

**EIGHTEENTH MEETING OF THE  
ECONOMIC AND ENVIRONMENTAL FORUM  
PART 1**

**“PROMOTING GOOD GOVERNANCE AT BORDER CROSSINGS, IMPROVING THE  
SECURITY OF LAND TRANSPORTATION AND FACILITATING INTERNATIONAL  
TRANSPORT BY ROAD AND RAIL IN THE OSCE REGION”**

**Vienna, 1 - 2 February 2010**

**CONSOLIDATED SUMMARY**

OFFICE OF THE CO-ORDINATOR OF OSCE ECONOMIC AND ENVIRONMENTAL ACTIVITIES  
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**771st Plenary Meeting**

PC Journal No. 771, Agenda item 2

**DECISION No. 898  
THEME, AGENDA AND MODALITIES FOR THE EIGHTEENTH  
ECONOMIC AND ENVIRONMENTAL FORUM**

1 and 2 February 2010 and 24 to 26 May 2010

The Permanent Council,

Pursuant to Chapter VII, paragraphs 21 to 32, of the Helsinki Document 1992; Chapter IX, paragraph 20, of the Budapest Document 1994; Ministerial Council Decision No. 10/04 of 7 December 2004; Ministerial Council Decision No. 4/06 of 26 July 2006; and Permanent Council Decision No. 743 of 19 October 2006,

Relying on the OSCE Strategy Document for the Economic and Environmental Dimension (MC(11).JOUR/2), the OSCE Border Security and Management Concept (MC.DOC/2/05), Ministerial Council Decision No. 11/06 on future transport dialogue in the OSCE and Ministerial Council Decision No. 9/08 on Follow-Up to the Sixteenth Economic and Environmental Forum on Maritime and Inland Waterways Co-operation,

Building upon the outcomes of past Economic and Environmental Forums, as well as on the results of relevant OSCE activities including follow-up activities,

Taking into account the closing statement by the Chairperson of the Seventeenth Meeting of the Economic and Environmental Forum,

Decides that:

1. The theme of the Eighteenth Economic and Environmental Forum will be: "Promoting good governance at border crossings, improving the security of land transportation and facilitating international transport by road and rail in the OSCE region",
2. The Eighteenth Economic and Environmental Forum will be held over a period of five days, distributed as follows, and without setting a precedent for future Economic and Environmental Forums:
  - 2.1 On 1 and 2 February 2010 in Vienna;
  - 2.2 From 24 to 26 May 2010 in Prague;

3. The agendas of the two segments of the Forum would focus on the following topics:
  - Best practices and good governance at border crossings and in customs procedures, as part of border management, including the aspects of rule of law, transparency, integrity, co-ordination and harmonization;
  - Facilitation of international land-transport and cross-border operations, paying due attention to the specific needs of landlocked developing countries, in order to strengthen economic co-operation during the current economic downturn;
  - Safeguarding of the security of the international transport circuit, including the fight against transnational crime, terrorism and trafficking in weapons, drugs and human beings;
  - Impact of transportation on environment and security;
4. Moreover, having a view to its tasks, the Economic and Environmental Forum will review the implementation of OSCE commitments in the economic and environmental dimension. The review, to be integrated into the second segment of the Forum, will address OSCE commitments related to the facilitation of international transport and the security of inland transport;
5. The discussions of the Forum should benefit from cross-dimensional input provided by other OSCE bodies and relevant meetings, including two preparatory conferences to take place outside of Vienna, organized by the Office of the Co-ordinator of OSCE Economic and Environmental Activities under the guidance of the 2010 OSCE Chairmanship, and deliberations in various international organizations. Timetables of both segments of the Forum will be presented to the Economic and Environmental Committee and determined by the OSCE Chairmanship;
6. Moreover, having a view to its tasks, the Economic and Environmental Forum will discuss current and future activities for the economic and environmental dimension, in particular the work in implementation of the OSCE Strategy Document for the Economic and Environmental Dimension;
7. The participating States are encouraged to be represented at a high level, by senior officials responsible for shaping international economic and environmental policy in the OSCE area. Participation in their delegations of representatives from the business and scientific communities, as well as other relevant actors of civil society, would be welcome;
8. As in previous years, the format of the Economic and Environmental Forum should provide for the active involvement of relevant international organizations and encourage open discussions;
9. The following international organizations, international organs, regional groupings and conferences of States are invited to participate in the Eighteenth Economic and Environmental Forum: Asian Development Bank; Barents Euro-Arctic Council; Black Sea Economic Co-operation; Central European Initiative; Collective Security Treaty Organization; Commonwealth of Independent States; Conference on Interaction and Confidence-Building Measures in Asia; Council of Europe; Council of the Baltic Sea States; Economic Co-operation Organization; Eurasian Economic Community; European Agency

for the Management of Operational Co-operation at the External Borders (FRONTEX); European Bank for Reconstruction and Development; European Environment Agency; European Investment Bank; Intergovernmental Commission TRACECA; Intergovernmental Organization for International Carriage by Rail; International Atomic Energy Agency; International Fund for Saving the Aral Sea; International Labour Organization; International Maritime Organisation; International Monetary Fund; International Organization for Migration; International Rail Transport Committee; International Road Transport Union; International Road Federation; International Union of Railways; International Transport Forum; North Atlantic Treaty Organization; Organization for Co-operation of Railways; Organisation for Economic Co-operation and Development; Organization for Democracy and Economic Development – GUAM; Organization of the Islamic Conference; Regional Cooperation Council; Southeast European Cooperative Initiative; South Eastern Europe Transport Observatory; Secretariat of the United Nations Framework Convention on Climate Change; Shanghai Co-operation Organization; United Nations Conference on Trade and Development; United Nations Development Programme; United Nations Economic Commission for Europe; United Nations Economic and Social Commission for Asia and the Pacific; United Nations Environment Programme; United Nations Office on Drugs and Crime; United Nations Special Programme for the Economies of Central Asia; World Bank Group; World Customs Organization; World Trade Organization and other relevant organizations;

10. The Partners for Co-operation are invited to participate in the Eighteenth Economic and Environmental Forum;

11. Upon request by a delegation of an OSCE participating State, regional groupings or expert academics and business representatives may also be invited, as appropriate, to participate in the Eighteenth Economic and Environmental Forum;

12. Subject to the provisions contained in Chapter IV, paragraphs 15 and 16, of the Helsinki Document 1992, the representatives of non-governmental organizations with relevant experience in the area under discussion are also invited to participate in the Eighteenth Economic and Environmental Forum;

13. In line with the practices established over the past years with regard to meetings of the Economic and Environmental Forum and their preparatory process, the Chairperson of both segments of the Eighteenth Economic and Environmental Forum will present summary conclusions and policy recommendations drawn from the discussions. The Economic and Environmental Committee will further include the conclusions of the Chairperson and the reports of the rapporteurs in its discussions so that the Permanent Council can take the decisions required for appropriate policy translation and follow-up activities.



## Organization for Security and Co-operation in Europe

Office of the Co-ordinator of OSCE  
Economic and Environmental Activities

Vienna, 29 January 2010

### 18<sup>TH</sup> OSCE ECONOMIC AND ENVIRONMENTAL FORUM

“Promoting good governance at border crossings, improving the security of land transportation and facilitating international transport by road and rail in the OSCE region”

#### **PART I – VIENNA, 1-2 FEBRUARY 2010**

#### **ANNOTATED AGENDA**

#### **Monday, 1 February**

##### **09.30 – 10.00      Opening Session**

- **Ambassador Kairat Abdrakhmanov**, Chairman of the OSCE Permanent Council, Permanent Representative of the Republic of Kazakhstan to the OSCE, OSCE Chairmanship
- **Ambassador Marc Perrin de Brichambaut**, OSCE Secretary General
- **Mr. Goran Svilanovic**, Co-ordinator of OSCE Economic and Environmental Activities

##### **10.00 – 11.00      Session I – The need to increase efficiency of international road transport in the context of the global economic downturn**

**Moderator:** **Mr. Azat Bekturov**, Deputy Minister of Transport and Communications of the Republic of Kazakhstan

**Rapporteur:** **Mr. Forest Atkinson**, Political Officer, United States Mission to the OSCE

##### **Selected topics:**

- The impact of the crisis on the transport sector
- Transport as a key for economic development and co-operation
- Ways to improve efficiency of international road transport

##### **Presentation followed by discussion:**

- **Mr. Jack Short**, Secretary General, International Transport Forum
- **Mr. Umberto De Pretto**, Deputy Secretary General, International Road Transport Union (IRU)

- **Mr. Michalis Adamantiadis**, Chief, Transport Facilitation and Economics Section, Transport Division, United Nations Economic Commission for Europe (UNECE)

11.00 – 11.30 Coffee/Tea break (Press Conference)

**11.30 – 13.00**      **Session II - Good governance in customs and at border crossings as an essential tool for transport and trade facilitation, and enhancing security**

**Moderator: Mr. Igor Ten**, Deputy Chairman of the Customs Committee of the Republic of Kazakhstan

**Rapporteur: Ms. Katja Silventoinen**, First Secretary, Permanent Mission of Finland to the OSCE

**Selected topics:**

- Promoting transparency, accountability as well as effectiveness and efficiency in customs and at border crossings
- Enhancing co-operation and co-ordination between customs and other border agencies both domestically as well as internationally
- The advantages of an inclusive approach reflecting both public and private sector stakeholders' concerns

**Presentation followed by discussion:**

- **Mr. Omur Gebes**, General Manager GTI, Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- **Mr. Emmanuel Huntzinger**, Economic Officer, OSCE Office in Tajikistan
- **Mr. Robert Nowak**, Economic Affairs Officer, Transport Division, United Nations Economic Commission for Europe (UNECE)

13.00 – 15.00 Lunch break

**15.00 – 16.30**      **Session II – Good governance in customs and at border crossings as an essential tool for transport and trade facilitation, and enhancing security - continued**

**Moderator: Mr. Michael Schmitz**, Director for Enforcement and Compliance, World Customs Organization (WCO)

**Rapporteur: Mr. Carl Peersman**, First Secretary, Permanent Representation of the Netherlands to the OSCE

**Selected topics:**

- Combating corruption in customs and border services
- Using the latest technologies and know-how to improve border management and tackle security risks at border crossings
- The OSCE's contribution and examples of OSCE supported projects



**Presentation followed by discussion:**

- **Ms. Marine Kurthsidze**, Senior Specialist, Financial Policy Department, Ministry of Finance of Georgia
- **Mr. Jean Verheyen**, Vice President for Business Development, Porthus NV, Belgium
- **Mr. Jonathan Trumble**, Customs Adviser, Borders Team, Operations Service, Conflict Prevention Centre (CPC), OSCE Secretariat

16.30 – 17.00            Coffee/Tea break

**17.00 – 18.30            Session III – Facilitating international transport in the OSCE area through more effective regional co-operation**

**Moderator:** **Ambassador Alyaksandr Sychov**, Permanent Representative of the Republic of Belarus to the OSCE, Chairman of the Economic and Environmental Committee

**Rapporteur:** **Ms. Sinead Harvey**, Permanent Mission of Ireland to the OSCE

**Selected topics:**

- Customs Union between Russia, Belarus and Kazakhstan
- Developing transit transport and making full use of transit potential
- Ongoing efforts and initiatives in Eastern Europe, South Caucasus and Central Asia

**Presentation followed by discussion:**

- **Mr. Alexander Blagodatskikh**, Deputy Head of Department, Directorate General for Customs Processing and Control, Federal Customs Service, Russian Federation
- **Mr. Murat Bekmagambetov**, President, Scientific Research Institute of Transport and Communications, National Secretary IGC TRACECA, Republic of Kazakhstan
- **Mr. Vladimir Saranciuc**, Consultant, International Relations and European Integration Directorate, Ministry of Transport and Road Infrastructure, Republic of Moldova

**19.00            Reception hosted by the Kazakh OSCE Chairmanship in the ‘Palais Pallavicini’**

**Tuesday, 2 February**

**09.30 – 11.00            Session IV – Providing access to sea ports for landlocked countries**

**Moderator:** **Ambassador Alexandre Keltchewsky**, Head of the OSCE Centre in Astana

**Rapporteur:** **Ms. Caroline Milow**, Senior Project Officer, Economic and Environmental Dimension, OSCE Project Co-ordinator in Uzbekistan

**Selected topics:**

- Developing inter-modal transport connections between seaports and their hinterland
- Improving the legal basis
- Security aspects of processing cargo flows

**Presentation followed by discussion:**

- **Mr. Vytautas Naudužas**, Personal Representative of the OSCE Chairman-in-Office on Transport issues, Ambassador-at-Large, Ministry of Foreign Affairs of the Republic of Lithuania
- **Ms. Kate Lannan**, Legal Officer, International Trade Law Division, Office of Legal Affairs, United Nations Commission on Trade Law (UNCITRAL)
- **Mr. Adlet Barmenkulov**, Chairman of the Transport Control Committee, Ministry of Transport and Communications of the Republic of Kazakhstan

11.00 – 11.30            Coffee/Tea break

**11.30 – 13.00            Session V – Improving security and efficiency of transport connections in Central Asia and with Afghanistan**

**Moderator: Ambassador Herbert Salber**, Director of the Conflict Prevention Centre (CPC), OSCE Secretariat

**Rapporteur: Mr. Gaurav Thapan-Raina**, Economic and Environmental Officer, OSCE Centre in Ashgabat

**Selected topics:**

- Creating positive conditions for legitimate transport and trade operations while at the same time combating trafficking in SALW, narcotics, human beings etc.
- Establishing resource centres for cross border trade along Central Asian borders
- Strengthening security at and facilitating trade through the border crossing points with Afghanistan

**Presentation followed by discussion:**

- **Mr. Mozammil Shinwari**, Director General for International Trade, Adviser to the Minister, Ministry of Commerce and Industry, Afghanistan
- **Mr. Igor Rounov**, Permanent Delegate to the CIS, International Road Transport Union (IRU)
- **Mr. Boymamad Alibakhshev**, Managing Director, Milal-Inter, Republic of Tajikistan

13.00 – 15.00            Lunch break

**15.00 – 16.00**                    **Session VI - Facilitation and security of cross-border transport – making the case for a balanced approach**

**Moderator: Mr. Jan Tomczyk**, Senior Consultant to the Euro-Asian Transport Links Phase II Project

**Rapporteur: Ms. Ioana Oltița Mureșan**, Third Secretary, Permanent Mission of Romania to the OSCE

**Selected topics:**

- Risk management approaches, selectivity and profiling as a key to both enhanced security-levels as well as facilitation of legitimate trade and transport
- Existing instruments, such as the WCO SAFE Framework of Standards, and enhancing their applicability and effectiveness in the OSCE region

**Presentation followed by discussion:**

- **Mr. Michael Schmitz**, Director for Enforcement and Compliance, World Customs Organization (WCO)
- **Mr. Eric Stewart**, Principal, Williams & Jensen, Senior International Advisor to the US Chamber of Commerce
- **Mr. Ketil Ottersen**, Senior Programme Coordinator, Law Enforcement, Organized Crime and Anti-Money Laundering Unit, United Nations Office on Drugs and Crime (UNODC)

16.00 – 16.30                    Coffee/Tea break

**16.30 – 17.30**                    **Concluding Debate and Closing Statements**

**Moderator: Mr. Goran Svilanovic**, Co-ordinator of OSCE Economic and Environmental Activities

- **Mr. Jan Tomczyk**, Senior Consultant to the Euro-Asian Transport Links Phase II Project
- **Mr. Vytautas Naudužas**, Personal Representative of the OSCE Chairman-in-Office on Transport issues, Ambassador-at-Large, Ministry of Foreign Affairs of the Republic of Lithuania
- **Mr. Azat Bekturov**, Deputy Minister of Transport and Communications of the Republic of Kazakhstan

## Opening Remarks

**Ambassador Kairat Abdrakhmanov,  
Chairman of the OSCE Permanent Council, Permanent Representative of the Republic  
of Kazakhstan to the OSCE, OSCE Chairmanship**

Your Excellencies,  
Ladies and Gentlemen,  
Dear colleagues,

I warmly welcome all of you to Vienna and declare open Part I of the 18th OSCE Economic and Environmental Forum, convened according to the Permanent Council Decision No. 898 under the theme of *“Promoting good governance at border crossings, improving the security of land transportation and facilitating international transport by road and rail in the OSCE region”*.

It gives me great pleasure to see among the participants the distinguished representatives of the OSCE participating States and Partners for Co-operation; high-level officials from ministries and agencies for transport, customs, finance and border police; representatives of various international, regional and non-governmental organizations; experts from academia and the business sector. Let me also welcome our distinguished keynote speakers, moderators, rapporteurs, and thank them in advance for their kind readiness to facilitate our discussions.

International land transport is a necessary condition for trade to flourish, which in turn leads to the advancement of economic integration and co-operation. Thus, transport contributes finally to the maintenance and consolidation of peace and stability. This is why the Kazakh Chairmanship of the OSCE strongly believes that the Forum's theme should be one of the main priorities of the OSCE's Economic and Environmental Dimension. Good governance, improved security and facilitation of international land transport – they all contribute to strengthening security, stability, regional co-operation and economic development in the OSCE area.

The theme of the Forum is also close to our heart because for hundreds of years the territory of Kazakhstan and the Central Asian countries has been a natural bridge between East and West, with the Silk Road, a vast network of transport routes connecting Asia and Europe, running through our region. These historic routes served as a major conduit for the transport of knowledge, information and material goods between East and West and resulted in the first global exchange of scientific and cultural traditions. Today the great potential of the Silk Road region should be revitalized.

Many countries in the OSCE region, including landlocked developing countries, are trying to integrate into a globalized economy and its transport networks. This process requires meeting high standards of facilitation as well as security of transport. International land transport needs efficient border crossings without corruption, harmonized transport and customs regulations, well elaborated safety and security strategies and greater convergence at the regional and sub-regional level of transport policies. In my view regional co-operation on transport is a key factor that the OSCE should continue to promote.

In the modern world increasing attention is being paid to security of global supply chains. And transport experts often note that land transport still represents the weakest link in the global supply chains in terms of security, compared to aviation and maritime transports. I hope that our meetings in Vienna, then in Minsk and finally in Prague, will contribute to identifying ways to improve land transport security. In trying to achieve this we should involve both public and private sector in the discussions, overview the existing initiatives, balance security and facilitation measures.

These issues should be addressed with determination. I believe the OSCE can offer a broad and useful platform for exchanging views, sharing good examples and disseminating international standards. It can facilitate political dialogue on these issues and formulate a set of priorities and recommendations.

Before proceeding further in our Opening Session, I would like to make a few remarks about the Forum proceedings. Each session will be chaired by a Moderator. The Moderator's role is to manage the session and a key element in that regard is time enforcement for speakers and participants. Speakers were kindly asked to be brief and focused, and their presentation should not exceed 12-15 minutes. We need this arrangement to have enough time for discussion in each session. In our view, open, free flowing discussions are extremely important for the success of the Forum.

At this point, I would like to announce that we will progress directly to Session I – The need to increase efficiency of international road transport in the context of the global economic downturn. This Session will be chaired by H.E. Mr. Azat Bekturov, Deputy Minister of Transport and Communications of the Republic of Kazakhstan.

Let me also kindly remind that the Kazakh Chairmanship will host a reception for the participants of the Economic and Environmental Forum today at 7 pm in the 'Palais Pallavicini'. I look forward to welcoming all of you there in a more informal atmosphere.

The Opening Session is closed, Deputy Minister Bekturov, the floor is yours.

## Opening Remarks

**Ambassador Marc Perrin de Brichambaut  
OSCE Secretary General**

Ambassador,  
Your Excellencies,  
Distinguished Participants,

It is an honour to address this opening session of the First Part of the 18th OSCE Economic and Environmental Forum. I am pleased to see so many representatives from OSCE participating States and the OSCE Partners for Co-operation. The presence today of representatives from international organizations, the private sector, and from academia and NGOs is especially important.

The theme that we have joined to address -- “promoting good governance at border crossings, improving the security of land transportation and facilitating international transport by road and rail in the OSCE region” – requires precisely such a wide and inclusive dialogue. This Conference reminds us again of the unique platform role that the OSCE plays in building networks to focus political attention on technical questions of great importance.

When H.E. Minister Kanat Saudabayev, the OSCE Chairman in Office, addressed the OSCE Ambassadors two weeks ago in this very hall, he underlined this meeting and this theme as a priority for the Kazakh Chairmanship.

The theme of transport is not new to the OSCE. Transport development and security was high on the agenda in 2006. OSCE Ministers of Foreign Affairs adopted a Decision on a future transport dialogue. Since 2006, the OSCE has consolidated its role in addressing transport related challenges. The Organization has developed a strong partnership with the UNECE, and engaged closely with other partners on transport issues.

The adoption by participating States of the *OSCE Border Security and Management Concept* in 2005 was another important marker. The Concept is a comprehensive and far reaching document that cuts across the three OSCE dimensions of security and sets out a clear vision for the role of the OSCE in strengthening border security and management. Safe and secure borders that are also friendly are vital for the health and security of the participating States.

The importance of the theme of transport is difficult to overstate. Transport is a key economic sector. This is especially so in the current global context. States remain driven by concerns to overcome the crisis, underpin economic recovery and stimulate growth. In this situation, facilitating transport can really pay off, by offering reliable solutions that ripple throughout all economic sectors. It is obvious but worth repeating: transport links people and businesses together, it facilitates the exchange of goods and service between cities, regions and countries. Transport is a job protector and a job creator -- for entrepreneurs, farmers, service providers and industry. It is also a revenue generator. This is vital for Governments.

These reasons have driven OSCE action to promote regional co-operation with regard to transport and transit matters, and to provide assistance for addressing the non-physical barriers to transport and trade. These issues are important for all 56 OSCE participating States, but they gain special urgency for landlocked developing countries. It is very good that the Forum devotes one session to the question of providing access to sea ports for landlocked countries.

Excellencies,  
Ladies and Gentlemen,

The OSCE area has seen constant change in border-related issues. The European Union has created a space where people, goods, money and services can move freely across national borders. At the very same time, in other parts of the OSCE region, state-building processes have seen the definition and creation of new borders. New agencies and institutions have been created to manage border related issues, and new crossing points have been opened. These have been complex tasks for States, where external assistance has played an important role.

For its part, the OSCE has held jointly with partner organizations a significant number of capacity-building and awareness raising workshops. We have focused attention on promoting the implementation of key international legal instruments and convention. Their implementation is vital, because it has direct impact on improved management of border crossings. National and regional training seminars have been held in Eastern and South Eastern Europe, throughout the South Caucasus and in almost all of the Central Asian capitals. The OSCE has engaged representatives from ministries of transport, customs officials and also the private sector. These workshops have been organized upon the request of national authorities. Feed-back has been positive. The OSCE has been encouraged to continue its efforts.

A single important principle underpins OSCE work in this area – this is that borders should not represent barriers to legitimate trade, that it is vital to strengthen co-operation and co-ordination between transport, customs, border police agencies, both nationally and across borders, and that is important to engage in this process with the private sector.

Such cross-ministerial, cross-sectoral and cross-border engagement is needed, because border-related challenges are so complex and diverse. The OSCE Chairman-in-Office participated in the London Conference on Afghanistan last week, and reiterated the desire to deepen OSCE engagement with this Partner Country. Improving border security and management between the Central Asian States and Afghanistan is a strategic question for all OSCE participating States. I am very pleased that one session of the Forum is dedicated to improving security and efficiency of transport connections in Central Asia and with Afghanistan

Excellencies,

Just as transport and border related issues require inclusive approaches in Governments and between States, the OSCE approach should continue to be cross-Dimensional. As Secretary General, I will seek to enhance further co-ordination between Secretariat departments the Institutions, and the Field Operations working in the areas of transport, fighting terrorism and borders. In this respect, I wish to underline the opportunity that is represented by the MC Decision 2/09 on *Further*

*OSCE Efforts to Address Transnational Threats and Challenges to Security and Stability.*

Distinguished Participants,

I look forward to our discussions over the next two days, and especially to practical suggestions that may arise to develop further international networks and partnerships in this vital area.

Thank you.



## Opening Remarks

by Mr. Goran Svilanovic  
Co-ordinator of OSCE Economic and Environmental Activities

Dear Ambassador,  
Your Excellencies,  
Ladies and Gentlemen,

Since the PC decision on the theme of the 18th OSCE Economic and Environmental Forum was adopted, my Office together with the Kazakh Chairmanship for 2010 embarked on the preparatory process. I wish to express my gratitude to the Kazakh Chairmanship for its excellent co-operation and support. A first preparatory Conference was successfully organised in Astana in October 2009. It provided substantial input for this Forum meeting in Vienna and helped us to identify the most relevant issues that we are now proposing for your deliberation.

As the Secretary General has pointed out, the OSCE has already a proven track record in dealing with transport and border-related matters. A first exercise that we undertook when we started the preparations for this Forum was therefore to take stock and analyze our previous work.

Indeed, my Office and the OSCE field presences have been actively working on these issues, in particular since the 14<sup>th</sup> OSCE Economic and Environmental Forum in 2006. The approach taken has been based on multiple pillars, such as the implementation of relevant regulatory documents, the promotion of good governance, regional co-operation, providing support to landlocked developing countries, transit transportation development, public-private dialogue.

A number of awareness raising as well as capacity building activities have been implemented. The most recent ones include a seminar on "Strengthening Co-operation at Railway Border Crossings in Central Asia" in July of 2009 in Balkanabat, Turkmenistan. In November of last year my Office, with the support of the Government of Georgia, held a regional seminar in Batumi, Georgia, on the promotion of good governance and fighting corruption in the area of transport infrastructure development. In December in Tashkent, my Office jointly with the OSCE Project Co-ordinator in Uzbekistan and the Uzbek authorities organised a regional Round Table on Supporting the Development of a Regional Transport Programme.

Thinking about our future work on transport issues I recall an article which I read recently. There are interesting opinions expressed in it by representatives of business associations from Central Asia. I would quote some of them:

*"Vehicles traveling through Central Asia often proceed at a snail's pace, moving at an average speed of 30 kph."*

*"There are too many controlling bodies at the borders that do nothing but sell stamps. Total time spent at a border often exceeds 20 hours."*

These business people were not only complaining about the situation. They were also offering solutions. I quote again:

*“The only way out of the dilemma is for governments, the private sector and the international community to work together in overcoming these obstacles”*

This is precisely what the OSCE has been trying to do by devoting increased attention to multi stakeholder co-operation in this crucial area. For the past years we have engaged with a number of partners – international, regional, governmental and private sector organizations, many of them being present here today.

During this year's Forum process we should strive to increase the effectiveness of our co-operation. It is my conviction that the OSCE can be a catalyst for creating networks of innovative international co-operation on transport.

Ladies and gentlemen,

Our Forum should facilitate a meaningful and future oriented dialogue among the participating States. Its recommendations could later on be translated into concrete activities aimed at providing solutions to some pressing problems.

Based on the recommendations of the Astana preparatory conference, we may envisage focusing on the harmonization of border crossing procedures across the region, advocating a public-private partnership approach and supporting co-operation and enhanced information exchange between state agencies and private businesses - the end users, as well as addressing corruption in customs and border agencies as a key element of promoting good governance. Responding to threat to security posed by illegal activities, trafficking and smuggling, is yet another issue of primary importance which will be further discussed during the next two days.

In defining our future priorities, I very much count on the input that our OSCE field presences and the Economic and Environmental Officers can provide. Due to their expertise, local knowledge and local networking, and due to their dedication and commitment, they are invaluable to us.

Concluding, I wish to express my gratitude to all the guest speakers and participants for joining us here and for agreeing to take an active part in our discussions. I wish all of us a really productive, result oriented meeting.

## **Concluding Remarks**

**by Mr. Azat Bekturov,  
Deputy Minister of Transport and Communications  
of the Republic of Kazakhstan**

Distinguished colleagues,  
Ladies and gentlemen,

As the country holding the Chairmanship, we sincerely thank all participants in Part I of the 18th OSCE Economic and Environmental Forum.

We regard this event as an important component of our Chairmanship, one of the key elements of which is to maintain and strengthen the OSCE as the largest regional forum for security and dialogue on an equal basis.

We firmly believe that the OSCE is still an excellent platform for resolving questions connected with the strengthening of the common transport security architecture and the simplification of border-crossing procedures.

Over the last two days we have discussed the removal of physical and non-physical barriers, eliminating the different obstacles to movement, reducing unnecessary hold-ups for vehicles by the various controlling bodies and ensuring safe transportation. We hope that the discussion will be continued in a logical manner and that the results of this Forum will help in the implementation of co-ordinated measures.

The second preparatory conference for the 18th OSCE Economic and Environmental Forum will take place in Minsk on 15 and 16 March with a focus on rail transport. We look forward to meeting again to discuss the establishment of favourable conditions for reliable and safe rail transport connections in the OSCE region. In this regard, we appeal to our distinguished colleagues to demonstrate political will and strategic foresight and, supported by the decisions made by the OSCE participating States and the institutional memory and backing of the Secretariat, to direct their joint efforts towards the identification and introduction of new and effective measures and schemes for management and control of crossing points with a view to creating a uniform working mechanism to establish a favourable international transport regime and safeguard security in the region.

I should like to take the opportunity of briefly drawing the attention of the Forum participants to a practical example of enhancing co-operation in the transport sector, namely the international conference “Role of logistics on the way Europe-Asia” held in Almaty on 29 January. The conference, which was organized under the patronage of the Ministry of Transport of Lithuania and Kazakhstan, provided a platform for discussing the development of public-private dialogue in this sector, encouraging best practices in transport logistics decisions and optimizing transcontinental freight transportation across the borders of the various countries.

The event was attended by 184 delegates from government bodies in Kazakhstan, Lithuania and Russia and 62 companies from Lithuania, Kazakhstan, Russia, Belarus, the United Kingdom and other countries.

The conference discussed the situation and problems in the development of transport logistics in Europe with particular focus on Lithuania's potential in this regard and the experience of European countries in organizing the logistics of transport corridors to ensure the rapid transport of goods.

Ladies and gentlemen,

As a country located in the very centre of the Eurasian continent, Kazakhstan will be in a good position to assist within international organizations such as the United Nations Economic Commission for Europe, United Nations Economic and Social Commission for Asia and the Pacific, Economic Co-operation Organization, Regional Environmental Centre for Central Asia, Shanghai Co-operation Organization, Eurasian Economic Community, Transport Corridor Europe-Caucasus-Asia, United Nations Special Programme for the Economies of Central Asia and others in strengthening the common transport security architecture and simplifying border-crossing procedures. We believe that our work together within the Economic and Environmental Forum will bear fruit and that the decisions adopted with a view to creating favourable conditions for reliable and safe transport on the continent will foster economic growth in the countries of the region.

I should like to express my particular gratitude to Ambassador Vytautas Naudužas, Personal Representative of the OSCE Chairman-in-Office on Transport Issues, whose active participation in the Forum and in the international conference in Almaty marks an auspicious start to his work. We are confident that his activities as Personal Representative will make an important contribution to strengthening the transport dimension in the OSCE area.

In conclusion, I should like to express my hope that we can continue to work actively, intensively and fruitfully together within this second OSCE basket.

I should like to wish all of you good health and success in your noble work.

Thank you for your attention.

## Rapporteurs' Reports

### Session I - The need to increase the efficiency of international road transport in the context of the global economic downturn

**Moderator:** Mr. Azat Bekturov, Deputy Minister of Transport and Communications of the Republic of Kazakhstan

**Rapporteur:** Mr. Forest Atkinson, Political Officer, United States Mission to the OSCE

Presenters in this session focused on the challenges to efficient road transport in the OSCE region, particularly in the context of the economic downturn. Road transport was shown to be a key economic input, particularly for landlocked countries, and presenters focused on a number of challenges, particularly heterogeneous and inefficient border crossing regulations and procedures. It was argued that these regulatory and procedural issues are more of a problem than infrastructure. Many agreements and conventions exist to address these problems, but more complete implementation is needed.

**Mr. Jack Short, the Secretary General of the International Transport Forum (ITF)**, explained that the road transport sector has been hit very hard by the economic crisis, with volume down 20-30% and truck sales greatly reduced. In most cases this sector has not benefited from government assistance as some other sectors have. There is a need for governments to address these issues more directly. There is also a need for an integrated approach to border crossings, an area where there are enough laws and frameworks existing, but a failure to implement them. He noted the ITF has held events with the OSCE on border crossing management which were productive. He pointed to interagency co-operation as key, as well as empowering the private sector to call out corruption, and said there is a need for more and more facts on delays at border crossings which would create pressure for authorities to address the issues. There is also a need for innovation, which requires some government intervention and incentives, particularly in the context of the economic downturn. This includes IT for fleet management, planning, etc. It may also be more efficient to use larger trucks in some applications, as well as trucks for urban applications, and electric trucks, as well as moving away from fossil fuel in general. The OSCE can help as a clearing house for good practices in improving efficiency of border operations, by supporting the whole of government approach, and encouraging environmental responsibility.

**Mr. Umberto De Pretto, Deputy Secretary General of the International Road Transport Union (IRU)**, explained the role of the IRU in bringing together road transport associations to provide a global view of the issues confronting the sector. Globalization means supply chains are increasingly complex and broad, involving multiple companies and countries, and road transport is crucial to this trade. Added expenses to transport add more than equal costs to economies, especially in landlocked regions such as Central Asia. Reconnecting the Silk Road would not only open new routes to Europe and the United States, but would connect all the economies along the way. The problem is not infrastructure but border crossings. A trip from Beijing to Brussels in 2005 was made to test the route; it took 27 days but should have taken 12. The solution is not so difficult or complicated – we need to properly implement existing instruments from international and regional organizations to harmonize borders, and work closely with the private sector.

**Mr. Michalis Adamantiadis, Chief of the Transport Facilitation and Economics Section, Transport Division, United Nations Economic Commission for Europe (UNECE),** gave an overview of the main challenges to improving efficiency of international road transportation, UNECE contributions to addressing them, and the way ahead. The biggest challenges are multiple systems, inadequate infrastructure, heterogeneous transport rules and regulations, cumbersome procedures, slow transition to a market system or monopolies in some countries, and safety and security factors. High fees and corruption are also issues. He highlighted the major agreements and conventions of the UNECE, and said that these instruments would address most of these issues, but many UNECE member states have not adhered to them or implemented them fully. UNECE has no enforcement mechanism. Road safety is an ongoing concern as well in parts of the UNECE region, particularly in Eastern Europe, the Caucasus, and Central Asia. He listed numerous UNECE infrastructure development, connection, and coordination initiatives underway that cover land transport throughout Eurasia aimed at coordinating billions of Euros of infrastructure development over coming decades. He mentioned co-operation and joint efforts with the OSCE as well as the support to OSCE initiatives such as the OSCE Border Management Staff College in Tajikistan as valuable. He stressed that co-operation with the OSCE should continue. The way ahead on these challenges should include countries acceding to and implementing the main legal instruments of the UNECE on transport and borders, harmonizing rules with a particular emphasis on border procedure harmonization, transparent regulations, cross-border and regional co-operation, reducing transport charges, reducing safety and security risks, and expanding public-private partnerships.

**In the course of the Session, the following key recommendations and observations were made:**

- The OSCE could contribute to a “whole of Government” approach, support open markets and reduction of barriers, and encourage environmental responsibility;
- The private sector needs to be empowered to bring attention of Governments to corruption and inefficiency;
- The OSCE could contribute to sharing of experiences and best practices in improving legitimate trade/transport flows at borders;
- Countries should accede to and fully implement the main legal instruments of UNECE aimed at improving transport efficiency and security;
- Priority should be placed on harmonizing border procedures, but there is also a need to reduce transit charges, minimize safety and security risks, and increase public-private partnerships.

## **Session II - Good governance in customs and at border crossings as an essential tool for transport and trade facilitation, and enhancing security**

**Moderator:** Mr. Igor Ten, Deputy Chairman of the Customs Committee of the Republic of Kazakhstan

**Rapporteur:** Ms. Katja Silventoinen, First Secretary, Permanent Mission of Finland to the OSCE

The session was devoted to issues related to modernization of border crossing points, introduction of transport infrastructure user groups in Tajikistan and good governance and on challenges related to the ratification and implementation of existing UNECE Conventions.

**Mr. Omur Gebes, General Manager, GTI, Union of Chambers and Commodity Exchange of Turkey (TOBB)**, presented the modernization of border crossings points in Turkey by the private company TOBB – GTI. The renewal of border gates across Turkey is based on public private partnership projects. TOBB is responsible for the investments in the modernization projects and for managing the commercial facilities established at the border. The customs and other border procedures are still being carried out by the competent authorities. The outcomes of GTI's modernization has been a more rapid and effective service to customers as well as more rapid border crossings, while at the same time it has been possible to effectively fight smuggling and illegal trafficking. Mr. Gebes also introduced the Joint Border Crossing Models, an initiative that GTI has also been financing and which allows two teams from both countries to work together.

**Mr. Emmanuel Huntzinger, Economic Officer, OSCE Office in Tajikistan**, presented the Users' Groups approach implemented by the OSCE Office together with local authorities and entrepreneurs in Tajikistan. He introduced in detail the concept of the Users' Groups and the current status and plans for Users' Groups in Tajikistan. He noted that the objectives of Users' Groups are to empower local users of transport infrastructure, implement the subsidiarity principle, provide a counterpart for national authorities, facilitate partnerships, and support good governance. Mr. Huntzinger informed that the Tajik Government had acknowledged the value of forming Users' Groups in Tajikistan and that the OSCE was supporting the development of local capacity. He described the recommendations that were formulated by the participants of the Dushanbe – Osh Trade Corridor Users' Group to address the most pressing issues in six different key areas: good governance at customs stations, the collection of unnecessary fines by the state traffic police, the development of a cross-border trade market, the creation of job opportunities, the dissemination of information on border trade, and the access to administrative services. Mr. Huntzinger also presented the long term goals of the Users' Groups approach and lessons learnt. He emphasized the importance of involvement of local actors, the institutionalization of users' groups, and the communication between local and international actors.

**Mr. Robert Nowak, Economic Affairs Officer, Transport Division, United Nations Economic Commission for Europe (UNECE)**, stressed the importance of countries acceding to and implementing international legal instruments regarding transport issues. He noted that the implementation of these instruments would facilitate economic integration, cross-border relations, trade, economic growth and investments and regretted that not all countries have acceded to and implemented UNECE's legal instruments. Mr. Nowak further emphasized that a country does not have to be rich to have a high quality border process. He outlined the major obstacles present at the moment in inland transport: 1) time-consuming border crossing; 2) high costs due to unpredictable waiting times for the goods to be released and cleared, and; 3) numerous controls en route. Mr. Nowak noted that maritime transport was commonly preferred to road transport because of these reasons. It was, therefore, important to make road transports more reliable and faster. He emphasized that infrastructure development was not the number one priority in reducing economic distance, but instead faster customs procedures would be very effective in saving time. Mr. Nowak referred to the *UNECE International Convention on Harmonization of Frontier Controls of Goods*, the implementation of which would reduce the number and duration of border controls.

The ensuing **discussion** focused on the benefits of harmonized border crossing procedures, customs modernization, fight against corruption and the development of transport corridors in Central Asia.

**Mr. Nicolae Popa, ASYCUDA Regional Co-ordinator for Europe and Central Asia, Division on Technology and Logistics, United Nations Conference on Trade and Development (UNCTAD)**, informed about the technical assistance provided by the UNCTAD to its members on customs issues. He also concurred with Mr. Nowak that the most difficult problem was not infrastructure but incompatible procedures at border crossings and highlighted the need to harmonize border crossing procedures. Mr. Popa referred to the UNCTAD's customs modernization program the objective of which was to assist national customs authorities to improve security, trade efficiency and to fight corruption. He mentioned Moldova and Albania as positive examples.

**Mr. Teodor Kaplan, Secretary General, Union of International Road Carriers of Republic of Kazakhstan (KazATO)** informed about the transport connection from Kazakhstan to China and noted that it was working well. He noted that the revival of the Silk Road was in progress and was supported by Kazakhstan. Mr. Kaplan also mentioned the numerous transport corridors that were already available in Central Asia and encouraged also other countries to use these corridors for trade with China.

### **Recommendations:**

- It is important to promote the use of harmonized border crossing procedures;
- The creation of transport and trade facilitation Users' Groups has many benefits: these groups can also be used for ensuring good governance and transparency at border crossings;
- The OSCE can continue to serve as a platform to advocate and promote the accession to and effective implementation of conventions and standards, such as the *UNECE International Convention on Harmonization of Frontier Controls of Goods*.

## **Session II - Good governance in customs and at border crossings as an essential tool for transport and trade facilitation, and enhancing security (Continued)**

**Moderator: Michael Schmitz**, Director for Enforcement and Compliance, World Customs Organization (WCO)

**Rapporteur: Carl Peersman**, Counsellor, Permanent Representation of the Netherlands to the OSCE

The session was devoted to discussions on how to combat corruption in customs and border services, and on how customs and border services could help in trade facilitation. The moderator underlined the importance for customs services not to concentrate on revenue collection only, since this could easily lead to integrity risks, because the considerable amounts of finances involved. The use of latest technologies (IT) and the importance of know-how (training) to improve border management were discussed. Participants discussed the OSCE's contribution in these fields and examples of OSCE supported projects such as the Bishkek Customs Programme were highlighted.

**Ms. Marine Kurtshidze of the Ministry of Finance of Georgia** gave an expose on the Georgian Border Management Strategy. This strategy determines state policy in regard to border management and sets out strategic goals and basic principles, as well as formulates action plans and tasks. The strategy was formulated with the assistance of a temporary interagency commission of the South Caucasus EU Special Representative and the Georgian



National Security Council.

Border management in the strategy consists of a four layer-approach:

- Control activities of different security measures inside the country (coherent and co-ordinated activities by relevant government agencies);
- Actual border control;
- Co-operation with neighbouring states (co-operation between the involved border management agencies);
- Preventive measures in third states.

Ms. Kurthsidze underlined the importance for customs and other authorities to integrate their responsibilities to facilitate border crossings. Co-operation and coherence was necessary on three points:

- Within agencies (intra-agency) - in 2007 tax, customs and financial police were integrated into one unified structure);
- Between agencies (inter-agency) - such as Ministry of Finance and Ministry of Agriculture on veterinary checks and Ministry of Finance and Ministry of the Interior on passport control;
- Between countries (for mutual assistance in custom matters) - Georgia has worked out a model agreement on the basis of the WCO agreement model of 2004 “mutual administrative assistance in customs matters” and has bilateral agreements in force with 12 states.

**Mr. Jean Verheyen of the Belgian private company Porthus NV** elaborated on technology as an enabler for border management and security at border crossing. He explained the information technology offers possibilities to both control and facilitation of border crossings through the exchange of data. The challenges to both the “public sector” (government agencies) and the “private sector” were enumerated and explained:

- safety and security (terrorism, piracy);
- increasing volumes as the world population and economy grows;
- longer and more complex supply chains (globalization);
- decreasing volumes per order, higher frequency of orders;
- balance to be found between facilitation and control.

As the traditional customs operations were, according to Mr. Verheyen, primarily reactive (transaction based) and based on distrust, the future model would be based more on confidence and be more pro-active (system based). Certification of supply chains through the establishment of Authorized Economic Operators (AEO) and Secure Trade Lanes (STL) were essential to this development. The advantages of this model were, amongst others, uninterrupted “door to door” supply chain (green lanes), less theft and losses, less delays, lower inspection costs (for both “inspected” and agencies). Mr. Verheyen explained the European Research project FP 7 (Framework Programme 7) in this field, in which the advantages of STL’s are to be demonstrated in two demonstration corridors: one Europe/Asia-Pacific corridor and One Europe/ Middle East corridor.

This can be achieved through an IT- platform which supports a neutral approach for secure and interoperable data-communications in global door-to-door container management using ubiquitous track-and-trace technologies. Also the possibilities were explained for the electronic pre-announcement of cargo import in the framework of a demonstration project in

the *Interreg IVB NSR -North Sea Programme*. The project shows the possibilities for an electronic "single window" for container status information through supporting unified operational procedures. Advantages of such automated procedures were identified as time gains and availability of additional logistics information for both customs and involved economic actors. The importance of uniformity and predictability in this field were also underlined. Different customs authorities within the EU still use different data and data-transmission systems, validation and conversion of data streams is therefore a *conditio sine qua non*.

**Mr. Jonathan Trumble, Customs Advisor, Borders Unit, Conflict Prevention Centre (CPC), OSCE Secretariat**, underlined the "human" factor of good governance and trade facilitation. The use of technology is greatly dependant on border personnel which is motivated and trained. In this vein he explained the activities of the OSCE Customs Programme in Bishkek, which is developed by the OSCE on request of the State Customs Service (SCS) of Kyrgyzstan. The objectives of the project are: enhancement of professional and technical capacities of the SCS and infrastructure assistance to the Customs Training Facility. Also, the centre provides an opportunity to train Afghan Customs personnel and thereby promote co-operation in the customs area. SCS seeks a sustainable Kyrgyz academic training system with a fully developed and comprehensive basic training curriculum, as well as a structured retraining and advanced training curriculum for the Customs Service. Mr. Trumble underlined the need to develop the organizational priorities, for which purpose a training needs assessment was performed. Among the sources was a written survey sent to all personnel of the SCS with a completion rate of 66%. Statistics show that younger officers have received a basis course, but the senior officer level is not required, nor given the opportunity for continuous advanced training. There is a need to train and mentor instructors and together produce and deliver the training courses that comprise the national curriculum for the SCS. The international community provides assistance in customs related areas. Mr. Trumble warned that there is a real potential for overlap. The OSCE Team in Bishkek therefore welcomes inputs related to activities concerning training programmes in 2010.

## **Discussion**

During the discussion Mr. Verheyen underlined that the possibilities of modern data-transmittance allowed for Customs to concentrate its controls on that part of cross-border which was not channelled through secure trade lanes. While combating corruption is not part of the demonstration project in the *Interreg IVB NSR -North Sea Programme*, this programme would still give a better opportunity to monitor container flows.

During the discussion a video-presentation on how IT-technology and GPS was used to seal transit containers on the Kazakh border from China to Europe was screened. Also, a movie by a Lithuanian participant was shown, in which interviews with truckers at a border checkpoint in Eastern Europe were presented, demonstrating clearly the integrity problems that occur in every day life at such border crossings points (BCPs).

When asked, Mr. Trumble explained in more detail the necessity for donor co-ordination in the field of technical assistance to Customs authorities in Central Asia.

The Moderator, Mr. Schmitz, underlined the need for uniformity and consistency to both combat corruption and to facilitate trade, as was being promoted by the revised Kyoto Convention on customs procedures, which governs 85% of global trade.

## **Recommendations**

To better ensure good governance in customs and at border crossings as essential tools for transport and trade facilitation, and to enhance security, amongst others the following recommendations were put forward:

- An integrated Border Management Strategy needs to be developed: more intra-agency, inter-agency and international customs co-operation and mutual administrative assistance is essential;
- There is both a possibility and a need to make better use of IT-technology in combination with container transport. This will help to strike a right balance between security and trade facilitation. It will help combat corruption and facilitate the flow of goods (transported by Authorized Economic Operators);
- Customs operations should shift from overly reactive controls, based on mistrust, to more pro-active controls; the WCO's Authorized Economic Operators (AEO) concept presents an interesting example in this regard;
- The implementation of strategies, as well as the use of IT technology, stand or fall with customs personnel: there is need for sustainable training efforts.

## **Session III – Facilitating international transport in the OSCE area through more effective regional co-operation**

**Moderator: Ambassador Alyaksandr Sychoy**, Permanent Representative of the Republic of Belarus to the OSCE, Chairman of the Economic and Environmental Committee

**Rapporteur: Ms. Sinead Harvey**, Permanent Mission of Ireland to the OSCE

**Mr. Alexander Blagodatskikh, Deputy Head of Department, Directorate General for Customs Processing and Control, Federal Customs Service, Russian Federation**, summarised the basic principles of the Customs Union between Russia, Belarus and Kazakhstan along with a brief history of its origins and the stages of its implementation. He said that the Union has created a reliable transit corridor to bring Central Asian countries closer to European states and goods can now move swiftly with only one set of transit documents. He outlined the numerous advantages of a common customs union, for example, improvement of investment climate, an increase in competition and trade facilitation. He touched upon the drafting of the legislative aspects of this Union, saying that authorities drew upon international conventions and treaties such as the WCO revised Kyoto Convention. With customs formalities having now moved to the perimeter borders, the common infrastructure and border units will be improved, time reductions will ensue and relations will improve with neighbouring countries.

**Mr. Murat Bekmagambetov, President, Scientific Research Institute of Transport and Communications, National Secretary IGC TRACECA, Republic of Kazakhstan**, started by explaining that increasing trade between China and Central Asia has created tremendous potential for transit options through Kazakhstan. Kazakhstan has an extensive road and rail network and is party to a number of international agreements regulating international transport. However, the speaker admitted that tremendous work needs to be carried out to ensure that their road networks are meeting standards. Time delays and accidents on the road network are spiralling transit costs. Improving IT, transport logistics, technical aspects of operations and the management of the road network will act as the radical changes needed to

improve land transport and create more direct transit routes. These changes though will require a significant financial investment.

The main aim for improving the Kazakh transit routes is to attract more international transit. The speaker said international financial institutions are channelling resources for the reconstruction in order to enhance this trade facilitation. The second hope is that they can work together with neighbouring colleagues to create a single economic space.

**Mr. Vladimir Saranciuc, Consultant, International Relations and European Integration Directorate, Ministry of Transport and Road Infrastructure, Republic of Moldova,** said that his Government attaches special importance to the development of the country's transport system to ensure the effective management of all modes of transport and to facilitate the international transport of goods. With the current economic crisis, the transport sector has been arguably the most affected and The country experienced a 54.3% decrease in goods transported by road, rail, air and naval transport in 2009, compared to 2008.

Moldova has implemented the "single window" principle which has yielded tangible positive results and has enhanced the quality and efficiency of the border crossing procedures. As such, they had to revise their legislation and introduce the new automatic data exchange system. The Republic of Moldova acceded to the *UNECE International Convention on the Harmonization of Frontier Controls of Goods* on 23rd of October 2008. All projects implemented in the framework of the "single window" principle have allowed border crossing time to reduce by 45%.

The speaker went on to talk about the importance of the Transnistrian conflict settlement process, from a transport perspective. He said that the Moldovan authorities are paying particular attention to solving problems faced by transport operators from the Transnistrian region and have adopted a Government resolution on travel to Ukraine. In addition, they have also updated the "National Road Route Network" by completing it with the regular passenger routes operated by Transnistrian transport agents.

The Moldovan side of the Joint (Moldovan and Transnistrian) Confidence Building Measures working group on transport infrastructure has elaborated and presented proposals to improve transit links between Chisinau and Tiraspol. The speakers exemplified the main proposals.

**The discussion from the floor** reiterated the ongoing efforts and initiatives in Eastern Europe, South Caucasus and Central Asia on transit transport.

UNCTAD highlighted their work in assisting Moldova, in joint co-operation with the World Bank. They have provided practical assistance and training for customs officials.

EurAsEC reiterated the multiple benefits of a single customs space and said that they are doing a lot to create a single transport area in the post-Soviet space, with particular focus on road transport.

A representative from Kazakhstan spoke of the increasing use of electronic seals on goods and how this has streamlined procedures by reducing delays and by allowing constant tracking.

Another representative said that projects enhancing transit corridors from the EU to Russia, or Turkey to China, are resulting in improvements in electronic information tracking. This will help counteract the human factor and thus campaign against corruption. The customs union is an effective mechanism in this regard.

A representative from the Kazakh NGO ‘The National Economic Chamber of Kazakhstan’ said that the new law providing for only two checks, that of customs control and the border guards, and the incorporation of IT procedures are sure to make a significant difference from when it was normal to have a number of different checks, such as sanitary or veterinary, during one border crossing.

A last representative said that the Customs Union has been one element enabling them to monitor their border. They are in the process of a project to automate border crossing procedures and are trying to collate all data available on goods being shipped. By doing this profiling, they only need to intervene in 3% of goods being shipped, further rationalising the process and cutting back on staff required.

**The session presented many suggestions as to where the OSCE can play a greater role:**

- Act as intermediary settling financing questions of development of border infrastructure (in case of need);
- Coordinate actions of neighboring countries in development, equipping of check points and transport corridors;
- Assist in the creation of regional checkpoint monitoring systems;
- Assist participating States to implement such transport conventions as the *UNECE International Convention on the Harmonization of Frontier Controls of Goods*;
- In its mandate of conflict resolution and with specific regard to the Transnistrian settlement process, the OSCE and other relevant actors involved in the 5+2 format, could assist the Joint (Moldovan and Transnistrian) Confidence Building Measures working group on transport infrastructure in overcoming obstacles in implementing proposals for joint projects.

## **Session IV – Providing access to sea ports for landlocked countries**

**Moderator:** Ambassador Alexandre Keltchewsky, Head of the OSCE Centre in Astana

**Rapporteur:** Ms. Caroline Milow, Senior Project Officer, Economic and Environmental Dimension, OSCE Project Co-ordinator in Uzbekistan

Session IV provided an overview of Eurasian transport links, the United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea, and on safety aspects of freight flows.

The first presentation by **Mr. Vytautas Naudužas, Personal Representative of the Chairman-in-Office on transport issues**, emphasized the importance of transport as a means of connecting countries. He gave as one of the oldest examples for such global connection the Silk Road, which could become again one of the prominent transport corridors. Besides land transport the sea corridors should be mentioned since the biggest bulk of transport goes via container ships. Here Mr. Naudužas mentioned the East West transport corridor connecting Europe and Asia by sea, via Odesa and via Moscow, with China exporting goods by sea for roughly 700 billion dollars. However, there are also

alternative routes to Europe from Kazakhstan, the 9th largest country in the world: via the Russian Federation, Belarus, Poland, Lithuania and Latvia. Here Klaipėda/Lithuania seaport could play an even more important role in the future.

According to Mr. Naudužas road infrastructure is still insufficiently used since roads continue to be heterogeneous and border controls hamper the expedient processing of cargo. He underlined the necessity for the following strategic goals: unification of customs procedures and requirements, computerized transit system and reduction of corruption in the transport sector. He also stressed the possibilities of the OSCE to promote best practice examples in the transport sphere by getting more involved, implementing pilot projects and by applying the solidarity principle. All this can be achieved since the OSCE, through its unique setup, provides a platform for dialogue and exchange of best practice among its participating States.

**Ms. Kate Lannan, Legal Adviser, United Nations Commission on International Trade Law (UNCITRAL)**, provided an overview of the role of UNCITRAL in developing an improved legal framework to facilitate international trade through the preparation of legislative instruments in key areas of commercial law. There are already three “maritime plus” conventions existing: Hague Rules (1924), Visby Protocol (1968) and Hamburg Rules (1978), which are now harmonized by the so-called Rotterdam Rules. These rules provide access to sea ports for land-locked countries by improving the legal basis and taking into account modern container transport and providing a regime for electronic commerce.

The Convention, which was adopted at the 63rd session of the United Nations General Assembly and opened for signature on 23 September 2009, will boost general growth in international trade, but will not supersede the other three conventions. In total 21 countries have signed the Rotterdam Rules, out of which 10 are OSCE pS. It is noteworthy that the signatories represent a mix of developing and developed countries, strong maritime and trading nations, shipper and carrier states, but also landlocked countries. By concluding her statement Ms. Lannan summarized the advantages of the Rotterdam Rules as being a comprehensive instrument for modernization and harmonization that makes transport more predictable, transparent and efficient and reduces costs. She advocated for the OSCE to take up the call of the United Nations General Assembly and recommend to its participating States that they consider becoming party to the Rotterdam Rules.

This recommendation was subsequently supported by the delegations of Denmark, the Netherlands, the United States of America and Switzerland.

**Mr. Adlet Barmenkulov, Chairman of the Transport Control Committee, Ministry of Transport and Communications of the Republic of Kazakhstan**, spoke about safety aspects of freight flows and pointed out how important is the exchange of tangible results achieved in the framework of the OSCE’s work. The road network improvement is of vital interest for the Republic of Kazakhstan as a landlocked country. There are governmental plans to equip 80% of the roads with smart transport systems to reduce traffic accidents by 30% until 2020. The Kazakh Government also plans a single infrastructure to cover a multi-modal system and stresses the need for an information setup which is based on international rules and standards and equipped with up-to-date technology. It is of utmost importance to combat corruption and one of the tools used in Kazakhstan are automated systems “to minimize the human factor”. Equal attention is paid to unify technical standards, harmonize approaches increase research capacities and apply environmental norms.

**The moderator, Ambassador Keltchewsky,** pointed out that there were two keys for success in the speech of Mr. Barmenkulov, namely the fight against corruption and the idea of harmonization. Sea transport from China to the EU takes 45 days, whereas by using land transport the distance can be bridged by 7 to 10 days; without unnecessary delays at border crossings, the time could be reduced by another 3 days.

After the three presentations Ambassador Keltchewsky opened the floor for the Forum participants.

The first contribution came from the Deputy Director of the Customs Information Centre in Lithuania, who showed a documentary movie which referred to the improvements of border controls on the border crossing between Belarus and Ukraine. These improvements were owned to the fight against corruption, the clearer customs procedures, the non-paper based documentation and the better infrastructure.

The second intervention was made by a Delegation which drew attention to the importance of transport infrastructure and good neighbourly relations for the country. The delegation mentioned that unfortunately the situation has not changed much since 2006, when transport related issues were already on the OSCE's agenda.

Another Delegation stated it would like to see increased co-operation and integration in the region in order to enhance the transport corridors between Central Asia and Europe. Increasing the efficiency of transport corridors was of vital importance. In response to the intervention of the previous Delegation, it stated that in its view economic and political issues are interconnected and its country would not consider any kind of co-operation (economic or of another nature) unless a political settlement is in place.

Mr. De Vries on behalf of the European Union (EU) noted that one has to be careful with a too romantic view on land transport and in particular on reviving corridors like the Silk Road. He added that sea transport will remain the most efficient transport mode. In addition he said that it would make sense to provide an overview (e.g. in the format of a publication) of how much harmonization in the transport sector has already been achieved over the past couple of years. Such an exercise would need to be conducted however with full participation of the European countries and also of the United States and Canada.

The IRU representative confirmed Mr. De Vries' assessment on sea transport, but did not share his remark that one should be careful with constructing too many roads in Europe, telling that currently only 0,5% of all territory in the EU are covered by asphalt roads, but that a company like Phillips would gain 50 million Euro per day by not being compelled to keep supplies on stock because of transport gaps.

The representative of the Finnish Ministry of Transport and Communication gave some explanations on why in 2007 there was the longest truck cue at the Finnish-Russian border that was ever recorded, as mentioned by Mr. Naudužas. However, the situation at the border to the Russian Federation has since 2007 found back to a normal traffic volume (decrease of 40% in trucks and 80% in cars in 2009) and is now the most efficient border of the EU with Russia, since e-documentation was established in July 2009.

### **Recommendations:**

- Making efficient use of the OSCE as a platform for dialogue in particular in developing a scenario on transport facilitation as the EU has done for its member

states and in strengthening the Organization's role through development of pilot projects using the solidarity principle as well as exchanging best practices;

- The OSCE could encourage its participating States to consider adopting the Rotterdam Rules; to this end UNCITRAL offered additional information and capacity building support;
- Increasing the fight against corruption in customs by i.e. introducing more automated systems;
- Fostering harmonizing approaches concerning environmental norms, technical standards and research capacities;

## **Session V – Improving security and efficiency of transport connections in Central Asia and with Afghanistan**

**Moderator: Ambassador Herbert Salber**, Director of the Conflict Prevention Centre (CPC), OSCE Secretariat

**Rapporteur: Mr. Gaurav Thapan-Raina**, Economic and Environmental Officer, OSCE Centre in Ashgabat

The moderator opened the session by emphasizing that improving security of transport connections is crucial for trade. Appropriate legal instruments and customs procedures needed to be effectively enforced while removing all non-physical barriers to transport and facilitating integration into the broader regional transport network. Co-operation between countries is essential. Strategic transport corridors are to be further supported in order to create conditions for reliable and safe connections in the regions and beyond. Afghanistan is a key partner as the OSCE.

**Mr. Mozammil Shinwari, Director General for International Trade, Adviser to Minister, Ministry of Commerce and Industry of Afghanistan**, explained that his country is still one of the poorest countries in the world and is struggling to rebuild its economy. The development of the private sector is key to promoting employment and expansion of international trade. Moreover, security is closely linked to economic development. Afghans want peace but peace is not sufficient to feed children. Rampant poverty has been driving Afghans underground to engage in trafficking in human beings and smuggling of small arms and light weapons (SALW). The Government of Afghanistan has undertaken the following steps to increase trade access to neighbouring regions:

- Road construction has commenced after 2001 and is focused on rehabilitating 2,210 km of roads across the country, especially the ring road linking Kabul, Mazar-e Sharif, Herat and Kandahar;
- Regional road links with neighbouring countries are also being rehabilitated to improve trade access to Pakistan, Iran, Turkmenistan, Tajikistan and Uzbekistan, approximately 1,153 km of roads;
- Improved customs and logistics infrastructure along the corridors is increasing access to the Gulf and South Asia regions.

The Government has also focused on improving customs infrastructure and training. A new building for the customs agencies in Kabul is completed. These improvements have been reinforced by a strengthening of the ASYCUDA system and the computerization of export and import procedures. Moreover, Afghan customs procedures are being gradually harmonized with 27 customs procedures facilitated until today and a single document adopted for all customs stations. Moreover, since 2007, a harmonized customs system has



been translated into three languages. With respect to customs infrastructure, storage and trans-shipment facilities have been upgraded. Afghanistan has taken membership in international and regional structures such as WCO, ECO, SAARC and CAREC in efforts to strengthen trade relations with member states of these organizations. Afghanistan has also prioritized the rapid development of railroads to improve transport and trade links with neighbouring countries. It has signed an agreement with Uzbekistan's state railway authority to build a 95 km railway connecting Hairatan to Mazar-e Sharif, funded by the Asian Development Bank. Railroads have also been built linking Quetta (Pakistan) to Kandahar, Jalalabad to Kabul and to Sherkhan Bandar.

Afghanistan shares various borders with Central Asian states. The Sherkhan Bandar border crossing point with Tajikistan and the Aikhanam point with Uzbekistan are being strengthened due to new customs stations that have been built. The Afghanistan-Tajikistan border is 1,300 km long. The border with Uzbekistan is approximately 137 km. The new customs centres are anticipated to increase trade volume. The Afghanistan-Turkmenistan border crossing point at Turghundi has also been strengthened through the opening of a Customs Center and the implementation of ASYCUDA. While the current border near Kunduz has a two time clearance procedure (one at the border and the other at Kunduz), this is being integrated. The Government will continue to work in partnership with international agencies and its neighbours to improve transit and transport links, to increase security and facilitate trade in the region.

Given Afghanistan's strategic location, further action is needed to facilitate regional trade and transport. Improved infrastructure at borders is required in parallel with more efficient border management. Capacity building of customs officials is needed as well and Afghanistan is grateful that its customs officials would be trained in Bishkek.

**Mr. Igor Rounov, Permanent Delegate to the CIS, International Road Transport Union (IRU)**, stated that his organization is devoting increasing attention to Afghanistan. The IRU has invested efforts to revitalize the Silk Road. In 2008, it launched a project to monitor routes on the Silk Road (NELTI) that entered its second phase last summer. The US expressed interest in the IRU initiative especially the Northern Distribution Network (NDN). The latter envisages development of alternative routes from Russia, Kazakhstan and Central Asia (mostly by rail) but also through the Caucasus and Caspian Sea. This is due to the growing instability in Pakistan where military cargoes, currently directed to Afghanistan from Karachi, are becoming targets of attacks by militants.

In July 2009, a seminar on Afghan transit was organized in Tbilisi with the US Department of Commerce. A decision was made to form a working group to expand transit to Afghanistan. The first meeting of the working group took place in Dushanbe. The meeting discussed steps to develop a road caravan to Afghanistan. One proposal envisaged a model section of road on one of the routes for favourable conditions on road haulage. A second meeting is being scheduled in Baku in early spring. The findings of the Dushanbe meeting were as follows:

- **Routes** - There are two routes that link Afghanistan via the Caucasus and Central Asia. The first runs through Kazakhstan and the Kyrgyz Republic. The second runs through Turkmenistan. With respect to cargo shipments from China, there are at present three routes that extend from 1.5 to 4 km.
- **Road Infrastructure** - Mr. Rounov informed that the myth of an absence of road infrastructure is unfounded. He explained that he personally travelled extensively in the region and that the road infrastructure is well developed. Transit countries have

developed their own road haulage sectors with modern vehicles. In the NELTI project, the average tariff from Chinese borders to Central Asia and Europe is in line with rail and marine tariffs.

- **Legal Framework** - Many transit countries have signed up to the main UN Conventions. Moreover, local companies have extensive experience in shipping non-military cargo.

Additionally the IRU representative focussed on challenges faced by the NELTI implementation, namely:

- The two crossings over the Black and Caspian Seas by oil tankers as well as the capacity of existing ferry services are insufficient. The number of crossings needs to be increased through improved infrastructure and capacity.
- Existing customs procedures and data systems are outdated and there is an absence of joint-customs control near Afghanistan. This is resulting in increased waiting times for vehicles at border crossing points, currently up to 40 percent of time on the roads.
- Problems are accentuated by a lack of harmonization and outdated regulatory systems. Moreover, freedom of transit is not respected across the region. Only Georgia and Kyrgyz Republic are members of the WTO.
- The poor state of ancillary infrastructure on roads such as insufficient development of parking sites, fuelling and storage facilities exacerbates prevailing challenges.
- Rampant corruption in the form of extortion from drivers to speed up border inspections will need to be seriously addressed. Levels of corruption differ across transit countries.

The IRU has developed a list of criteria, these include:

- Safety and security for cargo drivers and security from illegal trafficking in drugs
- Efficiency and competitiveness – diversification in delivery routes for supplying peacekeeping forces in Afghanistan
- Transparency to prevent corruption in delivering humanitarian cargo.
- Establishment of development corridors – newly created transport routes should encourage regional economic integration in Central Asia and Afghanistan.

Concluding, Mr. Rounov stated the IRU accords importance to co-operation with the OSCE and proposes two projects for joint implementation:

- Support to the demonstration road caravan from Germany to Afghanistan and,
- Creation of a model highway.

**Mr. Boymamad Alibakhshev, Managing Director, Milal-Inter, Tajikistan**, focused on the development of trade links between Tajikistan and Afghanistan. The Badakhshan region is better known as the Pamir and a region of great geopolitical importance serving as a crossroads between east and west and one of the important parts of the Silk Road. In efforts to improve trade between the two countries, with assistance from the OSCE, cross-border markets were established especially in Tajikistan.

Markets in Rozvai and Ishkashim were opened in 2005. In the western Pamir on the Pyanj River, there will be six more border crossings and thus six more border markets. The three markets in Rozvai and Ishkashim are the only ones of their kind on the border, although looking back in 2004, it was risky to open them given the war in Afghanistan. It was one of the ways in which Tajikistan could support the Afghans who were cut off from their administrative centre. The markets have become vibrant and are a far brighter alternative to

those who would risk their lives engaging in smuggling goods. At present, in Ishakshim up to 3,000 traders (of which 2,000 are Afghans) buy and sell their products in the market.

The establishment of cross-border markets faced numerous challenges. Firstly, traders had no information concerning customs procedures, tax levies, and border laws of the two countries. Up to 2000 people were crossing the border every day and due to their limited knowledge of border markets, they required assistance. Even though these markets were creating jobs, there were problems with corruption and harassment by customs officials. Educational programmes were needed to provide consultations for those who wanted to trade. Thus, the OSCE set up **Resource Centres**. Each market is now supported by a resource centre which is visited by Afghan traders. The Centres inform market participants of their rights, marketing procedures and national laws and also help to hinder corruption.

In co-operation with the Ministry of Economy, forums have been held for representatives of Tajikistan and Afghanistan to explain how cross border trade works. A joint commission between the two Badakhshans (in Khorog on the Tajik side and in Faisabad on the Afghan side) has been established to resolve all issues.

As a result of these border markets, the socio-economic fabric of the region is undergoing a change. Data between 2007 and 2009 indicates that the number of cross-border market traders has increased to 6,800. Trade turnover has also increased leading to increased employment in the border region. Tajikistan is building a new road that will link Central Asia with Afghanistan and Pakistan. Many international organizations are participating in the construction of this road. The section from the Uzbekistan border to Dushanbe has been completed and will be expanded up to the border with China.

The OSCE can play a positive part in the creation of these trade and transport links. It can consider organizing a forum for the entire Pamir region to identify opportunities for promoting trade and peace in the region.

The floor was opened for **interventions and statements from participants**.

The representative of UNCTAD highlighted a few aspects of the customs project in Afghanistan by stating that the four transit corridors to Pakistan, Iran, Turkmenistan and Uzbekistan are operational and have adopted customs clearance procedures in line with international standards and best practices. UNCTAD has supported extensive training of national project teams on ASYCUDA. Support has also been provided to Afghan customs to create an institution of customs brokers. In fighting corruption, UNCTAD helped to minimise contacts between customs officials and traders. Fully computerized declarations in all these centres have been put in place and truck owners could submit such declarations online. The number of customs stops was reduced from 18 to 3 and all payments are now transacted at the Afghanistan Central Bank and are electronically completed and transacted to customs, thus reducing the possibility of bribes. UNCTAD has also worked with the Afghanistan authorities to reduce opportunities for subjective interpretation of laws by customs officials.

A Delegation reiterated that co-operation in trade facilitation at border crossings was one of the best ways for participating States to work together. The Delegate expressed confidence that improving land transport will stimulate business and economic development in all countries of the region. The problem of safety and security of road transport is caused, to a large extent, by the instability in Afghanistan exacerbated by smuggling of drugs. Opium poppies are illegally cultivated and converted to heroin. This problem is worsening and

narcotics are entering and exiting Afghanistan by road and rail. While there are numerous conventions, agreements and declarations, it is imperative to strengthen international co-operation to combat this illegal trade and to ensure that drugs are not transported across borders.

A participant from Kazakhstan stated that there is a huge volume of goods transiting Kazakhstan from China to Europe, and that Afghanistan remains an important transit point. There have been 359 truck trips to Mazar-e-Sharif without a single incident. Kazakhstan is willing to allow transit of “non-lethal” cargo into Afghanistan.

Another representative stressed that a system of advance information is needed and that logistic terminals should be set up. Up-to-date IT systems should be installed, allowing for *en route* scanning and weighing of the goods being transported, ahead of their arrival at the border.

A representative of Uzbekistan mentioned that in December 2002 his Government opened the Hairaton Bridge on the Uzbekistan-Afghanistan border across which millions of tons of goods have been carried. Germany upgraded the Termez airport and tons of goods have gone through that airport. Uzbekistan has also built bridges and electric transmission lines to Afghanistan. Uzbekistan is now providing Kabul with electricity. The only rail link between Uzbekistan and Afghanistan is through Termez and the Afghan Government has a project to continue that railway to Mazar-e-Sharif. Uzbek Railways are currently involved in building that railway. The Termez-Hairton Bridge is expected to be completed by 2010.

A representative of Tajikistan stated that his country is landlocked and thus highly depends on transit services of its neighbours. A number of initiatives have been undertaken to overcome this challenge: a bridge has been built on the Pyanj River connecting Tajikistan with Afghanistan, two demonstration caravans from Turkey to Afghanistan crossing through Tajikistan were organised in 2009 and currently a draft agreement on trans-boundary co-operation between Tajikistan, the Kyrgyz Republic and China is under preparation.

The US representative welcomed the inclusion of this session in the agenda and expressed his belief that the OSCE can help stabilize Afghanistan’s border security and management, police training, good governance, rule of law and combating narco-trafficking. Border management and customs training has included Afghan officials and the US hopes that this will expand. Mr. Shinwari’s presence states that it is possible to include Afghanistan in OSCE events. There is a need to create conditions for legitimate transport and trade. Increasing trade between Afghanistan and its neighbours will be an important contributor to long-term stability. Much of the infrastructure is in place. There is a pressing need to simplify and speed up cargo processing while combating corruption. The OSCE can make an important contribution to this.

**Mr. Mozammil Shinwari** welcomed the support expressed by many countries and reiterated that Afghanistan can play a vital role in the region linking South Asia to Central Asia. He then added that Afghanistan itself is the victim of a huge drug problem and invited partner countries to help eradicate poppy cultivation. The Afghanistan government established a Ministry of Counter-narcotics specifically for this purpose. To solve this question, the very basis of narcotics and its relation to poverty must be addressed. Until now, narcotics cultivation has been reduced in the country. However, greater assistance is required.

**Mr. Igor Rounov** enquired if there was any data available on which types of drugs are transported by road from Afghanistan.

The relevant Delegation responded that with respect to illegal trafficking cargo checks are conducted regularly, in line with international conventions and recommendations of specialized bodies. As there is no railway, river or sea connection, it is self-evident that drugs from Afghanistan are being transported by road.

**Mr. Boymamad Alibakshev** stressed the importance of improving border crossings between Tajikistan and China, as this would allow Afghanistan to trade with China through the Badakhshan region.

## **Session VI - Facilitation and security of cross-border transport – making the case for a balanced approach**

**Moderator: Mr. Jan Tomczyk**, Senior Consultant to the Euro-Asian Transport Links Phase II Project

**Rapporteur: Ms. Ioana Oltița Mureșan**, Third Secretary, Permanent Mission of Romania to the OSCE

The **Moderator** made the case for balancing border crossing point (BCP) security management with trade facilitation using case studies from EU, Finland, Georgia and the UK. He presented a number of arguments as well as the solutions pursued in view of striking the right balance between trade facilitation and security at border crossings.

The EU is the world's largest trader (according to 2007 data), but it faces a complex trade environment with about 60 different trade legislations worldwide. The EU introduced the use of electronic systems by EU customs administrations and a modernized Customs Code in 2008. Paperless trade and customs environment started in 2008, as well as the elaboration of Multi-Annual Strategic Plan (which includes several projects - new computerized transit system, risk management framework, economic operator registration and identification, Export Control System and Import Control System, Automated Export System, integrated Tariff Environment, EU Customs Information Portal and Single Electronic Access Point).

In the case of Finland and the Russian Federation, an increase of road export and transit traffic from 2 million tons in 1995 to 5.3 tons in 2007 and 2008 was noticed. At the same time, the total transport time to Moscow takes 6 days, out of which 2 days are spent at the border crossing point. The solutions envisaged included co-operation at the local border crossing, co-operation between relevant border agencies, pilot EU/Russian Federation exchange 2009, integrating border crossing point and customs infrastructure, increasing inter-operability between 8 Finnish companies and 8 Russian counterparts, common interfaces for e-documents and ICT system interoperability, automatic identification of flows and transport fleet locating using RFID. Future plans include: electronic tracking of inter/modal transport, operations models for logistic centres and goods terminals using electronic information exchange and automatic identification in the supply chain, information systems communicating with authorities issues such as pre-arrival.

In the UK case, 60% of the country's productivity between 1996 and 2004 came from businesses which export and in 2008 UK exports amounted to 30% of GDP. However, the UK has 37 different security procedure and controls impacting on trade operations. Among the actions to undertake, Mr. Tomczyk mentioned: improving border procedures through coordinating border security and controls, applying the International Trade Single Window System, using IT to get electronic trade transactions, modernizing and changing trade documents; customs – getting the Modernized Customs Code implementing provisions in

2011, improving the On-line Tariff 2009, continuous change to the UK HM Revenue and Customs “Customs Blueprint” report; improving transport infrastructure and export controls by developing solutions to avoid transport bottlenecks, improving Export Control Organization using training, awareness activities; informing traders; fostering policy coordination through creating a cross-government international trade facilitation committee, finding and using border crossing point best practices.

**Mr. Michael Schmitz, Director for Enforcement and Compliance at the World Customs Organization (WCO)** underlined that trade security and trade facilitation are opposite sides of the same coin. He showed that, in order to balance these two issues - which is all the more necessary in the wake of 9/11 when the focus was increasingly on control and security - the WCO aims at globalizing and standardizing the customs control efforts, mainly through the *Revised Kyoto Convention (RKC) on the Simplification and Harmonization of Customs Procedures* and the *SAFE Framework* – a global supply chain initiative developed at the WCO by the international trade community and WCO member states to secure and facilitate the global supply chain. The standards set forth by both RKC and SAFE apply to all modes of transport in international trade. He pointed out that, currently, 66 WCO members ratified the RKC and over 85% of trade takes place under the revised RKC procedures. Between 2002-2005, the WCO member states and the international trade community worked for the establishment of the *SAFE Framework of Standards to Secure and Facilitate Global Trade*, which includes tools such as: the use of advanced electronic information, the application of risk assessment, Customs to Customs co-operation, co-operation, coordination and collaboration among all border control agencies and the use of modern non-intrusive search technology. To date, 159 out of 176 WCO member states have signed a “letter of intent” to implement the SAFE framework and the SAFE framework is cited in US legislation and elements of it are found in the new EU Customs Code. He highlighted that one of the key elements of both the RKC and the SAFE framework is the establishment of a risk management system to identify potentially high-risk shipments and that the use of non-intrusive inspection equipment while taking into consideration risk management techniques is included in SAFE. The WCO representative pointed out that the WCO has engaged with other international actors, as well as the private sector in order to reach a good balance between trade facilitation and trade security.

**Mr. Eric Stewart, US Chamber of Commerce (USCC)**, encouraged the OSCE participating States to achieve the right balance between trade security and trade facilitation, echoing the views of the previous speaker regarding the increase of the security and control side after 9/11. He pointed to the USCC survey on investment climate and trade facilitation results: the current approach is mainly bilateral, while a combination of bilateral and multilateral approaches will ensure greater efficiency and uniformity. He also mentioned the launch of the Eurasia Business Platform in 2006 by the USCC and its main projects: land transport options studies, investment and trade facilitation survey, security and trade facilitation study.

**Mr. Kettil Ottersen, UNODC**, presented the UNODC/WCO Container Control Programme (CCP), whose main objectives are the establishments of Inter/agency Units for profiling the containers and, more generally, the promotion of improved co-operation between all stakeholders operating in the port. The implementation of activities in the pilot countries started with Ecuador in 2004. The pre-conditions for developing the CCP are: a formal agreement between UNODC and the government, the completion of a technical port needs assessment and co-operative inter-agency agreements.

The UNODC representative indicated that profiling relies on the use of risk indicators such as: information from cargo manifests/Bill of lading in the pre-arrival phase, customs declaration in the arrival and post-arrival phase, the pro-active use of C-Hawk Container Intelligence System and open sources. Among the outputs of the project, Kjetil Ottersen enumerated: the Container Analysis Reports of 2006, 2007 and 2008, the creation of the website Container.com, the Guide for Container Control and the Container Security Framework. Among the concrete results of the project, there were mentioned: the seizure of cocaine (35 metric tons), precursor chemicals (76 tons), cannabis (15 metric tons); alerted the Chinese Customs (2 containers where 147 kg of heroin were captured) and the Sri-Lankan authorities (3 kg of heroin were found); seizure of several containers with contraband and counterfeit/misdeclared goods/alcohol, cigarettes.

The UNODC representative thanked the Delegations of Canada, the EU/EC, France, Germany, Italy, Norway, Spain, the United Kingdom, and the USA for their financial contributions to this programme.

### **Interventions from participants:**

A representative of DG TAXUD/European Commission underlined that the EU Customs Policy comprises complex actions and mentioned the amendments to the new EU Customs Code meant to increase security, including the pre/notifications in import and export. He then underlined the principle of mutual recognition of an authorized economic operator in all 27 EU Member States and indicated that the most important objective is to achieve connectivity among all 27 EU MS on the NCTS, the only successful customs electronic system. He also pointed to the need for modernization of customs codes in terms of IT innovations and of training of the customs administration officials. He gave the example of Albania that used to control 100% of the transport at border crossings due to fear of losing revenue. After the EU assistance to Albania, customs revenues increased, while the systematic controls eased.

A representative of the Kazakhstan Association of Customs Brokers pointed out that, out of the goods controlled at the border (40-50%), only 2-4% are found to be in breach of regulations. However, the border crossing time can take up to 3 days. He indicated that the newly developed Roadmap for Business in Kazakhstan is aimed at resolving this issue.