United Nations Regional commissions (UNRCs) use data from a survey of 128 economies from 8 regions. The main area with of the survey are: General Trade Facilitation regarding measures from WTO Trade Facilitation Agreement (TFA), Digital Trade Facilitation for implementation of innovative, technology-driven measures for exchange of electronic trade data and documents, sustainable trade facilitation with focus to trade facilitation for SMEs, agricultural sector and women in trade, and Trade Finance.

Average trade facilitation score of 36 OIC MS (out of 30 economies assessed in 2017) according to the UN Global Survey on Digital and Sustainable Trade Facilitation[78] is 55.77%, , lower than the global average of 62.67% and an average of the developed economies with 80% trade

[78]https://www.unece.org/tradewelcome/outreach-and-support-for-trade-facilitation/global-survey-on-digital-and-sustainable-trade-facilitation.html

facilitation score. The lowest scores have Gabon, Afghanistan, Iraq, Somalia, and Mauritania, while the highest score has Morocco, Saudi Arabia, Malaysia, and Turkey.

In Table 36 are given the results related to CTR cross-tabulated based on geographic regions. Arab group has 6 countries with fully implemented transit facilitation agreements, while Asian countries have 9 countries with partially implemented transit facilitation agreements. On the other side, Asian countries have the highest level of cooperation between agencies of countries involved in transit, supporting pre-arrival processing for transit facilitation and using use risk assessment to limit control on transit shipments.

Table 36: UN Global Survey on Digital and Sustainable Trade Facilitation results related to CTR cross-tabulated based on geographic regions

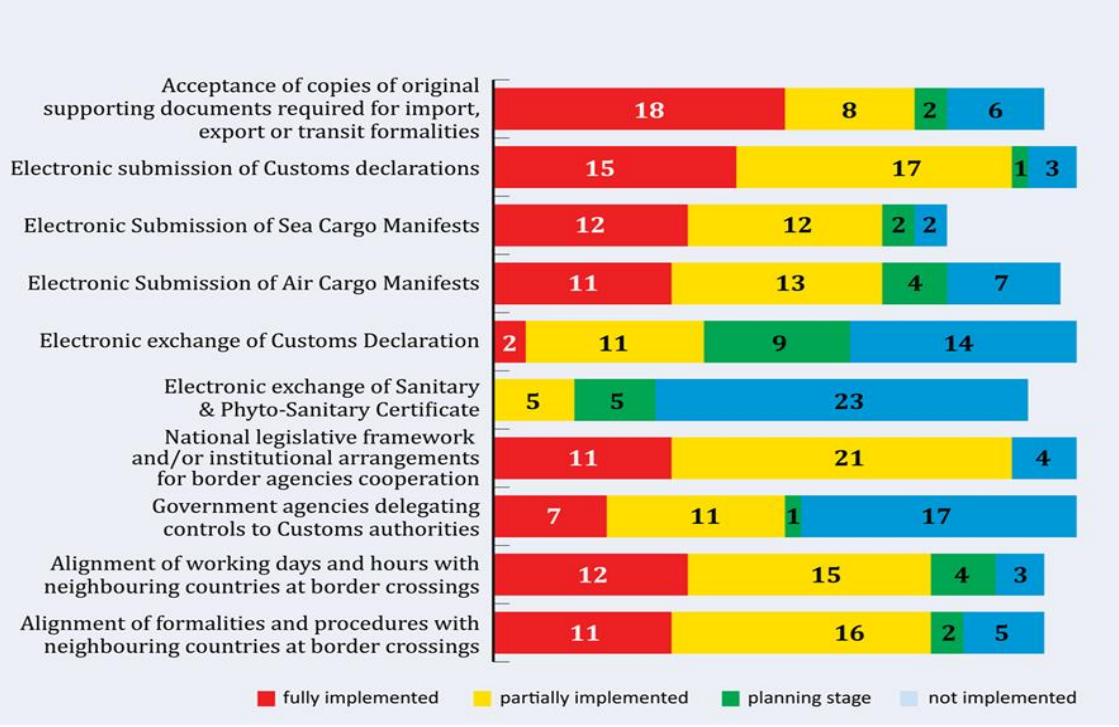
			Not Implemented	Planning Stage	Partially Implemented	Fully Implemented	Total
Transit facilitation agreement(s)	African Group	Count	2	0	3	4	9
		%	22.2%	0.0%	33.3%	44.4%	100.0%
	Arab Group	Count	2	0	1	6	9
		%	22.2%	0.0%	11.1%	66.7%	100.0%
	Asian Group	Count	3	0	9	2	14
		%	21.4%	0.0%	64.3%	14.3%	100.0%
	Total	Count	7	0	13	12	32
		%	21.9%	0.0%	40.6%	37.5%	100.0%
Cooperation between agencies of countries involved in transit	African Group	Count	1	1	5	2	9
		%	11.1%	11.1%	55.6%	22.2%	100.0%
	Arab Group	Count	3	0	2	4	9
		%	33.3%	0.0%	22.2%	44.4%	100.0%
	Asian Group	Count	1	0	5	8	14
		%	7.1%	0.0%	35.7%	57.1%	100.0%
	Total	Count	5	1	12	14	32
		%	15.6%	3.1%	37.5%	43.8%	100.0%
Supporting pre-arrival processing for transit facilitation	African Group	Count	2	2	4	1	9
		%	22.2%	22.2%	44.4%	11.1%	100.0%
	Arab Group	Count	4	0	4	1	9
		%	44.4%	0.0%	44.4%	11.1%	100.0%
	Asian Group	Count	4	1	4	5	14
		%	28.6%	7.1%	28.6%	35.7%	100.0%
	Total	Count	10	3	12	7	32
		%	31.3%	9.4%	37.5%	21.9%	100.0%
Customs Authorities limit the physical inspection of transit goods	African Group	Count	2	1	3	3	9
		%	22.2%	11.1%	33.3%	33.3%	100.0%
	Arab Group	Count	0	1	1	6	8
		%	0.0%	12.5%	12.5%	75.0%	100.0%
		Count	1	0	5	8	14

			Not Implemented	Planning Stage	Partially Implemented	Fully Implemented	Total
and use risk assessment	Asian Group	%	7.1%	0.0%	35.7%	57.1%	100.0%
	Total	Count	3	2	9	17	31
		%	9.7%	6.5%	29.0%	54.8%	100.0%

Source: 2019 UN Global Survey on Digital and Sustainable Trade Facilitation

Figure 22 presents the other TF indicators related to CTR. As presented, the least implementation is related to the electronic exchange of sanitary and phytosanitary certificates, were 23 MS have not implemented such a measure, 5 countries have fully implemented. In 17 countries government agencies still don't delegate control to CAs and 14 countries don't have an electronic exchange of customs declarations.

Figure 22: OIC MS UN Global Survey on Digital and Sustainable Trade Facilitation TF results



Source: UN Global Survey on Digital and Sustainable Trade Facilitation

3.2.5 CTR and Trade Facilitation for OIC MS

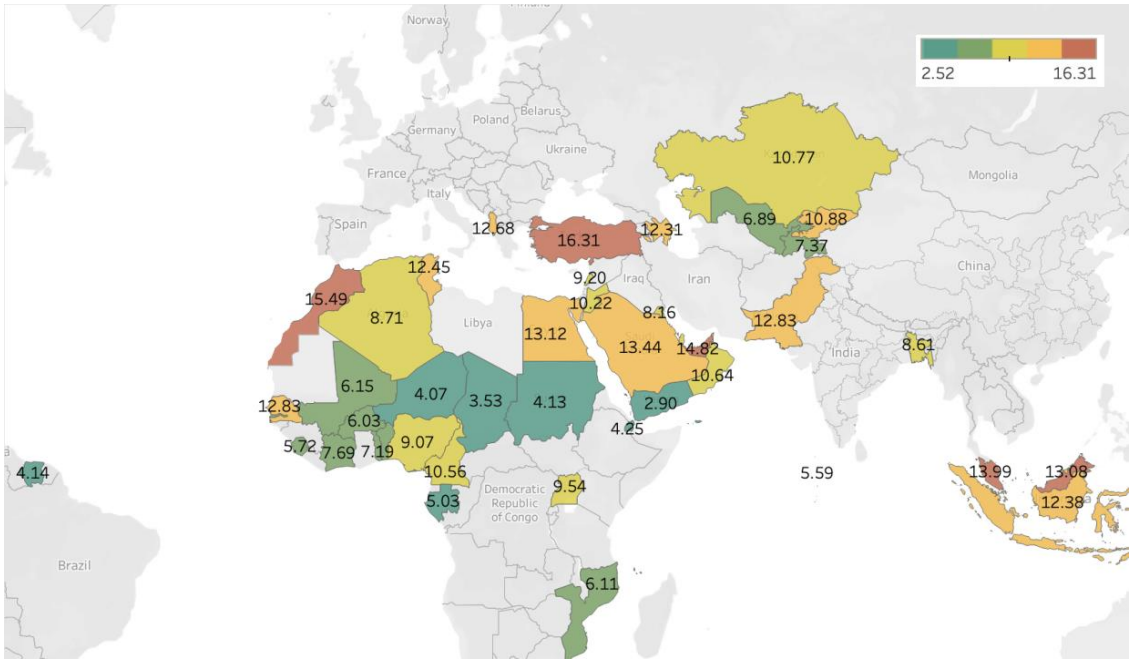
OECD has developed a group of trade facilitation indicators (TFIs) to help governments to decrease trade costs, improve border performance, and expand trade flows[79]. TFIs enable

[79] http://www.oecd.org/trade/topics/trade-facilitation/

countries to identify domains that require reforms in order to improve performance based on the indicators. The OECD TFIs database contains indicators for more than 160 economies across the globe. Each TFI is consistent with the WTO Trade Facilitation Agreement and contains several specific and fact-based variables. The indicators are divided into a high-level group of indicators with the core for each country based on all indicators, intermediate level of indicators where indicators for each country are more specific and detailed level containing 155 specific TFIs where 126 indicators are in some way related to the CTR. The TFIs are scored from 0 to 2, where 2 describe the best possible performance.

A higher score means better performance according to each indicator. The average score for OIC MS is above 9, and more than 8 points below the best practice score of 17.21. Turkey, Morocco, UAE, and Malaysia have the best scores among the OIC MS; while Comoros, Yemen, Chad, and Niger have the lowest scores (Figure 23).

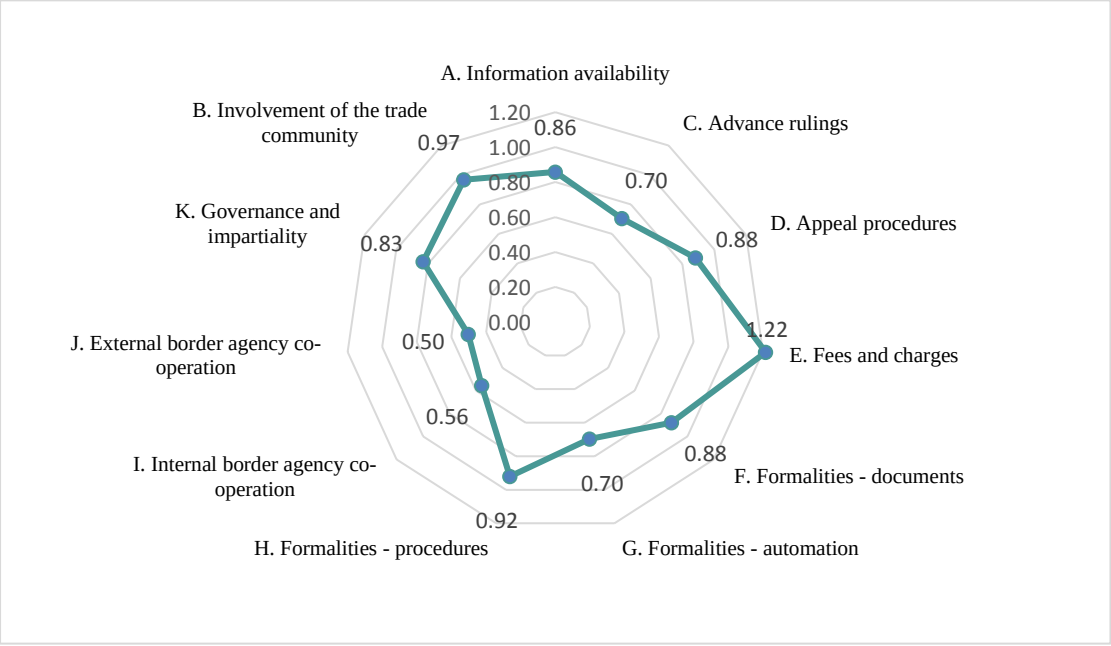
Figure 23: High-Level TFI score for OIC MS



Source: OECD trade facilitation indicators

Calculation of average scores for every 11 groups of indicators is presented in Figure 24. As can be seen from the average scores, there are many areas for improvement. The best score (1.22) is related to the F group of indicators – fees and charges. However, in all other groups of indicators, the score is below one.

Figure 24: Intermediate Level Scores of OECD TFI for OIC MS



Source: WTO TFA indicators database

According to data available, cooperation between border agencies (national and international) has low scores of 0.56 and 0.50. Also, automation of formalities is 0.70, which needs to be analyzed. The lowest average scores are related to the benefits of AEO concept, especially for an annual percentage of trade volume handled by AEOs (0.077), percentage of SMEs in the total number of AEOS (0.087) and Mutual Recognition Agreements/Arrangements on AEOs (0.1), AEOs programs (0.11), time to obtain AEO certification (0.13). Also, cooperation regarding risk management (0.13) and sharing inspection results with OGAs and other neighboring countries (0.18) are very low. The overall average scores for all TFIs are given in Annex II, Chapter 0.

Detailed analysis of the specific indicators is given in the next section related to the analysis of the correlation among different variables.

3.2.5.1 Information availability

In regards to the information availability, it is notable (Table 37) that almost all OIC MS (73.3%) have a website that provides a minimal set of information related to import, export and transit procedures, and electronic links to the forms and documents required in one of the official WTO languages.

Still, 6.7% of countries don't have clearly identified Customs' website on the Internet, and 20% have the website, but without the minimum set of the required information. 66.7% of OIC MS enable appropriate online means (email, forms) to provide feedback, 31.1% of the countries give

the possibility by telephone or human contact only, and 2.2% of the countries don't give the possibility to provide feedback. Regarding information published on the applicable duties, 53.3% of the countries have published information (or an electronic link) on the applicable rate of duties and keep this information up to date, while 28.9% have the information, but they don't keep it up to date. Still, there are 17.8% of the countries where it is not possible to find the applicable rate of duties on the Customs website. When it comes to inquiries points for traders regarding to customs issues including transit procedures, applicable rate of duties, fees and taxes, laws, restrictions or prohibitions, penalty provisions, appeal procedures, and agreements with third countries, almost all OIC MS (91.1%) have established such a points, but they are not adapted to commercial needs, and there is not a standard time of response for the various means of inquiry, taking into account their respective nature or complexity. Also, some but not all documents and forms required for the procedures of border agencies are available online in more than half of the analyzed OIC MS (57.8%). Even though the information about the procedures is published in prior to entry into force in 46.6% OIC MS, still 35.6% of the countries published only selected new or amended trade-related laws and regulations, and 17.8% don't have an interval before entry into the force. 55.6% of the OIC MS don't have information on the official Customs website about international agreements relating to importation, exportation or transit, 42.2% have such information but not together with topic-specific annotations where the most relevant parts of the agreements (related to export, import or transit matters) are explained and highlighted. Also, regarding the information about appealing procedures, 42.2% of countries have no information on appeal procedures provided online, while 44.4% of countries have such information displayed online, but without guidance on how to undertake these procedures on an individual basis. Traders can find the relevant legislation on the Customs website in 73.3% of the countries, but there are not quick references among the different pages of the website or user-friendly guidance on key issues. In 95.6% of the countries, no judicial decisions on Customs matters are published. There is no designated interactive page for traders / customs agents that provide specific information and tools for electronic interfaces, 80% of the MS have published downloadable forms, while 20% of MS have such a designated page for traders or a “pro” version of the website. Near half of the MS does not have online manuals to help users when a new procedure or changes in the current ones are implemented.

Table 37: TFI related to Information availability

Response	0	1	2
Establishment of a national customs website	6.70%	20.00%	73.30%
Possibility to provide online feedback to Customs	2.20%	31.10%	66.70%
Publication of rate of duties	17.80%	28.90%	53.30%
Establishment of inquiry points	8.90%		91.10%

Response	0	1	2
Adjustment of inquiry points' operating hours to commercial needs	88.90%		11.10%
Timeliness of inquiry points	80.00%		20.00%
Required documentation easily accessible for downloading	24.40%	57.80%	17.80%
Information about procedures published in advance of entry into force	17.80%	35.60%	46.60%
Publication of agreements with any country or countries relating to the above issues	55.60%	42.20%	2.20%
Publication of information on procedural rules for appeal	42.20%	44.40%	13.30%
Applicable legislation published on Internet	22.20%	73.30%	4.50%
Publication of judicial decisions on Customs matters	95.60%		4.40%
Dedicated interactive page for professional users/companies	80.00%		20.00%
User manuals available online	48.90%		51.10%

Source: WTO TFA indicators database

3.2.5.2 Involvement of the trade community

Regarding the involvement of the trade community (Table 38), 53.3% of the MS have one or more structures for regular public consultations, while 40% of countries have in place a specific public consultation only when introducing or amending trade-related laws, regulations and administrative rulings of general application. In only 13.3% of countries, there are notice-and-comment procedures, including trade and border issues and regulation, and 57.8% have such procedures they do not apply to trade and border issues and regulation. More than a half of countries don't have established guidelines and procedures in place, and the consultation takes place at random, while 44.4% of the countries have established guidelines and procedures to ensure systematic handling of consultation structures and opportunities.

When it comes to stakeholder groups such as Small and Medium Enterprises (SMEs), Large traders, Transporters, Customs brokers, and citizens, 55.6% countries have at least 4 or more stakeholder groups involved, 24.4% have 3 stakeholder groups involved, and 20% have less than 2 stakeholder groups involved, but the number of public consultations during the previous three years are very low for most of the countries. Almost half of the OIC MS don't publish drafts prior to entry into force, while, 42.2% of the countries make available drafts (or summaries) of trade-related laws, regulations or administrative rulings of general application before entry into force of a rule and stakeholder comments are possible. In 57.8% of the countries, public comments are taken into account from, but without explanations how public comments have been dealt with online or in the legislation's final draft.

Table 38: TFI related to the involvement of the trade community and other interested parties and government

Response	0	1	2
Public consultations between traders and other interested parties and government	6.70%	40.00%	53.30%
General notice-and-comment framework procedures in place, applicable to trade and border issues	28.90%	57.80%	13.30%
Are there established guidelines and procedures in place, governing the public consultation process	55.6%		44.4%
Targeted stakeholders	20.00%	24.4	55.60%
Number of public consultations	91.10%	2.20%	6.70%
Drafts published prior to entry into force	44.50%	42.20%	13.30%
Public comments taken into account	28.90%	57.80%	13.30%

Source: WTO TFA indicators database

3.2.5.3 Fees and Charges

33.3% of MS publish the information for all fees and charges (Table 39) other than import and export duties and other taxes within the purview of Article III of GATT 1994, fees and charges that will be applied, the reason for such fees and charges, the responsible authority and when and how payment is to be made in paper publications like Gazette, Bulletin, Customs Code, and 22.2% not on relevant agencies' website (on a dedicated page). Regarding fees and charges for answering inquiries and providing required forms and documents 33.3% of countries are limited to the approximate cost of services rendered, while 63.2% of countries don't have fees for these subjects. 60% of the OIC MS doesn't make a periodic review of fees and charges; as opposed to 22.2% of MS which do a periodic review, but don't adopt them to changed circumstances. On the other side, in 40% of the member states, fees and charges may be applied even without being published or prior to their publication, while in 33.3% of the member states new or amended fees and charges enter into force immediately upon their publication and there is no time period accorded between the publication of new or amended fees and charges and their entry into force. Still, there is a large number of member states that have fees for Customs services during normal working hours. The rules, regulations or procedures regarding penalty disciplines against breaches of import, export or transit formalities are publicly available in 57.8% of the countries, but they did not clearly specify the persons that can be held responsible for such breach. In 35.6% of the MS, there is assessment and applied penalties regardless of the circumstances and the severity of the breach, while 64.4% of countries depend on penalties on the facts and circumstances of the case and are commensurate with the degree and severity of the breach. 11.1% of the countries do not provide any written explanation on the basis for

assessing and applying the penalty, while 88.9% of the countries provide such an explanation to the person, upon whom the penalty is imposed, specifying the nature of the breach and the applicable regulation. Also, 24.4% of the countries use remuneration of customs officials based on a fixed portion or percentage of any penalties or duties that they assess or collect, while in 75.6% of the countries the remuneration of customs officials is independent of any penalties or duties that they assess or collect. More than half of the countries are not considering a mitigating factor when establishing penalties for voluntary disclosure of the breach of customs regulation, by the person responsible, prior to the discovery of the breach by the customs administration.

Table 39: TFI related to the fees and charges

Response	0	1	2
Information published on fees and charges	28.90%	48.90%	22.20%
Fees for answering inquiries and providing required forms and documents	4.50%	33.30%	63.20%
Fees and charges periodically reviewed to ensure they are still appropriate and relevant	60.00%	22.20%	17.80%
An adequate time period granted between the publication of new or amended fees and charges and their entry into force	40.00%	33.30%	26.70%
Fees for Customs services during normal working hours	31.10%		68.90%
Implementation of penalty disciplines for the breach of customs laws, regulations or procedural requirements - transparency	17.80%	57.80%	24.40%
Implementation of penalty disciplines for the breach of customs laws, regulations or procedural requirements - proportionality	35.60%		64.40%
Procedural guarantees on penalties	11.10%		88.90%
Conflicts of interest in the assessment and collection of penalties and duties	24.40%		75.60%
Is voluntary disclosure of the breach of customs regulation by the person responsible for a mitigating factor when establishing penalties	55.60%		44.40%

Source: WTO TFA indicators database

3.2.5.4 Formalities - Documents

88.9% of the OIC MS (Table 40) accept copies of supporting documents required for import, export and transit formalities with exceptions (related to the type of good, the circumstances or the agency), but they are not accepted without exceptions, and original to be presented upon request (2.2%). Also, 86.7% of the countries accept copies of supporting documents where another government agency holds the original of the document. When it comes to compliance

with the international standard, 60% of the OIC MS are all fully compliant. In 60% of the countries, relevant border agencies do not carry out a periodic review of their documentation requirements, while 26.7% countries carry out periodic reviews of their documentation requirements and ensure that requirements that are no longer required are discontinued, but they don't proceed to simplify requirements that are unduly consuming or costly for traders.

Table 40: TFI related to the formalities – documents

Response	0	1	2
Copies of documents accepted	8.90%	88.90%	2.20%
Copies accepted where another government agency already holds the original	13.30%		86.70%
International Standards compliance	24.40%	15.60%	60.00%
Periodic review of documentation requirements	60.00%	26.70%	13.30%

Source: WTO TFA indicators database

3.2.5.5 Formalities – Automation

Only 11.11% of the OIC MS (Table 41) have a fully operational mechanism, allowing for the advance lodging of documents in electronic format, while 40% are in the process of implementation, and not yet fully operational. Still, for 48.89% of the MS, the pre-arrival processing is not available. Regarding the automating environment of the risk management, 24.44% of the countries don't have automated risk management mechanism in place, while 46.67% of the countries the risk management is not supported by information technology. Only 12.28% of the countries have a single window that is fully supported by information technology, while in 17.54% the implementation is work in progress. 49.12% of the MS has not implemented the single window, or it operates in a non-automated environment. In more than half countries (51.11%) accepting and exchanging data electronically is in the process of implementation, and not yet fully operational. In 64.44% of the countries, there is no full-time automated processing.

Table 41: TFI related to formalities – automation

Response	0	1	2
Pre-arrival processing supported by the possibility to lodge documents in advance in electronic format	48.89%	40.00%	11.11%
Risk Management applied and operating in an automated environment	24.44%	46.67%	28.89%
Single window supported by information technology	49.12%	17.54%	12.28%
IT Systems capable of accepting and exchanging data electronically	4.44%	51.11%	44.44%

Response	0	1	2
Automated processing for Customs declarations available full-time (24/7)	64.44%	-	35.56%
Quality of telecommunications and IT	44.44%	15.56%	40.00%

Source: WTO TFA indicators database

3.2.5.6 Formalities – Procedures

When it comes to formalities – procedures (Table 42), in 24.4% of the OIC MS there is not a Single Window as the facility that allows parties involved in trade and transport to lodge standardized documentation and/or data with a single entry point to fulfil all import, export and transit-related regulatory requirements, while in 40% of the countries it is planned or in the process of implementation. Still, 35.6% of the countries don't use the Single window concept. 80% of the countries don't publish in a consistent manner on a periodic basis the average time for release and clearance of goods. 33.3% of the OIC MS have fully operational risk management system that allows customs controls to concentrate on high-risk consignments, expediting the release of low-risk consignments, while in 53.3% of the countries the risk management system is in the process of implementation. Regarding the possibility for OGAs to be supported by the customs risk management system, only 2.2% of the OIC MS have enabled access, while 48.9% of the countries are in the process of implementation. Still, there are almost half of the countries that don't have a risk management system for border controls other than customs.

Regarding AEOs, only 20% of the countries use AEOs scheme developed on the basis of relevant international standards, while 31.1% of the countries provide additional trade facilitation measures to AEOs meeting criteria related to compliance or the risk of non-compliance, But, still in almost half of the OIC MS, there is no possibility to provide additional facilitation to AEOs. In most of the countries (66.70%), the criteria for qualifying as an AEO and the procedures for submission and review of applications for AEO status are not defined or published, while 20% have enabled them in paper-based, and only 13.3% have published them on a dedicated webpage and an online request procedure is available. In 66.7% of the OIC MS, the private sector considers that working hours of Customs personnel are entirely adapted to commercial needs, while in 22.2% are partially adapted to commercial needs.

Table 42: TFI related to formalities – procedures

Response	0	1	2
Single Window	35.60%	40.00%	24.40%
Publication of Average Release Times	80.00%		20.00%
Customs controls supported by a risk management system allowing risks to be assessed through appropriate selectivity criteria	13.30%	53.30%	33.30%

Other border controls supported by a risk management system	48.90%	48.90%	2.20%
Possibility to provide additional trade facilitation measures to operators meeting specified criteria (authorized operators)	48.90%	31.10%	20.00%
Transparency of the criteria for qualifying as an Authorized Operator and the procedures for submission and review of applications for AO status	66.70%	20.00%	13.30%
Adjustment of working hours of Customs personnel to commercial needs	11.10%	22.20%	66.70%

Source: WTO TFA indicators database

3.2.5.7 Border Agency Cooperation at National Level

In only 6.6% of the countries there is an explicit co-ordination strategy led at a high political level, while in 86.7% of the countries co-operation, co-ordination, exchange of information and mutual assistance involve substantially all domestic agencies involved in the management of cross border trade. Only 15.6% of the countries have institutionalized regional meetings to develop a strategy and oversee implementation of border agency co-operation, and the proceedings are publicly available, while 51.1% even have regular meetings, the information is not available publicly. Still, there are 33.3% of the countries don't have meetings between the different public agencies involved, or such meetings are only ad hoc basis. In more than a half OIC MS, data requirements of various border agencies are not coordinated /harmonized, and in only 2.2% of the countries data requirements are coordinated/harmonized, and single data entry is possible for traders. Also, only 2.2% of the MS are interconnected or have shared computer systems where data is available in real-time. In 80% of the MS, there are no interconnected or shared computer systems and no exchange of data on the national level (among agencies involved in the management of cross border trade). In 86.7% of the OIC MS, there is informal and ad hoc co-ordination to address contingencies, but in only 6.7% of the countries there is a single location and coordinated timing is established for the physical inspection of consignments by the various concerned agencies. Likewise, 91.1% of countries do not share the inspection results with the agencies involved in the management of cross border trade. When it comes to cooperation regarding risk management, in 68.9% of countries national agencies involved in the management of cross border trade maintain separate risk management mechanisms, while in only 4.4% there is interagency synergies in terms of risk analysis and shared data and risk profiling of goods. In almost half of the countries, each agency certifies its own AEOs and does not share infrastructure and equipment.

Table 43: Border Agency Cooperation at the national level

Response	0	1	2
General cooperation and coordination of the activities of domestic agencies involved in the management of cross border trade, with a view to improving border control efficiency and facilitating trade	6.70%	86.70%	6.60%
Domestic inter-agency coordination mechanisms meet regularly to develop a strategy and oversee implementation of border agency cooperation	33.30%	51.10%	15.60%
Domestic coordination /harmonization of data requirements and documentary controls among agencies involved in the management of cross border trade	53.30%	44.40%	2.20%
Interconnected or shared computer systems and real-time availability of pertinent data among domestic agencies involved in the management of cross border trade	80.00%	17.80%	2.20%
Domestic coordination of inspections among agencies involved in the management of cross border trade	6.70%	86.70%	6.70%
Shared results of inspections and controls among agencies involved in the management of cross border trade with a view to improving border control efficiency and facilitating trade	91.10%		8.90%
Coordinated / shared risk management mechanisms	68.90%	26.70%	4.40%
Authorized Operators programs	91.10%	6.70%	2.20%
Coordinated / shared infrastructure and equipment use	46.70%		53.30%

Source: WTO TFA indicators database

3.2.5.8 Cross-Border Agency Cooperation

Only 22.2% of the OIC MS have an explicit co-ordination strategy led at a high political level, or the concerned countries belong to a Customs Union, while 48.9% of the countries have national legislation that allows for cross-border co-operation, co-ordination, exchange of information and mutual assistance with border authorities in neighboring countries. Still, 28.9% of countries don't have cross-border co-operation and co-ordination with border agencies with the neighboring countries. In more than half of the OIC MS, working days and hours are not aligned with neighboring countries - in 73.3% of the countries, local arrangements exist in order to facilitate goods' traffic. In more than half of the MS, data requirements are harmonized with neighboring countries. In case of the risk management cooperation, in 86.7% of the MS, there is no risk management co-operation with border agencies in neighboring countries, and only 13.3% of the MS border agencies in neighboring countries share intelligence to improve risk management efficiency and facilitating legitimate trade. Still, there are no interagency synergies in terms of shared risk profiling of traders or consignments, or of risk analysis and exchange of

the results thereof. The same situation is regarding systematic sharing of control results, wherein 82.2% of the MS, the control results are not shared with border agencies in neighboring countries, while in only 17.8% of the countries national legislation allows exchanging information about control results. Regarding sharing common facilities, in more than half of OIC MS common facilities are not developed and shared with neighboring countries, 37.8% share some infrastructure and equipment with neighboring countries at land borders. The same is the situation when it comes to joint controls with neighboring countries where 68.9% does not have such a joint control, in 28.9% joint controls is implemented, while in only 2.2% of the countries has established one-stop border posts shared with neighboring countries. When it comes to the Mutual Recognition Agreements, 93.3% of the OIC MS don't utilize this facilitation concept.

Table 44: Cross-Border Agency Cooperation

Response	0	1	2
Cross-border cooperation and coordination of the activities of agencies involved in the management of cross border trade, with a view to improving border control efficiency and facilitating trade	28.90%	48.90%	22.20%
Alignment of working days and hours with neighboring countries at land borders where applicable	53.30%		46.70%
Alignment of procedures and formalities with neighboring countries at borders where applicable	24.40%	73.30%	2.20%
Cross-border coordination / harmonization of data requirements and documentary controls	55.60%	44.40%	
Cross-border coordination / harmonization of the different computer systems	80.00%	20.00%	
Risk management cooperation	86.70%	13.30%	
Systematic sharing of control results among neighboring countries at border crossings with a view to improving the risk analysis as well as the efficiency of border controls and to facilitating licit trade	82.20%	17.80%	
Development and sharing of common facilities with neighboring countries at border crossings, where applicable	55.60%	37.80%	6.70%
Joint controls with neighboring countries at border crossings, where applicable	68.90%	28.90%	2.20%
Mutual Recognition Agreements/Arrangements on Authorized Operators (AOs), where applicable	93.30%	4.40%	2.20%

Source: WTO TFA indicators database

Regarding the implementation of the WTO TFA, 39 OIC MS have ratified the Agreement, while two countries (Suriname and Tunisia) have not presented the instrument of ratification. The implementation status, according to the notifications for Article 11 (transit), is presented in Table 45).

Table 45: Notification status of OIC MS regarding TFA for Article 11 – Transit

Articles	A	B	C	N
11.1 (a)	23	8	4	4
11.1 (b)	23	8	4	4
11.2	25	6	4	4
11.3	27	4	4	4
11.4	27	5	3	4
11.5	18	5	11	5
11.6 (a)	22	6	7	4
11.6 (b)	22	6	7	4
11.7	22	6	7	4
11.8	23	5	7	4
11.9	20	6	9	4
11.10	23	5	7	4
11.11	24	4	7	4
11.12	22	6	7	4
11.13	22	5	8	4
11.14	22	6	7	4
11.15	21	8	6	4
11.16 (a)	22	6	8	3
11.16 (b)	22	6	8	3
11.16 (c)	22	6	8	3
11.17	20	8	8	3

Source: WTO TFA indicators database

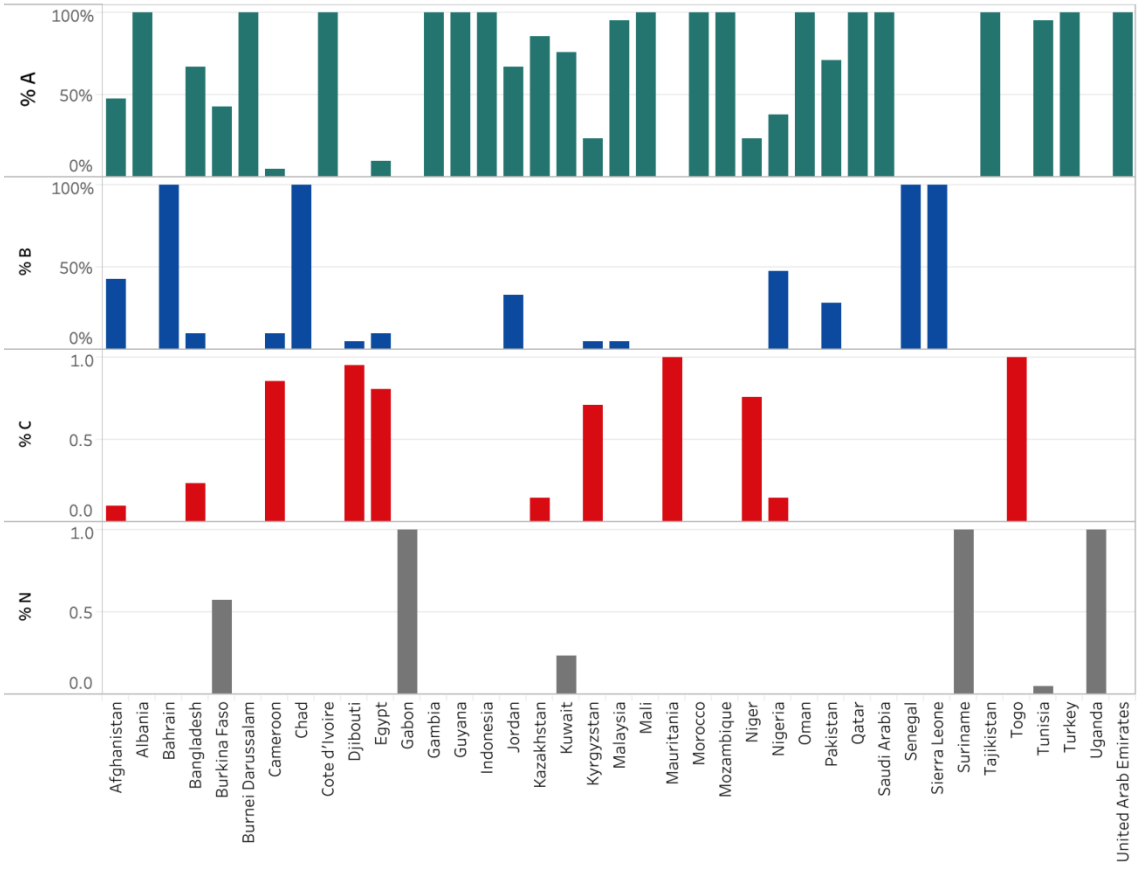
There are several OIC MS that still have not implemented the activities regarding the Agreement. Gabon, Suriname, and Uganda have not yet notified the implementation of all transit-related measures, while Burkina Faso and Kuwait have partially implemented the transit-related measures.

Category A notifications are related to the provisions that will be implemented by the members by the time the Agreement enters into force. In case of a least-developed country, they will be implemented within one year after entry into force of the Agreement. *Category B* notifications include the TFA provisions to be implemented after a transitional period following the entry into force of the Agreement. *Category C* notifications mean that the provisions of the TFA will be implemented on a date after a transitional time following the entry into force of the TFA and

require capacity-building assistance to be implemented. N is related to the Members that have not yet notified the relevant measure for implementation.

Figure 25 presents the notifications by OIC MS up to July 2019[80]. It shows that a number of OIC MS, members of the WTO have not fully complied with the requirements of the TFA, especially on the notifications (Burkina Faso, Gabon, Suriname, and Uganda). Also, there are several countries that require transitional time and capacity-building support (Cameroon, Djibouti, Egypt, Kyrgyzstan, Mauritania, Niger, and Togo).

Figure 25: Notification statuses related to the implementation of the TFA Agreement (Article 11) for OIC MS



Source: authors' own compilation

[80] https://www.tfadatabase.org/notifications/list

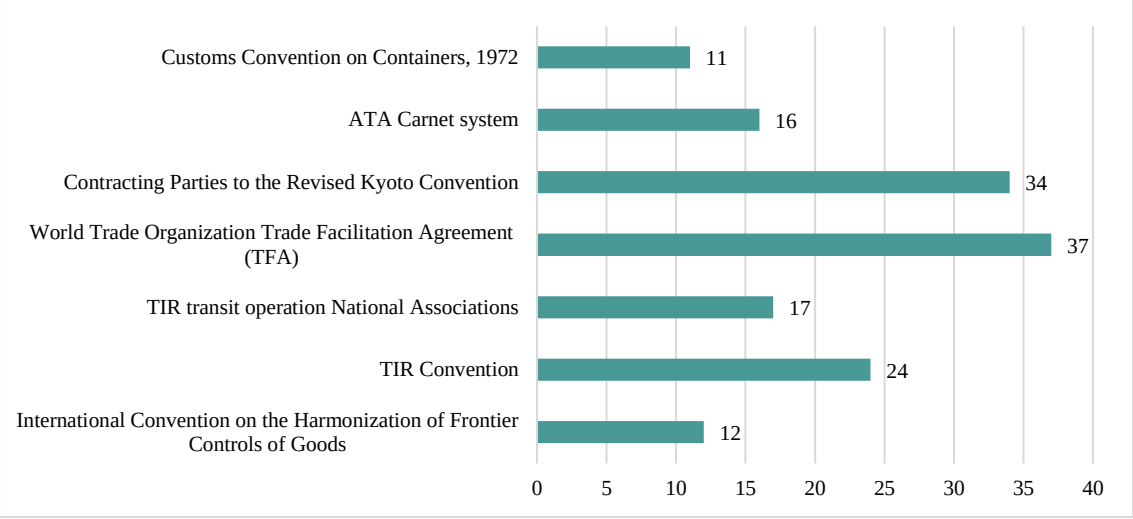
3.2.5.9 Accession to the Relevant International Instruments related to CTR

The ratification and implementation of the relevant international conventions including the International Convention on the Harmonization of Frontier Controls of Goods, Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), World Trade Organization Trade Facilitation Agreement (TFA), Revised Kyoto Convention, ATA Carnet system, and Customs Convention on Containers by OIC MS remains low as represented in Figure 26.

For example, 24 MS ratified the TIR Convention, but there are only 17 MS with National Association that issue TIR carnets to facilitate CTR. Also, 11 countries are part of the Customs Convention on Containers, while 12 countries are part of the International Convention on the Harmonization of Frontier Controls of Goods. The best performance of the OIC MS is in respect of the WTO TFA ratification (37 countries plus two countries that have not yet presented the instrument of ratification) and Revised Kyoto Convention (34 countries).

Annex III - 0 presents a complete list if the OIC MS and membership in the conventions.

Figure 26: Accession to the relevant international conventions related to CTR



Source: authors' own compilation

The number of TIR carnets issued by specific OIC MS is presented in Table 46. Four countries in 2018 do not utilize the benefits of TIR carnets in the facilitation of CTR, while also there are countries with a small number of issued TIR carnets. Turkey and Iran are the OIC MS with the most issued TIR carnets (more than 85% from issued TIR carnets by all OIC MS in 2018), despite a decreasing trend from 2016 to 2018. This is probably due to Turkey's entry into the NCTS system.

Table 46: Number of TIR Carnets issued by OIC MS

Countries	*2016*	*2017*	*Change in % (2017-2016)*	*2018*	*Change in % (2018-2017)*
Afghanistan	0	0	0.00%	100	
Albania	2250	600	-73.33%	800	33.33%
Azerbaijan	2800	1900	-32.14%	1800	-5.26%
Iran	118000	115000	-2.54%	165000	43.48%
Jordan	50	50	0.00%	0	-100.00%
Kazakhstan	23500	21300	-9.36%	14700	-30.99%
Kuwait	0	0	0.00%	0	0.00%
Kyrgyzstan	4800	4100	-14.58%	2000	-51.22%
Lebanon	550	600	9.09%	500	-16.67%
Morocco	0	0	0.00%	0	0.00%
Pakistan				50	
Syrian Arab Republic	650	500	-23.08%	300	-40.00%
Tajikistan	2350	3100	31.91%	3400	9.68%
Tunisia	0	0	0.00%	0	0.00%
Turkey	213900	200000	-6.50%	189000	-5.50%
Turkmenistan	13000	1000	-92.31%	6000	500.00%
United Arab Emirates	-	50		0	-100.00%
Uzbekistan	27000	14000	-48.15%	32400	131.43%
Total	408850	362200	-11.41%	416050	14.87%

Source: UNECE

3.2.6 Correlation Analysis for All CTR Variables

In order to check the influence of different variables analyzed in this study and the interdependence between these variables and other variables, we have conducted the correlation analysis. For a measure of association between two variables, researchers rely heavily on a statistic called Pearson's "r," or the correlation coefficient. The Pearson's correlation coefficient (r) is a measure of the association between two variables and is used for the measure of association between CRM variables important for successful implementation of CRM system, as explained below. The formula for Pearson's r for two variables X and Y is:

$$r = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{[\sum(X - \bar{X})^2]\,[\sum(Y - \bar{Y})^2]}$$

Due to the numerator of this formula being covariation of X and Y, statisticians consider it inconvenient to use and prefer the following computational formula:

$$r = \frac{N\sum XY - (\sum X)(\sum Y)}{\sqrt{[N\sum X^2 - (\sum X)^2][N\sum Y^2 - (\sum Y)^2]}}$$

Pearson's coefficient has values between -1 and 1. The 0 value of this coefficient implies that there is no association between the variables, while +1 and -1 imply total positive or total negative association among variables. The positive correlation means that if one variable increase (or decrease) also the second variables with which the first one has a correlation increase (or decrease). The negative correlation implies that an increase in one variable will decrease the second variable and vice versa. Of course, in the reality the results of these analysis are between 0 < r < +1 and -1 < r < 0 for which there is no direct implication.

Different authors present a different interpretation of these values. Table 47 presents the interpretation of this coefficient grouped in a few intervals used in this research.

Table 47: Interpretation of the coefficient of correlation r

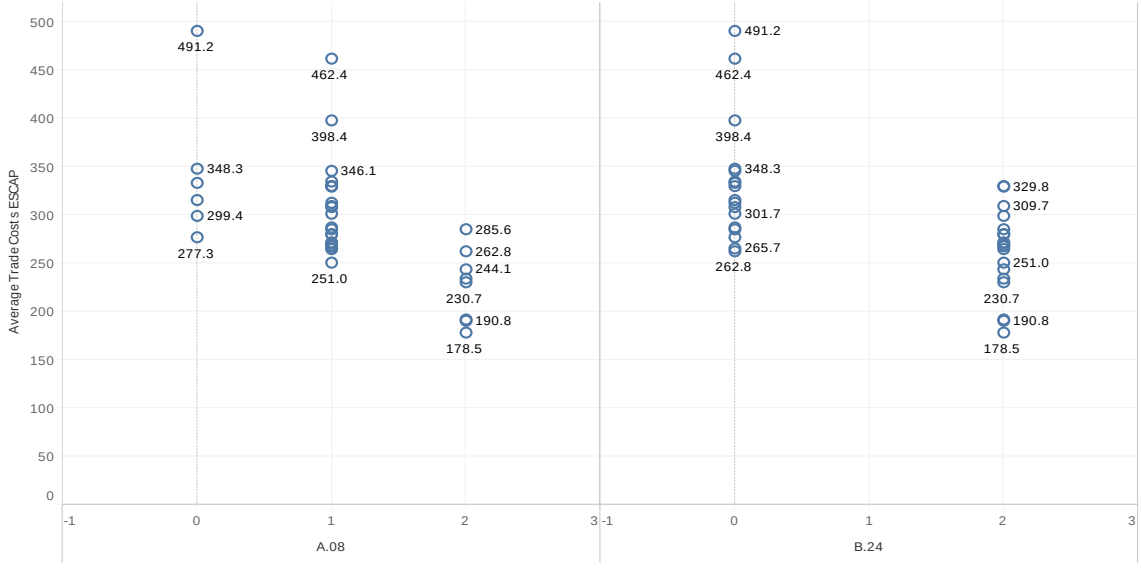
r > 0	**Interpretation**	**r < 0**	**Interpretation**
0,4-0,49	Low correlation	0,4-0,49	Low correlation
0,5-0,69	Medium correlation	0,5-0,69	Medium correlation
0,7-1	Strong correlation	0,7-1	Strong correlation
1	Perfect correlation	1	Perfect correlation

Source: authors' own compilation

Conducting the correlation analysis, we want to check the influence on the trade costs of different variables related to CTR. All variables that have a correlation with the average trade costs according to ESCAP database have a negative correlation, which means that higher scores in these variables influence the reduction of trade costs. For example, there is a medium negative correlation (Figure 27) between trade costs and TFI A.08 (Required documentation easily accessible for downloading) and TFI B.24 (existence of established guidelines and procedures in place, governing the public consultation process). Also, medium negative correlation (Figure 28) exists between trade costs and LPI International shipments (-0.556) and LPI Infrastructure (-0.548). Therefore, the better infrastructure quality and easier arrangement of competitively priced international shipments will decrease the trade costs of the country. The next medium negative correlation exists between trade costs and timeliness (-0.532) as a part of logistics performance index (LPI), and full-time availability of automated processing for Customs declarations (-0.516) as a part of TFI (

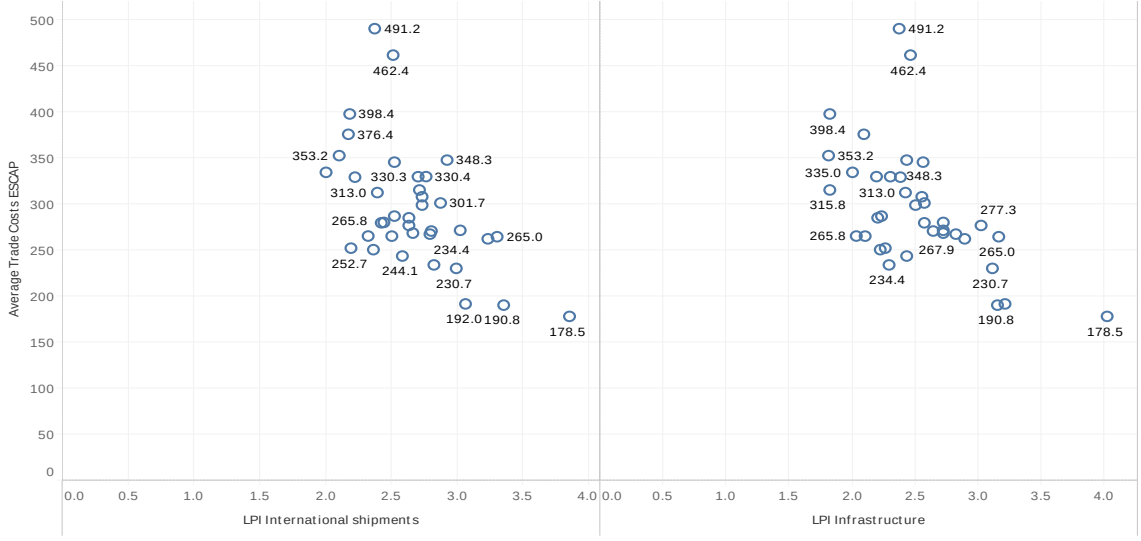
Figure 29). A medium negative correlation also exists between trade costs and using the ATA carnet system (-0.508) and the existence of an automated environment of risk management (-0.507) presented in Figure 30.

Figure 27: Correlation between trade costs (ESCAP) and TFI - A.08 and B.24



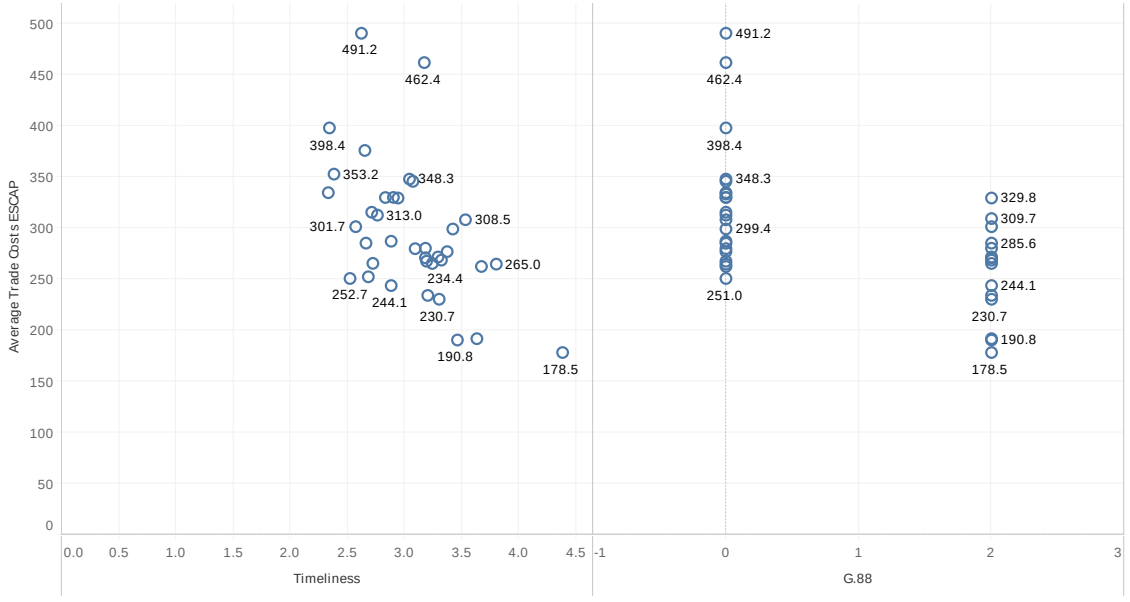
Source: authors' own compilation

Figure 28: Correlation between trade costs (ESCAP) and International Shipments and Infrastructure



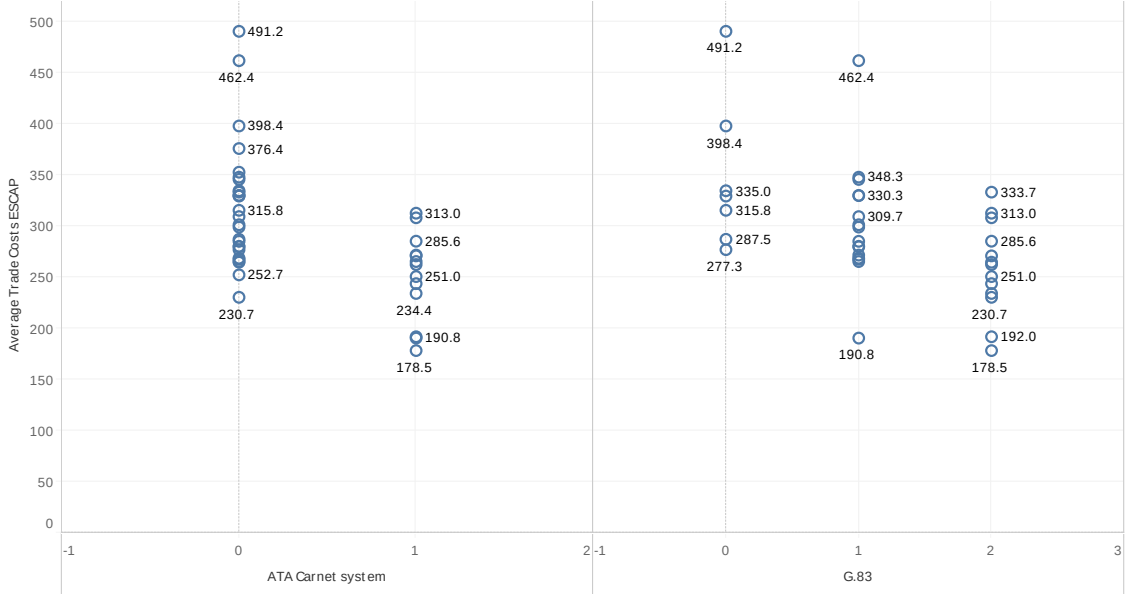
Source: authors' own compilation

Figure 29: Correlation between trade costs (ESCAP) and Timeliness (LPI) and full-time availability of CDPS (TFI)



Source: authors' own compilation

Figure 30: Correlation between trade costs (ESCAP) and ATA Carnet (LPI) and automated CRM (TFI)

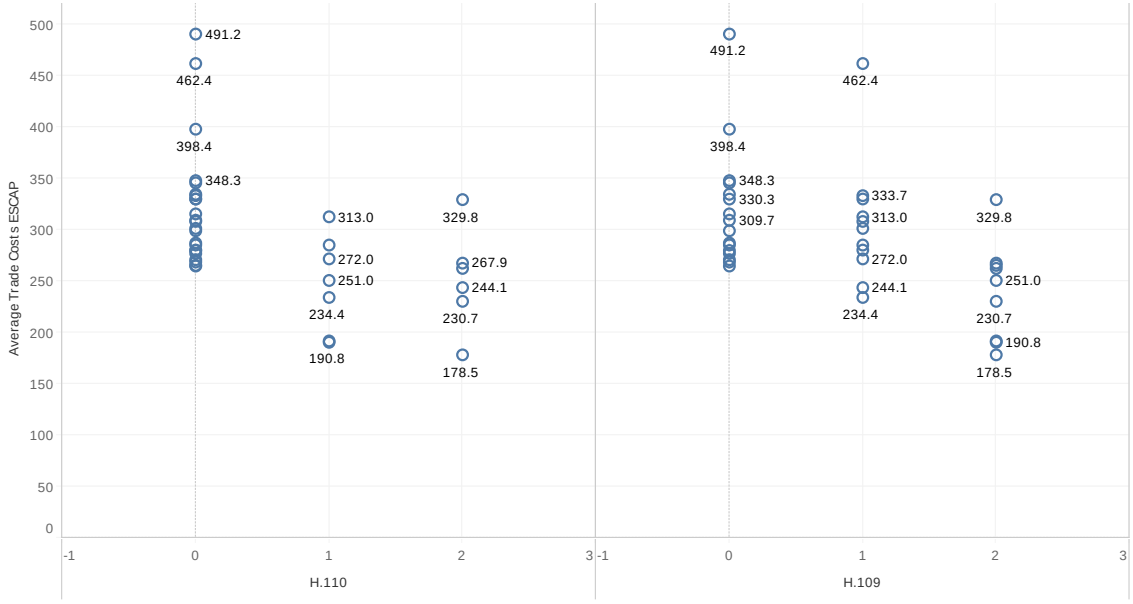


Source: authors' own compilation

There are variables that have a low negative correlation with the trade costs, but, more importantly, we find those related to AEOs. So, there is a negative correlation between trade costs and transparency of the criteria for qualifying as an AEOs and the procedures for

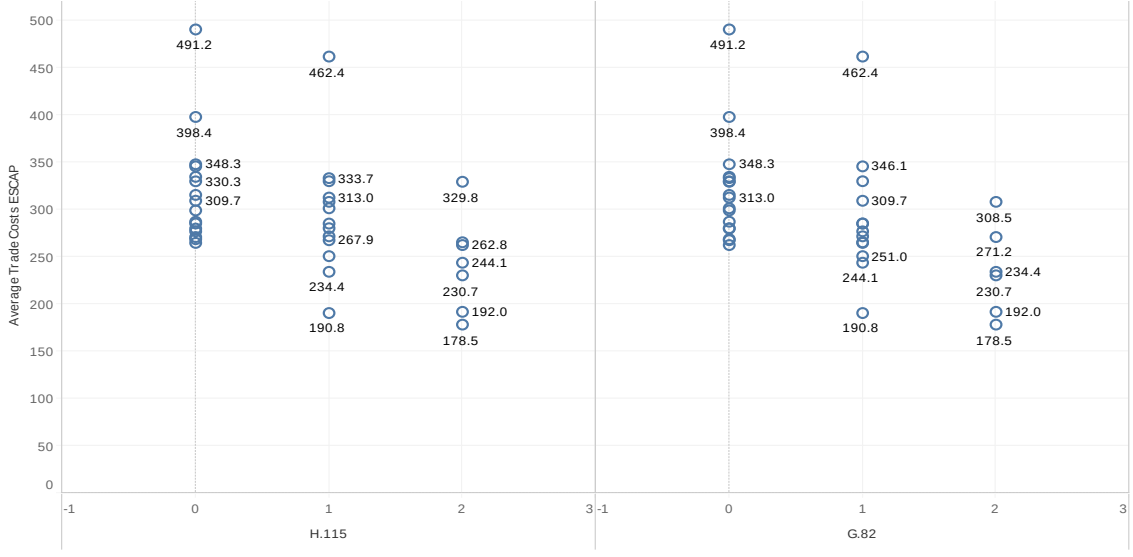
submission and review of applications for AEO status (-0.49), possibility to provide additional trade facilitation measures to AEOs meeting specified criteria (-0.472), benefits provided for AEOs (-0.431) and electronic payment system integrated with the automated declaration/cargo processing systems (-0.461), as presented in Figure 31 and Figure 32.

Figure 31: Correlation between trade costs (ESCAP) and criteria for AEOs and additional facilitation measures for AEOs (TFI).



Source: authors' own compilation

Figure 32: Correlation between trade costs (ESCAP) and AEOs benefits and electronic payment system integrated with the CDPS (TFI)



Source: authors' own compilation

All variables with low and medium correlation with trade costs are given in Table 48.

Table 48: Variables correlated with trade costs

Variable	Pearson's Correlation
TFI A.08 Required documentation easily accessible for downloading	-0.592
TFI B.24 Established guidelines and procedures in place, governing the public consultation process	-0.559
LPI International shipments	-0.556
LPI Infrastructure	-0.548
LPI Score	-0.539
LPI Timeliness	-0.532
TFI G.088 Automated processing for Customs declarations available full-time (24/7)	-0.516
ATA Carnet system	-0.508
TFI G.083 Risk Management applied and operating in an automated environment	-0.507
LPI Tracking & tracing	-0.49
TFI H.110 Transparency of the criteria for qualifying as an Authorized Operator and the procedures for submission and review of applications for AO status	-0.49
TFI A.11 Publication of agreements with any country or countries relating to the above issues	-0.489
TFI H.109 Possibility to provide additional trade facilitation measures to operators meeting specified criteria (authorized operators)	-0.472
TFI G.082 Electronic payment system integrated with the automated declaration/cargo processing systems	-0.461
TFI J.139 Cross-border coordination/harmonization of data requirements and documentary controls	-0.459
TFI A.21 Transparency of government policymaking	-0.458
LPI Logistics competence	-0.441
TFI D.52 Efficiency of the legal framework in challenging regulations	-0.433
TFI H.115 Benefits provided for Authorized Operators	-0.431
LPI Customs	-0.426
TFI H.91 Publication of Average Release Times	-0.417
TFI A.16 Applicable legislation published on the Internet	-0.416
TFI I.128 Domestic coordination/harmonization of data requirements and documentary controls among agencies involved in the management of cross border trade	-0.414

Source: authors' own compilation

3.2.6.1 Achievements, challenges, barriers

The **legal framework** related to CTR is in place in all OIC MS; however, according to the TFI database, their efficiency in challenging regulations is still below what is required for an efficient CTR.

Also, there is the existence of bilateral and regional agreements covering topics related to customs transit, but it is evident that regional cooperation on paper is not enough to achieve the goals in trade facilitation and development of an effective CTR. As result from the analysis that integration within certain regional and international arrangements and agreements alone does not guarantee the low trade costs between specific countries. For example, Egypt has much higher average trade costs when trading within COMESA and CEN-SAD than the country's average trade costs. However, on the other side, it has much lower average trade costs when trading within GAFTA. This shows the importance of transportation links, which are better with the Gulf States and nearby Arab countries, than with distant and poorly connected COMESA partners. Overland road and rail links from Egypt southwards work approximately to Khartoum, Sudan, whereas further overland transport is not feasible due to cost, poor infrastructure, or inexistent links (rail). The only alternatives are air transport, which is too expensive for most cargoes, and sea transport, which is sporadic and underdeveloped. Another specific issue is the lack of return cargoes from COMESA countries, which increases the costs further and delays the return of containers.

Tariff related costs are very small compared with other costs participating in the overall trade costs for countries in UN ESCAP database. Many OIC MS are not yet a part of the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) as the only universal and one of the most important transit-related conventions. Also, there are many MS that could achieve improvements by ratifying and implementing the International Convention on the Harmonization of Frontier Controls of Goods, ATA Carnet system, and Customs Convention on Containers.

Technical Barriers to Trade (TBT) and SPS (Sanitary and Phytosanitary) measures could also be an obstacle to trade and transit. WTO, in cooperation with the UN and the International Trade Center (ITC), has created an electronic database of TBT and SPS alerts (www.epingalert.org), which greatly simplifies communication and diffusion of knowledge in this area.

Almost in all cases, more transit countries between the two trading countries mean higher trade costs of doing business. Many of the MS have to undertake considerable efforts related to the full implementation of the TFA provisions. For example, 11 MC are still in the transitional period and capacity-building stage for provisions 11.5 related to the availability of physically separate infrastructure such as lanes, berths, and similar for traffic in transit. Also, the similar situation

is when it comes to article 11.9 - Advance filing and processing of transit documentation and data prior to the arrival of goods - , where nine MC are in category C of notification status.

The efficiency of the legal framework in the appeals' processing and the average time between publication and entry into force of the legal instruments is low according to TFI scores, and in many cases, public comments are not taken into account.

When it comes to the **ICT systems** used by the OIC MS, there are some issues related to the interconnected or shared computer systems and real-time availability of pertinent data among national agencies involved in the management of cross border trade. At the same time, another issue is the ICT support for digital signatures and a single window. Integration between e-payment systems with the automated declaration/cargo processing systems also has a lower average TFI score.

Fees and charges are not periodically reviewed to ensure they are still appropriate and relevant. As well, there is a no timeframe defined / granted between the publication of new or amended fees and charges and their entry into force by most of the OIC MS. In this aspect, there is a low TFI score. Also, there are still differences between the fees and charges published and the total number of fees collected in reality.

There is also room for improvement related to the **simplification of the procedures** to decrease the costs for traders and acceptation of copies of documents. Also, the required documentation is not easily accessible for downloading, leading to an average TFI score.

Another important challenge is the use of **risk management,** especially related to risk management cooperation with OGAs and other neighboring countries and coordinated/shared risk management mechanisms.

The **AEO concept** is not fully utilized by the OIC MS. There is a low annual percentage of trade volume handled by AEOs and a low percentage of SMEs in the total number of AEOs. According to TFIs, mutual recognition of agreements/arrangements on AEOs have a very low average score, so there is a need for higher regionalization and collaboration between neighboring and other transit countries in this field. Another barrier for better implementation of the AEO concept is the high time necessary on average to obtain an AEO certification.

When it comes to **coordinated border management**, cooperation with neighboring countries on a regional and international level, there is a low level of systematic sharing of control results at border crossings with a view to improving the risk analysis as well as the efficiency of border controls and facilitation of legitimate trade. The implementation of joint controls with neighboring countries at border crossings, sharing of common facilities and alignment of procedures and formalities with neighboring countries at borders are not on a satisfactory level according to TFIs. There is a need to increase the level of cooperation between CAs and OGAs

especially in the field of sharing results of inspections and controls among agencies involved in the management of cross border trade with a view to improving border control efficiency and facilitating trade in addition to existence of strong coordination mechanisms by meeting regularly to develop strategy and oversee implementation of border agency cooperation.

Cross-border coordination is another aspect where OIC MS have low TFI score, especially when it comes to cross-border coordination/harmonization of the different computer systems, harmonization of data requirements and documentary controls and harmonization of data requirements and documentary controls among agencies involved in the management of cross border trade.

4 OIC Member States Case Studies

4.1 CTR in the Kyrgyz Republic

This Case study summarizes the findings of the review of the Kyrgyz Customs Service (KCS) CTR. The objective of the case study visit was to assess and to analyze the CTR according to the Study Benchmark Indicators. As well, this report analyzes the current CTR Legal Framework, identifies challenges in the current processes and practices, and benefits achieved in the transit operations for KCS, traders, and transport companies.

4.1.1 Statistics

The Kyrgyz Republic is connected via roads to all neighboring countries:Uzbekistan, Tajikistan, Kazakhstan, and China. In total, there are 15 BCPs, of which: nine (9) Road BCPs, four (4) Rail BCPs and two (2) international airports. Eight of the BCPs are operational only during the daylight time - until 18:00. The BCPs with Chine are closed on Saturday, Sunday and Chinese official holidays. The statistics for movement of means of transport through BCPs in 2018 is presented in Table 49:

Table 49: Movement of means of transport through BCPs - statistics for 2018

BCP's	Number of BCPs	Total number of means of transport 2018		Total weight of goods through BCPs, in tons	
		Entry	Exit	Entry	Exit
Road (including personal vehicles)	9	38,695	16,868	734,310	2,856,557
Rail	4	2,661	5,727	835,274	365,162
Airports	2	3,079	3,079	22,140	43,766
Total 2018	15	44,435	25,674	1,591,724	3,265,485

Source: Eurasian Economic Union[81]

In 2017, the Kyrgyz Republic's annual turnover of goods through the Road BCPs was about 3.59 million tons, which is 2.5 times higher than in the year 2016 (1,335 million tons), and significantly higher than the turnover in 2015 (0.819 million tons). The share of exported products through the Road BCP's is almost 4 times the share of imported products.

The share of rail transport of the Kyrgyz Republic through the railway BCP's has increased significantly; in 2017 was near 1.2 million tons, which is significantly higher than the cargo

[81]http://www.eurasiancommission.org/ru/act/tam_sotr/dep_tamoj_infr/SiteAssets/CIDD3_DevCI/CIDD4_analysis_DCI_2018.pdf

turnover through railway BCPs in 2016 (0.335 million tons). The share of imported products through railway BCP's is 2.5 times higher than the share of exported products.

Air transportation of goods across the customs border of the Kyrgyz Republic is minimal. In 2017, the annual cargo turnover amounted to 0.065 million tons, which has not changed when compared to 2016.

4.1.2 Assessments of Relevant International Organizations

In the past years, several international and regional organizations have launched surveys on Trade Facilitation, including the CTR. These surveys capture the current state of implementation of different trade facilitation concepts, including Customs Administrations. The section below presents the analysis of the assessments of relevant organizations accordingly.

4.1.2.1 Kyrgyz Republic World Bank's Logistics Performance Index (LPI)

Logistics Performance Index report contains data analysis the Kyrgyz Republic, using data collected during the years 2016 and 2018, respectively. The Logistics Performance Index (LPI), launched in 2007, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance[82].

Scores range from 1 to 5, the highest score representing the best logistics performance. Each dimension is defined as follows:

- **Customs**: measures agility clearance processes, regarding speed, simplicity, and predictability of formal issues conducted by customs control bodies;
- **Infrastructure**: evaluates the quality of maritime, land, rail and air transport infrastructure;

The perception held by respondents about this infrastructure is valued regarding the modes of transport together with storage and moving goods;

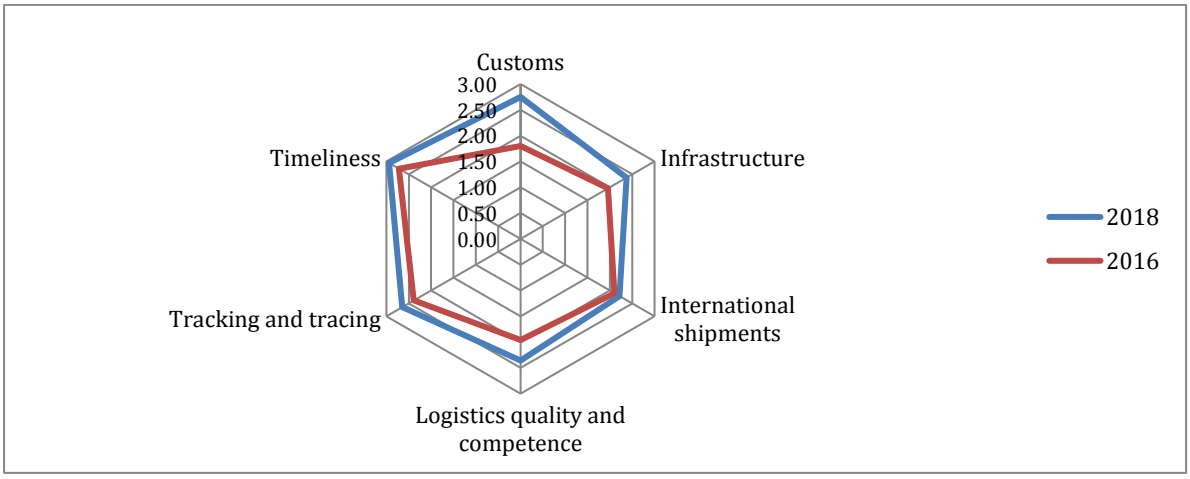
- **International shipments**: measures the ease of negotiating competitive prices for international transports;
- **Logistics quality and competence** indicates the quality of logistical services, such as transport operators or customs agents;
- **Tracking and tracing** measures the follow-up and location of shipments. Identifying the exact location and route followed by each cargo is relevant up to the moment of

[82] https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

delivery to the final client. In this component, all agents of the cargo supply chain are involved; therefore, traceability is the result of the global action;

- **Timeliness** refers to the exact time of shipment delivery. It is important to consider this factor because due to the high degree of existing competition, not meeting the established times is unacceptable.

Figure 33: Kyrgyz Republic Logistics Performance Index score



Source: World Bank's Logistics Performance Index

According to the World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, Kyrgyz Republic had the biggest leap in the world comparing its 2016 rank (146th) versus its146th 2018 rank 108th.

4.1.2.2 World Bank Doing Business– Trading Across Border Index

The ranking of economies based on the ease of trading across borders determined by sorting their distance to frontier scores. The "frontier" defined by the best performance observed on each Doing Business topic across all economies and years since 2005. Trading across Borders Rank Indicator does not include the time and cost associated with domestic transport.

The Trading across Borders indicator is one of the 11 different areas included in the Doing Business project. The Doing Business project, launched in 2002, provides measures of business regulations and their enforcement across 190 economies:

- The trading across borders indicator measures the time and cost associated with the logistical process of exporting and importing goods;
- It covers three sets of procedures: Documentary compliance, Border compliance, Domestic transport;

- The indicator is available annually; the most recent round of data collection was completed in June 2017[83].

Table 50: Kyrgyz Republic World Bank Doing Business – Trading Across Border performances

Year	Score-Trading across borders (DB16-19 methodology)	Trading across borders - Time to export: Border compliance (hours)	Trading across Borders - Time to import: Border compliance (hours)	Trading across Borders - Cost to export: Border compliance (USD)	Trading across Borders - Cost to import: Border compliance (USD)
2019	80.74	5	72	10	512
2018	73.34	20	72	445	512
2017	73.34	20	72	445	512
2016	70.69	27	72	485	512

Source: World Bank Doing Business – Trading Across Borders

Despite efforts of the KCS and related agencies, the current rank of the Kyrgyz Republic, on Trade Facilitation is behind 27 OIC MS, as expressed by Doing Business 2018 – 2019 Trading Across Borders.

Table 51 summarizes the results of the analysis:

Table 51: Summary of the Analysis

Organization	Kyrgyz Republic Ranking / Performances	Worldwide Economies Assessed / Average
World Bank Doing Business Trading across Border	70	185
World Bank Logistics Performance Index	108	160
UN Global Survey on Trade Facilitation and Paperless Trade Implementation – TF Score	37,63%	62.67%

- Doing Business – Trading across Border 2018 data shows that the Kyrgyz Republic is ranked 156 of 185 worldwide economies worldwide regarding ease of trading across borders;
- World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, analyses countries through six dimensions. The overall ranking of the Kyrgyz Republic

[83] https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

ranked on a 104th place out of 160 economies assessed comparing to 2016 when the Kyrgyz Republic was ranked 146th. The Kyrgyz Republic had the biggest advance in the world comparing 2016 and 2018;

- Kyrgyzstan, according the UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2019 has 37.63% TF score.

4.1.3 The legal framework at the National and Regional level

4.1.3.1 Kyrgyz Republic Customs Code

The Law on Customs came into force in May 2019, which is in compliance with the EAEU Customs Code. The administrative instruction and implementing regulations for the implementation of the Law have been drafted by the Kyrgyz Customs, but are yet to be approved by Kyrgyz Government; as a result, the previous regulations remain in force.

The new administrative instruction and implementing regulations related to the harmonization of legislation - an approximation of legislation of the EAEU Member States- aim at the establishment of a similar (compatible) legal and regulatory framework, and they are in the process of approval in the g governmental procedure. KCS has the authority to conclude administrative agreements/ Memoranda of Understanding (MoU) related to transit procedures with Kyrgyzstan trade/business community, OGAs, national organizations or associations, airline companies, railway, and express courier services.

4.1.3.2 National Transit Law and Regulations

The following laws and regulations define the customs transit:

- Customs Code, Article 184 (implementing regulations still in force);
- The law of the KG in December 1997 Article 99 "About accession of the Kyrgyz Republic to the Customs Convention on the international transportation of goods with the application of the book of IRU – TIR (temporary regulation);
- The temporary regulation about the order of customs control of transportation of goods within the IRU procedure;
- The decision of the Commission of the Customs Union, June 2010, Article 289 Defining the form and order of filling of the transit declaration;
- The decision of the Commission of the Customs Union, August 2010, Article 438, "Customs operations related with submission, registration of the transit declaration, and completion of a customs procedure of customs transit."

4.1.3.3 EAEU Customs Legal framework

The Agreement on Accession of the Kyrgyz Republic to the Treaty on the EAEU was signed in December 2014 and entered into force in August 2015. The Kyrgyz Republic is a member of the Eurasian Economic Union (EAEU), and its national legislation is fully compliant with the treaties and acts of the EAEU (including the Treaty on the Customs Code of the Customs Union - Decision of Interstate Council of the Eurasian Economic Community on November 27, 2009 No. 17). The Customs transit agreement in the EAEU[84], are very similar to those provided for by the EU Convention on Common Transit.

4.1.3.4 Bilateral and regional agreements

In April 1994, Commonwealth of Independent States (CIS) - Azerbaijan, Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan agreed to establish a free-trade zone. According to the agreement, imports of goods produced within the CIS having respective certificates of origin are not subject to any customs or value-added taxes in the Kyrgyz Republic. However, this exemption does not cover excise goods (such as alcohol and tobacco); furniture; video, TV and IT equipment and any accessories to such electronic equipment[85].

In July 2019, the European Union and the Kyrgyz Republic initialed an Enhanced Partnership and Cooperation Agreement (EPCA) in the margins of the 15th EU-Central Asia Ministerial Meeting, in Bishkek. This agreement comes in addition to the trade preferences already unilaterally offered by the EU to the Kyrgyz Republic through the Generalised System of Preferences Plus (GSP+), together with the implementation by the Kyrgyz Republic of 27 international conventions related to human rights, labor rights, protection of the environment and good governance[86].

In 2017, total EU-Kyrgyz trade amounted to 459 million euros. In 2016, the European Union granted Kyrgyzstan GSP+ status[87]**.** This opened up new potential for economic relations between the two partners and offered opportunities for Kyrgyzstan to increase and diversify its exports and to strengthen its economy. The GSP+ scheme offers Kyrgyzstan zero customs duties on over 6,200 EU tariff lines[88].

4.1.3.5 International Legal Conventions

International conventions in the field of customs matters, ratified by the Republic of Kyrgyzstan:

[84] Eurasian Customs Union formed by Russia, Belarus, Kazakhstan, the Kyrgyz Republic, and Armenia
[85] https://www.export.gov/article?id=Kyrgyz-Republic-Trade-Agreements
[86] http://trade.ec.europa.eu/doclib/press/index.cfm?id=2046
[87] http://trade.ec.europa.eu/doclib/docs/2017/january/tradoc_155235.pdf
[88]https://eeas.europa.eu/headquarters/headquarters-homepage_en/4079/EU-Kyrgyz%20Republic%20relations

- UN Customs Convention on Containers (2007);
- International Convention on the Harmonization of Frontier Controls of Goods (1982)
- UN International Convention on Cargo Control Regulations on the Border (1998);
- International Harmonized System convention on goods coding (1998);
- World Trade Organization Trade Facilitation Agreement (2016);
- Kyrgyzstan acceded to TIR Convention in 1997.

Kyrgyzstan is a member of:

the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO), the Economic Co-operation Organisation (ECO), the Eurasian Economic Community (EurAsEC) as well as the Asian Development Bank (ADB) Central Asia Regional Economic Cooperation Program (CAREC), the Transport Corridor Europe-Caucasus-Asia (TRACECA) international program and the United Nations Special Program for the Economies of Central Asia (SPECA).

These regional bodies and initiatives involve a number of agreements related to CTR to which Kyrgyzstan is a signatory.

Most notable are the ECO Transit Transport Framework Agreement (1998) to which Kyrgyzstan is also a signatory; ECO Framework Agreement on transit transport, which integrates the principles and provisions of the UNECE TIR Convention;

CAREC Cross-border Transport Agreement;

- TRACECA Basic Multilateral Agreement (MLA) of (1998) to which Kazakhstan, Tajikistan, and Uzbekistan are also signatories;
- the Quadrilateral Traffic in Transit Agreement (1995) for facilitating transit trade by road between China, Kyrgyzstan, Kazakhstan, and Pakistan;
- the PRC- Kyrgyzstan -Uzbekistan Transit Road Transport Agreement (1998);
- CIS agreement on weight and dimensions (Minsk, 1999) to which Kazakhstan, Tajikistan, and Uzbekistan are also signatories;
- CIS Agreement on weight certificates (2004) to which Kazakhstan, Tajikistan, and Uzbekistan are also signatories;
- CIS Agreement on harmonization of border customs control (1994) to which Kazakhstan, Tajikistan, and Uzbekistan are also signatories;
- CIS Agreement on customs transit procedures (1998) to which Kazakhstan, Tajikistan, and Uzbekistan are also signatories.

In addition, Kyrgyzstan has ratified two of UNECE's transport conventions and protocols:

- The contract for the International Carriage of Goods by Road (CMR) of 1956, Protocol to the Convention on the Contract for the International Carriage of Goods by Road of 1978 and Perishable Foodstuffs of 1970[89].

4.1.4 ICT and efficient transit information management

KCS is managing the customs declarations related to import through Unified Automated Information System (UAIS) CDPS.

KCS manages the transit on the national, international, and Eurasian Economic Union (EAEU) level in the common Eurasian Economic Union (EAEU) IT Transit System. The pre-arrival transit declaration is shared with the office of destination and other relevant customs offices immediately after the office of departure release declared goods for the transit or export.

The Unified Automated Information System of customs transit control supports the management of customs declarations for export and transit of EAEU Member States.

Only KCS has access to the UAIS customs transit control of the EAEU to the customs declaration for national and international transit.

As the common Eurasian Economic Union (EAEU) IT Transit System is online, there is no exchange of information among the EAEU MS.

4.1.5 Transit Procedure

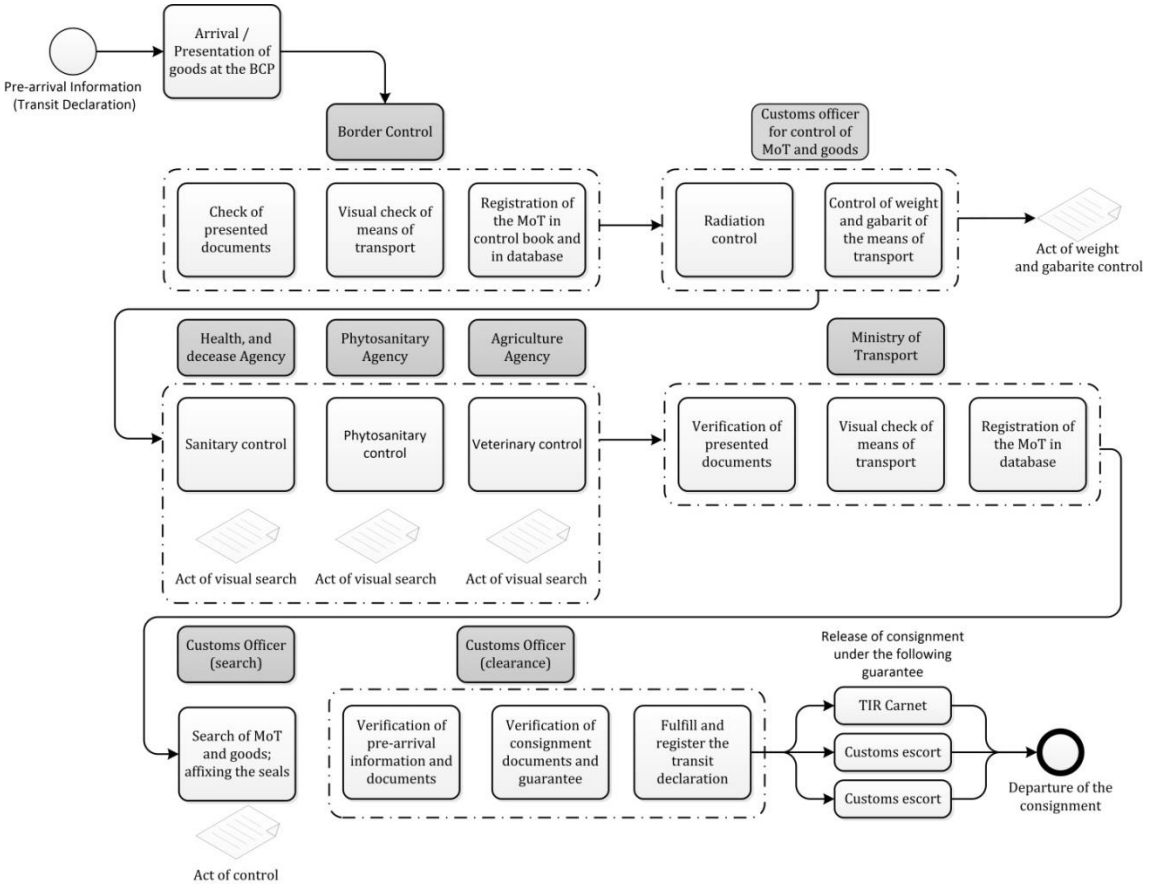
As a member of the WTO TFA, the Kyrgyz Customs Service has committed itself to reduce the cost of trade across borders. Reducing the time and cost of trade means not only resolving potential areas of border reform but also looking for possible reforms in other trade-related activities.

In addition, KCS is coordinating all processes associated with CTR with other border agencies (OGA's Ministries, Police) which work with export, import as well as transit goods.

KCS manages the national, international, and the common Eurasian Economic Union (EAEU) transit CTR procedures in accordance with the WCO SAFE Framework of Standards (combined pre-arrival declaration and transit declaration). According to the KG Law on Customs, it is obligatory for traders to submit the pre-arrival transit customs declaration. KCS provides a WCO structured approach (Time Release Study) to determine the time spent on the transit of goods.

[89] https://www.unece.org/fileadmin/DAM/trade/Publications/ECE_TRADE_412E-Kyrgyzstan.pdf

Figure 34: Transit Procedure BPA on an entry in Kyrgyzstan



Source: Kyrgyz Customs Service

The transit procedure on the Office of Entry in KG has 15 tasks/ activities of 8 different actors. Three of the tasks/activities and actors apply only if the goods in transit are subject to the control of the OGAs (Health and disease, Phytosanitary, and Agriculture Agency). In total, 5 acts of control are produced, two are mandatory (Act of weight and gabarit control and Act of control, prior to release the consignment in transit) and three OGAs Acts of control (if the goods in transit are subject to the control of the OGAs).

Only perishable goods (agriculture) can pass the border without delay – green corridor.

4.1.5.1 Transit Procedure Clearance Time

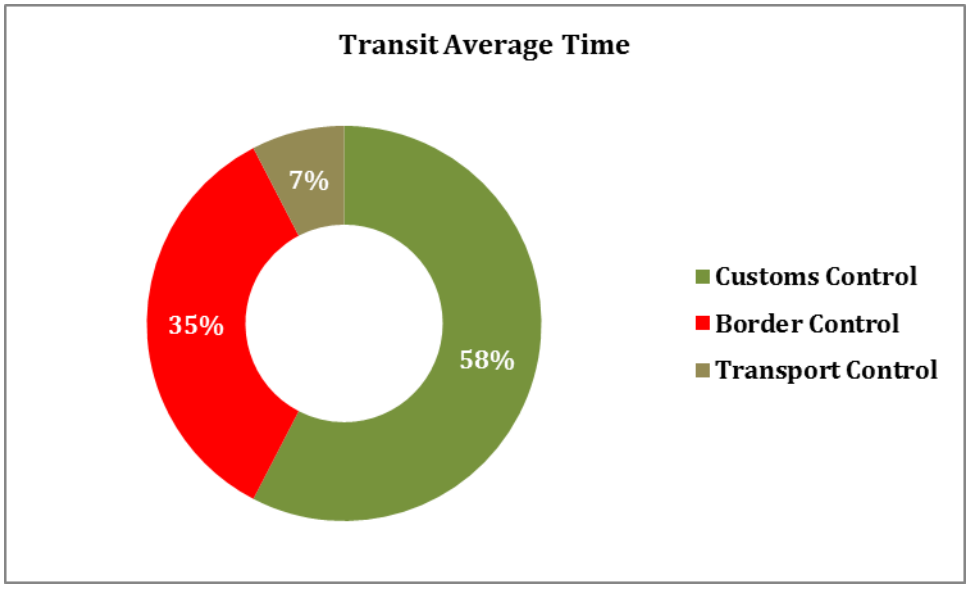
At the end of 2017 research Center "Z-Analytics" with support from GIZ[90] performed "Time Assessment for customs procedures for import, export, and transit in Central Asia[91]." Based on

[90] Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
[91] https://www.giz.de/de/downloads/survey%20_24012017.pdf

the survey, Kyrgyzstan maximum time for transit was 72 hours, minimum value 1 (one) hour with an average of 14 hours and 30 minutes.

Analysis of transit procedures shows that the whole process takes an average of 1 hour and 1 minute at the BCP. Transit cargo at BCP passes through border, transport and customs control. Figure 35 presents a breakdown on the one hour and one-minute transit clearance time in the percentage of the time spent on each control procedure. This analysis was conducted with the support of the Trade Facilitation Program in Central Asia, carried out by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Government.

Figure 35: Breakdown of the transit clearance time in percentage



Source: Kyrgyz Customs Service

The study showed that during transit procedures, transport control takes seven (7) minutes, while customs control takes 32 minutes. During transit, customs control includes registration and visual inspection of the means of transport and consignment, which takes 14 minutes, the act of inspection 7 minutes, filing documents and departure from the BCP - 33 minutes.

Kyrgyzstan average time required for consignment handling is 1 hour 1 minute, for perishable goods - 41 minutes, for multi consignment - 1 hour and 43 minutes, for homogeneous cargo - 53 minutes, for consolidated cargo - 39 minutes and for industrial goods - 1 hour 9 minutes[92].

[92] Source: GIZ TRS (in process of acceptance by KCS)

4.1.6 Intra Agency Cooperation and Coordination

Comparing the results from the analysis performed at the end of 2017 and the results from the TRS, the average time for transit procedure is reduced from 14 hours and 30 minutes to an average of 1 hour and 1 minute.

This result is achieved by the KCS with promotion and improved intra-border communication and cooperation - closer cross-border coordination, harmonization, and modernization of procedures, practices, and processes with all border agencies (OGAs, MoT, Border control, etc.)

Border procedures are coordinated by customs. As already mentioned, the new Customs Law has entered into force, but the implementation regulations are in the parliamentary procedure.

Promoting the WCO concept of Single Stop Shop at the Kyrgyz national borders and establishment of joint control with neighboring countries, KCS can play an important role in a number of the priorities set out in the Kyoto Convention, specifically in relation to the exchange of information, both cross border and inter-agency.

This will reduce security risks in the CAREC Region - KCS can provide a solid framework in securing a regional trade supply chain, whilst at the same time facilitate the flow of legitimate trade.

4.1.6.1 EAEU Transit Declaration

The EAEU Transit Declaration is defined in the "Customs Code of the Eurasian Economic Union" (Annex No. 1 to the Treaty on the Customs Code of the EAEU). The dataset is specified in Article 107 and Article 182 Para 3 of the Customs Code of the Customs Union.

The Information to be specified in the EAEU transit declaration is as follows:

- Consignor, Consignee, and Declarant/Customs agent;
- Country of Departure and the country of Destination;
- Identification of means of transport;
- The commercial name, quantity, and value of goods in accordance with commercial, transport documents;
- The tariff code of goods in accordance with the Commodity classification, minimum on the level of tariff chapter, heading, and sub-heading - 6 digits;
- The gross weight of goods or volume, net weight or volume, quantity of goods in additional tariff units of measurement - Tariff quantity/Supplementary quantity;
- The value declared in the commercial documents;
- Number of packages;
- Destination of the goods according to the transport (conveyance) documents;

- List of prohibitions and restrictions in accordance with Article 7 of the EAEU Customs code;
- Planned transshipment of goods or cargo operations in transit.

Customs has the right to reduce the information to be specified in the transit declaration, depending on the categories of goods, the persons transporting them across the customs border of the EAEU, and the mode of transport by which the goods are transported. The transit declaration for the goods of the EAEU transported through the territory of a non- EAEU country shall contain the information specified in the law, with the exception of information in compliance with prohibitions and restrictions in the EAEU.

Submission of a transit declaration on paper to the customs authority must be accompanied with documents confirming the authority of the person/customs agent filing the transit declaration.

The mandatory documents accompanying the transit customs declarations (Article 108, the Customs Code of the Customs Union) are:

- Documents confirming the right of ownership, use and / or disposal of the goods, as well as other commercial documents submitted by the trader;
- Transport documents;
- Document confirming the authorization of the person filing and lodging the customs declaration;
- Documents confirming compliance with the prohibitions and restrictions (if the goods in transit are subject to the control of the OGAs);
- Documents on the origin of goods.

All of the above-listed documents are mandatory and currently (including the documents confirming compliance with the prohibitions and restrictions), are submitted in the paper - original/in-person to the customs.

4.1.6.2 TIR

The Republic of Kyrgyzstan acceded to TIR Convention in 1997. It is mainly used for export of goods to Turkey, Iran, Pakistan, and EU (for import). In 2014, an MoU was signed between the Government of the Kyrgyz Republic and IRU on the development of road transport between Asia and Europe through the Kyrgyz Republic. The implementation of the MoU has the objective of improving the regulatory framework in the field of international road transport and transit, the development of road infrastructure and international logistics centers. According to the 2014 UNECE statistics, 23.000 TIR carnets were used in Kyrgyzstan, which is 16th for a number of issued TIR Carnets out of 57 countries using the TIR System. In 2018, due to the opening of BCP between China and Kazakhstan, only 3000 TIR Carnet was used. The price of TIR Carnet issued in the Kyrgyz Republic is about 180 USD dollars.

The Association of International Road Transport Operators of the Kyrgyz Republic (AIRTO) associates 83 road transport operators (with 2,056 vehicles – 2018 data). AIRTO KR is authorized to issue TIR Carnets to all TIR Carnet holders on the territory of the Kyrgyz Republic, which fully satisfy all the necessary conditions for the TIR Convention, the rules and regulations of the IRU.

In 2013, real-time SafeTIR was implemented in the Kyrgyz Republic, which automates the customs operations on TIR and allows to receive the status and validity of each TIR Carnet in real-time. The SafeTIR was integrated with the Unified Automated Information System (UAIS), but currently, due to the use of the common Eurasian Economic Union (EAEU) IT Transit System, the SafeTIR data is available only online. The real-time SafeTIR is also used for termination of TIR operations.

The KCS Unified Automated Information System (UAIS), integrates the preliminary information from the TIR-EPD the as of August 2014.

Since 2018, China joined the TIR Convention, and the first pilot transport with TIR Carnet was completed on the route Dalian - Harbin - Manchuria (PRC) - Zabaikalsk - Chita - Ulan-Ude - Irkutsk - Krasnoyarsk - Kemerovo – Novosibirsk. The Republic of Kyrgyzstan recognizes the application of TIR in China as an opportunity for goods exported from China to transit through Kyrgyzstan to Iran, Turkey, and Europe.

In connection with the accession to the TIR Convention, China has intensified work on the development of cooperation with the EAEU MS in the field of road transport and transit.

4.1.7 Risk management

Risk Management is not applied for CTR. The UAIS has integrated selectivity module that only assesses the risk for import and export procedure. There are no risk profiles developed for individual BCP and on a regional level. OGAs are not participating in the creation of risk profiles. A short-term plan is to establish a risk management system in the EAEU common transit IT System and UAIS (or new CDPS), to become a backbone of Kyrgyzstan's integrated risk management system.

4.1.8 CTR Guarantee Management and Monitoring System

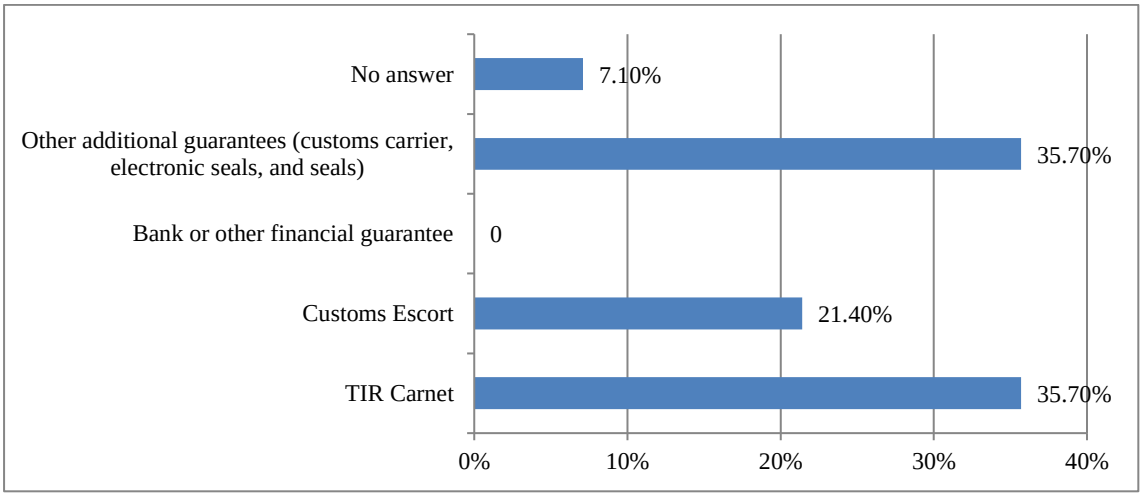
Managing guarantees is an essential part of CTR. A guarantee system ensures that Customs duties and taxes suspended during Customs procedure are covered in cases where they have to be paid. The regulation related to customs transit guarantees is in line with the EAEU Agreement

for the payment of customs duties and taxes in respect of goods transported in accordance with the customs procedure of customs transit[93].

KCS is accepting the following instruments for securing payment customs duties in transit: Certificate of Security (based on the bank or other financial guarantees, including insurance of goods, TIR Carnet), and Customs escort.

According to the survey (Time Assessment for customs procedures for import, export, and transit in Central Asia), the used forms of customs guarantee in the Kyrgyz Republic were as presented in Figure 36.

Figure 36: Used forms of customs guarantee transit in Central Asia



Source: GIZ, Time Assessment for customs procedures for import, export, and transit in Central Asia

The guarantee accepted by KCS are cash deposits (national or foreign currency), and non-monetary commercial bank guarantees deposit in customs (including the AEO authorization holders). The international guarantees are not yet accepted; it is planned to sign the agreement with Eurasian Economic Union (EAEU) MS for mutual acceptance of the guarantees for transit operations.

The third persons cannot provide the guarantee for transit. Under the provision of the new Customs Law, the guarantee of the third person will be accepted with 1.000.000 KG soms bank guarantee.

KCS in customs transit procedure is registering and issuing the Certificate of Security, a document that is confirming the acceptance of the security for paying customs duties and taxes.

[93] http://www.eurasiancommission.org/docs/Download.aspx?IsDlg=0&ID=4191&print=1

The form of the Certificate of Security and the procedure for its issuing and management are determined by an international treaty of the EAEU Member States.

The guarantee amount of customs duties in KCS is calculated on 100 % of the highest tariff – the maximum tariff rate. There is a no electronic guarantee management system for CTR integrated neither into the Unified Automated Information System (UAIS) nor in the common Eurasian Economic Union (EAEU) IT Transit System. The short term planned upgrade of the UAIS and the EAEU IT Transit System is to integrate a common guarantee management system.

The discharge of guarantee amount is manual; the guarantor must fulfill a request for release of guarantee to the payment department KCS. After the request is approved, the guarantee is released within a maximum of two days.

4.1.8.1 Use of Customs convoys and Customs escorts as transit guarantee

According to the current implementing regulations, if the consignment is not secured in transit with the guarantee, another instrument to secure the payment of customs duties is customs escort. The transporters are paying the customs escort fees - 10 som per kilometer (0.14 USD dollars). Taking into account the distances between BCPs in the Kyrgyz Republic, maximum customs escort fee is s 90 USD dollars.

There is an Agreement between KCS and Customs Service of Kazakhstan to take over the customs escort in the territory of the Republic of Kazakhstan

4.1.8.2 Customs seals and electronic Customs seals

KCS is using the metal (lead) seals. The EAEU has two pilot projects for implementation of active RFID seals within EAEU. The two projects are between Kazakhstan and Russia and with Belarus and Poland. Depending on the results from the two pilot projects, it is expected the active RFID seals to be used for monitoring of the transit and to be integrated into the EAEU common transit IT System.

4.1.9 Authorized Economic Operators (AEO)

Currently, in the Kyrgyz Republic, there is one AEO authorization holder. AEO has the possibility to release goods themselves, without customs escort.

The transit route is defined by AEO authorization holder. Another benefit is a postponement of payments of customs duties and taxes – up to six months after confirmation of the arrival of the goods. They can declare goods up to 15th date of each month.

4.1.10 National Transit Coordinator

The Government of the Kyrgyz Republic appointed the National Transit Coordinator, member of the Interdepartmental body (Council) under the Ministry of Economy (MoE). Formally

constituted by government decree in July 2016, Council constitutes permanent working groups for the simplification of trade procedures (currently 6); 5 arranged by WTO TFA articles matters (including the transit regime), and one legislative and EAEU.

Relevant government bodies (around 20) are represented in the National Trade Facilitation Committee (NTFC) at director level. Lead Agency is the MoE. The engagement differs across Agencies, with some not very active. This may be due to a limited understanding of the WTO TFA and the role of CTR.

The lead agency is the Ministry of Economy, which has responsibility for foreign trade policy and customs policy.

The NTFC has been created in 2016 and has met once in 2017 and once in 2018. In 2019 they met already twice (January and April). The NTFC working groups may meet more frequently, namely the working group on transit.

The role of the National Transit Coordinator is to coordinate and interact with state bodies on practical measures to simplify administrative procedures for import, export, and transit of goods.

The other main responsibilities of the National Transit Coordinator are:

- Processing the requests and informing the OGAs on the proper management of transit operations;
- Practical implementation and implementation of best practices of customs administration in accordance with the recommendations of the World Customs Organization and provisions of the EAEU Customs Union Agreement.

4.1.11 Single Window

One of the identified weaknesses of the Kyrgyz Republic National Single Window "TULPAR" was lack of tools for the establishment of permanent communication links - back-office collaboration and coordination among the OGAs and ministries. Another issue was the real-time exchange of permits and certificates with KCS.

TULPAR single window allows the submission to all participants of foreign economic activity (foreign trade activities) information demanded by regulatory agencies for the management of import, export, and transit operations.

At the same time, "Tunduk" IT Platform (the term denotes the uniting of 40 ancient tribes in Kyrgyzstan) is providing the e-services for the citizens and government authorities.

Tunduk platform will integrate the TULPAR NSW, Customs Administrations, and other regulatory agencies (ongoing project).

Within the frame of e-Government, Kyrgyz Republic implements the electronic interoperability between government agencies, local governments, government institutions, and state enterprises, as well as legal entities and individuals.

4.1.12 Weaknesses and recommendations

Taking into account the complexity of the cross-border trade, the regulatory scope and number of stakeholders that are participating in border management in the Kyrgyz Republic, the inter coordination and communication among stakeholders are one of the most critical aspects for successful implementation of the CTR.

Management and delegation of the control function for fostering inter-agency and their coordination will decrease the time and cost for traders and transporters.

Implementation of the guarantee management system (in the UAIS CDPS and link to the common EAEU Transit IT System) for registration, deduction, and write-off of the guarantees – this will encourage traders to use guarantees for import and transit procedures.

Consolidating the existing risk management system UAIS and include the CTR in the risk selectivity to decrease the physical control of means of transport and consignments on local (for particular BCP), regional and central level). Integration of risk management in the EAEU IT transit system is essential for the exchange of risk indicators and profiles among the EAEU MS;

The above requires a review of the risk management system as a whole (national and common systems) and it be done in parallel with the expansion of the AEO scheme. Definition of benefits for the AEO authorization holders according to WCO and WCO SAFE programme;

Introduce Non-intrusive inspection technology (NII) inspection equipment, such as x-ray and gamma-ray scanners. Combined with the risk management, such equipment will reduce the physical examination of the consignments on the BCP's.

With the implementation of the WCO concept of Single Stop Shop at the BCP's and establishment of joint control with neighboring countries, KCS can play an important role in a number of the priorities set out in the WCO RKC, specifically in relation to the exchange of information, both cross border and inter-agency cooperation.

4.1.12.1 WTO Article 1 - Publication and Availability of Information

1.1. Publication – Single Window TULPAR

- Ensure the centralized publication of the information provided for in paragraph 1.1 of Article 1 of the TFA, including information on the procedures for import, and transit, rates of customs duties and fees charged by customs and other state bodies, forms, and documents, appeals procedures, on the website of the Single Window "State Enterprise".

Information on the procedures for import, export and transit and appeal shall be published (in English, Russian and Kyrgyz language);

1.2. Information Available Through the Internet

- Place and update in a timely manner on MoE and on the website of the SW SE under the Ministry of Economy the information provided for in paragraphs 1.1 and 1.2. of Articles 1 of the TFA, including information on EAEU decisions in relevant areas;
- Develop and approve standards and requirements for published information provided for in paragraph 1.1 of Article 1 of the TFA;
- Develop a trade portal, technical support, and content.

4.1.12.2 WTO Article 11 – Freedom of transit recommendations and Agencies Involved

11.12-13. TRANSIT: cooperation and coordination General requirements (11.1, 11.3, 11.4) – Customs - Agencies involved: Border Control – Police (immigration and Transport control), Customs, Health and Decease Agency, Phytosanitary Agency, Agriculture Agency, Ministry of Transport

- Conduct analysis of the procedure for changing the place of delivery and the route for transit, if necessary; introduce amendments to the customs legislation (within three years timeframe).

The procedure of customs transit (11.5-11.7, 11.9-11.10) – Agencies involved: Association of Carriers, Customs, and Ministry of Transport;

- Conduct analysis of the data and documents submitted for the transit upon importation into the territory of the Kyrgyz Republic; identification and resolution of problems of long delays of goods at the border. Monitoring of transit of goods moved by foreign carriers on the territory of the Kyrgyz Republic (within two years timeframe

Guarantees (11.11.-11.15) – Agencies involved: Customs, Ministry of Transport, AIRTO, insurance companies, carriers, and freight forwarders;

- Conduct analysis of international legislation and practice on guarantees, comprehensive guarantees, identification of problems of administering the guarantee system, and preparation of solutions for the Trade Facilitation Council;
- Develop and implement procedures for accepting guarantees in electronic format in the Customs Declaration Processing System;
- Conduct analysis and develop recommendations on the use of alternative types of customs payments.

4.2 CTR in the Republic of Senegal

This Case study summarizes the findings of the review of the Senegalese Customs (SC) CTR. The objective of the report was to assess the CTR according to the Study Benchmark Indicators. As such this looks at the legal framework for the transit regime and the actual operational processes and practices with the aim to identify challenges to its functioning and benefits to traders, transport companies, and neighboring countries.

4.2.1 The volume of Transit Goods Transiting through Senegal

Senegal has four ports - Dakar Kaolack, Ziguinchor, and Saint-Louis. In the Port of Dakar manages more than 90% or the equivalent of 12 million tons of Senegalese overseas trade (2017 statistics). 60% of the trade is destined for import, 16% for export, 15 % represents transit and transshipment 6%. The other three ports are mainly specialized in the export of commodities such as groundnuts, mangoes, shrimps and other tropical products.

The Port of Dakar is a key transit place for goods destined to or coming from Mali, but also serves as an entry and exit gate for other neighboring countries, such as Guinea Bissau, the Gambia, and Mauritania. Table 52 presents the statistics for the transit from PAD in 2017:

Table 52: Transit Statistics PAD in 2017

PAD transit	Transit from/for Mali	Transit to Guinea Bissau	Transit to The Gambia	Transit to Mauritania
2,280,004 tons	2,231,992 tons	18,702 tons	15,174 tons	14,136 tons

Source: Dakar Port Authority

In 2018, Senegalese Customs and Mali Customs signed a Customs Cooperation Protocol related to the flow of goods in transit from Senegal destined to Mali. The Protocol defines the exchange of customs information, interconnectivity and the evaluation of the process for the creation of the Moussala joint customs control point. This resulted in faster freight transport on the Dakar - Bamako corridor with the reduction of control points based on a single customs document.

The importance of the Port of Dakar for trade into and from Mali is reflected in Mali´s import and export statistics. 70% of the containerized trade 60% of non-containerized trade traffics through the Port of Dakar. Within the Port infrastructure there is a dedicated space to manage transit traffic to Mali, the Mole 3, where the Malian Warehouses in Senegal is located. The dry port - Malian warehouses in Senegal are managed by Association of Malian Warehouse Representatives in Senegal (EMASE).

The dry port or EMASE is allocated for consignments and the advantage with regards to handling full and empty containers (and de-stuffing which is crucial given that Malians are known for mixed consignments), short-term and long-term storage, and handling of administrative

formalities. Containers are moved directly into the dry port and are placed under the Senegalese Customs transit procedure, which is now based on a cross-border agreement and scheme and only subject to transit-related control measure. The EMASE is operating in the PAD since the 1970s, and the main objective is to collaborate with the Dakar port authorities (payment of warehousing and warehousing fees for the traders), maritime services, and with Senegalese Customs related to transit procedures. The Mali Ministry of Economy developed a Trade Portal Mali - website that provides information to the traders for the transit procedures, including the Dakar – Bamako transit corridor[94].

The Port of Dakar is expediting 2.23 million tons (on average for 2012 - 2017) of consignments to /from Mali. The transit volume has grown on average by 11.85% per year during the last two years (2018, 2019). A total of 26,840 containers, 80.22%, were transported by road and the remaining 19.78% by railway or in total 26,840 containers.

Transit trade from Mali is composed of chemicals (46.28%), petroleum products (20.45%), food products (15.59%), materials and equipment (7.22%), miscellaneous goods and personal effects (5.21%), iron and steel products (2.78%), and cotton (2.47%).

4.2.2 Assessments of Relevant Organizations

In the past years, several international and regional organizations have launched surveys on Trade Facilitation, including the CTR. These surveys capture the current state of implementation of different trade facilitation concepts, including Customs Administrations. The section below contains the analysis of the Assessments of Relevant Organizations.

4.2.2.1 Republic of Senegal World Bank's Logistics Performance Index (LPI)

Logistics Performance Index report contains data analysis the Republic of Senegal, using data collected during the years 2016 and 2018, respectively. The Logistics Performance Index (LPI), launched in 2007, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance[95]. The index is calculated every two years and ranks 160 countries on the efficiency of international supply chains. The World Bank's Logistics Performance Index (LPI) analyses countries through six dimensions. Scores range from 1 to 5, the highest score representing the best logistics performance. Each dimension is defined as follows:

[94] https://tradeportal.ml/

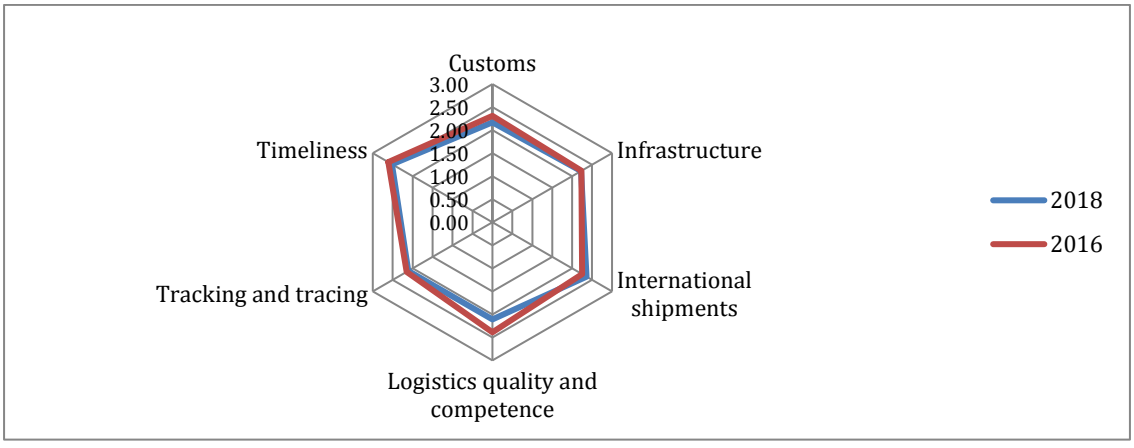
[95] https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

- **Customs**: measures agility clearance processes, regarding speed, simplicity, and predictability of formal issues conducted by customs control bodies;
- **Infrastructure**: evaluates the quality of maritime, land, rail and air transport infrastructure;

The perception held by respondents about this infrastructure is valued regarding the modes of transport together with storage and moving goods;

- **International shipments**: measures the ease of negotiating competitive prices for international transports;
- **Logistics quality and competence**: indicates the quality of logistical services, such as transport operators or customs agents;
- **Tracking and tracing**: measures the follow-up and location of shipments. Identifying the exact location and route followed by each cargo is relevant up to the moment of delivery to the final client. In this component, all agents of the cargo supply chain are involved; therefore, traceability is the result of the global action;
- **Timeliness**: refers to the exact time of shipment delivery. It is important to consider this factor because due to the high degree of existing competition, not meeting the established times is unacceptable.

Figure 37: Republic of Senegal Logistics Performance Index score



Source: World Bank's Logistics Performance Index

According to the World Bank's Logistics Performance Index (LPI), an indicator of trade facilitation, the Republic of Senegal in 2016 was ranked 132nd, compared with 2018 rank 141st. the Republic of Senegal is ranked 44th out of 52 assessed OIC MS.

4.2.2.2 World Bank Doing Business – Trading Across Border

The ranking of economies based on the ease of trading across borders determined by sorting their distance to frontier scores. The "frontier" defined by the best performance observed on

each Doing Business topic across all economies and years since 2005. Trading across Borders Rank Indicator does not include the time and cost associated with domestic transport.

The Trading across Borders indicator is one of the 11 different areas included in the Doing Business project. The Doing Business project, launched in 2002, provides measures of business regulations and their enforcement across 190 economies:

- The trading across borders indicator measures the time and cost associated with the logistical process of exporting and importing goods;
- It covers three sets of procedures: Documentary compliance, Border compliance, Domestic transport;
- The indicator is available annually; the most recent round of data collection was completed in June 2017[96]

Table 53: Republic of Senegal World Bank Doing Business – Trading Across Border performances

Year	Score-Trading across borders (DB16-19 methodology)	Trading across borders - Time to export: Border compliance (hours)	Trading across Borders - Time to import: Border compliance (hours)	Trading across Borders - Cost to export: Border compliance (USD)	Trading across Borders - Cost to import: Border compliance (USD)
2019	60.85	61	53	547	702
2018	60.85	61	53	547	702
2017	60.85	61	53	547	702
2016	60.85	61	53	547	702

Source: World Bank Doing Business – Trading Across Borders

Despite efforts of the SC and related agencies, the current rank of the Republic of Senegal, on Trade Facilitation is behind 27 OIC MS, as expressed by Doing Business 2018 – 2019 Trading Across Borders. Table 54 summarizes the results of the analysis:

Table 54: Summary of the Analysis

Organization	Republic of Senegal Ranking / Performances	Worldwide Economies Assessed / Average
World Bank Doing Business Trading across Border	141	185
World Bank Logistics Performance Index	141	160

[96] https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

UN Global Survey on Trade Facilitation and Paperless Trade Implementation – TF Score	61.29%	62.67%

Source: Author's own compilation

- Doing Business – Trading across Border 2018 data shows that the Republic of Senegal is ranked 141 of 185 worldwide economies worldwide regarding ease of trading across borders.
- World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, analyses countries through six dimensions. The overall ranking of the Republic of Senegal ranked on a 141st place out of 160 economies assessed comparing to 2016 when the Republic of Senegal was ranked 132nd;
- Senegal, according the UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2019 has 61.29% TF score, near the worlwide average.

4.2.3 Senegal legal framework at the national and regional levels

4.2.3.1 SC Customs Code

The Law on Customs came into force in February 2014 (Law 2014/10 - General Customs Code), compliant with the transit provision of the ECOWAS Convention A/P.4/5/82 (1982) Relating to Inter-State Road Transit of Goods and Supplementary Convention A/SP.1/05/90 of May 1990. The administrative instruction and implementing regulations for the implementation of the legal transit provision are defined in the SC Transit Administrative Instruction.

SC has the authority to conclude administrative agreements/ Memoranda of Understanding (MoU) related to transit procedures with the other Customs Administrations, Internal Trade / Business, OGAs, regional / international organizations or associations, organizations or National Associations, Port Authorities, Airlines, Railway Companies, and Express Courier Services.

4.2.3.2 Bilateral and regional agreements

The Economic Community of West African States (ECOWAS) treaty was established in Lagos in 1975. The treaty of Lagos was originally treated as an economic initiative, but emerging political events led to its revision and therewith the expansion of scope and powers in 1993.

ECOWAS defines three postulates for the application of Customs Union, while the implementation is still underway:

- Intracommunity trade liberalization;
    - ECOWAS Trade Liberalization Scheme (ETLS);
    - Inter-State Road Transit of Goods (TRIE);
    - Joint border control posts Joint (Inspection Posts - JIP);
- Trade with third party countries

  - Common External Tariff (CET);
  - CET accompanying and trade defense measures;
- Trade facilitation and harmonization and simplification of Customs procedures and regulations;
  - ECOWAS Customs regulations.

Supplementary Act A/SA.2/12/17 of 16 December 2017 adopting Customs Regulations with the following objectives:

- Ensure the customs procedures for the implementation of tariff measures and other common policy measures provided for at ECOWAS level in the context of trade in consignments between the ECOWAS MS and third countries, taking into consideration the requirements of the common policies;
- Guarantees uniform and consistent implementation of ECOWAS rules through the Community customs zone;
- Facilitating trade and attract more direct foreign investments.

At the same time, the Act defines the steps for coordinated border management:

- Harmonize the customs procedures and working hours of operation at the common borders;
- If possible, perform joint or single controls;
- Collaborate whenever possible, to establish a joint post to perform common controls;
- Coordinate the control among birder agencies – police, customs, transport authorities, and OGA's.

In 1982 ECOWAS developed a scheme called the Inter-State Road Transit (TRIE) agreement to facilitate transit by road across borders. ECOWAS MS (Benin, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo, and Burkina Faso) have not been successful in implementing these provisions. Out of 15 ECOWAS MS, 12 are OIC MS (Mauritania left in 2002). The Gambia and Senegal have a bilateral agreement for its full implementation, but their Bilateral TRIE Protocol has not yet been fully implemented.

The main obstacles to effective application TRIE Convention cover: (i) the collection and management of funds for guarantee funds for Inter State road transport; (ii) the lack of harmonization of the approval procedures for vehicles authorized to carry out interstate transport; (iii) partitioning customs information concerning operations road transit; and (iv) the organization of the transport of freight. Since the entry into force of the TRIE Convention, several commitments have been made for its implementation, but each time, problems are raised and which required studies and / or complimentary consultations.

Senegal has signed various road and transit agreements with Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, and Niger. These road agreements generally allow for the operation

consignment transport between the ECOWAS MS subject to compliance with the laws and regulations in force in each country.

4.2.3.3 International Legal Conventions

International conventions in the field of customs matters and CTR, ratified by the Republic of Senegal:

- The International Convention relating to the Simplification of Customs Formalities (1923)
- World Trade Organization Trade Facilitation Agreement (TFA) ratified in 2016;
- Convention on the Contract for the International Carriage of Goods by Road, the Geneva Convention (CMR), 1956;
- Customs Convention on Containers (1956-1972);
- Convention on Facilitation of International Maritime Traffic (FAL Convention) 1965;
- Convention on Transit Trade of Landlocked States (New York) 1965;
- International Convention on the Simplification and Harmonization of Customs Procedures, the Kyoto Convention (1973);
- Convention on International Transport of Goods under Cover of TIR Carnets, the TIR Convention (1975);
- United Nations Convention on International Multimodal Transport;
- the Cotonou Convention A/P2/5/82 on the Regulation of Inter-State Road Transport (TIE);
- the Lomé Convention A/P4/5/82 on Inter-State Road Transport of Merchandise (TRIE) - Additional Convention A/SP/1/5/90 creating a mechanism to guarantee operations of inter-State road transport of merchandise
- WTO General Agreement on Tariffs and Trade (GATT);
- WTO General Agreement on Trade in Services (GATS);
- Contracting Parties to the Revised Kyoto Convention (2006);
- ATA Carnet System;
- Member of WCO since 1976.

4.2.3.4 TIR Convention

The Governments of Cameroon, Senegal and Ivory Coast have shown interest to join the UN International Convention on the Harmonization of Frontier Controls of Goods and the TIR

Convention to facilitate the flow of incoming and outgoing traffic, in particular of containers, in the ports, and to ensure their secure delivery in the hinterland[97].

4.2.4 ICT and efficient transit information management

In 1990, the Senegalese Customs implemented a GAINDE Integrale to process the customs declaration, collection, and payment of customs duties and taxes. The transit module is recently developed and in the operational phase. The GAINDE Integral was recently updated and is being rolled out for the purpose of optimizing the customs procedures and better selectivity in controls. These include modules to complete all official formalities related to import, export and transit procedures - the Automated Electronic Goods Handling (TAME) system, the Traffic Control Management Software, the National Information and Documentation File (FNID), and the e-Transit Application.

4.2.5 Transit Procedure

For the transit procedure, the following documents must be submitted to the SC: an export declaration from the country of origin or export, bank or insurance guarantee, and an indication of the transit route.

Senegalese Customs has established a one-stop-shop for pre-clearance of goods, but this not includes the consignments on transit because generally there are no documents to collect for transit.

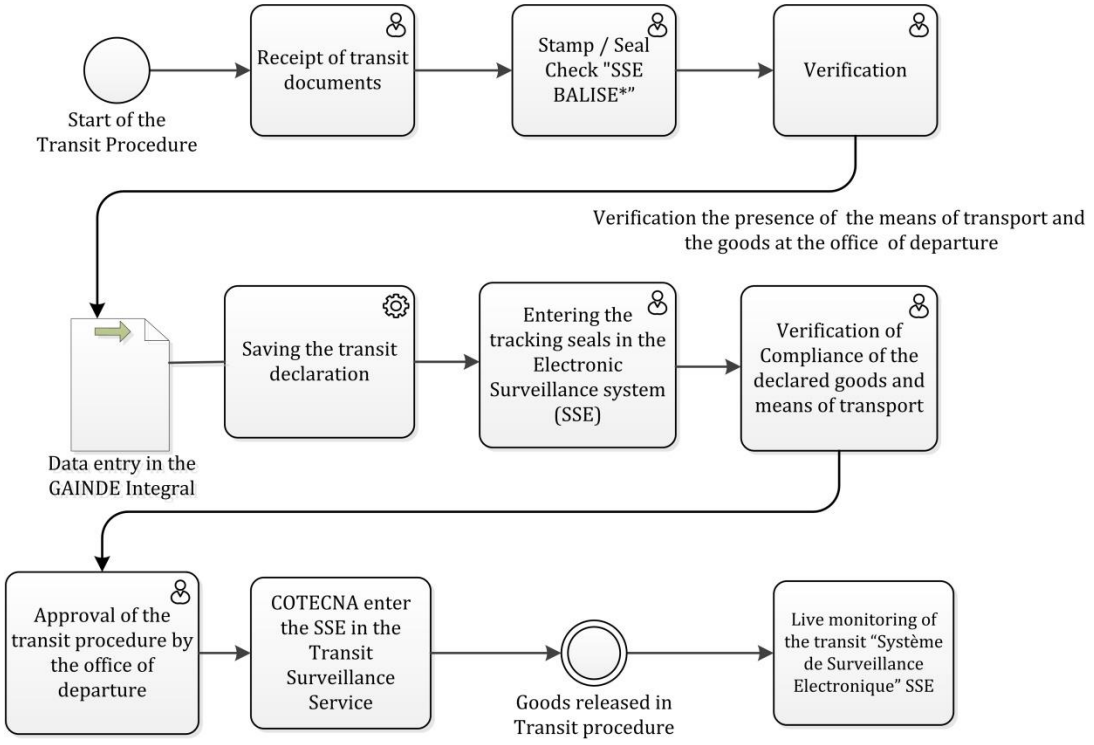
At the office of departure, the transit declaration is signed and stamped by an authorized customs broker. On arrivals by sea, the consignee should register the manifest before the arrival of the vessel and lodge the transit declarations prior to the arrival of the consignment.

The office of departure receives the transit declaration, which follows the verification process of the office (in general, the control is less burdensome than for the other types of declaration). The office of departure verifies the guarantee and prescribes the route, the travel time and the security measures (single or sealed seals plus customs escort) and gives a show of hands.

The security measures are carried out by the customs subdivision which lays the seals and if necessary, does the work of escort.

[97] http://www.translogafrica.com/page/tir-carnet

Figure 38: Start of the transit procedure



Source: Senegalese Customs

Along the way, the shipment must be presented to the designated units on the itinerary for verification and visa (viewed at X hours, vehicle No., and agent identification)

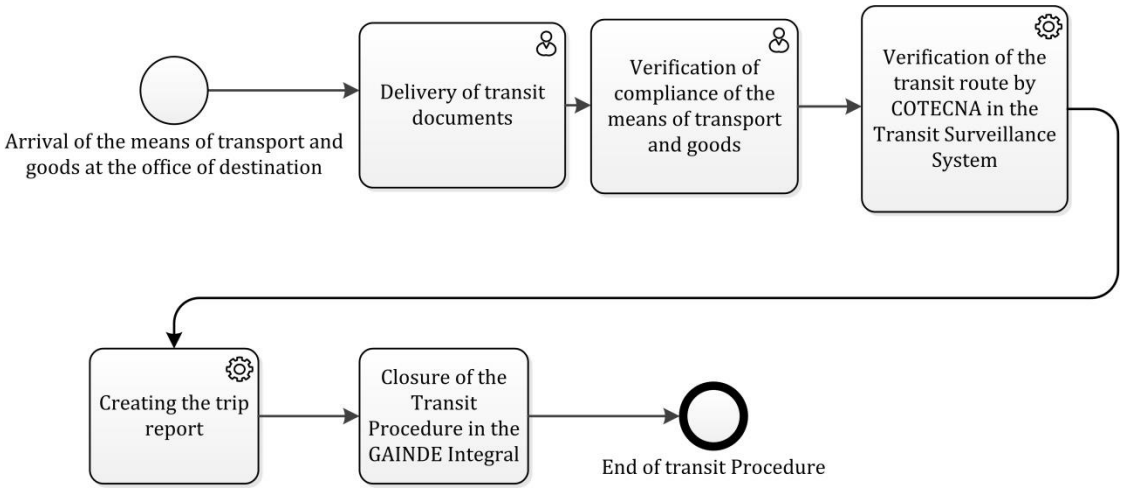
On arrival at the destination, the customs border officers ensure the integrity of the seals, the conformity of documents, check the transit route, and confirm the exit from Senegal to the other country. The customs officer sends the information to the office of departure for the transit to be closed and the guarantee released.

When the e-transit application in the GAINDE system is fully operational, the transit procedure and all tasks will be digitalized. The start, monitoring (en route) and the closure of the transit procedure will be managed through the GAINDE system. The information will be sent in real-time to the office of departure, so the closure of the transit procedure and release of the guarantee will be automatically and in real-time.

Unfortunately, the Senegalese customs do not use the measurement of the passage time; even all the information is available in the GAINDE system. Indeed, the system has a timestamp for each procedure, a part of the closure of the transit (when a ship arrived, when the manifest was filed, when the transit declaration was filed, and when they release in transit was granted0. With the e-transit application, the closure of transit will be electronically documented.

At this level, it is notable that there is a huge delay in the transmission of information from the border crossing points to the SC HQ, delaying the closing of transit procedure and the release of the guarantee. The customs agents are sometimes obliged to send this information to SC, whereas it is the Customs officers themselves who should do so.

Figure 39: End of the transit procedure



Source: Senegalese Customs

There are no taxes or charges to be paid in Senegal for transit. Only the COSEC[98] related to maritime transport is paid if the goods have arrived by sea.

With the implementation of West African Economic and Monetary Union UEMOA Regulation 14 on axle load, require weight control at the exit of the PAD and at border crossing points.

It should be noted that this weight control is not only for consignments in transit but applies to import and export consignments.

4.2.5.1 Single Transit Document (T.I.F)

In the context of the convention signed between the Republic of Senegal and the Republic of Mali, for the transit using the railway, a simplified transit declaration model called T.I.F is adopted in this framework managed by the Senegalese National Railway Company.

4.2.5.2 Single Transit Document (T.I.R)

T.I.R[99] is a customs regime that applies to the transit of consignments by road, and it can be used on one or more borders without in transit. Single transit document is used within the signatory

[98] Conseil sénégalais des chargeurs (COSEC) - Senegalese Council of Shippers

[99] Le Transit International par Route

countries of the Geneva Convention in 1949[100], subject to a revised convention in 1959 and in 1975. This model allowed the implementation of the ECOWAS Convention on Inter-State Road Transit (ISRT). The TRIE (French acronym for TRIE) is the customs transit declaration which allows the transit under single customs duty suspension but under the guarantee regime. The TRIE is formed at the office of departure and includes four sheets numbered from one to four (04) copies; one is kept at the office of departure, one copy is accompanying the goods in transit for the office of the destination. One copy (stamped by the office of destination) is sent to the office of departure, and the last copy is used by the country of destination for control purposes.

It should be noted that additional sheets are prepared to serve as notices of passage in the various customs offices crossed (en route) by the goods.

4.2.6 Intra Agency Cooperation and Coordination

Because goods in transit across the customs territory of Senegal are not subject to trade policy measures, OGAs other than customs apply only a few controls measures to traffic in transit; one exception is the enforcement of SPS regulations on consignments in transit, the crime, and drug-related incidents, weapons and arms regulations, and dangerous goods. Senegal customs law bans the transit of toxic or harmful/hazardous waste and executes controls jointly with o law enforcement agencies.

4.2.6.1 Joint Control

Currently, in ECOWAS, there is a five operational joint border crossing points: Cinkansé – between Burkina Faso and Togo, Seme – between Nigeria and Benin, Noepe – between Togo and Ghana, Malanville – between Benin and Niger, and above mentioned, Moussala – between Senegal and Mali.

4.2.7 CTR Guarantee Management and Monitoring System

The TRIE is a part ECOWAS convention (N °: A / P4 / 5/82 of May 29, 1982), which aims at the application of a customs agreement for the benefit of countries without a coastline, to facilitate the international transport of goods by road.

This agreement between ECOWAS MS results in a customs regime where admitted goods are subject to a suspension of duties and taxes and the prohibition on the territory of the member states during transit.

In order to ensure the smooth application of the TRIE, a mechanism has been set up to guarantee the operations of the TRIE which consists of a chain of National Authorities designed to

[100] United Nations Conference on Road and Motor *Transport*

guarantee the rights, taxes, and penalties that may be incurred in the territory of the Member States.

There are no import duties or taxes on goods in transit, but a customs transit declaration is required. A guarantee must also be given against any potential loss of revenue for the Senegalese authorities if the transit is not genuine. A guarantee fund has been established for this purpose and is financed through a non-refundable levy corresponding to 0.5% of the C.I.F. value of the goods covered by each transit operation. Like other countries, Senegal is finding it difficult to implement the ECOWAS inter-State road transit scheme

For this purpose, a contribution to the transit guarantee is on the basis of a single rate of 0.50% of the CIF value of the goods on the importation and is collected at the starting point of the transit procedure by the National Guarantee Authorities of the Member State where the said transaction begins.

The bilateral agreement Mali -Senegal has been signed to overcome a major shortcoming of the non-functioning of the TRIE convention, the single guarantee. As far as the TRIE is concerned, the guarantee in Senegal should accompany the goods to their destination in Mali, but the Chambers of Commerce providing the guarantee do not share the amount dedicated for transit procedure of 0.50% of the CIF value (0.25% for each guarantor). Thus the importer is obliged to provide a TRIE again for the Malian part. Indeed, it is not often that customs clearance of the consignments in Mali is done at the border and therefore the importer is obliged to start a national transit procedure to the office of destination usually located in Kayes and Bamako.

The main form of guarantee used in Senegal is the deposit given by a commercial bank or insurance company. According to the regulations, the guarantee it must be a deposit for each operation, but in reality, the customs agents have a global annual guarantee for the transit procedures. Since the implementation of the 2014 Customs Code, the guarantee is calculated on the basis of the customs duties (maximum tariff rate) without taking into account any penalties. SC is reluctant to allow the consignments to transit without an escort.

An electronic monitoring system (SSE) for consignment in transit is operational since December 2009 till the end of 2018 along certain corridors: Dakar-Kidira (towards Mali), and Dakar-Rosso (towards Mauritania). It consists of placing a GPS or GPRS portable beacon so that the load can be monitored. The SSE is administered by the company Cotecna under a contract that expired. Its efficacy was, however, hindered by the lack of network coverage in some areas. Certain goods deemed to be sensitive require an escort up to the border.

4.2.8 Risk Management

The risk management – selectivity through TAME CRM system applies to all customs procedures, but in reality, the transit is rarely subject to control. However, the joint container

control unit comprising the Police, Customs and the Gendarmerie makes extensive use of this risk management, and lead to extensive controls on containers in transit without this control being specifically linked to risk management.

Senegal Customs and Police have seized 798 kg of cocaine hidden inside new cars on a ship traveling from Brazil, the latest in a series of large seizures off the West African coast this year. The cars were destined for Germany and Ghana. Drug smugglers use West Africa as a transshipment point for cocaine en route from South America to Europe[101].

4.2.9 Authorized Economic Operators (AEO)

The Privileged Partnership Program (PPP), a form of AEO, is a trade facilitation program that needs to be transformed into a genuine AEO program. The PPP built primarily on imports.

USAID provides technical assistance in this area. Currently, traders, customs agents, and transporters do not use the benefits of PPP for the transit procedure.

4.2.10 Single Window

The Senegalese SW for foreign trade focuses on trade-related certificates and authorizations but does not include transit-related procedures and formalities. It also does not support transport relevant formalities such as the discharge of the bill of lading as this is managed by the port community system of the PAD. The company that manages the SW GAINDE 2000 developed a Port Single Window (PSW) with the main objective to speed up the processes, but it is not yet implemented for transit. The only functional part of the SW related to transit is the transit release order status acknowledged through the SW portal.

4.2.11 National Trade Facilitation Committee

The existing structure in Senegal, which corresponds to Article 23-2 of the TFA, is the National Sub-committee on Trade Facilitation (SCNFE), which deals with issues related to trade facilitation. It was created by Ministerial Decree No. 8683 of 09 September 2009. The Directorate General of Customs, through the Directorate of Facilitation and Partnership with Enterprise (DFPE), is the Coordinator.

The National Sub-committee on Trade Facilitation is responsible for:

- Contribute to removing obstacles to the free movement of goods;
- Prepare and formulate national positions on the ongoing WTO negotiations on trade facilitation;

[101] https://www.reuters.com/article/us-senegal-drugs/senegal-seizes-798-kg-of-cocaine-hidden-in-cars-on-a-ship-idUSKCN1TV0VC

- Ensure the implementation of the Trade Facilitation Agreement, resulting from ongoing negotiations;
- Serve as a virtual hub linking all administrations involved in trade facilitation procedures;
- To ensure the conformity of laws, regulations and administrative decisions with the basic standards laid down in this respect;
- Bring greater synergy between public and private actors concerned by trade regulations, particularly those relating to trade facilitation,
- Ensure the establishment of information points on trade facilitation;
- Formulating proposals for the improvement of road, rail, port, and airport infrastructures.

The short term plan is to appoint National Transit Coordinator that will be a member of the SCNFE.

In 2017, at a regional conference in Dakar, the representatives WAEMU MS, with the financial support of the European Union agreed on establishment and operationalization of the Regional Committee for Trade Facilitation (CRFE).

The purpose of the CRFE is to:

- Facilitate, coordinate and monitor the implementation of the TFA in the WAEMU area;
- Serve as a link between the National Trade Facilitation Committees of each Member State;
- Monitor the implementation of WAEMU's Regional Trade Facilitation Program.

4.3 Desk-based research of three OIC Member States

4.3.1 CTR in the Republic of Uganda

Uganda is landlocked county (16 LLC countries in Africa, among 5 LLC OIC MS - Burkina Faso, Chad, Mali, and, Niger) is highly dependent for import and export of goods by the port of Mombasa in Kenya and port of Dar Es Salam in Tanzania. Uganda is facing heavy trade and transport costs and is taking all measures in order to avoid high costs and facilitate international trade and transportation.

The Northern Corridor, anchored by the port of Mombasa in Kenya, and the Central Corridor, anchored by the port of Dar es Salaam in Tanzania, are the main routes for national, regional, and international trade of the five East African Community (EAC) countries—Burundi, Kenya, Rwanda, Tanzania, and Uganda.

In December 198, Uganda joined the Common Market for Eastern and Southern Africa (COMESA) with the objective to assist in the achievement of trade promotion include[102]:

- Trade liberalization and Customs co-operation, including the introduction of a unified computerized Customs network across the region;
- Improving the administration of transport and communications to ease the movement of goods services and people between the countries;
- Creating an enabling environment and legal framework which will encourage the growth of the private sector, the establishment of a secure investment environment, and the adoption of common sets of standards;
- The harmonization of macro-economic and monetary policies throughout the region.

Due to the inadequate transportation infrastructure and inefficiency of the authorities, the Northern and Central Corridors is characterized by long transit times and high transit cost. The costs per km are more than 50% higher than costs in Europe and comparing with other landlocked countries; transport costs can be as high as 75% of the export value.

In 1985, the countries of Burundi, Democratic Republic of Congo, Kenya, Rwanda, and Uganda signed the Northern Corridor Transit and Transport Agreement (NCTTA) and its associated protocols to implement the Northern Corridor. The Northern Corridor is a multimodal trade route linking the landlocked countries with the Kenyan seaport of Mombasa and the port of Dar es Salaam. South Sudan acceded to the Agreement in 2012. Implementation of the Agreement was vested in the Northern Corridor Transit and Transport Coordination Authority which is based in Mombasa, Kenya.

[102] https://www.comesa.int/company-overview-2/

The Northern Corridor Transit and Transport Coordination Authority (NCTTCA) was established in 1985 and was mandated to coordinate joint planning, infrastructure development, and trade facilitation programmes along the corridor in order to stimulate regional integration through economic and social development in the territories of the contracting parties. It is the busiest and most important transport route in East and Central Africa, servicing the Kenyan hinterland and the landlocked countries of Uganda, Rwanda, Burundi and South Sudan with the corridor anchored on the Mombasa port. It also links Northern Tanzania to the port of Mombasa. The Corridor has a permanent Secretariat which has put measures in place to provide seamless movement from Mombasa to the inland destinations.

4.3.1.1 Assessments of Relevant International Organizations

4.3.1.2 Republic of Uganda World Bank's Logistics Performance Index (LPI)

Logistics Performance Index report contains data analysis the Republic of Uganda, using data collected during the years 2016 and 2018, respectively. The Logistics Performance Index (LPI), launched in 2007, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance[103]. The index is calculated every two years and ranks 160 countries on the efficiency of international supply chains. The World Bank's Logistics Performance Index (LPI) analyses countries through six dimensions. Scores range from 1 to 5, the highest score representing the best logistics performance. Each dimension is defined as follows:

- **Customs**: measures agility clearance processes, regarding speed, simplicity, and predictability of formal issues conducted by customs control bodies;
- **Infrastructure**: evaluates the quality of maritime, land, rail and air transport infrastructure;

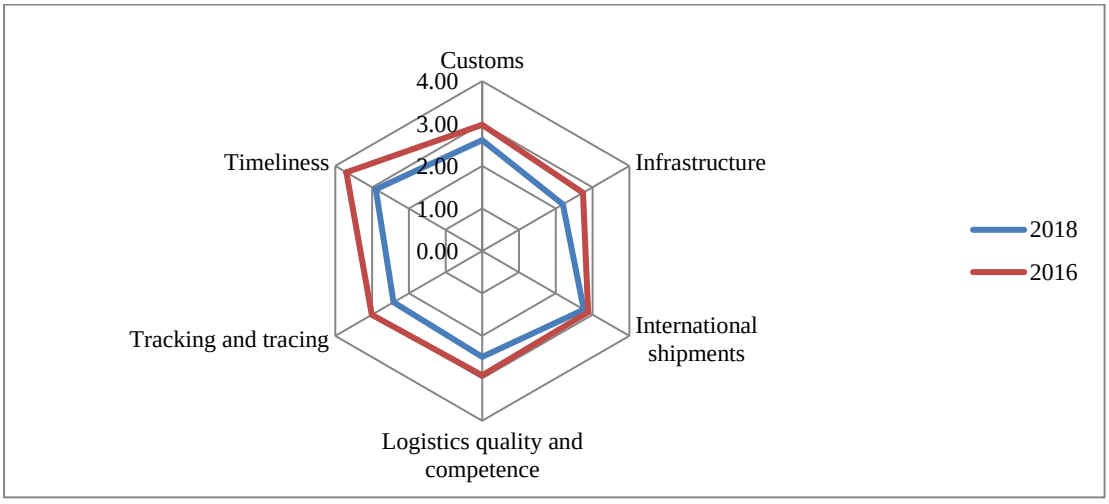
The perception held by respondents about this infrastructure is valued regarding the modes of transport together with storage and moving goods;

- **International shipments**: measures the ease of negotiating competitive prices for international transports;
- **Logistics quality and competence**: indicates the quality of logistical services, such as transport operators or customs agents;
- **Tracking and tracing**: measures the follow-up and location of shipments. Identifying the exact location and route followed by each cargo is relevant up to the moment of delivery to the final client. In this component, all agents of the cargo supply chain are involved; therefore, traceability is the result of the global action;

[103]https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

- **Timeliness**: refers to the exact time of shipment delivery. It is important to consider this factor because due to the high degree of existing competition, not meeting the established times is unacceptable.

Figure 40: Republic of Uganda Logistics Performance Index score



Source: World Bank's Logistics Performance Index

According to the World Bank's Logistics Performance Index (LPI), an indicator of trade facilitation, Republic of Uganda has a big decrease of the LPI performances comparing its 2016 rank 58th versus its 2018 rank 102nd.

4.3.1.3 World Bank Doing Business – Trading Across Border

The ranking of economies based on the ease of trading across borders determined by sorting their distance to frontier scores. The "frontier" defined by the best performance observed on each Doing Business topic across all economies and years since 2005. Trading across Borders Rank Indicator does not include the time and cost associated with domestic transport.

The Trading across Borders indicator is one of the 11 different areas included in the Doing Business project. The Doing Business project, launched in 2002, provides measures of business regulations and their enforcement across 190 economies:

- The trading across borders indicator measures the time and cost associated with the logistical process of exporting and importing goods;
- It covers three sets of procedures: Documentary compliance, Border compliance, Domestic transport;

- The indicator is available annually; the most recent round of data collection was completed in June 2017[104].

Figure 41: Republic of Uganda World Bank Doing Business – Trading Across Border performances

Year	Score-Trading across borders(DB16-19 methodology)	Trading across Borders - Time to export: Border compliance (hours)	Trading across Borders - Time to import: Border compliance (hours)	Trading across Borders - Cost to export: Border compliance (USD)	Trading across Borders - Cost to import: Border compliance (USD)
2019	66.73	59	145	209	447
2018	61.71	64	154	209	447
2017	60.26	71	154	209	447
2016	59.14	85	154	209	447

Source: World Bank Doing Business – Trading Across Borders

Despite efforts of the URA and related agencies, the current rank of the Republic of Uganda, on Trade Facilitation is behind 23 OIC MS, as expressed by Doing Business 2018 – 2019 Trading Across Borders. Figure 42 summarizes the results of the analysis:

Figure 42: Summary of the Analysis

Organization	Republic of Uganda Ranking / Performances	Worldwide Economies Assessed / Average
World Bank Doing Business Trading across Border	145	185
World Bank Logistics Performance Index	102	160

- Doing Business – Trading across Border 2018 data shows that Uganda is ranked 145th of 185 worldwide economies worldwide regarding ease of trading across borders.
- World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, analyses countries through six dimensions. Uganda is ranked on a 102nd place out of 160 economies assessed.

[104]https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

4.3.1.4 Uganda legal framework at the national and regional levels

Republic of Uganda Customs Code - the Uganda Revenue Act came into force in September 1991, which is not in compliance with the EAEU Customs Code. The Republic of Uganda has enforced the East African Community Customs Management Act, 2004 Revised Edition 2009.

In 2005, Uganda was one of the initiators for creation of the Customs Union, defined in Article 75 of the Treaty for the Establishment of the East African Community (the first Regional Integration milestone and critical foundation of the EAC.

The EAC MS agreed to establish free trade (or zero duty imposed) on goods and services amongst themselves and agreed on a Common External Tariff (CET), whereby imports from countries outside the EAC zone are subjected to the same tariff when sold to any EAC Partner State.

4.3.1.5 Regional Electronic Cargo Tracking System

In 2014, the Regional Electronic Cargo Tracking System (RRECTS) was funded by the UK Department for International Development (DFID) through TradeMark East Africa (TMEA). The RECTS is one of the postulates of COMESA and EAC integration agenda - Customs co-operation. The RECTS is a web-based system used to monitor transit cargo in near real-time, thus reducing transit time, enhance cargo safety, and help traders to predict the arrival of goods better.

In Uganda, where the RECTS is in use since 2014, it reportedly helped traders cut the time required to transport cargo from entry border points (Kenya's Malaba and Busia in Uganda) from six days to one day and a half, subsequently pushing down transport costs.

The system helped Ugandan Revenue Authority to eliminate the need for customs escorts and reduced the transit time from three to four days to a one day, effectively decreasing the transport costs of about 400 -500 USD.

4.3.1.6 Revenue Authorities Digital Data Exchange (RADDEx) system

Uganda, as a member of the East African Community (EAC), has shared export/re-export and transit information bilaterally with other EAC members through the Revenue Authorities Digital Data Exchange (RADDEx) system. Under the system, the Customs officers in Uganda may retrieve data from the system where necessary for targeting and profiling the goods prior to arrival, i.e., a "pull" system. They may reconcile the retrieved data with the corresponding electronic declarations lodged at the Customs offices. Registered clearing agents in Uganda are also able to access information in the system. The EAC members have been developing a single regional system called RADDEx 2.0 by harmonizing the existing bilateral information-sharing systems (USITC, 2012). It was reported that the RADDEx system covered 95% of the transit goods moving from the Mombasa seaport, Kenya to Kampala, Uganda in 2009. The average time

required for release at a Ugandan border post was estimated at 3 hours in 2010, reduced from 3-4 days before the introduction of the system[105].

4.3.1.7 Transit and transport Costs

The average transport cost from Mombasa to Kampala is 2000 up to USD 2,700 USD. Road user charges only apply, and they are paid to the countries where the trucks are not registered. For instance, Kenyan registered trucks transiting through Uganda would pay road user charges based on harmonized COMESA road user charges of USD 10 per 100 km for transit trucks. Kenya registered trucks traveling from Malaba to Kampala a distance approximately 250km pay a Road User Charge of USD 50 for the return journey to and from Kampala.

Transit goods license 400 USD per year follows the calendar year.

4.3.1.8 Transit Guarantee scheme

To reduce the cost of transport and transit and enhance competitiveness and expand intra and extra trade, COMESA has introduced several trade facilitation instruments. One of them is the Regional Customs Transit Guarantee scheme, popularly known as RCTG CARNET or COMESA

CARNET. Only four COMESA states - Ethiopia, Malawi, Uganda, and Zimbabwe - have ratified the customs guarantee scheme, while nine countries are required for the scheme to become effective.

4.3.1.9 Malaba One-Stop Border Post

Malaba One-Stop Border Post (OSBP) is the major (biggest) inland entry port on the Northern Corridor. Handles over 80% of cargo destined to inland - Uganda, and in transit to Rwanda, Burundi DR Congo, and Sudan. The benefits from implementation of the OSBP are: effective and efficient use of resources – customs and OGAs; better co-ordination and co-operation between government agencies and the trade community; better risk management and enhanced security they carry out joint operations; information sharing and improvement in infrastructure; reduced time for traffic flow approximately 180,000 trucks per annum, etc.

4.3.2 CTR in the Islamic Republic of Pakistan

Pakistan enjoys a position of immense geostrategic significance, bordered by Iran on the west, Afghanistan on the northwest, China on the northeast, India on the east, and the Arabian Sea situated in the south. Geographically, routes to the south of Central Asia are most feasible for trade, due to the long stretch of distances, lack of infrastructure and prohibitive topography and

[105] http://unohrlls.org/custom-content/uploads/2013/09/WCO-Transit-Handbook-To-Establish-Effective-Transit-Schemes-for-LLDCs-2014.pdf

climate present in all other directions. Due to its central geographic positioning, Pakistan holds tremendous potential to serve as a trading hub for the landlocked countries of Central Asia.

Pakistan's seaports at Karachi, Port Qasim, and Gwadar can provide ideal routes and transit facilities for Central Asia to establish viable trade links with the rest of the world and ultimately result in the economic prosperity of the entire region. The country has long been in pursuit of gaining access to the region ever since the collapse of the Soviet Union in 1991 which led to fifteen new states and the five landlocked countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, offering tremendous economic and trade potential. If Pakistan can successfully penetrate the Central Asian markets, it can become a major trade corridor for Central Asia to export their vast oil and gas resources to South Asia and beyond. As well, the Islamic Republic of Pakistan it's a major transit country for good form/to Central Asia.

The bi-lateral Afghan-Pakistan Transit Trade Agreement (APTTA) 2010, with both commercial and non-commercial logistics, will also play a crucial role in improving Pakistan's connectivity with Central Asia through the Afghan territory.

4.3.2.1 Assessments of Relevant International Organizations

The following observations of performance, as measured by the WB Doing Business Report and the LPI build a case for the improvements required by Pakistan and the Central Asia countries to streamline border procedures and improve clearance formalities for trade facilitation.

4.3.2.2 Islamic Republic of Pakistan World Bank's Logistics Performance Index (LPI)

Logistics Performance Index report contains data analysis the Islamic Republic of Pakistan, using data collected during the years 2016 and 2018, respectively. The Logistics Performance Index (LPI), launched in 2007, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance[106]. The index is calculated every two years and ranks 160 countries on the efficiency of international supply chains. The World Bank's Logistics Performance Index (LPI) analyses countries through six dimensions. Scores range from 1 to 5, the highest score representing the best logistics performance. Each dimension is defined as follows:

- **Customs**: measures agility clearance processes, regarding speed, simplicity, and predictability of formal issues conducted by customs control bodies;

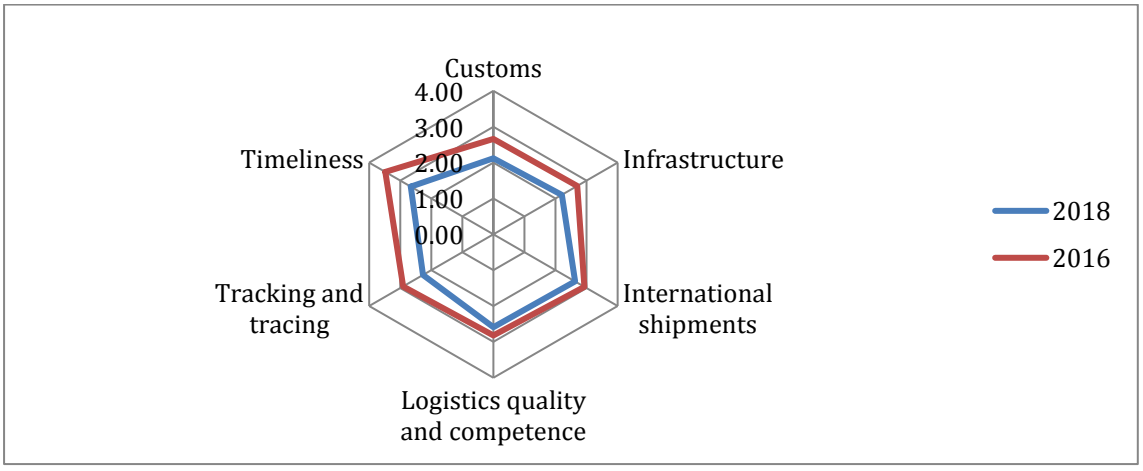
[106]https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

- **Infrastructure**: evaluates the quality of maritime, land, rail and air transport infrastructure;

The perception held by respondents about this infrastructure is valued regarding the modes of transport together with storage and moving goods;

- **International shipments**: measures the ease of negotiating competitive prices for international transports;
- **Logistics quality and competence**: indicates the quality of logistical services, such as transport operators or customs agents;
- **Tracking and tracing**: measures the follow-up and location of shipments. Identifying the exact location and route followed by each cargo is relevant up to the moment of delivery to the final client. In this component, all agents of the cargo supply chain are involved; therefore, traceability is the result of the global action;
- **Timeliness**: refers to the exact time of shipment delivery. It is important to consider this factor because due to the high degree of existing competition, not meeting the established times is unacceptable.

Figure 43: Islamic Republic of Pakistan Logistics Performance Index score



Source: World Bank's Logistics Performance Index

According to the World Bank's Logistics Performance Index (LPI), an indicator of trade facilitation, Islamic Republic of Pakistan has a big decrease of the LPI performances comparing its 2016 rank 68th versus its 2018 rank 122nd. In details, the LPI performances of Customs decreased for 20.30%, Infrastructure for 18.52%, International shipments 10.24%, Logistics quality and competence lowest decrease 8.16%, tracking and tracing 21.99% and the highest decrease on Timeliness dimension (refers to the exact time of shipment delivery) 23.56%.

4.3.2.3 World Bank Doing Business – Trading Across Border

The ranking of economies based on the ease of trading across borders determined by sorting their distance to frontier scores. The "frontier" defined by the best performance observed on each Doing Business topic across all economies and years since 2005. Trading across Borders Rank Indicator does not include the time and cost associated with domestic transport.

The Trading across Borders indicator is one of the 11 different areas included in the Doing Business project. The Doing Business project, launched in 2002, provides measures of business regulations and their enforcement across 190 economies:

- The trading across borders indicator measures the time and cost associated with the logistical process of exporting and importing goods;
- It covers three sets of procedures: Documentary compliance, Border compliance, Domestic transport;
- The indicator is available annually; the most recent round of data collection was completed in June 2017[107].

Table 55: Islamic Republic of Pakistan World Bank Doing Business – Trading Across Border performances

Year	Score-Trading across borders)	Trading across Borders - Time to export: Border compliance (hours)	Trading across Borders - Time to import: Border compliance (hours)	Trading across Borders - Cost to export: Border compliance (USD)	Trading across Borders - Cost to import: Border compliance (USD)
2019	60.12	75	120	356	475.7
2018	60.12	75	120	356	475.7
2017	56.69	75	120	376.4	496.3
2016	55.39	78.9	131.3	376.4	496.3

Source: World Bank Doing Business – Trading Across Borders

Despite efforts of the Federal Board of Revenue, the current rank of the Islamic Republic of Pakistan, on Trade Facilitation is behind 23 OIC MS, as expressed by Doing Business 2018 – 2019 Trading Across Borders. Table 56 summarizes the results of the analysis:

[107]https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

Table 56: Summary of the Analysis

Organization	Republic of Uganda Ranking / Performances	Worldwide Economies Assessed / Average
World Bank Doing Business Trading across Border	145	185
World Bank Logistics Performance Index	102	160
UN Global Survey on Trade Facilitation and Paperless Trade Implementation	59,14%	62.67%

- Doing Business – Trading across Border 2018 data shows that Pakistan is ranked 145th of 185 worldwide economies worldwide regarding ease of trading across borders.
- World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, analyses countries through six dimensions. Pakistan is anked on a 102nd place out of 160 economies assessed;
- According to the UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2019, Pakistan has 59.14% TF score.

4.3.2.4 The legal framework at the national and regional levels

The Islamic Republic of Pakistan Customs Code dated 1969, amended in June 2010. The transit procedure is regulated in the provision of the Customs Rules, 2001 - Sub-chapter-VII of Chapter-XXI: annex-B1 & Chapter-XXV Annex-B2, and Customs General Order No. 10 of 2012. (Annex-C).

Islamic Republic of Pakistan Regional Agreements - To maximize benefits from improved road and ports infrastructure, it is important for regional policymakers to consider the role played by Pakistan in achieving regional integration. With the projected increase in trade and transit that will arise from the implementation of agreements including:

- Afghanistan–Pakistan Transit Trade Agreement (APTTA 2010);
- Cross Border Trade Agreement (CBTA);
- Quadrilateral Agreement for Transit in Traffic.

All the above agreements emphasize the importance of customs automation, harmonizing regulatory procedures/documents and information sharing platforms to expedite the transit and clearance of goods will play a pivotal role in achieving the ambitious agreement's targets. Without the resolve to automate border formalities and improve border management, the effectiveness of the transit would be severely reduced.

Transit to Afghanistan through Pakistan is governed by the APTTA agreement which details the ports, routes, transport modes, and customs transit procedures. It marks the beginning of an agreement that allows Afghanistan to access Pakistan's seaports for foreign trade and Pakistan to penetrate the Central Asian markets transiting Afghanistan. In 2010, the two countries signed the APTTA agreement that became operational in June 2011, to facilitate the movement of goods through their respective territories and take all necessary measures to ensure the efficient administration of transit transport. The agreement included several provisions including, but not limited to, the following;

- Removal of unnecessary delays in the movement of goods and commercial vehicles transiting through the two countries;
- Working towards the simplification, transparency, and harmonization of documentation and procedures relevant to traffic in transit;
- Cooperation with a view to minimizing the incidence of customs fraud and avoidance.

Protocol Three of the APTTA Agreement entitled "Customs Control and Transit Regime" details several provisions that aim to limit the number of documents, simplify customs procedures and ensure that all obligations to the customs administrations of Pakistan and Afghanistan are satisfied. The section also outlines rules to develop a knowledge-sharing environment of mutual administrative assistance between the countries. Communications between Customs authorities advocated in subsection 4 of this protocol include instantaneous notification of any suspicions in Good Declaration (GDs) documents, authenticity of container seals, ensuring a Customs to Customs information sharing platform by setting up an electronic interface, establishing a hotline and joint customs controls at entry and exit points with mutual consent36[108]. In addition to these, the stipulated procedures call for a partnership between the contracting parties to report accidents, inaccuracies in transit operations and clearance documents (both transit and inland) to prevent repetitive irregularities in operations.

The most important treaty is the Quadrilateral Agreement for transit in traffic was signed among the Governments of the People's Republic of China, the Kyrgyz Republic, the Republic of Kazakhstan and the Islamic Republic of Pakistan on March 1995. The agreement came into force in May 2004 advocating the seamless movement of goods within the region and allowing vehicles with valid documents (permits, registration, etc.) to enter and perform transit operations in the territories of the contracting parties. The agreed border posts and land route covered in the agreement include the following BCPs[109]:

[108] APTTA 2010 Section VII, Article 21
[109] http://www.commerce.gov.pk/Downloads/Seminar_Commerce_TTFP_27022012.pdf

- Karachi Seaports and Sust (Pakistan);
- Khunjrab, Torugart, and Khorgos (China);
- Torugart and Akjol (Kyrgyzstan);
- Kordai and Khorgos (Kazakhstan).

Although the agreement allows for all four countries to waive the transit fee and toll charges on transit traffic and is an effective bid to strengthen regional cooperation, Customs connectivity remains an important element for enhancing trade in the region. The lack of modern facilities at border crossing points, misuse of transit facilities (including EDI, en-route inventory joint controls, etc.) and the lack of information exchange continue to pose challenges for Pakistan's transition. The development of BCPs and the countrywide roll-out of WeBOC customs declaration processing system has a profound impact on transforming transport and transit corridors into integrated economic corridors.

4.3.2.5 Customs Declaration Processing System

The WeBox CDPS has been developed in Pakistan Customs for web-based clearance of goods. The system allows processing the documents (transit declaration) of 92% of trucks with cargo within one day.

WeBox system is connected to both borders of Pakistan (Torkham and Chamman) with Afghanistan. There is real-time confirmation about the location and exit of the truck from Pakistan territory. With the tracking system, all Afghani transit trucks remain in 24 hours of surveillance. Pakistan Customs has given access to Government and Customs of Afghanistan on WeBox. Transport companies and Afghanistan that are registered by the Ministry of Commerce of Afghanistan in WeBox system are allowed to access to Pakistan Customs.

There is a data-sharing protocol between Afghanistan and Pakistan customs. Afghanistan Customs informs its counterparts once the trucks enter Afghanistan in real-time thought AW.

Transit Clearance Procedures and document required in road and railway transport:

The documents required for initial transit declaration from Karachi Seaport by road are:

- TIR Carnet transit declaration (Pakistan has recently acceded to TIR Convention and its implementation is in progress (signing of legal documentation with IRU, guarantee association, staff training for practical roll out) ;
- Transit Goods Declaration;
- Temporary Admission Document (TAD) for trucks;
- Road Pass (applicable under ATTA 1965, but still being used).

A TIR module is being developed for the WeBox system to handle TIR carnets in the future.

By Railway, the same sets of documents are used (apart of Temporary Admission Document (TAD) for trucks). Pakistan has recently acceded to Convention concerning International Carriage by Rail (COTIF), and its implementation is in progress.

4.3.2.6 Single Window

The Government of Pakistan (GoP) is following a UNESCAP phase-wise project management approach to implement a national and envisaged regional Single Window environment. The approach has five levels progressing from 1) paperless customs, 2) port community information exchange; 3) other government agencies implement paperless permits and certificates, 4) the National Single Window and finally 5) Regional Single Window. Pakistan Customs claims to have completed the first two levels, but customs operations are still not 100% paperless. Primary discussions with the Web-Based One Customs (WeBOC) department suggest that the government may consider rebuilding a system robust enough to support the smooth implementation of both National and Regional Single Windows. Automation of Customs clearance through Pakistan Customs Computerized System (PaCCS) and WeBOC is already in place. At present, WeBOC covers customs controls for 60% of Pakistan's total trade, with a target of 90% coverage set for year-end 2014. The system currently incorporates 76% of imports, 96% of exports and 80% of all air freight in Pakistan. Other fields of control rely on the former One Customs control system. WeBOC is currently being rolled out across Pakistan and efforts to transfer all customs data into a country-wide data warehouse are also underway. It is hoped that data migration, aimed for completion in 2015, will provide a solid base for the smooth establishment of a National Single Window.

A pilot project for Electronic Data Interchange (EDI) connectivity with Afghanistan has begun, as stipulated in the APTTA 2010. Test messages were initially exchanged between the two government bodies during 2013, and the system has continued to evolve since then. The GoP is also considering a cross country exchange of information as part of the Free Trade Agreement (FTA) with China.

4.3.2.7 Cost of Transit operation and the guarantee for transit

No charges are being levied by Pakistan Customs on transit goods to Afghanistan. Pakistan-Iran border: Trucks/Trailers cross the border with valid carnet-de-passage, and it costs about the 100 USD Dollars.

4.3.2.8 Safety and security issue related to CTR

Safety and security issue is a major concern in Pakistan, particularly at the area of its borders with Afghanistan. Pakistan is taking a good initiative to improve the transit trade with Afghanistan further. The Pakistani transporters carry all goods destined to Qandahar/Kabul.

These trucks bring back the export cargoes of Afghanistan to Pakistan too. Afghan drivers are not allowed beyond Peshawar.

With the support of ADB, the border crossing point with Afghanistan such as Torkham, Chaman, and Wahga will be fully equipped with border complexes to facilitate legitimate trade.

The security issue is the main concern which needs to be resolved.

4.3.2.9 Guarantee System

The guarantee for transit operations is calculated on the highest tariff rate. The companies issuing the guarantees have annual revolving guarantee deposited in Pakistan Customs. The WeBOC CDPS is managing the guarantees for transit operation. List of several companies that are issuing the transit guarantees - various Insurance Companies, i.e., UBL Insr., Pakistan General Ins., Habib Ins., Crescent Star Ins., Asia Ins.; Automobile Association of Pakistan, Lahore and Islamic Chamber of Commerce & Industry, Karachi.

4.3.2.10 GPS Seals

The goods destined to Afghanistan from abroad through Pakistan and the goods exported from Pakistan to Afghanistan used to have a problem at the border as the goods were smuggled back to Pakistan without paying any duties and taxes. It was a major concern which affects the economy of Pakistan. This problem was resolved by computerizing and tracking system in Pakistan and good cooperation by Afghanistan.

Pakistan has implemented the GPS system; therefore, the enforcement by the Customs has become easier than before using GPS.

A tracking company, "M/s. TPL Trakker (Pvt.) Ltd.[110]" provides GPS tracking of 100% trucks via designated routes, charging 60 USD dollars for tracking services per truck. It is reported that the smuggling records has been reduced drastically since applying this system.

4.3.3 Customs Transit Regime in the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is an OIC MS from Arab group, situated in the Middle East, bordered by Syria to the north, Iraq to the northeast, Saudi Arabia to the east and south and Israel, Palestine to the west. Like most countries with numerous international borders, Jordan has adopted a number of different approaches to managing CTR over recent years. Developing a secure and more facilitative approach to transit traffic and cargo has been a high priority for the Jordan Customs Department. The electronic transit monitoring and facilitation system have led to a significant reduction in the cost of moving goods through Jordan as there is no longer a requirement to travel in convoy. As transit traffic has increased, the number of

[110] https://tpltrakker.com/service/fleet-management-services/

smuggling attempts has decreased while at the same time, transit journey time and costs have reduced by more than 60 percent[111].

4.3.3.1 Statistics

The Hashemite Kingdom of Jordan is connected via roads to all neighboring countries: Saudi Arabia, Palestine, Iraq, and Syria. In total, there are 11 BCPs, of which: eight (8) Road BCPs, one (1) Sea port BCPs and three (3) international airports. The volume of transit (in ton) in 2018 is presented in Table 57:

Table 57: Jordan total volume of Transport

The total volume of Transport (annual basis - 2018) tons		
Transit for exportation	Transit for importation	International transit
5.329.503	12.358.308	9.765.814

Source: Jordan Customs CTR Survey

The number of transit declaration (TR8) in 2017 is 173,048 and 175,234 in 2018[112].

4.3.3.2 Assessments of Relevant Organizations

In the past years, several international and regional organizations have launched surveys on Trade Facilitation, including the CTR. These surveys capture the current state of implementation of different trade facilitation concepts, including Customs Administrations. The following part is providing analysis of the Assessments of Relevant Organizations.

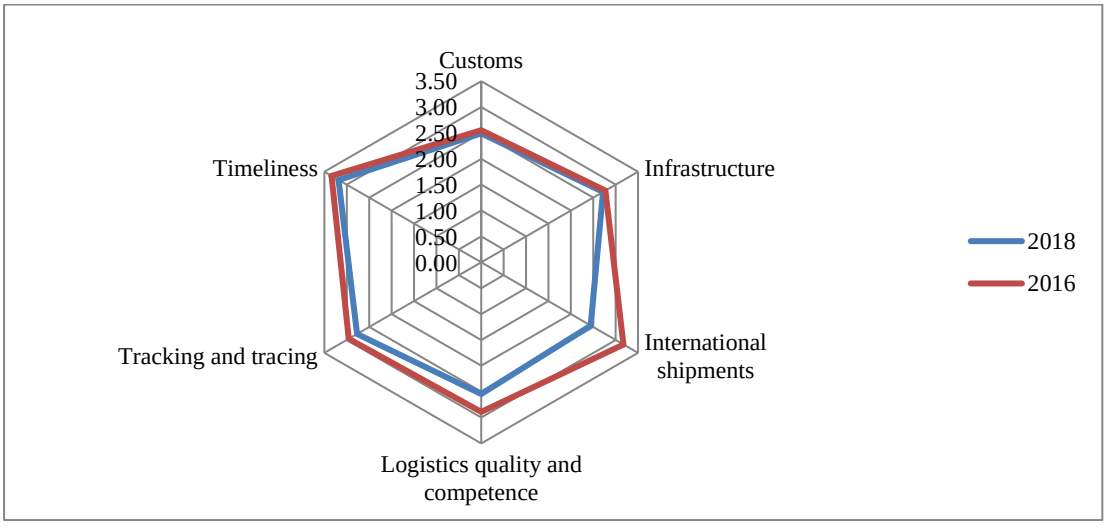
Hashemite Kingdom of Jordan World Bank's Logistics Performance Index (LPI) - Logistics Performance Index ranks and score analysis report contains data analysis the Hashemite Kingdom of Jordan, using data collected during the years 2016 and 2018, respectively. The Logistics Performance Index (LPI), launched in 2007, is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance[113]. The index is conducted every two years and ranks 160 countries on the efficiency of international supply chains. The World Bank's Logistics Performance Index (LPI) analyses countries through six dimensions. Scores range from 1 to 5, the highest score representing the best logistics performance. Each dimension is defined as follows:

- **Customs**: measures agility clearance processes, regarding speed, simplicity, and predictability of formal issues conducted by customs control bodies;

[111] https://worldcustomsjournal.org/Archives/Volume%204%2C%20Number%202%20(Sep%202010)/07%20Alfitiani.pdf
[112] https://www.customs.gov.jo/en/about_customs/Annual_Report2018.pdf
[113] https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

- **Infrastructure**: evaluates the quality of maritime, land, rail and air transport infrastructure;
- The perception held by respondents about this infrastructure is valued regarding the modes of transport together with storage and moving goods;
- **International shipments**: measures the ease of negotiating competitive prices for sending;
- **Logistics quality and competence**: indicates the quality of logistical services, such as transport operators or customs agents;
- **Tracking and tracing**: measures the follow-up and location of shipments. Identifying the exact location and route followed by each good is relevant up to the moment of delivery to the final client. In this component, all agents of the good's supply chain are involved; therefore, traceability is the result of the global action;
- **Timeliness**: refers to the exact time of shipment delivery. It is important to consider this factor because due to the high degree of existing competition, not meeting the established times is unacceptable.

Figure 44: Jordan Logistics Performance Index score



Source: World Bank's Logistics Performance Index

According to the World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, Jordan had the decline in 2016 – ranked 67th and 2018 – ranked 84th place. The biggest decline is in the International shipments dimension -23.01% or in overall dimension, a total decline of -8.69%.

World Bank Doing Business – Trading Across Border - The ranking of economies based on the ease of trading across borders determined by sorting their distance to frontier scores. The "frontier" defined by the best performance observed on each Doing Business topic across all economies and years since 2005. Trading across Borders Rank Indicator does not include the time and cost associated with domestic transport.

The Trading across Borders indicator is one of the 11 different areas included in the Doing Business project. The Doing Business project, launched in 2002, provides measures of business regulations and their enforcement across 190 economies:

- The trading across borders indicator measures the time and cost associated with the logistical process of exporting and importing goods;
- It covers three sets of procedures: Documentary compliance, Border compliance, Domestic transport;
- The indicator is available annually; the most recent round of data collection was completed in June 2017[114].

Table 58: Jordan World Bank Doing Business – Trading Across Border performances

Economy	Year	Score-Trading across borders 2016-2019 methodology	Trading across Borders - Time to export: Border compliance (hours)	Trading across Borders - Time to import: Border compliance (hours)	Trading across Borders - Cost to export: Border compliance (USD)	Trading across Borders - Cost to import: Border compliance (USD)
Jordan	2019	79.03	53	79	131	206
	2018	79.03	53	79	131	206
	2017	79.03	53	79	131	206
	2016	78.87	55	79	131	206

Source: World Bank Doing Business – Trading Across Border

Despite efforts of the Jordan Customs and related agencies, at present, the rank of the Jordan, regarding Trade Facilitation is behind the ranks of 104 - ease of doing business global rank 2019 and 74 Rank-Trading across borders of 185 world economies. Jordan is ranked 8 among the 55 OIC MS, as expressed by Doing Business 2019 Trading Across Borders. Table 59 summarizes the results of the analysis:

Table 59: Summary of the Analysis

Organization	Jordan Republic Ranking / Performances	Worldwide Economies Assessed / Average
World Bank Doing Business Trading across Border	74	185
World Bank Logistics Performance Index	84	160
UN Global Survey on Trade Facilitation and Paperless Trade Implementation	76.34%	62.67%

[114] https://www.unescap.org/sites/default/files/FINAL%20V1.0_Indicators%20for%20Trade%20Facilitation-ESCAP-OECD%20Handbook_0.pdf

- Doing Business – Trading across Border 2018 data shows that Jordan is ranked 74 of 185 worldwide economies worldwide regarding ease of trading across borders.
- World Bank's Logistics Performance Index (LPI) an indicator of trade facilitation, analyses countries through six dimensions. The overall ranking of the Jordan ranked on an 84th place out of 160 economies;
- The performances of Jordan according the UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2019 is 76.34%, higher then the worldwide average near 9%.

4.3.3.3 The legal framework

Jordan Customs Code - Jordanian Customs was established in 1923 (Act No. (22), 1959). In 1962, Act No. (1) was issued. The Temporary Act No. (16) was issued in 1983, followed by a new Customs Act (No. (20), 1998). This Act was later amended three times. The first amendment was made in accordance with the amending (Act No. (10), 1999), the second one was made in accordance with the amending (Act No. (16), 2000), and the third was made in accordance with (Act No. (27), 2000, the current Act in force. However, the new customs law is still pending approval from Parliament. Jordan has adopted the Transit Administrative Instruction and Standard Operational Procedures statutory instruments related to Customs Transit (including Customs Code).

The new Jordan Customs strategy (2017-2020) containing a number of projects, which are expected to facilitate trade. Jordan Customs is also strengthening efficiencies within its National Single Window (NSW) system, with the objective of minimizing the time release of goods from 12 days to 3 days. Moreover, Jordan is committed to replacing paper and human-based transactions with paperless processes.

International Legal Conventions - The Hashemite Kingdom of Jordan has ratified the following International Legal Conventions: International Convention on the Harmonization of Frontier Controls of Goods; Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention); TIR by National Associations; World Trade Organization Trade Facilitation Agreement (TFA); Contracting Party to the Revised Kyoto Convention and WCO Customs Convention on Containers, 1972. Jordan Customs has the authority to conclude administrative agreements / Memorandum of Understanding (MoU) related to transit procedures with Other Customs Administrations; Domestic Trade/business community; Other domestic government agencies; Regional/international organizations or associations; National organisations or Associations; Port Authorities; Airlines Companies; Railway Companies, and Express Courier Services.

4.3.3.4 Jordan's Electronic Transit Monitoring and Facilitation System

Jordan is one of the worldwide pioneers in the implementation of GPS technology for monitoring the transit operation in the country. The idea of using tracking technology to manage the transit trade in Jordan was first introduced by the telecommunication directorate at Jordan Customs in 1997 along with a centralized video monitoring system (CCTV). The limitations of tracking technology at that time and the lack of an electronic map of Jordan delayed the realization of this idea. Jordan Customs continues theoretical studies and investigates available technologies with the aim of facilitating trade without sacrificing security needs. Many pilot projects and trials have been conducted using tracking technology for this purpose, and the outcome was a detailed Request for Proposal (RFP) leading to a public tender in late 2006 and implementation in late 2008. Jordan's electronic transit monitoring and facilitation system use GPS technology to locate the position of the trucks being monitored. GPRS/SMS technology is used for communication between the tracking units and the control room. The RFID technology is used for communication between the tracking unit and the electronic seals to secure the shipment's door and to avoid separating the tractor from the trailer. Digital maps (vector and raster) are used to provide a graphical interface to the user to enable the operator to follow up truck movements. The MIS/CIS is used to provide statistics and reporting, and to interface with other existing computerized applications to avoid duplication in data entry, wireless networks and PDAs are used at the customs houses to initiate and terminate transit trips.

The tracking operation starts at the customs entrance BCP. After the transit truck completes all customs procedures, the truck moves to an electronic tracking yard located just before the exit gate; a tracking unit and electronic seals are configured and installed on the truck, and the transit route which the truck will follow is assigned. The unit is identified by the system at the control room, and the truck appears on the main monitoring screen.

During the transit trip, the truck's position is updated at pre-assigned waypoints based on a computerized risk analysis system – the duration can be short for high-risk shipments and longer for low-risk shipments.

Any violation committed during the trip is reported immediately to the control room.

When the truck reaches the customs exit BCP, a trip report is issued by the system that shows the route that has been followed and any violation that may have been identified during the trip. The report is analyzed by a customs officer who will terminate the transit trip and remove the

tracking unit and electronic seals. The tracking unit is then recharged for use on another trip in the opposite direction[115].

4.3.3.5 ICT and efficient transit information management

Jordan Customs (JCD) and the Aqaba Special Economic Zone Customs (ASEZC) began customs modernization in 1997 with the implementation of ASYCUDA++. At that time, the modernization programme was driven by the need for the government to increase revenue collection, to improve integrity and transparency in customs services, and to shift its operational principles away from its traditional role as a revenue-generating department.

The ASYCUDA++ customs clearance application that had been fully operational since 1999 contributed to simpler customs clearance and transit procedures. In 2006, Jordan Customs upgraded the CDPS from ASYCUDA++ to ASYCUDA World and the ICT infrastructure, including hardware, software, and communication equipment required. Jordan Customs is processing the pre-arrival transit data and information in advance (before the presentation of goods at departure).

The process of electronic connectivity and exchange of information with the Arab countries is established in order to simplify the procedures of international trade exchange. Thus it enhances trade relations between the Hashemite Kingdom of Jordan and the Arab countries. The countries that have been connected countries electronically until the end of 2016 are Saudi Arabia, Syria, Abu Dhabi, Palestine, and Agadir Agreement countries (Egypt, Tunisia, and Morocco).

4.3.3.6 Transit Procedure

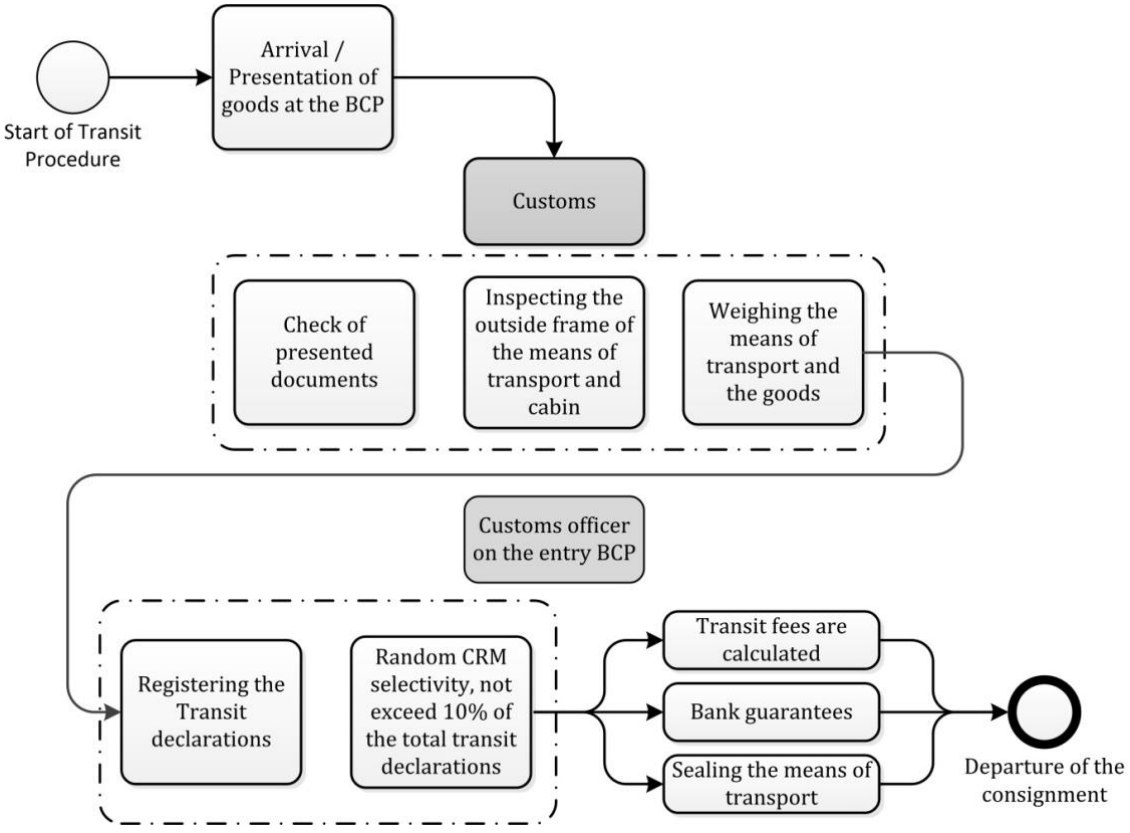
The transit procedure starts with the lodgement of SAD (T1) data and the following documents:

- An original manifest or transit declaration (permit) initialed by the customs office in the country of origin or the neighboring country must be presented for all transit goods;
- The owner of the goods or his representative prepares a transit declaration upon the goods' arrival to the entry border crossing on the proper form and the customs procedures take place in line with the provisions of the law;
- The entry border crossing office prepares a transit document (T1) to be attached with the transit declaration prior to leaving the entry border crossing customs office for the purpose of presenting this document to the exit border crossing customs office. The entry border crossing customs office also notifies the exit border crossing customs office electronically of the departure of the means of transport carrying the goods, and the exit border crossing customs office the entry border crossing customs office electronically of the goods arrival for the purpose of release of transit guarantee;

115 https://worldcustomsjournal.org/Archives/Volume%204%2C%20Number%202%20(Sep%202010)/07%20Alfitiani.pdf

- Invoice (provided it is certified);
- Certificate of origin;
- A detailed packaging list;
- Authorization by the owner of the goods or carrier depending on the situation to the clearance companies for the purpose of preparing the customs declarations and completing the customs procedures, which organizes the process of accepting and determining the conditions of the authorizations.

Figure 45: Transit Procedure at the entry BCP



Source: Jordan Customs[116]

Apart from the data in T1 transit declaration, the following information, the following information must be provided:

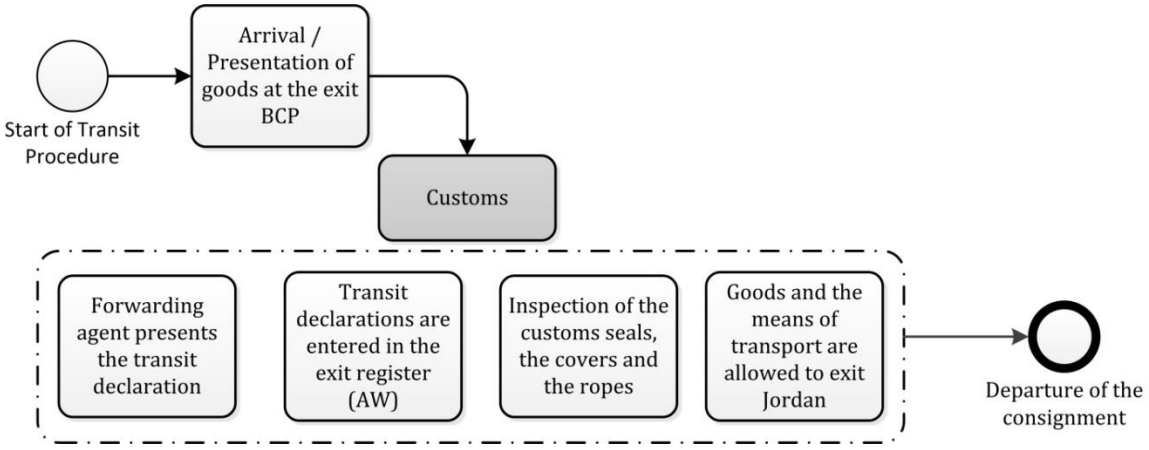
- Transit route;
- The amount and the number of customs lead seal used for every means of transport;

[116]https://jordan.gov.jo/wps/wcm/connect/gov/egov/government+ministries+_+entities/jordan+customs/services/transit+goods

- The number and date of the bank guarantee and pledge that secure the fees and fines due on the contents of the declaration or the number of the trust request if the fees are covered by insurance.

Jordanian Customs has defined the Technical Conditions that must be fulfilled for the Means of Transportation used for transit. The data required for the transit declaration are the minimum necessary to identify the goods and means of transportation, meet the requirements of the Jordanian Customs and OGAs.

Figure 46: Transit Procedure at the exit BCP



Source: Jordan Customs[117]

Customs procedures adopted at the exit BCP:

- The forwarding agent presents the transit declaration that is with the truck driver at the Jordanian entry BCP or the transit declaration that is initialled by the Jordanian entry CCP to complete the exit procedures;
- Transit declarations are entered in the exit register, and the exit number and date are written on the copy of the declaration;
- The exit manifest is referred to inspection in order to check the customs seals, the covers and the ropes. If they are in good condition, the declarations are initialled in preparation for permitting their exit, and if they are not in good condition, an actual survey is conducted to verify the cargo's compliance with its documents and declarations;

[117]https://jordan.gov.jo/wps/wcm/connect/gov/egov/government+ministries+_+entities/jordan+customs/services/transit+goods

- After carrying out the inspection and the survey, the exit manifest or transit declaration is signed by the authorised customs officer and the goods and the means of transport are allowed to exit.

4.3.3.7 TIR

Jordan has signed acceptance of the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) on Jordan December 1985.

The Royal Automobile Club of Jordan (RACJ) has been designated issuing and guaranteeing body for TIR Carnets in Jordan and is authorized to issue and guarantee TIR Carnets as of December 2001. The price of TIR Carnet (14 Volets) for Member/ National and Non-member/ Foreign is 141.24 USD dollars.

In 2014, 2016 and 2017 has issued in total 150 TIR Carnets (50 each year)[118].

4.3.3.8 Use of Customs convoys and Customs escorts as transit guarantee

Jordan's electronic transit monitoring and facilitation system have led to a significant reduction in the cost and time of moving goods through Jordan as there is no longer a requirement to travel in convoy. Truck congestion at the customs yard (where the trucks used to wait for the formation of a convoy) has been eliminated.

4.3.3.9 CTR Guarantee Management and Monitoring System

Jordan Customs is accepting the following non-monetary guarantee: Cash deposits (national or foreign currency), Temporary placement of funds on the Customs administration's bank account, Tradable securities, Bank guarantee, Surety contract, International guarantees, and Regional guarantees.

Special bank guarantees and pledges provided by persons concerned to guarantee the contents of customs declarations, and which require special procedures for refunding to the banks from which they were issued, are refunded by the Department according to the following mechanism[119]:

- Concerned persons submit a guarantee refund application to the Department's bureau and attach duly issued copies of the declarations;
- The bureau refers the application to the Guarantees and Transit Divisions for review;

[118] http://www.unece.org/fileadmin/DAM/tir/figures/TIRCarnets2001-2018.pdf

[119] https://jordan.gov.jo/wps/wcm/connect/gov/egov/government+ministries+_+entities/jordan+customs/services/transit+goods

- The application and attachments are checked, and the release from financial liability certificates is verified by the division of specialty.

The transit guarantees are not limited to the value of duties and charges, and the guarantee amount is not calculated according to risk level and guarantee waiver. Jordan Customs is releasing the guarantee one day upon completion of a transit procedure.

4.3.3.10 Risk management

The EU-Jordan Single Support Framework 2017-2020 includes the cooperation in upgrading border management and preventing violent extremism, as well as the support to the country's macro-economic stability and enhancing social and economic development. The action will tackle both of these strategic priorities by supporting the creation of a national system of Integrated Border Management (IBM).

The main objective of the project is "to contribute to the development of the long-term capability of Jordan to control and manage its borders and to ensure greater security for citizens and visitors while guaranteeing the respect for the rule of law and human rights standards." It will be structured around three interlinked complementary pillars:

- To support the development of an integrated approach to border management;
- To enhance capacities to fight transnational crime;
- To strengthen trade facilitation practices and measures.

The main stakeholders will be the agencies operating at the borders, such as the Borders and Residence Department of the law enforcement directorates, Customs, Intelligence, and the Army. Each of these agencies has specific competences, and the situation at each border is different, ranging from a purely civilian to a military approach depending on the level of the security threats. This makes the use of modular and integrated border management tools (including risk management) even more relevant and appropriate.

4.3.3.11 Authorized Economic Operators (AEO)

Jordan Customs initiated an authorized economic operators program, known as the Golden List (GL) program in 2005. The program was designed and implemented under the supervision of the Risk Management Department of the Jordan Customs.

The GL program grants preferential treatment to companies that exhibit a low degree of risk and an excellent compliance history in Customs. The program is based on voluntary compliance by supply chain companies. Currently, 88 companies in Jordan hold Golden List status covering 7.5 percent of imports and 22 percent of exports. The major increase in the number of GL companies was realized in 2017 after Jordan Customs started to invite eligible companies to apply for the

program[120]. The first MRA of Jordan was signed with the United States of America in May 2008 and with signed MRAs with Egypt, Morocco and Tunisia in May 2016 under the framework of Agadir Agreement.

4.3.3.12 Single Window

Jordanian Customs ASYCUDA World system was updated and configured to accommodate the implementation of the first phase of the Single Window Project. Shipping procedures in Aqaba Special Economic Zone Area (ASEZA) were re-engineered and developed by:

- The application of the new warehouse procedures on the exit permits and transport documents system through the National Window in Aqaba Special Economic Zone Area;
- The application of the new transit and pre-arrival processing procedures on the exit permits and transport documents system through the National Window in Aqaba Special Economic Zone Area;
- The Transit Unit summons service is part of the National Window Project to meet the requirements for transit.

4.3.3.13 National Committee for Trade and Transport Facilitation

The National Committee for Trade and Transport Facilitation (NCTTF) was established as a legal entity by the Council of Ministers Decision N°3966, adopted on 18 February 2003; the Technical Committee for Trade and Transport Facilitation (TCTTF) was established by the Council of Ministers Decision N° 1365, adopted on 13 September 2005.

In Jordan, a National Committee for Trade and Transport Facilitation, a partnership of members from both the private and public sectors, was officially created in 2003 to tackle the challenges to international trade operations, specifically to enhance dialogue and develop a more supportive environment in the areas of trade, transport and logistics, agreements and treaties, as well as border management[121].

The overall objective of the National Committee for Transport and Trade Facilitation is to contribute to Jordan's integration into the global economy by reducing trade-related costs and developing a multi-modal transport sector that maximizes efficiency and at the same time, is environmentally sustainable. Added to this, the committee has determined other important objectives that guide their practices: Encourage the free movement of people and goods, facilitate efficient movement of goods through established competitive regional trade corridors,

[120] http://www.sbb.gov.tr/wp-content/uploads/2019/06/Improving-Authorized-Economic-Operators-Programs-in-the-OIC-Member-States.pdf
[121]http://www.sbb.gov.tr/wpcontent/uploads/2018/11/Establishing_Well_Functioning_National_Trade_Facilitation_Bodies_NTFBs_in_the_OIC_Member_States%E2%80%8B.pdf

reduce transaction costs and time significantly by improving administrative efficiency and simplifying, standardizing, and harmonizing trade procedures, enhance the transparency of laws, regulations, procedures, and forms, and share information on these and other trade issues, develop sustainable, and safe, user-friendly transport and trade networks.

Aqaba Container Terminal, the Jordan main port, is handling more than fifteen of the world's top shipping lines. Aqaba Development Corporation manages, operates, and markets the terminal in partnership with APM Terminals, a global port operator and part of the well-known A.P. Moller Maersk Group. It is the major gateway for transit cargo moving to and from countries in the region, as well as for the Jordanian market. Aqaba Development Corporation is playing an important role in the National Committee for Transport and Trade Facilitation.

4.4 Benchmark Analysis

Table 60 presents the two case studies and three desk researches OIC MS CTR benchmark analysis.

Table 60: OIC MS CTR benchmark analysis

Benchmark Indicators		Kyrgyz Republic	Senegal	Uganda	Pakistan	Jordan
1. CTR Legal framework	Bilateral and regional agreements	Partially	Fully	Fully	Partially	Fully
	The international legal framework at the national and regional levels	Fully	Fully	Fully	Fully	Fully
	International Legal Conventions	Fully	Partially	Partially	Fully	Fully
2. ICT and efficient transit information management	Exchange of information and data protection	Not implemented	Partially	Partially	Partially	Partially
	ICT infrastructure	Fully	Fully	Fully	Fully	Fully
3. CTR Guarantee management and monitoring system	Calculation or estimation of the guarantee amount	Fully	Fully	Fully	Fully	Partially
	Guarantee according to risk level and guarantee waiver	Fully	Fully	Fully	Fully	Partially
	Forms of guarantee	All	All	All	All	All

Benchmark Indicators		Kyrgyz Republic	Senegal	Uganda	Pakistan	Jordan
	End of procedure and discharge of guarantee	Manual	Manual	Manual	Manual	Manual
	Use of Customs convoys and Customs escorts or usage of transit guarantees	Yes	Yes	Yes	Yes	No
	International/regional guarantee management and monitoring systems	No	Yes	Yes	No	Yes
4. Transit Fees and charges		Yes	Yes	Yes	Yes	Yes
5. Simplification of formalities with the wide use of simplified procedures in transit	Simplification of documentary requirements	Partially	Partially	Partially	Partially	Partially
	Simplification of procedures - pre-arrival transit declaration	Not implemented	Not implemented	Not implemented	Fully	Partially
	Digitalization/automation of processes – Single Window	Fully	Fully	Not implemented	Not implemented	Partially
6. Risk management	CTR risk management system	No	Yes	No	Yes	No
	Integrated risks management systems – Customs and border control agencies.	No	No	No	No	No
7. Authorized Economic Operators (AEO)	Facilitation benefits for transit operations under their AEO programmes and access to the simplified procedures.	Yes	Partially	No	Planning	Partially
8. Security measures including	Customs seals and electronic Customs seals	Traditional	Both	Traditional	Both	Both

Benchmark Indicators		Kyrgyz Republic	Senegal	Uganda	Pakistan	Jordan
the security of possible customs debt	Security measures for loading units	Yes	Yes	Yes	Yes	Yes
	Prescribed time limit and itinerary	Yes	Yes	Yes	Yes	Yes
	Customs escorts and convoys	Yes	Yes	Yes	Yes	No
	Road checkpoints	No	Yes	Yes	No	No
9. Coordinated border management	Institutional arrangements for coordination	Partially	Partially	Partially	Partially	Fully
	Alignment of working hours and days	Partially	Partially	Partially	Partially	Fully
	Joint controls	Not implemented	Not implemented	Yes	Not implemented	Yes
	Infrastructure and equipment	No	Yes	Yes	Yes	Yes
10. Partnership with business	Participation in the development of laws and regulations	Yes	Yes	Partially	Yes	Yes
	Customs-Business Partnership programme to improve the effectiveness of transit via a Trade contact group, where the transit procedure is playing an important role	Yes	Yes	No	Yes	Yes
11. Performance measurement	CTR Time Release Study	Yes	Yes	Yes	Yes	Yes
	Development of performance indicators	No	Yes	No	No	Yes

Source: CTR Survey and available information

5 Challenges and Policy Options

5.1.1 CTR Legal framework

The following challenges and policy options were identified for CTR Legal framework:

Table 61: CTR Legal framework challenges and policy options

Attributes	Challenges	Policy Options
International instruments relating to CTR	• Low participation of OIC MS in International Organizations related to CTR • Partial or no implementation of the International instruments, standards, and recommendation relating to CTR • The bilateral, regional, and multilateral agreements are not in line with the transit provision according to International instruments, standards, and recommendation	• OIC MS to accede to the International Organisation to ensure transit facilitation and freedom of transit • Full implementation of the International instruments, standards and recommendation arising from International Organizations • Prior to sign new transit agreements , the exiting regional agreements should be check by the Governments
National Legislation related to CTR	• National Legislation, Customs Code and Implementing Regulations related to CTR are not aligned with the International standards and recommendation • It is highly recommended for National legislation to contain provisions under which the transit movements may take place without payment of the import or export duties and taxes • Legal provision for the goods that are subject prohibitions or restrictions transiting thought the Customs territory	• CAs need to ensure that their Customs Codes and Implementing Regulations includes transit provision according to International standards and recommendation • Appropriate legal and procedural framework and the formalities to be accomplished for Customs transit • Customs transit through the Customs territory may be authorized for goods which, under national legislation, are subject to prohibitions or restrictions at importation. In such cases, Customs may impose particular requirements and may impose strict controls, such as requiring the goods be transported under Customs escort

Source: Authors' compilation

5.1.1.1.1 Bilateral and regional agreements

Establishment of cooperation on a bilateral and regional basis related to CTR is of utmost importance to ensure freedom of transit and facilitating the transit.

One of the preconditions for an efficient CTR is an appropriate legal and procedural framework assigned to and enforced by Customs administrations. WTO and WCO encourage the governments and CAs to conclude and implement bilateral, regional, and international agreements with other governments/CAs for cooperation on CTR.

An important element of the CTR legal framework is bilateral, regional, and international cooperation between CAs to adopt a consistent framework on CTR and establishing of non-discriminatory conditions for all goods in transit regardless of their flag of origin.

The international legal framework for CTR consists of several international agreements and conventions that address the issues of transit facilitation and efficiency; WCO RKC, the WTO TFA, and General Agreement on Tariffs and Trade (GATT), the UN Vienna Programme of Action (VPoA), the UN TIR Convention and the UN Harmonization Convention. All these international agreements and conventions emphasize the importance of better cooperation among the CAs to reduce excessive regulation and conformity of the transit procedures.

Box 11: CTR Regional Agreements

The following regional agreements are directly related to CTR as one aspect of broader trade agreements. The EU-EFTA Convention on a Common Transit Procedure (1987) allows goods to move efficiently across borders of the contracting parties and simplifies customs formalities, that enables free transit the European Union MS) and the EFTA countries (Iceland, Norway, Liechtenstein, and Switzerland), Turkey (since 1 December 2012), the Republic of North Macedonia (since 1 July 2015) and Serbia (since 1 February 2016)[122].

The AFAFGIT Protocol 7123 is a legal pillar for facilitation in transit and implementation of ASEAN ACTS. This Protocol defines the core elements such as uniform customs transit declaration/document, regulated guarantee system, and management of the transit system.

5.1.1.1.2 The international legal framework for the CTR at the national and regional levels

WCO created the Revised Kyoto Convention as a quality standard for a modern, well-functioning Customs administration. The Revised Kyoto Convention in its Specific Annex E provides a comprehensive set of uniform principles for simple, effective, and predictable CTR with effective Customs control.

[122]https://ec.europa.eu/taxation_customs/business/customs-procedures/what-is-customs-transit/common-union-transit_en
[123]https://acts.asean.org/Publication/Legal-Framework/afafgit-protocol-7-and-technical-appendix-%E2%80%93-customs-transit-system

5.1.1.1.3 International Legal Conventions

Membership in the International Conventions related to transit to establish government support for the bilateral and multilateral agreements necessary to set up an international an effective bilateral and regional CRM.

5.1.2 ICT and efficient Transit Information Management

The following challenges and policy options were identified for ICT and efficient Transit Information Management:

Table 62: ICT and efficient Transit Information Management challenges and policy options

Attributes	Challenges	Policy Options
Exchange of information and data protection	• Lack of interoperability and interconnectivity on the national and international level • Lack of exchange of transit data information between CAs • Use of traditional seals and customs escort for monitoring the transit operations	• Establishment of a common concept - interoperability standards for the electronic and automatic exchange of information • Information exchange between all agencies involved en route, including Customs, transport control, OGA's, police, and railways • Use of Single window as a mechanism / gateway for exchange of information between CAs and OGAs • Use electronic seals and means of transport transit tracking systems
Type of information exchanged	• Pre-arrival information disseminate to all customs offices involved in transit • Customs transit declaration formed at the office of entry and closure of the transit procedure at the office of exit • Manual, paper-based management of customs data and information	• Pre-arrival information automatically disseminated to all customs offices - from the customs office of departure, customs offices of transit (en route) and customs office of the destination • Exchange of guarantee data and information • Use and exchange of unique identification number among CAs for transit declaration
Compliance with international standards	• Data and messaging standards consistent with international standards	• Use of WCO Data Model for standardization of data requirements for the exchange of transit data and information between CAs
ICT infrastructure	• Technologically obsolete customs declaration processing systems to support the exchange of information and data on a national and international level • Transit procedure (transit declaration and guarantees) are managed manually	• Modernization of customs declaration processing systems to support CTR and guarantee management system • Use of Single Window gateway for exchange the information and data on a national and international level • Business Continuity concept to ensure interrupted access to ongoing transit operations

Source: Authors' compilation

5.1.2.1.1 Exchange of information and data protection

The efficient operational cooperation, coordination and exchange of information with other customs administrations, particularly in neighboring countries it's a crucial element for management and monitoring of transit operations, together with a communication and partnership policy with traders and transport operators.

One of the main objectives of the exchange of customs data is the establishment of a common concept - standard for the electronic and automatic exchange of pre-arrival information in (near) "real-time" between CAs related to CTR. Taking into account that Customs Administrations are on a different ICT technological development level (some of MS with technologically obsolete IT Systems), by means of a different Customs Declaration Processing Systems, exchange of customs data related to transit is an essential element for CTR – to harmonize legal and security requirements in transit, establish joint controls, coordinated border management – one-stop-shop, etc.

5.1.2.1.2 Compliance with international standards

Simplification and harmonization of customs and trade procedures is a core provision of both the WCO RKC on the Simplification and Harmonization of Customs Procedures and the WTO TFA. Specifically, Standard 3.11 of the RKC requires for goods declarations (including transit declaration) to conform to the UN Layout Key (UNLK)[124] for paper forms or the WCO Recommendations on electronic messages - WCO Data Model[125]. In this regard, the paper and electronic format of the customs declaration (Single Administrative Document (SAD)) fulfills the requirements of both the UNLK and the WCO Data Model. In the same manner, Article 10 paragraph 3 of the WTO TFA requires the use of international standards for import, export and transit formalities, while paragraph 7 provides for common customs procedures and uniform documentation requirements throughout a Member's customs territory.

5.1.2.1.3 ICT infrastructure

It is highly recommended for the Customs Declaration Processing System and Single Window to manage the CTR declaration and support the exchange of information with other CAs. As well, the CDPS and SW may host, support and manage the systematic exchanges of pre-arrival information and data between Customs administrations

Such a transit system is also synergistic with the following strategic objectives:

- The use of electronic data interchange (EDI) systems for the collection, processing, and transmission of transit data;

[124] http://tfig.unece.org/contents/unlk-recomm-1.htm
[125] http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/data-model.aspx

- Efficient operational co-operation, co-ordination and exchange of information with other customs administrations, for the management and monitoring of transit operations;
- Development and implementation of a reliable guarantee system (NCTS, ACTS).

Such bilateral or regional information exchanges require a legal framework negotiated and agreed bi-laterally or regionally by the participating governments and administrations. They include, in the case of SEED Customs Mutual Administrative Assistance Agreements (CMAAA); SEED Memorandum of Understanding (MoU); and Protocol on the electronic exchange of data (which, among other things, defines the scope of data to be exchanged).

5.1.3 CTR Guarantee management and monitoring system

The following challenges and policy options were identified for CTR Guarantee management and monitoring system:

Table 63: CTR Guarantee management and monitoring system challenges and policy options

Attributes	Challenges	Policy Options
Calculation or estimation of the guaranteed amount	• CAs estimate arbitrary or fixed-guarantee amount	• The guarantee should not exceed the highest rates of customs duties for import
Guarantee according to risk level and guarantee waiver	• The guarantee amount is not calculated according to the risk level - de minimis threshold for the risk level of transit operators • The AEO concept applies only to import and export procedures • No guarantee reduction for the transit operators	• The guarantee amount should be calculated according to the risk level of transit operators • CAs to reduce the guarantee amount to AEO authorization holders • The goods that are identified as high risk is not applicable for guarantee waiver
Forms of guarantee	• Only cash guarantee is accepted	• CAs should accept any form of guarantee
Comprehensive guarantees, comprehensive guarantee with a reduced amount of guarantee and guarantee waiver	• Customs administrations have not established criteria for Comprehensive guarantees	• CAs should develop a standard procedure for granting a comprehensive guarantee with calculated guarantee amount on the basis of the volume of transit operations • It is highly recommended for the customs administrations to monitor the use of the comprehensive guarantee to avoid exceeding the reference amount of the comprehensive guarantee • CAs shall reduce the amount of the comprehensive guarantee taking into account sound finances and clear records for the transit operators

Attributes	Challenges	Policy Options
End of procedure and discharge of guarantee	• Customs declaration processing systems do not manage the guarantees in real-time • Manual, paper-based management of guarantees	• After termination of the customs transit procedure, the guarantee should be immediately released • In case of usage of the paper-based system, the discharge the guarantee should take a maximum of three days
Use of Customs convoys and Customs escorts or usage of transit guarantees	• Customs Administrations are regularly using the Customs escorts	• In case when there is a no other form of guarantee, the customs escort shall be used • Only in instances of high risk consignments, a customs escort may be considered for the use of active RFID (with GPS) seals to monitoring the transit in real-time
International/regional guarantee management and monitoring systems	• Transit procedure including guarantees in transit are not managed in customs declaration processing system	• Guarantee management systems are reducing the guarantee paper-based related documents • Integration of guarantee management systems in CDPS will improve the efficiency of customs transit and automatic release of the guarantee

Source: Authors' compilation

5.1.3.1.1 Calculation or estimation of the guaranteed amount

The CTR guarantee amount should be as low as possible and not exceed the sum of the highest rates of customs duties that would be applicable to the transit Customs territory. Customs should be flexible in the form of security required by not insisting on cash deposits, or by accepting general security instruments covering single or multiple transit operations.

When calculating the guarantee amount, the following should not be taken into account:

- Any potentially chargeable penalties;
- Any interest for delayed payment;
- Other concerns that would increase the guarantee amount or hinder transit operations unnecessarily.

5.1.3.1.2 Guarantee according to the risk level and guarantee waiver

According to the evaluation of the risk the Authorisation to use the comprehensive guarantee with full guarantee amount shall be granted only to a person who satisfies all of the following general conditions:

a) The applicant is established in the customs territory of the relevant country or customs/economic union;

b) The applicant proofs the absence of any serious infringement or repeated infringements of customs legislation and taxation rules, including no record of serious criminal offenses relating to the economic activity of the applicant;
c) The applicant is a regular user of the customs procedures involved or operators of temporary storage facilities, or the applicant proofs practical standards of competence or professional qualifications directly related to the activity carried out.

5.1.3.1.3 Risk-based calculation of guarantee amount

According to the recognized risks level, the government can set up the list of high risky goods where the specific minimum rates for calculation of guarantee are published. Usually, on an annual basis, the government shall regularly evaluate the actual risks level in the country and evaluate the list of high risky goods.

5.1.3.1.4 AEO and reduction of guarantee amount of AEOs

Based on the implementation of the rules for granting the AEO Certificate the government can harmonize the criteria for granting the Authorisation to use the guarantee waiver (i.e., guarantee amount is reduced to 0% of reference amount) and the criteria for granting the AEO Certificate. That harmonization will reduce the time and resources necessary for evaluation and granting the Authorisation to use the guarantee waiver.

5.1.3.1.5 Forms of guarantee

It is highly recommended for CAs to accept any form of transit guarantee. The possible types of guarantee may include, but not be limited to[126]:

- Cash deposits (national or foreign currency);
- Temporary placement of funds on the Customs administration's bank account;
- Tradable securities;
- Movable property (e.g., means of transport) pledge agreement;
- Non-movable property (e.g., office or production premises) pledge agreement;
- Bank guarantee;
- Insurance policy;
- Surety contract;
- International guarantees;
- Regional guarantees.

[126] https://www.carecinstitute.org/wp-content/uploads/2019/01/Session-10-Transit-M-Bannon.pdf

5.1.3.1.6 Comprehensive guarantees, comprehensive guarantee with a reduced amount of guarantee and guarantee waiver

Customs administrations may review the reference amount of the comprehensive guarantee and adjust it to the volume of the transit operations conducted by the operator. Both transit operators and Customs administrations can monitor the use of the comprehensive guarantee, and keep a record of each transit operation to avoid exceeding the reference amount of the comprehensive guarantee.

It is highly recommended for customs administrations to develop a standard procedure for granting a comprehensive guarantee, in which they calculate the guarantee amount on the basis of the volume of transit operations carried out by the applicant in the earlier period.

5.1.3.1.7 End of procedure and discharge of guarantee

The WTO / WCO recommendation stipulates for the guarantee to be discharged immediately once the corresponding transit operation is terminated. The Paper-based transit systems may take a maximum of 3 working days to discharge the guarantee once the transit operation is terminated and that information is exchanged between the customs office of departure and the customs office of destination electronically. If that information is exchanged between the customs office of departure and the customs office of destination in paper form, it could take more than 30 days to discharge the transit operation and the used guarantee.

5.1.3.1.8 Use of Customs convoys and Customs escorts or usage of transit guarantees

It is highly recommended to use risk management techniques to determine any compliance risk. Only in instances of high risk, a prescribed itinerary or Customs escort can be considered for use of RFID or GPS seals to monitoring the transit in real-time.

5.1.3.1.9 International/regional guarantee management and monitoring systems

An essential requirement of any transit system is a guarantee valid for a single or multiple transit operations, which covers the full amount of Customs duty and other charges applicable. To increase the security in the national or international/regional CTR, it is recommended to develop the Guarantee Management System (GMS), which could be used for CTR and for other customs procedures. The Guarantee Management System (GMS) shall be managed by the Customs office of Guarantee to which the guarantee is provided – the cash deposit, the individual guarantee by a guarantor or the comprehensive guarantee by a guarantor. The Guarantee Management System (GMS) check and monitor whether the amount of guarantee or the Reference amount of comprehensive guarantee or guarantee waiver is not exceeded when a new customs declaration is lodged to the customs otherwise this customs declaration cannot be accepted by customs.

Box 12: ACTS International Guarantee System

ACTS International Guarantee System manages two types of guarantees:

Single journey guarantee - Covers only a single transit operation by the Principal concerned, covering the full amount of duties, taxes and other charges for which the goods are liable;

Multiple journey guarantee - Covers several transit operations up to a given Reference Amount, set to equal 100% of the total amount of duties and other charges that may be incurred for goods under the Principal's transit operations over a period of at least one week.

5.1.4 Transit Fees and charges

The following challenges and policy options were identified for Transit Fees and charges:

Table 64: Transit Fees and charges challenges and policy options

Attributes	Challenges	Policy Options
Transit Fees and charges	• CAs estimate arbitrary or fixed fees or charges for transit procedures • Fees and charges for transit procedures are not publicly available	• Customs administrations should not collect any fees or charges for transit except for charges for administrative expenses related to transit or charges for services rendered • CAs in respect of transparency should publish the applicable fees for transit operations

Source: Authors' compilation

Customs administrations should not collect any fees or charges for transit except for charges for administrative expenses related to transit or charges for services rendered. Administrative expenses may include the following fees and charges (or to be kept to a minimum)[127]:

- Special fees for work outside normal working hours;
- Special fees for work outside Customs facilities;
- Special fees for the use of extra facilities (for example for oversized goods);
- Charges for storage;
- Charges for special measures, procedures or services at the request of the transit operator (for example, a Customs convoy or Customs escort requested by the operator).

[127]http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/transit/transit-guidelines.pdf?db=web

The rules and principles for trade and transport facilitation the Customs administrations in respect of transparency should publish the applicable fees for transit operations to avoid misunderstanding and possible corruption.

5.1.5 Simplification of formalities with the wide use of simplified procedures in transit

The following challenges and policy options were identified for Simplification of CTR formalities:

Table 65: Simplification of formalities with the wide use of simplified procedures in transit challenges and policy options

Attributes	Challenges	Policy Options
Simplification of documentary requirements	• Transit procedures are complex with the presentation of paper-based mandatory and additional documents to CAs and OGAs • Means of transport are subject to measurement and weight control	• CAs and OGAs should review the formalities and minimize the documentary requirements for transit • Reduction of customs mandatory and additional documents for transit
Simplification of procedures - pre-arrival transit declaration	• Transit procedure starts with presenting the goods to the Customs and forming the transit documents is consecutively	• CAs should introduce legal requirements for electronic pre-arrival information • CAs should allow traders and transit operators to lodge in advance the documents in electronic format for pre-arrival processing
Digitalization/automation of processes – Single Window	• Lack of exchange of information between CA and OGAs • Lack of exchange of information between CAs • Transit procedure are paper-based	• It is highly recommended the exchange of information to take place on a national level (e.g., OGAs and CA) and on an international level (e.g., bilateral or multilateral agreements between CAs) • Establish Single Window and to enable transit operators to submit transit customs declarations and documentation through a single entry point

Source: Authors' compilation

5.1.5.1.1 Simplification of documentary requirements

It is highly recommended for CAs and OGAs to reduce the data required for the transit declaration to the data necessary to identify the goods and means of transport and to ensure that the requirements of the Customs administration and OGAs are met. CAs and OGAs should review the formalities and documentary requirements for transit with a view to minimizing their complexity.

Customs administrations are encouraged to create special favorable conditions and requirements, including submission of data, and simplified forms for transit operations for small and medium-sized enterprises (SMEs). Customs administrations and OGAs should review the formalities and documentary requirements for transit with a view to harmonizing them with the regional and international requirements[128].

5.1.5.1.2 Simplification of procedures and pre-arrival customs declaration

Upon application, the customs authorities may authorize any of the following simplifications regarding the placing of goods under the CTR (CTR) or the end of that procedure at the inland customs offices:

a) the status of Authorised Consignor, allowing the holder of the authorization to place goods under the CTR (CTR) without presenting them to customs at the customs office of departure;

b) the status of Authorised Consignee, allowing the holder of the authorization to receive goods moved under the CTR (CTR) at an authorized place, to end the procedure on behalf of the customs office of destination;

c) the use of seals of a special type, where sealing is required to ensure the identification of the goods placed under the CTR (CTR);

d) the use of a customs declaration with reduced data requirements to place goods under the CTR (CTR);

e) the use of an electronic transport document as customs declaration to place goods under the CTR (CTR), provided it contains the particulars of such declaration and those particulars are available to the customs authorities at departure and at the destination to allow the customs supervision of the goods and the discharge of the procedure.

5.1.5.1.3 Digitalization/automation of processes – Single Window

UNECE Recommendation No 33 defines a Single Window for Trade as follows: "... a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements[129]." In many countries, SW is providing services related to transit guarantee, transport operators, insurance, and monitoring of customs operations.

UNESCAP recommends governments to establish Single Window and to enable transit operators to submit transit Customs declarations and other mandatory and additional documentation to

[128] https://www.unescap.org/sites/default/files/WCO-PresentationHLEGM.pdf
[129] https://www.unece.org/fileadmin/DAM/cefact/recommendations/rec33/rec33_trd352e.pdf

the participating authorities or agencies through a single entry point[130] and refer to the recommendations contained in the WCO Single Window Compendium.

5.1.6 Risk management

The following challenges and policy options were identified for effective and efficient risk management for transit:

Table 66: Simplification of documentary requirements challenges and policy options

Attributes	Challenges	Policy Options
CTR risk management system	• Goods in transit and means of transport are subject to physical control by CAs	• CAs should develop and maintain a risk management system for Customs controls on transit in line with the WCO Risk Management Compendium
Integrated risks management systems – Customs and border control agencies	• Goods in transit and means of transport are subject to physical control by border agencies	• An integrated risks management systems should be established for border control agencies - CA and OGAs

Source: Authors' compilation

5.1.6.1.1 CTR Risk Management System

CAs should develop and maintain a risk management system for Customs controls on transit in line with the WCO Risk Management Compendium. The general principle is the adoption of a risk management framework that introduces risk-based decision making and procedures into the organization that enables a balance between control, facilitation, and supply chain security to be maintained. The transit operations must be included in the Customs Risk Management framework.

5.1.6.1.2 Integrated risks management systems – Customs and border control agencies

Governments are encouraged to set up integrated risks management systems between all border control agencies involved both within a country and between neighboring countries who are parties to regional integration initiatives. The CAs and OGAs should develop integrated risks management systems to manage transit customs procedures. Based on its integrated risk assessment service, the ICRM will greatly facilitate and, in fact, automate the decision-making procedures. The risk for each transit movement can be estimated with precision, and the decision will be dependent on this risk. This way, the exercise of discretionary powers by customs officers and agencies will be minimized.

[130] https://www.unescap.org/sites/default/files/WCO-PresentationHLEGM.pdf

5.1.7 Authorized Economic Operators (AEO)

The following challenges and policy options were identified for implementation of Authorized Economic Operators concept:

Table 67: Authorized Economic Operators challenges and policy options

Attributes	Challenges	Policy Options
Facilitation benefits for transit operations under their AEO programmes and access to the simplified procedures	• AEO authorization holders cannot use the benefits for transit procedure • Transit procedures are complex with the presentation of paper-based mandatory and additional documents to CAs and OGAs	• CAs to reduce the guarantee amount to AEO authorization holders • Simplified data requirements and submission for transit
CTR procedures in accordance with the WCO SAFE Framework of Standards (combined pre-arrival declaration and transit declaration)	• AEO concept applies to import and export procedures	• Establish a core set of internationally accepted trade facilitation benefits that could be provided to AEOs for transit

Source: Authors' compilation

5.1.7.1.1 Facilitation benefits for transit operations under their AEO programmes and access to the simplified procedures

Customs administrations are encouraged to reduce the guarantee amount for Authorized Economic Operators (AEOs) and other low-risk operators. The conditions for reducing the guarantee amount may include, but not be limited to, the following:

- Sound financial situation;
- Sufficient experience in conducting transit operations;
- Compliance with legal and security requirements;
- Proven cooperation with Customs administrations;
- AEO status.

5.1.7.1.2 CTR procedures in accordance with the WCO SAFE Framework of Standards (combined pre-arrival declaration and transit declaration)

WCO SAFE Framework of Standard emphasizes the importance of establishing a core set of internationally accepted trade facilitation benefits that could be provided to AEOs under all relevant national programmes - including transit. When a Customs office inspects transit goods, the results of the inspection and any other useful information should be shared immediately with all other relevant Customs offices of transit.

Customs administrations should provide AEOs with facilitation benefits for transit operations under their AEO programmes. The benefits may include, but are not limited to the benefits listed in Annex IV to the WCO SAFE Framework of Standards:

- Eligibility to set their own time-limit for delivery of transit goods to the place of destination;
- Eligibility to affix their own seals that have been approved by the Customs administration;
- Elimination or reduction of the guarantee amount for transit;
- Possibility of carrying out transit operations without presenting the goods and the transit declaration at the office of departure (authorized consignor);
- Possibility of receiving the goods at their premises or at any other specified place without presenting the goods and the transit declaration at the office of the destination (authorized consignee);
- Use of separate infrastructure for AEOs - access to dedicated fast lanes at land borders;
- Faster clearance at transit points and fewer checks en route;
- Low rate / minimum physical inspections and examinations of cargo security inspections;
- Use of comprehensive guarantees or reduced guarantees;
- Waiver / reduction of financial guarantee in case of transshipment/ transit or movement / transport of goods
- Facilitated transit without permission from Customs;
- Guaranteed renewal of transit goods license and any other licenses issued by Customs and other agencies.

5.1.8 Security Measures including the Security of Possible Customs Debt

The following challenges and policy options were identified for implementation of CTR security measures:

Table 68: Security Measures including the Security of Possible Customs Debt challenges and policy options

Attributes	Challenges	Policy Options
Customs seals and electronic Customs seals	• Traditional lead or plastic seals are used by CAs • CAs are not accepting the Customs seals and identification marks affixed by foreign CA	• Customs seals transit should fulfill the minimum requirements described in the Appendix to Chapter 1, Specific Annex E to the • CAs are encouraged to exchange samples of seals • Customs seals and identification marks affixed by foreign Customs should be accepted for the transit

Attributes	Challenges	Policy Options
Security measures for loading units	• Use of transport equipment that cannot be secured by CA	• Governments are encouraged to promote the use of containers and other transport equipment that can be secured by Customs seals
Prescribed time limit and itinerary	• CAs are not prescribing the timeframe for transit operations	• Time limit defining the period after the consignment is released in transit procedure till the customs office of exit
Customs escorts and convoys	• CAs is charging the fees for customs escort and convoy	• If the CAs applies customs escort and convoy due to the high level of risk, it should not charge fees
Road checkpoints	• Road checkpoints are a bottleneck for transit procedures	• Governments are encouraged to conduct all necessary controls on transit goods at the office of departure or border crossing points and should not establish any road checkpoints

Source: Authors' compilation

5.1.8.1.1 Customs seals and electronic Customs seals

Customs seals and fastenings used in Customs transit should fulfill the minimum requirements laid down in the Appendix to Chapter 1, Specific Annex E to the RKC and other relevant international conventions and agreements. Once the office of departure affixes Customs seals or applies other security measures to transit goods, other offices en route should not impose any additional restrictions on the goods. The office of departure should take all necessary actions to enable the office of destination and offices en route to monitor and verify the integrity of the consignment and the Customs seal and to detect any unauthorized interference.

Seals affixed by consignors, shippers and transporters can be recognized as Customs seals if these seals are approved by Customs administrations.

5.1.8.1.2 Security measures for loading units

It is highly recommended for Governments to refer to Annex 4 of the Customs Convention on Containers (1972) and Annexes 2-7 of the TIR Convention for the detailed special technical conditions for securing the integrity of loading units. Governments are encouraged to promote the use of containers and other transport equipment that can be secured by Customs seals (in contrast to bulky goods). The transport equipment / means of transport (according to TIR Approval of Vehicles – Security[131]) should be constructed and equipped in such a manner that:

[131] https://www.unece.org/fileadmin/DAM/tir/seminar/belgrade/TIRApprovalOfVehicles.pdf

- No goods can be removed from, or introduced into, the sealed part of the transport equipment without leaving visible traces of tampering or without breaking the Customs seal;
- Customs seals can be simply and effectively affixed to them;
- They contain no concealed spaces where goods may be hidden;
- All spaces capable of holding goods are readily accessible for Customs inspection.

5.1.8.1.3 Prescribed time limit and itinerary

When considered necessary Customs should ensure that any time limit is sufficient to enable the transit operation to be carried out. A prescribed time limit can be used as an additional security measure along with the Customs seal. When Customs authorities at the Customs office of Departure set a time limit for ending Customs transit, it should be sufficient for the purposes of the transit operation, and it should be discussed/negotiated with the declarant. Once the time limit has been fixed by the office of departure, it should not be changed by other offices en route, except for some exceptional cases. When setting a time limit, Customs authorities should consider regulations relevant to transit operations, such as working hours and mandatory rest periods for drivers of road vehicles. Where the goods in the CTR (CTR) are presented at the office of destination or Customs office of exit after the expiry of the prescribed time limit, and the delay is due to circumstances which are not attributable to the transit operator, the operator should be deemed to have complied with the prescribed time limit.

5.1.8.1.4 Customs escorts and convoys

Customs administrations may use a Customs escort or convoy only in cases where:

- The loss of transit goods en route would create an imminent risk for the safety and security of the Customs territory;
- Other security measures are not applicable because of the type of transit goods or transport unit;
- The transit operator requests a Customs escort or convoy.

When the Customs administration applies a Customs escort or Customs convoy due to the high level of risk, it should not charge fees for the Customs escort or Customs convoy. Only when the operator specifically requests the use of a Customs escort or convoy should it be considered an extra service and subject to fees. Information about the fees for a Customs escort or convoy should be reflected in national Customs legislation and be made publicly available.

5.1.8.1.5 Road checkpoints

Governments are encouraged to conduct all necessary controls on transit goods at the office of departure or border crossing points and should not establish any road checkpoints.

5.1.9 Coordinated border management

The following challenges and policy options were identified for the coordinated border management:

Table 69: Coordinated border management challenges and policy options

Attributes	Policy Options
Institutional arrangements for coordination	• Mutual cooperation between CAs and OGAs responsible for border controls should be established for transit procedures • It is highly recommended for the Governments to cooperate with neighboring governments to coordinate procedures at border crossings and facilitate transit operations • Transit operation activities should be coordinated between border controls agencies, in particular through the national committee on trade facilitation • National transit coordinator should be appointed to coordinate the inquiries and proposals from other border control agencies
Alignment of working hours and days	• The working days and hours should align for all agencies responsible for border control and procedures related to transit • Agencies responsible for border controls should align the working days and hours with neighboring countries
Joint controls	• Customs administrations and OGAs should plan joint controls considering resource and infrastructure sharing
One-stop border post	• It is highly recommended for the Governments to establish a one-stop border post for effective transit operations, using existing references such as the One-Stop Border Handbook of Best Practices at Border Crossings
Infrastructure and equipment	• Governments are encouraged to plan and establish separate infrastructure for different types of traffic, and ensure that transit goods are not prevented from flowing smoothly • Governments are encouraged to establish separate infrastructure for different types of risks, and ensure separate lanes for green and red corridors.

Source: Authors' compilation

5.1.9.1.1 Institutional Arrangements for Coordination

An adequate organizational scheme of the customs authorities at all levels is needed to ensure effective allocation of the necessary human and technical resources for the transit system to be properly applied. Foster mutual cooperation between CAs and competent OGAs responsible for border controls and procedures related to the transit of goods by the Governments. Border agencies should cooperate with neighboring governments to coordinate procedures at border crossings and facilitate transit operations. Governments are encouraged to coordinate transit operation activities between different border control agencies, in particular through the national committee on trade facilitation.

Customs administrations should play a prominent role in the national committee on trade facilitation in order to create effective transit regimes.

Governments are encouraged to appoint a national transit coordinator to steer all inquiries and proposals from other governments related to the good functioning of transit operations. Governments are encouraged to appoint the Customs administration as the national transit coordinator.

5.1.9.1.2 Alignment of working hours and days

Governments are encouraged to align the working days and hours of all competent agencies responsible for border control and procedures related to transit.

Governments are encouraged to cooperate with the governments of neighboring countries to establish common working days and hours.

5.1.9.1.3 Joint controls

If the transit goods need to be inspected by multiple border agencies, the inspection should be carried out at the same place and time.

Governments are encouraged to give Customs administrations the legal authority to conduct inspections on transit goods on behalf of other border control agencies when specific expertise is not required. Governments are encouraged to plan joint controls, considering resource sharing and exchange of the intelligence data between Customs administrations and OGAs[132].

Governments are encouraged to cooperate with the governments of neighboring countries to perform joint controls on goods in transit. CAs and OGAs should recognize the results of controls and risk management activities carried out by other CAs and OGAs (of the neighboring country) in order to avoid unnecessary multiple inspections on the transit goods.

5.1.9.1.4 One-stop border post

Governments are encouraged to seek to establish a one-stop border post (OSBP) for effective transit operations, using existing references such as the Handbook of Best Practices at Border Crossings – A Trade and Transport Facilitation Perspective[133].

Based on a bilateral agreement the common service of all involved border-crossing agencies and administrations can be applied at one border-crossing point, usually at the side of the importing country, i.e., all involved border-crossing agencies and administrations from importing and from

[132] https://www.unescap.org/sites/default/files/WCO-PresentationHLEGM.pdf
[133] https://www.osce.org/secretariat/88238

the neighboring exporting country are working together. Same common service of all involved border-crossing agencies and administrations is applied at another side of the border.

5.1.9.1.5 Infrastructure and Equipment

Governments are encouraged to plan and establish separate infrastructure for different types of traffic and ensure that transit goods are not prevented from flowing smoothly. Based on the agreement/protocol/memorandum of understanding relevant and involved border-crossing agencies and administrations can share the equipment or even the infrastructure – usually, it is applied at the border-crossing points.

Governments are encouraged to establish separate infrastructure for passengers and for transit goods.

5.1.10 Partnership with business

5.1.10.1.1 Participation in the development of laws and regulations

International Legal Conventions- WTO TFA Article 2; Article 4; WCO RKC General Annex 1, Standard 1.3;

Governments are encouraged to provide the private sector with opportunities to participate in the development of laws and regulations related to the movement of goods in transit as early as possible.

Governments are encouraged to give the private sector sufficient opportunity and adequate time to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement of goods in transit.

5.1.10.1.2 Customs-Business Partnership programme to improve the effectiveness of transit via a Trade contact group, where the transit procedure is playing an important role

International Legal Conventions- WTO TFA Article 2; Article 4; WCO RKC General Annex 1, Standard 1.3;

When governments design, modify and review policies and procedures on transit, they should take into consideration to provide micro, small, medium-sized, or similar operators with enough opportunity to reflect their views on the policies and procedures.

Customs Administrations are encouraged to develop a Customs-Business Partnership programme to improve the effectiveness of transit in accordance with the WCO Customs-Business Partnership Guidance.

It is highly recommended for Governments to develop procedures for review and for appealing against administrative decisions related to transit.

5.1.11 Performance measurement

5.1.11.1 CTR Time Release Study

International Legal Convention - WTO TFA Article 7

WCO has developed a unique strategic tool, known as the Time Release Study (TRS), with which Customs and other government agencies, along with private sector stakeholders, can measure in a periodic manner the efficiency and effectiveness of the entire cross-border flow process related to imports, exports and transit movements of goods. Key principles and processes on conducting TRS in the context of international transit (especially its use in specific trade corridors for the movement/transit of consignments). There are also suggestions and examples for carrying out a Joint TRS at common border points involving neighboring countries. Collaborating on the TRS with neighboring countries sharing borders, as well as others within a Customs/Economic Union or otherwise, in order to identify bottlenecks at common border crossings or in a supply chain from export to import (including transit), and to take necessary coordinated corrective measures and implement solutions[134].

5.1.11.2 Development of performance indicators

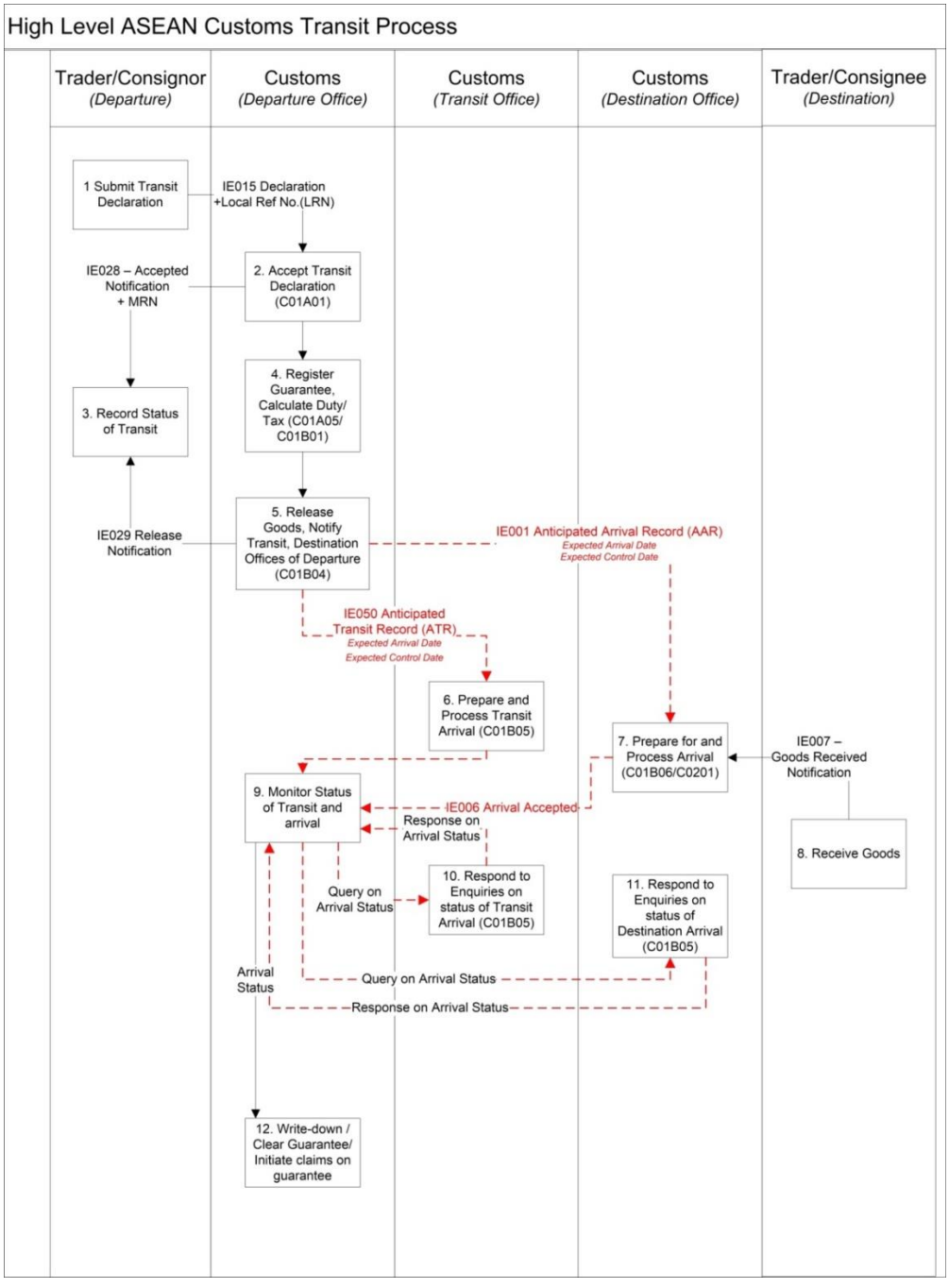
International Legal Convention - WTO TFA Article 7

By defining performance measures – Key Performance Indicators (KPI), Customs can identify the improvements needed to provide better quality service such as the controls of goods in transit, calculation of customs value and risk management.

[134] http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/time-release-study/time_release-_study.pdf?db=web

ANNEX I

Figure 47: ACTS Cross Border Message Flow and Business Processes

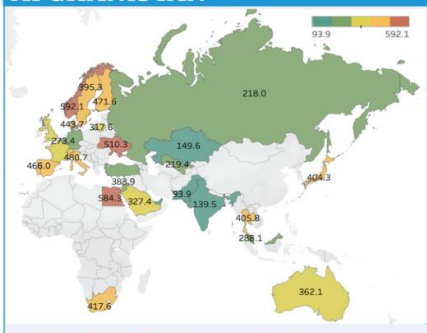


Source: ASEAN ACTS Feasibility Study

ANNEX II

OIC MS Profiles

AFGHANISTAN



Tariff measures: **26%**

Highest costs: Egypt (**584.3%**), Saudi Arabia (**327.4%**)

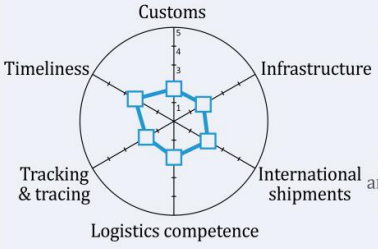
Lowest costs: Pakistan (**93.9%**)

Average trade cost: *neighboring country:* **283,3%**

SAFTA (25): **116.7%**

Logistics Performance Index

LPI Score: **1.95**



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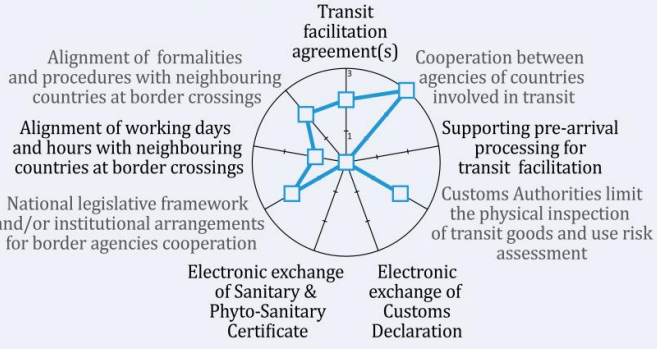
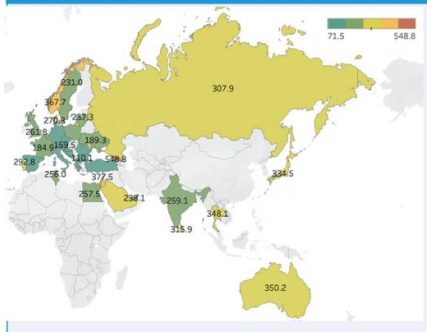


ALBANIA



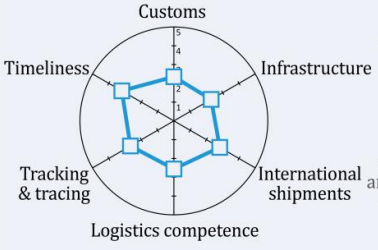
Tariff measures: **10%**

Highest costs: Georgia (**548.7%**), Saudi Arabia (**347.3%**)

Lowest costs: Italy, North Macedonia, Greece, and Montenegro

Logistics Performance Index

LPI Score: **2.66**



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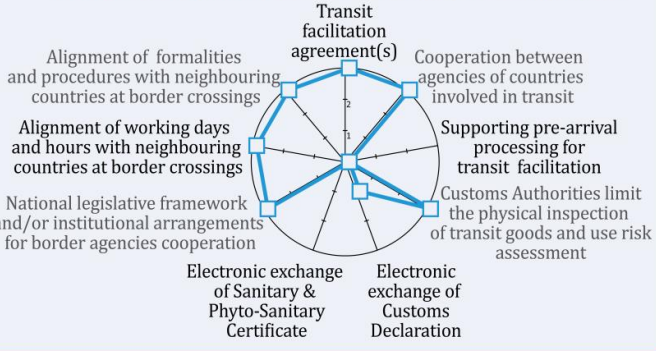
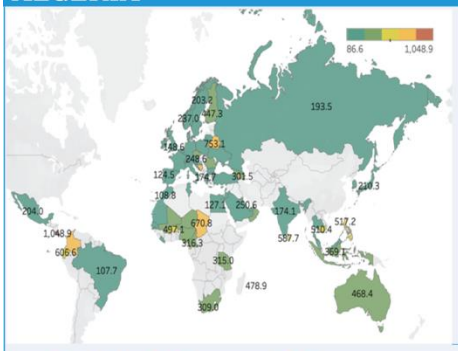


ALGERIA

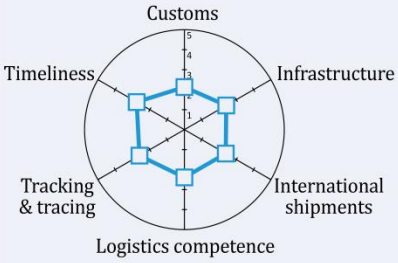


Highest costs: Chad (**670%**)

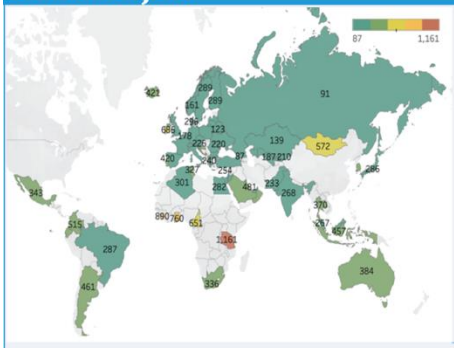
Average trade cost: *neighboring country:* **177.7%**
one transit country between: **288.0%**
two or more transit countries between: **339.2%**
GAFTA (10): **191.6%**

Logistics Performance Index

LPI Score: **2.45**



AZERBAIJAN



Average trade costs: **309.7%**

Tariff measures: **30%**

Highest costs: Sierra Leone (**890%**)

Lowest costs: Turkey (**95.3%**),

Average trade cost: *neighboring country:* **105.7%**
one transit country between: **155.9%**
two or more transit countries between: **332.7%**
TRACECA (4): **158.0%**

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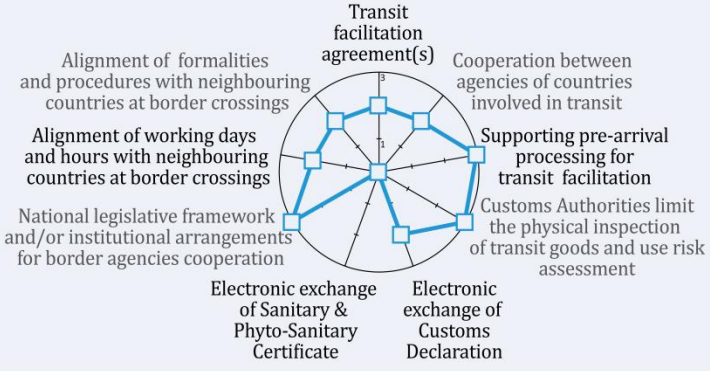
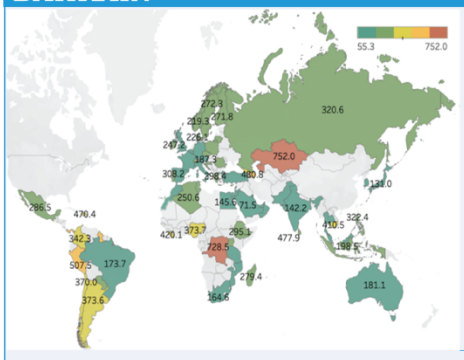


BAHRAIN



Average trade costs: **272%**

Tariff measures: **20%**

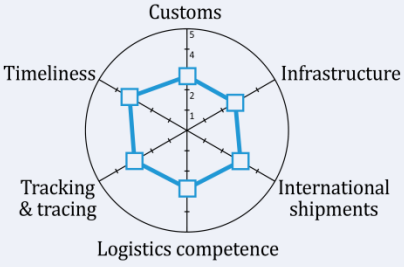
Highest costs: Kazakhstan (**752.0%**), Guyana (**569.6%**)

Lowest costs: UAE, Saudi Arabia, Kuwait and Oman

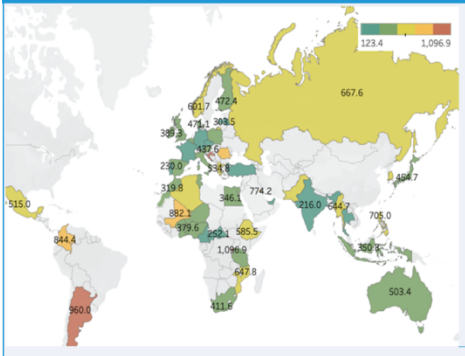
Average trade cost: *neighboring country:***109.5%**
one transit country between: **120.2%**
two or more transit countries between: **292.1%**
GAFTA (10): **137.5%**

Logistics Performance Index

LPI Score: **2.93**



CHAD



Average trade costs: **491.2%**

Tariff measures: **59.3%**

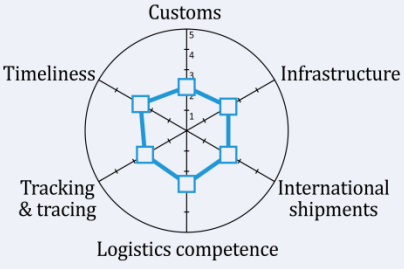
Highest costs: Mali (**882.1%**), Kuwait (**774.2%**)

Lowest costs: UAE (**124.4%**),

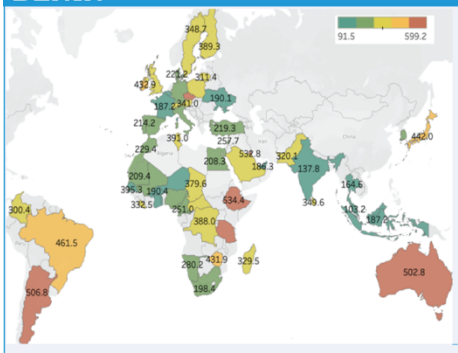
Average trade cost: *neighboring country:* **34.6%**
one transit country between: **550.3%**
two or more transit countries between: **496.7%**
CEN-SAD (11): **116.7%**

Logistics Performance Index

LPI Score: **2.42**



BENIN



Tariff measures: **36%**

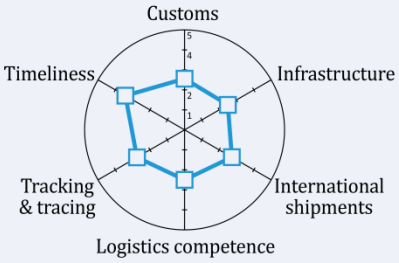
Highest costs: Kuwait (**532.8%**), Gambia (**395.3%**)

Lowest costs: Togo (**91.5%**),

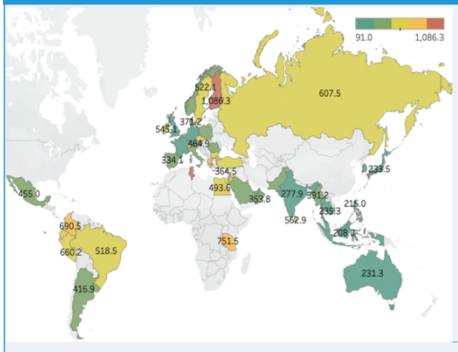
Average trade cost: *neighboring country:* **154.4%**
one transit country between: **258.5%**
two or more transit countries between: **314.0%**
CEN-SAD (14): **237.4%**
ECOWAS (9): **212.2%**

Logistics Performance Index

LPI Score: **2.75**



BRUNEI DARUSSALAM



Average trade costs: **432.4%**

Tariff measures: **21%**

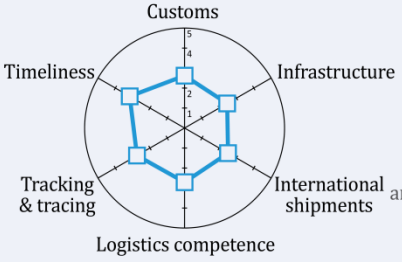
Highest costs: Tunisia (**973.0%**), Lebanon (**883.4%**)

Lowest costs: Malaysia **(91.0%)**

Average trade cost: *neighboring country:* **165.8%**
one transit country between: **251.9%**
two or more transit countries between: **524.2%**

Logistics Performance Index

LPI Score: **2.71**



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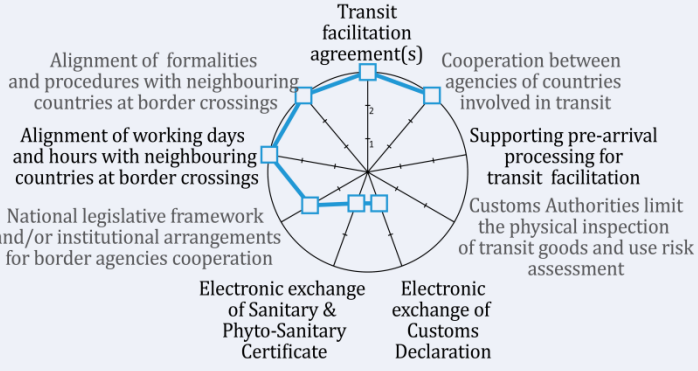
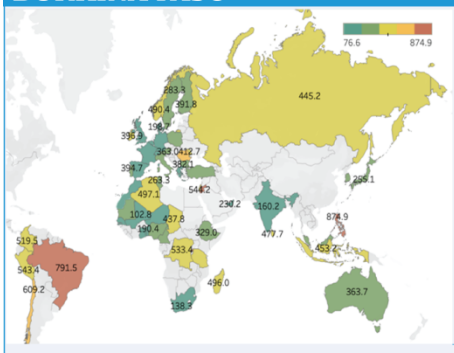


BURKINA FASO



Average trade costs: **348.3%**

Tariff measures: **35.5%**

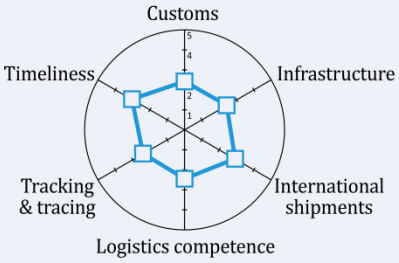
Highest costs: Jordan (**729.9%**), Algeria (**497.1%**)

Lowest costs: Togo (**90.3%**),

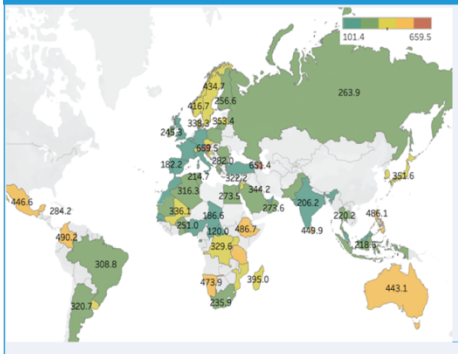
Average trade cost: *neighboring country:* **115.8%**
one transit country between: **302.3%**
two or more transit countries between: **377.0%**
CEM-SAD (11): **205.5%**
ECOWAS (7):147.3%

Logistics Performance Index

LPI Score: **2.62**



CAMEROON



Tariff measures: **44%**

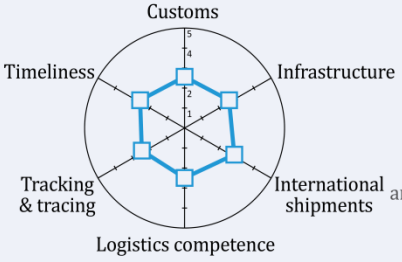
Highest costs: Azerbaijan (**651.4%**), Uganda (**425.9%**)

Lowest costs: Senegal **(110.9)**

Average trade cost: *neighboring country:* **164.1%**
one transit country between: **290.3%**
two or more transit countries between: **310.0%**

Logistics Performance Index

LPI Score: **2.60**



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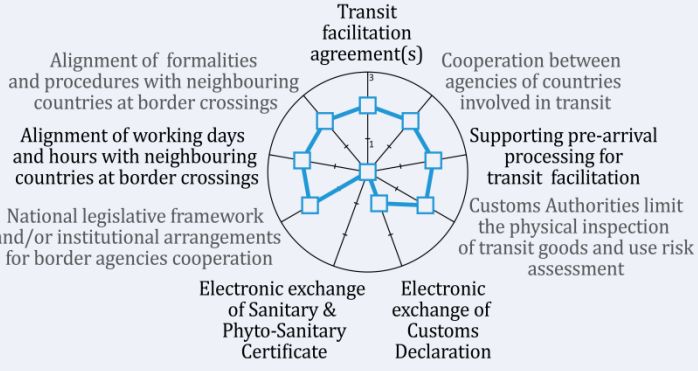
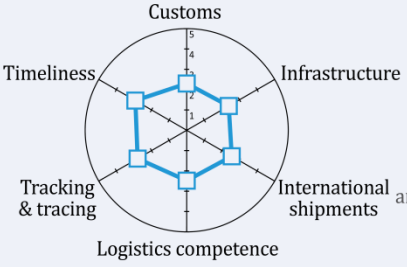


BANGLADESH

Logistics Performance Index

LPI Score: **2.58**



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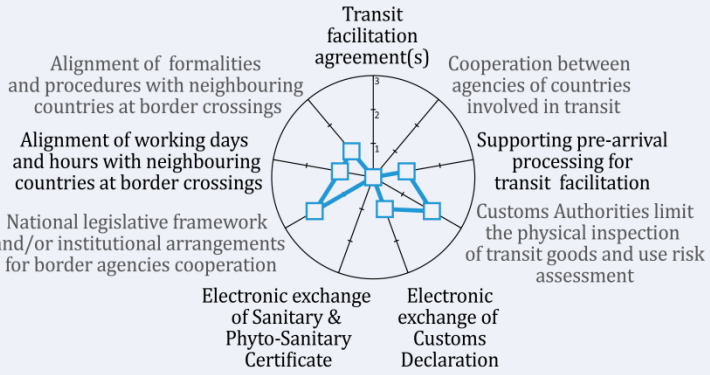
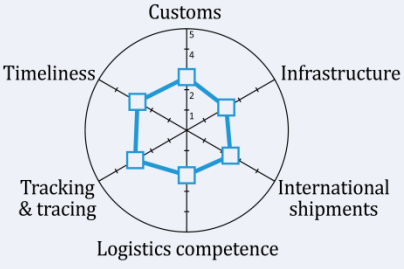


COMOROS

Logistics Performance Index

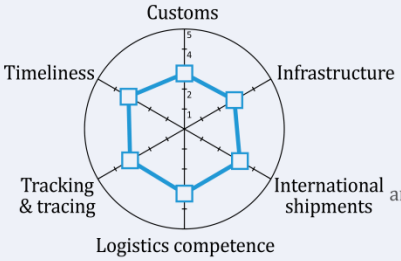
LPI Score: **2.56**



CÔTE D'IVOIRE

Logistics Performance Index

LPI Score: **3.08**



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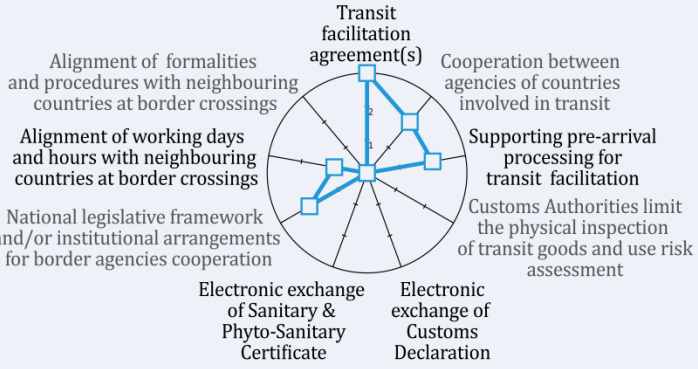
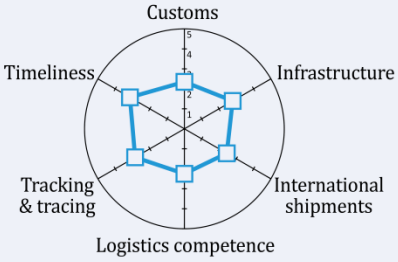


DJIBOUTI

Logistics Performance Index

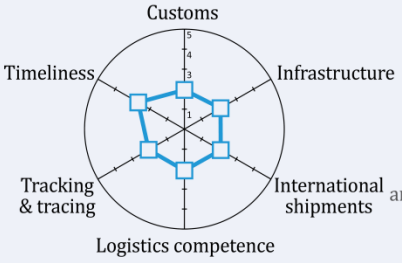
LPI Score: **2.63**



GABON

Logistics Performance Index

LPI Score: **2.16**



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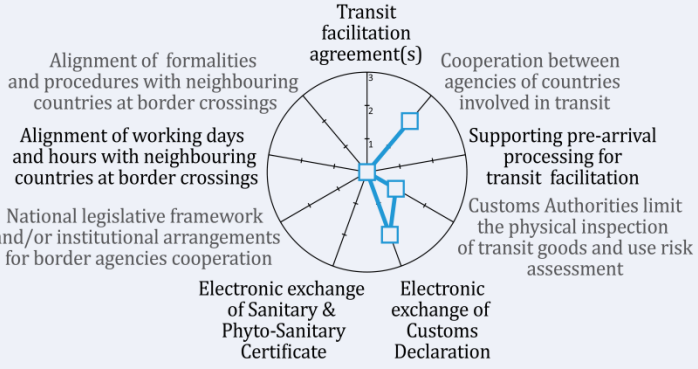
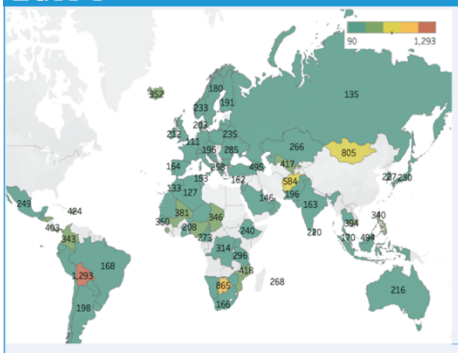


EGYPT



Average trade costs: **267.9%**

Tariff measures: **32%**

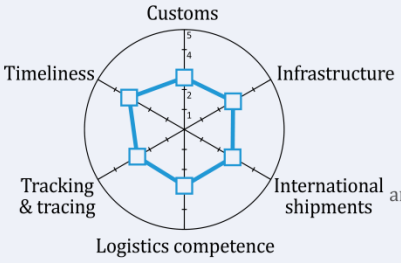
Highest costs: Afghanistan (**584.3%**)

Lowest costs: UAE (**90.1%**),

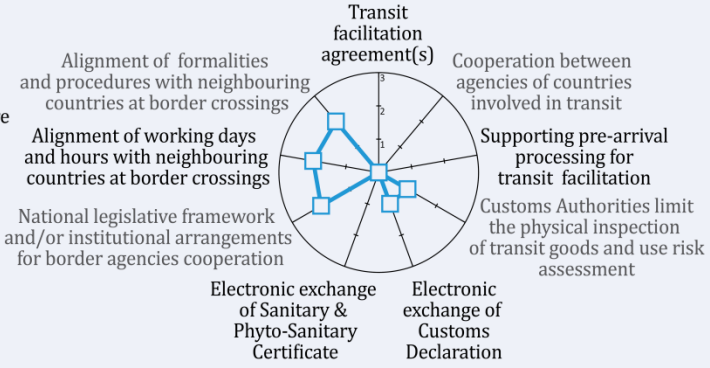
Average trade cost: *neighboring country:* **134.2%**
one transit country between: **203.8%**
two or more transit countries between: **282.4%**
GAFTA (10): **130.8%**
CEN-SAD (12): **271.3%**
COMESA (6): **303.0%**

Logistics Performance Index

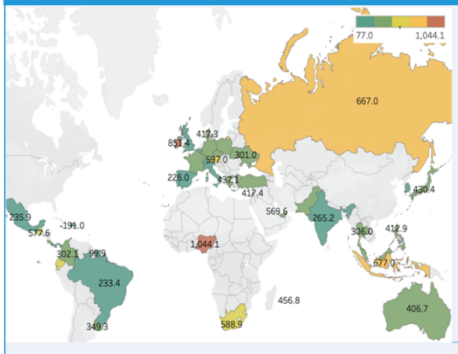
LPI Score: **2.82**



UN Global Survey on Digital and Sustainable Trade Facilitation



GUYANA



Average trade costs: **376.4%**

Tariff measures: **41.4%**

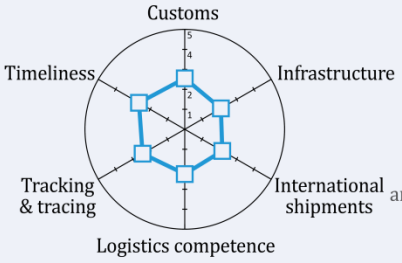
Highest costs: Nigeria (**1044.1%**)

Lowest costs: Suriname **(99.85%)**

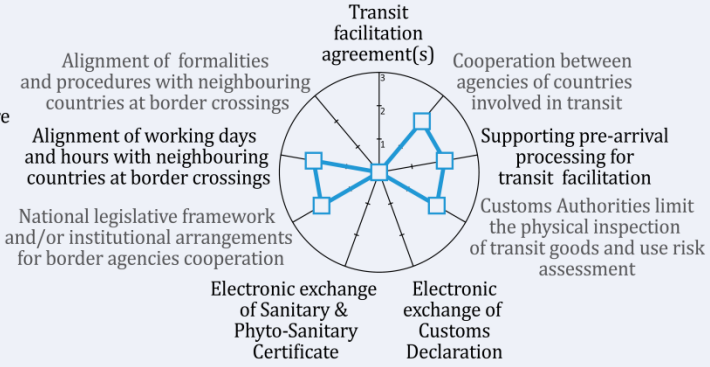
Average trade cost: *neighboring country:* **233.4%**
one transit country between: **325.7%**
two or more transit countries between: **388.8%**

Logistics Performance Index

LPI Score: **2.36**



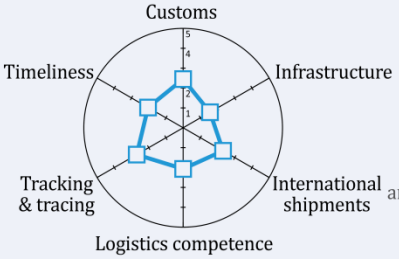
UN Global Survey on Digital and Sustainable Trade Facilitation



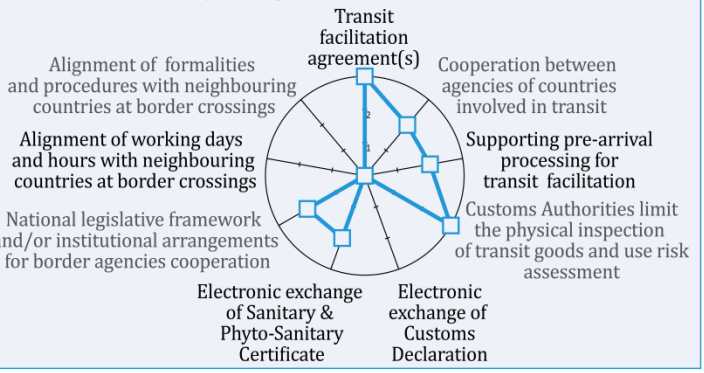
GUINEA

Logistics Performance Index

LPI Score: 2.2



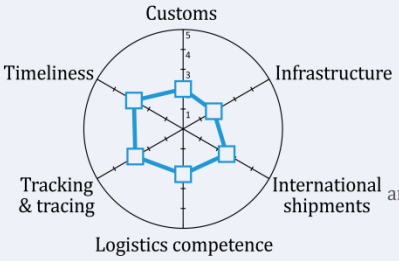
UN Global Survey on Digital and Sustainable Trade Facilitation



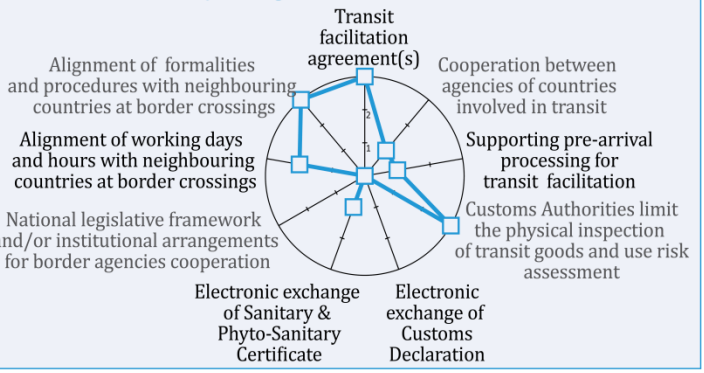
GUINEA-BISSAU

Logistics Performance Index

LPI Score: 2.39



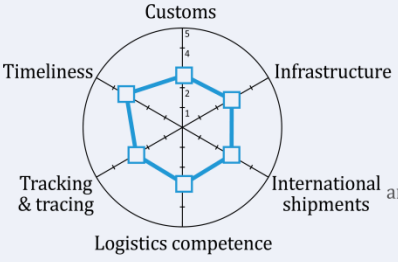
UN Global Survey on Digital and Sustainable Trade Facilitation



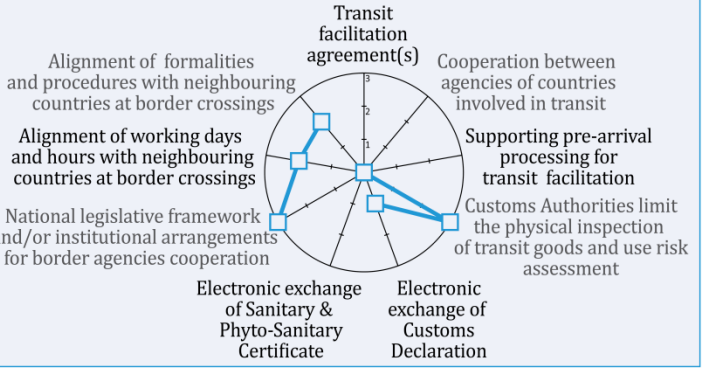
IRAN

Logistics Performance Index

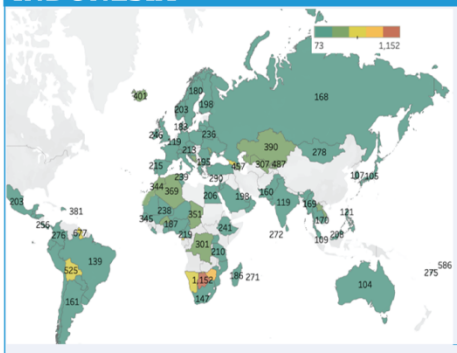
LPI Score: 2.85



UN Global Survey on Digital and Sustainable Trade Facilitation



INDONESIA



Average trade costs: **262.8%**

Tariff measures: **33.5%**

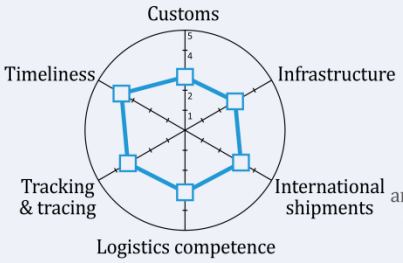
Highest costs: Guyana (**677.0%**)

Lowest costs: Malaysia (**72.8%**),

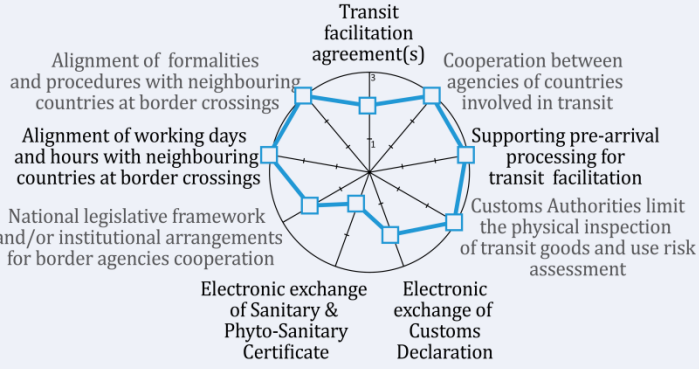
Average trade cost: *neighboring country:* **110-5%**
one transit country between: **224.2%**
two or more transit countries between: **271.1%**
ASEAN (8): **153.8%**

Logistics Performance Index

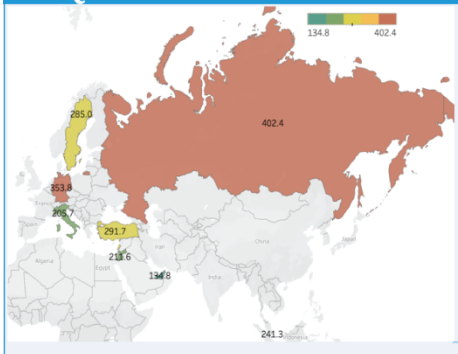
LPI Score: **3.15**



UN Global Survey on Digital and Sustainable Trade Facilitation



IRAQ



Average trade costs: **265.8%**

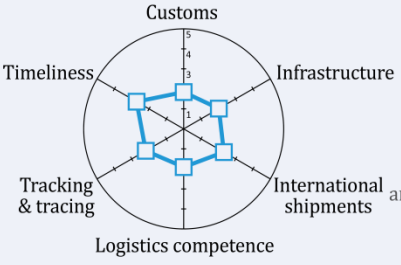
Highest costs: Turkey (**291.4%**)

Lowest costs: UAE (**134.8%**),

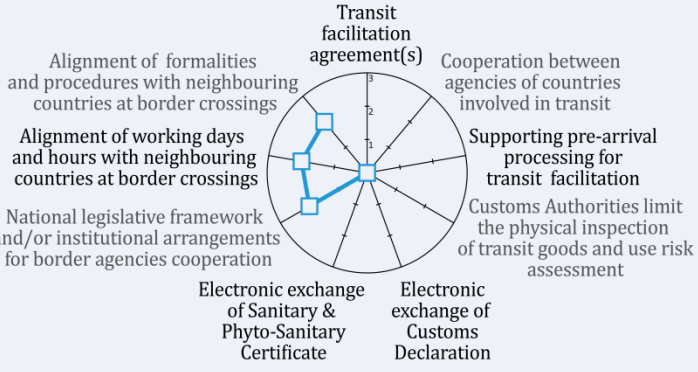
Average trade cost: *neighboring country:* **251.7%**
one transit country between: **200.3%**
two or more transit countries between: **297.6%**
GAFTA (3): **204.1%**

Logistics Performance Index

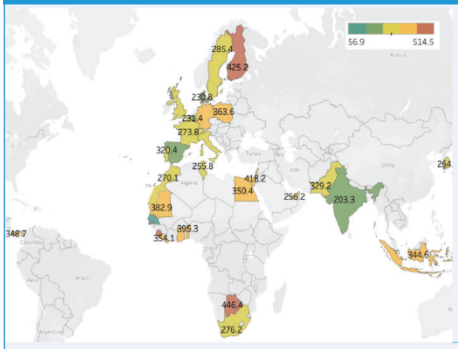
LPI Score: **2.18**



UN Global Survey on Digital and Sustainable Trade Facilitation



GAMBIA



Average trade costs: **315.84%** Tariff measures: **38%**

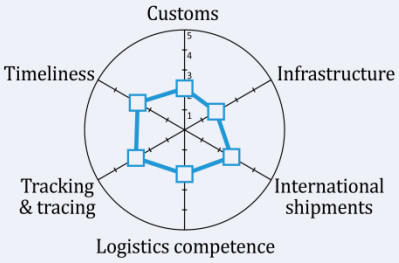
Highest costs: Sierra Leone (**514.51%**), Benin (**395.34%**) and Mauritania (**382.94%**)

Lowest costs: Senegal (**56.85%**),

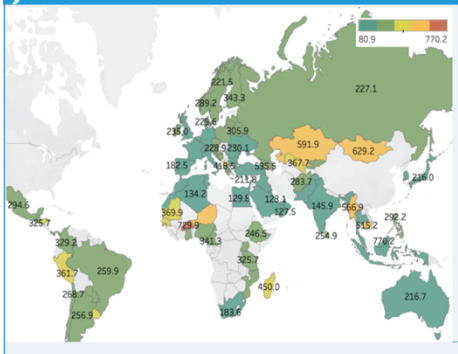
Average trade cost: *neighboring country:* **56.85%**
one transit country between: **448.73%**
two or more transit countries between: **315.60%**
CEN-SAD (8): **321.79%**
ECOWAS (5): **333.84%**

Logistics Performance Index

LPI Score: **2.40**



JORDAN



Average trade costs: **280.60%** Tariff measures: **31.86%**

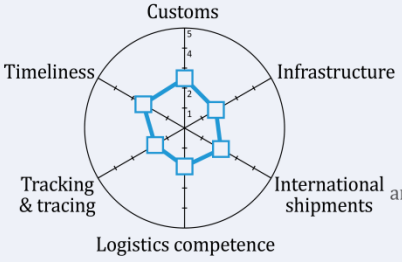
Highest costs: Brunei Darussalam (**770.17%**), Burkina Faso (**729.85%**) and Niger (**623.61%**)

Lowest costs: Saudi Arabia (**80.88%**),

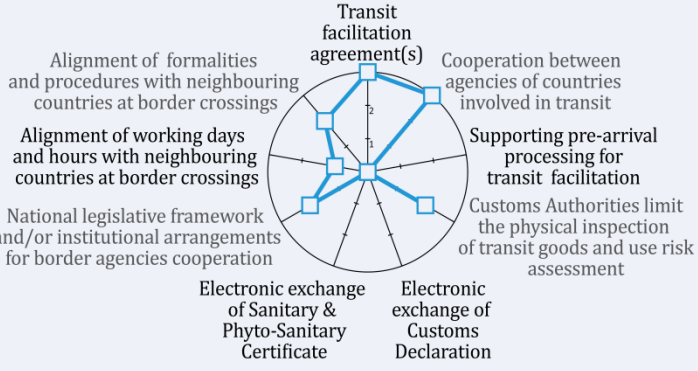
Average trade cost: *neighboring country:* **143.54%**
one transit country between: **140.47%**
two or more transit countries between: **293.64%**
GAFTA (11): **133.64%**

Logistics Performance Index

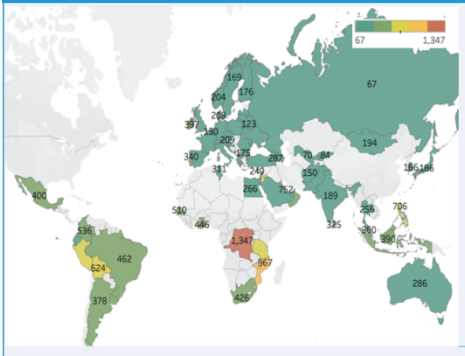
LPI Score: **2.69**



UN Global Survey on Digital and Sustainable Trade Facilitation



KAZAKHSTAN



Average trade costs: **308.5%**

Tariff measures: **23%**

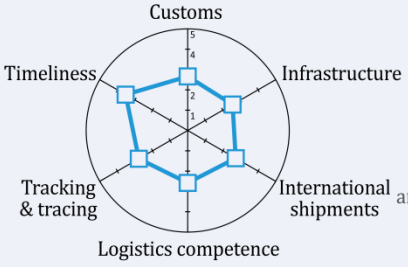
Highest costs: Mozambique (**966.8%**)

Lowest costs: Uzbekistan (**69.5%**),

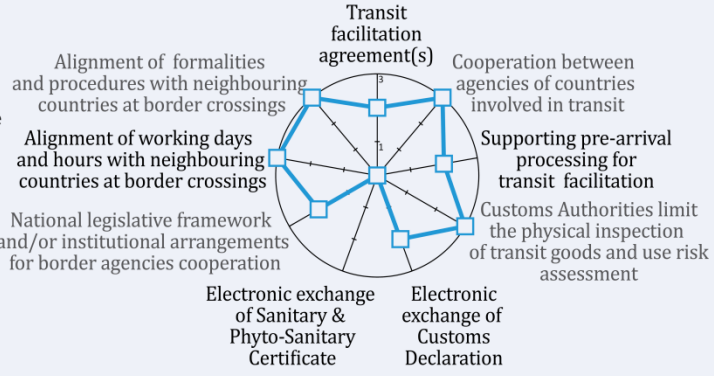
Average trade cost: *neighboring country:* **89.8%**
one transit country between: **164.3%**
two or more transit countries between: **338.4%**
TRACECA (10): **147.4%**
EAEU (4): **140.3%**

Logistics Performance Index

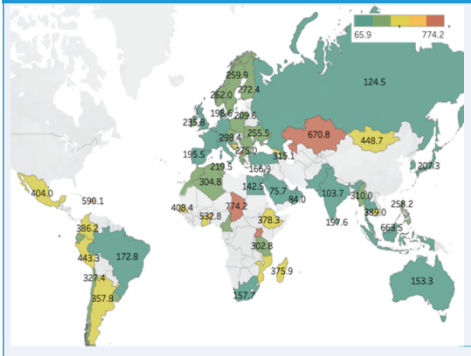
LPI Score: **2.81**



UN Global Survey on Digital and Sustainable Trade Facilitation



KUWAIT



Average trade costs: **277.3%**

Tariff measures: **20%**

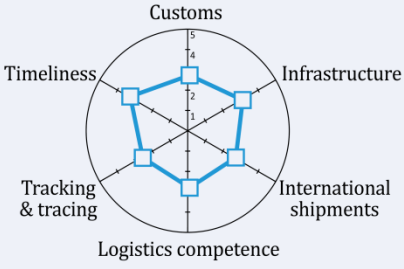
Highest costs: Chad (**774.2%**)

Lowest costs: UAE **(65.9%)**

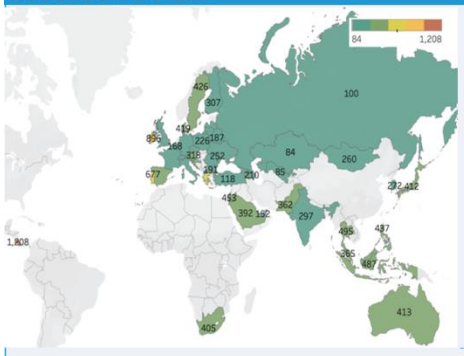
Average trade cost: *neighboring country:* **77.1%**
one transit country between: **87.6%**
two or more transit countries between: **290.7%**
GAFTA (9): **149.6%**
GCC (4): **78.8%**

Logistics Performance Index

LPI Score: **2.86**



KYRGYZSTAN



Average trade costs: **329.8%**

Tariff measures: **19.8%**

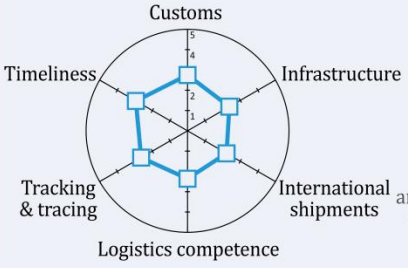
Highest costs: Saudi Arabia (**391.6%**)

Lowest costs: Kazakhstan (**83.8%**),

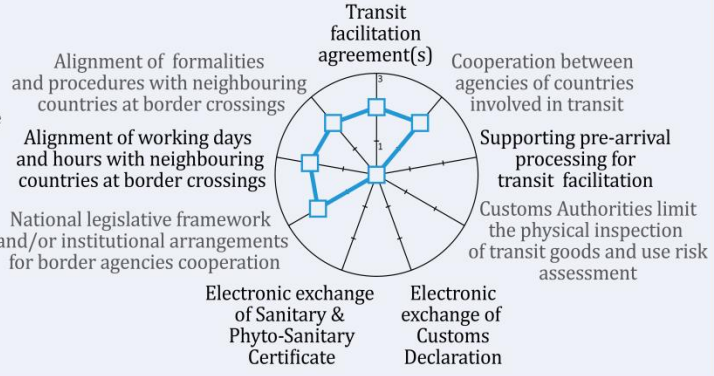
Average trade cost: *neighboring country:* **84.4%**
one transit country between: **180.2%**
two or more transit countries between: **347.0%**
TRACECA (10): **189.7%**
EAEU (4): **184.4%**

Logistics Performance Index

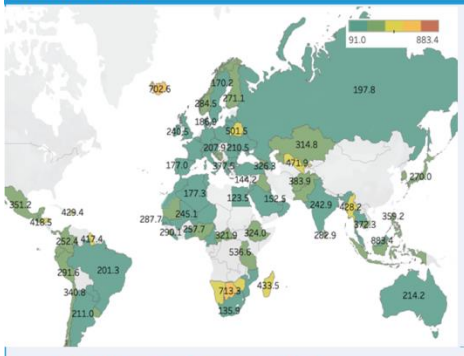
LPI Score: **2.55**



UN Global Survey on Digital and Sustainable Trade Facilitation



LEBANON



Average trade costs: **271.2%**

Tariff measures: **29.2%**

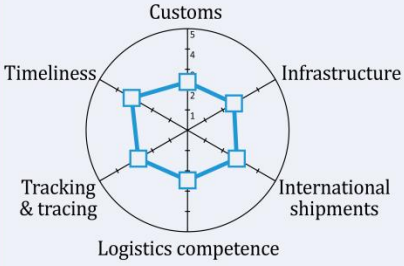
Highest costs: Brunei Darussalam (**883.4%**)

Lowest costs: UAE (**91.0%**)

Average trade cost: *neighboring country:* **144.2%**
one transit country between: **172.3%**
two or more transit countries between: **275.4%**
GAFTA (10): **155.3%**

Logistics Performance Index

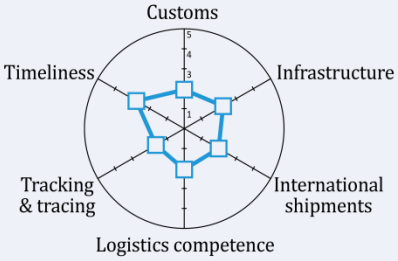
LPI Score: **2.72**



LIBYA

Logistics Performance Index

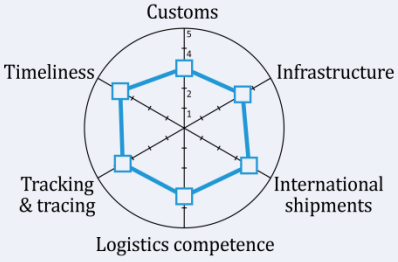
LPI Score: **2.11**



QATAR

Logistics Performance Index

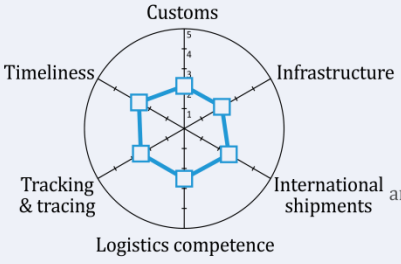
LPI Score: **3.47**



SUDAN

Logistics Performance Index

LPI Score: **2.43**



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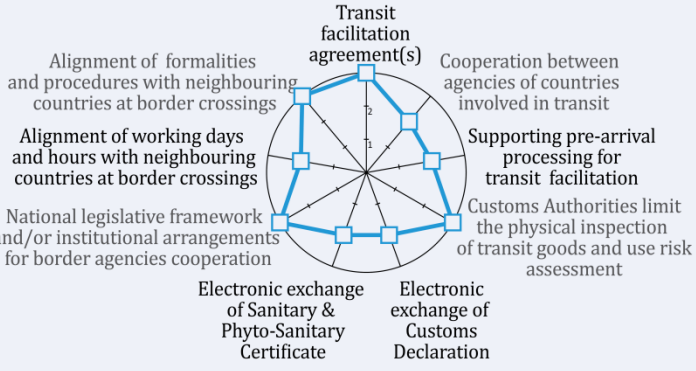
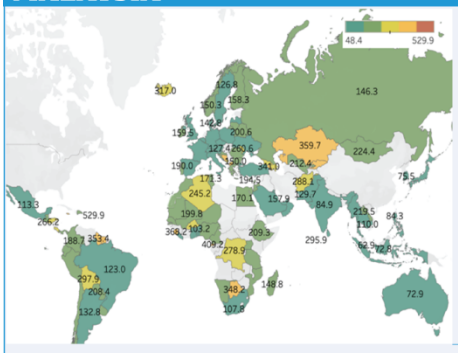


MALAYSIA



Average trade costs: **190.8%**

Tariff measures: **18%**

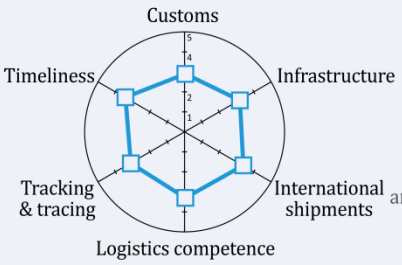
Highest costs: Suriname (**394.2%**)

Lowest costs: Indonesia (**72.8%**),

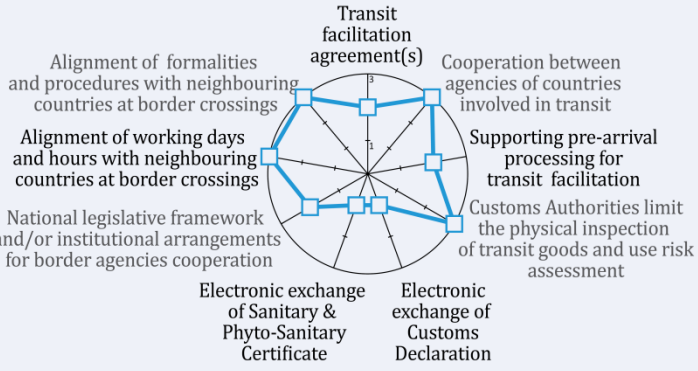
Average trade cost: *neighboring country:* **84.5%**
one transit country between: **170.5%**
two or more transit countries between: **198.3%**
ASEAN (8): **101.3%**

Logistics Performance Index

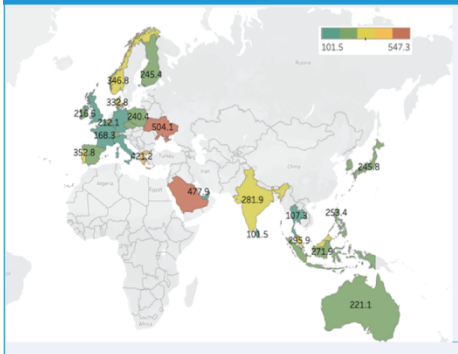
LPI Score: **3.22**



UN Global Survey on Digital and Sustainable Trade Facilitation



MALDIVES



Average trade costs: **269.0%**

Tariff measures: **20.1%**

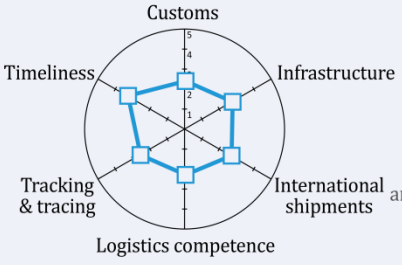
Highest costs: Saudi Arabia (**543.3%**),

Lowest costs: UAE **(174.8%)**

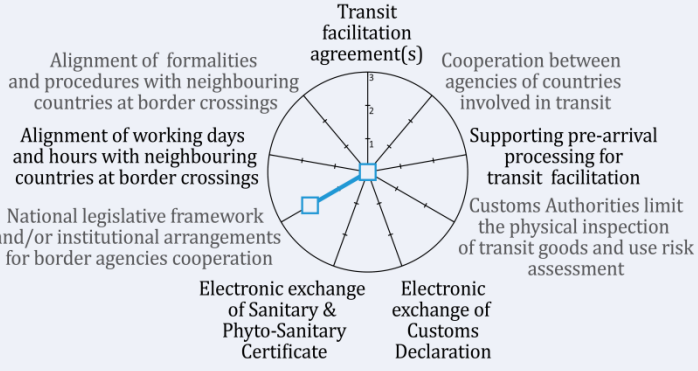
Average trade cost: *neighboring country:* **229.0%**
one transit country between: **325.1%**
two or more transit countries between: **274.9%**
SAFTA (2): **191.7%**

Logistics Performance Index

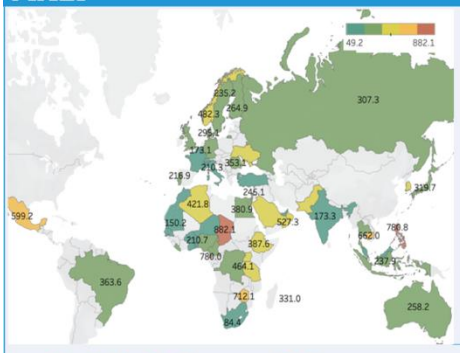
LPI Score: **2.67**



UN Global Survey on Digital and Sustainable Trade Facilitation



MALI



Average trade costs: **330.28%** Tariff measures: **53.53%**

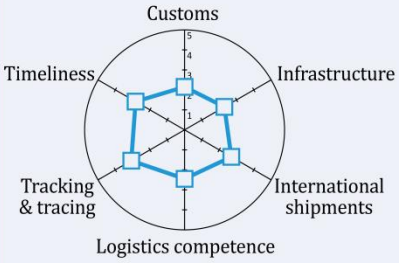
Highest costs: Chad (**882.10%**), Oman (**527.31%**) and Saudi Arabia (**477.21%**)

Lowest costs: Senegal (**49.21%**),

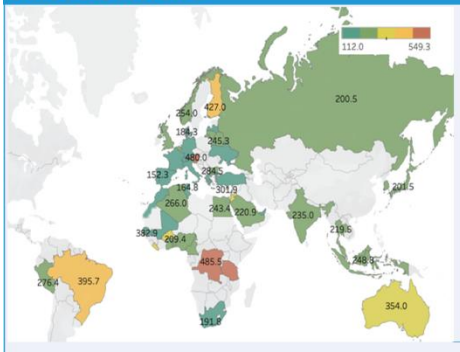
Average trade cost: *neighboring country:* **167.89%**
one transit country between: **302.59%**
two or more transit countries between: **353.15%**
CEN-SAD (11): **247.27%**
ECOWAS (8): **168.65%**

Logistics Performance Index

LPI Score: **2.59**



MAURITANIA



Average trade costs: **252.7%**

Tariff measures: **26.3%**

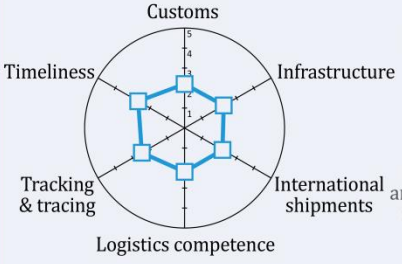
Highest costs: Gambia (**382.9%**)

Lowest costs: Senegal (**114.5%**)

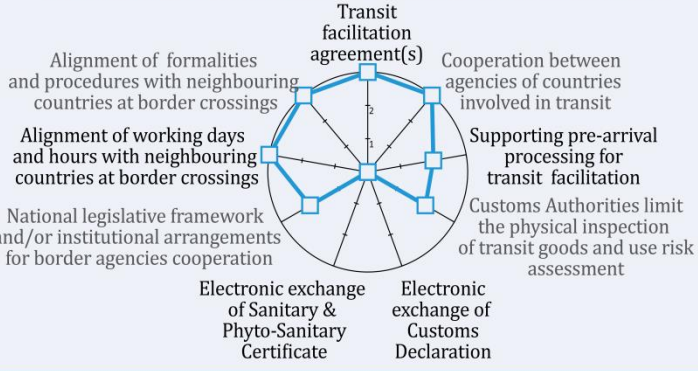
Average trade cost: *neighboring country:* **176.9%**
one transit country between: **260.4%**
two or more transit countries between: **257.0%**
CEN-SAD (11): **226.0%**

Logistics Performance Index

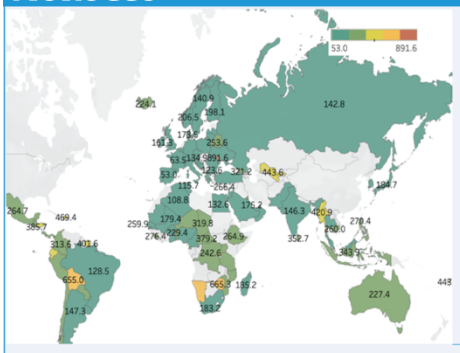
LPI Score: **2.33**



UN Global Survey on Digital and Sustainable Trade Facilitation



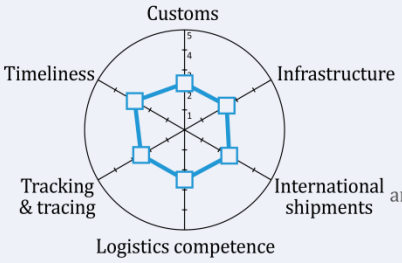
MOROCCO



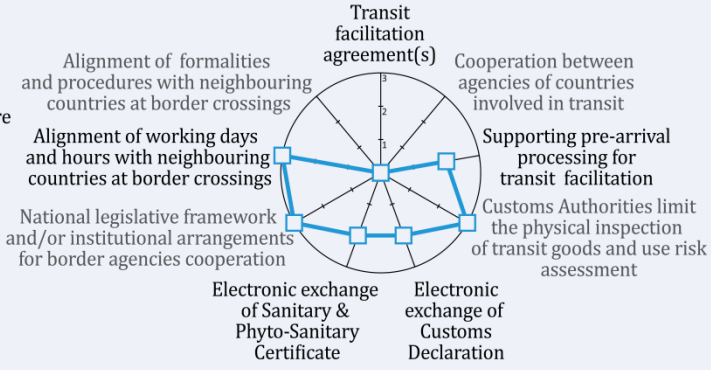
Average trade costs: **244.1%**
Tariff measures: **31.0%**
Highest costs: Uzbekistan (**443.6%**)
Lowest costs: Turkey (**103.0%**),
Average trade cost: *neighboring country:* **87.0%**
one transit country between: **156.2%**
two or more transit countries between: **255.3%**
GAFTA (9): **159.8%**
CEN-SAD(15): **213.7%**

Logistics Performance Index

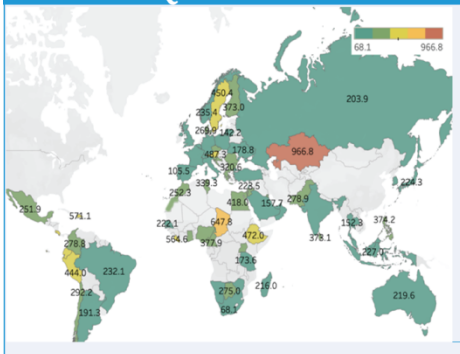
LPI Score: **2.54**



UN Global Survey on Digital and Sustainable Trade Facilitation

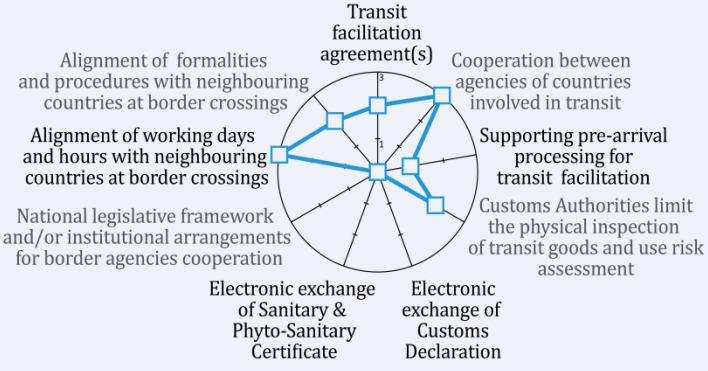


MOZAMBIQUE

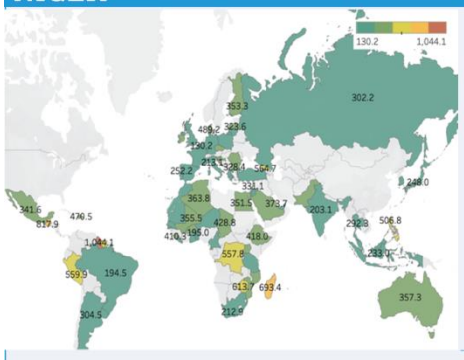


Average trade costs: **285.5%**
Tariff measures: **25%**
Highest costs: Kazakhstan (**966.8%**)
Lowest costs:Malaysia **(167.3%)**
Average trade cost: *neighboring country:* **163.8%**
one transit country between: **337.3%**
two or more transit countries between: **292.9%**

UN Global Survey on Digital and Sustainable Trade Facilitation



NIGER



Average trade costs: **335.0%**

Tariff measures: **34.8%**

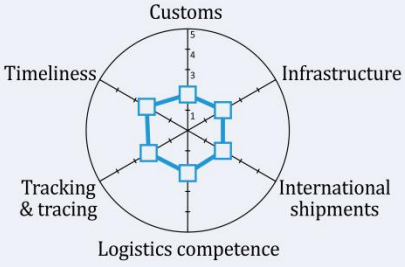
Highest costs: Jordan (**623.6%**)

Lowest costs: Mali (**115.5%**),

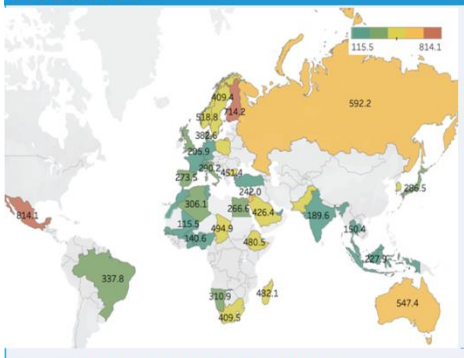
Average trade cost: *neighboring country:* **220.0%**
one transit country between: **194.3%**
two or more transit countries between: **378.9%**
ECOWAS (7): **135.9%**

Logistics Performance Index

LPI Score: **2.07**



NIGERIA



Average trade costs: **346.1%**

Tariff measures: **42.5%**

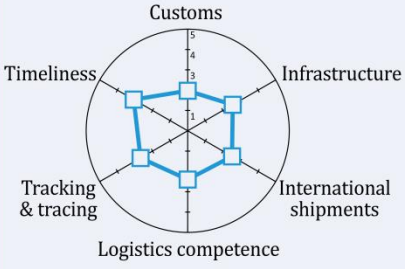
Highest costs: Guyana (**1044.1%**)

Lowest costs: Niger **(144.0%)**

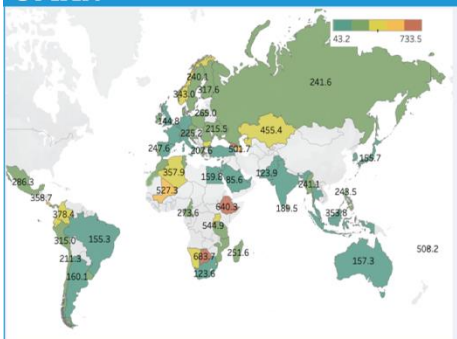
Average trade cost: *neighboring country:* **243.4%**
one transit country between: **320.0%**
CEN-SAD (12): **269.7%**
ECOWAS (7): **249.2%**

Logistics Performance Index

LPI Score: **2.53**



OMAN



Average trade costs: **265.0%**

Tariff measures: **20.2%**

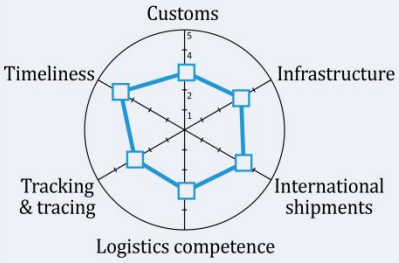
Highest costs: Mali (**527.3%**)

Lowest costs: UAE (**43.2%**),

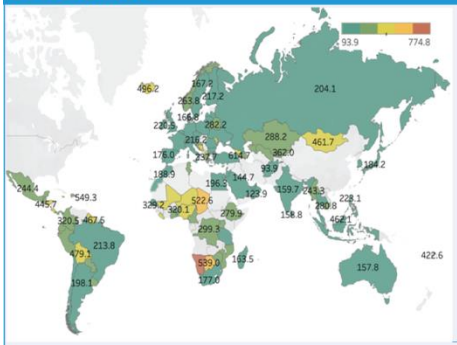
Average trade cost: *neighboring country:* **86.6%**
one transit country between: **101.2%**
two or more transit countries between: **282.2%**
GAFTA (9): **161.7%**
GCC (4): **76.2%**

Logistics Performance Index

LPI Score: **3.20**



PAKISTAN



Average trade costs: **285.6%**

Tariff measures: **38.5%**

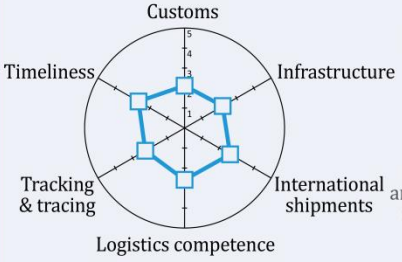
Highest costs: Georgia (**548.7%**)

Lowest costs: Chad (**522,6%**)

Average trade cost: *neighboring country:* **127.6%**
one transit country between: **245.9%**
two or more transit countries between: **296.2%**
SAFTA (3): **137.5%**

Logistics Performance Index

LPI Score: **2.42**



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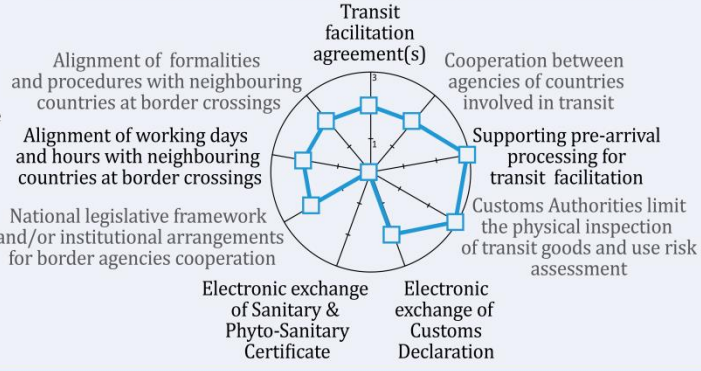
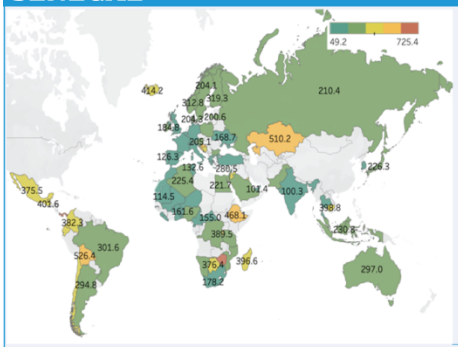


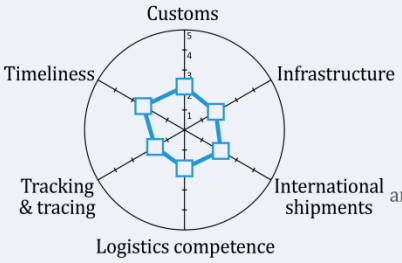
SENEGAL



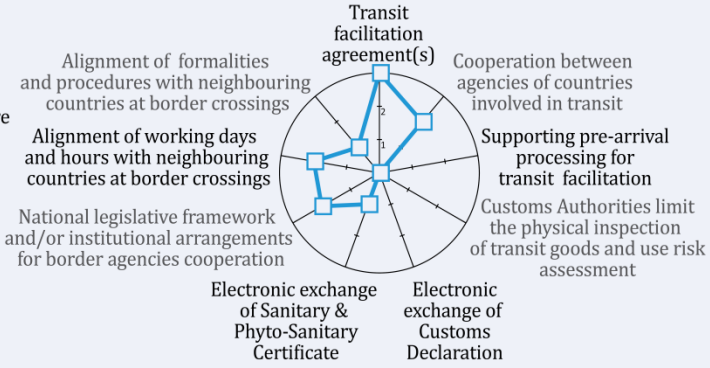
Average trade costs: **251%**
Tariff measures: **31.7%**
Highest costs: Kazakhstan (**510.2%**)
Lowest costs: Mali (**49.2%**),
Average trade cost: *neighboring country:* **73.5%**
one transit country between: **166.0%**
two or more transit countries between: **262.6%**
CEN-SAD (14): **131.8%**
ECOWAS (10): **122.4%**

Logistics Performance Index

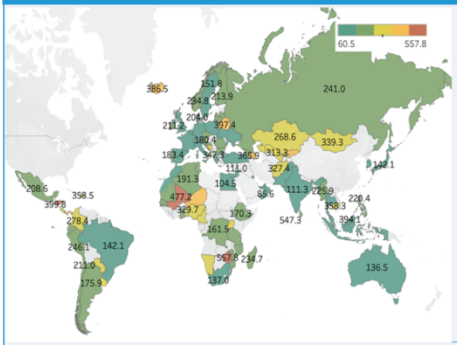
LPI Score: **2.25**



UN Global Survey on Digital and Sustainable Trade Facilitation



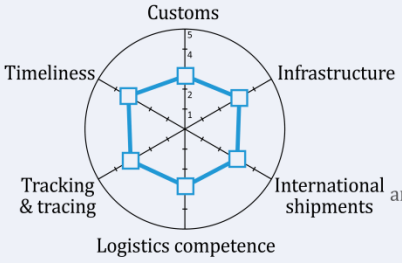
SAUDI ARABIA



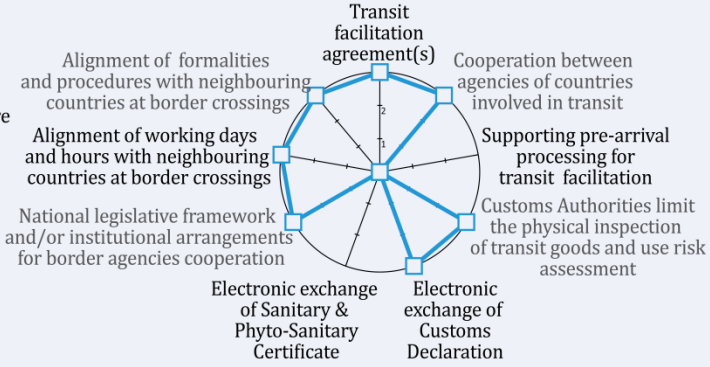
Average trade costs: **230.7%**
Tariff measures: **18%**
Highest costs: Maldives (**547.3%**)
Lowest costs: UAE (**60.5%**)
Average trade cost: *neighboring country:* **79.8%**
one transit country between: **124.9%**
two or more transit countries between: **242.1%**
GAFTA (9): **113.2%**
GCC (4): **73.4%**

Logistics Performance Index

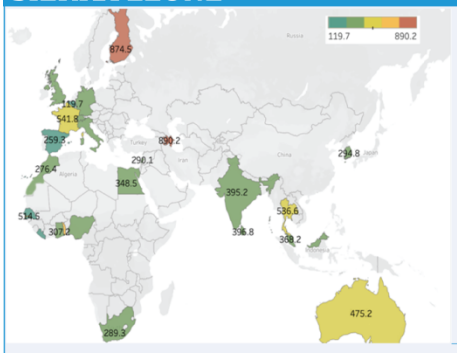
LPI Score: **3.01**



UN Global Survey on Digital and Sustainable Trade Facilitation



SIERRA LEONE

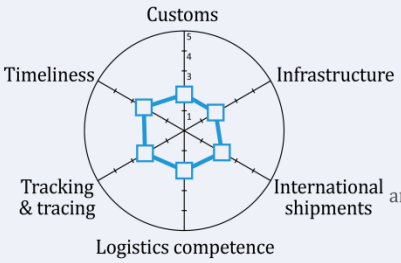


Average trade costs: **398.4%**
Tariff measures: **42.2%**
Highest costs: Azerbaijan (**890.2%**)
Lowest costs: Senegal (**183.3%**),

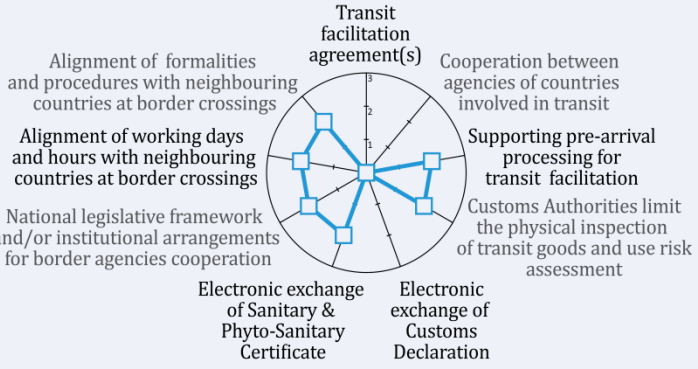
Average trade cost: *neighboring country:* **233.7%**
one transit country between: **245.3%**
two or more transit countries between: **419.8%**
CEN-SAD (7): **379.7%**
ECOWAS (6): **377.8%**

Logistics Performance Index

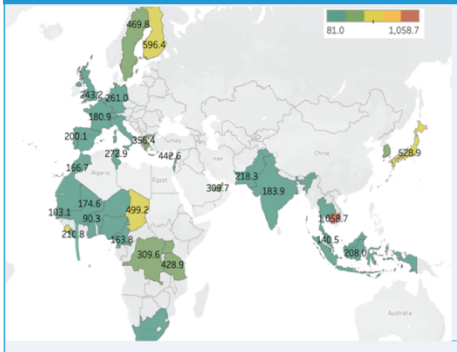
LPI Score: **2.08**



UN Global Survey on Digital and Sustainable Trade Facilitation



TOGO

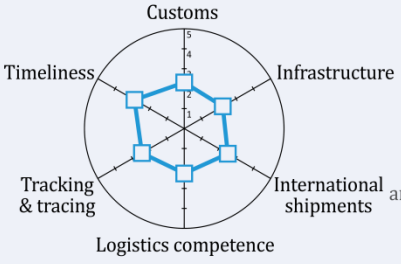


Average trade costs: **287.5%**
Tariff measures: **34%**
Highest costs: Sierra Leone (**617.7%**)
Lowest costs: Burkina Faso (**90.3%**)

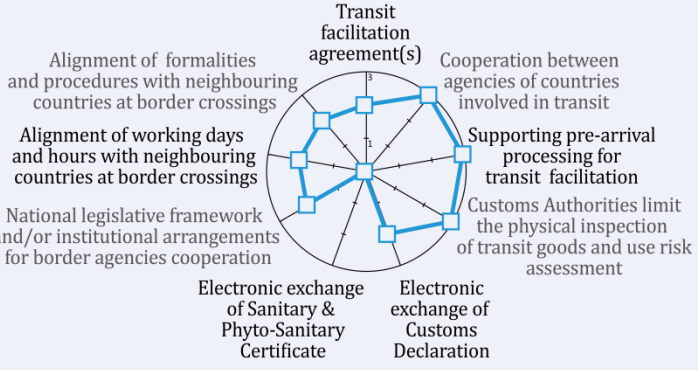
Average trade cost: *neighboring country:* **87.6%**
one transit country between: **167.3%**
two or more transit countries between: **312.7%**
CEN-SAD (12): **223.1%**
ECOWAS (8): **188.5%**

Logistics Performance Index

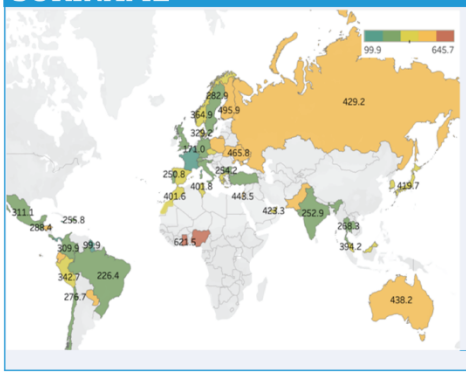
LPI Score: **2.45**



UN Global Survey on Digital and Sustainable Trade Facilitation



SURINAME



Average trade costs: **222.7%**

Tariff measures: **33.2%**

Highest costs: Nigeria (**645.7%**)

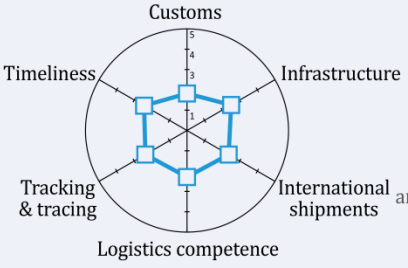
Lowest costs: Guyana (**99.8%**),

Average trade cost: *neighboring country:* **173.5%**
one transit country between: **377.7%**
two or more transit countries between: **350.6%**

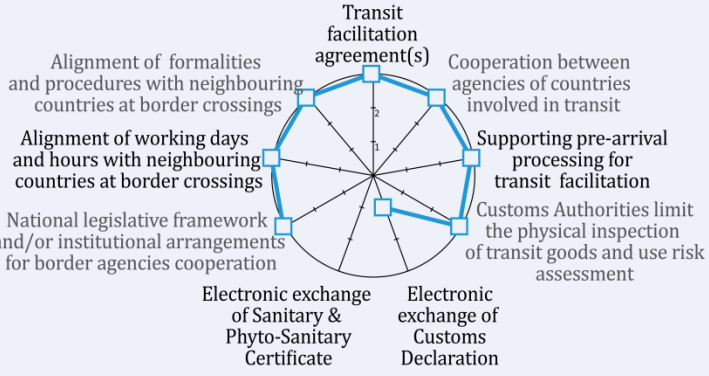
SYRIA

Logistics Performance Index

LPI Score: **2.30**



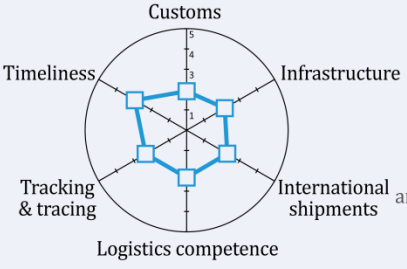
UN Global Survey on Digital and Sustainable Trade Facilitation



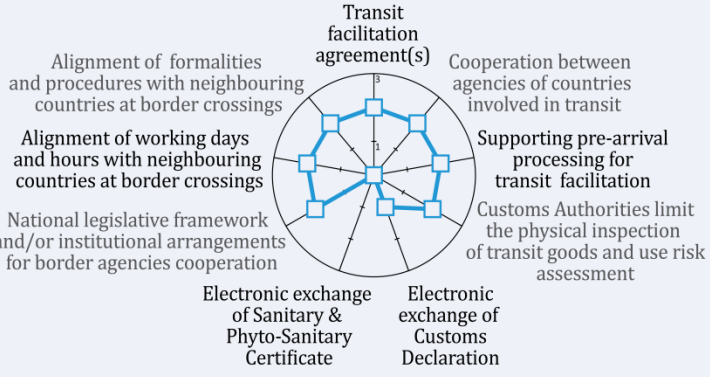
TAJIKISTAN

Logistics Performance Index

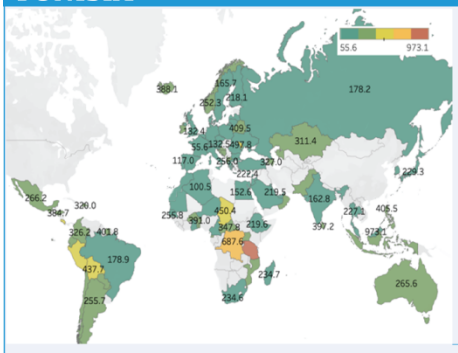
LPI Score: **2.34**



UN Global Survey on Digital and Sustainable Trade Facilitation



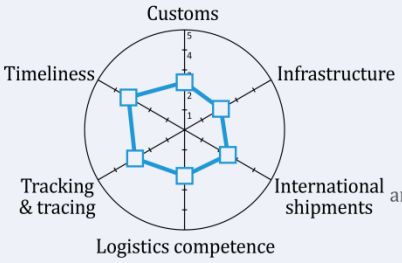
TUNISIA



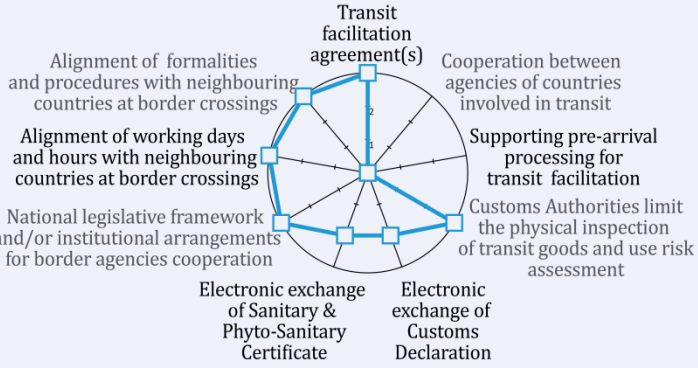
Average trade costs: **265.7%**
Tariff measures: **36.9%**
Highest costs: Brunei Darussalam (**973.1%**)
Lowest costs: Algeria (**100.5%**),
Average trade cost: *neighboring country:* **80.3%**
one transit country between: **215.9%**
two or more transit countries between: **279.2%**
GAFTA (9): **173.0%**
CEN-SAD (12): **244.8%**

Logistics Performance Index

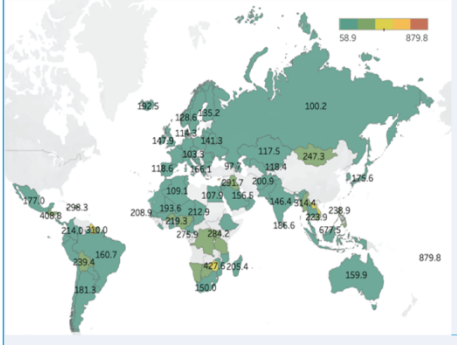
LPI Score: **2.57**



UN Global Survey on Digital and Sustainable Trade Facilitation



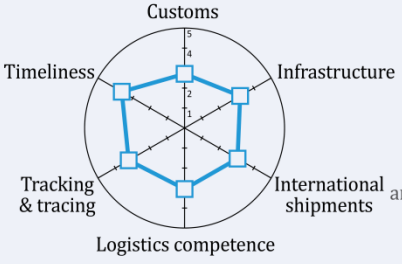
TURKEY



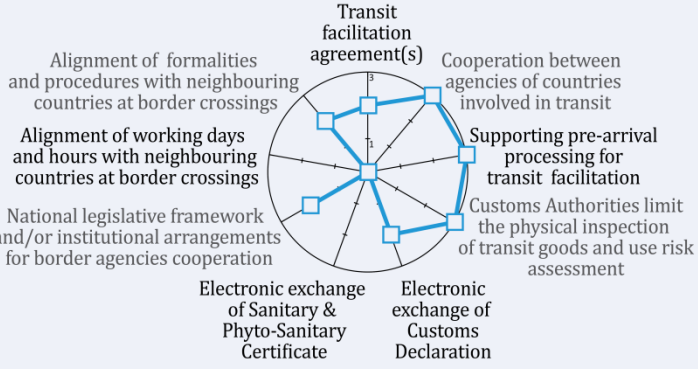
Average trade costs: **192.04%**
Tariff measures: **15.98%**
Highest costs: Brunei Darussalam (**677.52%**)
Lowest costs: UAE (**73.09%**),
Average trade cost: *neighboring country:* **150.78%**
one transit country between: **144.51%**
two or more transit countries between: **199.22%**
TRACECA (9): **98.56%**
EU Common transit (27): **123.51%**

Logistics Performance Index

LPI Score: **3.15**



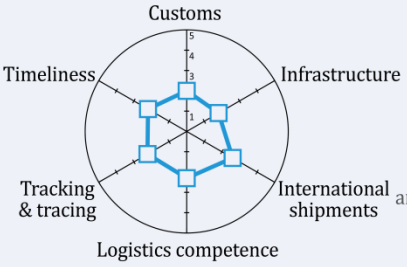
UN Global Survey on Digital and Sustainable Trade Facilitation



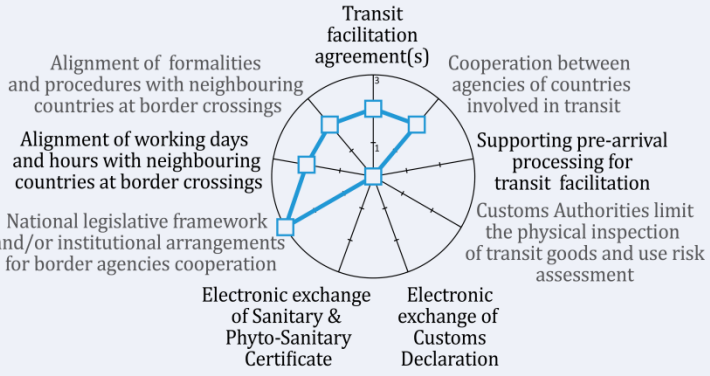
SOMALIA

Logistics Performance Index

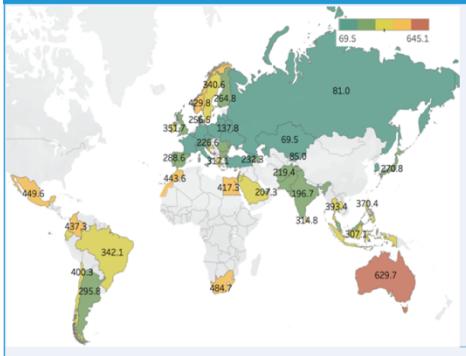
LPI Score: **2.21**



UN Global Survey on Digital and Sustainable Trade Facilitation



UZBEKISTAN



Average trade costs: **280.1%**

Tariff measures: **29.5%**

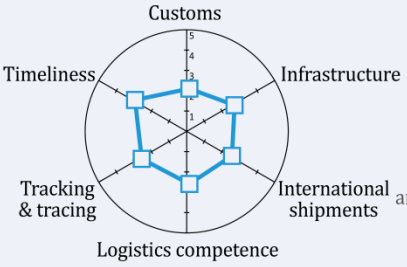
Highest costs: Lebanon (**471.9%**)

Lowest costs: Kazakhstan (**69.5%**)

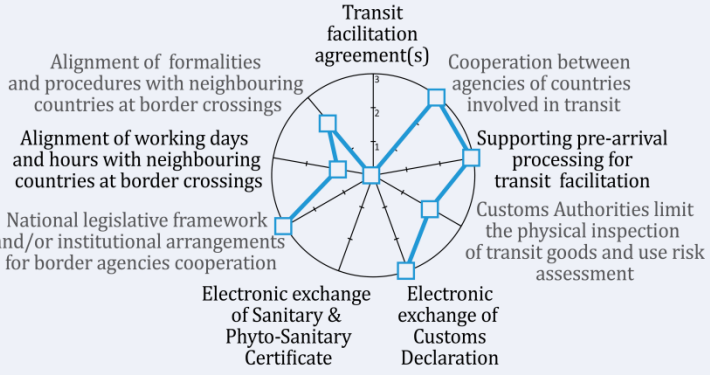
Average trade cost: *neighboring country:* **124.6%**
one transit country between: **188.8%**
two or more transit countries between: **293.4%**
TRACECA (10): **155.7%**

Logistics Performance Index

LPI Score: **2.58**



UN Global Survey on Digital and Sustainable Trade Facilitation



Average TFI scores for specific indicators for OIC MS

Table 70: Average TFI scores for specific indicators for OIC MS

Trade Facilitation Indicators	Score
The average number of judicial appeals per year	0.00
The average percent of appeals introduced by Customs or other border agencies that are resolved in favor of traders	0.00
Annual percentage of trade volume handled by Authorized Operators	0.08
Percentage of SMEs in the total number of Authorized Operators	0.09
Publication of judicial decisions on Customs matters	0.09
Mutual Recognition Agreements/Arrangements on Authorized Operators (AOs), where applicable	0.11
Percentage of releases for perishable goods prior to final determination and payment of Customs duties, taxes, fees and charges	0.11
Authorized Operators programs	0.11
The time necessary on average to obtain Authorized Operator certification	0.13
Risk management cooperation	0.14
Percentage of Authorized Operators against the total number of traders	0.15
Shared results of inspections and controls among agencies involved in the management of cross border trade with a view to improving border control efficiency and facilitating trade	0.18
Systematic sharing of control results among neighboring countries at border crossings with a view to improving the risk analysis as well as the efficiency of border controls and to facilitating licit trade	0.19
Percent of goods released prior to final determination and payment of Customs duties, taxes, fees and charges	0.20
Cross-border coordination /harmonization of the different computer systems	0.21
Control delegation at the national level	0.22
Adjustment of inquiry points' operating hours to commercial needs	0.22
Percent of supporting documents required for import, export and transit formalities for which copies are accepted	0.22
Interconnected or shared computer systems and real-time availability of pertinent data among domestic agencies involved in the management of cross border trade	0.23
Publication of necessary information on advance rulings	0.27
Publication of an Annual Customs Report	0.29
Automated processing system include functions allowing for the release of goods subject to conditions (i.e., guarantee)	0.31
The time limit for deciding judicial appeals	0.33
Joint controls with neighboring countries at border crossings, where applicable	0.35
Coordinated / shared risk management mechanisms	0.36
Dedicated interactive page for professional users/companies	0.40

Timeliness of inquiry points	0.40
Publication of Average Release Times	0.41
Clear provisions for the financing of the Customs administration	0.43
Digital certificates and signatures in place	0.44
Cross-border coordination / harmonization of data requirements and documentary controls	0.47
Publication of agreements with any country or countries relating to the above issues	0.47
Transparency of the criteria for qualifying as an Authorized Operator and the procedures for submission and review of applications for AO status	0.48
Penalty provisions for breaches of import and export formalities published	0.49
Domestic coordination /harmonization of data requirements and documentary controls among agencies involved in the management of cross border trade	0.50
Single window supported by information technology	0.53
Other border controls supported by a risk management system	0.53
Periodic review of documentation requirements	0.53
Timeliness of the appeal mechanism – avoidance of undue delays	0.53
Development and sharing of common facilities with neighboring countries at border crossings, where applicable	0.53
Non-compliance penalties for border agency staff transparent and proportional	0.57
The institutionalized mechanism to support inter-agency coordination	0.58
Fees and charges periodically reviewed to ensure they are still appropriate and relevant	0.58
Electronic payment system integrated with the automated declaration/cargo processing systems	0.60
Percent of goods undergoing physical inspections	0.61
Number of public consultations	0.64
Expedited release procedures	0.64
The average percent of appeals introduced by traders that are resolved in favor of Customs or other border agencies	0.67
Benefits provided for Authorized Operators	0.67
Existence of time limit for deciding judicial appeals	0.67
Timeliness of the appeal mechanism – time available for lodging and appeal	0.67
Drafts published prior to entry into force	0.69
The average time between publication end entry into force	0.71
Possibility to provide additional trade facilitation measures to operators meeting specified criteria (authorized operators)	0.71
Publication of information on procedural rules for appeal	0.71
Automated processing for Customs declarations available full-time (24/7)	0.71
Average clearance time	0.75
Communication of policy objectives	0.79

Alignment of procedures and formalities with neighboring countries at borders where applicable	0.81
Publication of decisions and examples of Customs classification	0.82
Applicable legislation published on the Internet	0.82
Domestic inter-agency coordination mechanisms meet regularly to develop a strategy and oversee implementation of border agency cooperation	0.84
General notice-and-comment framework procedures in place, applicable to trade and border issues	0.84
Public comments are taken into account	0.84
Effective sanctions against the misconduct of border agency staff	0.86
An adequate time period granted between the publication of new or amended fees and charges and their entry into force	0.87
Exchange of staff and training programs at the international level	0.88
Are there established guidelines and procedures in place, governing the public consultation process	0.89
The information available on the motives of the administration's decisions	0.89
Quality/User-friendliness of the research/help function of the Customs website	0.89
Simplification of procedures (cost)	0.89
Perishable goods treated differently than non-perishable goods with regards to physical inspections- storage conditions	0.89
Single Window	0.89
Judicial independence	0.92
Information published on fees and charges	0.93
Copies of documents accepted	0.93
Required documentation easily accessible for downloading	0.93
Total number of fees collected (number - diversity)	0.95
The efficiency of the legal framework in challenging regulations	0.97
Information on fees and charges all-inclusive	0.98
The average number of administrative appeals per year	1.00
Alignment of working days and hours with neighboring countries at land borders where applicable	1.00
User manuals available online	1.02
Domestic coordination of inspections among agencies involved in the management of cross border trade	1.02
Is voluntary disclosure of the breach of customs regulation by the person responsible for a mitigating factor when establishing penalties	1.03
Simplification of procedures (time)	1.03
Diversity of fees and charges	1.03
Transparency of government policymaking	1.03
Information on import and export procedures	1.04
Risk Management applied and operating in an automated environment	1.04

General cooperation and coordination of the activities of domestic agencies involved in the management of cross border trade, with a view to improving border control efficiency and facilitating trade	1.05
Perishable goods treated differently than non-perishable goods concerning the separation of release from clearance	1.07
Implementation of penalty disciplines for the breach of customs laws, regulations or procedural requirements - transparency	1.07
Coordinated / shared infrastructure and equipment use	1.09
Perishable goods treated differently than non-perishable goods with regards to physical inspections - regarding the timeliness	1.11
Efficient internal communication about policies and procedures of agencies involved in the border process	1.12
Quality of telecommunications and IT	1.13
Procedures allowing for the pre-arrival processing of goods	1.18
Internal audit mechanism established in the various agencies involved in the border process	1.19
Ethics policy applied to border agencies	1.19
Customs controls supported by a risk management system allowing risks to be assessed through appropriate selectivity criteria	1.20
Cross-border cooperation and coordination of the activities of agencies involved in the management of cross border trade, with a view to improving border control efficiency and facilitating trade	1.24
Percentage of physical inspections for perishable goods	1.25
Transparent structures and functions in the border agencies clearly established	1.29
Implementation of penalty disciplines for the breach of customs laws, regulations or procedural requirements - proportionality	1.29
Information about procedures published in advance of entry into force	1.29
International Standards compliance	1.36
Publication of rate of duties	1.36
Fees for Customs services during normal working hours	1.38
Targeted stakeholders	1.39
IT Systems capable of accepting and exchanging data electronically	1.40
Code of Conduct established in border agencies	1.40
Public consultations between traders and other interested parties and government	1.47
Release of goods separated from final determination and payment of Customs duties	1.49
Adjustment of working hours of Customs personnel to commercial needs	1.56
Fees for answering inquiries and providing required forms and documents	1.58
Possibility to provide online feedback to Customs	1.64
The requirement for clearance by a third-party customs broker	1.67
Establishment of a national customs website	1.67
Evaluation of fees and charges	1.68

Is information on procedural rules for appeal publicly available	1.69
Copies accepted where another government agency already holds the original	1.73
Independent or higher-level administrative and/or judicial appeal procedures available for customs decisions	1.73
Conflicts of interest in the assessment and collection of penalties and duties	1.79
Establishment of inquiry points	1.82
Procedural guarantees on penalties	1.95

Source: WTO TFI

Annex III

The accession of relevant international conventions related to CTR

Table 71: OIC MS accession of relevant international conventions related to CTR

Country	International Convention on the Harmonization of Frontier Controls of Goods	TIR Convention	TIR transit operation National Associations	WTO TFA	RKC	ATA Carnet system	Customs Convention on Containers
Afghanistan		1971	ACCI	2016			
Albania	2004	1969	ANALTIR	2016	2013	✓	
Algeria					1999	✓	Accession 1978
Azerbaijan	2000		ABADA		2006		Accession 2005
Bahrain				2016	2012	✓	
Bangladesh				2016	2012		
Benin				2018	2017		
Burkina Faso				2018	2017		
Brunei Darussalam				2018			
Cameroon				2018	2014		
Chad				2017			
Comoros							
Cote d'Ivoire				2015	2013	✓	
Djibouti				2018			
Egypt				2019	2008		
Gabon				2016	2012		
The Gambia				2017			
Guinea							
Guinea - Bissau							
Guyana				2015			
Indonesia				2017	2014	✓	Accession 1989
Iran	2010	1971	ICCIM		2016	✓	
Iraq							
Jordan	2008	1973	RACJ	2017	2006		
Kazakhstan	2005		KAZATO	2016	2009	✓	Accession 2005
Kuwait		1977	KATC	2018	2017		
Kyrgyzstan	1998		AIRTO-KR	2016			Accession 2007

Country	International Convention on the Harmonization of Frontier Controls of Goods	TIR Convention	TIR transit operation National Associations	WTO TFA	RKC	ATA Carnet system	Customs Convention on Containers
Lebanon						✓	Accession 2013
Malaysia				2015	2008	✓	
Maldives							
Mali				2016	2010		
Morocco	2012	1975	AMTRI	2019	2000	✓	Accession 1990
Mauritania							
Libya							
Mozambique				2017	2012		
Niger				2015	2015		
Nigeria				2017	2015		
Oman		2018		2017	2015		
Pakistan			PNC-ICC	2015	2004	✓	
Palestine							
Qatar				2017	2009	✓	
Saudi Arabia		2018		2016	2011		Accession 2008
Senegal				2016	2006	✓	
Sierra Leone				2017	2015		
Somalia							
Sudan					2009		
Surinam							
Syria			SNC ICC				
Tajikistan	2011		ABBAT	2019			
Togo				2015	2014		
Tunisia	2009		CCIT		2017	✓	Accession 2009
Turkey	2006	1966	TOBB	2016	2006	✓	Ratification 1994
Turkmenistan	2016		THADA				
Uganda				2018	2011		
UAE			ATCUAE	2016	2010	✓	
Uzbekistan	1996		AIRCUZ				Accession 1996
Yemen							

Source: Authors' compilation