



**International Convention on the Harmonization
of Frontier Controls of Goods:
An instrument for border crossing facilitation**

**Conference on prospects for the development of trans-Asian and
Eurasian transit transportation through Central Asia until 2015**

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Landlocked countries: features

- **Negative economic impacts of geographic factors**
- **Many border crossings; challenges related to transit through other countries**
- **Large distances to major markets**

“Economic distance” from markets

- **Impossible to change geography**
- **Possible to shorten the “economic distance”**
- **“Economic distance” – sum of all time and cost expenditures of moving goods to/from markets**

How does one shorten “economic distance”?

- **Transport infrastructure**
 - **Improve and construct new roads, railways, airports**

Transport infrastructure: a new silk route?

- **A Russian cargo ship crosses 'Arctic bridge' from Murmansk into Churchill, Manitoba, Canada**
- **17 October 2007: delivers fertilizer from Estonia – returns with wheat destined for Italy**
- **The first step in the construction of a new silk road?**

How does one shorten “economic distance”?

- **Trade/transport facilitation**
 - Reduce the “unnecessary” transport and trade impediments/expenditures
 - Make the “necessary” services more efficient

Trade/transport facilitation:

- Are there any “unnecessary” transport and trade impediments/expenditures?
- National competence and international commitments
- Economic perspective: need to analyze relative to others

Procedural requirements for exporting and importing a standardized cargo of goods

- **Number of all documents required to export/import goods**
- **Time necessary to comply with all required to export/import goods**
- **Cost associated with all the procedures required to export/import goods**

Source: World Bank, www.doingbusiness.org

Trade facilitation (proxy):
Former Soviet Union, regional averages, 2007,

	EXP	ORTS		IMP	ORTS	
	No. docs	Time days	Cost (\$)	No. docs	Time days	Cost (\$)
Central Asia	11	79	2,695	12	85	3,445
Caucasian Countries	8	33	1,662	10	31	1,795
European Countries	7	31	1,548	10	35	1,583
Baltic States	5	9	765	5	10	810

Note: Turkmenistan not included

Source: World Bank, www.doingbusiness.org

Trade/transport facilitation:

- Is it possible to make the “necessary” services more efficient?

Border crossing facilitation (proxy):

**Customs clearance and technical control, Former Soviet Union,
regional averages, 2007**

	EXP	ORTS	IMP	ORTS
	Days	Cost (\$)	Days	Cost (\$)
Central Asia	8	180	11	193
Caucasian Countries	4	120	4	58
European Countries	3	200	5	205
Baltic States	1	68	2	68

Note: Turkmenistan not included

Source: World Bank, www.doingbusiness.org

More efficient border crossing:

- **Why?**
- **Leads to lower overall costs, greater revenue and compliance, reduced smuggling and corruption, makes exporters more competitive**

- **How?**
- **High quality infrastructure for transport, logistics, customs**
- **Reform customs and other border agencies through better inter-agency coordination and cross-border cooperation**



**The International Convention on the
Harmonization of Frontier Controls of Goods
21 October 1982**

The “Harmonization Convention”:

- **49 Contracting Parties**
- **All FSU countries except Moldova, Tajikistan and Turkmenistan**
- **Accession must be supplemented by effective implementation**

Objectives of the Convention:

- **The “Harmonization Convention” aims at facilitating border crossing of goods by harmonizing and reducing:**
 - **formalities**
 - **number and duration of border controls**

The “Harmonization Convention” establishes a framework for:

- **Customs controls, medico-sanitary inspections, veterinary inspections, phyto-sanitary inspections, quality controls and controls of compliance with technical standards**

This framework calls for:

- **National coordination of various domestic services**
- **International cooperation between the respective border services**

The “Harmonization Convention”:

- **Implementation does not require large financial outlays, but mainly administrative and organizational measures**
- **Effective implementation entails significant payoffs**
- **How large?**

What a difference does one day make?

- **Recent research: duration of export procedures has a large impact on exports**
- **A 10 per cent reduction in length of procedures is estimated to increase exports by 4 per cent**
- **Source: S. Djankov, C. Freund and C. Pham, Trading on Time, available at www.doingbusiness.org**

What a difference does one day make?

AZERBAIJAN	13
ARMENIA	46
BELARUS	329
GEORGIA	33
KAZAKHSTAN	172
KYRGYZSTAN	5
MOLDOVA	13
RUSSIA	3,349
TAJIKISTAN	7
UKRAINE	495
UZBEKISTAN	28

Reducing the length of export procedures by one day, could result in additional exports, per year, in millions of dollars:

Calculations based on 2006 exports data and data from “Doing Business Report, 2008”.

Summary:

- **The “Harmonization Convention”**: a useful model for integrating border management procedures within and between countries
- **Relatively low implementation costs – large economic rewards**
- **High level political commitment essential for a successful implementation**