

II. Assessment of trade facilitation measures implementation in selected Asia-Pacific countries

The information provided in this section is based on the five above mentioned case studies. Since the five developing countries studied (Bangladesh, China, India, Indonesia and Nepal) are from two different subregions and feature very different geographic and development characteristics, findings have potential implications for many countries in and outside the Asia-Pacific region.

All researchers conducted their assessment based on a modified version of the World Customs Organization (WCO) Self-Assessment Checklist submitted to the WTO Negotiating Group on Trade Facilitation in 2005 (TN/TF/W/16).⁹ In conducting this assessment, researchers gathered information from secondary sources (e.g., government documents and regulations) and, whenever possible, through consultations with relevant government agencies. Information was collected, for the most part, between August 2005 and November 2005. Assessment checklists for all five countries are presented in tables II.1 to II.5 below.

A. Measures related to Articles VIII and X

The classification adopted by the WTO Secretariat in its compilation of proposals (TN/TF/W/43/Rev.) is used to present the assessment results. The following categories of measures fall under Articles X, VIII or both: Publication and Availability of Information; Time Period between Publication and Implementation; Consultation and Commenting on New or Amended Rules; Advance Ruling; Appeal Procedures; Advance Lodgment of Data; Fees and Charges Connected with Importation and Exportation; Border Agency Coordination; Release and Clearance of Goods; Tariff Classification. Implementation of measures in each of these categories is discussed briefly below.

1. Publication and availability of information

All five country case studies suggest that most of the relevant information is published and made available in various forms, at least through a State Gazette or various Gazettes of relevant government agencies (see table II.1). Most countries have made efforts or designed policies to improve and expand the dissemination of information. All governments, including in the two LDCs studied (Nepal and Bangladesh), appear to make an increasing amount of information available on the Internet.

⁹ This shorter version of the WCO self-assessment checklist was developed by the WTO Secretariat.

Table II.1. Assessment checklist on publication and availability of information

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
1	Are any of the following published?						
	Laws	Y	Y	Y	Y	Y	
	Regulations	Y	Y	Y	Y	Y	
	Documentary requirements	Y	Y	Y	Y	Y	BD: Changes
	Standard operating practices	Y	Y	Y	Y	Y	BD: Sectoral
	Standard processing times	Y	Y	N	Y	Y	CN: Usually in newspapers / ID: No decision to publish it so far. / BD: 3 days for PSI.
	Specific customs procedures	Y	Y	Y	Y	Y	
	Tariff classification	Y	Y	Y	Y	Y	
	Valuation	Y	Y	N	Y	Y	ID: Provided by local customs office / BD: GATT valuation.
	Exemptions, prohibitions, restrictions	Y	Y	Y	Y	Y	BD: Statutory Regulatory Orders (SROs).
	Duty & tax rates	Y	Y	Y	Y	Y	BD: Tariff classification/tax schedule.
	Fees and charges	Y	Y	Y	Y	Y	
	Administrative arrangements & requirements	Y	Y	Y	Y	Y	
	Management plans	Y	Y	Y	Y	N	BD: Strategic development plan.
	Rulings	Y	Y	Y	Y	Y	NP: Supreme court decisions are published in Nepal Law Journal, but decisions of lower level courts are not published.
	Judicial decisions	Y	Y	N	Y	Y	ID: published by private publishers.
	Agreements with other countries	Y	Y	Y	Y	Y	
	Other?	Y					BD: Nothing verbal; all published; dispatch is poor.
2	Is relevant customs and trade related information made available via the Internet?	Y	Y	Y	Y	Y	IN: http://www.beacukai.go.id

Table II.1. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
					Y		CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
3	Is relevant customs and trade related information made available in:				Y		
	Customs offices	Y	Y	Y	Y	Y	
	Embassies	Y	Y	Y	Y	N	ID: through website / BD: Occasionally sent to them.
	Consulates	Y	Y	Y	Y	N	ID: through website BD: Occasionally sent to them.
	Trade missions/offices	Y	Y	Y	Y	N	ID: through website
	Government buildings/offices	Y	Y	Y	Y	N	BD: Do
	Public buildings/offices	Y	Y	Y	Y	N	IN: At International Airport and Seaport / BD: Do.
	Other?	Y				N	ID: Private publishing houses bring out various customs manuals.
4	Is relevant information made available in English, French or Spanish?	Y	Y	Y	N	N	CN: Some in English / IN: Bi-Lingual Website (Inde-Eng) still under development / ID: only in English BD: Only in Bangladeshi.
5	Does Customs charge for information provided?	Y	N	N	Y	N	CN: Not all information are charged / BD: Tk. 20 for particular information.
6	When charges are made, are costs limited to only the service provided?	Y	-	N	Y		IN: See answer no. 5 / ID: Since no charges are imposed hence not applicable.
7	Is information relevant to any proposed changes or new requirements made available sufficiently in advance for interested parties to take account of them?	Y	Y	Y	N	N	CN: 30 days in advance / ID: Certain legal provisions are not out for comments / BD: However, Customs invites proposals for changes from interest groups during December-January period; this offer closes in February.
8	Does Customs publish all proposed changes or new requirements in advance of the entry into force?	Y	Y	Y	N	N	BD: Not as such, but seeks new proposal from the stakeholder groups. This final decision is up to the government. All changes are informed during the Budget declaration.

Table II.1. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
9	Do stakeholders have the opportunity to contribute/develop/influence/question all proposed changes of new requirements in advance of the entry into force?	Y	Y	Y	Y	Y	CN: Not in all cases / ID: Not in all cases / BD: However, the decision is up to the Government whether or not to take any proposal into account.
10	Does Customs invite comments from the public and trade on all proposed changes or new requirements in advance of the entry into force?	Y	Y	Y	N	Y	CN: Not in all cases / ID: Not in all cases / BD: Not as such, but seeks new proposals from the stakeholder groups. The final decision is up to the Government. All changes are informed during the Budget declaration.
11	Has Customs established information services such as:						
	Client/help desk	Y	Y	Y	Y	Y	IN: Help centres have been established.
	Enquiry point	Y	Y	Y	N	Y	
	Customer/trader contacts	Y	Y	Y	N	Y	
	Call center	Y	Y	Y	N	Y	
	Other?	Y					IN: Watch Dog Committees exist.

Source: ARTNeT Working Papers No. 4, 5, 8, 9 and 10; www.artnetontrade.org

However, information in most countries is available only in the local language (e.g., in Bangladesh) with some countries making some information available in English (e.g., China plans to have all relevant information in English by 2020). The amount and types of information published and available appear to be substantial in all countries, but efforts appear to be needed in making this published and available information more easily accessible to all.

As pointed out in the Indonesian study, publication and availability of information may vary since trade regulations come from different government agencies (e.g., Customs, Ministry of Finance, Ministry of Trade, Ministry of Transportation), each with its own information dissemination policies, channels and practices. This highlights the need to establish a single trade related policy and regulation platform, preferably internet-based.

2. Time period between publication and implementation

Many of the country studies report problems in this area (see table II.1). Bangladesh Customs appears not to publish all relevant information or regulatory changes in advance of their entry into force. In India, entry into force generally starts after online publication on the relevant agency's website – which is almost instantaneous, but often long before paper publication of regulations. The laws in Bangladesh, Nepal, and Indonesia reportedly do not specify a set time period between publication and implementation. However, a grace period of at least 30 days is reported between adoption of a new regulation and its implementation in Indonesia. A minimum 30-day period between publication and enforcement appear to be generally enforced in China.

3. Consultation and commenting on new or amended rules

Key government agencies involved in trade facilitation appear to have some consultation with the private sector, even if the consultation process is not institutionalized. The public-private sector consultation mechanism on trade facilitation seems to be most institutionalized in Nepal and least in Indonesia. While the private sector is often – but generally not systematically- given opportunities to comment on proposed changes and amendments, as reported in the cases of China and India, joint public-private development of trade facilitation mechanisms is not common place. In Bangladesh, the Customs Authority invites proposals for new or amended rules from private sector and other interested parties every year between December and January. However, the Government retains sole authority to accept or reject any proposal.

4. Advance ruling

Many countries provide some advance ruling facilities, with the exception of Nepal (see table II.2). In Indonesia, legally binding advance rulings on valuation is sometime provided (valid for a period of 6 months) and an electronic application system for determining goods classification has been made available to traders. In India, an Authority for Advance Rulings started functioning in April 2003 but its activities have been limited. India and China are however equipped and do provide some binding rulings on valuation and classification. Given the reported existence of binding ruling systems in many of the countries examined, the reluctance of some developing countries in negotiating on advance ruling as part of Article X may not be fully warranted.

5. Appeal procedures

Appeal procedures exist in all countries studied but vary from one country to another (see table II.2). China, Indonesia and India do not generally allow for goods to be released in the event of an appeal. In Bangladesh and Nepal, release of goods is possible as long as a security deposit equal to the amount of import duties being appealed is paid. While, in most countries, traders have multiple channels of appeal (internal and external appeals), the procedures are often complex, time consuming and expensive. The number of pending cases in India appears problematic while in Nepal, the number of cases is

Table II.2. Assessment checklist on rulings and appeals and review

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
Rulings							
12	Does a system exist of national legislation establishing appropriate provisions for binding rulings by Customs?	Y	Y	Y	Y	Y	ID: Tribunal (CEST) is in place.
13	Does national legislation provide for Customs to furnish rulings within a specified period?	Y	Y	N	Y	N	ID: There are several cases pending for long.
14	Are ruling processes established with specific time limits?	Y	Y	Y	Y	Y	NP: Only for certain activities and only in DoC.
15	Do ruling procedures provide the opportunity for appeal with review and/or judicial process	Y	N	Y	Y	Y	BD: The Commissioner (Appeal), and the Customs Tribunal are in place.
16	Does the administration provide binding rulings for:						
	Valuation	Y	Y	Y	Y	N	
	Classification	Y	Y	Y	Y	N	
	Origin	Y	N	Y	Y	N	
	Other Customs purposes?	Y		Y	Y	N	
Appeals and Review							
17	Are internal appeal and review mechanisms established?	Y	Y	Y	Y	Y	
18	Are internal appeal and review mechanisms independent?	Y	Y	Y	Y	Y	
19	Are provisions established for an initial appeal to Customs?	Y	Y	Y	Y	Y	
20	Are provisions established for a further appeal to an authority independent of Customs?	Y	Y	Y	Y	Y	

Table II.2. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
21	Are provisions established for a final right of appeal to a judicial authority?	Y	Y	Y	Y	Y	ID: There is a quasi judicial authority in place / BD: May go to the Supreme Court.
22	Do appeal processes have specific time limits?	Y	Y	N	Y	Y	BD: Three months to 1 year.
23	Are goods released pending the outcome of an appeal?	N	N	N	Y	Y	ID: It is being considered to release goods at least in case of accredited traders.
24	Is a security or other form of guarantee required?	Y	Y	Y	Y	Y	BD: Bank guarantee or Commercial undertaking.

Source: ARTNeT Working Papers No. 4, 5, 8, 9 and 10; www.artnetontrade.org

suspiciously low due to the cost of the appeal process and the fear of retaliation from customs officials. In Indonesia, the Director General of Customs is bound to make a decision within 60 days. If the claimant disagrees with the Customs decision, external appeal is possible but time limits for a decision at this level do not exist. This is true for most other countries studied.

6. Advance lodgment of data

Systems for advanced lodgment of data generally exist but are still at a very early stage of development in many of the countries examined. However, some efforts are on-going even in the LDCs studied, with pilot systems available in Bangladesh and Nepal (see table II.3).

7. Other measures to enhance impartiality and non-discrimination

In the three large countries studied, progress in the development of computerized and automated customs control systems is expected to enhance impartiality and reduce discretion of customs officers (see table II.3). For example, in India, the proposed Risk Management System (RMS), which was expected to cover all the Electronic Data Interchange (EDI) points by the end of 2005, is designed to considerably reduced the discretion of customs officers. In Indonesia, the Ministry of Finance has issued a Decree on Codes of Ethics and conduct for Customs officials and an enforcement committee has been established. Sanctions towards all illegal actions are clearly stipulated in the Decree.

Table II.3. Assessment checklist on customs management and systems and procedures

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
Management							
25	Are systems in place to monitor and evaluate the performance of Customs against established standards and/or indicators?	Y	Y	Y	Y	Y	IN: Code of Conduct Committee at Department of Finance.
26	Are training programmes established for customs clearance procedures	Y	Y	Y	Y	Y	BD: The Customs Training Academy provides such courses along with refresher courses. NP: Not adequately.
27	Are all customs staff given training on integrity matters?	Y	Y	Y	N	Y	NP: But not specifically on integrity.
28	Has a Code of Conduct/Code of Ethics been developed and implemented by Customs?	Y	Y	Y	N	Y	ID: There is a Citizen's Charter in place. However, India is not in favour of including it in WTO. BD: Nothing formal; only the Service Rule for the Civil Servants in Bangladesh is followed.
Questions on Systems and Procedures							
29	Is the customs automated?	Y	Y	Y	Y	Y	IN: Using Electronic Data Interchange (EDI) / BD: As part of the ASYCUDA++ / NP: But not fully.
30	Is electronic filing of entry documents provided for?	Y	Y	Y	Y	N	BD: The Direct Trader Input (DTI) system.
31	Do Customs and other agencies share information electronically?	Y	Y	Y	Y	N	CH: Through many projects, such as the "Fast Customs Clearance" and "Electronic Ports" / IN: For data statistic purpose with Department of Trade not as a Single Window System / ID: It is happening only partially / BD: In CD format.
32	Are pre-arrival clearance procedures used?	Y	Y	Y	N	N	IN: Using Pre-Notification facility / BD: Pre-arrival assessment is done; not clearance.

Table II.3. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
33	Does the administration grant immediate release/clearance procedures to any category of goods?	Y	Y	Y	Y	N	IN: Granted to authorized importers (priority channel) and under certain customs facilities such as rush handling, express consignment except for restricted goods / BD: Petroleum, and perishable goods such as rice, sugar, wheat etc.
34	Does the administration specify a minimum value/minimum amount of duties and taxes below which no duties and taxes will be collected?	Y	N	N	Y	N	BD: Specific Rate of Duty.
35	Do you have separate expedited procedures for express consignment shipments?	Y	Y	N	Y	N	IN: Decree of Director General of Customs and Excise (No. KEP-78/BC/1997 juncto KEP-83/BC/2002) / BD: Petroleum, and perishable goods such as rice, sugar, wheat etc.
36	Can data be submitted prior to arrival of the goods?	Y	Y	Y	Y	Y	
37	Can goods be released prior to completion of all clearance formalities?	Y	Y	N	Y	N	IN: Using simplified procedure for authorized importers on priority channel / BD: Partly.
38	Do you have weight or value restrictions for express consignment shipments?	Y	Y	Y	Y	N	IN: Decree of Director General of Customs and Excise (No. KEP-78/BC/1997 juncto KEP-83/BC/2002) / ID: Weight restrictions / BD: Tariff value for Petroleum.
39	Does the administration use risk analysis to determine which goods should be examined?	Y	Y	N	N	N	ID: Under implementation / BD: Parametres are there; but partly implemented / NP: Just initiated on trial basis in selected customs.
40	Do customs control systems include audit based controls?	Y	Y	Y	Y	Y	ID: Under implementation / BD: Partly done / NP: Just initiated on trial basis in selected customs.

Table II.3. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
41	Does the Customs administration authorize persons with an appropriate compliance record for simplified and special procedures	Y	Y	Y	N	N	ID: Under implementation.
42	For authorized persons, can goods be released on the provision of minimum information with full clearance being finalized subsequently/can goods be cleared at the declarant's premises	Y	Y	N		N	

Source: ARTNeT Working Papers No. 4, 5, 8, 9 and 10; www.artnetontrade.org

8. Fees and charges connected with importation and exportation

GATT Article VIII requires that *“All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.”* While countries may be in broad compliance with this requirement (see table II.4), a detailed assessment is difficult to conduct given the wide number of fees charged by various agencies and organizations in connection with importation and exportation (e.g., in China or Nepal), not to mention the difficulties associated with estimating the cost of services provided.

Some of the countries appear to be charging ad-valorem fees (i.e., fees that are proportional to the value of the shipment or invoice), which rises some questions since fee amounts should be linked to cost of services rendered rather than cost of goods imported or exported. That said, the country studies suggest that, while some of the official fees may sometime be excessive, the problem lies more in traders being charged ad-hoc illegal additional fees in practice.

Table II.4. Assessment checklist on fees and charges

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
43	Does the administration charge for the provision of information to the trade?	Y	N	N	Y	N	CN: Usually such information is free. For those information which needs to be processed and classified, it is charged. / ID: It is freely available / BD: Tk. 20 per information.
44	Do fees for customs processing reflect the cost of services rendered?	Y	Y	N	N	Y	IN: Customs User Fee called PNBP = Penerimaan Negara Bukan Pajak Does not arise / NP: No fees are charged other than duties and taxes. Refers fees charged by different agencies to issue GSP.
45	Are fees published?	Y	Y	Y	Y		
	the amount?	Y	Y	Y	Y		
	time due?	Y	Y	Y	Y		
	entity assessing the fee?	N	Y	Y	Y		
	how payment can be made?	Y	Y	Y	Y		
46	Are fee amounts published on the internet?	N	Y	N	Y	N	

Source: ARTNeT Working Papers No. 4, 5, 8, 9 and 10; www.artnetontrade.org

9. Formalities connected with importation and exportation

Significant efforts have been made in streamlining trade documents and their processing, including in China, Bangladesh, India and Indonesia. Most studies report that trade related documents have been aligned using the United Nations Layout Key for trade documents. A number of WCO instruments, including the harmonized system of tariff classification (HS), as well as parts of the WCO revised Kyoto Convention have also been implemented – even if only China and India are contracting parties of that convention (as of 31 March 06). The use of these international standards is sometime prompted by the introduction or development of electronic or automated customs and trade document systems (e.g., in Bangladesh).¹⁰

¹⁰ All countries examined have implemented or, in the case of Nepal, are preparing to implement, the WTO Customs Valuation Agreement.

China, India and Indonesia have EDI systems in place and Bangladesh is leapfrogging to single administrative document (SAD) as part of its implementation of ASYCUDA++. Although ASYCUDA and SAD have also been introduced in major Customs offices in Nepal, 11 documents are still needed for exports and 20 for imports. Nepal also requires that a letter of credit be open for every import transaction above USD 30,000.

10. Border agency coordination

Pilot projects and committees to improve border agency coordination have been launched and established, respectively, in all the countries examined. However, most studies point to coordination among agencies as an area where significant improvement is still needed. In particular, they point to the need for more coordination between Customs and the many other agencies involved in regulating imports and exports.

The China study reports significant progress in this area since implementation of a “Fast Customs Clearance” system initiated in 2001 and involving the development, at major ports, of Electronic Port Platforms connecting 12 to 16 government agencies with each other and to traders and banks. Steps have also been taken to improve coordination at the regional level to facilitate movement of goods across regions of China.

One issue raised is that of duplication of physical examination of shipments by different agencies, resulting in delays in clearance. Simultaneous examinations by officers from all relevant agencies and/or transfer of authority among staff of different agencies (whenever feasible) are two possible solutions mentioned in the reports.

Another issue that seems to emerge from the studies is the gap between the information systems and overall resources of Customs relative to those of units involved in regulating imports and exports in other government agencies. While Customs have been reformed and their IT systems upgraded in many countries, those of other agencies may not have, creating bottlenecks.

11. Release and clearance of goods

As mentioned earlier, most countries examined have launched trade facilitation initiatives, many of which aimed at shortening release and clearance time. Most reports point to investment in infrastructure and ICT as the key to more efficient release and clearance, as in the case of China. The Nepal study also suggests that one of the main reasons for delay in customs clearance is that customs houses are not equipped with the modern tools of examination and the technical manpower they need.

In Bangladesh and Nepal, although SADs have been introduced as part of the implementation of ASYCUDA, clearance still requires an often long list of paper documents – ranging from 11 for a Nepalese exporter to 20 for a Nepalese importer.

Risk management principles have been applied in all countries, but the level of implementation varies greatly across countries (see table II.3). Risk assessment systems often exist at major ports and/or border crossings, but systems do not appear to be in

place nationwide in most of the countries studied. The Indonesian study provides a relatively detailed description of the risk assessment system in that country, indicating that the development of the database on which the current risk management system is based began in 2002. China aside, implementation of risk management systems in other countries studied has been slow. In Nepal, only one customs office has a risk assessment system in place. Post clearance audit, typically implemented as part of a risk management programme, has also been introduced only recently there. In India, Customs has launched a risk management system (RMS) on a limited basis at select customs ports. Based on data from the EDI and other electronic trade documentation systems, 'Star Performers' are to be identified, depending on their creditability and goodwill.

Express consignment clearance systems are in place in Indonesia as well as at 9 major customs offices in China. Other countries also have simplified or rapid clearance systems, although these systems are sometime limited to shipments of perishable products and a few other product categories, as in the case of Bangladesh (e.g., petroleum products, relief goods). Importers can secure faster clearance of their good by making a security deposit with Customs in advance of the arrival of the goods. However, this option is generally not available in Nepal, except for certain raw materials. The WCO revised Kyoto Convention and related guidelines appear to be used as references in most countries studied, even when the countries have not ratified the Convention.

12. Tariff classification

The WCO Harmonized Commodity Description and Coding System, generally referred to as "Harmonized System" or simply "HS", is the 6-digit coding system that forms the basis for tariff classification in all countries studied – Nepal, while not a contracting party to the related WCO convention, did adopt the nomenclature. However, countries, or institutions within countries, may not use or interpret the HS nomenclature in exactly the same way, as is the case in India, for example. Countries also breakdown 6-digit level tariff lines into non-standard 8-digit to 10-digit tariff lines to refine the classification.

A major issue emerging from the study is the large number of misclassification (e.g., over 30 per cent in India) resulting from differences in interpretation of the nomenclature, attempts by traders to declare under tariff lines with lower rates, but also attempts by customs officers with often large discretionary powers to extract rent, as in Nepal. China has recently launched an Advance Classification Ruling System, including publication of rulings, to address discrepancies between classification of same goods depending on the time and place of classification.

B. Measures related to GATT Article V

GATT Article V addresses matters related to goods in transit, including non-discrimination of transit goods, disciplines on fees and charges, disciplines on transit formalities and documentation requirements, and improved coordination and cooperation amongst authorities and with the private sector.

Except for Indonesia, none of the countries studied are contracting parties to international transit agreements such as the TIR convention (China and India are parties to the ATA Carnet convention for temporary imports of goods into foreign countries). However, many of them are parties to bilateral transit agreements, each with their specific rules and systems (see table II.5). Many countries seem to be concerned that facilitating transit will result in some transit goods being sold illegally in the transit country. For example, Bangladesh is concerned that facilitating the transit of Indian goods through its ports will result in a flood of Indian products into the country. At the same time, Bangladesh has taken steps to facilitate transit of goods from Nepal and Buthan, two landlocked countries of the South Asian subregion. These steps have included negotiations of transit agreements and improvement in the transport infrastructure between the three countries.

The Nepal study finds that, while a transit agreement is in place between India and Nepal, clearance of goods at Indian ports remain very lengthy and port operators do discriminate when charging service fees on Nepalese or Indian shipments. Other issues mentioned include the lack of harmonization (alignment) of Indian and Nepalese trade/transit documents and the fact that shipments in transit are subjected to regulations established by both the central Government of India and local state governments. Nepal itself has no legal provisions for transit goods given the absence of declared transit traffic at this time.

While the India study confirms that no duty or taxes are charged by India on transit goods, it recognizes that some local governments might impose unofficial fees. The importance of correct application and interpretation of regulations and conventions is highlighted by the fact that, in India, since no fees or charges are supposed to be imposed on transit goods, shipments in transit are not allowed to be cleared during holidays and weekends, when overtime charges apply. Other issues identified in the India study are the lack of simplified transit procedures for authorized consigners and the lack of risk assessment mechanisms for transit goods, both of which are not covered in bilateral transit agreements currently governing transit among South Asian countries. Poor or lack of infrastructure to facilitate transit is mentioned in all the studies.

Table II.5. Assessment checklist on measures related to freedom of transit

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
General							
47	Have international transit systems been implemented?	Y	Y	Y		N	
48	Have regional transit systems been implemented?	Y	N	N		N	
49	Is the customs territory a landlocked country?	N	N	N	N	Y	
50	Are transit corridors established within the customs territory?	Y	Y	Y		N	
51	Are transit routes prescribed?	Y	N	Y		Y	IN: Confirmation is needed with Department of Transportation / NP: India Nepal transit treaty has prescribed transit route for Nepal.
52	Are transit routes agreed in consultation with trade operators?	Y	N	N		N	IN: Confirmation is needed with Department of Transportation / ID: The consultations are at the bilateral government level only.
53	Is abuse of the customs transit system a concern in the customs territory?	Y	Y	Y	Y	N	
54	Is a strict route stipulated for all high risk goods?	Y	N	N		N	IN: Confirmation is needed with Department of Transportation.
55	Is customs escort required for all high risk goods?	Y	N	N		N	
56	Are time limits imposed for transit goods?	Y	N	N		N	ID: As there are no roads so connectivity is poor.
57	Are current border posts and customs offices suitably located for effective transit operations within the customs territory?	Y	Y	Y		N	
58	Are operating hours coordinated with other customs administrations?	Y	Y	Y			

Table II.5. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
59	Are controls and responsibilities at border posts coordinated with other border agencies?	Y	Y	Y			ID: It is largely at level of army and BSF.
60	Are controls and responsibilities at border posts coordinated with other country's customs administrations?	Y	Y	N			ID: However, with automation this may improve the ground situation.
Documentation							
61	Is a Goods declaration required for all goods in transit?	Y	Y	Y			NP: Not applicable as Nepal is not transit country.
62	Is a standardized customs transit declaration/document in use?	Y	Y	Y		Y	NP: This document is used for goods moving via India.
63	Have documentary requirements for transit coordinated with other border agencies?	Y	N	N			NP: Not applicable as Nepal is not transit country.
64	Are documentary requirements for transit coordinated with other border agencies?	Y	N	N			NP: Not applicable as Nepal is not transit country.
65	Are simplified transit declarations in use?	Y	Y	Y			ID: So far, it is only with Bhutan / NP: Not applicable as Nepal is not transit country.
Securities and Guarantees							
66	Are goods in transit relieved of the payment of duties and taxes?	Y	Y	N			ID: In some cases traders face octroi, imposed by local authorities at state level / NP: Not applicable as Nepal is not transit country.
67	Are any fees and charges levied in connection with customs transit?	Y	N	N			ID: On holidays overtime is charged / NP: Not applicable as Nepal is not transit country.

Table II.5. (continued)

		Response (Y = Yes; N = No)					Comments
		C N	I N	I D	B D	N P	
							CN: China / IN: Indonesia / ID: India / BD: Bangladesh / NP: Nepal
68	Has an international guarantee system been implemented?	Y	N	N			ID: Mutual guarantees are provided by national governments / NP: Not applicable as Nepal is not transit country.
69	Are securities and/or guarantees required for all goods in transit?	Y	N	Y			ID: Only in case of sensitive commodities as declared by Government of India. As of now there are 8 such commodities.
70	Are cash deposits required for goods in transit?	N	N	N			NP: Not applicable as Nepal is not transit country.
71	Are securities and/or guarantees discharged as soon as the obligations have been fulfilled?	Y	N	Y			NP: Not applicable as Nepal is not transit country.
Examination							
72	Are examinations for goods in transit based on the application of risk assessment?	Y	Y	N			ID: Currently, there is no scope for it in the bilateral treaties.
Authorized Trades							
73	Are simplified procedures established for authorized consignors involved in the transit procedure?	Y	N	Y			ID: It is same for all. However, government is working to implement it.
Seals and Fastening							
74	Are seals and identification marks affixed by foreign Customs accepted for customs transit operations?	Y	N	Y			NP: Not applicable as Nepal is not transit country.

Source: ARTNeT Working Papers No. 4, 5, 8, 9 and 10; www.artnetontrade.org