
**Global Preparatory Meeting on the Mid-Term Review of
the Implementation of the Almaty Programme of Action**

on

**Trade Facilitation Opportunities for Landlocked and
Transit Developing Countries**

Geneva, 8–9 July 2008

i-Transit & TransitNet

by

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SGS**

i-Transit & TransitNet

A presentation to UNCTAD on Trade Facilitation opportunities for Land Locked and Transit Developing Countries

Geneva, July 2008

Transit is crucial but unknown

- Well managed Customs Transits procedures are favouring trade.
- TIR experience, (1800 in 1954 to 3 million in 2007)
- Common Transit experience in 2007 +/-14 Million
- Free circulation

Transit components

A rolling duty free shop

- Known Operators
- Procedures & rules applied by both Customs and trade
- financial guarantees
- Summary declaration
- Risk management (e.g. seals, escorts, documentary controls, timing and monitoring)

SGS and Transit

- There are two different experience we can with you share
- i-Transit in Ghana (national Transit experience), and
- TransitNet in Europe (regional Transit experience)
- Where Next



The GCNet / CEPS

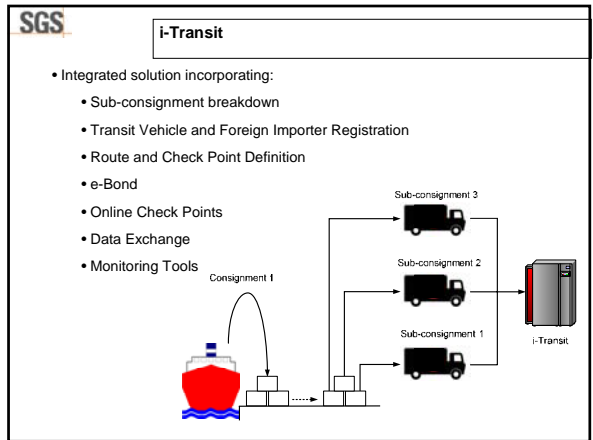
i-Transit System



The Challenges

| Problem | Result |
|---|---|
| Widespread perception that Transit Regime is an 'open door' | Transit goods diverted into local market: <ul style="list-style-type: none"> • Revenue loss • Economic distortions |
| Paper Bond System | <ul style="list-style-type: none"> • Difficult to manage • Bonds never called in |
| Reliance on Escort System | <ul style="list-style-type: none"> • Ineffective in tackling diversion • Costly |
| Inherent problems = Poor Controls | More Controls <ul style="list-style-type: none"> • More paper • More checks • More agencies • Still ineffective • Unnecessary delays and costs |

| The Solutions | |
|---|---|
| Problem | Solution |
| Widespread perception that Transit Regime is an 'open door' | <ul style="list-style-type: none"> Review and re-engineer processes Develop i-Transit solution to address problem areas |
| Paper Bond System | <ul style="list-style-type: none"> Interface to National Guarantor e-Bond |
| Reliance on Escort System | <ul style="list-style-type: none"> Replace with range of i-Transit Tools |
| Inherent problems = Poor Controls | Effective Controls <ul style="list-style-type: none"> e-Bond Cargo Sealing Online Check Points (Logical Tracking) Remote monitoring <ul style="list-style-type: none"> IP Cameras Satellite Tracking Data Exchange |



e-Bond

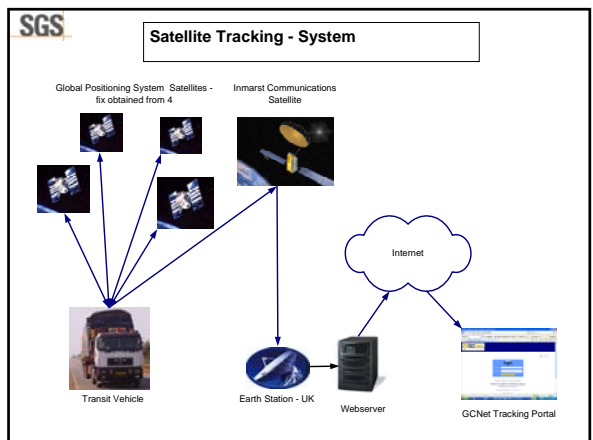
- Interface for National Guarantor (SIC)
- Electronic Bond tied to transit declaration
- Automatic Closure of Bond upon exit of final Sub-consignment

Cargo Sealing

- Secure Container Seals applied by Customs on Transit Containers
- Incorporation of a Bulk Seal System (80% of cargo non-containerised)

Satellite Tracking - Units

- Self Contained Unit – not reliant on vehicles electrics
- Attached for duration of journey by magnetic mount and security stroop
- Uses Global Positioning System to Fix position
- Uses Inmarsat satellite constellation to report position



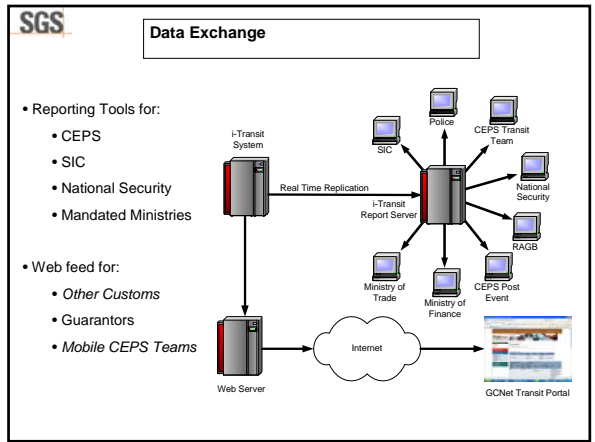
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Satellite Tracking

Regional to.....

GCNet
Global Customs Network

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i-Transit System Components

i-Transit System Key Elements

| | | | |
|---|---|--|--|
| Deployment of i-Transit and Integration with GCMS <ul style="list-style-type: none"> Importer Registration Vehicle Registration Sub-consignments Security Items Details Check-point definition Route definition e-Bond Online Check-Points | Provision of Security Items to CEPS by GCNet <p>Seals</p> <ul style="list-style-type: none"> Container Seals Bulk Seal System <p>IP Camera System</p> <ul style="list-style-type: none"> At Entry / Exit Points At Check-Points Use of IP Network | e-Bond and Connection of National Guarantor to i-Transit <ul style="list-style-type: none"> e-Bond Integrated National Guarantor (SIC) connected Automatic Release | Satellite Tracking of Transit Cargo <ul style="list-style-type: none"> GPS location fix Reports via Inmarsat World wide coverage |
|---|---|--|--|

Min. Max.

Overall Level of Confidence and Security

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TransitNet Concept

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The Challenges

| Problem | Result |
|--|---|
| Widespread acknowledgement that TIR will not be computerized and long time to open NCTS to new countries | Stay paper or, Succession of e declarations (no merge of data) |
| Long deadlines for discharge | <ul style="list-style-type: none"> Costly guarantee management limited forfeited guarantee |
| Absence of Competition | <ul style="list-style-type: none"> no incentive to modernize unfair balance between Trade and Public expectations |
| Inherent problems = Poor Controls | More Controls <ul style="list-style-type: none"> More paper More checks More agencies Still ineffective Unnecessary delays and costs |

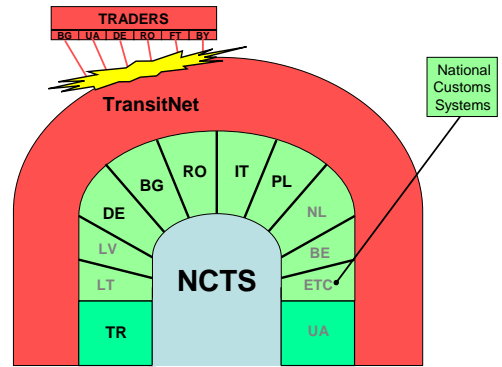
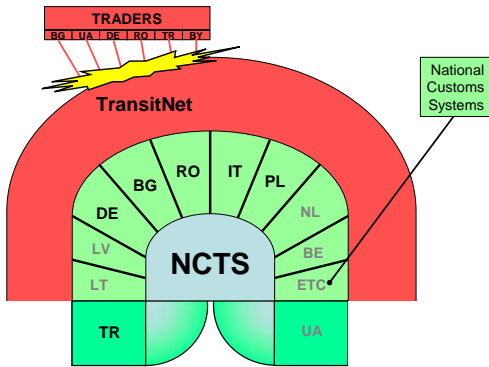
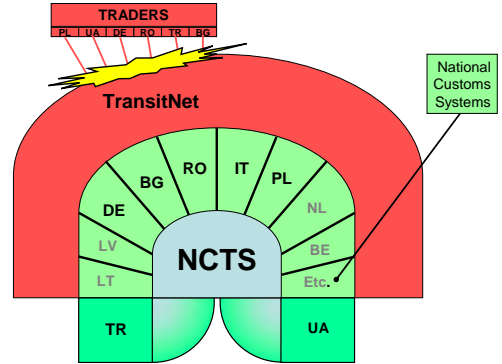
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The Solutions

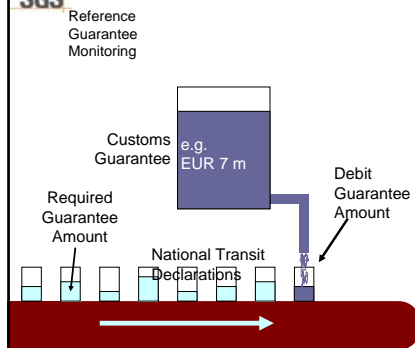
| Problem | Solution |
|---|---|
| Widespread acknowledgement that TIR will not be Computerized and long time to NCTS for non EU countries | One platform on the "trade side" speaking to different Customs domain One Click 2, 3 customs |
| Long deadlines for discharge | <ul style="list-style-type: none"> Computerization enabling a fast discharge guarantee covering 100% of taxes and duties |
| Absence of Competition | <ul style="list-style-type: none"> Price reduction better service |
| Inherent problems = Poor Controls | Less and more efficient Controls <ul style="list-style-type: none"> advanced notifications risk engines fast error detection (charge the real debtor) data Exchange |

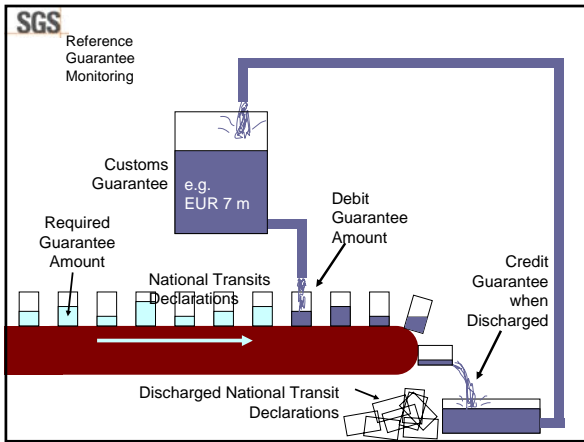
The TransitNet Concept

- A private initiative for an electronic pan-European transit system
- Computerised system that is web-based
- Fully backed by strong financial guarantees
- Designed and managed by experts



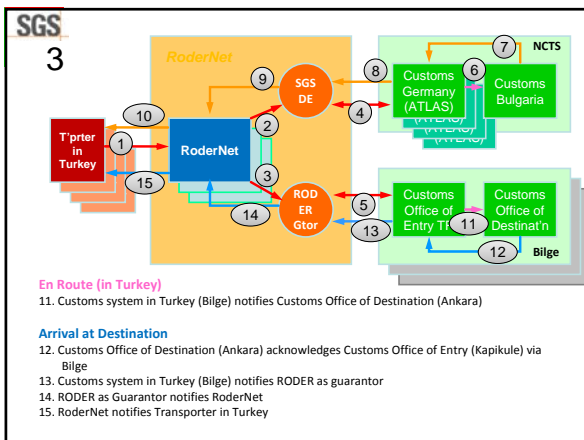
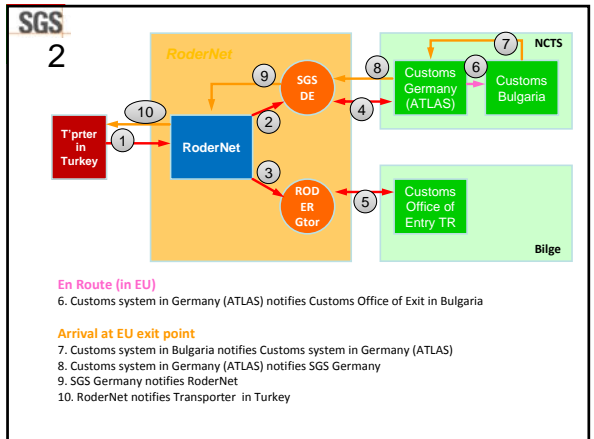
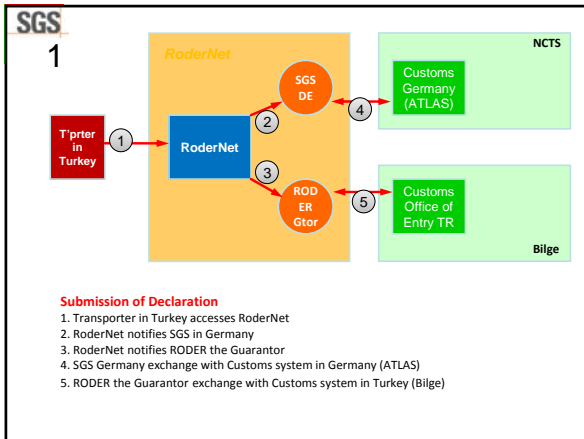
Guarantee management





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Shipment from
Munich to Ankara
(via Bulgaria)
by a RoderNet user



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TransitNet Today

- Operational in several EU countries
- Well established for Ro-Ro and land route traffic from Turkey to the EU
- Soon in Turkey enabling all routes to/from Turkey
- Adaptable to other transit "legal and IT Framework)

Other Transit Challenges

- Trade driven vs Public (ppp – recovery time)
- Lack of trust between countries (exit evidence vs goods arrival)
- Reliable infrastructure (power supply- Internet access)
- Legal framework (TRIE, other arrangements are not implemented or not precise enough)
- Road Rail are not treated equally
- Different levels of computerization

Other Transit Challenges

- Resistance to change
- Visa for drivers
- Transshipment (transport license)
- Bulky goods vs containerized goods

Thank You

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