

International Transport

1. Introduction

There is world-wide interest at present in how to allow trucking to play its full role in international transport, especially considering the growing importance of regional groupings such as the European Union, SECI in south-east Europe, SADC in Southern Africa and ESCAP in South East Asia. Implementing the various trade and transport facilitation agreements that are associated with such regional groupings is far from easy. This is especially true of the TIR treaty for allowing trucks to make transit journeys through foreign countries with minimal customs checks, which relies for its effectiveness on the mutual trustworthiness among trucking companies and between these and customs authorities.

A common concern in countries contemplating liberalization measures in international transport is the weak competitive position of their national truck operators in regard to access to transport markets and the ability of operators to meet the technical standards set for transport in neighboring countries. Other related competition issues arise when existing operators receive government subsidies or have social obligations in their native country without adequate compensation. Protection of operators from international competition is rarely the solution, because this increases the cost of trade and reduces incentives for efficiency improvement. Rather the solution is to target the trucking industry with information about how to compete in the new environment and to increase the regulatory requirements in a planned way, so that the operators can build on their competitive advantages, such as potentially lower costs and greater knowledge of local transport conditions, to compete more effectively.

This annex describes how road transport policy development in the twelve SADC member states is taking place within the scope of their Protocol on Transport, Communications and Meteorology (1996). It has the underlying aim of establishing transport systems which provide efficient, cost-effective and fully integrated infrastructure and operations, which best meet the needs of customers and promote economic and social development, while being environmentally and economically sustainable.

The annex also outlines a variety of ways in which the development of international road transport can be promoted through reducing border delays.

2. A Framework for Coordination of Road Transport Policy and Regulation in Southern Africa

The SADC Protocol has a series of chapters, including ones on integrated transport, road infrastructure, road transport, and road traffic. Each chapter sets out the framework for co-ordination. In the case of road transport (bus and truck services), this covers:

- broad objectives and policy goals,
- approach to international transport market access by transport operators,
- principles of regulatory mechanisms,

- administrative arrangements and procedures for implementing and enforcing the protocol provisions.

For general road traffic aspects such as vehicle and driver standards, this covers:

- broad objectives and policy goals,
- technical standards for vehicles and their use,
- technical standards for driver training, testing and licensing,
- third-party insurance,
- road traffic management and policing,
- environmental control,
- road traffic information systems.

Implementing the provisions of the Protocol requires the addition of a series of annexes, each one specific to particular aspects of the agreement. There are four kinds of annex:

- 1) model legislation, on which national legislation should be based in each member country,
- 2) model agreements, on which bilateral or multilateral agreements between member countries should be based,
- 3) standardization and harmonization agreements, which specify detailed provisions to be incorporated into national laws,
- 4) Memoranda of Understanding (MOUs), which describe policy agreements and decisions made between member countries.

These annexes are being developed over several years. Some annexes raise difficult issues, for example about the level of road vehicle size and weight regulations to be introduced in the SADC region, and so implementation can be rather slow. However, the range of types of annex allows progress to be made even on difficult issues by establishing, through MOUs, common ground and the approach to resolving disagreements.

Important progress is being achieved on important road transport regulatory and policy issues, for example on the economic principles underlying regulation. In addition draft model legislation is being produced for road acts and bilateral road transport agreements. These allow national road transport regulations to be updated in a step-by-step way that should eventually achieve convergence. The annexes are being developed by task forces and working groups in areas such as

- network management and financing,
- border post management,
- vehicle size and weight controls

National protocol teams and workshops are being organized to implement the agreements in each country. The workshops are the means by which the private sector is involved in the Protocol implementation process and by which stakeholder comments are received on implementation.

An example of the way this is being achieved is in the case of the bilateral road transport agreements, under which international road transport services can be provided. The Protocol allows for bilateral road freight agreements to be introduced in three liberalization phases:

- 1) PHASE 1 - Abolition of restrictions on carriers of two member states to carry goods on a defined route between (a) such states or (b) in transit across the territory of another member state en route to a third member state or non-member state.
- 2) PHASE 2 - Abolition of restrictions on carriers of one member state to carry goods on a defined route between another member state and a third member state or non-member state, irrespective of whether the carrier's vehicle traverses the territory of its home state.
- 3) PHASE 3 - Abolition of restrictions on carriers of one member state to carry goods between another member state and a third member state or a non-member state.

All existing bilateral agreements are to be reviewed on this basis. Quotas and capacity management measures may be applied on a temporary basis to introduce smoothly these increasingly liberalized phases. Provisions are made to allow monitoring of the agreements on a route-by-route basis so that competitive conditions can be assessed, to ensure that the transport services are operating in accordance with policy and regulatory objectives and guide future liberalization measures. Potential problem areas such as border delays can be tackled through route management groups (with members from governments of both parties).

3. Reducing Border Delays

For the trucking industries of Eastern Europe and the CIS to develop efficient international services to and from the EU, a priority measure is to establish a means of reducing border delays by minimizing time spent at customs and other border authorities. Improvements can be made through:

- computerizing import documentation and encouraging truckers to supply waybill information, certificates of origin etc. in electronic form (such as is possible with the [ASYCUDA](#) software system used in Europe),
- establishing high-level national trade facilitation and promotion (FAL-PRO) committees in each country to coordinate improvements (requiring interest by government in trade facilitation issues and preferably the active involvement of the private sector trading and transport industries),
- implementing the TIR System, which avoids customs inspections for transit traffic,
- implementing other unified procedures to minimize delays (such as a proposed weight certificate system for the SECI countries, which could perhaps avoid repeated weighing of trucks),
- improving, where justified, the border facilities themselves.

Perhaps the main means of reducing border delays is through introducing the TIR System, which has been used in Europe for 50 years or so. Although developed in Europe, the TIR Carnet System is being considered for implementation in other regions, including ESCAP.

The TIR System is based on an international treaty, the TIR Convention (1975), drawn up under the UN. It is intended to simplify transit procedures for road transport. There are (as of early 1999) 61 contracting countries in Europe, the Middle East and Central Asia.

The principles of the TIR System are:

- 1) the goods must be carried in sealed containers, load compartments, or in trucks approved by customs authorities,
- 2) international recognition of the controls operated by the customs at points of origin and departure (meaning that no inspections may be carried out in transit countries),
- 3) an international centralized chain of guarantee, in favor of the customs authorities, securing the eventual loss of taxes following any irregularity in the TIR procedure,
- 4) the TIR carnet itself, which contains all the details about the cargo, the TIR holder, the issuing association and the follow-up of all control operations by customs.

The system is administered, on behalf of the UN, by the International Road Transport Union (IRU), a non-governmental organization based in Geneva. The IRU has a membership of 103 national road transport associations, who issue the carnets in 63 countries.

The TIR system is fully described in a booklet produced by the IRU in 1998, "The TIR System: An instrument to facilitate trade and transport, while safeguarding national budgets". This can be ordered from the IRU web page.

In 1995 a crisis occurred in the TIR System, because its development did not keep pace with rising traffic levels during the 1990's following the collapse of the Soviet Union. The TIR System is being restored as an effective system with much improved electronic monitoring of the issue and use of the carnets. This SAFETIR system allows any irregularities to be traced much sooner and appropriate action taken.

Experience in Eastern Europe and the CIS has shown that it is not easy to set up a TIR System. Ideally a national trade association should be set up in each country to handle the issuing of carnets. This has proved to be difficult in some cases because of conflicting interests within the transport industries of some countries. A suitable means of financing the association has to be found, mainly from members' subscriptions but also perhaps from other sources such as production of technical and legal guides, sale of TIR carnets (and possibly FIATA combined transport bills of lading), training and advisory activities.

In the absence of a high-level trade facilitation committee with membership drawn from all major players, including private transport trading and transporters able to access policy makers at high level, it is difficult to deal with various institutional obstacles such as lack of knowledge or interest by customs officers. In Kazakstan, for example, the TIR System did not operate well at first because the customs officers did not know about the TIR rules and insisted on inspecting the loads. Eventually the IRU representative had to carry out training programs to educate officers in the new system.