

BRIEFING NOTE ON REGIONAL COOPERATION ORGANIZATIONS

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1. The Shanghai Cooperation Organization (SCO) was established in June 2001 with the goal of strengthening mutual trust, friendship, and good neighborliness between the participating countries; effectively cooperating in broad economic and social fields; and understanding joint efforts for regional peace, security, and stability. SCO is moving beyond its initial focus on security issues to wider range cooperation issues. The six member states are Kazakhstan, Kyrgyz Republic, the People's Republic of China (PRC), the Russian Federation, Tajikistan, and Uzbekistan. The SCO Charter was signed at the Second Summit Meeting in Saint Petersburg in June 2002 and approved the establishment of the SCO secretariat at the Third Summit Meeting in Moscow in May 2003. The secretariat was set up in Beijing on 15 January 2004.

2. ADB approved technical assistance (TA) for Formulating and Implementing an Intergovernmental Agreement of the Shanghai Cooperation Organization Member States on Facilitation of International Road Transport, December 2004. The impact of this TA is promotion of transport, trade, and tourism among the SCO member states. The objective is to provide assistance to the SCO members to formulate and implement an intergovernmental Agreement on Facilitation of International Road Transport. The fourth negotiation meeting was held on 12-15 August 2006, Beijing, PRC, and was jointly organized by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), SCO, and ADB. The meeting was successful in gaining agreement on a Memorandum of Understanding (MOU) (refer to Attachment 1), subsequently signed by the Transport Ministers of the SCO Member States at the Prime Ministers' meeting in September 2006. The draft Agreement on the Intergovernmental Agreement of the SCO Member States on the Facilitation of International Road Transport will be finalized during 2007 (refer to Attachment 2), and the Joint Commission for monitoring and implementation will be set up after six months. The Agreement has four Protocols that will be developed during 2007 and 2008. The Agreement and the Protocols will be signed by the Transport Ministers of the SCO Member States and enter into force simultaneously. The proposed Protocols are:

- Protocol 1: Routes and State Border Checkpoints for International Road Transport;
- Protocol 2: Permits for International Road Transport;
- Protocol 3: Weight and Dimensions of Vehicles; and
- Protocol 4: Terms of Reference for the Joint Commission on Facilitation of International Road Transport.

3. The Central Asia Regional Economic Cooperation (CAREC) Sixth Transport Sector Coordinating Committee (TSCC) Meeting developed the Action Plan for Harmonizing Regional Transport Regulations and Cross-Border Agreements, and this was endorsed at the Senior Official's Meeting on the 28 August 2006 in Urumqi, PRC, (refer to Attachment 3). The TSCC participating countries include: Afghanistan, Azerbaijan, Kyrgyz Republic, Kazakhstan, Mongolia,

PRC, Tajikistan, and Uzbekistan. Each country provides three delegates, one each for the road, rail, and civil aviation sub-sectors to the meetings.

4. PRC, Mongolia, and the Russian Federation are preparing a draft Transit Traffic Agreement with the assistance of United Nations Conference on Trade and Development (UNCTAD) (refer to Attachment 4). The first sub-regional consultative meeting of countries of north-east Asia on transit transport cooperation was held in Ulaanbaatar, Mongolia, from 20-22 May 1997. The TSCC has been briefed on the progress of these negotiations and Mongolia has requested ADB assistance since the 4th TSCC Meeting in Bishkek, Kyrgyz Republic. These countries have listed a number of follow up activities (refer to Attachment 5).

5. The Eurasian Economic Community (EurAsEC) founded 10 October 2000 has membership of Belarus, Kazakhstan, Kyrgyz Republic, PRC, the Russian Federation, and Tajikistan. EurAsEC strategy is focused on customs union and on an eventual single currency for the region. There is a proposal for a Common Market in Central Asia (CACOM) which includes as a top priority implementation of infrastructure projects of regional importance and the development of international transport corridors to increase the region's role as a land bridge between east and west. The proposed stages of CACOM implementation are: (i) creation of free trade zone in 3-4 years, (ii) creation of a Customs Union after a further 5 years, and (iii) creation of a Common Market 5-7 years after the Customs Union.

6. The European Commission (EC) launched in 1991 the Tacis Programme which provides grant technical assistance to 12 countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. Mongolia was in the Tacis Programme from 1991-2003. The Transport Corridor Europe Caucasus Asia (TRACECA) project set up in 1993 by the European Union focuses on traffic and communications research and investment sub-projects and aims to connect Europe and Central Asia.

7. The United Nations Development Programme (UNDP) set up the Silk Road Regional Programme (SRRP), and the first phase (2000-2002) is the establishment of a framework for regional cooperation between Kazakhstan, Kyrgyz Republic, Tajikistan, and China through the setting up of National Coordination Mechanisms and through practical working-level activities which have been incorporated into member countries national programmes. The landlocked Central Asian countries have a combined market of 56 million. SRRP focuses on trade, transit, investment and tourism, and in particular to improve the policy and legal environment, encourage private sector participation, attraction of investments, and increased tourism.

8. ADB is currently reviewing the activities in harmonization of cross border agreements and regulations in the road and rail sub-sectors and is proposing technical assistance in this area in 2007. Discussions will be held after the CAREC Ministerial Conference on the scope of the technical assistance. It is important that the work undertaken thus far by the different institutions is consolidated and common terminology used.

MEMORANDUM OF UNDERSTANDING
On accelerating formulation of draft Agreement between the Governments
Of Shanghai Cooperation Organization Member States
On Facilitation International Road Transport

The Ministry of Transport and Communications of the Republic of Kazakhstan, the Ministry of Communications of the People's Republic of China, the Ministry of Transport and Communications of the Kyrgyz Republic, the Ministry of Transport of the Russian Federation, the Ministry of Transport of the Republic of Tajikistan, the Ministry of Foreign Economic Relations, Investment and Trade of the Republic of Uzbekistan of the Shanghai Cooperation Organization Member States (hereinafter referred to as the Parties),

RECOGNIZING the importance of the formulation of the draft Agreement between the Governments of Shanghai Cooperation Organization Member States on Facilitation International Road Transport (hereinafter referred to as the draft Agreement) and its Protocols and coordination of the policies on international road transport to the promotion of the economic, trade and people exchanges between the member States of the Shanghai Cooperation Organization (hereinafter referred to as SCO),

IN ACCORDANCE WITH the consensus on acceleration of the formulation of the draft Agreement reached by the Council of Head of Governments (Prime Ministers) during its meeting at Moscow on 26 October 2006,

TAKING NOTE OF the outcomes of previous expert and negotiating meetings on the formulation of the draft Agreement,

EXERTING EFFORTS to continue and complete the negotiation of the draft Agreement and its draft Protocols.

HAVE AGREED THE FOLLOWING:

1. Actively undertake the consultation and negotiation of the draft Agreement on the basis of the draft Agreement provided to the negotiating meeting on 9-12 August 2006 for negotiation and the results of the previous expert meetings;
2. Settle the problems in the process of the formulation of the draft Agreement and its draft Protocols with maximum flexibility and consideration of the principle of the equal benefits. The Protocols are integral part of the Agreement;
3. Negotiate the draft Protocols immediately after authentication of the draft Agreement. The Agreement and its Protocols will be signed and enter into force simultaneously;

4. Request the SCO secretariat to continue to coordinate the formulation of the draft Agreement, including Protocols, and organization of the expert meetings.
5. Continue to cooperate with the United Nations Economic and Social Commission for Asia and the Pacific and the Asian Development Bank in the formulation and negotiation of the draft Agreement and Protocols.

The Memorandum of Understanding shall enter into force upon signature.

The depositary of this Memorandum of Understanding is the SCO Secretariat, which will send the SCO Member States its true copies.

Signed on _____ 2006 at _____, in a single copy in the Chinese and Russian languages with equal authenticity.

For the Representative of the Ministry of Transport and Communications of the Republic of Kazakhstan

For the Representative of the Ministry of Communications of the People's Republic of China

For the Representative of the Ministry of Transport and Communications of the Kyrgyz Republic

For the Representative of the Ministry of Transport of the Russian Federation

For the Representative of the Ministry of Transport of the Republic of Tajikistan

For the Representative of the Ministry of Foreign Economic Relations, Investment and Trade of the Republic of Uzbekistan

Draft**AGREEMENT BETWEEN THE GOVERNMENTS OF THE SHANGHAI
COOPERATION ORGANIZATION MEMBER STATES ON FACILITATION OF
INTERNATIONAL ROAD TRANSPORT**

THE GOVERNMENTS OF THE SHANGHAI COOPERATION ORGANIZATION MEMBER STATES (HEREINAFTER REFERRED TO AS THE PARTIES),

MOTIVATED BY the aims and principles set out in the Charter of the Shanghai Cooperation Organization,

RECOGNIZING the importance of providing reliable and efficient international road transport to the development of international trade of their States,

[INTENDING TO further improve conditions of international road transport of passengers and goods based on existing experiences and relevant international treaties,] (reservation, UZB)

HAVE AGREED as follows:

Article 1

The main aims and objectives of the Agreement are:

- 1) Facilitation of international road transport;
- 2) Coordination of the Parties' efforts in the development of international road transport;
- 3) Harmonization of the Parties' national legislation and simplification of documentation, procedures and requirements relating to international road transport.

Article 2

For the purposes of the Agreement:

- 1) ["international road transport" shall refer to the carriage of goods or passengers with transport means crossing border of at least one Party, including transit transport through its territory;] (RF)

["international road transport" shall refer to the bilateral and transit road transport as defined in Paragraphs 2 and 3 of the present Article;]

- 2) ["bilateral transport" shall refer to the carriage of goods or passengers by means of transport from a point in the territory of one Party to a point in the territory of another Party without transit through the territory or territories of one or more other Parties;]

- 3) ["transit transport" shall refer to the carriage of goods or passengers across the territory or territories of one or more Parties;]
- 4) ["transport to/from third State" shall refer to the transport with means of transport of one Party from the territory of one Party to the territory of another Party or from the territory of one Party to the territory of a third State and from the territory of a third State to the territory of another Party;] (addition, UZB)
- 5) "carrier" shall refer to a natural or juristic person registered in the territory of one Party and permitted in accordance with national legislation of that Party to perform international road transport of passengers and goods;
- 6) "national legislation" shall refer to a set of laws and regulations in force in the territory of a Party;
- 7) "driver" shall refer to a natural person allowed by a relevant national authority of a Party to drive a motor vehicle;
- 8) ["driving permit" shall refer to a permit issued by a relevant national authority of a Party which allows a driver to drive a motor vehicle;] (reservation before decision on Article 10, RF)
- 9) ["permit" shall refer to a document issued by a relevant authority of a Party which allows motor vehicles registered in the territories of other Parties to enter or exit, or transit through its territories;] (reservation, CHN)
- 10) ["means of transport" shall refer to:
 - any motorized vehicle designed or suitable for carrying passengers with more than nine seats (including the driver's seat) and registered in the State territory of one Party;
 - any motorized vehicle designed or suitable for carrying goods and registered in the territory of one Party or a combination of vehicles with a tractor.]
 ["means of transport" shall refer to vehicles owned or rented according to contracts or purchased with installed payment by carriers, including:
 - bus if carrying passengers, i.e. means of transport with more than nine seats including driver used for carriage of passengers, possibly with luggage trailer;
 - truck, truck with trailer, tractor or tractor with semi-trailer if carrying goods.]
 (replace, RF)

Article 3

1. In accordance with the provisions of the Agreement the Parties grant each other the rights to the vehicle registered in the territory of any Party to undertake the inter-State and transit transport of passengers and goods.
2. A carrier registered in the territory of one Party shall not be permitted to engage in the transport between points within the territory of another Party.

Article 4

1. In accordance with the provisions of the Agreement international road transport shall be undertaken on the routes and through State border checkpoints specified in Protocol 1.

2. Additions or amendments to the routes and border checkpoints may be proposed by any Party after consultation and consensus with the Parties directly concerned. Such additions or amendments shall be included in Protocol 1 after discussion and adoption in the Joint Commission established in accordance with Article 18 of the Agreement.

Article 5

In accordance with Agreement, inter-State and transit transport shall be undertaken on the basis of permits specified in Protocol 2.

Article 6

The weight and dimensions of vehicles undertaking international road transport shall not exceed the limitations specified in Protocol 3.

Article 7

1. Each Party shall grant temporary admission to the vehicle and containers registered in other Parties for undertaking of international road transport.

2. The Parties shall impose fees and other charges in accordance with the signed bilateral agreements on international road transport and the national legislation of the Parties.

Article 8

1. In accordance with the Agreement, inter-State and transit transport shall be insured with the compulsory third party liability insurance.

2. Carrier shall be obliged to insure in advance each transport vehicle undertaking the afore-mentioned transport.

Article 9

1. Driver shall hold a national or international driving permit suitable to international road transport and national registration documents of vehicle.

2. Each Party shall recognize valid driving permits and vehicle registration documents issued by the relevant authorities of the other Parties.

Article 10

The driving permit and other documents required by the provisions of the Agreement shall be carried by driver and be presented upon request to the relevant authorities of the Parties.

Article 11

Carriers and drivers undertaking international road transport shall be obliged to adhere to the provisions of the Agreement and national legislation, including traffic rules of the Party where transport is undertaken. In case of breach, liability shall be exercised in accordance with the national legislation of the Party where the breach takes place.

Article 12

1. In the process of international road transport the Parties shall take measures to observe ecological requirements of the Party where transport is undertaken and the requirements generally recognized in international practice.

2. In the case of the occurrence of an emergency situation in international road transport which may pose a risk to human health and the environment in other States, the Parties shall take immediate measures to inform the Parties concerned.

Article 13

1. Dangerous goods shall be transport with a special permit issued by the relevant national authorities of the Party where the transport is undertaken.

2. Carriage of dangerous goods shall be undertaken in accordance with national legislation of the Party on the territory of which this carriage is undertaken.

Article 14

1. The Parties shall take appropriate measures to ensure the safety and security of passengers, goods, and vehicles in international road transport.

2. The Parties shall provide utmost and timely assistance in the event of road transport accidents, particularly in the case of human casualties, or the presence of dangerous and perishable goods, in their territories and notify the relevant authorities of the Parties concerned as soon as possible.

3. In the case of interruption of international transport due to force majeure, measures shall be taken in accordance with the national legislation of the Party in the territory of which the incident took place.

Article 15

1. Each Party shall ensure that its formalities and procedures related to international road transport, including issuance of visa, conduction of border and customs controls as well as inspections and quarantine do not constitute unjustified restrictions to international road transport.

2. Under the framework of the Joint Commission, established in accordance with Article 18 of the Agreement, the Parties shall consider measures for the facilitation of international transport through harmonization of national legislation and simplification of documentation, procedures and requirements relating to international road transport. Mutually agreed measures shall be an additional protocol of the Agreement.

3. The Parties shall exert mutual assistance in the accession to an application of international conventions relating to the facilitation of international road transport, including those referred to in the Resolution 48/11 on the facilitation of road and rail transport, adopted by the United Nations Economic and Social Commission for Asia and the Pacific.

Article 16

1. The Parties shall participate in the formulation and implementation of joint plans and projects relating to infrastructure development of road transport corridors connecting the territories of the Parties.

2. The Parties shall undertake necessary measures to explore the possibility for joint investment in road transport corridors connecting the territories of the Parties.

Article 17

1. The Parties shall, within six months of the entry into force of the Agreement, set up a Joint Commission on Facilitation of International Road Transport, which shall be responsible for the monitoring and implementation of the Agreement.

2. The terms of reference, functions, composition and aims of the Joint Commission shall be prescribed in Protocol 4.

Article 18

1. Protocols referred to in the Agreement and all other protocols, which may subsequently be adopted if necessary shall constitute an integral part of the Agreement.

2. Protocols referred to in the Agreement shall enter into force simultaneously with the Agreement.

Article 19

Issues not prescribed in the Agreement and its Protocols shall be dealt with in accordance with the national legislation of the Party where the international road transport is undertaken.

Article 20

1. The Agreement shall not affect rights and obligations of the Parties provided by other international treaties to which they are Parties.

2. More favorable conditions for international road transport stipulated in bilateral or international agreements between the Parties shall remain in force.

Article 21

The Agreement shall be valid for an indefinite period of time and shall enter into force after the formulation and signing of Protocols to the Agreement and thirty (30) days after the date of receipt by the depositary of the last written notification of completion of domestic

procedures necessary for the Agreement to enter into force in accordance with national legislation.

Article 22

Any Party may withdraw from the Agreement at any time after the expiration of one year from the day of its entry into force by submission to the depository a written notification of the withdrawal from the Agreement no less than 6 months before the date of withdrawal.

Article 23

1. After its entry into force, the Agreement shall be open for accession by the States, which are not members of the Shanghai Cooperation Organization and with consent of the member States of the Shanghai Cooperation Organization.

2. For the acceding State the Agreement shall enter into force 30 days after receipt of the instrument of accession by the depository and receipt of the last written notification of the Parties on its consent to said accession.

Article 24

No reservation shall be permitted on any of the provisions of the Agreement and its Protocols.

Article 25

The Agreement may be amended and supplemented through consensus of the Parties and the amendments and additions shall be for separate protocols, which shall constitute an integral part of the Agreement.

Article 26

Disputes between the Parties with regard to interpretation or implementation of the Agreement shall be settled by way of negotiations and consultations.

Article 27

The depository of the Agreement shall be the Secretariat of the Shanghai Cooperation Organization, which shall send certified copies of the Agreement to the Parties.

Signed at _____ on _____ 200_ in a single copy in Chinese and Russian languages, both texts being equally authentic.

For the Government of the Republic of Kazakhstan

For the Government of the People's Republic of China

For the Government of the Kyrgyz Republic

For the Government of the Russian Federation

For the Government of the Republic of Tajikistan

For the Government of the Republic of Uzbekistan

List of Protocols

Protocol 1 Routes and State Border Checkpoints for International Road Transport

Protocol 2 Permits for International Road Transport

Protocol 3 Weight and Dimensions of Vehicles

Protocol 4 Terms of Reference for the Joint Commission on Facilitation of International Road Transport

CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC)
ACTION PLAN FOR HARMONIZING REGIONAL TRANSPORT REGULATIONS AND CROSS-BORDER AGREEMENTS
(Endorsed at the 6th Transport Sector Coordinating Committee on 24 August 2006 in Urumqi, People's Republic of China)

Key Results	Actions	Target Completion Date																								Responsibility				
		2006				2007								2008								2009								
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		Aug	Sep	Oct	Nov
1 Rationalized regional road transport agreements	1.1 Confirm that multilateral agreements are the primary engagements in CAREC countries for regional road transport																													TM, MOC
	1.2 Review and prioritize the multilateral agreements relating to road transport, and prepare a list of regional road transport agreements for consolidation.																													TM, MOC, TSCC Secretariat
	1.3 Develop a plan for implementing prioritized																													TM, MOC
	1.4 Submit the plan to the Ministerial Conference (via Senior Officials' Meeting).																													TSCC
	1.5 Develop country specific action plans for implementation																													TM, MOC
	1.6 Review implementation progress																													TM, MOC, TSCC
2 Streamlined tariff and fee framework on regional road and railway transport	Roads																													
	2.1 Develop principles and specific measures for fees and user charges on cross-border and transit road transport																													TM, MOC
	2.2 Develop framework on fee and user charges on cross-border and transit transport																													TSCC
	2.3 Submit the plan to the Ministerial Conference (via Senior Officials' Meeting)																													TSCC
	2.4 Develop country specific action plans for implementation																													TM, MOC
	2.5 Review implementation progress																													TM, MOC, TSCC
	Railways																													
2.6 Review existing railway tariffs and make possible recommendations on harmonization of tariff-setting principles																													TM, MOR	

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CHINESE, ENGLISH AND RUSSIAN ONLY

**Draft Transit Traffic Agreement between the Governments of
the People's Republic of China, Mongolia and the Russian Federation**

The Governments of the People's Republic of China, Mongolia and the Russian Federation (hereinafter referred to as the original Contracting Parties),

Desiring to maintain, further develop and strengthen friendly relations and cooperation among themselves,

Aware of the growing interdependence of the States of the Contracting Parties regionally,

Bearing in mind the right of landlocked States to access to and from the sea and to freedom of transit, as underlined in the United Nations Convention on the Law of the Sea of 10 December 1982,

Recognizing the importance of adequate transit traffic arrangements for regional and international trade and for acceleration of the economic development of the States of the Contracting Parties,

Reiterating their commitment to fostering smooth, rapid and efficient movement of goods between and among the States of the Contracting Parties,

Have agreed as follows:

**Article 1
Use of terms**

For the purpose of this Agreement:

- (a) "Contracting Parties" means Governments parties to this Agreement by signature, approval or accession;
- (b) "Landlocked State" means a State of a Contracting Party that has no sea coast;
- (c) "Transit State" means a State of a Contracting Party, with or without a sea coast, through whose territory transit traffic passes;
- (d) "Transit traffic" means traffic of goods across the territory of the State of a Contracting Party or Contracting Parties, when the passage of goods by means of transport across such territory with or without trans-shipment, warehousing, breaking bulk or change in the mode of transport is only a

portion of a complete international journey that begins or terminates in the territory of the State of a Contracting Party;

- (e) "Means of transport" means any means of transport, defined in annex..., registered in the territory of the State of one of the Contracting Parties;
- (f) "Carrier" means any person, physical or legal, registered in the territory of the State of one of the Contracting Parties and, in conformity with national legislation, undertaking international carriage of goods, by whom or in whose name a contract of carriage has been concluded with a shipper;
- (g) "Goods" means material assets, things or other property accepted under a contract of carriage and specified as those in the transportation document. Where the goods are consolidated in a container, pallet or similar article of transport or where they are packed, "goods" includes such articles of transport or packaging if supplied by the shipper;
- (h) "Customs control" means measures applied by the Customs authorities of the Contracting Parties to ensure compliance with the laws, regulations and agreements that they are responsible for enforcing; (i) "Permit" means a document issued by the competent authority of a Contracting Party and giving the right to a vehicle registered in the territory of the State of another Contracting Party to enter, leave and/or pass in transit through the territory of the State of a Contracting Party while carrying out traffic of goods between and among the States of the Contracting Parties or in transit, including passage without goods.
- (i) "Permit" means a document issued by the competent authority of a Contracting Party and giving the right to a vehicle registered in the territory of the State of another Contracting Party to enter, leave and/or pass in transit through the territory of the State of a Contracting Party while carrying out traffic of goods between and among the States of the Contracting Parties or in transit, including passage without goods.

Article 2

Purpose and objective

1. The purpose of this Agreement is to provide a favourable arrangement for facilitating transit traffic through the territories of the States of the Contracting Parties.
2. The Contracting Parties shall take all necessary measures:
 - (a) For expeditious movement of transit traffic and for the avoidance of unnecessary delays to transit traffic through the territories of their States;
 - (b) To reduce cost on mutually agreed transit traffic conducted via the territories of their States; and
 - (c) To bring about simplification and harmonization of Customs and other relevant documentation and procedures relating to transit traffic through the

territories of their States, in accordance with international standards recognized and accepted by the Contracting Parties.

Article 3 **Scope of application**

1. The provisions of this Agreement shall apply to transit traffic that begins or terminates in the territory of the State of any Contracting Party.
2. This Agreement does not in any way entail the withdrawal of facilities for transit traffic that are greater than those provided for in this Agreement, provided the terms and conditions for use of such facilities are consistent with the principles embodied in this Agreement. This Agreement also does not preclude the grant of such greater facilities in the future.
3. The provisions of this Agreement shall not affect the rights and obligations of the Contracting Parties arising from the international treaties to which they are parties.
4. The provisions of this Agreement relating to the exercise of the right of access to and from the sea, establishing rights and facilities on account of the special geographical location of landlocked States, are excluded from the application of the most-favoured-nation clause.

Article 4 **Right of transit**

1. Each Contracting Party shall grant the other Contracting Parties the right of transit by means of transport through its national territory, under the conditions provided for in this Agreement and its annexes. The Contracting Parties shall provide each other with facilities and guarantees required for this purpose.
2. Except in the case of *force majeure*, Contracting Parties shall take all appropriate measures to ensure the smooth, most direct and unimpeded movement of transit traffic of the Contracting Parties, including trans-shipment of transit goods, and to avoid delays or other difficulties in such transit.
3. Landlocked States shall have the right of access to and from the sea through the territories of transit States for the purpose of exercising the freedom of transit provided for in paragraph 1 of this Article, as stipulated in the United Nations Convention on the Law of the Sea.
4. For the convenience of transit traffic, Customs control facilities may be provided in accordance with relevant domestic laws and regulations at the border-crossing points between the territories of the States of the Contracting Parties.
5. Transit States, in the exercise of their full sovereignty over their territories, shall have the right to take all measures necessary to ensure that the rights and facilities provided for in this Agreement for landlocked States shall in no way infringe on their legitimate interests.

Article 5
Transit routes

1. The routes designated by the Contracting Parties for transit traffic are specified in annex....
2. In conformity with this Agreement, it is permitted, on the routes designated for transit traffic by road transport, to carry out traffic between, among and through the territories of the States of the Contracting Parties.

Article 6
Transit traffic requirements and discipline

1. Carriers and personnel engaged in transit traffic that enter the transit State shall abide by the laws and regulations of that State.
2. Means of transport engaged in transit traffic that enter the territory of the transit State shall follow the routes designated in annex ... and shall not deviate from these routes unless authorized by relevant authorities of the transit State.
3. Drivers shall be in possession of driving licences issued by the competent authorities from the Contracting Parties and mutually recognized by the Contracting Parties.

Article 7
Tariffs, taxes and charges

1. Goods from Contracting Parties which are in transit shall be exempted from Customs duties and taxes under the supervision and conditions established by the Customs authorities of the transit States. Guarantees for goods in transit shall be provided by the carrier in accordance with national legislation of the transit State.
2. Means of transport and their associated fuels (not exceeding the standard content of the tank originally installed by the manufacturer and connected directly to the vehicle engine system as well as the fuel in the additional tank for operating of refrigeration unit) and lubricants, self-carried accessories and easily worn parts for the round-trip transport shall be exempted from Customs duties and taxes.
3. Other taxes and charges, particularly for the use of toll sections of roads and highways, bridges and tunnels, shall be imposed in accordance with the principle of national treatment.

Article 8
Modern methods of transportation

1. The Contracting Parties shall encourage and promote modern methods of transportation of goods (combined, multimodal and others).
2. All modern methods of transportation mentioned in paragraph 1 above shall be based on internationally recognized documentation and procedures.

Article 9
Measures designed to expedite clearance of transit traffic

To ensure smooth and expeditious transit traffic, the Contracting Parties shall make efforts to:

- (a) Establish posts at designated border-crossing points with control areas in such a way that means of transport and goods can be examined and cleared at the same place in the territory of the Contracting Party, so that repeated unloading and reloading may be avoided;
- (b) Ensure the expeditious carrying out of control procedures;
- (c) Harmonize the working hours of vis-à-vis border-crossing points.

Article 10
Safety of transit traffic

- 1. The Contracting Parties shall take all measures, including regulations relating to sanitary and phytosanitary measures and the prevention of contagious diseases, necessary to ensure the safety of traffic and of goods, as well as environmental protection.
- 2. The competent authorities of the Contracting Parties shall provide all possible immediate assistance in the event of traffic accidents in their territories involving means of transport engaged in transit traffic, especially when persons, dangerous goods and perishable foodstuffs are involved.

Article 11
Establishment of offices

- 1. The carriers of the State of one Contracting Party may establish offices in the territory of the States of other Contracting Parties for the purpose of operating transit traffic of goods in accordance with the legislation of the respective Contracting Parties.
- 2. The above-mentioned offices shall also assist in handling emergencies, including traffic accidents involving vehicles, drivers and crew members in transit operations.

Article 12
Visa facilitation

- 1. Each Contracting Party shall facilitate visa issuance for transit personnel.
- 2. In the event of illness or injury of persons, or accident or damage to vehicles, the period of stay shall be extended for a period consistent with the anticipated delay.
- 3. Procedures for the granting and extending of visas mentioned in paragraphs 1 and 2 above shall be in accordance with the domestic legislation of the Contracting Party concerned.

Article 13
Road transport

[1. The Contracting Parties shall grant each other permits to carry out transit traffic in the territory of the States of the Contracting Parties. The number of permits required for carriers for the implementation of this Agreement, as well as specific provisions related to terms and conditions for road traffic, shall be elaborated in annexes....]

2. Transit transport of goods shall be undertaken by means of transport under the compulsory third party liability insurance.

Article 14
Railway transport

In respect of transit traffic undertaken by rail transport on the basis of this Agreement, procedures and rules of the Organization for Railway Cooperation shall be applied.

Article 15
Maritime ports

The Contracting Parties that have maritime ports in the territory of their States shall grant the required port-handling capacities to customers from the States of other Contracting Parties on terms not less favourable than those applied to other foreign customers.

Article 16
Border entry/exit inspection and control procedures

1. The Contracting Parties shall take measures to simplify border-crossing control procedures for goods, means of transport, drivers and crew members, including their personal belongings, while in transit.

2. Means of transport, goods, drivers and crew members engaged in transit traffic shall pass through border-crossing points on the routes designated for transit traffic within the framework of this Agreement and are subject to inspection by the relevant authorities of the transit State.

3. Customs seals and identification marks affixed by the Customs of departure in the territory of the State of one of the Contracting Parties or by the Customs of a third country shall be accepted for the purposes of the transit traffic of goods unless:

- They are considered not to be sufficient; or
- They are not secure.

4. [Where Customs seals and identification marks are accepted in accordance with paragraph 3 above, no goods shall be delayed en route for the purpose of Customs inspection or other purposes.]

5. Drivers and crew members engaged in transit traffic shall bear legitimate documents for international travel or other documents mutually accepted by the Contracting Parties and shall abide by the entry/exit laws and regulations of the transit States.

[6. In respect of the control procedures, the provisions of international treaties to which all the Contracting Parties are Parties shall be applied. To solve issues that are not covered by these treaties, the legislation of the State in whose territory the control is carried out shall be applied.]

Article 17

Consolidation and alignment of documentation

The Contracting Parties acknowledge that documentation and procedures represent important cost and time-cost elements affecting the efficiency of transit operations. In order to keep these costs and delays to a minimum, the Contracting Parties shall make efforts to:

- (a) Minimize, as appropriate, the number of documents and reduce, to the extent possible, procedures and formalities required for transit traffic;
- (b) Align their documents, as appropriate, with the United Nations Layout Key for Trade Documents;
- (c) Reduce to a minimum the number of competent agencies involved in handling documents referred to in subparagraph (a) of this paragraph; and
- (d) Harmonize the nature of the information to be contained in the documents referred to in sub-paragraph (a) of this paragraph.

Article 18

Basic documentation and procedures

The basic documentation and procedures to be applied for transit traffic in accordance with this Agreement are specified in annex....

Article 19

Applicable laws

Transit transportation in the territory of the transit State shall be subject to the relevant laws and regulations of the transit State.

Article 20

Committee of National Coordinators

1. The Contracting Parties shall establish a Committee of National Coordinators to supervise jointly the implementation of this Agreement and to refer for expeditious solution to the competent authorities of their own countries any question arising in the process of carrying out international traffic in the territories of the States of the Contracting Parties.

2. The Committee shall establish its terms of reference.
3. The Committee shall meet as often as may be mutually agreed, but at least once a year.
- [4. The Committee shall determine the quantity of permits for transit traffic on the basis of requirements of carriers.]

Article 21 Consultations

The Contracting Parties shall resolve any differences among themselves relating to the interpretation of this Agreement through consultations.

Article 22 Depositary

1. The depositary shall be
2. In the event of any difference arising between the Contracting Parties and the depositary as to the performance of the latter's functions, the depositary or the Contracting Party concerned shall bring the question to the attention of the other Contracting Parties.

Article 23 Amendment

1. Amendments may be made to this Agreement and its annexes. Any amendment proposed by a Contracting Party shall be sent to the depositary, who shall inform all the other Contracting Parties.
2. Amendments shall enter into force after all Contracting Parties reach agreement and sign separate protocols.

Article 24 Accession

1. After entering into force, this Agreement is open to non-signatory States, which may accede to it only with the agreement of all Contracting Parties.
2. The instruments of accession shall be deposited with the depositary. The depositary shall notify the Contracting Parties to this Agreement.
3. This Agreement shall enter into force for the State acceding to it on the thirtieth day following the date of deposit of the instrument of accession with the depositary.

Article 25
Entry into force

This Agreement shall enter into force on the thirtieth day following the date of deposit through diplomatic channels of the third and last written instrument of completion by the Contracting Parties of the internal procedure required for its entering into force.

Article 26
Denunciation

Any Contracting Party may denounce this Agreement by written notification forwarded to the depositary through diplomatic channels. The denunciation shall take effect on the ninetieth day following the date of receipt of the notification by the depositary.

Article 27
Status of the annexes and amendments

The annexes, as well as valid amendments approved by the Contracting Parties, form an integral part of this Agreement. Any reference to this Agreement includes the annexes and valid amendments relating thereto.

Done in XXXX on the XX day of XX, XXXX in four originals in the Chinese, Mongolian, Russian and English languages, all texts being equally authentic. In the event of any divergence in interpretation of this Agreement, the English text shall prevail.

For the Government of the People's Republic of China

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For the Government of Mongolia

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For the Government of the Russian Federation

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**Draft Transit Traffic Agreement between the Governments of Mongolia,
the People's Republic of China, and the Russian Federation**

A. Issues Identified by Mongolia

1. The routes designated by the Contracting Parties for transit traffic.
2. Parameters for road infrastructure, rail infrastructure, combined rail/road.
3. Specific provisions related to Customs issues.
4. Specific provisions related to terms and conditions for road traffic.
5. Technical specifications for transit commercial vehicles.
6. Specific provisions related to terms and conditions for provision of the necessary maritime ports and facilities.
7. The basic documentation and procedures to be applied in the implementation of this Agreement.

B. Issues Identified by People's Republic of China

1. Registration of vehicles.
2. Driving licenses.
3. Traffic rules, signs and markings.
4. Traffic routes.
5. Rules on the transportation of goods.
6. Transportation documentation.
7. Procedures for transit traffic and Customs.
8. Standards for vehicles and containers.

C. Issues Identified by the Russian Federation

1. Traffic routes and border-crossing points.
2. Procedures for transit traffic and Customs, list of necessary documents to be presented, samples (specimens).
3. Standards for vehicles and containers.
4. Rules on the transportation of goods.
5. Signs and markings.