

On the necessity of China's accession to TIR Convention

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Distinguished Delegates, Good Morning!

It's a great honor for me to attend this Workshop on the TIR Customs Transit system sponsored by ADB for the eight Mid-Asian countries. Just now Ms. Sun Rongyan from the General Administration of Customs of PRC expatiated the feasibility and necessity of China's joining TIR Convention from different aspects. Now, I would like to expound the necessity of joining the TIR Convention from the reality of Urumqi Customs' controlled area.

The area controlled by Urumqi Customs is the largest one in China directly under GAC, which neighbours eight countries and borders Russia, Kazakhstan, kirghizistan, Tajikistan, Mongolia, Pakistan and so on. There are 17 border ports within our controlled area; it is the most convenient area for the trade

with central Asian countries. To the fact, more than ten million tons of imported and exported goods (including transit goods) are transported by railway and road passed through these ports each year. So to our point of view, joining the TIR Convention will play an important role in the process of accelerating economic relationship between central Asian countries and western china and drive the trade facilitation in this region. I would like to predict the following positive effects to China from the reality of Xinjiang:

I . Accessing the TIR Convention will promote the economic relationship between Xinjiang and the central Asian countries

Recent years, the economic relationship between Xinjiang and central Asian countries has been closer, and the trade volumes are continuously rising. In the year of 2003, the trade volume between Xinjiang and the central Asian countries, such as Mongolia, Kazakhstan, Uzbekistan, Turkmenistan and Azerbaijan etc is 3.004 billion USDs, In the year of 2004, it reached 3.972 billion USDs with an increase of 24.3%. The trade volume from Jan to September is 4.199 billion USDs this year. Most of these transit goods were delivered to the

destination by road and railway through these ports. It is obvious that the trade between Xinjiang and the central Asian countries is developing rapidly with a fast increase of transit goods. Facts have proven that it is not only the right choice but also the necessity to join the TIR system for adaptation to this development and for the reduction of the costs of the transportation companies. Because of the fact that China is a non-TIR member state, Chinese traders have to pay USD1000/per container for guarantee to the customs of a country when transit goods are delivered through its territory. After goods are delivered to the destination, the fees for guarantee will not be easily returned to the payers ,thus it increases the cost of transportation and brings lost to the Chinese enterprises.

We believe that after joining the TIR Convention, the process will be implemented with great efficiency and minimize the cost of the transportation companies with a great promotion of the economic relationship between Xinjiang and the central Asian countries. At the same time, it will also undoubtedly push the development of the trade facilitation in this region.

II.China's accession TIR will obviously decrease the

risk of customs control

From the practice of the international cooperation between Urumqi Customs and the customs of some central Asian countries in recent years, applying uniform transport documents is the common problem awfully concerned by us. Owing to using the nonuniform documents which made inconvenient for quick customs clearance and risk management, and also increased the customs management costs. Taking the transit goods between Kazakhstan and china as an example, almost all exported goods from Xinjiang to Russia, Ukraine, and Uzbekistan etc have to be transported through the territory of Kazakhstan. Considering the fact that the related documents are not uniform and random fees exist, not only the burden of the transportation companies is aggravated, but also the difficulty of customs control is increased. After joining the TIR Convention, We can on one hand accelerate the circulation of international goods in this region, and on the other hand, the guarantee chain provided by TIR system can be a good tool for customs risk control, so we can greatly decrease the risk from transit and increase the efficiency of customs operation.

III. Entering TIR Convention will help enterprises in

Xinjiang to adopt the standard transport mode.

For the reason that China has not obtained the membership of the TIR Convention, the transit goods from China can't be treated with the rules of the TIR Convention in central Asian countries, and the transit goods from China are also facing strict restrictions. To pursue more profits, the transportation companies usually redesign the vehicles used in transit to fit for over-height, over-length and over-weight goods. This nonstandard transportation practice will either cause safety problems or offend the transportation regulations in transit countries, which may also bring about worse consequences for these customs administrations. Being the membership of TIR Convention, all vehicles and containers used for international transportation of transit goods must accord with standard TIR rules, this will promote those enterprises in Xinjiang to follow the international practice and also will be helpful for both customs and transportation administrations to tighten their control over the transportation companies.

IV.China's entering TIR Convention will be good for its international exchange and will raise the international status of the China customs.

TIR Convention has been the most successful international road transportation convention in the world with 65 countries as member states. China will show more performances in world economic stage by positive enforcement of the Convention, which will facilitate the economic exchange and cooperation between China and the world, and raise the international status of China customs. If China joins the convention, China will undertake the international road transportation together with the member states in central Asian area with an extension of TIR effect in central Asian area. This will contribute our efforts to build an international road transportation network starting from northeast Asia to Europe via the central Asian countries, which will help the final formation and development of central Asian free trade zone.

Undoubtedly, China will face some real problems after its joining of the TIR Convention. Except what Ms Song mentioned just now, the problems from my point of view are as follows.

The first one is regarding the expanded application of the TIR Convention. Most of the transit goods in Xinjiang are joint transport by road and railway, but TIR system does not make a good connection between these two. So we suggest that the TIR

system should be extended to railway to ensure fluent delivery and transit among several countries.

The second is about fees for TIR carnet. In light of the reality of customs control in our area, the transit goods through our ports value differently, some are of high value and some are of low value, so we suggest that a flexible policy of taking TIR carnet fees should be considered, at the same time, the guarantee amount should be decided according to the value.

The above-mentioned is our point of view of the necessity of China's entering the TIR Convention based on the reality of the trade between Xinjiang and the central Asian countries, and we are pleased to share your opinions with great honor.

Thank you.