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Facilitating India-Pakistan trade through the land route

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Working Paper 318

Facilitating India-Pakistan Trade through the Land Route

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INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS

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Abstract

Improvements in the land route between India and Pakistan can help lower transaction costs which can play an important role in realizing the trade potential between the two countries. Connecting India and Pakistan by the land route offers gains not only to the two countries but would spread over a wide geography covering several countries.

With the vision of connecting India and Pakistan to Central Asia and East Asia, this paper makes an attempt to examine trade between India and Pakistan by different modes of transport, identify physical and non-physical impediments to transporting goods by rail and road while taking into account the implications of trade policy for transporting goods; suggests measures to address these constraints which are also in compliance with the provisions in the recently signed WTO Agreement on Trade Facilitation. The paper also suggests how acceding to international conventions will make it easier for the two countries to connect with the rest of the world.

Keywords: *India-Pakistan, Trade, Trade Facilitation, WTO Trade Facilitation Agreement*

JEL classification: *F10, F13, R40, F53.*

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Facilitating India-Pakistan Trade through the Land Route

Nisha Taneja, Isha Dayal and Samridhi Bimal

1. Introduction

India and Pakistan have had a restrictive trade and transport arrangement for several decades. Until 1996 both countries traded in a limited number of items often referred to as the positive list. Upon the countries' accession to WTO, India granted Most Favoured Nation (MFN) status to Pakistan in 1996. Transport policies included - a maritime protocol until 2005 which allowed only Indian and Pakistani flagged vessels to carry cargo between the two countries and did not permit the same vessels to carry consignments to a third country from the ports of either; presence of only one rail route for cargo movement between the two countries; and absence of road-based trade route until 2005 (Taneja et al 2014).

In 2011 the two countries laid down a blue print for normalizing trade between the two countries; the agenda for which was very detailed covering *inter alia* the MFN issue. Pakistan completed the first phase of granting MFN status to India and made a transition from the positive list approach to a small negative list of 1,209 items in March 2012. However, it continued to restrict road-based trade by allowing only 137 items to be imported from India via road. Since then the trade normalization process has not made much progress.

Recognizing the importance of the land route several studies have highlighted its impediments. Taneja (2006), Taneja (2007), Taneja (2013), Taneja (2014), have pointed out the impediments of the road and rail route. More recently CUTS et al (2016) and BRIEF (2016) have identified impediments but the focus has been only on the road route.

The trade normalization process completed so far is likely to unleash the untapped trade potential between the two countries. Taneja et al (2014) estimate bilateral trade potential between the two countries to be US\$ 19.8 billion. The most feasible and cost-effective way of moving goods between the two countries is through the land route. Unless the land route is improved substantially, transaction costs of trading between the two countries will remain high which will deter trade realization.

Trade facilitation between the two countries has to be placed in a larger context. Both countries are members of the South Asian free Trade Agreement. India and Pakistan failed to agree on a SAARC Motor Vehicles Agreement. However, as members of the WTO and signatories to the WTO Trade Facilitation agreement there is a new window for both countries to address their trade facilitation concerns.

Connecting India and Pakistan by the land route offers gains that would spread over a wide geography covering several countries. Connecting India and Pakistan would ultimately mean connecting Pakistan to East Asia through India and connecting India to Central Asia through Pakistan.

With the vision of connecting India and Pakistan to Central Asia and East Asia, this paper makes an attempt to examine trade between India and Pakistan by different modes of transport, identify physical and non-physical impediments to transporting goods by rail and road while taking into account the implications of trade policy for transporting goods; suggests measures to address these constraints which are also in compliance with the provisions in the recently signed WTO Agreement on Trade Facilitation. The paper also suggests how acceding to international conventions will make it easier for the two countries to connect with the rest of the world.

This paper is based on secondary data analysis; an examination of regulations, and international agreements; and survey and stakeholder consultations conducted in during 2014-16.

2. Changing Modes of Trade between India and Pakistan

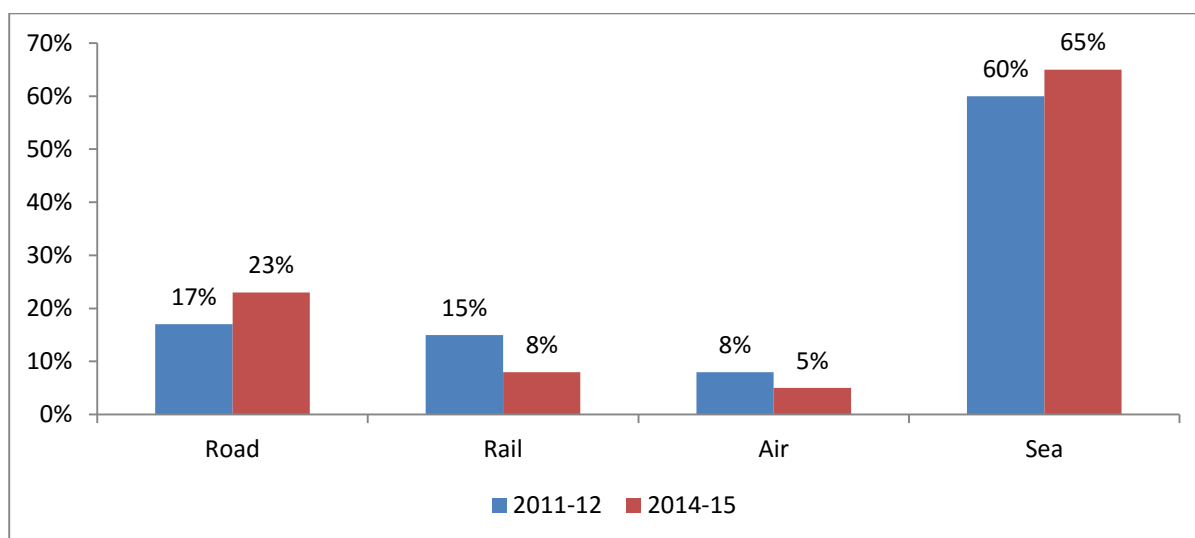
Until two decades ago, rail was the predominant mode of transport between India and Pakistan. This was on account of the restrictive maritime protocol between the two countries and the absence of road route for trade until 2005. In 1995-96, share of trade by rail route was 63 percent and share of sea route was 33 percent- the remaining was by air. With the amendment of the maritime protocol and opening of the road route at Wagah-Attari in 2005 the shares of trade by sea and road in total India-Pakistan trade saw a massive rise. Sea has become the dominant mode accounting for 65 percent of total bilateral trade between India and Pakistan in 2014-15; while the share of road in total trade has seen a rise from nil in 1995-96 to 23 percent in 2014-15.

The above changes have been accompanied with a sharp decline in share of rail which accounts for only 8 percent of total bilateral trade in 2014-15.

Even though substantial trade liberalization has taken place in recent years, between 2011-12 and 2014-15 the share of rail declined from 15 percent to 8 percent whereas that by road increased from 17 percent to 23 percent, and that of sea also increased from 60 percent to 65 percent during the same period (Figure 1).

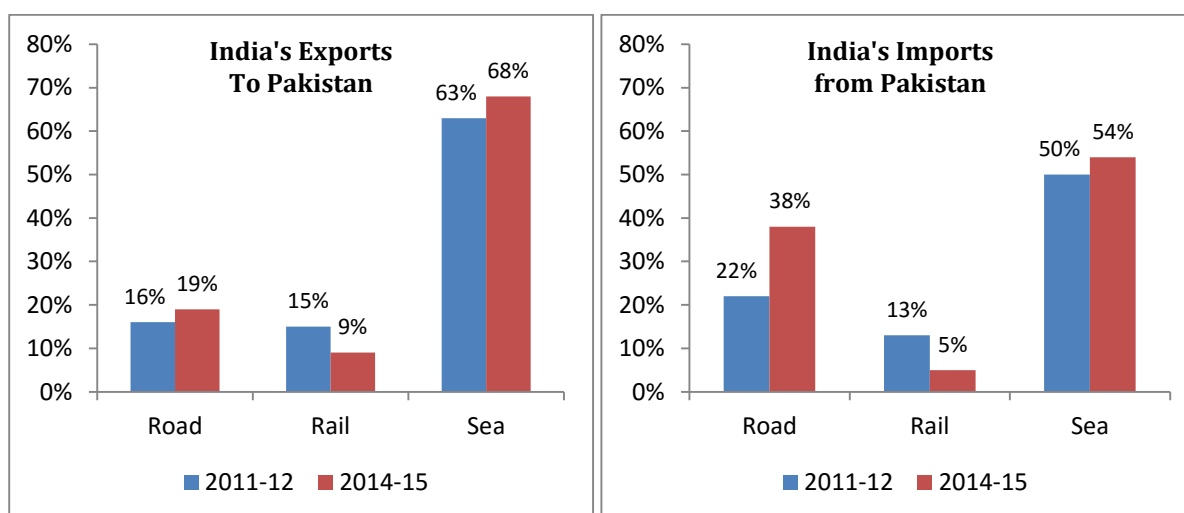
In 2014-15, the top commodities exported from India to Pakistan by road included agricultural items such as soya bean, tomatoes, and potatoes; by rail included capsicum, isobgul husk, and vegetable seeds; and by sea included chemicals like polypropylene, and p-xylene. In the same year, India's major imports from Pakistan by road included dates, cement and gypsum; by rail included hides/skins, denim, cement and surgical instruments; and by sea included naphtha, cotton and oils. (Appendix A).

Figure 1: Mode wise Share of India's Total Trade with Pakistan



Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Figure 2: Mode wise Export and Import Share of India-Pakistan Trade



Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Data on mode-wise exports and imports indicates that over 2011-12 and 2014-15, the share of road in India's exports to Pakistan increased from 16 percent to 19 percent, while that of rail fell from 15 percent to 9 percent (Figure 2). This is despite the fact that the trade policy allows export in only 137 items from India to Pakistan by the road route. Clearly, exports which cannot be exported by the road route (because of a restrictive positive list of only 137 items) are being exported at a much higher cost by sea instead of the rail route. In fact in the last one year, exports to Pakistan have declined by 17 percent from US\$ 2.3 billion to US\$ 1.7 billion. There is thus an urgent need to address the impediments on the rail route, as for Indian exports this is the only cheap mode of transport available for the items on the positive

list. This is perhaps one major reason for a decline in India's exports from US\$ 2.3 billion in 2013-14 to US\$ 1.9 billion therefore requiring urgent attention.

Imports from Pakistan on the other hand have seen an even bigger shift from rail to road. During 2011-12 and 2014-15, share of rail declined to a mere 5 percent while that of road increased massively from 22 percent to 38 percent. With Pakistan's share of rail in its exports being meagre, the rail authorities in Pakistan do not have much interest in this mode of transport.

Under such circumstances, informal trade through third countries, notably Dubai, is likely to continue with little incentive for traders to shift to the formal channel. An ICRIER study estimates informal trade to the tune of US\$ 4.71 billion (Taneja and Bimal 2016). Of this, India's exports to Pakistan are estimated to be USD 3.99 billion and imports from Pakistan USD 0.72 billion. The main informal export items are jewellery, textiles, machinery and machine parts, electronic appliances, chemicals, paper, betel leaves and tyres. India's informal imports from Pakistan mainly consist of textiles, dry fruits, cement and spices. The route not only makes trading inconvenient and un-competitive due to escalating time and cost of trade, but the circumvention is also not accounted for in the formal bilateral trade statistics.

3. Impediments to Transporting Goods by Rail through Attari

Goods move either by the goods train often referred to as "interchange train" or by parcel wagons which are attached to the Samjhauta Express- the passenger train which runs on a bi-weekly basis carrying 6 to 10 parcel wagons. Since the capacity of Samjhauta Express is limited, most of the rail cargo is carried by the interchange train.

The study identifies the following impediments encountered by businesses while transporting goods by rail through Attari-Wagah border:

3.1 Availability, type and movement of wagons

There is inadequacy in the number of wagons allocated to Indian exporters. Also there is no transparency in the allocation of wagons as allocation of wagons is done manually and is not computerized. Information related to wagons is available only to some local agents who obtain this information at a cost/bribe. Large logistic firms are not aware of local practices and refrain from carrying cargo between the two countries.

Only BCX covered wagons are allowed. There is no provision for sending liquid cargo, or uncovered cargo. Also, temperature controlled wagons and refrigerated wagons are not permitted. Goods requiring containerisation also cannot be traded. Thus even though there is no restriction on commodities that can be traded through the rail route, the restriction on the type of wagons permitted restricts the type of commodities that can be traded

Trade by rail is largely one way from India to Pakistan. The rail wagons that go to Pakistan return from Pakistan only after they are loaded with Pakistani export cargo. However, since most of the export cargo from Pakistan has shifted to the road route there is not much cargo

movement by rail from Pakistan that can be loaded. This leads to a long waiting time on the Pakistani side and a delay in return of wagons. Railway wagons carrying export cargo should be permitted to return empty instead of waiting in Lahore to get loaded. Indian exporters should be given the option of bearing the freight of return journey of empty wagons.

The goods train does not have a fixed schedule. As a result there is uncertainty about the arrival and departure of trains. Only the Samjhauta express passenger train has a fixed schedule but it has limited parcel wagons (6 to 10) capacity for carrying goods. Railway

3.2 Railway receipt from origin to destination

Until 2010, railway receipts were endorsed from the point of origin in India to the point of destination. Thus the same wagon could be transported from the point of origin to the point of destination (uptil Lahore). Since 2010, this practice has been stopped. According to the current practice wagons from Indore reach Amritsar where they are loaded onto different wagons for onward movement to Lahore. At Lahore again goods are unloaded and loaded to a different wagon for onward movement to another destination in Pakistan. This adds to costs substantially.

It is not understood by the trade why the practices change frequently. Also, there is no circular/public notice which would either put in place or change such practices.

CONCOR is issuing its own in-house document-Inland Way Bill in lieu of Railway Receipt quoting an all-inclusive lump sum tariff. These Inland Way Bills are treated and dealt with as local/ through goods invoice.

3.3 Infrastructure

The rail port is located at Amritsar where no space is allocated for stacking of goods prior to export, leading to deterioration of goods and unnecessary demurrage charges.

There are no lab testing facilities at Amritsar railway port. Several items have to be sent outside Amritsar or to Amritsar Airport for testing purposes. The test reports are referred to government labs only. These result in delays in releasing the consignments from the land port.

There are no bank branches at Amritsar rail port making it difficult for traders.

There is also no facility for mechanized loading and unloading of goods.

Even though there is a protocol for movement of containerized cargo it is still not operational. While this may be so because of political reasons, Amritsar is a dry port but it does not qualify to be an inland container depot (ICD) as it lacks facilities for a container terminal.

There is no custodian of cargo at the railway station. The goods are left in the open and are extremely vulnerable to theft. Outdated paper seals are being used which are easy to tamper

with and this often results in pilferage as wagons have multiple idling spots in transit from Attari to Amritsar.

There is no designated enquiry point at the land customs station.

3.4 Loading and Unloading

No free time is given for unloaded cargo. Demurrage charges are levied from the time the goods are unloaded.

There is no government or private agency that is approved for provision of labor for loading and unloading at the LCS. Traders are permitted to bring in their own labour that is issued passes by the Railway authorities to do the loading and loading. However there are security issues with regard to the unorganized labor working at the port. These emanate from lack of identification / ID cards and security checks

3.5 Trade Procedures

Trade documents are submitted manually as submission through Electronic Data Interchange (EDI) for exports and imports is still not operational for rail cargo. There is no Risk Management System (RMS) in place that would allow random checking of consignments. Due to lack of EDI, there is no provision for pre-arrival processing of documents. Also, the exact steps involved in conducting trade at the LCS are erratic, adhoc and not made public.

3.6 Coordination among Agencies and Consultations

A key reason for impediments not being addressed is that there are multiple agencies that include railways, road transport and highways, customs, external affairs, defense, agriculture, law and justice which lack co-ordination amongst themselves at the centre and with the local agencies at the state level. There is lack of coordination in the functions of different agencies and non-synchronization in their procedures.

At the same time it is extremely important for the representatives of trade and industry bodies to be able to engage in consultations with government agencies at the state and central level. This vertical and horizontal constellation of all stakeholders needs to be brought under one umbrella for trade impediments to be addressed effectively.

Stakeholder consultations suggest that under the existing system there is absence of any institutional mechanism for the trade and industry representatives to meet with railway officials at the border. Even though industry representatives meet with officials, due to lack of an institutional mechanism, these are informal in nature. Also there is no system whereby follow up action on impediments pointed out by industry can be undertaken. In particular it was pointed out that there is no institutional mechanism whereby these complaints from industry to the local railway offices can be taken to the railway board or other relevant bodies at the Centre which have the final authority to address several of these impediments.

Under the provisions of the Land Port Authority Act (LPAI) the LPAI has to convene an inter-ministerial meeting once in three months along with a representative from each of the 9 states (bordering India (Chief Secretary) and a representative from a recognized workers body and a recognized trade body (Appendix B and C). However, it is not clear whether this meeting takes place or not. Also it appears from the notification S.O. 329 (E) dated 24th February 2012 (Appendix C) that while 9 Chief Secretaries will be represented from each of the bordering states there will be only one representative from a recognized body of traders and one from a recognized body of workers. It is important to clarify that there will be a representative from each state having international borders because each state has its own unique features. Also, there should be a provision for more representatives from the State and at the Government/worker/trade level if additional routes are opened through other states which have international borders.

Cross border meetings between the two countries are equally important for smooth rail based trade. There is absence of any mechanism for railway officials from India and Pakistan to meet, identify roadblocks in facilitation of trade and collaborate to address them.

4. Impediments to Transporting Goods by Road through Wagah

A major step taken in 2012 was the opening up of the Integrated Check Post (ICP) at the land customs station at Wagah for transportation by the road route. The ICP functional at Wagah has state of the art facilities and is fully operational. However, there are several impediments. Perhaps, at the time that the ICP was conceived, trade normalization was not on the horizon. Also, the poor functioning of the rail route has put additional pressure on the ICP. The following impediments have been reported by trade representatives while transporting goods by road through Attari-Wagah border:

4.1 Infrastructure

Warehousing capacity at the ICP is not equipped to handle existing trade volumes. The warehouses are already operating at full capacity and a large number of consignments are kept in the open area - prone to damages. Storage charges by ICP are also reported to be high by traders. Lack of competition from private bonded warehouses is perhaps the reason for high charges. At sea ports the presence of private bonded warehouses and public warehouses provides a competitive and more efficient environment for traders.

There are no full body truck scanners. Each truck is checked manually and at several points by various agencies which add to time and cost.

Loading and unloading bays are uncovered. Goods are exposed to elements of nature during loading and unloading resulting in damages and losses to exporters and importers. The cargo holding area is unpaved. Water logging in the holding area leads to loss for traders during loading and unloading. Also there is no container handling facility and no cross-border movement of containerized cargo.

There are no lab testing facilities at the ICP. For many mineral products such as gypsum, if testing is required then samples are sent to Delhi to government laboratories. Similarly if testing is required for of textile products then samples have to be sent to Ludhiana.

Also there are no bank branches at the ICP. Thus even though the purpose of the ICP was to have all facilities in the same complex- several of them are lacking.

4.2 Loading and Unloading

Demurrage charges are levied from the time of landing. This is unlike seaports where free time is given after unloading of consignments before demurrage charges can be levied.

The trade representatives find labour charges at the ICP to be 2.5 times higher compared to other dry ports such as Ludhiana. Currently labour is being provided by the Central Warehousing Corporation which is also the custodian of goods at the ICP. CWC enters into a contract with a private contractor which provides these services for loading and unloading. Since the contract is with one firm, it has a monopoly which leads to high costs.

The labour charges are levied even in cases where loading and unloading is done mechanically and no labour is involved.

For several decades, transportation of goods across India's land borders with Nepal and Bangladesh has been adversely affected by truck unions. It has been reported that the truck unions at Attari do not allow imported goods to be transported by any other trucking firm. For instance, a truck unloading its goods for export to Pakistan cannot load imported goods because the union does not permit. The truck unions can charge up to 40 percent higher than the market rates.

Timings for trade have been increased to 12 hours every day on all days of the week from 7 AM to 7 PM. However the trade representatives report that the timings are changed erratically without any circular. Until recently the ICP was functioning from 7AM to 5 PM.

4.3 Trade Procedures

Trade representatives have pointed out that there are multiple agencies and multiple steps involved in conducting trade. CUTS et.al. (2016) point out that at the ICP, the Border Security Force, Customs, Land port authority of India, Plant Quarantine department, Bureau of Immigration, and Central Warehousing Corporation follow their own procedures. Importing a food consignment involves 14 steps against an ideal of 6 steps. The practical steps involved in conducting trade are not made public and are also changed frequently. Even though EDI is operational, there are frequent breakdowns and risk management systems are not functional. Also, despite EDI being operational, pre-arrival processing is not being done by importers. It is not clear, why the traders are not using this facility.

4.4 Coordination among Agencies and Consultations

Under the existing system, there is a Customs Liaison Border Committee led by the Customs Commissioner Amritsar (includes customs for road and rail) which meets its counterpart in Lahore, once in 2 months. These meetings have been held at regular intervals. The meetings have continued despite uncertainties in political relations during this period.

The Customs coordination committee meeting is held with all stakeholders from government agencies operating at the border and trade representatives. The stakeholders include BSF, immigration, plant quarantine, health officer, CWC and representatives from trade. Railway officials are not included in these consultations. However, there is no institutional mechanism to implement the recommendations of the committee.

There remains an absence of an institutionalized consultative mechanism between different agencies at the border, and between the border agencies and the agencies at the centre.

There is no representative from LPAI, at the LCS. As a result when there are problems at the port, there is no officer that the trade can report to.

5. Recommendations

Table 1 list down some recommendations for facilitating trade by rail and road through Attari-Wagah.

Table 1: Recommendations for Rail and Road Route

Rail Route	Road Route
Infrastructure	
i. Upgrade infrastructure facilities (warehousing, cargo holding area, container handling facilities, lab facilities for testing, bank branches, provision for mechanized loading and unloading, utilities for human resource working at port).	i. Upgrade infrastructure facilities (warehousing, cargo holding area, container handling facilities, lab facilities for testing, bank branches, provision for mechanized loading and unloading, full body truck scanners, utilities for human resource working at port).
ii. EDI for exports and imports should be made operational for rail cargo. Risk Management System needs to be introduced. There should be provision for pre-arrival processing of documents for imports.	ii. Introduce Risk Management System. There should be provision for pre-arrival processing of documents for imports.
iii. Trade-related rules and practical steps involved should be made publically available.	iii. Trade-related rules and practical steps involved should be made publically available.
iv. Free time should be given for import cargo.	iv. Free time should be given for import cargo.
v. Designated custodian of cargo at Amritsar railway station.	v. Labour charges should not be levied when loading and unloading is done mechanically.
vi. Ensuring safety by replacing cargo paper	vi. Permit private bonded warehouses to operate at the ICP

seals by more modern seals such as metal band seals, bolt security seals etc vii. An authorized agency (either government or private) for provision of labor involved in loading and unloading at LCS. viii. Dry port should be constructed for containerized cargo near Attari ix. Cross-border movement of containerized cargo should be permitted.	vii. Cross-border movement of containerized cargo should be permitted.
<i>Co-ordination among Agencies and Consultations</i>	
i. Meetings between railway officials of the two countries should be institutionalized and should take place on a regular basis. ii. Meetings between industry representatives and government agencies should be institutionalized. iii. The LPAI authority should include more members from trade bodies; with at least one from each bordering state. iv. Regular consultations should also be held between customs officials of the two countries. v. Set up an enquiry point at the LCS.	i. Meetings between LPAI involving all members from different ministries and representatives from the workers body and trade body should be institutionalized and should take place on a regular basis. ii. Meetings between industry representatives and government agencies should be institutionalized. iii. The LPAI authority should include more members from trade bodies; with at least one from each bordering state. iv. Regular consultations should also be held between customs officials of the two countries. v. Set up an enquiry point at the ICP.
<i>Others</i>	
i. Increase rolling stock of wagons, diversify type of rolling stock ii. Introduce IT driven systems for booking of wagons to ensure greater transparency iii. Permit Indian railway wagons carrying export cargo to return empty iv. Indian exporters should be given the option of bearing the freight of return journey of empty wagons. v. Put in place a fixed weekly schedule for the goods train. vi. Put in place a monitoring system and an evaluation system so that the schedule is adhered to. vii. Railway receipts should be endorsed from the point of origin of goods to the point of destination.	

6. Way Forward

To realise the vision of connecting India and Pakistan not only to each other but to East Asia and Central Asia we propose the following:

6.1 Urgent attention to Railways

Currently, Indian exports can only be moved by rail and not by road because only 137 items are permitted to be sent by road. Till such time that trade is normalized between India and Pakistan, urgent attention is needed to improve rail transportation. An immediate measure that can be taken is to permit Indian rail wagons to go up-to Lahore and return empty the freight for which can be borne by trade. This will improve the frequency of movement of rail wagons.

6.2 Comprehensive Land Transport Policy

A comprehensive and integrated international land transport policy needs to be put in place not only to provide rail and road services to the two countries but also to service other countries as well by linking sea ports through land borders so that the two countries can connect with each other as well as the rest of the world.

Currently there are only two operational land routes through Attari/Wagah and two through the land borders of Jammu and Kashmir. There are 10 notified routes by customs¹. The Khokrapar Munabao route is operational for movement of passengers but not cargo. This can be opened up to cargo movement if both countries agree.

The transport protocols between the two countries need to be implemented to allow seamless transportation of containerized cargo in each other's territory without the requirement of transshipment of cargo at the land borders.

6.3 IT Driven Systems

For both road and rail there should be fully automated systems in place. Currently, the level of automation at Attar-Wagah is less automated than at other land routes between India and Bangladesh and India and Nepal. This will improve transparency, reduce rent seeking and bring about greater efficiency in conducting trade across the land border.

6.4 Logistic Service Providers

One way to overcome rigidities and bottlenecks of operating through road and rail would be to encourage large logistic service providers and logistic service providers from other states to operate. Currently only logistic firms around Amritsar are operating. These are essentially local businessmen who have served this trade for several decades now and are familiar with the local systems which are opaque. Other logistic firms are reluctant to step in because they are unfamiliar with local systems and therefore tend to subcontract to local firms in Amritsar. With expanding trade between the two countries the trade basket is likely to get more diversified and the logistic needs would be more sophisticated. If more transparent systems are put in place then other operators will not be hesitant to step in. This would help in bringing in better practices and increase in scale of operations.

¹ Notification No. 45/2010 - Customs (N. T.) dated 04.06.2010, CBEC, India

6.5 Infrastructure Requirements

A separate fund would be required to upgrade infrastructure for rail LCS and the ICP. A public private partnership (PPP) model can be considered for building the infrastructure at the land ports. The facilities at ICP have not kept pace with the growing demand. If the trade dialogue is resumed and Pakistan allows all items to be transported by the road route, the ICP facilities would not be adequate.

Also so far the facilities at the land ports are provided solely by the public sector. It is important to permit private bonded warehouses to operate along with the CWC as is done at sea ports. This will create a more competitive and efficient environment.

Similarly traders are not aware that lab testing services can be provided by recognized private laboratories. This information should be made widely available to industry bodies. Using the services of private and public laboratories will lead to a more competitive and efficient environment and will reduce transaction costs.

So far banking facilities are lacking at the land ports. When they are introduced, both public and private banks should be permitted so that there is greater efficiency.

6.6 Compliance with the Trade Facilitation Agreement

Many of the problems related to land transport can be addressed by meeting the requirements of the Trade Facilitation Agreement. The problems related to **co-ordination between different agencies** can be addressed by setting up a National Trade Facilitation Committee as envisaged under Article 23 Para 1 and Para 2 of the Trade facilitation Agreement (Appendix D). The Government is currently in the process of setting up the Committee and is seeking inputs from stakeholders. Models adopted by different countries to set up a National Trade Facilitation Committee suggest that countries tend to co-opt an equal number of representatives from the public and private sectors². Thus, the LPAI should have an equal number of representatives from the public and private sector especially when selecting members from states which have international trade borders. This model has been followed by several countries in setting up their National Trade Facilitation Bodies.

The Trade facilitation Agreement has a provision for **consultative mechanism** in Article 2 Para 2 whereby Members have to provide for consultations between its border agencies and traders / stakeholders within its territory (Appendix E). Meeting the requirements of these provisions will automatically ensure that there are consultations between border agencies and traders, and also between border agencies of the two countries. Also the provisions require countries to hold such consultations at regular intervals. These measures would make the consultative process more sustainable. Similarly, Article 2 Para 1 requires member countries to provide an opportunity and an appropriate time frame to traders to comment on any new laws or regulations before they are introduced or amended (Appendix E).

² Taneja *et.al.* 2016

For trade to be conducted smoothly across borders the Trade Facilitation Agreement has a provision under Article 8 Para 1 and Para 2 for ***cooperation with countries with whom they share a common border*** with a view to coordinating procedures at border crossings (Appendix G). Such cooperation could include alignment of working days and hours; alignment of procedures and formalities; joint controls and establishment of one stop border post control.

The problems related to adhoc procedures being followed by different agencies can also be addressed by adhering to the provisions laid down in Article 1 Para 1 and Para 2 which requires countries to make available on the internet not only procedures related to trade but also the ***practical steps needed for importation***, exportation and transit (Appendix D). Even though documents required for exportation and importation are published and are easily available to traders and other stakeholders, the practical steps are not made available on the internet.

There is also a provision under Article 1 Para 3 whereby countries can maintain ***enquiry points*** to answer trade related queries and also provide forms and documents (Appendix D). Such a provision will also be useful for traders as there are multiple agencies having several procedures which change frequently without any notice.

Adhering to the provisions laid under Article 7 Para 1 and Para 2 will allow Indian and Pakistani traders to lodge trade documents in advance for ***pre-arrival processing*** using electronic methods; as well as make electronic payment of duties, taxes, fees and charges (Appendix F). Such systems of electronic data interchange will help expedite procedures at the border, eliminate manual lodging of documents, and most importantly allow for ***risk management system*** (RMS) to be put in place at land borders. RMS, as envisaged under Article 7 Para 4, would greatly reduce burden arising out of manual checking of consignments and the pressure on scanning and other security equipment. Having an electronic risk management system will also help deal with arbitrary and excessive checking of goods, as is often reported for trade between India and Pakistan (Appendix F).

The Trade Facilitation Agreement under its Article 11 also encourages members to allow ***transit of cargo***, thereby permitting goods from the neighbouring country to enter one's territory without any need for transshipment at the border, nor repeated loading/unloading of goods, and reliance on specific logistics operators (Appendix H). Facilitating movement of goods without transshipment would also make way for India and Pakistan to abide by the provisions laid under Article 11 Para 5 which encourages members to make available ***infrastructural facilities for traffic in transit***; given the poor infrastructural conditions at land ports. As per Article 11 Para 16, coordination and cooperation on charges, formalities, and practical operation of transit would help in rationalizing charges. Appointment of a ***national transit coordinator*** as envisaged under Article 11 Para 17 will help achieve the aim of having a comprehensive land transport policy, connecting all land ports between India and Pakistan, as well as land ports to the sea ports to connect with the rest of the world.

Table 2 maps the impediments faced by businesses in trading through Attari-Wagah and the provisions of the Trade Facilitation Agreement (TFA).

Table 2: Relevance of TFA for India-Pakistan Trade through Attari-Wagah

Issue	Provisions in Trade Facilitation Agreement (TFA) to Address the Issues
Lack of coordination between different agencies at land ports	<p><i>Article 23 Para 1 and Para 2:</i> The issue can be addressed by setting up a National Trade Facilitation Committee (Appendix I). LPAI should have an equal number of representatives from the public and private sector especially when selecting members from states which have international trade borders. This model has been followed by several countries in setting up their National Trade Facilitation Bodies.</p>
Absence of consultations between traders and border agencies	<p><i>Article 2 Para 2:</i> TFA has a provision for consultative mechanism whereby Members have to provide for consultations between its border agencies and traders / stakeholders within its territory (Appendix E). Also the provisions require countries to hold such consultations at regular intervals, making the consultative process more sustainable.</p> <p><i>Article 2 Para 1:</i> This provision of the TFA requires member countries to provide an opportunity and an appropriate time frame to traders to comment on any new laws or regulations before they are introduced or amended (Appendix E); thereby leading to a more inclusive policy formulation process.</p>
Lack of cooperation and coordination between the border agencies of India and Pakistan	<p><i>Article 8 Para 1 and Para 2:</i> This provision of the TFA envisages cooperation between countries sharing a common border with a view to coordinate procedures at border crossings (Appendix G). Such cooperation could include alignment of working days and hours; alignment of procedures and formalities; joint controls and establishment of one stop border post control.</p>
Practice of adhoc procedures followed by different agencies -	<p><i>Article 1 Para 1 and Para 2:</i> This provision requires countries to make available on the internet not only procedures related to trade but also the practical steps needed for importation, exportation and transit (Appendix D). Even though documents required for exportation and importation are published and are easily available to traders and other stakeholders, the practical steps are not made available on the internet.</p> <p><i>Article 1 Para 3:</i> This provision requires countries to maintain enquiry points to answer trade related queries and also provide forms and documents, which will be useful for traders as there are multiple agencies having several procedures which change frequently without any notice (Appendix D).</p>
Absence of electronic systems for facilitating trade at land borders that facilitate pre-	<p><i>Article 7 Para 1 and Para 2:</i> Systems of electronic data interchange, allowing Indian and Pakistani traders to lodge trade documents in advance for pre-arrival processing as well as make electronic payment of duties, taxes, fees and charges (Appendix F), will help expedite procedures at the border, eliminate manual lodging of documents, and most importantly allow for risk management system (RMS) to be put in</p>

Issue	Provisions in Trade Facilitation Agreement (TFA) to Address the Issues
arrival processing of documents , Risk Management System	<p>place at land borders.</p> <p><i>Article 7 Para 4:</i> RMS would greatly reduce burden arising out of manual checking of consignments and the pressure on scanning and other security equipment. Having an electronic risk management system will also help deal with arbitrary and excessive checking of goods, as is often reported for trade between India and Pakistan (Appendix F).</p>
Transshipment of goods at border -	<p><i>Article 11:</i> TFA under its Article 11 requires members to allow transit of cargo, thereby permitting goods from the neighbouring country to enter one's territory without any need for transshipment at the border, repeated loading/unloading of goods, nor reliance on specific logistics operators (Appendix H).</p> <p><i>Article 11 Para 5:</i> Facilitating movement of goods without transshipment would encourage India and Pakistan to make available infrastructural facilities for traffic in transit; given the poor infrastructural conditions at land ports.</p> <p><i>Article 11 Para 16:</i> Coordination and cooperation on charges, formalities, and practical operation of transit would help curb the monopoly power of the existing logistics operators at Attari.</p> <p><i>Article 11 Para 17:</i> Appointment of a national transit coordinator will help achieve the aim of having a comprehensive land transport policy, connecting all land ports between India and Pakistan, as well as land ports to the sea ports to connect with the rest of the world.</p>

6.7 Accessing to International Conventions

If granted transit rights, India could link up with Central Asia through Afghanistan and Pakistan could link up with South and South-East Asia. Accessing to international conventions allows countries to use best global harmonized practices.

The two most important legal instruments in this regard are the International Road Transport (TIR) Convention and Convention Concerning the International Transport of Goods by Rail (COTIF). These international conventions not only encourage participating countries to provide transit facilities, but also streamline procedures and guarantee the security of goods in transit. It is important to note here that while Pakistan has acceded to both of these conventions; India has not acceded to either of the two. Interestingly, Afghanistan has also acceded to the TIR Convention. Both Afghanistan and Pakistan are also members of the six-member Economic Cooperation Organization (ECO) of the Central Asian region³. The ECO member countries are all signatories to the TIR convention thereby enabling Afghanistan and Pakistan greater access and connectivity with Central Asia. The ECO secretariat has also

³ ECO member countries include Tajikistan, Uzbekistan, Turkmenistan, Iran, Afghanistan and Pakistan.

taken up the initiative to set up a rail link connecting Islamabad, Tehran and Istanbul; in order to allow continuous containerised movement of freight between Pakistan, Iran and Turkey using a common consignment note. Therefore, a move towards ratifying the TIR and COTIF conventions which permit seamless transport connectivity across national borders would be a landmark initiative for India as it would automatically connect it with Central Asia.

6.7.1 TIR Convention

The TIR Convention administered by the International Road Transport Union (IRU) supports multimodal movement of goods and transport over multiple borders, provided one leg of the journey is by road.

The TIR Convention has two key features. First, it allows goods to transit through countries in safe vehicles with minimum border checks using a single customs document called the TIR Carnet, which is recognized by all member countries. Second, the Carnet provides evidence of an international guarantee for customs duties and taxes that may become due at the destination country. As soon as a consignment enters into a territory it becomes liable for customs duties and taxes of that country. The international guarantee ensures that these taxes will be paid at the final destination.

The TIR system, through a series of contractual arrangements, empowers the national associations, typically representing the interests of the transport sector in a particular country, to undertake the TIR operation. The national association is authorized to use the TIR Carnet, and is also authorized by the Customs administration of that country to guarantee payment within that country of any duties and taxes which may become due in the event of any irregularity occurring in course of the TIR transport operation. This national guaranteeing association thus guarantees the payment of duties and taxes on national and foreign carriers under TIR Carnets, which have been issued by this national guaranteeing association itself or by an association in some other country. Every country therefore has the benefit for all TIR transport operations within its territory, and of a guarantee provided in its territory. There is always a national partner to which the Customs authorities can address themselves in cases of irregularity, irrespective of whether this irregularity was caused by a national or foreign transport operator. The TIR transit system may therefore be considered as a succession of national transit movements relying on international rather than national guarantees. However, the arrangements governing the establishment of the guarantee are based on national law and are usually contained in an agreement between the national Customs authorities and the national associations. All national guaranteeing associations constitute a guarantee chain linking all TIR operational countries. The guarantee chain is backed-up by several large international insurance companies and is supervised by the TIR Executive Board.

6.7.2 Convention Concerning the International Transport of Goods by Rail (COTIF)

Just as the TIR convention is the international best practice applicable to transit of goods via road; to simplify and streamline the movement and transit of goods via rail, the COTIF

convention was brought into place at Bern, Switzerland, in 1980. The convention is managed by the Intergovernmental Organisation for International Carriage by Rail (OTIF) which is committed towards developing *uniform systems of law that may apply to carriage of freight between countries through rail networks*. The focus of activities of OTIF primarily lies in the development of rail transport law in the areas of: Contracts of carriage for the international carriage of passengers and goods (CIV and CIM), Carriage of dangerous goods (RID), Contracts of use of vehicles (CUV), Contract on the use of railway infrastructure (CUI), Validation of technical standards and adoption of uniform technical prescriptions for railway material (APTU), and Procedure for the technical admission of railway vehicles and other railway material used in international traffic (ATMF).

In order to facilitate international trade and movement of goods through the regional railway networks, the convention enables production and presentation of a *common consignment note* at borders to allow transit of freight via multiple territories, all of which are ratified to the CIM component of COTIF.

The convention also has the provision whereby the costs (the carriage charge, incidental costs, customs duties and other costs incurred from the time of the conclusion of the contract to the time of delivery) shall be paid by the consignor (unless otherwise agreed between the consignor and carrier).

The convention allows for multi-modality, since under a single contract, uniform rules of international containerized transit under COTIF apply even if a part of journey is covered by road, sea, or inland-waterways, in addition to carriage by rail.

Thus, for carriage of freight by rail between India and Pakistan, not only must India accede to COTIF (especially the CIM component) and develop uniform laws governing rail transit, but also ensure technical uniformity as per the rules laid out under COTIF's APTU and ATMF components to ascertain certain technical standards and uniform technical provisions for railway equipment and railway vehicles for use in international rail transport.

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APPENDIX

Appendix A

Top Commodities Traded via Road Route

Top 5 commodities exported from India to Pakistan by Road (2014-15)

HS Code	Commodity	Value (US\$ Million)
23040030	Meal of soyabean, solvent extracted (defatted) variety	142.2
07020000	Tomatoes fresh or chilled	54.5
07019000	Potatoes fresh or chilled other than seeds	50.3
52010015	Indian cotton of staple length 28.5mm (1.4/32") and above	32.5
39012000	Polyethylene, specification 0.94 /more	20.7

Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Top 5 commodities imported by India from Pakistan by Road (2014-15)

HS Code	Commodity	Value (US\$ Million)
08041030	Dry dates hard (chhohara or kharek)	85.9
25232910	Ordinary portland cement, dry	37.5
25201010	Natural gypsum and anhydrite	19.5
70052990	Other non-wired glass	13.7
28362020	Disodium carbonate light	10.5

Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Top Commodities Traded via Rail Route

Top 5 commodities exported from India to Pakistan by Rail (2014-15)

HS Code	Commodity	Value (US\$ Million)
09042219	Crushed or ground; other fruits of genus capsicum	10.3
12119032	Psyllium husk (isobgul husk)	9.2
32041610	Reactive yellows	7.2
12099190	Vegetable seeds for planting n.e.s.	6.9
13019099	Other oleoresins	5.6

Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Top 5 commodities imported by India from Pakistan by Rail (2014-15)

HS Code	Commodity	Value (US\$ Million)
41071900	Other whole hids/skins	9.5
41041900	Other grain of bovine in wet state including wet-blue	5.9
52094200	Denim	1.4
25232910	Ordinary portland cement, dry	1.3
90189022	Surgical knives, scissors and blade	1.0

Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Top Commodities Traded via Sea Route

Top 5 commodities exported from India to Pakistan by Sea (2014-15)

HS Code	Commodity	Value (US\$ Million)
39021000	Polypropylene	83.7
29024300	p-xylene	81.6
07132000	Chickpeas (garbanzos) dried and shelled	46.5
54071039	Other dyed polyester fabrics	43.7
08011920	Coconut , dried excl. desiccated and endocarp	31.6

Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Top 5 commodities imported by India from Pakistan by Sea (2014-15)

HS Code	Commodity	Value (US\$ Million)
27101290	Naphtha	75.9
52010020	Foreign cotton of all staple lengths	35.6
27101990	Other petroleum oils and oils obtained from bituminous minerals	17.5
27101960	Base oil	12.8
08041030	Dry dates hard (chhohara or kharek)	12.4

Source: DGCIS, Ministry of Commerce and Industry, Govt. of India

Appendix B

THE LAND PORTS AUTHORITY OF INDIA ACT, 2010 NO. 31 OF 2010 [31st August, 2010.]

An Act to provide for the establishment of the Land Ports Authority of India to put in place systems which address security imperatives and for the development and management of facilities for cross border movement of passengers and goods at designated points along the international borders of India and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Sixty-first Year of the Republic of India as follows:—

CHAPTER II

THE LAND PORTS AUTHORITY OF INDIA 3. Constitution of Authority. - (1) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, there shall be constituted an Authority to be known as the Land Ports Authority of India. (2) The Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property both movable and immovable, and to contract and shall by the said name sue and be sued. (3) The Authority shall consist of— (a) a Chairperson; (b) two Members, out of whom one shall be Member (Planning and Development) and other shall be Member (Finance); (c) not more than nine members, ex officio, to be appointed by the Central Government from amongst the officers, not below the rank of the Joint Secretary to the Government of India, representing the ministries or departments of the Government of India dealing with Home Affairs, External Affairs, Revenue, Commerce, Road Transport and Highways, Railways, Defence, Agriculture and Cooperation, Law and Justice; (d) the Chief Secretary or his nominee not below the rank of the Secretary to the Government of the respective State where the integrated check posts are located; (e) two representatives, one of whom shall be from recognised bodies of workers and the other shall be from traders, to be appointed by the Central Government; and (f) such other representatives as the Central Government may co-opt for functional purposes. (4) The Chairperson and the members referred to in clause (b) shall be appointed by the Central Government and shall be whole-time members. (5) The Chairperson shall be chosen from among persons who have special knowledge and experience in the field of security, transport, industry, commerce, law, finance or public administration.

8. Meetings. - (1) The Authority shall meet at such times and places, and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at such meetings) as may be provided by regulations. (2) The Chairperson, or, if for any reason, he is unable to attend any meeting of the Authority, any other member chosen by the members present at the meeting shall preside at the meeting. (3) All questions which come up before any meeting of the Authority shall be decided by a majority of the votes of the members present and voting, and in the event of an equality of votes, the Chairperson, or in his absence the person presiding, shall have and exercise a second or casting vote

Appendix C

The Gazette of India

MINISTRY OF HOME AFFAIRS (Department of Border Management)

NOTIFICATION

New Delhi, the 24th February, 2012

S.O. 328(E).--In exercise of the powers conferred by sub-section (2) of Section (1) of the Land Ports Authority of India Act, 2010 (31 of 2010), the Central Government hereby appoints the 1st day of March, 2012 as the date on which the provisions of the said act shall come into force.

[F.No.13/1/2010-BADP]

K. K. MITTAL, Jt. Secy.

NOTIFICATION

New Delhi, the 24th February, 2012

S.O. 329 (E). – In exercise of the powers conferred by Section 3 of the Land Ports Authority of India Act, 2010 (31 of 2010), the Central Government hereby constitutes the Land Ports Authority of India with effect from 1st day of March, 2012 consisting of the following, namely:-

- (a) Shri Anil Goswami, Additional Secretary, Ministry of Home Affairs – Chairperson
- (b)
 - (i) Shri Rajvir Singh, IA and AS (1991), Member (Finance),
 - (ii) Shri Mehendra Ranga, IRS (Customs and Central Excise) (1990), Member (Planning & Development)
- (c)
 - (i) Joint Secretary, Department of Border Management, Ministry of Home Affairs --- Member, *ex-officio*
 - (ii) Joint Secretary (Bangladesh, Srilanka and Maldives Division), Ministry of External Affairs --- Member, *ex-officio*
 - (iii) Joint Secretary (General Staff), Ministry of Defence --- Member, *ex-officio*
 - (iv) Joint Secretary & Legislative Counsel, Legislative Department --- Member, *ex-officio*
 - (v) Joint Secretary (National Resources Management and Rainfed Farming System Division) Department of Agriculture & Cooperation --- Member, *ex-officio*

- (vi) Commissioner (Customs), Central Board of Excise and Customs, Department of Revenue ---Member, *ex-officio*
 - (vii) Joint Secretary, Department of Commerce (South Asia) --- Member, *ex-officio*
 - (viii) Executive Director, Traffic Transportation (Steel), Ministry of Railways, Railway Board --- Member, *ex-officio*
 - (ix) Joint Secretary, Ministry of Road Transport and Highways --- Member, *ex-officio*
- (d) Chief Secretary or his nominees not below the rank of the Secretary to the State Government of the each of the following States:-
- (i) Assam,
 - (ii) Bihar,
 - (iii) Manipur
 - (iv) Meghalaya,
 - (v) Mizoram,
 - (vi) Punjab,
 - (vii) Tripura,
 - (viii) Uttar Pradesh,
 - (ix) West Bengal,
- (e)
- (i) One representative from recognized bodies of workers (to be appointed by Central Government),
 - (ii) One representative from recognized bodies of traders (to be appointed by Central Government).

2. The Head Office of the Authority shall be at New Delhi.

(F. No. 13/1/2010-BADP)

K.K. MITTAL, Jt. Secy

Appendix D

ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION

1 Publication

1.1 Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to

become acquainted with them:

- (a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;
- (b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;
- (c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;
- (d) rules for the classification or valuation of products for customs purposes;
- (e) laws, regulations, and administrative rulings of general application relating to rules of origin;
- (f) import, export or transit restrictions or prohibitions;
- (g) penalty provisions for breaches of import, export, or transit formalities;
- (h) procedures for appeal or review;
 - (i) agreements or parts thereof with any country or countries relating to importation, exportation, or transit; and
 - (j) procedures relating to the administration of tariff quotas.

1.2 Nothing in these provisions shall be construed as requiring the publication or provision of information other than in the language of the Member except as stated in paragraph 2.2.

2 Information Available Through Internet

2.1 Each Member shall make available, and update to the extent possible and as appropriate, the following through the internet:

- (a) a description¹ of its procedures for importation, exportation, and transit, including procedures for appeal or review, that informs governments, traders, and other

interested parties of the practical steps needed for importation, exportation, and transit;

- (b) the forms and documents required for importation into, exportation from, or transit through the territory of that Member;
- (c) contact information on its enquiry point(s).

2.2 Whenever practicable, the description referred to in subparagraph 2.1(a) shall also be made available in one of the official languages of the WTO.

2.3 Members are encouraged to make available further trade-related information through the internet, including relevant trade-related legislation and other items referred to in paragraph 1.1.

3 Enquiry Points

3.1 Each Member shall, within its available resources, establish or maintain one or more enquiry points to answer reasonable enquiries of governments, traders, and other interested parties on matters covered by paragraph 1.1 and to provide the required forms and documents referred to in subparagraph 1.1(a).

3.2 Members of a customs union or involved in regional integration may establish or maintain common enquiry points at the regional level to satisfy the requirement of paragraph 3.1 for common procedures.

3.3 Members are encouraged not to require the payment of a fee for answering enquiries and providing required forms and documents. If any, Members shall limit the amount of their fees and charges to the approximate cost of services rendered.

3.4 The enquiry points shall answer enquiries and provide the forms and documents within a reasonable time period set by each Member, which may vary depending on the nature or complexity of the request.

Appendix E

ARTICLE 2: OPPORTUNITY TO COMMENT, INFORMATION BEFORE ENTRY INTO FORCE, AND CONSULTATIONS

1 Opportunity to Comment and Information before Entry into Force

- 1.1** Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, provide opportunities and an appropriate time period to traders and other

interested parties to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement, release, and clearance of goods, including goods in transit.

- 1.2** Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, ensure that new or amended laws and regulations of general application

related to the movement, release, and clearance of goods, including goods in transit, are published or information on them made otherwise publicly available, as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them.

- 1.3** Changes to duty rates or tariff rates, measures that have a relieving effect, measures the effectiveness of which would be undermined as a result of compliance with paragraphs 1.1 or 1.2,

measures applied in urgent circumstances, or minor changes to domestic law and legal system are each excluded from paragraphs 1.1 and 1.2.

2 Consultations

Each Member shall, as appropriate, provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

Appendix F

ARTICLE 7: RELEASE AND CLEARANCE OF GOODS

1. Pre-arrival Processing

- 1.1** Each Member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.
- 1.2** Each Member shall, as appropriate, provide for advance lodging of documents in electronic format for pre-arrival processing of such documents.

2. Electronic Payment

Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees, and charges collected by customs incurred upon

importation and exportation.

4. Risk Management

- 4.1** Each Member shall, to the extent possible, adopt or maintain a risk management system for customs control.
- 4.2** Each Member shall design and apply risk management in a manner as to avoid arbitrary or unjustifiable discrimination, or a disguised restriction on international trade.
- 4.3** Each Member shall concentrate customs control and, to the extent possible other relevant border controls, on high-risk consignments and expedite the release of low-risk consignments. A

Member also may select, on a random basis, consignments for such controls as part of its risk management.

- 4.4** Each Member shall base risk management on an assessment of risk through appropriate selectivity criteria. Such selectivity criteria may include, *inter alia*, the Harmonized System code, nature and description of the goods, country of origin, country from which the goods were shipped, value of the goods, compliance record of traders, and type of means of transport.

Appendix G

ARTICLE 8: BORDER AGENCY COOPERATION

1. Each Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation, and transit of goods cooperate with one

another and coordinate their activities in order to facilitate trade.

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating

procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

- (a) alignment of working days and hours;
- (b) alignment of procedures and formalities;
- (c) development and sharing of common facilities;
- (d) joint controls;
- (e) establishment of one stop border post control.

Appendix H

ARTICLE 11: FREEDOM OF TRANSIT

5. Members are encouraged to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit.

16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:

- (a) charges;
- (b) formalities and legal requirements; and
- (c) the practical operation of transit regimes.

17. Each Member shall endeavour to appoint a national transit coordinator to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

Appendix I

ARTICLE 23: INSTITUTIONAL ARRANGEMENTS

1 Committee on Trade Facilitation

- 1.1** A Committee on Trade Facilitation is hereby established.
- 1.2** The Committee shall be open for participation by all Members and shall elect its own Chairperson. The Committee shall meet as needed and envisaged by the relevant provisions of this Agreement, but no less than once a year, for the purpose of affording Members the opportunity to consult on any matters related to the operation of this Agreement or the furtherance of its objectives. The Committee shall carry out such responsibilities as assigned to it under this Agreement or by the Members. The Committee shall establish its own rules of procedure.
- 1.3** The Committee may establish such subsidiary bodies as may be required. All such bodies shall report to the Committee.
- 1.4** The Committee shall develop procedures for the sharing by Members of relevant information and best practices as appropriate.
- 1.5** The Committee shall maintain close contact with other international organizations in the field of trade facilitation, such as the WCO, with the objective of securing the best available advice for the implementation and administration of this Agreement and in order to ensure that unnecessary duplication of effort is avoided. To this end, the Committee may invite representatives of such organizations or their subsidiary bodies to:
- (a) Attend meetings of the Committee; and
 - (b) Discuss specific matters related to the implementation of this Agreement.
- 1.6** The Committee shall review the operation and implementation of this Agreement four years from its entry into force, and periodically thereafter.
- 1.7** Members are encouraged to raise before the Committee questions relating to issues on the implementation and application of this Agreement.
- 1.8** The Committee shall encourage and facilitate ad hoc discussions among Members on specific issues under this Agreement with a view to reaching a mutually satisfactory solution promptly.

2 National Committee on Trade Facilitation

Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.

LATEST ICRIER'S WORKING PAPERS

NO.	TITLE	AUTHOR	YEAR
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