

Key Impediments to Cross-Border Transport in the CAREC Region

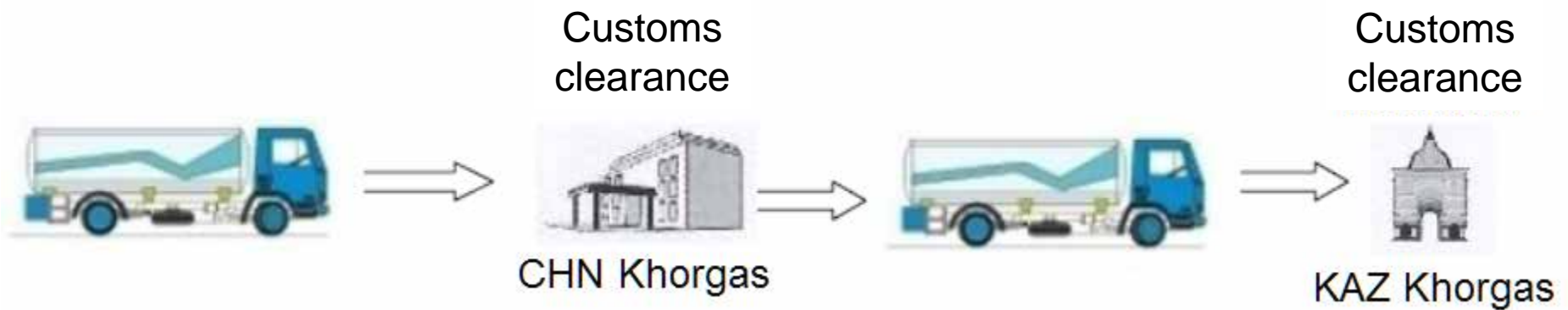
Captain Lin Zhong

Chairman
CAREC Federation of Carrier and
Forwarder Associations (CFCFA)
2 July 2012, Beijing



I. Cross-Border Transport Operations

Facilitated truck transport



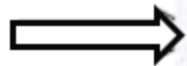
I. Cross-Border Transport Operations

Truck transport with transshipment

CHN truck



Cargo is loaded down into warehouse, after customs clearance, loaded onto the KAZ truck



CHN Khorgas



KAZ truck



Customs clearance



KAZ Khorgas



II. CPMM for Truck (Urumqi-Bishkek)

		ORIGIN				STOP 1				STOP 2				STOP 3				STOP 4															
Place of stop	Name of city	Urumqi				Tops				Torugart				NARYN				BISHKEK															
	Name of country	PRC				PRC				KGZ				KGZ				KGZ															
	CAREC Corridor	1a				1c				1c				1c				1c															
Mode of transport		Road				Road				Road				Road				Road															
Distance from previous stop (km)		0				1500				20				150				1150															
Duration of travel (hours)						43 hrs 50 mins				3 hrs 10 mins				4 hrs 40 mins				41 hrs 20 mins															
Transit cost (US\$)						\$2,700.00				\$36.00				\$270.00				\$2,070.00															
Reason for stop		Place of Departure				Exit Border Crossing				Entry Border Crossing				Intermediate Stop				Final Destination															
Description of stop	Activities	Duration		Cost (USD)	Official ?	Duration		Cost (USD)	Official ?	Duration		Cost (USD)	Official ?	Duration		Cost (USD)	Official ?	Duration		Cost (USD)	Official ?												
		hrs	mins			hrs	mins			hrs	mins			hrs	mins			hrs	mins														
	Health / quarantine									4	hrs		mins	\$16.00	Yes																		
	Phytosanitary									4	hrs		mins																				
	Veterinary inspection																																
	Border security / control						20	mins	\$14.00	Yes	1	hrs		mins	\$24.00	Yes																	
	Visa / immigration																																
	Customs clearance						20	mins	\$250.00	Yes	3	hrs		mins	\$30.00	Yes	4	hrs		mins	\$30.00	Yes											
	Detour																																
	Waiting/ queue					8	hrs		mins	\$121.00	No					2	hrs		mins	\$0.00													
	Loading / unloading	4	hrs	45	mins														3	hrs	30	mins											
	Escort / convoy																																
	Weight/standard inspection																																
	Police checkpoint / stop																			40	mins	\$10.00	Yes										
	Transport/GAI inspection														1	hrs	35	mins	\$10.00	Yes													
	Environment/ecology checkpoint																																
	Vehicle registration																																
	Repair / tire replacement																																
	Transshipment																																
	Meals							30	mins																								
	Rest/overnight stay	8	hrs		mins		8	hrs		mins					8	hrs		mins															
	consuming for food																																
Activity3																																	
Activity4																																	
TOTAL		12	hrs	45	mins	0	0			16	hrs	70	mins	385	1	8	hrs	30	mins	70	0	15	hrs	60	mins	40	0	11	hrs	70	mins	10	0
Description of actions taken (e.g. procedures, formalities applicable to the section of the route).						waiting the bill of landing																											



II. CPMM for Truck (Urumqi-Bishkek)

- ✓ Transit route: Urumqi → Topa → Torugart → Naryn → Bishkek
- ✓ Date of Departure: 18-Mar-2011; Date of Arrival: 23-Mar-2011
- ✓ Commodity type: Equipment;
- ✓ Cargo weight: 20 tons
- ✓ Delays at Intermediate Stop and BCPs, by Activity
 - ∅ Loading / unloading : 8 hrs 15m
 - ∅ Waiting/ queue: 10 hrs
 - ∅ Border security / control: 1 hrs 20m
 - ∅ Customs clearance: 7 hrs 20m
- ✓ Cost at Intermediate Stop and BCPs, by Activity
 - ∅ Unofficial charges for waiting/ queue is \$121.00;
 - ∅ official charges for border security / control and customs clearance is \$384



II. CPMM for MMT (Shanghai-Almaty)

		ORIGIN			STOP 1			STOP 2			STOP 3			STOP 4			STOP 5		
Place of stop	Name of city:	Shanghai			Suzhou			Shanghai Yangpu Station			SLAleshankou			St.Dostyk			St. Almaty		
	Name of country:	PRC			PRC			PRC			PRC			KAZ			KAZ		
	CAREC Corridor:	0			0			0			1a			1a			1a		
Mode of transport:	Road			Road			Road			Rail			Rail			Rail			
Distance from previous stop (km)	0			130			130			3128			2			889			
Duration of travel (hours)				4 hrs mins			5 hrs 30 mins			288 hrs mins			4 hrs mins			108 hrs mins			
Transit cost (US\$)				\$100.00			\$130.00			\$2,720.00			\$30.00			\$1,000.00			
Reason for stop	Place of Departure			Intermediate Stop			Intermediate Stop			Exit Border Crossing			Entry Border Crossing			Final Destination			
Activities	Duration	Cost (USD)	Official ?	Duration	Cost (USD)	Official ?	Duration	Cost (USD)	Official ?	Duration	Cost (USD)	Official ?	Duration	Cost (USD)	Official ?	Duration	Cost (USD)		
Description of stop	Health / quarantine	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Phytosanitary	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Veterinary inspection	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Border security / control	hrs mins		hrs mins			hrs mins			4 hrs mins	\$20.00	Yes	hrs mins			hrs mins			
	Visa / immigration	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Customs clearance	hrs mins		hrs mins			30 hrs mins	\$30.00	Yes	2 hrs mins	\$30.00	Yes	hrs mins			hrs mins			
	Detour	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Waiting/ queue	hrs mins		hrs mins			95 hrs mins			hrs mins			60 hrs mins			hrs mins			
	Loading / unloading	hrs mins		4 hrs mins			2 hrs mins	\$10.00	Yes	hrs mins			2 hrs mins	\$20.00	Yes	hrs mins			
	Escort / convey	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Transportation	hrs mins		hrs mins			2 hrs mins	\$10.00	Yes	hrs mins			hrs mins			hrs mins			
	Police checkpoint / stop	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Transport/GAI inspection	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Phytosanitary checkpoint	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Vehicle registration	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Repair / tire replacement	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Transshipment	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Meals	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Rest/overnight stay	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
	Activity 1	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins			
Activity 2	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins				
Activity 3	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins				
Activity 4	hrs mins		hrs mins			hrs mins			hrs mins			hrs mins			hrs mins				
TOTAL	0 hrs 0 mins	0 0	4 hrs 0 mins	0 0	130 hrs 0 mins	50 0	6 hrs 0 mins	50 0	62 hrs 0 mins	20 0	0 hrs 0 mins	0 0							
Description of actions taken (e.g. procedures, formalities applicable to the section of the route).																			



II. CPMM for MMT (Shanghai-Almaty)

- ✓ Transit route: Shanghai-Suzhou-Yangpu Station (Shanghai-St.)- Alashankou-St.Dostyk- St.Almaty
- ✓ Date of Departure: 16-Feb-2011; Date of Arrival: 13-Mar-2011
- ✓ Commodity type: Hand tools loaded in 40 ft container
- ✓ Cargo weight: 8.78 tons

- ✓ **Delays at Intermediate Stop and BCPs, by Activity**
 - ∅ Loading / unloading : Truck 6 hrs, Railway 2 hrs
 - ∅ Waiting/ queue: Truck 60 hrs, Railway 90 hrs
 - ∅ Customs clearance: Truck 30 hrs, Railway 2 hrs

- ✓ **Cost at Intermediate Stop and BCPs, by Activity**
 - ∅ All charges are official.



III. Difficulties/Constraints/Impediments Faced by Transport Operators and Freight Forwarders - 1

I ● Delays at BCPs, by Activity

- Ø In 2011, the total time to clear borders improved, averaging 7.9 hours, compared to 8.7 hours in the previous year.
- Ø Among activities, *waiting in queues* and *loading* are very time consuming.



III. Difficulties/Constraints/Impediments Faced by Transport Operators and Freight Forwarders - 2

n Cost at BCPs, by Activity

- ∅ The total cost of border clearance declined substantially from an average of \$186 in 2011 to \$156 in 2010.
- ∅ *Customs clearance, loading, and repairs* were the three most costly activities.
- ∅ *Customs clearance* is the most prevalent border crossing activity.



IV. Analysis and Recommendations - 1

1. Sources of Costs

- ✓ **The CPMM report shows that most expenses at borders are from fees charged by various government departments.**
- ✓ **Time wasted in queuing and extra charges incurred are mainly a result of non-physical barriers (formal and informal).**



IV. Analysis and Recommendations - 2

Ø Suggestions

- ✓ Government departments should reduce border crossing charges and only impose charges that are cost related.
- ✓ The transparency of measures for monitoring the performance of border crossing officials should be enhanced to improve efficiency and reduce corruption.
- ✓ Entry formalities should be simplified, charges should be prescribed, and one-stop services should be provided with electronic customs declarations.
- ✓ Criminal acts (e.g., theft and robbery) along the corridors should be stopped.



IV. Analysis and Recommendations - 3

2. **Coordination between and among actors is challenging and existing transport agreements are difficult to implement.**
 - ✓ **Bilateral and multilateral transport facilitation agreements are only applicable to the government departments and private operators covered by the agreement. Too often technical details on implementation of facilitated cross-border transport are not provided.**
 - ✓ **There are inefficiencies due to an imbalance of transport demand due to imbalances in trade flows between countries.**



IV. Analysis and Recommendations - 4

- ✓ **Cooperation between and among CAREC countries is on many levels and involves many government departments, but coordination between and among actors should be improved.**
- ✓ **It is difficult for domestic committees to coordinate activities within their countries due to the large number of agencies involved.**
- ✓ **Coordination is often not timely to address concrete problems incurred during transport operations.**
- ✓ **Too much focus is put on investment in infrastructure compared to investment at the technical and business levels.**
- ✓ **There is no effective channel for complaints from private sector users of the transport system.**



IV. Analysis and Recommendations - 5

Ø Suggestions

- ✓ **A practical coordinating mechanism with the technical and private sectors should be set up to improve cooperation and information interchange between and among the countries with multiple channels.**
- ✓ **Cooperation on regional harmonization and the elimination of barriers to efficient transport and trade should proceed.**
- ✓ **Serious attention should be paid to the needs of private sector transport operators and prompt action should be taken to solve the problems incurred during transport operations.**



IV. Analysis and Recommendations - 6

∅ Suggestions

- ✓ **Rules on bonds or bond insurance for transport operations involving two or more countries should be established, monitoring and control procedures should be simplified, and existing transport agreements should be implemented efficiently by introducing market means for regulation.**
- ✓ **Documents should be standardized and electronic documents should be introduced by market means.**



IV. Analysis and Recommendations - 7

3. No major breakthroughs have been made in transport system technology

- ✓ Rail transport is still the leading mode in much of Central Asia.
- ✓ Without major breakthroughs in transport system technology, the full potential of economic and social benefits from transport will not be tapped.
- ✓ Cargo distribution channels and multi-modal transport are not smooth and more needs to be done to achieve standardization of trading terms, delivery modes, and technical issues in the region.



IV. Analysis and Recommendations - 8

Ø Suggestions

- ✓ **The concept of a regional economy should be introduced with associated changes in management mindsets.**
- ✓ **Standardized trading conditions, international multi-modal transport documents, and liability insurance rules should be established to facilitate multi-modal transport.**



IV. Analysis and Recommendations - 9

4. It is necessary to seek new commercial modes and give support to the private sector for its development

The private sector is an important part of the transport market, but has not yet been able to participate in regional cooperation and financial support.



IV. Analysis and Recommendations - 10

∅ Suggestion

- ✓ **New commercial modes should be explored and support provided with relevant policies and financing, e.g., for leasing means of transport, for application of new technologies such as GPS and RFID).**



Thank You !

