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REPORT OF THE EXECUTIVE SECRETARY ON THE ACTIVITIES OF THE COMMISSION

PROGRESS MADE DURING 1996 IN THE IMPLEMENTATION OF THE PROGRAMME OF WORK FOR THE BIENNIUM 1996-1997

Report on facilitation of border-crossing
formalities and agreements for transport of goods and persons

Introduction

1.   The facilitation of border-crossing formalities for the transport of goods and persons, whether for work or tourism, has long been advocated by transport officials in order to promote regional cooperation. Such cooperation should eventually be implemented through trade exchange and transit of goods and persons, in addition to the movement of capital and transmission of information to serve specific markets. While the transport sector is concerned with the traffic of goods and persons, the communications sector is concerned with the transmission of information as well as with the conclusion of ensuing transactions. In this context, any form of regional cooperation should be based on two major dimensions: the first is the necessary material infrastructure for the transport and communications network; the second is not a material one, but rather comprises legislative and institutional aspects, in addition to administrative and trade operations.

2.   Trans-border operations tend to be very complex. They are complemented by other transactions which involve various operations. These transactions include the exchange of information and documents such as shipping and insurance policies, and trans-border banking operations such as opening credits, and transfer of money in payment of exchanged goods and commodities, in addition to border customs procedures. One shipment from the country of origin to its final destination may require the intervention of more than 50 authorities and the completion of hundreds of copies of a similar number of documents. For these reasons there has always been a need to facilitate formalities and eliminate obstacles to ensure an easier flow of shipment clearance and the arrival of goods at their final destination in the shortest possible time with the minimum possible effort and cost.

I. CONVENTIONS ON FACILITATION OF TRANS-BORDER TRAFFIC

3.   Multilateral conventions constitute the basis for the facilitation of trans-border traffic and international trade. In many instances, countries have entrusted the United Nations with the elaboration of a large number of such conventions because the United Nations is the international organization that groups together the greatest number of sovereign countries in the world. There are many international conventions on transport concerned with the situation in European countries, as those countries were the first to work on systems aimed at facilitating transport operations and trans-border formalities. The number of conventions relating to the transport sector is around 50. Transport conventions should be isolated from prevailing political changes in order to be effective. The main concern in such conventions is to protect the economic interests of the contracting parties regardless of current political trends.

4.   The 1975 Customs Convention on the International Transport of Goods under Cover of TIR (*transport international routier*) is one of the most important international conventions on trans-border traffic. Two ESCWA member countries have already acceded to the TIR Convention, namely Kuwait (1983) and Jordan (1985). The advantage of the TIR Convention is that it is guaranteed by the International Road Federation; in addition, it is a dynamic Convention which has passed through three major phases since it was established in 1959. Consecutive amendments have been made to it to cope with various changes in the field of transport. At present the Convention is under review in order to adapt it to the phenomena which emerged in Europe in the aftermath of the collapse of the Soviet Union. Obviously, access to this Convention by other ESCWA member countries will help to facilitate traffic among these countries and between them and neighbouring countries, especially since most of the trade partners of the countries in the ESCWA region are among the 40 signatories to the Convention.

5.   In addition to international conventions, there are also regional conventions that have been concluded to facilitate intraregional trans-border traffic, the most important of which is the agreement on transit traffic concluded by the members of the League of Arab States which was signed in 1977. This Convention is very much similar to the international TIR Convention and is presently facing some difficulties which could be attributed to security and tariff considerations. This has resulted in a number of precautionary actions such as the imposition of sequestration by customs of vehicles in transit or in extremely thorough inspections of the loads of trucks or ships, causing considerable delays in addition to the high cost incurred by the carrier as a result of such procedures.

6.   Also among the international conventions important in facilitating maritime transport is the 1965 FAL Convention (the Convention on Facilitation of International Maritime Traffic), which has been signed by seven Arab countries. The aim of this Convention is to reduce the number of necessary documents to only eight, to be presented to the concerned authorities upon the arrival of the ship in port, during its stay and upon departure. The FAL Convention was amended in 1993 to allow for the use of the electronic data interchange (EDI), which directly reduces the number of days needed by the ship to stay in port, especially since the cost of such stays for a medium-size ship can reach US$ 40,000 per day.

7.   Multimodal transport represents the trend for the future which will take even more tangible shape once the 1980 United Nations Convention on International Multimodal Transport of Goods has taken effect. This Convention opens the door to a new category of multimodal transport contractors who will be in charge of all international transport operations in all modes of transport. These operations will be controlled by multinational enterprises unless the developing countries act quickly to strengthen their national structures

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and establish their own corporations to enter this new field and protect their interests, and to ensure that their national carriers get a fair share of international transport operations.

8. The responsibility of the carriers regarding the damage or the risks to which the transported goods are exposed is limited to their responsibility as identified by international agreements and conventions relating to unimodal transport operations. For maritime transport, this responsibility was established according to the Hague Rules (International Convention for the Unification of Certain Rules relating to Bills of Lading) signed in 1924 by 77 countries, which took effect in 1931. The above-mentioned Multimodal Transport Convention established this responsibility in respect of all transport modes.

9. The United Nations Convention on International Multimodal Transport of Goods, which was signed in Geneva in 1980, will enter into effect after it has been signed by 30 countries. However, by the end of 1995, only seven countries had ratified and acceded to the Convention. The main purpose of the Convention is to standardize the many systems of liability identified by international conventions and agreements applicable to unimodal transport operations. The Convention does not interfere with the freedom of shippers or with the responsibility of carriers; it rather tries to overcome the problem of the decrease in the purchasing value within the limits provided for under the rules on compensation. However, in view of the slow ratification process of the Convention, the United Nations Conference on Trade and Development (UNCTAD) issued, in agreement with the International Chamber of Commerce (ICC), optional rules to govern multimodal transport operations; these are known as the UNCTAD/ICC Rules for Multimodal Transport. These Rules were approved in 1991 and took effect, optionally, as of 1 January 1992.

10. The success of any convention, whether international or regional, depends directly on its ability to address issues of common interest. Certain trade interests must exist between the contracting parties; there must also be a certain reliable tariff guarantee, which constitutes the foundation for the success of any convention, just as the absence of such a guarantee limits the chances for the successful applicability of the convention. Perhaps the success of the TIR Convention is mainly due to the existence of a reliable guarantee, which should exist for any convention under consideration, as is the case with the above-mentioned 1977 agreement on transit traffic.

II. MEASURES TAKEN BY ESCWA TO FACILITATE TRANSIT PROCEDURES

11. Since 1984, ESCWA has been making continuous efforts, whether by convening expert group meetings or through the preparation of technical bulletins on transit procedures and related international and regional conventions. The first expert group meeting was held in 1984: the Ad Hoc Expert Group Meeting on Technical Aspects of Land Transport Harmonization and Standardization. The Meeting focused on studying the coordination of transport and the standardization of transport documents. It also focused on reviewing the legal aspects of facilitating transport procedures and transit in the region, including international and regional conventions concerned with customs procedures and border-crossing. Among its recommendations, the Meeting called for the simplification of transport documents and the reduction of their number, and called also for the preparation of a manual containing a detailed description of the applicable procedures adopted in every road-crossing point in the ESCWA region. It also called for a common security institution among Arab countries and for the replacement of the Arab manifest by an Arab carnet similar to the TIR carnet.

12. In January 1993, ESCWA held the ESCWA/UNCTAD TRAINMAR Workshop on Multimodal Transport for Senior Officials, which reviewed measures for facilitating transport at border points. The

Workshop focused on the completion and the improvement of transport networks across the countries of the region in order to eliminate bottlenecks and difficulties hindering the smooth flow of traffic. The Workshop also focused on the necessary action to standardize and improve the technical specifications of these networks. The Workshop recommended that dry ports should be established in order to ease the pressure on ports that was caused by the storage of goods which remained without clearance, and that a council of maritime shippers should be established. The Workshop also emphasized the need to use computers for the completion of border procedures and to train the personnel at border centres on how to use computers in place of paper documents.

13.   In November 1996, ESCWA cooperated with the League of Arab States in organizing the Expert Group Meeting on Border-crossing Formalities and Agreements for the Transport of Goods and Passengers. The Meeting was attended by experts from ESCWA member countries in their capacity as officials responsible at the highest levels in the transport sector, and by other experts from regional organizations and specific federations in the region. The Meeting discussed working papers relating to the current general aspects of transit operations in the region, especially in respect of the high cost of transport between developing countries compared with the cost of transport among developed countries; that had necessitated a greater interest in transit operations since they contributed greatly to the overall cost of transport. The unified Arab carnet was also discussed during the Meeting, as were the obstacles to its application. The Meeting also addressed the role of customs departments, the possibility of unifying tariffs, especially in Gulf Cooperation Council (GCC) countries, and the role that such action could have in speeding up customs procedures at border points. The Meeting also addressed the need to support coordination among various authorities concerned with border issues with a view to creating an integrated border administration at each border centre. In addition, the Meeting stressed the importance of taking into consideration the various international changes, including the GATT (General Agreement on Tariffs and Trade) Agreement and the establishment of the World Trade Organization (WTO), as well as regional changes in the ESCWA region and their implications for trade and transport. In view of the role of modern systems in using internationally standardized dispatches and the impact that might have in reducing time and costs, the Meeting focused on the need to adapt information technology as a possible means of facilitating regional and international transport traffic and on the need to invite international bodies concerned with transit and transport operations to provide ESCWA member countries with international technical support in order to improve the use of the electronic data interchange system.

14.   It should be noted here that many of the problems that hinder traffic at border points and that were discussed and were the subject of recommendations during the above-mentioned 1984 Expert Group Meeting were further discussed in the above 1996 Meeting, since no substantial progress had been made in following up the recommendations proposed for their solution. So far, no transit carnet similar to the TIR carnet has been adopted and the number of ESCWA member countries that acceded to the TIR Convention has increased by only one. Only two ESCWA member countries joined the World Customs Organization after 1984, and electronic data interchange has only been used on a limited scale. For these reasons, more effective means should be provided to facilitate border-crossing traffic and procedures, especially in the light of international changes which require effective decision-making in a limited period of time.

III. DEVELOPMENT OF INFORMATION TECHNOLOGY
AND COMMUNICATION NETWORKS

15.   United Nations efforts in this field were initiated in 1960, when the Economic Commission for Europe (ECE) started to discuss the means to simplify and standardize export documents. By 1963, ECE had reached an agreement on the standardized internal design of documents known as the United Nations Layout Key.

16.   However, ECE soon realized that documents were only the tip of the iceberg hiding the real problem: the legal, administrative, commercial and operational procedures accompanying transport operations. These procedures, in turn, depended on information of common interest to the parties of the trade transaction as well as on the manner in which this information was communicated among those parties.

17.   Before the introduction of electronic communications, operations were completed on paper documents which were physically transferred from one place to another: the widespread use of containers helped to highlight the problems this involved. It became possible for a ship to cross the North Atlantic and unload its shipment about four to five days before the arrival of the shipping documents necessary for the clearance of the goods; the documents were usually sent by mail. With the advances in computer technology the objective is now to transfer information from one computer to another across the international communications network.

18.   This is what is called electronic data interchange. EDI is the transfer of administrative and trade information between computers to the parties involved in a trade exchange by using a certain agreed pattern of information denoting this transfer. The ultimate objective is the completion of transactions without paperwork, but in a legally proper manner, and the consequent speeding up of clearance operations of goods at ports and across borders, minimizing the time for the transport of these goods, with resulting cost reductions, which will greatly enhance the use of containers in transport operations in general and in multimodal transport in particular. The main idea is embodied in the efforts made to develop new ways and methods to exchange and process information pertaining to international trade, including the development of codes and special technical requirements to guarantee a minimum of harmonization among various systems of information, and to design a pattern for the exchange of information among the parties involved in international trade, including the development of glossaries for the technical terminology pertaining to the codification, transfer and exchange of information.

19.   The goods in this system of international trade pass through many stages from the factory to the end purchaser, between countries and across borders. As different computer systems are used in each stage, there will obviously be a need for a "common language" to be used for communication between the different steps and to guarantee the transfer of information from the point of origin to the point of destination. This common language should be independent of any of the computer systems used in each stage and independent of the internal languages used in local networks. Specifications should be developed for that purpose.

20.   Among the various bodies in the United Nations system, the Economic Commission for Europe has achieved great success in simplifying the necessary documents and in keeping abreast of the tremendous developments taking place in information technology. In addition, ECE utilizes the Internet and has rapid access to information through electronic data interchange. As noted above, ECE started its work in this direction more than 30 years ago and has become a prominent centre in this field. Its accumulated experience

can be used by other regional commissions to support their efforts, especially in the light of modern developments in the globalization of communication and information.

IV. FUTURE TRENDS PROPOSED BY THE SECRETARIAT

21. Simplification of border procedures constitutes a major aspect of trade development among the countries of the region and between them and the other countries in the world. Prompt action is needed to ensure an improved work environment and an improved level of services to make border points friendly to trade and tourism rather than places that discourage and impede them. For this reason, the secretariat recommends that the following steps should be adopted.

A. To carry on the promotion of conventions on the facilitation of transport traffic

22. Transport planners have long dreamed of an international transport market, with door-to-door transport operations from production centres to the end-consumer, across various transport modes, with the greatest possible ease and simplicity, with only one transport document, and under the responsibility of only one carrier. To this end, there are now more than 50 international conventions and treaties which cover the following transport issues:

    (a) Infrastructure;
    (b) Security and safety;
    (c) Specifications of transport vehicles;
    (d) Facilitation of border-crossing;
    (e) Transport of hazardous goods;
    (f) Transport of perishable goods;
    (g) Transport operations.

23. The many multilateral conventions dealing with issues of transport and border-crossing require a comprehensive analytical study, especially those conventions relating to infrastructure and border-crossing. They also require an identification of priorities for the ESCWA region and a definition of the specific commitments of each contracting party. In addition, a study should be made of the points of similarity between these conventions and the provisions of the locally prevailing laws in ESCWA member countries. A study of such matters would be aimed at providing ESCWA member countries with a recommendation on the minimum number of conventions that could be collectively acceded to, together with a clarification concerning the positive aspects and the procedural, legal and financial commitments assumed by a country as a result of acceding to these conventions. In addition, the study would identify the necessary mechanisms to follow up the implementation of these conventions at a pan-Arab level.

B. To keep abreast of developments in information technology

24. The secretariat will keep abreast of modern technological developments in the field of information and communication networks. This can be achieved through a number of measures which would guarantee improvements in the following fields:

    (a) The simplification and rationalization of procedures pertaining to transport and trade;

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(b) The standardization of documents and papers used in transactions, the minimization of paperwork and the increasing introduction of electronic facilities;

(c) The simplification of communications operation by using the electronic data interchange system;

(d) The development of a number of specifications necessary to set a pattern for electronic data interchange operations, i.e. the specifications known as the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UNEDIFACT).

V. IMPLEMENTATION MECHANISM

25. Based on the above, and in total cooperation with the responsible authorities within the United Nations system, the ESCWA secretariat may take the following steps:

(a) Introduction and promotion in the ESCWA region of the system adopted by the United Nations

The UNEDIFACT system is being introduced and promoted in the countries of the region in many ways, including:

(i) The establishment in ESCWA of a set-up similar to the one in the Economic Commission for Europe, which uses the Internet to facilitate the exchange of information on transport and trade in order to save time and money resources for businesses in the public and private sectors that could utilize this system;

(ii) To hold country and regional training seminars at the level of administrative and technical personnel.

(b) To establish a regional council for Western Asia

ESCWA was not included in the institutional framework established by the Economic Commission for Europe for the formation of regional councils for electronic data interchange and for setting a pattern for the commercial and administrative operations related to transport operations. For some time, there have been six regional and subregional councils in various parts of the world, namely in Europe, North America, Australia, Africa and Asia.

The council in Asia is presently composed of 16 Asian countries, none of which are ESCWA member countries. The first step in the establishment of such a council is the designation by the Governments of the countries concerned of a general rapporteur for the region. The following step is the formation of the council to provide assistance to the rapporteur and to assume the responsibilities assigned in similar councils.

(c) To establish national councils for electronic data interchange

This is the step that follows the formation of the regional council. The secretariat may lay the necessary foundations for the establishment of national councils for electronic data interchange in each country. It may identify their fields of work, the parties participating therein and the means of financing their work in accordance with applicable rules and regulations.

(d)   To prepare a manual for procedural aspects at border-crossing centres

The multiplicity and diversity of the procedures which must be completed at border centres in the region, whether road or maritime centres, is a major reason behind the delay in border-crossing operations. This is due to the difference in the type of transport charges and in paper documents which need to be filled out, as well as to the diversity of customs clearance operations, the diversity of the various procedures to be applied because of axial weight violations of trucks and their maximum dimensions, and the special requirements which are imposed, such as sanitary control measures and financial controls. For these reasons, the secretariat proposes that a comprehensive manual be issued to include all procedures and special requirements applicable at each border-crossing in the ESCWA region, together with a detailed description of the available facilities at each one of these crossings. A standard manual would subsequently be issued for the border-crossing points, with a description of the forms involved, and their delivery and receipt. This would be a preliminary step in the adoption of UNEDIFACT.