

# **ESCAP-OSJD Joint document on potential of electronic information exchange to streamline customs formalities in international railway transport**

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This document was prepared by Transport Division, ESCAP together with the Organisation for Cooperation Between Railways (OSJD).

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This document is issued without formal editing.

This is an information document of recommendatory nature.

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## Table of Contents

|      |                                                                                                                         |    |
|------|-------------------------------------------------------------------------------------------------------------------------|----|
| I.   | Background.....                                                                                                         | 5  |
| II.  | Current situation at the railway border crossings.....                                                                  | 5  |
|      | A. Complex environment of railway border crossings .....                                                                | 6  |
|      | B. Main stakeholders at the railway border crossings .....                                                              | 7  |
|      | C. Fragmented legal environment for international railway transport.....                                                | 8  |
|      | D. Main processes undertaken at rail border crossings.....                                                              | 9  |
|      | E. Information required for completion of border crossing formalities.....                                              | 9  |
| III. | Electronic information exchange between railways and among railways and Customs .....                                   | 10 |
|      | A. Electronic exchange of information among Railways in Europe .....                                                    | 10 |
|      | B. Electronic information exchange between OSJD members.....                                                            | 11 |
|      | C. CIS Council for Railway Transport initiatives on electronic information exchange.....                                | 12 |
|      | D. Electronic consignment note.....                                                                                     | 12 |
| IV.  | Requirements for electronic information exchange among railways and control agencies .....                              | 13 |
| V.   | Streamlining customs formalities for international railway transport using electronic information exchange .....        | 14 |
|      | A. Consignment note as customs transit declaration .....                                                                | 14 |
|      | B. Use of new technologies at rail border crossings.....                                                                | 14 |
|      | C. Implementation of joint control measures .....                                                                       | 15 |
|      | D. Electronic pre-arrival intimation will support advance risk assessment.....                                          | 16 |
|      | E. Electronic interface between railway and border agencies for streamlining customs formalities .....                  | 16 |
|      | F. Facilitated customs formalities for rail transit including simplified procedures for authorized rail operators ..... | 17 |

## **Key Messages**

Being one of the more sustainable modes, rail needs to be promoted proactively, to address many of the negative externalities of transport that have recently been exacerbated. The rapid increase in trans-continental freight trains over the last decade have firmly established role of rail in fostering sustainable transport connectivity between Asia and Europe and vice versa.

The resilience demonstrated by rail transport during the pandemic as well as need for digital and electronic information exchange underscored by the pandemic provides yet another opportunity to give big push to rail competitiveness by leveraging use of electronic information exchange for completing border formalities.

Efficient rail border crossings are one of the important elements for enhancing the competitiveness of international railway transport and therefore proactive measures are needed to address inefficiencies. Railway border crossings have complex environment with many competing stakeholders. All of them however need information to complete their task and therefore electronic information interchange at rail border crossing is important to improve the efficiency.

Electronic information exchange between railways and among railways and control agencies is, however, fragmented due to diverse legal and regulatory frameworks underpinning them. OSJD provides a comprehensive guidance on many aspects of electronic information exchange among railways through its agreements and various leaflets. The initiatives on electronic information exchange between railways and among railways and control agencies should precede with simplification and standardization of information requirements.

This recommendatory document has been prepared jointly by ESCAP and OSJD to provide railways and border agencies with insight into potential of electronic information exchange to streamline border crossing formalities. The document has been drafted according to the recommendation of the International Inter-Agency Conference of the OSJD member countries "Practice of border crossing by rail" that took place in September 2021.

Areas where electronic information exchange can support streamlining border crossing processes include integrated risk assessment, use of new technologies, and joint execution of control measures both behind and across the borders. Customs formalities associated with rail transit can be simplified through electronic information exchange. A joint electronic interface between railways and other relevant stakeholders can provide for efficient exchange of information required for commercial, operational, and regulatory purposes.

## I. Background

Railway border crossing processes play a central role in facilitating international railway transport. As the strength of a chain is equal to the strength of the weakest link, one weak railway border crossing could undermine the efficiency of the entire railway corridor. Delays stemming from the completion of border crossing formalities lead to unjustifiably increased transit time for railway transport, adversely affecting its competitiveness compared with other modes of transport.

This not only increases logistic costs for firms, but it also reduces the reliability, predictability and punctuality of freight trains, which, in turn, leads to a vicious cycle of low reliability, low demand for freight train services and higher transport costs and ultimately impedes investments in border crossing facilities.

The imperatives of sustainable development and the need for sustainable transport are prompting countries to reorient their transport strategy towards railway transport. In line with the expansion of international railway transport, the efficiency of railway border crossings are set to gain importance to ensure that movement of freight by railways is predictable and reliable – the two key features that shippers consider when choosing a mode of transport.

The present document has been prepared according to the third recommendation of the International Inter-Agency Conference of the OSJD member countries "Practice of border crossing by rail" that took place virtually on 21-22 September 2021.

The recommendation reads as follows, *“the OSJD and UN ESCAP to consider the possibility of preparing a recommendatory document on electronic data exchange in view of the available OSJD experience and documents in order to streamline customs formalities in international rail transport among UN ESCAP countries”*

## II. Current situation at the railway border crossings

There are 59 pairs or 118 railway border crossings along the Trans-Asian Railway network. Railway border crossings in Asia and the Pacific have numerous similarities in terms of border crossing operations and formalities, but also have significant differences.

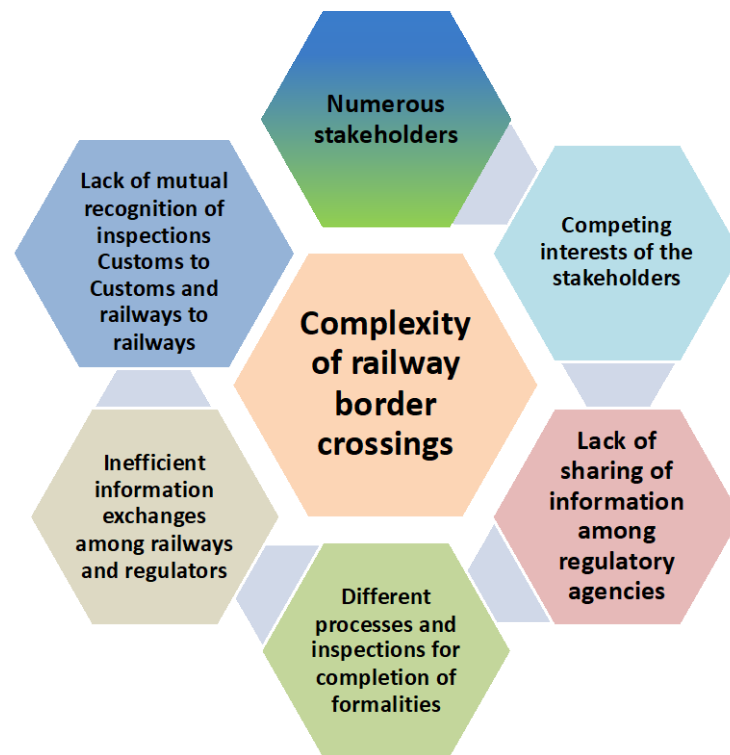
According to OSJD statistics established in 2016, five pairs of border crossings in the Asia-Pacific region dealt with an annual volume of cargo exceeding 15 million tons; and nine pairs of border crossings dealt with an annual volume of cargo of between 5 and 15 million tons.

Railway border crossings can be choke points and impede international railway transport. Accordingly, a comprehensive approach is needed to tackle railway border crossing delays. Some of the factors that lead to inordinate delays are inefficient organization of railway operations, such as lack of coordination, exchange of paper-based documents, and lengthy and uncoordinated regulatory controls of customs and other government agencies; dealing with break of gauge; and inadequate railway facilities and equipment at border crossings. In addition to significant delays, those factors also result in uncertain arrival times and increased transport costs.

#### A. Complex environment of railway border crossings

The environment at railway border crossings is complex because of the involvement of numerous stakeholders, which often have different interests. The consignee, consignor, freight forwarders, customs brokers, importers and exporters all want formalities to be minimal and completed quickly.

##### **Complex environment of railway border crossing**



Regulators, such as customs authorities, phytosanitary and sanitary agencies, authorities responsible for licences and permits, immigration authorities and border guards need specific information to complete the formalities to ensure compliance of rules and regulations. The

regulatory authorities also face particular challenges pertaining to goods, namely as to what and how much to inspect to complete the formalities.

## B. Main stakeholders at the railway border crossings

Railways are the main stakeholders at railway border crossings. Several operations must be carried out by adjacent railways at the border crossings, involving the technical, commercial and operational handover of trains from one railway to another. The technical part involves inspection of rolling stock, and the commercial handover includes information on goods being transported.

Many regulatory agencies are at railway border crossings to ensure that rules and regulations for cross-border movement of freight trains are complied with. The number of agencies at the border crossing depends on the type of border crossing and the freight handled. Other entities are also there to complete those formalities.

Customs is a major government agency at railway border crossings. Its primary concern is to ensure compliance of the customs regulations related to the import, export and transit of goods. Concurrently, it is also responsible for preventing smuggling and ensuring security during the transport process.

Some other government agencies at border crossings are border guards and police from the immigration department. Their main objective is to control the movement of people at railway border crossings. Phytosanitary, sanitary and radiology authorities are also present at some railway border crossings.

The interface between regulators and railways at railway border crossings can be complex, and the requirements for completion of the formalities need substantial harmonization among the countries. Customs seals or inspections are not mutually recognized unless there is an arrangement to that effect. Formation of a single customs territory, such as the Eurasian Economic Union, can potentially simplify railway border crossing formalities within the internal borders of the countries that are members of such Unions.

Lack of an appropriate mechanism for sharing information and mutual recognition of inspection results among the regulatory agencies leads to duplication of many processes at railway border crossings. For example, if the results of rolling stock inspections and related certification are not mutually acceptable, this leads to duplication of inspections and inordinate delays to complete the border crossing formalities.

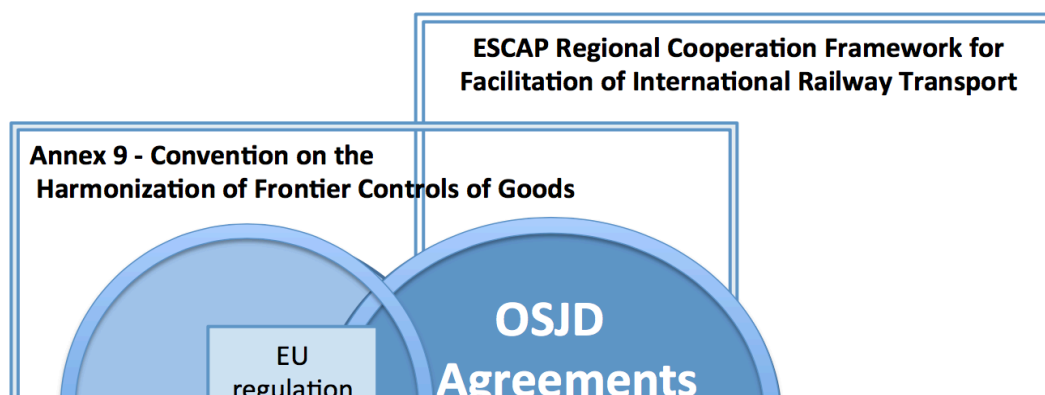
The private sector stakeholders present at railway border crossings include shippers or their representatives, such as freight forwarders or customs brokers who organize the shipment and

comply with the formalities related to the transportation of goods from origin to destination. The forwarders and brokers further contract with the carriers for the transport of goods. At some railway border crossings, companies under the control of railways have been mandated to support railway operations, such as shunting or train marshalling.

### C. Fragmented legal environment for international railway transport

The legal arrangements on international railway transport, customs and other regulatory border crossing requirements determine the operations and formalities at railway border crossings. Numerous international railway instruments affect railway border crossing procedures. Foremost among them are the legal regimes developed by two railway organizations, OSJD and the Intergovernmental Organisation for International Carriage by Rail (OTIF). The OSJD agreements and the Convention concerning International Carriage by Rail provide comprehensive legal frameworks that cover most aspects of international railway transport, including consignment notes, use of wagons and other areas that are relevant for rail transport operations including border crossing processes.

#### Fragmented railway legal environment



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