



EU-Japan International Conference on Tajikistan-Afghanistan Border
Management and Cross-border Collaboration

TRADE FACILITATION AND BORDER SECURITY. POSSIBLE SOLUTIONS FOR TAJIKISTAN AND AFGHANISTAN

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Ambassador, MFA of Lithuania

Good morning for all of you. I'm very appreciate for an opportunity to present my view on trade facilitation and security possibilities in Tajikistan and Afghanistan. My presentation is based on live example and include practice on closer cooperation of border protection institutions of Lithuania, Belarus, Ukraine by using the route of Viking train. Does this project could serve as a prototype and could be implemented in Tajikistan and Afghanistan?

In an interview to the Asian Development Bank (June 11, 2013) Secretary General of the World Customs Organization, Kunio Mikuriya, talks about the need for harmonized customs procedures and practices to boost trade connectivity and promote economic growth in the CAREC region.

In this context, it seems very timely to remind you about high Level Security Dialogue between the European Union and the countries of Central Asia (Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan) which took place on 13 June 2013 in Brussels. Among Key actions agreed at the event was foster improved connections between EU programs in Central Asia (BOMCA, CADAP) and Afghanistan (BOMNAF) along the shared borders in the region, in order to enhance security, trade and transit in border regions and promote economic development.

Trade facilitation: interest for Central Asia states

- Cost of trade procedures may represent even as much as 4-5 % of the overall costs of trade transaction;
- This is about the same cost as the current tariff average on trade in industrial goods of industrialised countries, which is 3.8 %.

Experience shows that developing countries who have successfully simplified and modernized their official trade procedures have: increased overall trade flows, both for exports and imports; enjoyed higher revenue collection (due to increase in trade volume, and higher detection rates of fraud); return of any initial capital costs involved in modernizing procedures; and improved overall morale and efficiency of their customs administration.

What is an interest for Central Asia States?

-There are many benefits of trade facilitation – for government and citizens alike - but the following figures are particularly noteworthy. Indeed, studies show that the cost of trade procedures may represent even as much as 4-5 % of the overall costs of trade transaction.

-This is about the same cost as the current tariff average on trade in industrial goods of industrialized countries, which is 3.8 %. Halving the costs would mean saving 325 billion USD or € a year – money currently being wasted - largely on the shoulders of SMEs and developing country traders.

European Commission Assistance to Trade Facilitation: Objectives

- Trade Facilitation is an area where assistance to developing countries to build capacity is crucial;
- Trade Facilitation is one priority area explicitly mentioned in the Communication (513) 2002 on “Trade and Development”;
- The European Commission is currently financing a number of projects related to trade facilitation around the world;
- Most of them with a focus on customs issues;
- A major objective of these projects is to improve trade efficiency.

Further I would like elaborate the objectives of the European Commission Assistance to Trade Facilitation:

- Trade Facilitation is an area where assistance to developing countries to build capacity is crucial;
- Trade Facilitation is one priority area explicitly mentioned in the European Commission Communication (513) 2002 to the European Council and EU Parliament on “Trade and Development” under the heading “support for policy reform and investments to enhance economic efficiency and greater participation by developing countries in the multilateral trading system”;
- The European Commission is currently financing a number of projects related to trade facilitation around the world;
- Most of them with a focus on customs issues, and is committed to do so in the future. A major objective of these projects is to improve trade efficiency, in particular the speeding up of import and export processes.

Tools for Trade Facilitation

- World Bank and World Customs Organisation (WCO) prepared „Customs reform and Modernisation Programme“;
- DG TAXUD has developed the so called “EU Customs Blueprints”.

What worldwide tools for trade facilitation are available ?

In designing assistance programmes in the field of trade facilitation, a number of tools are already available. Useful diagnostic tools have been prepared by e.g., World Bank and World Customs Organisation (WCO) Customs reform and Modernisation Programme) and new tools are being developed;

Within the EU context and specifically for customs projects, DG TAXUD has developed the so called “EU Customs Blueprints”. These are detailed operational guidelines covering 13 key areas of customs.

Expected results from implementation of specific facilitation projects

- Shortening of waiting time for goods in transit, customs release and clearance;
- Reduction of trade transaction costs for traders, especially for SMEs;
- Improved revenue collection and effectiveness of border controls;
- A more transparent and efficient regulatory climate for investors;
- Improvement of efficiency, morale and integrity of customs agencies;
- Improved relations between authorities involved in border control related activities and the business/trading community;
- Better functioning of public agencies, and a more reliable basis for implementation of government policy.

Some Expected results from implementation of specific facilitation projects

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Trade and Transit Development in Central Asia

- Cross-border trade facilitation is beneficial for regional economic development;
- Interregional trade is growing slower than imports from China;
- Transit of goods between the Central Asian countries and beyond is hampered by poor road connections and inefficient procedures at international Border Crossing Points (BCPs);
- Road network development in Central Asia countries should be matched with improvements in border management procedures;
- WTO versus Customs Union/Single Economic Space in Central Asia.

Border Management Programme in Central Asia
BOMCA. Presentation of Wuria Karadaghy
11th Conference of the Central Asia Border Security Initiative (CABSI)
2-3 October 2013, Ashgabat / Turkmenistan

For your attention, I would like to present development characteristics of trade and transit in Central Asia made by Wuria Karadaghy at 11 CABSI Conference, which in my opinion accurately reflects current situation.

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Assistance offered by Lithuanian customs

- Promotion of and training for customs to adhere and/or implement the Revised Kyoto Convention and other advanced effective and trade-friendly controls;
- Assistance in developing risk analysis and investigative capacities as well as new working tools for any types of smuggling of goods, fraud, etc.
- Provision of necessary legal and IT expertise for development of Electronic - E-Customs environment.

Lithuanian customs experts are ready provide technical assistance for Central Asia States and Afghanistan.

From the presentation of BOMCA9 and BOMNAF Program , we found out, that among others topics, the Programs will cover the legislative, risk management systems and IT areas of improvement. In this content I suppose that Lithuanian customs experts could provide assistance :

- Promotion of and training for customs to adhere and/or implement the Revised Kyoto Convention and other advanced effective and trade-friendly controls;
- Assistance in developing risk analysis and investigative capacities as well as new working tools for any types of smuggling of goods, fraud, etc.
- Provision of necessary legal and IT expertise for development of Electronic - E-Customs environment in Central Asia.

In June 2014 Lithuanian Customs will finish 2 years project of the EU Twinning project in Armenia for the Armenian customs modernization. Lithuanian customs experts provide assistance in the following areas:

Improvement of legal framework; Strengthening Customs control procedures prior to release of goods; Improvement of IT tools used by customs; Strengthening Risk Management; Improvement of Post Clearance Control and Audit.

International trade facilitation project : “VIKING” container train



Partners:







Basic information about „Viking train ”

- The ministers of transport of Lithuania and Ukraine signed memorandum of mutual consent in 1999;
- Cargo transportation in containers becomes the main direction of expanding cargo transportation due to its universal nature;
- Viking train clients have an opportunity of saving up to 46% of their funds comparing to other types of transportation;
- Clients have a guaranteed time of cargo delivery.

In order to prove Lithuanian experts capacities I would like illustrate my presentation with live International trade facilitation project - container train “VIKING”.

- Idea of a direct intermodal train during organization of container transportation came in 1999, when the ministers of transport of Lithuania and Ukraine signed memorandum of mutual consent;
- Cargo transportation in containers becomes the main direction of expanding cargo transportation due to its universal nature;
- By using the route of Viking train, its clients have an opportunity of saving up to 46% of their funds comparing to other types of transportation and at the same time have a guaranteed time of cargo delivery.

International trade facilitation project : “VIKING” container train

Basic information:

- **Route: Klaipėda-Minsk-Iljichyovsk;**
- **Distance: 1766 km;**
- **Average time of travel: 52 hr.**
- **Transportation of 20, 40 and 45-foot universal and special containers, trailers, trucks and semi trailers;**
- **Runs daily;**
- **Award: “Best intermodal project”(2009).**




International trade facilitation project : “VIKING” container train

In this slide are presented basic information about container train, „Viking”

- **Route: Klaipėda-Minsk-Iljichyovsk**
- **Distance: 1766 km**
- **Average time of travel: 52 hr.**
- **Transportation of 20, 40 and 45-foot universal and special containers, trailers, trucks and semi trailers**
- **Regular runs every day**
- **In 2009 the European Association of intermodal transport awarded container train "Viking" for the best innovative solution in the field of intermodal transport.**



What is a container train „Viking“ advantages?

Firstly it is a common fare for the carriage of goods on all transit cargo.

Secondly combined transport allows you to organize the delivery of goods to the consumer "from door to door at the right time."

Ensures safe delivery of goods.

Requires the implementation of high standards of cooperation between business partners as well as between business and customs authorities and cooperation between customs authorities on all transit goods. Unification of customs procedures and methods of customs control.

Customs clearance and other formalities crossing of the European Union external border shrank to 30 minutes.

Finally, I would like to highlight the key benefit we have got from this project implementation. Rail transport compared to road transport is more environmentally friendly, also reduces transport queue on the road border cross points.

International trade facilitation project : “VIKING” container train

The introduction of modern control systems



With regard to the introduction of modern methods of control, Lithuanian Customs prefers the development of non-intrusive monitoring systems. At a land border crossing points as well as in the port of Klaipeda were introduced X-ray inspection systems.

International trade facilitation project : “VIKING” container train

The introduction of modern control systems



Introduction of modern control systems is part of the project.

In this slide you can see some of the results of such monitoring. The truth in this case is, that smuggling was detected not in the container train "Viking".

For control Lithuania customs also use other control systems such as dynamic balance and other systems.

Does the trade facilitation project: “VIKING” container train could serve as a prototype for trade facilitation projects in Tajikistan and Afghanistan?

This could be achieved by:

- Introduction of modern control systems and risk management;
- Introduction of simplified customs procedures and development of e-customs;
- Development data exchange systems “business-to-business“, as well “business-to-customs “ for controls of the movement of goods;
- Implementation of a single window;
- Development cooperation between customs authorities to exchange best practice on control of the movement of goods in transit.

And now, coming to the turning point of the presentation, I would like to pose a question:

Does the container train “VIKING” could serve as prototype for trade facilitation projects in Tajikistan and Afghanistan?

I don’t know what is your answer, but my answer is definitely yes.

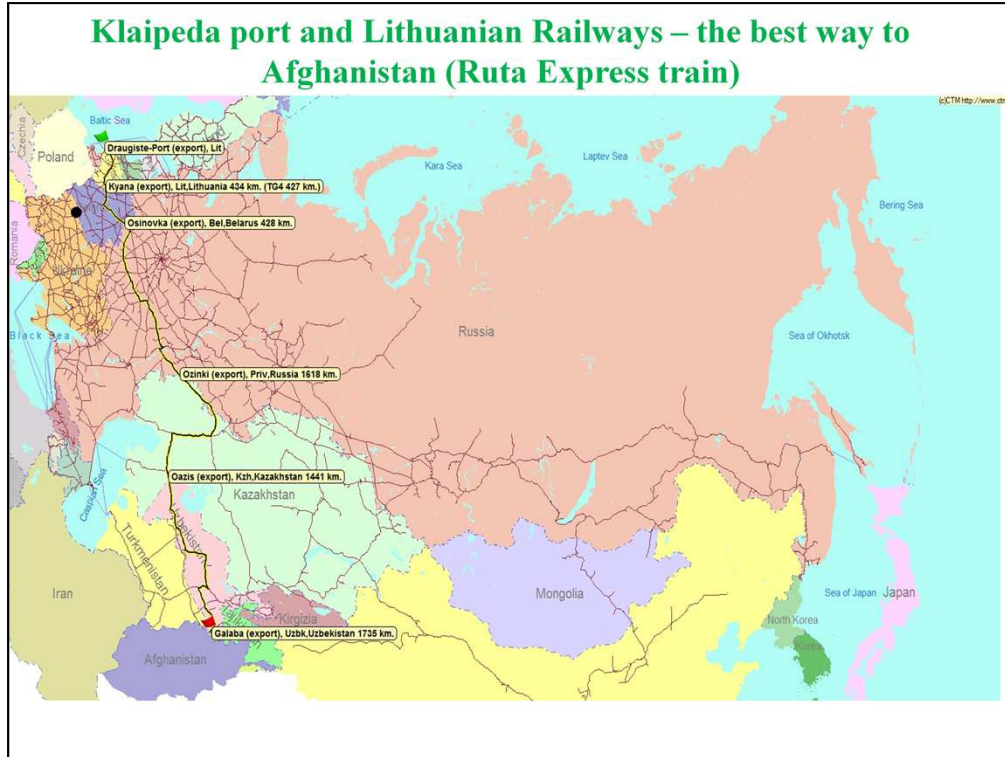
Project implementation could reduce time of crossing the border, ensure high standards of control and security.

Project goals could be achieved by :

- Introduction of modern control systems and risk management;
- Introduction of simplified customs procedures and development of e- customs;
- Development data exchange systems “business-to-business“, as well “business-to-customs “ for controls of the movement of goods;
- Single window standards implementation;
- Development cooperation between customs authorities to exchange best practice on control of the movement of goods in transit.

I’m aware, that Tajikistan Customs has some achievements in the single window implementation.

I hope that Afghanistan Customs is also on the track.



Completing my presentation, I would like to pay your attention to the fact, that Klaipeda port and Lithuanian Railways is the best way to Afghanistan (Ruta Express train).

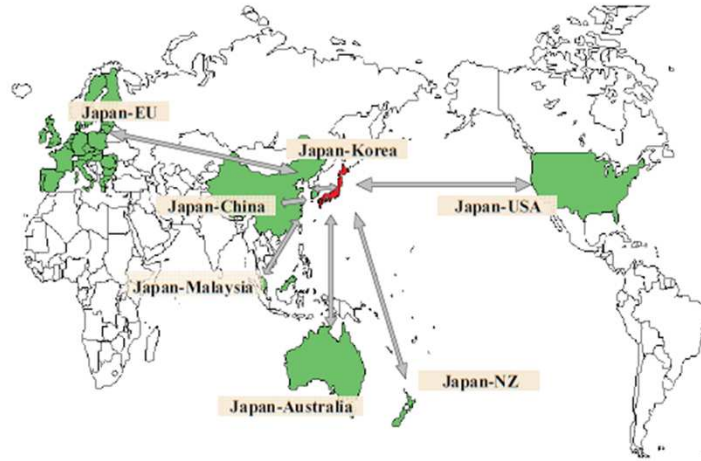
NATO cargo transportation via the Klaipėda Seaport



Currently Lithuania Railways use this route just for NATO cargo transportation from Afghanistan. Therefore there is enough room for developing this route. These projects will not be feasible without involvement of customs and border guards from the states on the pattern of train track.

Japan-EU cargo transportation. Is there is space for Lithuania?

Mutual Recognition under Consultation/Study



As the Japan Embassy has expressed its support to this Conference, I would like to return something. In this slide is presented Japan Authorized Economic Operators (AEO) concept implementation directions. This nice picture was drafted by Japan Customs and Tariff Bureau in 2007. You could easily find out that Japan-EU Authorized Economic Operators direction arrow pointing exactly to Lithuania. Is it a new root for safe Japan-EU cargo transportation? Is there is space for Lithuania? Because this topic is not directly related with my current presentation, temporarily I leave this question opened for future deliberations.

International supply chain to Tajikistan
and Afghanistan has to be:



and safe

C'est ce qu'on peut appeler avoir des "couilles" ...

Finally, I have slightly come to the final point of my presentation.

International supply chain to Tajikistan and Afghanistan has to be: fast and safe. With or without the participation of Lithuania, remains for you to decide.

This is what can be called having a "balls,, at one's feet - быть хозяином положения

Probably everyone here agree that international delivery of goods to Tajikistan and Afghanistan must be fast and safe.

With regard to increasing the speed of delivery of goods, it benefits associated with trade facilitation include savings in total operating costs, which according to some estimates of the United Nations Conference on Trade and Development (UNCTAD) is 7 - 10 per cent of world trade. Trade facilitation to the same estimates can provide their reduction to 3 percent .

These figures include and simplification, standardization of customs and other border crossing procedures while ensuring high standards of control that ensure the security of society and in the international delivery of goods.

With or without the participation of Lithuania, remains for you to decide.

Thank you for your attention



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Lithuanian alpinists in Pamir mountains.