

Coordinated border management: the experience of Asia and the Pacific region¹

Sandeep Raj Jain²

Abstract

Asia and the Pacific region is becoming the centre of global attention due to its rapid economic growth in the past few decades. The global financial crisis has made it imperative for the countries in the region to take measures to stimulate domestic demand and to increase intra-regional trade to sustain the growth momentum. As the regional arm of the United Nations, the Economic and Social Commission for Asia and the Pacific (ESCAP) has been working with its member countries to address the barriers that impede trade and transport in the region. ESCAP has taken various initiatives to promote the regional connectivity holistically by narrowing the infrastructure gaps as well as minimising the institutional deficiencies. Coordinated border management is an important component of the latter. Border delays constitute a major bottleneck to the smooth movement of goods in the region and countries in the region are taking concerted measures to address these issues. Experience has shown that there are various approaches to coordinated border management and some of the better practices demand detailed and careful planning. In particular, border agencies – specifically Customs – need to redefine their standalone role and more importantly, their role as part of the coordinated border management team.

1. Introduction

The World Bank, in its inaugural edition of ‘Global Development Horizons’³ states explicitly that the world economy is undergoing a major transformation. As indicated in the report, ‘By 2025, six major emerging economies—Brazil, China, India, Indonesia, South Korea, and Russia—will account for more than half of all global growth, ...’ Countries in Asia, in general, are going through an exciting phase of their development. The growth model ‘produce in Asia and sell in the West’ has come under pressure due to weak demand in the developed markets. To sustain the growth, the emphasis is shifting towards increasing intra-regional trade and spurring the domestic demand, and this poses formidable challenges for the countries in the region.

Boosting intra-regional trade and stimulating domestic demand need investment in infrastructure (‘hardware’) as well as measures to address the institutional and legal barriers (‘software’) to trade and transport in the region. Both these areas need persistent and sustained efforts over a long time, and there are no quick solutions. However, the countries in the region are increasingly realising the importance of intra-regional trade as a means to sustain their growth and are taking steps at sub-regional and regional levels to address the issues involved. This paper reviews the state of coordinated border management/joint controls in Asia and the Pacific⁴ based on the existing literature with the aim of finding lessons to be learned and good practices that can serve as benchmarks for countries intending to introduce these controls as a means of addressing the border delays.

Following this brief introduction, actions taken for regional connectivity under the auspices of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) are discussed. This is followed by a description of the non-physical barriers and their potential to impede intra-regional trade and transport. Then, the concept of coordinated border management is introduced and the international efforts to promote it are detailed. Next, the state of play of coordinated border management in three broad subregions of Asia and the Pacific, Central Asia, South East Asia and South Asia is discussed. Lastly, an attempt is made to identify lessons learned and good practices in the region for coordinated border management. Areas for future research for customs academicians are indicated and conclusions summarised.

2. ESCAP initiatives to improve regional connectivity

For many years, ESCAP has been a focal point for countries in the region to address the issues that impede intra-regional trade. In 1992, ESCAP resolution 48/11⁵ urged member countries to accede to seven major international conventions to facilitate transport. In 2006, member countries adopted the Busan Declaration⁶ on Transport Development in Asia and the Pacific that envisions an international, integrated and inter-modal transport and logistics system for the region. The building blocks of this vision are the intergovernmental agreements on the Asian Highway and the Trans-Asian Railway networks, and the proposed agreement on dry ports.

Asian Highway and Tran-Asian Railway Networks

The Intergovernmental Agreement on the Asian Highway Network (AH)⁷ entered into force in 2005 and currently there are 28 parties to the agreement. The 142,000 kilometre AH spans 32 countries in the region. The Intergovernmental Agreement on the Trans-Asian Railway Network (TAR)⁸ entered into force in 2009. The 114,000 kilometre TAR goes across 28 countries in the region. Both agreements have laid the institutional framework to attract funds in these capital-intensive projects and will boost investment in transport infrastructure in the region. This will lead to more trade and, in turn, more investment, thereby setting up a cycle of investment and trade in the region. Further, containerisation and inter-modal transport have made door-to-door seamless movement of goods a reality. Taking advantage of this, ESCAP is now working on an intergovernmental agreement on dry ports to promote such inland ports so that isolated and landlocked areas of the region can be brought into the cycle of growth.

Increasing importance of non-physical barriers

Having put in place the institutional framework for attracting investments in physical infrastructure and to take maximum advantage of these ongoing initiatives, the focus of the member countries of ESCAP is now increasingly shifting to the non-physical barriers. ESCAP at its 67th session held in May 2011 observed that the non-physical barriers continue to hinder intra-regional trade and requested the ESCAP secretariat to take tangible measures to address them. It reiterated the importance of eliminating or at least reducing such barriers to transport including waiting times at border crossings by streamlining and simplifying customs formalities.

Some of the significant non-physical barriers that impede the movement of goods are: cumbersome border crossing formalities involving repeated inspections of goods by different agencies, excessive documentation, non-transparent rules and regulations and frequent changes in them without informing the concerned parties, different technical standards for vehicles, restrictive visa procedures for drivers and crew, different procedures for temporary admission of vehicles, non-accession to various international conventions by some countries in the region leading to contiguity problems, numerous and sometimes overlapping transport agreements having the potential for legal conflicts while being implemented.

Development of a regional strategic framework to address issues comprehensively

Countries of the region have been making efforts to address the non-physical barriers and in this regard they have entered into a number of subregional/bilateral agreements to facilitate road transport. Some have acceded to related international conventions. While progress has been made to minimise these barriers, it has been slower than anticipated as some of the facilitation efforts have been taken in relative isolation leading to fragmented results. In addition, conflicts in implementing these agreements have sometimes appeared, and some facilitation measures could not be implemented due to a range of institutional reasons.

Recognising the need for an integrated and comprehensive approach to address non-physical barriers, ESCAP recently undertook a study on these issues. Based on the findings of the study, it proposed a regional strategic framework for facilitation of international road transport. The framework suggests possible solutions to address non-physical barriers in the region and will be considered for adoption by the member countries at the Ministerial Conference on Transport to be held in November 2011. Once adopted, the framework will provide the member countries with a guide post on each of the issues identified and will ensure that the facilitation efforts of the countries converge in the long run.

3. Importance of coordinated border management

One of the most important non-physical barriers affecting international land transport is excessive delays at border crossings. These delays can be due to many reasons but in most cases they are aggravated by a lack of coordination and cooperation among border agencies. Each of these agencies has a different mandate with regard to goods and people crossing the borders. More often than not these agencies work independently, without a full understanding of what the other agencies are doing and without regard to the consequences of multiple inspections of the same goods. The results of intervention by different agencies are obvious: long delays at the borders and attendant costs which ultimately raise the cost of the goods, making them uncompetitive. The International Road Transport Union's (IRU) New Euro-Asian Land Transport Initiative (NELTI)⁹ project found border waiting times reaching days in some regions across the Euro-Asian landmass and accounting for 40 per cent of time lost during transport. It also found that such a situation encourages corrupt practices that can account for 30 per cent of transport costs.

Two dimensions of coordinated border management

To facilitate movement of goods, while taking into account the mandate of each agency with respect to goods and people crossing the border, it is desirable that border agencies work in a coordinated way by sharing information and avoiding duplication of the process or procedure. The clearances at border crossings can be expedited if the interventions are based on an integrated risk management framework which addresses the concern of all the agencies at the border. This inter-agency coordination among different agencies behind the border is one dimension of coordinated border management. The second dimension of coordinated border management involves cooperation with neighbouring countries and the institution of joint controls at border crossings to eliminate or at least reduce duplication of processes/procedures by sharing information and resources. This coordination between border agencies across borders can be more meaningful, if there is a high degree of inter-agency coordination behind the borders.

International efforts to promote coordinated border management

Because coordinated border management/joint controls can significantly reduce border delays and expedite the movement of goods, they attracted the attention of the international community as far back as 1982, when an International Convention on Harmonization of Frontier Control of Goods (Harmonization Convention) was developed under the auspices of the United Nations Economic Commission for Europe (UNECE).

Relevant articles of the Harmonization Convention

Article 4 on ‘Coordination of controls’ of the convention urges contracting parties, to the extent possible, to organise Customs and other controls in a harmonised manner. Article 5 further enjoins the contracting parties to ensure availability of sufficient personnel, equipment and facilities at such crossings. The emphasis of both articles is on behind the border inter-agency coordination and provision of resources for services. Article 6 of the convention on ‘international cooperation’ calls upon the contracting parties to cooperate with each other and enter into multilateral and bilateral agreements to achieve the objectives of the convention. Further, Article 7 of the convention provides for cooperation between adjacent countries and calls upon them to arrange for joint controls for goods and documents through provision of shared facilities. It also urges adjacent countries to have congruity in timings of operation of the frontier posts, the control services operating and the procedures followed therein. As can be seen, the focus of Articles 6 and 7 is on coordination and cooperation across the border.

Joint controls in the Revised Kyoto Convention

The International Convention on the Simplification and Harmonization of Customs Procedures, commonly referred to as the Revised Kyoto Convention, also provides for joint controls in its General Annex. The transitional standard 3.4 calls upon the contracting parties to operate joint customs controls at border crossings, and standard 3.5 calls upon parties to plan for juxtaposed customs control at new border crossings.

4. State of play of coordinated border management in Asia and the Pacific

The Asia-Pacific region is diverse in terms of social and economic indicators. Its geographical scope stretches from Turkey in the west to the Pacific island state of Kiribati in the east and from the Russian Federation in the north to New Zealand in the south. The state of play of coordinated border management in the three broad sub-regions of Asia is discussed below.

Central Asia

Most countries of Central Asia are landlocked leading to high costs of transportation for much of their trade. Having seamless transit regimes is important for landlocked countries to reduce the cost of transportation. Most countries in the subregion are signatories to the Harmonization Convention. To address the special needs of the landlocked countries there has been considerable international effort. The Almaty Programme of Action is one of the significant initiatives. Among many things, it emphasises financial investments in projects to improve the existing border posts and/or to establish new joint border posts. Initiatives and actions by some other organisations to promote coordinated border management in Central Asia are discussed below.

European Commission’s Border Management Programme in Central Asia (BOMCA)

The European Commission’s Border Management Programme in Central Asia (BOMCA) aims to provide secure and stable borders in Central Asia. Its main component is capacity development for Integrated Border Management (IBM) by exposing countries to the best European practices in IBM, leading to enhanced cross-border cooperation to facilitate transit trade. The BOMCA strategy for IBM includes¹⁰ speeding up joint cross-border controls to increase customs revenue and to reduce opportunities for informal payments. BOMCA has adopted a transit corridor approach to trade and transport facilitation,

as the traffic flows are greatest on these corridors and results of coordinated border management approaches will be more apparent on them. One of the main aims of BOMCA is to encourage countries to develop their own IBM strategies. Kyrgyzstan, for example, in February 2008 established a National Coordinated Committee for IBM and is in the process of developing a national IBM strategy. The BOMCA study stresses the importance of political will, vital to the institutional reforms at the borders, and finds Kyrgyzstan taking a proactive role in this regard.

Central Asia Regional Economic Cooperation (CAREC) Program

Under the customs cooperation component of the trade facilitation program of the Central Asia Regional Economic Cooperation (CAREC)¹¹ Program, joint customs controls have been identified as the initial step leading to a Single Window approach that requires high levels of inter-agency coordination. The Asian Development Bank (ADB) is implementing a border crossing point improvement and single window development project in the subregion with the aim of supporting National Single Windows (NSWs) and developing a regional platform for networking NSWs through the participation of the private sector.

Further, many CAREC countries have initiated a regional dialogue on joint customs control and many countries now have functional joint controls. Currently, Kazakhstan has joint controls at borders with the Russian Federation, China and Kyrgyzstan. One of the initiatives countries in the region have taken for implementing joint customs controls is to promote the use of a unified cargo manifest. It is being used at the China (Dulata)/Kazakhstan (Kalzhat), Kazakstan/Krygystan and Mongolia/China borders. Adoption of a unified cargo manifest coupled with simplified procedures has reduced customs clearance time¹² by 35 per cent. The use of a unified cargo manifest is conducive to consistency and coordination of customs control and leads to efficient customs clearance. The carrier has to submit the manifest only once, avoiding duplication. The document also serves as the basis for revenue collection, anti-smuggling operations and accurate data collection. Other steps being taken by the countries in the subregion to promote inter-agency coordination are issuance of joint instructions, preparation of annual joint action plans, and cross designation of responsibility among agencies.

Turkey's initiative using the BOT model to modernise border crossings

Turkey has initiated major steps to modernise its border gates¹³ with various countries since 2001. It has successfully involved the private sector using a Build-Operate-Transfer (BOT) model in renovating its border gates. Turkish Customs was designated as the lead agency to oversee the modernisation project. A concession agreement was signed for each of the 18 border gates that included the cost of the project, period of concession and rights and obligations of each side. This has led to expeditious customs clearances, an increase in tax revenues, effective control over smuggling and less congestion due to segregation of truck and passenger platforms. It has also facilitated the use of information technology such as single window and electronic TIR carnet at the border gates. Due to the BOT model, all these benefits have come without any strain on public finances. The Turkish model can potentially be replicated in other countries of the region to modernise border gates so that delays due to infrastructural constraints plaguing many border crossings in the region can be minimised.

South East Asia

South East Asia is a fairly developed and integrated subregion and has numerous world class seaports leading to low transportation costs. Coordinated border management has been promoted mainly by means of subregional cross border transport agreements. Two such agreements are the Association of Southeast Asian Nations (ASEAN) Framework Agreement on Facilitation of Goods in Transit and the Greater Mekong Subregion Cross Border Transport Agreement (GMS CBTA).

ASEAN Framework Agreement on the Facilitation of Goods in Transit

The objective of the ASEAN Framework Agreement on the Facilitation of Goods in Transit is to facilitate transit trade. Article 7 of this ASEAN agreement urges contracting parties to set up frontier posts adjacent to one another to avoid repeated loading and unloading of goods and to explore the possibility of joint examination of goods. It also enjoins the parties to coordinate working hours of the adjacent border posts. The Article calls upon the contracting parties to be guided in their efforts to harmonise frontier facilities, wherever possible by the International Convention on the Harmonization of Frontier Control of Goods (1982).

GMS Cross-Border Transport Agreement

Article 4 of the GMS CBTA on Facilitation of Border Crossing Formalities calls upon the contracting parties to progressively adopt measures to simplify and expedite border formalities by having a single window inspection to carry out joint and simultaneous inspection of goods and people by respective competent authorities of agencies such as customs, immigration, trade, agriculture, and health. It further provides for single-stop inspection and urges the national authorities of adjacent countries to carry out joint and simultaneous inspections. In the case that control posts are not located adjacent to each other, the control officials of one country shall be allowed to perform these inspections in other countries. Further, the article provides for coordination of working hours of the frontier posts and advance exchange of information on goods and people to facilitate their clearance.

Detail MOUs for each border crossing

At physical border crossings many countries in the subregion have taken tangible steps to promote coordinated border management. Taking the GMS CBTA referred to above as the basis, Cambodia and Thailand entered into a Memorandum of Understanding (MOU)¹⁴ in July 2005 for a specific border crossing at Poipet (Cambodia) and Aranyaprathet (Thailand) making time-bound commitments in phases to implement single window and single stop inspections. The MOU details each and every aspect of border crossing formalities and lays down detailed procedures to be followed by officials on both sides of the border to implement various control measures. The MOU laid down the targeted combined border clearance time for commercial vehicles to be reduced from the current 240-300 minutes to 120 minutes in the first step and to 30 minutes in the second step, leading to reduction in border crossing times by approximately 10 times.

Single window as a means to promote coordinated border management

Single window arrangements have made much headway in South East Asia. ASEAN countries, in particular, have been proactive in this regard and in 2005 signed an agreement to establish and implement the ASEAN single window that involves developing single windows in each of the member countries and integrating them at the subregional level. This has led to a flurry of activity in each of the countries to simplify, standardise and harmonise processes and procedures related to international trade.

The single window platform provides an integrated IT system to facilitate exchange of information and operation of integrated procedures for supporting border agency cooperation and coordination.¹⁵ Many countries are at an advanced stage of implementation of a single window platform in the subregion. ESCAP and ASEAN have been playing an important role in laying down the guidelines and providing countries with a platform for coordinating and sharing best practices. A network of experts known as the United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT) has been formed to support national, subregional single window and paperless trade initiatives. ESCAP has provided secretariat support for UNNExT in cooperation with UNECE. The focus of UNNExT is on

training, knowledge sharing and application of international standards that are developed by the World Customs Organization (WCO) and the United Nations Centre for Trade Facilitation and Electronic Business (UNCEFACT).

South Asia

Intra-subregional trade in South Asia is only two per cent as compared to 26 per cent in South East Asia. Despite the long land border between India and Pakistan, there are only a few border crossings and the cross-border movement of goods is severely restricted. On the Indo-Nepal border there are numerous Land Customs Stations (LCSs) but traffic is high only at two of them. There are also no institutional arrangements for coordinated border management or joint controls to facilitate cross-border movement of goods. Nepal is a landlocked country and the transit trade of Nepal is governed by an Indo-Nepal trade and transit treaty that is renewable every five years. Most of the countries in the subregion have not acceded to the Harmonization Convention.

Inefficient border crossings are a major deterrent to growth of intra-subregional trade in South Asia. A study¹⁶ conducted in 2008 regarding transit regimes and border crossings in the eastern part of South Asia found that out of the nine border crossings in India, Nepal, Bangladesh, and Bhutan, only one was relatively efficient while the rest were relatively inefficient in both physical and non-physical parameters. Among the non-physical barriers, the study found that customs authorities in the subregion still require excessive documentation for imports. It further found that implementation of e-governance at the border, including e-Customs was a significant determinant of intra-subregional trade. Another finding of the study was that a 10 per cent reduction in the border transaction cost can lead to a three per cent increase in the exports of the country.

The study concluded that to realise full benefits of trade liberalisation, the countries in the subregion should give top priority to improving the efficiency at border crossings and bring adjacent border crossings up to similar levels of efficiency to remove asymmetries and to expedite the movement of goods. Despite this state of affairs in general, some scattered efforts are being made in the subregion to facilitate cross-border trade. In May 2011¹⁷ India and Bangladesh Customs agreed upon a Standard Operating Procedure (SOP) to be followed at the four border crossings to expedite customs clearances.

India's approach to coordinated border management

India has a long coastline that is dotted with numerous ports that carry much of its international trade; therefore development of land routes as an alternative did not get much attention in the past. But things are beginning to change as the increase in intra-regional trade has made the development of land routes a necessity. India has taken a major step in this direction by setting up the Land Port Authority of India (LPAI)¹⁸ that is overseeing the establishment of 13 Integrated Check Posts (ICPs) along international borders with Pakistan, Nepal, Myanmar and Bangladesh. The authority has been set up under the Department of Border Management, Ministry of Home Affairs, Government of India. Plans are afoot to equip these border crossings with all modern facilities to encourage cross-border trade. The facilities will include immigration points, cargo inspection sheds, scanners, quarantine laboratories, customs clearances, banks, currency exchange warehouses/cold storage, parking facilities, and hotels/restaurants.

One of the functions of the LPAI is to provide an institutional mechanism for coordination and facilitation among various agencies to undertake a range of activities at the ICPs. The first ICP at the Indo-Pakistan border became operational in late 2011. The experience of how these ICPs work, the institutional mechanism for inter-agency coordination at these ICPs and their cooperation with their counterparts in neighbouring countries needs to be monitored and if successful, replicated elsewhere.

5. Lessons learned

The advantages of coordinated border management are conceptually easy to understand, but experience suggests that it is not easy to execute. The real challenge lies in its implementation, whether it is behind the border or across the border. The following are some of the lessons that can be learned, based on the experience of coordinated border management in Asia and the Pacific.

Political commitment is vital

As coordinated border management/joint controls normally lead to redistribution or even apparent loss of power of agencies over goods and people, certain vested interests may try to sabotage these efforts. To deal with such elements within the agencies and outside, a clear message about the need for and implementation of such controls is needed. Change will not happen without clear and sustained government support. Political will is manifested by such actions as accession to related international conventions, entering into subregional and bilateral agreements, and the nomination of a lead agency to undertake such reforms. An example of political will is the case of Kyrgyzstan where the government is developing an integrated border management strategy. The lack of political will appears to be the primary reason for the virtual absence of coordinated border management arrangements in South Asia, while the opposite appears to be true for South East Asia.

Nominate a lead agency at the border

Before instituting joint controls across the border, it is essential that there is substantial inter-agency coordination behind the border. In this regard, it is advisable to nominate a lead agency at the borders to take responsibility for coordination on behalf of other agencies. This role can be most appropriately adopted by the customs authorities. In fact, that is the case in many countries. However, the necessary legislative and procedural changes should be made in the customs code and other legislation to enable the lead agency to perform its duties without any legal conflicts. Without a lead agency, coordinated border management can become a turf war among the agencies.

Start with joint customs controls

As has been seen from the experience of countries in Central Asia, it is more meaningful to start with joint customs controls, followed by comprehensive joint controls encompassing all agencies. With respect to joint customs controls certain guiding principles have emerged that can lead to such controls being effective. Customs declarations are filed in the country of exit and information is shared with the country of entry, which is taken as the basis for further action. The unified cargo manifest being used in some countries in the region can be useful in this respect. Customs inspections are made only in the country of entry, unless the customs authorities of the country of exit have some specific intelligence that calls for intervention. Some countries have developed standard operating procedures between customs authorities at the borders. Before the arrival of goods, and to expedite the clearance process, advance notice to customs authorities should be encouraged so that risky cargo can be identified based on the risk management system in place. Successful experiment with customs controls can lay the foundation for joint controls involving all agencies.

Develop a model MOU for coordinated border management

International conventions provide broad guidelines for coordinated border management. They provide for simplification, standardisation and harmonisation of the procedures. By acceding to these conventions, countries can ensure their efforts in this regard converge over the long term. They can also be assured of the support of the international community/donors and international financial institutions to implement such measures as joint controls. In fact, the prevalence of joint controls in Central Asian countries

as compared to their virtual non-existence in South Asian countries can be partially attributed to the accession of the Harmonization Convention by the former. Therefore, accession to this and other related conventions, for the countries that have not done so, is recommended. In this regard, capacity building support from international organisations such as the WCO can be harnessed.

Subregional agreements treat various aspects of coordinated border management in a more elaborate and specific manner, as is evident in the case of GMS CBTA and other similar agreements entered into by countries in the region. But the actual implementation of coordinated border management needs detailed and careful planning. Therefore, a bilateral agreement/MOU for a specific border crossing is required to address the operational issues comprehensively. Among the significant issues that should be addressed in these MOUs are the measures for extraterritorial intervention and joint performance of duties by Customs and other officers, treatment of detained goods and vehicles, development of an integrated risk indicator system, and performance benchmarks for the border clearance times. These MOUs need to be promoted extensively for each border crossing for joint controls to be effective. A model MOU can be prepared and depending on the specific aspects and special requirement of each border crossing, it can be tailored to suit the particular requirement of that border crossing.

Standardise and replicate existing good practices

To ensure inter-agency coordination, certain good practices found in Central Asian countries need to be encouraged. Some of these are the issuing of joint instructions that define the procedure of implementation of border, Customs and control by other agencies on vehicles and goods crossing the border. Another practice is the formation of annual joint action plans that serve as the basis for inter-agency cooperation at the border. All the main national agencies take part in the formation of annual plans at the beginning of each year where past year actions are reviewed and necessary changes made for the current year, keeping in mind the mandate of each agency at the border. Another illustration of good practice is the development of a national IBM strategy and an action plan to implement it, as has been done in the case of Kyrgyzstan. Cross designation of responsibilities is another way of inter-agency cooperation which is being used in Tajikistan where border guards have the right to perform responsibilities on behalf of other agencies in case of absence of permanent representation at the border.

Involve the private sector to support coordinated border management

The border delays affect the trading community directly and, therefore, they have a deep interest in the processes, procedures and development of infrastructure at border crossings. The involvement of the private sector depends upon its capacity and capability in the country. But in general, their participation should be encouraged to get maximum benefits out of border reform initiatives, including coordinated border management. As discussed above, Turkey has successfully involved the private sector in the modernisation of its border gates that has addressed the infrastructural constraints and institutional deficit without straining government resources. In contrast, India's border modernisation initiative is solely funded through the government budget due to security concerns.

Initiate coordinated border management at inland locations

To ease pressure at physical border crossings, and wherever possible, customs and other controls should be initiated at inland locations. Containerisation has made secure door-to-door movement of goods a reality. Examination of goods, stuffing and sealing of the container for export can be done at the Inland Container Depots (ICDs) under the presence of Customs and other border agencies. At the physical borders, no customs controls are normally required, other than checking the integrity of the seal, thus allowing the focus to shift to transport and related controls. Similarly, import clearance should be encouraged at inland locations where customs and other controls can be applied. However, for controls at inland locations, the goods have to be moved from the physical border to inland locations or vice

versa under a national transit system. Such movement is normally permitted by Authorised Economic Operators (AEOs)¹⁹ and is prevalent in a few countries in the region, and needs to be encouraged. For example, Kyrgyzstan has a ‘fair business entity’ scheme, Malaysian Customs use a ‘Golden Client Scheme’ and Thai Customs uses a ‘Golden Card’ System to give preferential treatment to AEOs. In this regard, mutual recognition of AEOs by countries can significantly reduce border delays.

6. Suggestion for future research by Customs academicians

Due to the efforts of the WCO over the last few decades, customs procedures in all countries are converging. The Revised Kyoto Convention is a blueprint for customs modernisation; it contains best and modern practices and has now been acceded to by 77²⁰ countries. The principles of risk management, pre-arrival advice, and post audit clearances are increasingly being adopted by customs administrations around the world. Despite these advances in customs clearance processes, the overall clearance times for goods remain high, as indicated by the World Bank’s Logistic Performance Index study. Further, a study conducted on behalf of the World Bank (Arvis et al. 2007) found that customs processes account for one-third of the total clearance time, implying that clearances cannot be expedited unless Customs collaborate with other border agencies. Customs, after all, is one link in the clearance chain and the chain is as strong as its weakest link. If other border agencies continue to use outdated procedures, the impact of customs modernisation to simplify and expedite customs clearances will be nullified.

Therefore, an important challenge before the customs community is how to work in concert with other border agencies and find ways to collaborate to optimise control and facilitation. Optimisation of control and facilitation is going to become extremely challenging due to the rapid increase in trade on the one hand and the emergence of organised crime on the other. In this regard, there will be a need for extensive collaboration and information sharing with other agencies, something which agencies are not used to doing in many countries. The WCO has already developed three versions of a Data Model for this purpose. Various other models and approaches for sharing information among agencies behind and across the border need to be researched, developed, implemented and updated, keeping in mind the requirements for interoperability, data confidentiality and the dynamic nature of international trade.

The development of customs tools, procedures, and standards can no longer be done in isolation. They may have to be developed keeping in mind the requirements of other agencies, and ways have to be found to suitably incorporate the concerns of other agencies in the development of these new instruments. For example, it may be desirable to develop an integrated risk management framework that takes into consideration risk indicators of other border agencies rather than of Customs alone. Efforts in these directions are already being made but could be strengthened if backed by relevant and targeted research.

7. Conclusions

Better coordinated border management is one of the ten building blocks²¹ of the ‘Customs in the 21st Century’ vision adopted by the WCO Council in 2008 for enhancing customs operations globally. There is already a call to include coordinated border management as the third pillar of the WCO’s SAFE Framework of Standards, in addition to the two pillars of the Customs-to-Customs network and Customs-to-Business partnership to further fortify the global supply chains. As can be seen in this paper, countries in Asia and the Pacific region have realised the importance of addressing border delays through coordinated border management and are taking tangible steps in this direction. Further, it is evident that different models and approaches are prevalent in the region. The aim of the paper was to distil some of the best practices in coordinated border management based on the experience of those Asian and Pacific region countries that may be useful to other countries contemplating such measures, and reinforcing them in those countries already implementing such practices.

Regional connectivity in Asia and the Pacific region has become a necessity in order to stimulate domestic and intra-regional demand. In this regard, ESCAP working with member countries has adopted a two-pronged approach: one to provide an institutional framework for attracting investment in infrastructure through the intergovernmental agreements on the Asian Highway, Trans-Asian Railway and the proposed agreement on dry ports, and the second to address the non-physical barriers, holistically. Coordinated border management is a vital component of the latter. Together, these efforts will have a synergistic effect on growth in Asia and the Pacific region. They will lead to the seamless flow of goods and people, leading to more trade, more jobs and more prosperity and eventually, wiping out poverty from the region – in the near future.

References

- Arvis, J-F, Mustra, MA, Panzer, J, Ojala, L & Naula, T 2007, 'Connecting to compete: trade logistics in the global economy', The World Bank, Washington, DC.
- De, P, Khan, AR & Chaturvedi, S 2008, 'Transit and trade barriers in Eastern South Asia: a review of transit regime and performance of strategic border crossings', Asia-Pacific Research and Training Network on Trade, Working Paper Series, No. 56, June, ESCAP, Bangkok, www.artnetontrade.org.
- Global Facilitation Partnership for Transportation and Trade 2005, Explanatory Note on Integrated Border Management, June.
- Kieck, E, 2009, 'Coordinated border management: unlocking trade opportunities through one-stop border posts', *World Customs Journal*, vol. 4, no. 1, pp. 3-13.
- United Nations Conference on Trade and Development (UNCTAD) 2008, Technical Note No. 14, Border Agency Coordination/Cooperation.
- United Nations Development Programme (UNDP) 2007, Integrated Border Management Handbook for Central Asia.
- United Nations Economic Commission for Europe (UNECE) 1982, *International Convention on Harmonization of frontier control of goods*, Inland Transport Committee, UNECE, Geneva, <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=509>.
- United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) 2010, 'Improving border management to facilitate trade in SPECA: challenges and prospects', UNESCAP, Bangkok, Thailand.
- World Bank 2005, *Customs modernization handbook*, World Bank, Washington, DC.
- World Bank 2011, *Border management modernization*, World Bank, Washington, DC.
- World Bank 2011, *Global development horizons, multi-polarity: the new global economy*, World Bank, Washington, DC.
- World Customs Organization (WCO) 1999, *International Convention on the Simplification and Harmonization of Customs Procedures (as amended)*, (Revised Kyoto Convention), General Annex, WCO, Brussels, Belgium.
- World Customs Organization (WCO) 2005, *WCO SAFE Framework of standards to secure and facilitate global trade (SAFE Framework)*, www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/SAFE%20Framework_EN_2007_for_publication.pdf.
- World Customs Organization (WCO) 2009a, Summary Report on 'Inter Agency Forum on Coordinated Border Management', 29-30 June 2009, WCO, Brussels, Belgium.
- World Customs Organization (WCO) 2009b, Coordinated border management: a concept paper, prepared as background paper for interagency forum on Coordinated Border Management, June, WCO, Brussels, Belgium.

Notes

- 1 This paper was presented at the 6th WCO PICARD Conference, 'Promote research-based knowledge to support Customs decision-making', held at the United Nations Economic Commission for Europe (UNECE), Geneva, Switzerland, 14-16 September 2011.
- 2 The views expressed in this paper are those of the author and do not necessarily reflect the views of the United Nations.
- 3 Global Development Horizons 2011, available at: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGDH/0,,menuPK:7933477~pagePK:64167702~piPK:64167676~theSitePK:7933464,00.html>.
- 4 The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) consists of 62 member and associate member countries from both Asia and Pacific island states. For the purpose of this paper and because they are more relevant, the state of play of Coordinated border management in various subregions of Asia has been discussed.
- 5 The resolution can be accessed at: www.unescap.org/ttdw/Publications/TIS_pubs/pub_2182/tarns_annex1.pdf.
- 6 The Busan Declaration on Transport Development in Asia and the Pacific can be accessed at the ESCAP website: www.unescap.org/ttdw/common/TIS/TAR/text/busan_declaration_11nov06.pdf.
- 7 Details of the agreement are available at: www.unescap.org/ttdw/common/tis/ah/IGA_intro.asp.
- 8 Details of the agreement are available at: www.unescap.org/ttdw/common/TIS/TAR/tar_home.asp.
- 9 The professional drivers collect the data about the conditions of international road transport during commercial deliveries and data is analysed using the time-cost methodology of ESCAP. Detailed information is available at: www.iru-nelti.org/index/en_index.
- 10 The European Union's BOMCA, Phase 7, Description of Action, p. 12, Programme Strategy for IBM: 'Intra-agency and inter-agency and international cooperation to provide for effective and efficient processing of people and goods and increased security throughout Central Asia; Adequately equipped international border crossing point at strategic locations, where responsibilities of staff of Border crossing, Customs and other agencies involved in the border management are clearly defined and understood and executed professionally and efficiently and where the above conditions apply, joint cross border control procedures will be speeded up and Customs revenue increased; Legal trade and transit will be facilitated and transit times reduced; Illegal trafficking will be made more difficult and interdiction of contraband increased; Staffing level and associated costs will be reduced; Opportunities for corruption will be reduced through joint border control'.
- 11 CAREC is a partnership of 10 countries of Central Asia and six multilateral institutions. It promotes development in the region through regional economic cooperation. It focuses on energy, transport, trade facilitation, and trade policy. The trade facilitation program has two major components of work: customs cooperation and integrated trade facilitation.
- 12 CAREC Transport and trade facilitation progress and work plan 2010-2011, p. 4, para. 25, www.carecinstitute.org/uploads/events/2010/SOM-Oct/Progress-Report-Transport-and-Trade-Facilitation.pdf.
- 13 Based on the presentation made Mr Hasan Boze, Ministry of Transport, Turkey at the 'Regional Meeting on Cooperation for Facilitation of International Road Transport' held in Beijing, 30 May to 1 June 2011, www.unescap.org/ttdw/common/Meetings/TFS/2011Regional-Road-Tx/Countries/Turkey.pdf.
- 14 The MOU is available at: www.adb.org/Documents/Others/GMS-Agreement/MOU-Poipet-Aranyaprathe.pdf.
- 15 United Nations Conference on Trade and Development 2008, Technical Note No. 14, Border Agency Coordination/Cooperation, p. 2.
- 16 De, Khan & Chaturvedi 2008.
- 17 The details are available in Facility No. 02/2011 issued by Shillong Customs, http://shillongCustoms.nic.in/facility_2_2011.pdf.
- 18 The brief on integrated check posts is available at the Ministry of Home Affairs, <http://mha.nic.in/pdfs/BM-DQR-280611.pdf>.
- 19 An Authorised Economic Operator (AEO) is a stakeholder in international trade whose activities have been approved by national customs administrations as complying with the World Customs Organization's (WCO) *SAFE Framework of Standards to Secure and Facilitate Global Trade* (SAFE Framework). More information is available at: www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Procedures%20and%20Facilitation/safe_package/safe_package_I.pdf.
- 20 The Islamic Republic of Iran acceded to the convention on 20 July 2011, taking the total number of contracting parties to the Revised Kyoto Convention to 77. For more information, see www.wcoomd.org/press/default.aspx?lid=1&id=267.
- 21 The details of ten building blocks are available at: www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Speeches_Reports/2008/CLECAT%203%20Dec%202008.pdf.

Sandeep Raj Jain



Sandeep Raj Jain is Economic Affairs Officer, Transport Facilitation and Logistics Section, Transport Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Bangkok. Prior to joining ESCAP, Sandeep worked for more than a decade with Indian Customs where he was involved in the implementation of various customs modernisation initiatives including developing a database of imported goods to implement the World Trade Organization's agreement on Customs Valuation. Sandeep is a mechanical engineer and holds an MBA from India. In 2009, he graduated, with fellowship, in International Affairs from the School of International and Public Affairs, Columbia University, New York.

