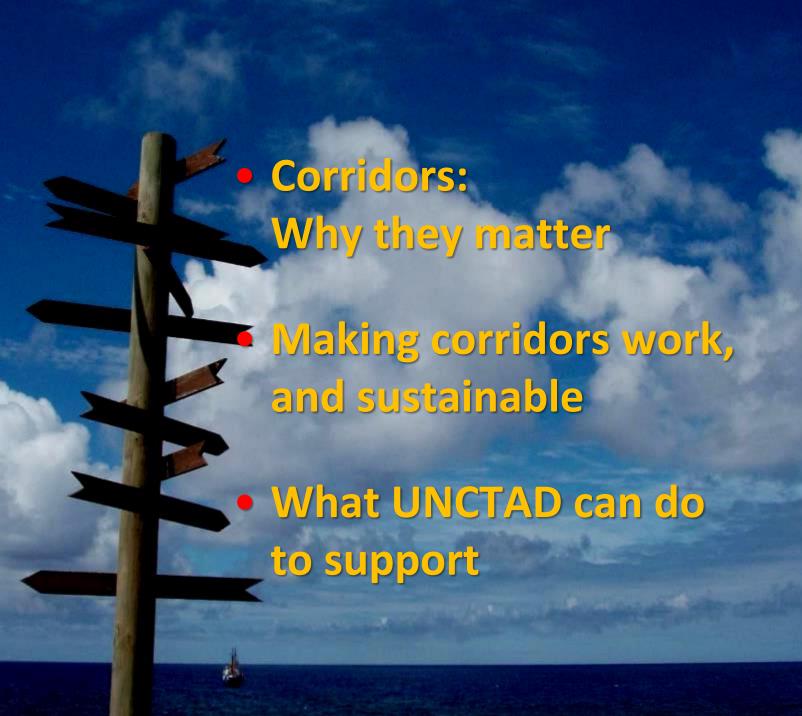
Sustainable Transit and Transport Corridors in Support of LLDCs Trade and Regional Integration and Cooperation

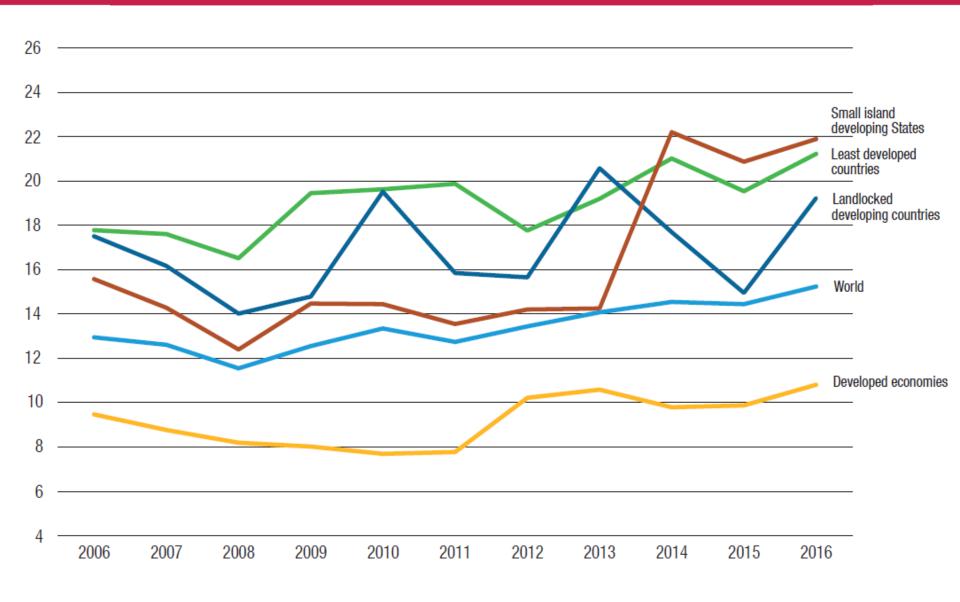




Making corridors work, and sustainable

What UNCTAD can do to support

Transport and insurance costs of international trade, 2006–2016 (Percentage share of value of imports)



Source: UNCTAD secretariat calculations.

Note: All modes of transport; the least developed countries grouping includes 48 countries for all periods up to 2016.

Transport and trade facilitation are critical for LLDCs trade

- LLDCs face special **trade and transport challenges**, arising from their lack of territorial access to the sea. Exports and imports of LLDCs have to transit through at least one neighboring country, and often use more than one mode of transport. Hence, they also dependent on their transit countries' transport infrastructure and administrative procedures for moving their exports and imports.
- The geographical challenges of LLDCs compounded by weak/inadequate transit-transport infrastructure, inefficient administrative and customs operations have an impact on the cost of trade, where LLDCs pay more what the transit countries incur in transport costs and take longer time to export and import merchandise from overseas markets.

Sustainable Transit and Transport Corridors to support LLDCs Trade

During recent years a complementary approach to transit agreements that has been developed is transit transport corridor and cluster arrangements.

Transit transport corridors can be described as designated routes (unimodal, multimodal/intermodal) between two or more countries along which the corridor partners have agreed to cooperate, to apply and facilitate procedures and to provide support services, and promote regional integration and economic cooperation between neighbouring states.

Transit transport corridors link hard infrastructure (e.g. roads, rails, waterways, ports, border posts, and other facilities) and soft infrastructure (institutional, legal and regulatory framework, documents, standards, operational and logistics services, and

ICT/technology) which allow for the development of a good physical infrastructure and harmonized and simple procedures along a corridor between LLDCs and transit countries, and promote coordination and cooperation among all relevant stakeholders, public and private.

Types of Corridors

There is no universal definition to corridors.

They may evolve to facilitate movement of goods and people, or support trade/transit, or the development of particular sector of the economy, or of a wider social and economic growth along the corridor; at regional/ subregional/ national levels.

rade and Integrated Corrido Sector corrido Economic



What UNCTAD can do to support

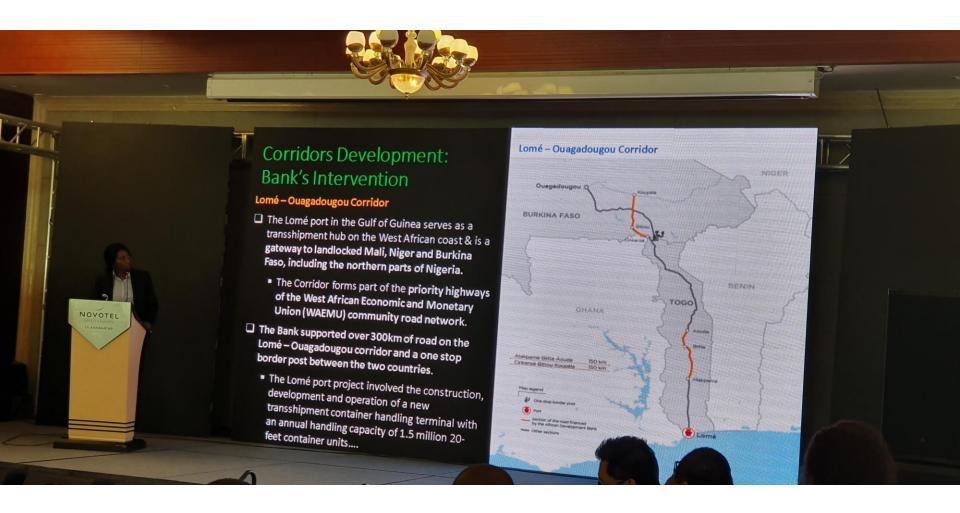
Transit facilitation measures

- 1. Bilateral / regional / multilateral transport or transit transport agreements
- 2. Customs transit arrangements
- 3. Other facilitation agreements
- 4. Harmonized border procedures
- 5. Corridor arrangements

Transit facilitation measures

- 1. Corridor arrangements
- 2. Bilateral / regional / multilateral transport or transit transport agreements
- 3. Customs transit arrangements
- 4. Other facilitation agreements
- 5. Harmonized border procedures

Example



Seaports and transit cargo

The good news:

An increasing awareness that transit trade is good for the transit countries!

- It is good for my own ports' business.
- It is good for my own importers and exporters, because it helps improve shipping connectivity.

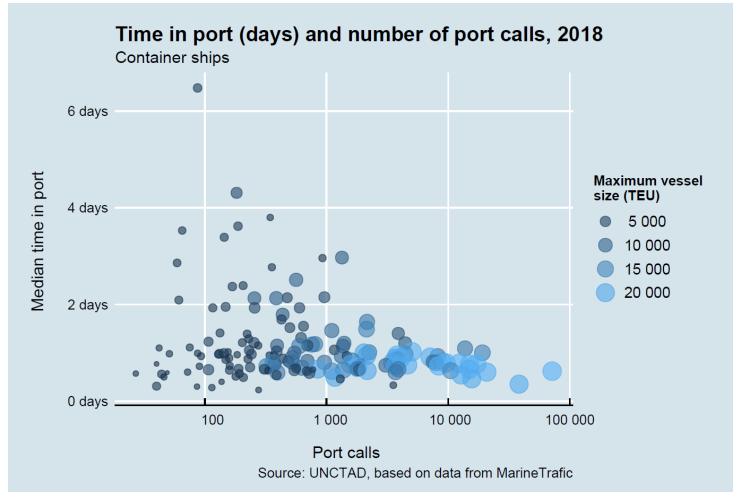




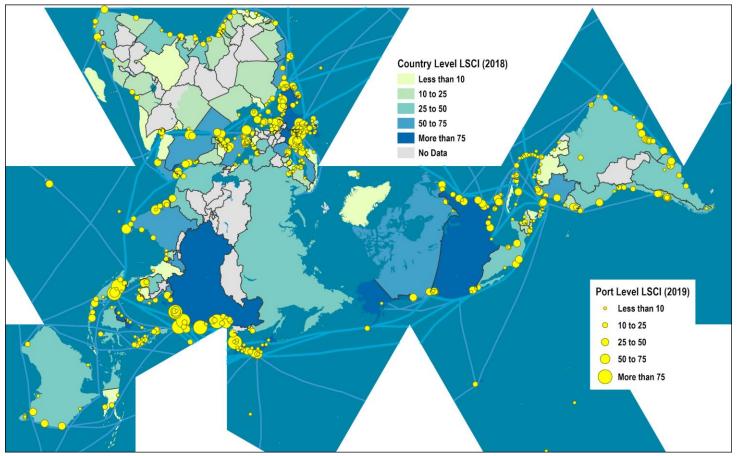




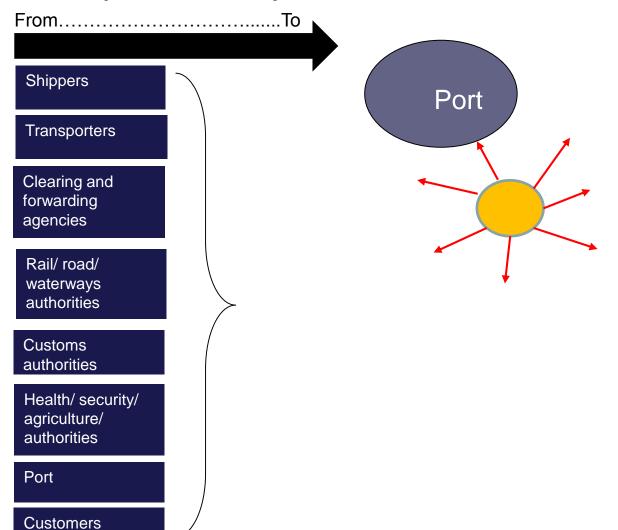
The ports that connect the corridors



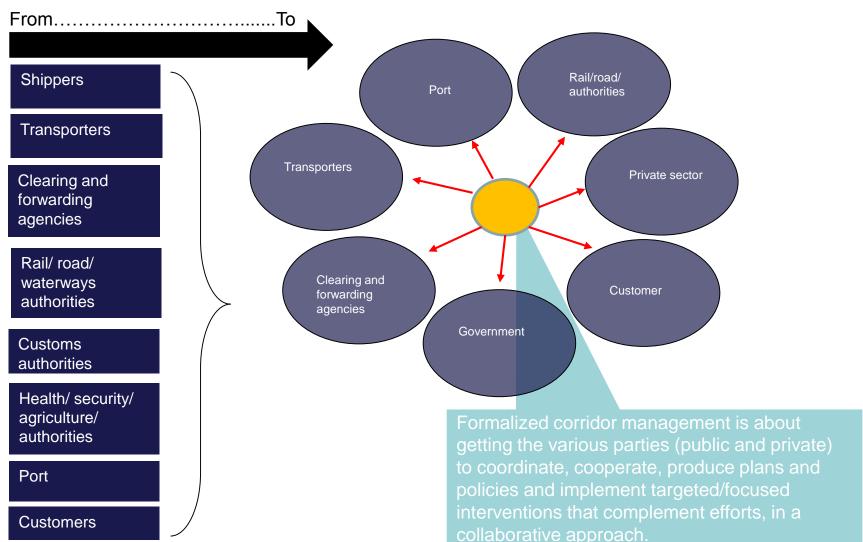
The ports that connect the corridors



Institutional arrangements for corridor management (Public, Private, or PPP) and cooperation are key



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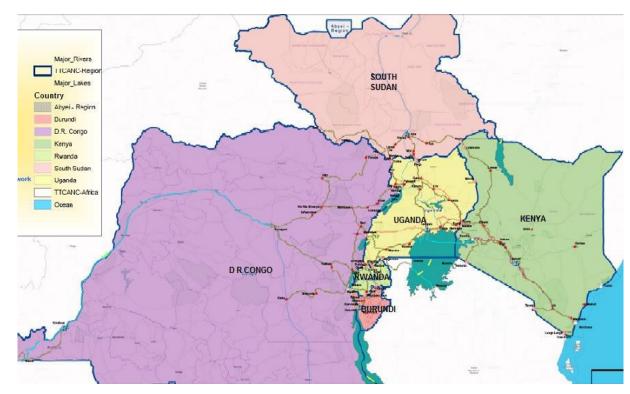


An example of a Corridor: Transport, Transit and Trade Facilitation (1)

Northern Corridor s a multimodal corridor encompassing: road, rail, pipeline and inland waterways transport, linking the Great Lakes LLDCs of Burundi, DRC, Rwanda, South Sudan and Uganda to Kenyan seaport of Mombasa. It serves also Northern Tanzania, Ethiopia and Somalia. One of the busiest corridor in East & Central Africa handling over 30 million tonnes of cargo per annum.

Which legal framework for Sustainable Transport in NC?

- The Northern Corridor Transit and Transport Coordination Authority (NC-TTCA) was established in 1985 to coordinate and oversee the implementation of the Northern Corridor Transit and Transport Agreement + 11 Protocols, ratified in 1986.
- The Agreement was revised in 2007 to take in account new vision of Partners States aiming at transforming the Corridor into a economic development corridor that will stimulate investments, encourage sustainable development and poverty reduction, in addition to offering safe and competitive transport and transit services that secure regional trade.



An example of a Corridor: Transport, Transit and Trade Facilitation (2)

NC reforms and measures applied (e.g. Single Customs Territory, a regional customs transit system, real-time sharing of customs information, digital tracking systems, introducing cargo tracking systems, building one-stop border posts; the development of the NC Transport Observatory and the NC Performance Dashboard - web based systems to monitor the corridor performance) have resulted in:

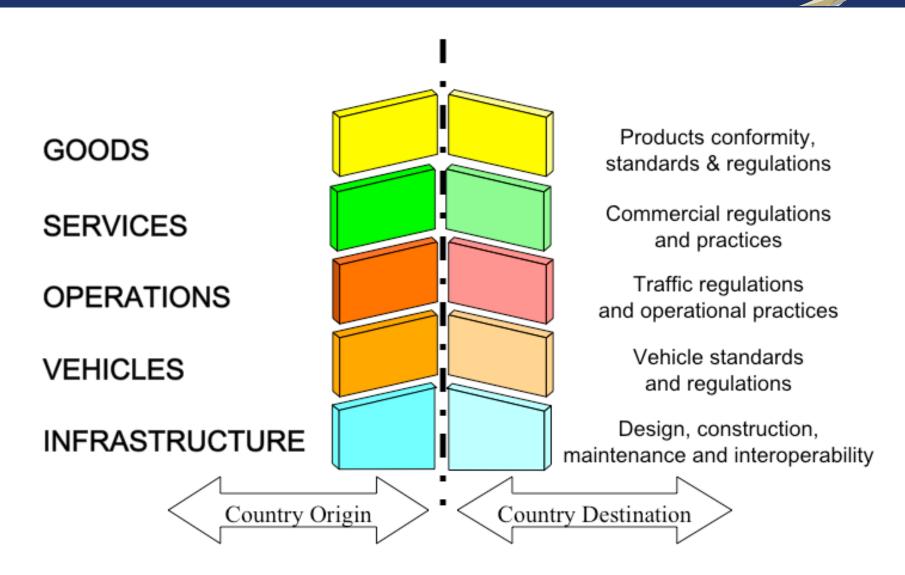
- > Dwell time in Mombasa port reduced from an average of 13 days in 2006 to 2–3 days in 2016.
- ➤ Time to move cargo from **Mombasa** to **Kampala** down from **18 days** to **3 days** and from **Mombasa** to **Kigali** from **21 days** to **6 days**.
- ➤ Border clearance times down from 24 hours to 6 hours at Malaba border crossing point between Kenya and Uganda.
- Cost of transport from Mombasa to:

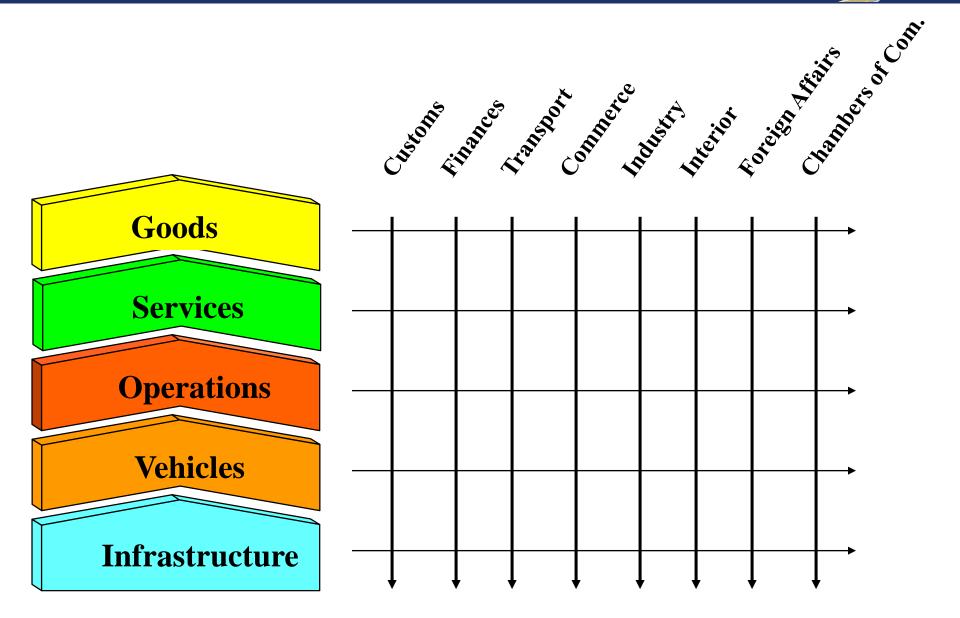
Nairobi -56%; Uganda (Kampala) - 26%; Rwanda (Kigali) -28%; DRC (GOMA): -38%; South Sudan (Juba) -37%; Burundi (Bujumbura) -23%.

Conditions are imposed on transit

- Infrastructure
- Means of transport
- Operation
- Services
- Goods

Transit = Trade + Transport facilitation Multi stakeholder approach





Goods

- Customs regime
- Sanitary/phyto-sanitary
- Radioactive
- Other controls
- Prohibitions/Restrictions (e.g. arms, alcohol etc.)

Services

- Customs broker
- Convoy
- Opening hours

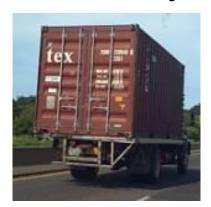


Operation

- Operators licence
- Divers licence or professional certificate
- Immigration / visa

Means of transport

- Weight and dimensions
- Environmental restrictions/conformity
- Licensing / permits
- Customs requirements for loading compartment
- Insurance

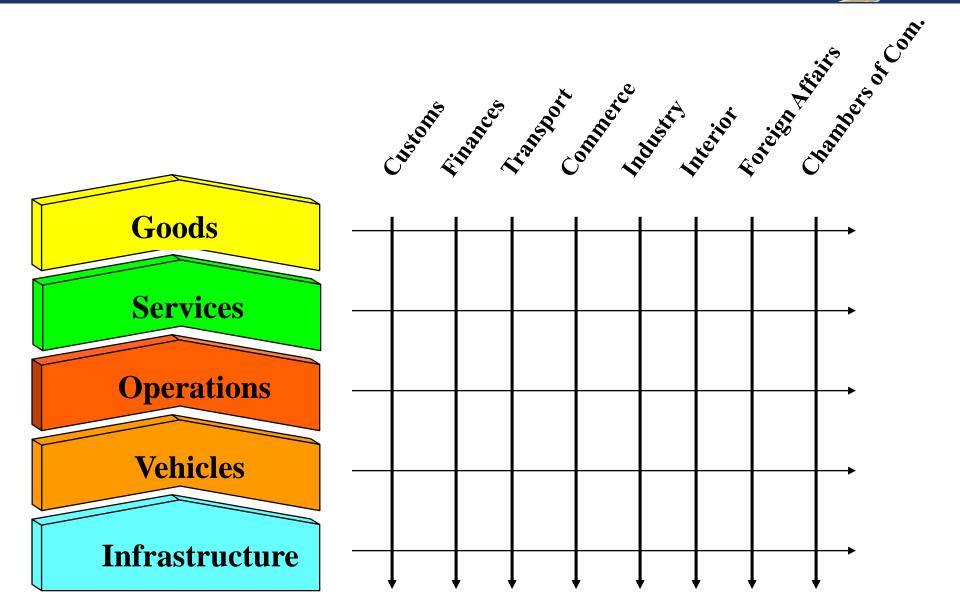


Infrastructure

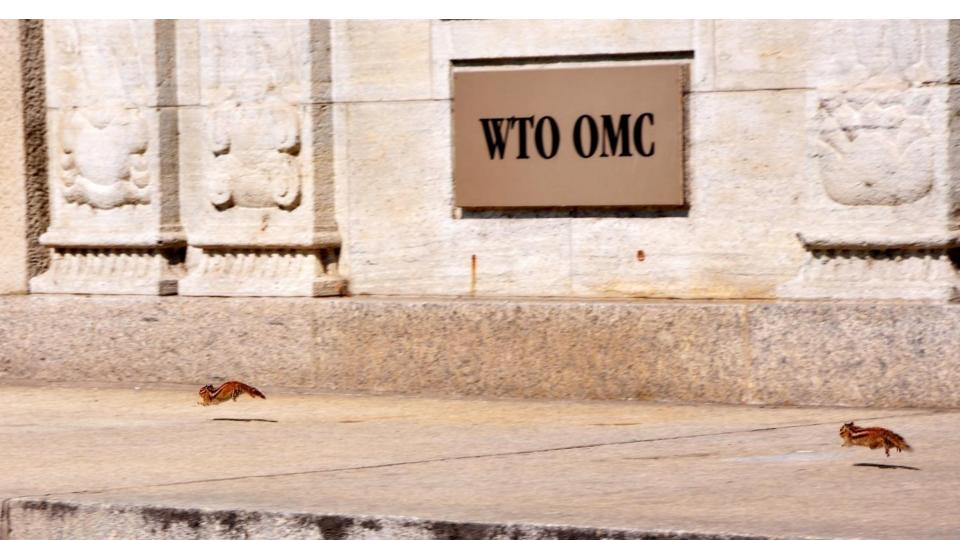
 Use of certain facilities, e.g. roads, itineraries, railways - or corridors



- Restriction for use at certain days or times during the day
- Observance of traffic rules and regulations



A new ally: The WTO TFA



Transit in WTO context GATT Art. V and TFA Art. 11 & more

- Freedom of transit i.e. both a right to be able to carry out transit and an obligation to allow transit for goods/means
- Non-discriminatory treatment of goods and transport means in transit
- No delays or restrictions of the goods and transport means in transit other than those considered as normal and set out customs treatment
- No excessive or unlawful levies on the goods and transport means in transit
- Transit included in other articles about transparency and formalities



Measure description

List of disciplines to be applied to goods in transit

- Limited / simplified formalities, documentation and controls
- •No restrictions affecting traffic in transit and transit discipline application¹
- •No discrimination vs. import traffic or between Members States cargos
- •Controls limited to the beginning and conclusion of the transit operations
- •Fees limited to transportation and administration services costs
- No quality controls for goods in transit
- Regulations of transit guarantees² and of customs

convoy

- Without prejudice to existing and future national regulations, bilateral or multilateral arrangements relating to transport, consistent with WTO rules » (§3)
- 2. In a manner consistent with its laws and regulations (§13)

Nature of Obligation

"Shall"

obliged to implement as per description

WTO TFA Art.11 – Freedom of transit

Measure description

Nature of Obligation

Making available physically **separate infrastructure for traffic in transit** (e.g. lanes, berths...)



"Encouraged to"

Best endeavor measure

Cooperating and coordinating with other countries with a view to enhance freedom of transit



"Shall endeavor to"

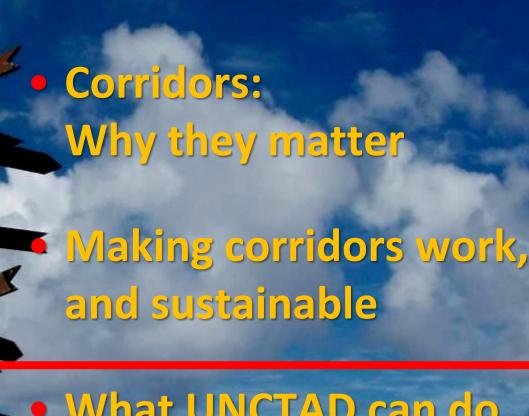
implementation is not obligatory, but making efforts to implement the measure is mandatory

Appointing a national coordinator for transit



"Shall endeavor to"

implementation is not obligatory, but making efforts to implement the measure is mandatory



What UNCTAD can do to support

UNCTAD Work on Corridors

In the 80s, the adoption of the Northern Corridor **Transit Agreement** was the result of 6-year development of a subregional corridor approach. Today the NCCTTA remains a reference model for the formalization of transit agreements around the world.

In 2003, UNCTAD developed a supply chain approach applied to transit transport corridors and also developed the **cluster institutional collaborative arrangements** solution to identify and tackle bottlenecks along the corridor.

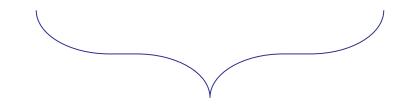
In collaboration with UNESCAP, UNCTAD introduced the **Toolkit for cross border and corridor management** for LLDCs and transit countries. The toolkit combines the **cluster development approach** and the corridor performance measurement methodology named **Time/Cost distance Model**.

UNCTAD ongoing activities to develop and improve the overall sustainable performance of corridors includes:

Building institutional capacity through corridor management arrangements and regulatory framework, to strengthen the operational performance and management of corridors; promote coordination and collaboration among corridors stakeholders, public regulators, private operators, etc... E.g. IsDB and ADB cooperation

Promoting sustainability principles along corridors. Relevant principles include **economic efficiency** (i.e. seamless transport and trade movements, cost-effective, competitive, reliable, run smoothly and effectively, energy efficient, safe, etc.), **environmental sustainability** (i.e. environmentally-friendly, low-carbon, clean energy use, climate resilient, etc.), and **social inclusiveness** (i.e. affordable, accessible, supports rural areas and key sectoral development, etc.). E.g. Angola, Northern and Central Corridors in East Africa

UNCTAD SFT TOOLKIT



1) UNCTAD SFT Portal

https://unctadsftportal.org/

2) Training Programme

3) UNCTAD SFT Framework

https://sft-framework.org/







UNCTAD SFT Framework (cont.)



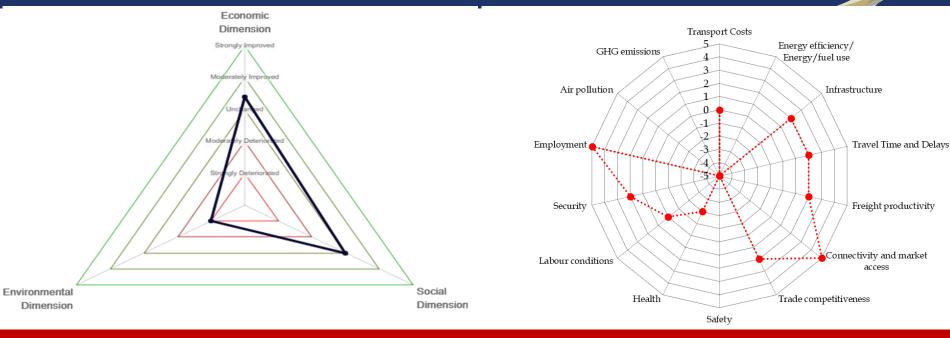
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- **i. A Self-Assessment Questionnaire**: allows for a qualitative evaluation of the current status and performance of freight transport along the three dimensions of sustainable transport (economic, environmental and social).
- **ii.** A filterable Key Performance Indicators (KPIs) List: features more than 250 indicators related to sustainable freight transport. These can be used to measure performance and progress against the objectives set in the sustainable freight transport strategy.
- **iii. A Sustainable Freight Transport Measures Catalogue**: includes more than 300 measures that can support the design and implementation of a sustainable freight transport strategy.
- iv. Tool to measure CO2 emissions of corridors.
- **v.Tool** to measure logistics performance of corridor and linkage with key economic sector/value chain (currently being developed).

EXAMPLE 1: UNCTAD SFT Strategy – Central Corridor





Sustainable Economic Value Corridor

 Reduce Air pollution Reduce GHG Emissions 	 Reduce freight transport accident fatalities Improve labour conditions 	 Reduce Freight Costs Improve Energy Efficiency Reduce Travel Time and Delays
Ry 2030 Central Corridor is a "Sustainable Economic		4. Improve Infrastructure

Improved Health

- By 2030, Central Corridor is a "Sustainable Economic Value Corridor"
- Draft Strategy 2018-2023

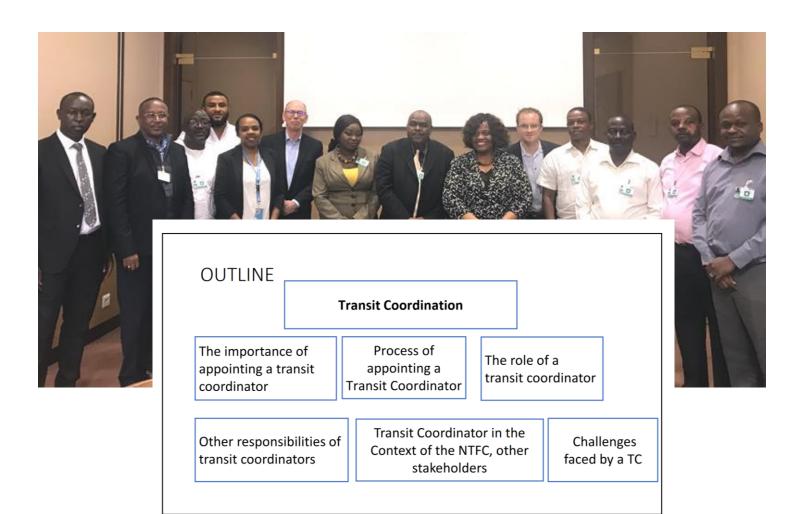
Reduced Emissions

~ 5 targets , 18 Strategies

Improved Trade Competitiveness

- 5. Improve freight productivity
- 6. Improve accessibility and connectivity
- 7. Improve security for freight movement
- 8. High employment generation

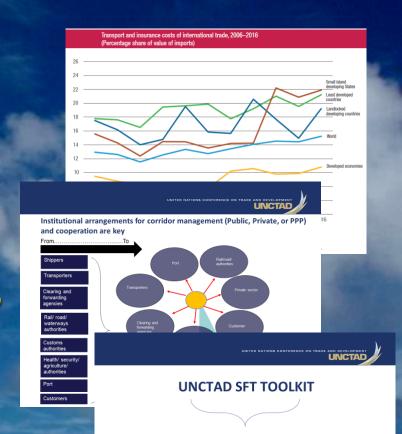
Course for Transit Coordinators



Corridors:Why they matter

Making corridors work,
 and sustainable

What UNCTAD can do to support



UNCTAD SFT Portal
 https://unctadsftportal.org/

2) Training Programme

a 3) UNCTAD SFT Framework https://sft-framework.org/







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Key take-aways

- Involve the private sector.
 Promote PPPs
- 2. Involve the ports as key allies in strengthening the corridors
- Make the corridors sustainable.
 E.g. UNCTAD's sustainable freight transport tool kit, courses for transit coordinators, and support to seaports.

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