



Transit Systems and Facilitation – SASEC Perspective





Freedom of Transit in GATT

Article V

- *There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other parties.*

Other conditions

- Equal treatment independent of a vessel's flag, origin, departure, destination or ownership of the goods or vessels;
- Most favoured nation treatment
- No unnecessary delays or restrictions to traffic in transit;
- No levy of Customs or transit duties and other transit-related charges; only reasonable administrative expenses entailed by transit, or costs of services rendered



Transit requirement in South Asia

Land locked regions

- Nepal
- Bhutan
- North Eastern region of India

India's trade with

- Afghanistan
- Central Asia





Transit Arrangements in SASEC

Between	Country of transit	Arrangement
Nepal - India	India	<ul style="list-style-type: none">• Treaty of Transit• Rail Services Agreement
Bhutan - India	India	<ul style="list-style-type: none">• Agreement on Trade, Commerce & Transit
Bangladesh - India	Bangladesh	<ul style="list-style-type: none">• Inland Water Trade and Transit Agreement• MoU on use of Chattogram/ Mongla ports

Transit arrangements between
Bangladesh and Bhutan and Bangladesh and Nepal
under consideration





Basic Features of existing Transit arrangements

- Exemption from Customs duties/taxes on transit...only commercial charges payable
- Dedicated storage facilities at ports, where possible
- Multi-modal transport allowed (rail-road etc.)
- Importer/exporter to file transit declaration
 - Represented by Customs Brokers
- Pre-arrival filing and processing of declarations
- Legal Undertaking; security in select cases
- Customs sealing of consignments





Basic Features (contd.)

- No physical examination of cargo at customs station of exit, if no breach found
- Release of guarantees/undertakings after reconciliation with Nepal/Bhutan Customs
- Time lines for monitoring completion of transit
- Cooperation in investigations and recovery of dues with destination countries



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Scope for Improvements

- Manual process
- Excessive documentation
- Delay in discharge of bonds
- Inadequate security
- One Time Seals used
- Sealing cannot be monitored *en route*
- No alert on route deviation
- No visibility of container movement



Fasten high security bolt seal here

C. T. D. No. Date

Original / Duplicate / Triplicate / Quarduplicate / Quintuplicate

CUSTOM TRANSIT DECLARATION (EXPORT)

Export (Name & Address)	VERIFICATION I have verified that the goods specified in this declaration and of the quantity & value specified here in have been permitted to be exported by Govt. of Nepal under Licence No. and date as indicated below. I also certify that the goods being Exported are produce of Nepal		
Consignee	C. T. D. No. BRG/ Date:		
Notify or Delivery Address	Govt. of Nepal's Export Licence No. & Date/LC No.		
	Country of Origin Nepal	Country of which consigned	
Indian Custom Office of Entry Raxaul	Shipping Agent:		
Name of vessel	Rotation No Invoice No Date Certificate of Origin No Date		
Marks & serial Nos. of Pkgs.	No. & Description of Pkgs. Description of Goods	Quantity / Sq. m. WT.	Value/US \$
Endorsement by Indian Customs Office on Entry Certified that the necessary checks have been made in terms of the provisions of the export procedure to the Treaty of trade & Transit between Govt. of India and Govt. of Nepal 1971. Goods specified here in allow to move to Calcutta port without sealing/fully sealed. CONTAINER TRUCK NO. LOCKED WITH LOCK & KEY		DECLARATION "We declare that the goods entered here in are not of Indian origin, are for export from Nepal to third countries, Other than India, and shall not be diverted en-route to India or retained in India." "We declare that all the entries made above are true and correct to the best of my/our knowledge & belief."	

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India – Nepal Pilot for Transit Cargo

Modalities (**Phase I**)

- Coverage - Nepal's imports, exports and return of empty containers
- Managed Service Provider
- User fee
- Liberalized transit system

- Pilot facilitated by ADB
- Use of high security electronic seals with GNSS facility

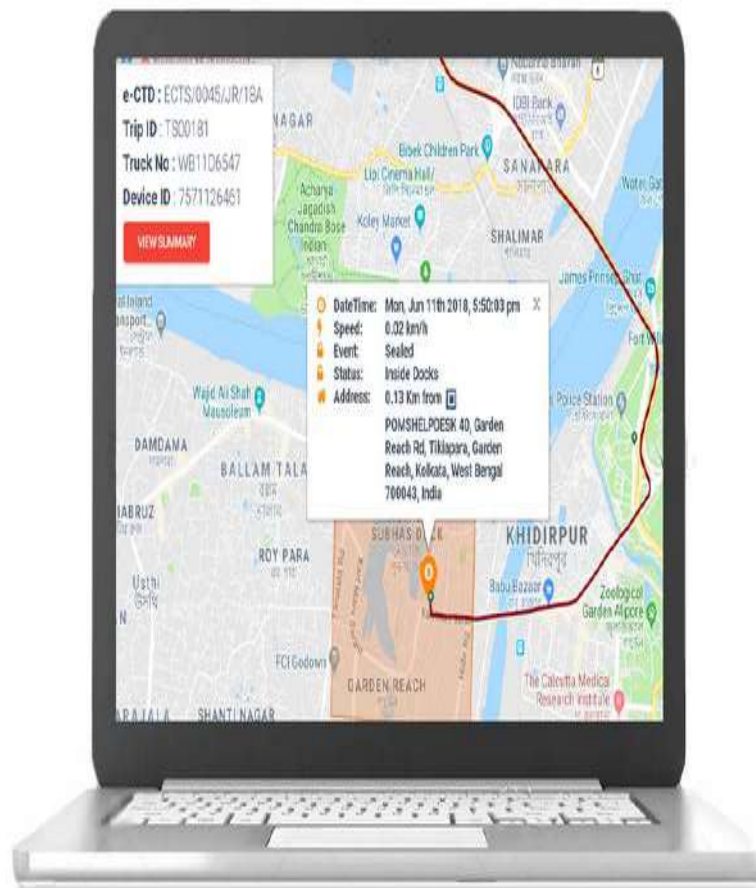
Simplifications

- Reduced documentation
- Process Automation
- Waiver of guarantees
- Automatic discharge of undertaking



Use of Technology

- E-Seals with tracking facility
- Web application with –
 - Provision for filing declaration & supporting documents, scrutiny and approval by customs
 - Dashboards for Customs officers and private sector
 - Tracking facility for regulators and other stakeholders (as per access privileges granted).
 - Return tracking of containers to the shipping line yards
 - Fee payment facility for use of ECTS





Improved Solution (Phase II)

- Shipping line files Manifest
- Permission to move transit cargo given by Customs
- Carrier undertakes secure movement of cargo to Nepal
- Nepal trader does not need to do any compliance activity in India
 - No need for declaration filing, consulate letter, undertaking
No need to appoint customs broker or engage transporter
 - Not concerned with repositioning of empty container
- Facility of tracking/cargo security
- Automatic discharge on crossing the border





Transit reformed

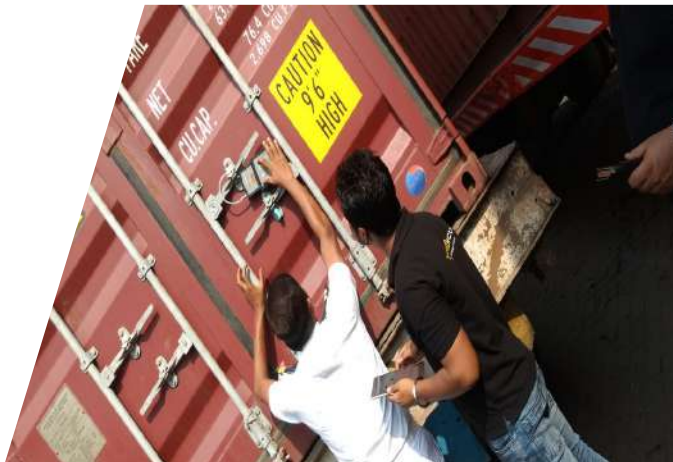
From:

- Manual process
- Excessive documentation
- Delay in discharge of bonds
- Lack of visibility
- Inadequate security and monitoring capability



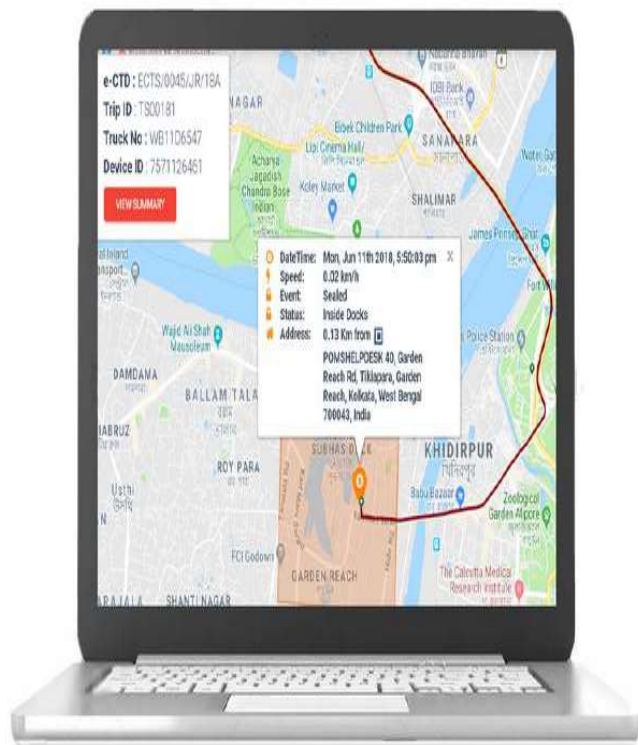
To:

- Automated process
- Digital uploads
- Automatic discharge of bonds
- Shipment visibility
- High security and real time monitoring





Technology driven Transit facilitation



**REFORMS AND
SIMPLIFICATION**



VISIBILITY



ANALYTICS



Roles of Stakeholders – Earlier

Agency	Activity
Shipping Company	Files Manifest; issues delivery order
Consulate of Nepal	Issues letter to Indian Customs
Nepal Importer (rep. by Customs Broker)	Files CTD along with invoice, packing list, import license etc.; gives undertaking; container re-positioning
Transporter	No regulatory responsibility
Customs	<ul style="list-style-type: none">• Declaration scrutiny; duty computation;• Seal affixation and removal• Discharge of bond/insurance policy



Role of Stakeholders – Now

Agency	Activity
Shipping Company	Files IGM; files application for transshipment and gets approval ; issues delivery order in Nepal
Consulate of Nepal	
Nepal Importer (rep. by Customs Broker)	
Transporter	Furnish bond/security for secure movement of cargo through Indian territory
Customs	<ul style="list-style-type: none">• Permission based on Manifest• Seal affixation and removal• Discharge of bond



Outcomes reported

Nepal importers hail Electronic cargo tracking system

THE HANS INDIA | © Dec 13, 2018, 12:11 AM IST

A A A

Answer Few Questions
Be get assured
₹200 Paytm*

Click Here



Nepal importers hail Electronic cargo tracking system

Visakhapatnam: Against the backdrop of ongoing transshipment of Nepal bound containers from Visakhapatnam port to Nepal, the Nepal Ambassador to India, Bharat

Visakhapatnam port first to start simplified cargo shipment between India and Nepal

TNN | Aug 29, 2018, 13:58 IST

✉ 🖨 A- A+



VISAKHAPATNAM: The first batch of container goods to Birgunj in Nepal was flagged off

Savings

- in terms of time – improvement of 50%
- no role for intermediaries; no hidden charges; and
- fully transparent process





Analytics

Trip Summary

Sealing Time	28/08/16 17:16
Trip Start Time	28/08/16 21:02
Trip End Time	05/09/16 05:57
Unsealing Time	05/09/16 11:18
Total Time including stoppage	186 hr 02 min
Total Stoppage Time	138 hr 39 min
Total Journey Time	47 hr 22 min
Total Distance	1639.7 km
Average Speed (Sealing to Unsealing)	8.81 kmph
Average Speed (Trip Start to End)	11.83 kmph
Average Speed (Actual Journey)	36.6 kmph

Average Speed (kmph)	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89
No of Hours driven (hh:mm)	8:20	6:00	5:40	6:40	7:40	4:40	6:40	1:00	0:20





Benefits

- 'Live 'alerts in case of frauds and exceptions
- Better control and security
- Better revenue security
- Faster release of transit cargo
- Reduced transaction costs
- Decongestion of border points
- Visibility of cargo/conveyance/ container movement





Piloting Transit Facilitation – Experiences and Challenges

- Fulfilling compliance requirements by Nepal traders in country of transit (India)
- Role of intermediaries and logistics operators
- Congestion in transport network





ECTS Application – Experiences and Challenges

- Technical design.
- User Fee
- Providing Facilitative provisions
- Providing Value added features
- Advocacy to encourage greater participation
- Dealing with exceptions
- Change management





Technical Specifications

Global Navigation Satellite System

General

- Capable of reporting data and receiving queries from monitoring platform
- Built-in antenna capable of receiving 66 channels

Receiver Sensitivity & Accuracy

- Receiver sensitivity of GNSS module should be below or equal to -120dBm
- Position error shall not exceed 10 meters at 95 percent confidence level

Refresh rate

- Refreshing and submitting position data to the information platform at intervals of every 5 minutes or less

Time to First Fix (TTFT)

- Cold start: Computation of position fix shall be completed within 120 seconds after power on.*
 - Hot start: Computation of position fix shall be completed within 30 seconds.*
- (*Under normal operating conditions.)



Way forward

Transforming transport networks into successful economic corridors

Formalising the pilot processes

Automated and paperless business processes

Enhancing security of supply chain

Facilitating multi-modal logistics chains

Improving border infrastructure

Full-fledged implementation of Article 11 of WTO TFA on Transit

Implementation of through-transport agreements



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Thank you.

