

REGIONAL TRANSIT SYSTEM

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*WHAT IS THE REGIONAL TRANSIT
BETWEEN BLACK SEA, CENTRAL
ASIAN REPUBLICS, MONGOLIA
AND CHINA*

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TWO APPROACHES

*1 REGIONAL DISTRIBUTION OF
REGIONAL / LOCAL PRODUCTION*

*2 REGIONAL DISTRIBUTION OF
LONG DISTANCE IMPORT / EXPORT*

1 REGIONAL DISTRIBUTION OF REGIONAL / LOCAL PRODUCTION

- LOCAL PRODUCTION / LOCAL TRANSIT / LOCAL CUSTOMS PRACTICES*
- PREVAILING POSITION OF DISTRIBUTION BETWEEN BAZAARS NETWORKS IN ALL CENTRAL ASIAN REPUBLICS*
- HUGE PART OF LOCAL / REGIONAL TRANSIT AS PERSONNAL PASSENGER AFFAIRS – SUITECASE ENTREPRENEURS, MAINLY T6 FORMS DECLARATION, UNDERVALUATION OF GOODS, MISSING VAT COLLECTION, TAXATION BASED ON CONDITIONNAL CUSTOMS VALUE TABLES, CLASSIFICATION DISREGARDS*
- WEAK, PARTLY MANUAL TRANSIT MANAGEMENT OR EVEN ABSENCE OF MANAGEMENT, NOT RELIABLE STATISTICS*
- CUSTOMS DIFFERENCIATED TREATMENT OF COMMERCIAL AND INDIVIDUAL ENTREPRENEURS*

2 REGIONAL DISTRIBUTION OF LONG DISTANCE IMPORT / EXPORT

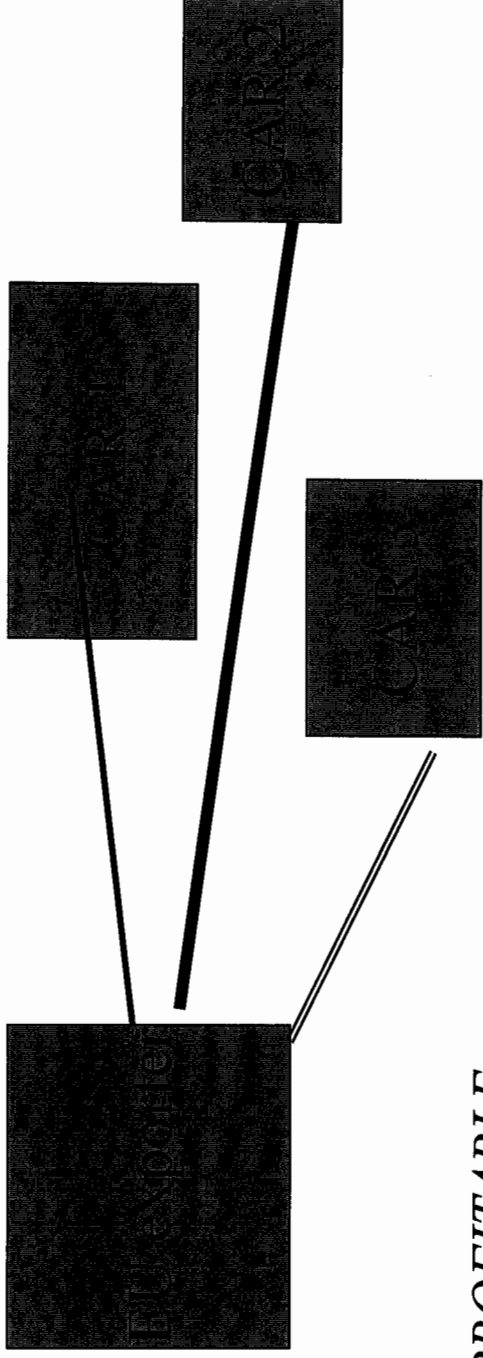
ADVANTAGES

- SIMILAR, COMMON CULTURAL BACKGROUND
- SAME LANGUAGE
- DISTRIBUTION OF ETHNIES IN ALL CENTRAL ASIAN REPUBLICS
- UNIFORMISATION AND STANDARDISATION OF THE MARKETING APPROACH
- GLOBAL PRODUCTION ORGANISED/DISPATCHED THROUGH A REGIONAL DISTRIBUTION PLATFORM
- EXISTING FRAMEWORK OF CUSTOMS UNION AND FREE TRADE AREA: CIS, EURASIA, BILATERAL AGREEMENTS
- POSSIBILITY OF **ECONOMY OF SCALE** ON PRODUCTION COSTS / TRANSPORT COSTS / MARKETING COSTS IN TACKLING A REGIONAL MARKET EFFICIENT TRANSIT SYSTEM AS COMPARATIVE ADVANTAGE FOR ALL CARS
- TRADITION OF COMMERCE ROUTES AND TRANSIT
- EXAMPLE OF TRACECA: CARS AS TRANSIT COUNTRIES AND NOT CONSUMPTION MARKETS^{14/03/2005}
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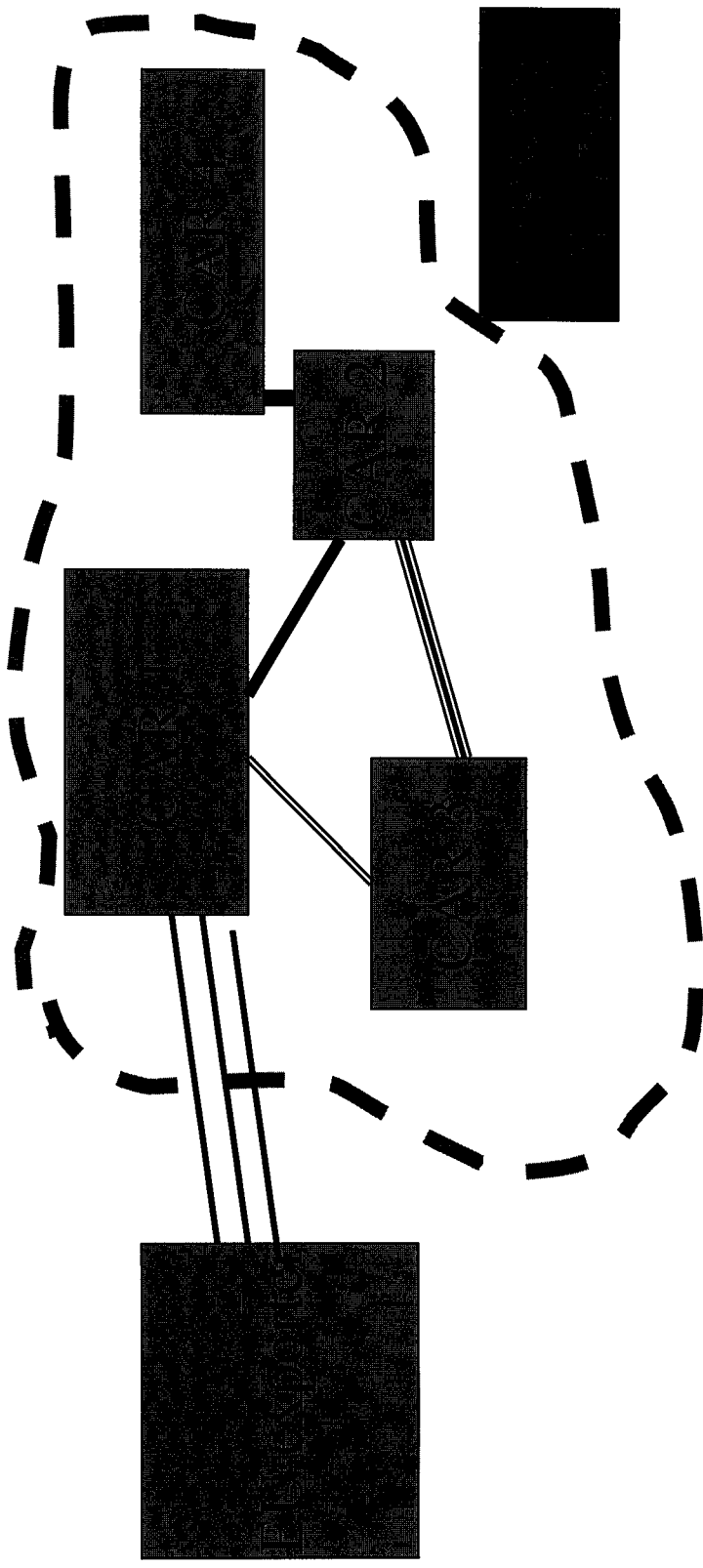
2 REGIONAL DISTRIBUTION OF LONG DISTANCE IMPORT / EXPORT

DRAWBACKS

- INDIVIDUAL CENTRAL ASIAN MARKETS ARE SMALL CONSUMPTION MARKETS*
- LOW PURCHASING POWER MARKETS*
- BUREAUCRATIC AND CONTROL ORIENTED TRADE AND CUSTOMS PRACTICES*
- DIFFERENT INTERNATIONAL TRADE PROCEDURES ON IMPORT / EXPORT OF FAR FOREIGN PRODUCTS IN EACH COUNTRY*
- DIFFERENT LEVEL OF LIBERALISATION AND ECONOMIC DEVELOPMENT IN CARS*



- **NOT PROFITABLE**
- **COMPLICATED, DIFFERENT AND MULTIPLE TRADE AND CUSTOMS PROCEDURES BECAUSE OF NON HARMONISATION OF ACCESSION TO BILATERAL AND INTERNATIONAL AGREEMENTS AND CONVENTIONS**
- **MULTIPLICATION OF DOCUMENTATION? DELAYS? COSTS? CORRUPTION**
- **DUPLICATION OF DATA SEIZURE, DOCUMENTATION**
- **DUPLICATION OF TRANSIT DECLARATIONS**
- **DIFFICULT AND COSTLY KNOWLEDGE OF MULTIPLE MARKETS APPROACH**
- **RELUCTANT APPROACH FOR TACKLING CARs MARKETS**



- *CUSTOMS PLANNING AND LOGISTICS SUPPLY CHAIN OPTIMISATION*
- *INTEGRATION IN THE GLOBAL INDUSTRIAL APPROACH*
- *ONE INTERNATIONAL TRANSIT OPERATION DECLINED IN REGIONAL TRANSIT OPERATIONS*
- *EASIER AND CHEAPER PRODUCTION, TRANSPORT, MARKETING APPROACH*
- *BENEFIT OF INFRASTRUCTURE AND PROCEDURES FOR THE REGIONAL TRANSIT OF LOCAL AND REGIONAL PRODUCTION*

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*WHY A REGIONAL TRANSIT SYSTEM
BETWEEN BLACK SEA, CENTRAL
ASIAN REPUBLICS, MONGOLIA
AND CHINA*

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*• TO TAKE THE BENEFITS OF
GLOBALISATION : TREND OF
PRODUCTION AND DISTRIBUTION FOR
REGIONAL OR WORLD MARKETS AND
NO LONGER FOR INDIVIDUAL MARKETS*

*• TO CREATE CONDITIONS FOR FOREIGN
DIRECT INVESTMENT ATTRACTIVENESS*

CURRENT BARRIERS TO REGIONAL TRANSIT AND RECOMMENDATIONS

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Lack of regional approach to issues :

Need to strengthen the Regional Integration of customs and economic policies, promote tariff harmonisation, non tariff and tariff integrated systems, enhance the idea of a common regional customs duties budget

Lack of border crossing approach of the border crossing issues:

Promote a national and regional cross border approach considering the common and mutual interest of each of them

Lack of transparency in secondary level of legislation :

Avoid the multiplication of internal instructions from Border crossing Body of each country and absence of dissemination to the traders

Separate, individualist border crossing bodies :

Develop and promote initiatives like one single stop, one stop shop, juxtaposed customs posts shop principles....

Lack of communication and partnership with traders:

Improve and promote dissemination of the ground and routine legal frameworks to the traders

Lack of freight forwarders, customs brokers and freight insurers actors and associations:

Develop and support qualification, responsibility, networking and relationships with customs of freight forwarders, customs brokers and freight insurers actors and associations

Weak national training and lack of common training:

Different national transit procedures, TIR, customs control techniques, inspection methodology, etc. even if senior managers are trained in the Russian Customs Academy

Weak, Poor or lack of information technology and communication infrastructures, designed configuration, level of use and development

Difficult mind sight and change management:

quickly adapt procedures to keep up with economic change and technological development, promotion in understanding the new economic role of customs

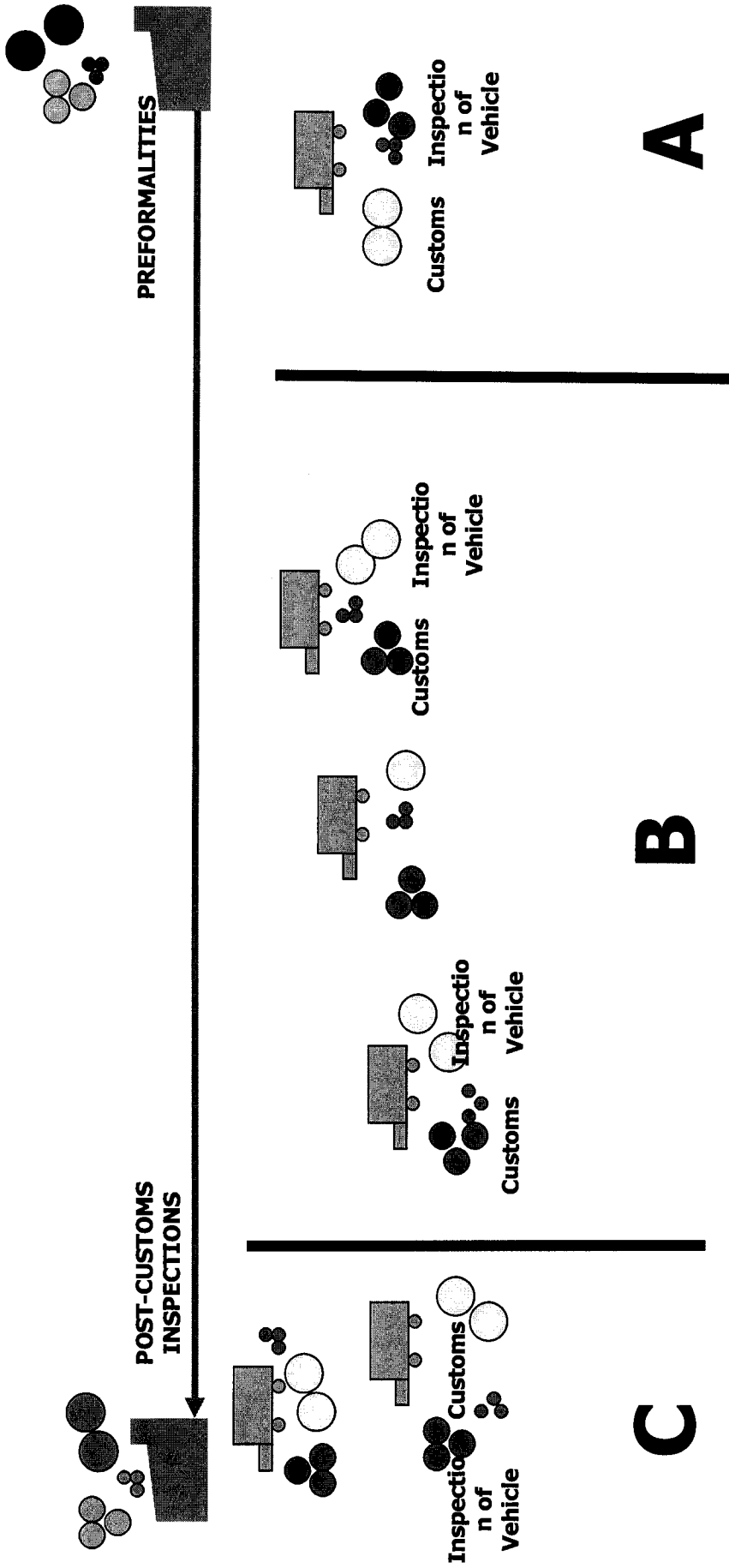
Lack of Risk Analysis Management approach and application:

Promote risk profiling of traders and goods, due diligence and legislation compliance profiles and modelling, define and apply control selectivity criteria

Trade facilitation not yet effective:

Transform the control oriented customs mission into an economic and fiscal mission, shift from a systematic border control to a more generalised post clearance control through the application of Risk Analysis Management, multiple and duplicated controls on goods, vehicles, drivers,etc. from different Bodies, reform the heavy, costly, delay-generating and not transparent escort system

Chart of the multiple inspections on in-transit goods



Multiple Inspections

Post clearance inspections:

- Customs
- Financial police
- Ministry of foreign affairs
- Ministry of transport
- Tax administration
- Ecology and environment ministry
- Etc...

Inspections on drivers:

- Passports, visa
- Driving licenses
- Individual circulation permit
- Rest period check
- Individual quarantine
- Etc...

Inspections on vehicles:

- Fuel taxation, fuel exemption
- Vehicle insurance
- Ecology, pollution level
- Quarantine
- Radiation
- Vehicle tax
- Road charge
- Special permit
- Weight and dimension
- Vehicle certificate
- Vehicle road worthiness
- Transport statistics
- Dangerous goods transportation worthiness permit
- Transport vehicle nationality quotas
- Transit fees
- Etc...

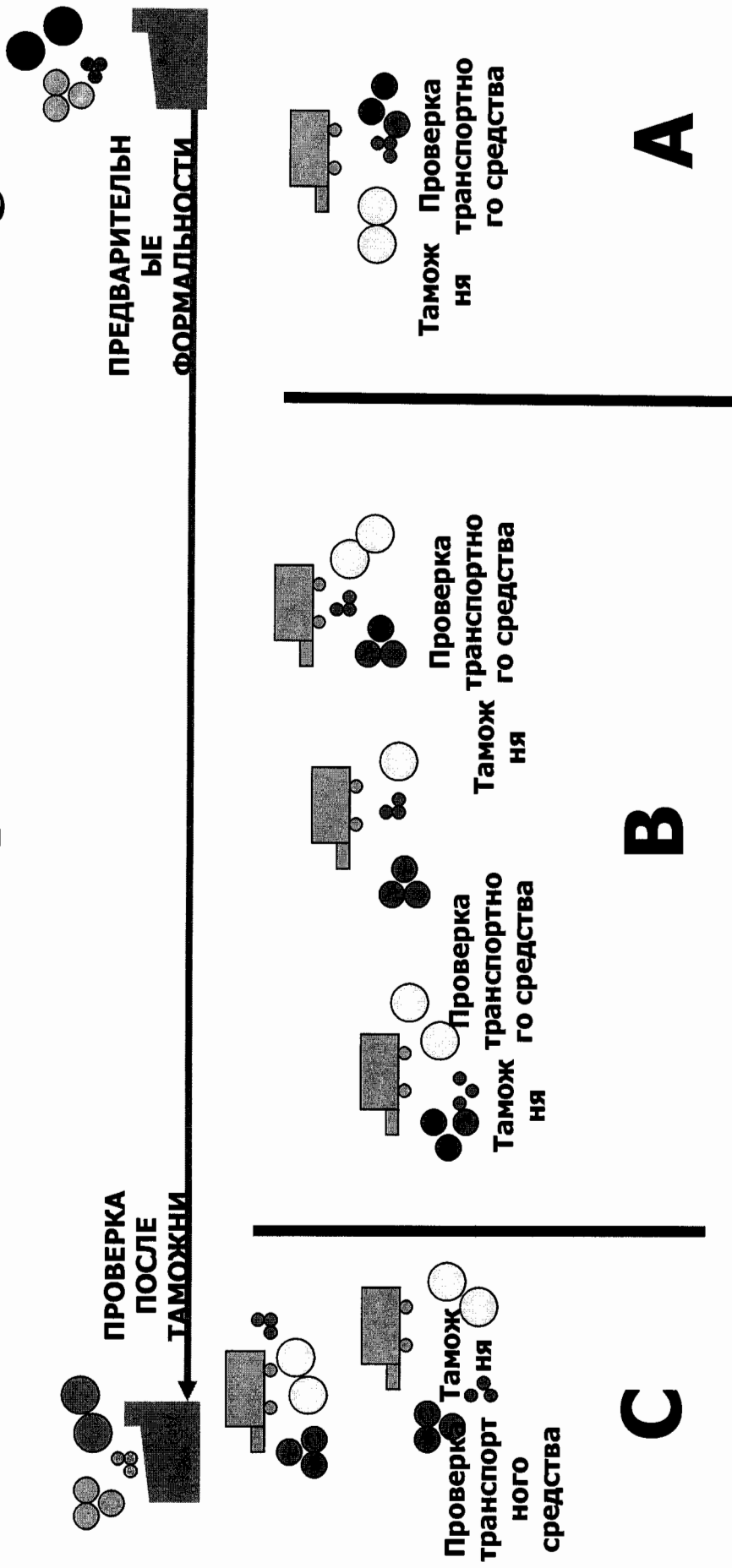
Preformalities:

- Registration, license, permits
- Processing, product certification
- Contracts registration
- Contracts and doc. Translation
- Banking requirements

Inspection on goods cargo:

- Customs declaration
- Commercial contract
- Origin, sanitary, phytosanitary certificates
- Radiation certificate
- Import, export licences
- TIR, ATA carnet
- Transport documentation, CMR
- Physical controls (nomenclature, quality, quantity, weight, certification, value, etc)
- Quarantine

Chart of the multiple inspections on in-transit goods



Multiple Inspections

Проверка после

Таможни:

- Таможня
- Финансовая полиция
- МИД
- Министерство Транспорта
- Налоговая служба
- Мин. Экологии и Охраны Окружающей Среды
- и т.д.

Проверка шоферов:

- Паспорт, виза
- Водительские права
- Разрешение на въезд
- Осмотр
- Индивидуальный карантин
- и т.д.

Проверка шоферов:

- Налогообложение на топливо
- Страховка транспортного средства
- Экология, уровень загрязнения
- Карантин
- Радиация
- Налог на транспортное средство
- Дорожный налог
- Специальное разрешение
- Вес и размеры
- Техпаспорт
- Состояние транспортного средства
- Транспортная статистика
- Разрешение на транспортировку опасных грузов
- Квоты на происхождение транспортного средства
- Транзитные расценки
- и т.д.

Предварительные формальности:

- Регистрация, лицензия, разрешения
- Обработка, сертификаты товара
- Регистрация контрактов
- Перевод контрактов и документов
- Банковские требования

Проверка груза:

- Таможенная декларация
- Контракт
- Сертификаты происхождения, санитарии, фитосанитарии
- Радиация
- Лицензии на импорт, экспорт
- МДП, АТА
- Транспортная документация, SMR
- Физический контроль (номенклатура, качество, вес, сертификаты и т.д)
- Карантин

Consequences

- *Fraudulent practices, lack of transparency, of reliability, of foreign investment attractiveness*
- *loss of transit goods during the transit movement through countries and loss duties and taxes related to the in transit goods not finally discharged*
- *waste of time due to multiple controls and inspections by numerous State bodies in each country with break of seals and handling of goods*
- *waste of time at border crossing points for running the duplicate customs formalities*
- *unpredictability on effectiveness of the movement of goods*

MAIN FRAUDS

- *Non-completion of transit procedures*
- *Fraudulent completion of transit procedures*
- *Stamp forgery or use of stolen stamps*
- *Declaration and document forgery like False TIR Carnet*
- *Involvement of State officials*
- *Eventually, traders unsatisfactory daily business with State inspection bodies is the background on which most of the fraudulent practices take place*

PREREQUISITES FOR A REGIONAL TRANSIT SYSTEM

- *GLOBAL FINANCIAL GUARANTEE TO COVER THE DUTIES AND TAXES ON IN-TRANSIT GOODS IN EACH TRANSIT COUNTRY*
- *MUTUAL RECOGNITION OF STAMPS, SEALS AND DOCUMENTATION*
- *HARMONISED AND UNIFIED DOCUMENTATION*
- *RELIABLE DATA PROCESSING AND REGIONAL SHARING*
- *RELIABLE STATISTICS*

PREREQUISITES FOR A REGIONAL TRANSIT SYSTEM (2)

- *NO DUPLICATION OF DOCUMENTATION AND CUSTOMS TRANSIT DECLARATION*
- *COMMON AND MUTUAL ACCEPTANCE OF CUSTOMS DECLARATION DATA*
- *CROSS BORDER FLUIDITY OF FLOW OF GOODS*
- *RISK ANALYSIS MANAGEMENT BY RISK PROFILING OF TRADERS AND GOODS AND DUE DILIGENCE COMPLIANCE MODEL*
- *HARMONISATION OF DEFINITION, MISSION, OBJECTIVES AND PROCEDURES REGIONAL TRANSIT LEGAL GROUND AND SECONDARY LEGAL FRAMEWORK*
- *STRONG NATIONAL AND REGIONAL INTELLIGENCE AND ENFORCEMENT INFORMATION SYSTEMS*

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PREREQUISITES FOR A REGIONAL TRANSIT SYSTEM (3)

- PROMOTION OF ONE STOP SHOP AND SINGLE WINDOW PRINCIPLES TO AVOID DELAYS AND COSTS DUE TO MULTIPLE STOPS AND CONTROLS*
- BORDER CROSSING BODIES HARMONISATION , COMMUNICATION AND COOPERATION*
- DEVELOPPED, QUALIFIED, PROFESSIONNAL FREIGHT FORWARDERS, CUSTOMS BROKERS, AND FREIGHT INSURERS ACTORS AND NATIONAL AS WELL AS REGIONAL ASSOCIATIONS*
- RELIABLE (COMPUTERISED) INTERFACED TRANSIT OPERATIONALS MANAGEMENT AND DISCHARGE SYSTEM AT NATIONAL AND REGIONAL LEVELS*

*PREREQUISITES FOR A REGIONAL TRANSIT
SYSTEM (4)*

- PROMOTION AND DEVELOPMENT OF TRANSPORT NETWORKS WITHIN THE REGION MEANING A REGIONAL MANAGEMENT OF ROADS AND RAILWAYS*
- HARMONISED STANDARD LEVEL OF TRANSPORT INFRASTRUCTURE AT THE REGIONAL LEVEL*

CONCLUSIONS

CONSIDER THE REGIONAL TRANSIT AS :

- A CHANCE OF COMPARATIVE ADVANTAGE FOR THE REGION AND EACH COUNTRY THROUGH THE IDEA OF THE SUPPLY CHAIN MANAGEMENT OPTIMISATION BASED ON THE ORGANISATION OF REGIONAL PLATFORM DISTRIBUTION

- A CHANCE TO BENEFIT FROM AND PARTICIPATE IN THE GLOBALISATION TREND WITHIN THE REGIONAL WTO

ACCESSION TENDENCY

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CONCLUSIONS

CONSIDER THE REGIONAL TRANSIT AS :

- A CHANCE TO ATTRACT MORE FOREIGN INVESTMENTS SINCE IT WILL ENABLE TO REACH LARGER MARKETS, GENERATE ECONOMIES OF SCALE, SIMPLIFY INTERNATIONAL TRADE PROCEDURES, REDUCE BOTTLENECKS AND, INCREASE RETURN ON INVESTMENT

CONCLUSIONS

SUPPORT THE REGIONAL TRANSIT BY :

- A SYSTEM OF NATIONAL/REGIONAL GLOBAL AND INDIVIDUAL FINANCIAL GUARANTEE TO COVER THE GOODS IN TRANSIT
- HARMONISATION OF THE DIFFERENT NATIONAL TRANSIT LEGAL BASES
- HARMONISATION AND REGIONAL MANAGEMENT OF TRANSPORT TARIFF, INFRASTRUCTURES, DOCUMENTATION AND STANDARDS
- RISK ANALYSIS MANAGEMENT WITH RISK PROFILING AND CONTROL SELECTIVITY
- A STRONG NETWORK OF TRANSPORT AND CUSTOMS SERVICES PROVIDERS

CONCLUSIONS

SUPPORT THE REGIONAL TRANSIT BY :

- CUSTOMS AND BORDER CROSSING COMPUTERISATION,
- NATIONAL AND REGIONAL CUSTOMS TRANSIT DECLARATION DISCHARGE MANAGEMENT,
- REGIONAL TRANSIT DATA SHARING
- REGIONAL OR INTERFACED INTELLIGENCE AND ENFORCEMENT INFORMATION SYSTEMS
- REGIONAL CUSTOMS TRANSIT DECLARATION AND JOINED DOCUMENTATION UNICITY

CONCLUSIONS

SUPPORT THE REGIONAL TRANSIT BY :

- HARMONISATION OF BORDER CROSSING PROCEDURES VIA THE DEVELOPMENT OF JOINED CUSTOMS CONSULTATIVE COMMITTEES
- TRANSPARENCY AND SIMPLIFICATION OF BORDER CROSSING PROCEDURES MODERN PRINCIPLES LIKE ONE SINGLE WINDOW, ONE STOP SHOP, JUXTAPOSED CUSTOMS POSTS

The End

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