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ENGLISH, CHINESE
AND RUSSIAN ONLY

**REPORT OF THE FOURTH NEGOTIATING MEETING ON THE
DRAFT TRANSIT TRAFFIC FRAMEWORK AGREEMENT BETWEEN
THE PEOPLE'S REPUBLIC OF CHINA, MONGOLIA AND THE
RUSSIAN FEDERATION**

Ulaanbaatar, Mongolia, 13–14 November 2002

UNCTAD/LDC/Misc.87

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INTRODUCTION

1. Pursuant to General Assembly resolution 50/95, the First Sub-Regional Consultative Meeting of countries of North-East Asia on transit transport cooperation was held in Ulaanbaatar, Mongolia, from 20 to 22 May 1997. The meeting adopted the Ulaanbaatar Memorandum of Understanding, which was subsequently welcomed by the General Assembly in its resolution 52/183 of 18 December 1997.
2. The Ulaanbaatar Memorandum of Understanding requested UNCTAD, the United Nations Development Programme (UNDP) and the Economic and Social Commission for Asia and the Pacific (ESCAP) to prepare a draft subregional agreement for consideration by the Governments of the People's Republic of China, Mongolia and the Russian Federation.
3. The first negotiating meeting to consider the Draft Transit Traffic Framework Agreement between the three Governments was held from 15 to 17 May 2000 in Ulaanbaatar, Mongolia.
4. The second negotiating meeting took place from 16 to 18 January 2001 in Tianjin City, China. The third negotiating meeting was held from 22 to 25 October 2001 in Irkutsk, the Russian Federation.
5. The fourth negotiating meeting was held from 13 to 14 November 2002 in Ulaanbaatar, Mongolia.
6. The main document before the meeting was document UNCTAD/LDCs/Misc.47/Add.3 containing the revised Draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation. The meeting also had before it two other documents. (The list of documents appears as Annex II to this report.)
7. The revised Draft Transit Traffic Framework Agreement is contained in document UNCTAD/LDC/Misc.47/Add.4.
8. A Transit Traffic Framework Agreement would lay the basis for a solid subregional regulatory framework that would make transit operations in North-East Asia efficient and cost-effective, thus promoting the external trade of the subregion and bolstering its economic growth. The Agreement is defined as a framework agreement because it foresees the negotiation of annexes, which would form an integral part of the Agreement. As is indicated in the relevant Articles (e.g. Articles 7 and 8), the annexes would be negotiated and agreed at a later stage. They address technical issues such as customs procedures, vehicle dimensions and maximum vehicle weights.

I. OPENING STATEMENTS

9. The meeting was opened by **H. E. Mr. Batbold, Deputy Minister for Foreign Affairs (Mongolia)**. Having welcomed all the negotiators, he expressed the hope that the fourth round of negotiations would be an opportunity to review and finally agree on the important Draft Transit Framework Agreement. He believed that the Agreement would spur an increase in trade and investment, facilitate speedy transport of goods and other shipments between the three countries, and positively influence economic cooperation in North-East Asia. He recalled the United Nations Millennium Declaration, which called upon the international community to assist land-locked countries. Mongolia also attached importance to the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation to be held in August 2003 in Alma-Ata, Kazakhstan. He concluded by expressing his appreciation of the support provided by UNDP to the negotiations process and his hope that the meeting would be a success.

10. The representative of **China** pointed out that during earlier meetings consensus had been reached by all three parties on a number of provisions. He hoped that the parties would maintain the momentum so that they could finalize and implement the Agreement and its annexes as soon as possible. To expedite the negotiation process, he made three points: (a) The Agreement should reflect the interests of all parties in a balanced manner, since all three countries were transit states to each other; (b) it might be wise to first discuss the parts of the Agreement regarding which there were no strong differences, and to tackle difficult issues at a later stage; and (c) the negotiators should focus their attention on the main text, since the annexes would be prepared later by experts. He expressed appreciation of the active role played by UNCTAD, UNDP and other agencies in supporting the negotiation of the Agreement.

11. The representative of the **Russian Federation** said that transport was an important component of the age-old bonds among Mongolia, China and Russia. The Russian Federation aimed to upgrade its infrastructure so that it could play a major role in transit trade between Europe and Asia through the Transsiberian railway in particular. He thanked UNCTAD for having initiated the discussions on the Agreement. He hoped that the Agreement would promote more efficient transit transport of goods and passengers and would increase economic prosperity among the peoples of the three countries. Important points had been agreed on in Irkutsk, and he hoped that consensus would be achieved regarding border inspection and controls, the intergovernmental advisory mechanism, dispute settlement and other technical aspects of the Agreement.

12. The representative of **UNDP**, recalling the previous three meetings (at which about 80 per cent of the text and all major issues had been agreed on), expressed the hope that this fourth meeting would conclude the process by resulting in consensus on the remaining 20 per cent. The Agreement was a very important tool for stimulating regional trade, economic cooperation, and efficient customs and administrative procedures. The outcome of the meeting would have a significant impact on the economic activity of this large region and

would stimulate other framework agreements and investment in necessary infrastructure and new businesses.

13. The representative of **UNCTAD** commended the three countries for their decision to negotiate a Transit Traffic Framework Agreement. He said that the rapid increase in world trade had brought a corresponding increase in the need for efficient and sustainable transport. With increased competition in major markets forcing businesses to adapt to just-in-time production and management systems, the commercial success of any export-oriented industry depended more and more on its ability to satisfy customers in terms of speed, reliability and flexibility regarding the delivery of goods. An Agreement that would foster the smooth, rapid and efficient movement of goods was an essential tool for enhancing the competitiveness of the three countries. He was pleased that the issue of transit transport had recently taken center stage and that the World Trade Organization had included it in its forthcoming negotiations. UNCTAD, the World Bank, UNDP and regional Commissions were being mobilized to contribute to preparations for the conference to be held in Alma-Ata in August 2003. UNCTAD attached great importance to the efforts of the three countries to negotiate the Agreement, and its staff members were present to support these efforts.

II. CONSIDERATION OF THE DRAFT TRANSIT TRAFFIC AGREEMENT

14. The representatives of the People's Republic of China, Mongolia and the Russian Federation held four meetings to consider the Draft Transit Traffic Framework Agreement. The revised draft is contained in document UNCTAD/LDC/Misc.47/Add.4.

III. FOLLOW-UP ACTION AND CONCLUSION OF THE MEETING

15. The participants in the meeting:

- Welcomed the generous offer by the Government of the People's Republic of China to host the fifth Negotiating Meeting on the Draft Transit Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation (the fifth meeting will be held in June 2003 in Dalian, China);
- Agreed to refrain from reopening the agreed provisions of the Draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation in order to conclude the negotiations of the Framework Agreement and begin work on the annexes;
- Urged UNDP to continue to provide financial support for future negotiations leading to the adoption of a Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation and preparation of the annexes referred to in the Transit Traffic Framework Agreement;

- Requested the UNCTAD secretariat to continue to provide substantive support to the negotiations for the Draft Transit Traffic Framework Agreement, including the preparation of the annexes referred to in the Draft Agreement;
- Requested the UNCTAD secretariat to finalize the draft report of the fourth negotiating meeting and the revised text of the Draft Agreement under the authority of the Chairman of the meeting and circulate these drafts to participating Governments in due course. The UNCTAD secretariat was also requested to make translations of the revised Draft Transit Traffic Framework Agreement and the report of the meeting into relevant languages; and
- Expressed appreciation for the assistance provided by the UNCTAD secretariat for its substantive and organizational support during the negotiations. Participants conveyed their deep gratitude to the people and Government of Mongolia for the warm reception and the hospitality extended to them during the meeting, as well as for the excellent organization of the meeting.

IV. ORGANIZATIONAL MATTERS

A. Election of the Bureau

(agenda item 1)

16. At its first meeting, on 13 November 2002, the meeting elected the following officers to serve on its Bureau:

Chairman:	Mr. Sukh-Ochir Bold (Mongolia)
Vice-Chairman-cum-Rapporteur:	Mr. A. Smorodin (Russian Federation)
Vice-Chairman:	Mr. Zhu Hong (China)

B. Adoption of the agenda and organization of work

(agenda item 2)

17. The meeting adopted the following provisional agenda:
1. Election of the Bureau
 2. Adoption of the agenda and organization of work
 3. Negotiation of the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation

4. Other matters
5. Adoption of the report of the Fourth Negotiating Meeting on the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation

V. ADOPTION OF THE REPORT OF THE MEETING

18. At its closing meeting, on 14 November 2002, the Meeting adopted its report, which is contained in document UNCTAD/LDC/Misc.83. The document also contains decisions regarding follow-up action. The Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation is contained in document UNCTAD /LDC/Misc.47/Add.4.

Annex I

LIST OF PARTICIPANTS

China, People's Republic of

1. Mr. Z. Hong Head of Delegation, Vice General Director, Department of International Affairs of the Ministry of Foreign Trade and Economic Cooperation
2. Mr. Z. Guangyao Vice Director, Department of International Affairs, Ministry of Foreign Trade and Economic Cooperation
3. Mr. L. Aidong Consultant, Department of International Affairs, Ministry of Foreign Trade and Economic Cooperation
4. Mr. W. Demin Third Secretary, Department of Law and Rule, Ministry of Foreign Affairs
5. Mr. C. Jing Official of the Department of International Affairs, Ministry of Foreign Trade and Economic Cooperation
6. Mr. W. Xiaoming Official of the Department of European Affairs, Ministry of Foreign Trade and Economic Cooperation
7. Mr. W. Buoyong Official of the Department of Asian Affairs, Ministry of Foreign Trade and Economic Cooperation
8. Mr. Y. Ming Official of the Ministry of Public Security
9. Mr. G. Gang Third Secretary, Embassy of the People's Republic of China to Mongolia

Mongolia

1. Mr. S. Bold Director, Legal and Consular Department, Ministry of Foreign Affairs
2. Mr. G. Seseer Head of Delegation, Deputy Directory, Legal and Consular Department, Ministry of Foreign Affairs
3. Mr. J. Sereeter Director, Department of Road Transportation, Tourism, Strategic Planning and Policy Coordination, Ministry of Infrastructure
4. Mr. G. Batjargal Deputy Director, Department of Multilateral Cooperation, Ministry of Foreign Affairs

5. Mr. O. Och Counselor, Legal and Consular Department, Ministry of Foreign Affairs
6. Mr. Y. Jargalsaikhan Officer, Department of Road Transportation, Tourism, Strategic Planning and Policy Coordination, Ministry of Infrastructure
7. Ms. P. Narangua Senior Officer, Department of Trade Policy and Cooperation, Ministry of Trade and Industry
8. Mr. D. Monkhjargal Officer, Department of Trade Policy and Cooperation, Ministry of Trade and Industry
9. Mr. Y. Batsaikhan Deputy Chairman, Mongolian Railway Authority
10. Mr. T. S. Sodov Deputy Director, Department of Road Transportation
11. Mr. D. Batchuluun Deputy Director, General Department of Civil Aviation
12. Mr. B. Enkhtor Deputy Director, Department of Auto Route
13. Ms. C.H. Enkhtuya Head, Division of Customs Control and Registration, General Customs Department
14. Mr. P. Bat-Erdene Deputy Director, Service of Goods and Transportation, Mongolian Railway Agency
15. Mr. A. Togtmol Head, National Association of Auto Vehicle Owners
16. Mr. B. Gansukh Officer for Inter-State Transportation, Department of Road Transportation
17. Ms. E. Chinbat Officer, Division of Customs Policy and Cooperation
18. Mr. D. Batbaatar Officer, Division of Policy and Cooperation, General Department of Civil Aviation
19. Ms. N. Enkhtuya Officer, Division of Policy and Cooperation, General Department of Civil Aviation

Russian Federation

1. Mr. A. N. Smorodin Head of Delegation, Deputy Director, Department of Economic Cooperation, Ministry of Foreign Affairs
2. Mr. K. N. Bestsenko Chairman, Automobile Transport Department of the Ministry of Transport

3. Mr. V. D. Kasatkin Counselor, Department of Economic Cooperation, Ministry of Foreign Affairs
4. Ms. A. V. Fokina Senior Expert, Department of International Relations, Ministry of Road Transport and Communication
5. Mr. A. Y. Kisilyov Trade Counselor of the Russian Embassy in Mongolia
6. Mr. V. V. Kulakov First Secretary of the Russian Embassy in Mongolia
7. Mr. A. I. Matyash Third Secretary of the Russian Embassy in Mongolia

United Nations Development Programme (UNDP)

1. Mr. N. Hiratsuki Deputy Resident Representative
2. Ms. H. B. Lilleor Economist

UNCTAD secretariat

1. Mr. E. Mbuli International Consultant, Special Programme for Least Developed, Landlocked and Island Developing Countries
2. Mr. J.-C. Mporamazina Economic Affairs Officer, Special Programme for Least Developed, Landlocked and Island Developing Countries
3. Ms. R. Ogunyinka Secretary, Special Programme for Least Developed, Landlocked and Island Developing Countries

Annex II

LIST OF DOCUMENTS

- UNCTAD/LDC/Misc.47/Add.3** Draft Transit Traffic Framework Agreement.
- UNCTAD/LDC/Misc.81** Report of the third negotiating meeting on the draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation
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