

EUROPEAN UNION - TACIS

Technical Assistance to the Southern Republics of the
CIS and Georgia - TRACECA

TRADE AND TRANSPORT SECTORS

Terms of Reference

for

**TRADE FACILITATION
CUSTOMS PROCEDURES
AND
FREIGHT FORWARDING**

Final Recipients:
TRACECA Region Ministries of Transport

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1. Background and Introduction

1.1 During May 1993 a conference was held in Brussels organised by the Commission and attended by authorities of the eight Republics of the south of the former USSR:

- Armenia,
- Azerbaijan,
- Georgia,
- Kazakstan,
- Kyrgyzstan,
- Tadjikistan,
- Turkmenistan,
- Uzbekistan.

They are the Beneficiary States of this programme.

The objectives of the conference were :

- to stimulate interest in developing major transport corridors between Asia and Europe, including the Central Asian - Trans Caucasian - Europe Transport Corridor
- to promote-operation among the participating Republics in all matters pertaining to the development and improvement of trade within the Region
- to identify problems and deficiencies in the Region's trade and transport systems
- to define, in terms of contents and timing a Technical Assistance Programme to be financed by the European Union (EU).

TRACECA (Transport Corridor Europe Caucasus Central Asia) was thence created as a component of the TACIS interstate programme.

The "Brussels Declaration" issued at the conclusion of this conference recommended the European Union to include in the TACIS programme assistance in the domains of Trade Facilitation, Customs Procedures, and Freight Forwarding.

1.2. In order to develop and manage the TRACECA Technical Assistance Programme, a Management Team has been established in Brussels, consisting of a Team Leader and Trade Expert, a Road Expert, a Rail Expert, and a Maritime Expert. Parallel to this, similar national sectoral working groups have been established in each of the TRACECA States as part of the TRACECA programme. They meet periodically in the region, the last meeting being in Almaty on May 1995, during which this project was approved.

1.3. The trade and transport systems of the TRACECA States were inherited from the command economy of the Former Soviet Union, which was designed for trade and economic relations planned by directed from, and centred on Moscow.

Moscow thus controlled internal and external trade policy, customs administration and practice, membership of international conventions, collection of statistics, insurance etc. There was little or

no private sector activity, and hence independent trade facilitation activities such as freight forwarding and customs agencies never developed.

The influence of the previous monolithic structure of the command economy is still dominant in all trade and transport institutions, though many now operate with various degrees of autonomy.

Freight forwarding organisations remain largely unimodal and attached to transport operating companies.

The execution of banking and insurance operations implied by INCO terms is by no means routine.

The new separate independent sovereign States in the TRACECA sub-region find themselves compelled to create new trade facilitation structures, customs procedures and freight forwarding systems commensurate with their own national requirements, and with the TRACECA region as a whole.

These systems must take into account previous USSR laws, regulations, codes of practice, present Russian Federation laws, International laws or conventions, and International codes of practice and procedure.

1.4. Reportedly, a transit agreement signed in February 1992 by all the CIS countries specifies, in theory, that goods should be controlled only when entering the CIS border. An Economic Union treaty was signed in January 1994 between Armenia, Belorussia, Kyrgyzstan, Moldova, Russia, Tadjikistan, Uzbekistan and Ukraine. An agreement of 16 January 1994 created a single economic space between Kazakhstan, Uzbekistan and Kyrgyzstan.

The effectiveness of application of these agreements is not reported. However considerable congestion at some border crossings has been observed.

The agreements mentioned are indicative that all states see multilateral trade and transport collaboration as necessary for their economic development, and that at the political level there is a willingness to act.

2. Objectives

In order to facilitate trade throughout the TRACECA region, harmonised customs procedures and trade documentation need to be set up. Furthermore private operators, or freight forwarders are to be encouraged, to assist merchants with their documentation, and to negotiate with carriers and insurers for best service, price, and multi-modal efficiency.

To work towards the achievement of these ends this project will design, develop or provide for the Region the following elements:

- harmonised customs documentation (as co-ordination with Project N°1, Legal Framework)
- essential international documents (e.g. conventions and model contracts) in Russian
- co-operation between customs authorities, and freight forwarders throughout the region
- customs services with modern control, telecommunications and data processing equipment, and staff trained in their use
- a study to identify the principle surface transport customs control points within and around the Region and to analyse common problems as well as those specific to each
- the introduction of EDI
- computerised systems for the collection of statistics
- assistance in the creation of trade and freight forwarding associations in the TRACECA region and the encouragement of links between the national associations

3. Scope of work

3.1. Organisational Framework

It is proposed that an International Trade Task Force (ITTF) reporting to TACIS be established to carry out the project. This Task Force would cover three specific domains of expertise:

- Trade Facilitation (Systems Analysis)
- Customs Procedures
- Freight Forwarding

One of the Task Force experts would act as Project Manager and guide the project throughout its duration. Short term specialised experts may also be proposed.

The ITTF should be complemented by individual National Trade and Transport Facilitation Task Forces (NTTF) in each TACIS state, which will consist of officials from the Ministry of Trade, the Customs Service, Chambers of Commerce, Freight Forwarding and Customs Agents, Insurers, Bankers, and Transport Operators. It is desirable that the NTTF in each Recipient State share members common to the Transport Legal Framework NTF (see Section 3.6. Other Related Projects).

The ITTF and NTTFs are to promote the development of National and Regional:

- Customs Consultative Councils
- Customs Agent Associations
- Freight Forwarding Associations
- Trade and Transport Associations

The contractor is to advise the Recipient State governments on the composition and appointment of their NTTF, and agree with them a workplan, as well as relationships of the NTTF with other governmental and non-governmental bodies.

The contractor is likewise to organise bi-annual Regional meetings of NTTF members, for concertation, planning and approval of operational technical links between the Recipient States trade related organisms, particularly Customs Services.

It is to be noted that the activities of this project are to concentrate on the technical and operational aspects of the stated Objectives. The Legislative aspects are the concern of the Transport Legal Framework project.

While remaining within this loosely defined framework, the Consultant's proposal must clearly explain his own detailed plan of action to address the projects' Objectives as defined in Section 2.

3.2. Tasks

The following Tasks form a possible framework for carrying out the project. The activities described are not to be considered limitative, nor to be carried out sequentially in the order below. The contractor is welcome to enlarge upon the activities described and to introduce his own approach, to achieve the project objectives.

3.2.1. Trade Documentation

The contractor is to design a standardised trade documentation package for the Region, “aligned” to the UN system, and suitable for eventual production by computer and EDI processes. The following list is indicative:

- Certificate of origin
- Quality certificate
- Documentary credit forms
- Insurance certificate
- Standard shipment notes
- Commercial invoice
- Forwarders certificates of receipt or shipment
- Warehouse receipts
- Consignment notes for road, rail and waterway
- Phytosanitary certificates
- Veterinary health certificates
- Packing list
- Customs clearance forms or Single Administrative Document” (SAD)
- Import and export licensing
- a model freight forwarding contract, based on EU standards
- commodity classifications and specifications

The contractor is to design this package in close collaboration with the NTTFs, his own locally appointed experts, and in co-ordination with the Transport Legal Reform Project.

The package should be designed such that its adoption not be dependant on the implementation of EDI or other technology based systems.

The ITTF in collaboration with the NTTF should demonstrate the internal advantages to the Region of the adoption of international documentation and the procedures to which they are linked, and promote affiliation to the international organisations concerned with their administration and updating.

3.2.2. System Architecture and Software

The contractor is to propose common National trade data transfer systems and recommend software modules appropriate to the local technical and institutional circumstances. Ideally, it should be possible to enter and extract required information from dispersed databases and produce “aligned” documents, using networked PCs.

The system should cover the flow of information between dispersed sites within a Recipient State, and the interfaces between the Recipient States. The system should be modular, and provide for the Customs Service internal operational needs initially. Appropriate interfaces and application modules for the nascent freight forwarding industry and others should be studied and reported.

The introduction of EDI should be studied and reported.

The contractor is to analyse the present situation in close collaboration with interested authorities, make recommendations including a conceptual design and progressive implementation schedule, for eventual approval at a bi-annual Regional meeting of NTTTF members.

3.2.3. Surface Transport Customs Control Points

This task will contribute a detailed analysis of concrete needs, for other components of the project, as well as studying specific actions or investments which might be required at border crossings and other possible customs bottlenecks which are impeding trade.

The contractor is to identify and visit principle surface transport border crossings and customs control points within and around the Region. He may concentrate on those concerned with trade flows eventually reaching beyond the borders of the FSU. He is to examine the customs infrastructure, equipment, personnel, and procedural systems, to enable him to define and analyse common problems as well as those specific to each point.

An overview of the existing situation is to be presented, cataloguing the customs control points and proposing improvements to the existing installations and procedures, at prefeasibility level.

Proposals should cover:

- infrastructure
- data processing and telecommunications equipment
- control, detection, and testing equipment and facilities
- staffing and training

The sufficiency and geographic disposition of customs control points, bonded warehouses and similar infrastructure across the Region should also be considered.

3.2.4. Cost Estimates and Implementation

Cost estimates and cost benefit analysis to prefeasibility accuracy should be presented for the project recommendations generated in sections 3.2.1. to 3.2.3.

An implementation schedule is to be proposed taking into account local circumstances, and the cost benefit associated with the procedures, technologies, equipment, and infrastructure proposed. The schedule should enable any eventual international financing package for high investment recommendations to be linked to adoption and implementation of international conventions, and modern free market trade procedures in the Region, in a rationally prioritised and coherent manner.

Training programmes and their estimated costs are to be described.

3.2.5. Freight Forwarding Pilot

The first phase of this task is to design a pilot demonstration of a Regional Freight Forwarding multi-modal operation.

This could comprise:

- a limited marketing study, identifying and examining in closer detail, for example, the regional transshipment of containers, groupage operations or other sector presently ill-developed
- a technical study, identifying a potential pilot network, transfer or stuffing and unstuffing points, based upon present existing installations and equipment
- an institutional study identifying existing, sufficiently dynamic, private or quasi-private National organisations upon which to graft the pilot, as well as potential overseas participants for a pilot joint venture
- establishment of links between FIATA and nascent local freight forwarding associations
- a technical assistance package, comprising management support, training, IT and communications software and hardware sufficient for the pilot, supplementing local or external participating resources
- promotion of the use of documentation and procedures from other sections of this project, in collaboration with customs authorities
- a business plan, indicating the commercial prospects of the venture

The pilot proposal should be submitted to TACIS, for consideration of financial support to the pilot operation over a six month period. Such support is not to be taken as automatic.

Sponsored participation by EU international freight forwarders or national associations would be a strong commendation for TACIS financial support.

The pilot proposal should be submitted as a separate Technical Deliverable (see Section 4.). Whatever the format of the pilot project proposed, this Deliverable should permit an overview of the perspectives for an independent freight forwarding industry within the Region.

3.2.6. Training

Training is to be considered an essential component of the project. The contractor proposal is to describe his training programme, taking into account the following suggestions.

3.2.6.1. Familiarisation Visit

It is evident that familiarisation with Western trade facilitation professions and related customs procedures and technical systems would encourage National participants in the project, particularly members of the NTTF, to collaborate more fully and positively.

Therefore the Contractor is to propose and describe in his Methodology a familiarisation visit to the EU, for about thirty participants, at an early stage in the project schedule. This visit should present in working environments the most efficient modern EU technologies and procedures for customs controls. Russian language translators should be in attendance to allow visitors to question working professionals and officers on the functioning of systems.

This familiarisation visit could be combined with the first Regional conference.

3.2.6.2. Seminars

The contractor is to propose a seminar(s) to explain the advantages and facilitate the adoption of international trade documentation proposed in Section 3.2.1. It should be oriented to local Customs Officials, freight forwarders and trainers of transport professionals.

Seminars should ideally be conducted by experienced Customs Officers and Freight Forwarding professionals from the EU, who may be ITTF members or short term experts.

The number of participants and location of the seminar(s) is to be proposed by the contractor.

3.2.7. Insurance and Banking

It is considered that these subjects, although recognised as vital to facilitate trade, are too vast to be analysed in detail during the present project. An incremental approach is to be adopted. The present study will highlight any crucial deficiencies in the present system, in so far as they impact the operational aspects of systems recommended, to be considered in subsequent projects.

3.3. Local Expertise

The maximum possible use should be made of experienced national consultants of high academic standing, who should be closely involved in all aspects of the project. All TRACECA countries have institutions specialising in various aspects of transport legislation and planning. It is a firm requirement that organisation and methodologies include local experts and Institutions to:

- make full use of local experience, antecedent projects and data bases
- promote the emergence of a financially viable local consulting sector
- ensure the effective transfer of know-how to the beneficiary states
- ensure the enduring effect of project output

Consultants must make amply clear in their proposal the arrangements they have made to work with local entities.

3.4. Logistics

The Consultant shall be responsible for arranging necessary living accommodation, transportation, telecommunications, equipment (IT and other), surveys, investigations, document reproduction, printing, secretarial services, interpretation, translation, office space and all other input required for the purposes of the work.

This is to include the arrangements for seminars and regional conferences.

3.5. Other Related Projects

Several related reports prepared by western Consultants precede this project:

- Organisation for the Transfer of a Legal Framework for Transport and Trade in the Region TRACECA (TACIS “Mercadal”)
- Technical Assistance in the Reform of Transport Law Kazakhstan (TACIS)
- Central Asia outline Transport Strategy Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan EBRD/TACIS
- ESCAP Studies

At the time of writing the following projects, sharing certain domains of interest with this legal framework project are expected to commence shortly.

- Transport Legal Framework, TACIS
- Forwarding-Multimodal Transport Systems, TACIS
- Regional Traffic Forecasting, TACIS
- Programme of Economic Integration between the Republics of Kazakhstan, Uzbekistan, and Kyrgystan (CACOM), Regional Governmental Initiative supported by TACIS
- Transit Treaty for Central Asia sponsored by UNCTAD and ESCAP

Other related projects are or may expected to commence within the time frame of the present project.

The consultants appointed to carry at this project are to co-ordinate their work closely with all other related activities within the TRACECA region, especially with the Transport Legal Reform Project.

4. Time Table and Reporting

4.1 The project is to be completed within a period of twelve months.

Task durations and staff assignments are to be clearly shown on planning schedules in the proposal. Milestones for output are to be indicated.

4.2 It would be preferable for the familiarisation visit to be scheduled as early as possible within the project schedule.

4.3 Technical Deliverables

The contractor will catalogue in his proposal the individual Deliverables by which he proposes to address the full range of issues raised in the Objectives and Scope of Work, and his schedule for their provision.

Technical Deliverables may be Documentation packages, model procedures, seminar manuals, databases, or any other tool which the Contractor proposes to utilise. The Contractors Work Schedule must indicate his follow-up activities with the NTTF, to promote and guide adoption of internationally compatible documentation and operational procedures.

All Technical Deliverables must be provided in both English and Russian, in numbers and formats to be agreed with TACIS.

4.3 Reports

4.3.1 All Reports are to be delivered in the numbers, languages and locations as follows :

	Bound		Loose-leaf		Diskette (E.+R.)
	English	Russian	English	Russia	
TACIS Brussels	5	1	1	1	2
TRACECA CU (per state)	1	5	1	1	0

The word processing programme to be used will be agreed with TACIS.

4.3.2 Reporting is to be in accordance with standard TACIS guidelines.

4.3.3 A Project Inception Report shall be issued within one month of the start of the project.

It shall summarise initial activities and propose any modifications to the methodology and work plan.

In particular it will describe:

- the establishment of the NTTFs.
- the arrangements for co-ordination with the Transport and Legal Reform Project

Moreover it will adapt the work plan to the needs of each individual TRACECA state taking into account the parallel activities of other international assistance programmes, avoiding duplication of effort, and addressing unfilled needs.

4.3.4 Periodic/Status Reports

Periodic Status Reports will be submitted to TACIS on a quarterly basis, and will cover the operational progress of the project, the programme for the following quarter and administrative aspects of the project.

Any deviation from the Contractors schedule or difficulties encountered should be noted, as well as actions necessary to compensate them.

4.3.5 Final Report

A Draft Final Report on the operational and technical contribution to the project will be submitted at the end of month 11. Any comments on the Draft Final Report will be issued by TACIS Brussels within six weeks of its receipt. The Final Report incorporating any modifications will be issued one month thereafter (2,5 months after receipt of the Draft Final Report by TACIS).