



**International Convention on the Harmonization  
of Frontier Controls of Goods:  
An instrument for border crossing facilitation**

**Conference on prospects for the development of trans-Asian and  
Eurasian transit transportation through Central Asia until 2015**

**Dushanbe, 23-24 October 2007**

**Robert Nowak  
Transport Division  
United Nations Economic Commission for Europe**

1

**Landlocked countries: features**

- **Negative economic impacts of geographic factors**
- **Many border crossings; challenges related to transit through other countries**
- **Large distances to major markets**

2

### “Economic distance” from markets

- Impossible to change geography
- Possible to shorten the “economic distance”
- “Economic distance” – sum of all time and cost expenditures of moving goods to/from markets

3

### How does one shorten “economic distance”?

- Transport infrastructure
  - Improve and construct new roads, railways, airports

4

Transport infrastructure: a new silk route?

- A Russian cargo ship crosses 'Arctic bridge' from Murmansk into Churchill, Manitoba, Canada
- 17 October 2007: delivers fertilizer from Estonia – returns with wheat destined for Italy
- The first step in the construction of a new silk road?

5

How does one shorten “economic distance”?

- Trade/transport facilitation
  - Reduce the “unnecessary” transport and trade impediments/expenditures
  - Make the “necessary” services more efficient

6

Trade/transport facilitation:

- Are there any “unnecessary” transport and trade impediments/expenditures?
- National competence and international commitments
- Economic perspective: need to analyze relative to others

7

Procedural requirements for exporting and importing a standardized cargo of goods

- Number of all documents required to export/import goods
- Time necessary to comply with all procedures required to export/import goods
- Cost associated with all the procedures required to export/import goods

Source: World Bank, [www.doingbusiness.org](http://www.doingbusiness.org)

8

Trade facilitation (proxy):  
Former Soviet Union, regional averages, 2007,

|                     | EXP      | ORTS      |           | IMP      | ORTS      |           |
|---------------------|----------|-----------|-----------|----------|-----------|-----------|
|                     | No. docs | Time days | Cost (\$) | No. docs | Time days | Cost (\$) |
| Central Asia        | 11       | 79        | 2,695     | 12       | 85        | 3,445     |
| Caucasian Countries | 8        | 33        | 1,662     | 10       | 31        | 1,795     |
| European Countries  | 7        | 31        | 1,548     | 10       | 35        | 1,583     |
| Baltic States       | 5        | 9         | 765       | 5        | 10        | 810       |

Note: Turkmenistan not included  
Source: World Bank, [www.doingbusiness.org](http://www.doingbusiness.org)

9

Trade/transport facilitation:

- Is it possible to make the “necessary” services more efficient?

10

Border crossing facilitation (proxy):  
Customs clearance and technical control, Former Soviet Union,  
regional averages, 2007

|                     | EXP  | ORTS      | IMP  | ORTS      |
|---------------------|------|-----------|------|-----------|
|                     | Days | Cost (\$) | Days | Cost (\$) |
| Central Asia        | 8    | 180       | 11   | 193       |
| Caucasian Countries | 4    | 120       | 4    | 58        |
| European Countries  | 3    | 200       | 5    | 205       |
| Baltic States       | 1    | 68        | 2    | 68        |

Note: Turkmenistan not included  
Source: World Bank, [www.doingbusiness.org](http://www.doingbusiness.org)

11

More efficient border crossing:

- Why?
- Leads to lower overall costs, greater revenue and compliance, reduced smuggling and corruption, makes exporters more competitive
- How?
- High quality infrastructure for transport, logistics, customs
- Reform customs and other border agencies through better inter-agency coordination and cross-border cooperation

12



**The International Convention on the  
Harmonization of Frontier Controls of Goods  
21 October 1982**

13

**The “Harmonization Convention”:**

- **49 Contracting Parties**
- **All FSU countries except Moldova, Tajikistan and Turkmenistan**
- **Accession must be supplemented by effective implementation**

14

Objectives of the Convention:

- The “Harmonization Convention” aims at facilitating border crossing of goods by harmonizing and reducing:
  - formalities
  - number and duration of border controls

15

The “Harmonization Convention” establishes a framework for:

- Customs controls, medico-sanitary inspections, veterinary inspections, phyto-sanitary inspections, quality controls and controls of compliance with technical standards

16



This framework calls for:

- National coordination of various domestic services
- International cooperation between the respective border services

17

The “Harmonization Convention”:

- Implementation does not require large financial outlays, but mainly administrative and organizational measures
- Effective implementation entails significant payoffs
- How large?

18

What a difference does one day make?

- **Recent research: duration of export procedures has a large impact on exports**
- **A 10 per cent reduction in length of procedures is estimated to increase exports by 4 per cent**
- **Source: S. Djankov, C. Freund and C. Pham, Trading on Time, available at [www.doingbusiness.org](http://www.doingbusiness.org)**

19

What a difference does one day make?

|            |       |
|------------|-------|
| AZERBAIJAN | 13    |
| ARMENIA    | 46    |
| BELARUS    | 329   |
| GEORGIA    | 33    |
| KAZAKHSTAN | 172   |
| KYRGYZSTAN | 5     |
| MOLDOVA    | 13    |
| RUSSIA     | 3,349 |
| TAJIKISTAN | 7     |
| UKRAINE    | 495   |
| UZBEKISTAN | 28    |

**Reducing the length of export procedures by one day, could result in additional exports, per year, in millions of dollars:**

Calculations based on 2006 exports data and data from "Doing Business Report, 2008".

20

Summary:

- The “Harmonization Convention”: a useful model for integrating border management procedures within and between countries
- Relatively low implementation costs – large economic rewards
- High level political commitment essential for a successful implementation