

ESCAP-OSJD Joint document on potential of electronic information exchange to streamline customs formalities in international railway transport

2022

This document was prepared by Transport Division, ESCAP together with the Organisation for Cooperation Between Railways (OSJD).

The views expressed are those of the authors and do not necessarily reflect the views of the United Nations Secretariat and OSJD. The opinions, figures, and estimates set forth are the responsibility of the authors and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations and OSJD.

The designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations and OSJD concerning the legal status of any country, territory, city, or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of firm names and commercial products does not imply the endorsement of the United Nations and OSJD

This document is issued without formal editing.

This is an information document of recommendatory nature.

First edition.

Table of Contents

I.	Background.....	5
II.	Current situation at the railway border crossings.....	5
	A. Complex environment of railway border crossings	6
	B. Main stakeholders at the railway border crossings	7
	C. Fragmented legal environment for international railway transport.....	8
	D. Main processes undertaken at rail border crossings.....	9
	E. Information required for completion of border crossing formalities.....	9
III.	Electronic information exchange between railways and among railways and Customs	10
	A. Electronic exchange of information among Railways in Europe	10
	B. Electronic information exchange between OSJD members.....	11
	C. CIS Council for Railway Transport initiatives on electronic information exchange.....	12
	D. Electronic consignment note.....	12
IV.	Requirements for electronic information exchange among railways and control agencies	13
V.	Streamlining customs formalities for international railway transport using electronic information exchange	14
	A. Consignment note as customs transit declaration	14
	B. Use of new technologies at rail border crossings.....	14
	C. Implementation of joint control measures	15
	D. Electronic pre-arrival intimation will support advance risk assessment.....	16
	E. Electronic interface between railway and border agencies for streamlining customs formalities	16
	F. Facilitated customs formalities for rail transit including simplified procedures for authorized rail operators	17

Key Messages

Being one of the more sustainable modes, rail needs to be promoted proactively, to address many of the negative externalities of transport that have recently been exacerbated. The rapid increase in trans-continental freight trains over the last decade have firmly established role of rail in fostering sustainable transport connectivity between Asia and Europe and vice versa.

The resilience demonstrated by rail transport during the pandemic as well as need for digital and electronic information exchange underscored by the pandemic provides yet another opportunity to give big push to rail competitiveness by leveraging use of electronic information exchange for completing border formalities.

Efficient rail border crossings are one of the important elements for enhancing the competitiveness of international railway transport and therefore proactive measures are needed to address inefficiencies. Railway border crossings have complex environment with many competing stakeholders. All of them however need information to complete their task and therefore electronic information interchange at rail border crossing is important to improve the efficiency.

Electronic information exchange between railways and among railways and control agencies is, however, fragmented due to diverse legal and regulatory frameworks underpinning them. OSJD provides a comprehensive guidance on many aspects of electronic information exchange among railways through its agreements and various leaflets. The initiatives on electronic information exchange between railways and among railways and control agencies should precede with simplification and standardization of information requirements.

This recommendatory document has been prepared jointly by ESCAP and OSJD to provide railways and border agencies with insight into potential of electronic information exchange to streamline border crossing formalities. The document has been drafted according to the recommendation of the International Inter-Agency Conference of the OSJD member countries "Practice of border crossing by rail" that took place in September 2021.

Areas where electronic information exchange can support streamlining border crossing processes include integrated risk assessment, use of new technologies, and joint execution of control measures both behind and across the borders. Customs formalities associated with rail transit can be simplified through electronic information exchange. A joint electronic interface between railways and other relevant stakeholders can provide for efficient exchange of information required for commercial, operational, and regulatory purposes.

I. Background

Railway border crossing processes play a central role in facilitating international railway transport. As the strength of a chain is equal to the strength of the weakest link, one weak railway border crossing could undermine the efficiency of the entire railway corridor. Delays stemming from the completion of border crossing formalities lead to unjustifiably increased transit time for railway transport, adversely affecting its competitiveness compared with other modes of transport.

This not only increases logistic costs for firms, but it also reduces the reliability, predictability and punctuality of freight trains, which, in turn, leads to a vicious cycle of low reliability, low demand for freight train services and higher transport costs and ultimately impedes investments in border crossing facilities.

The imperatives of sustainable development and the need for sustainable transport are prompting countries to reorient their transport strategy towards railway transport. In line with the expansion of international railway transport, the efficiency of railway border crossings are set to gain importance to ensure that movement of freight by railways is predictable and reliable – the two key features that shippers consider when choosing a mode of transport.

The present document has been prepared according to the third recommendation of the International Inter-Agency Conference of the OSJD member countries "Practice of border crossing by rail" that took place virtually on 21-22 September 2021.

The recommendation reads as follows, *“the OSJD and UN ESCAP to consider the possibility of preparing a recommendatory document on electronic data exchange in view of the available OSJD experience and documents in order to streamline customs formalities in international rail transport among UN ESCAP countries”*

II. Current situation at the railway border crossings

There are 59 pairs or 118 railway border crossings along the Trans-Asian Railway network. Railway border crossings in Asia and the Pacific have numerous similarities in terms of border crossing operations and formalities, but also have significant differences.

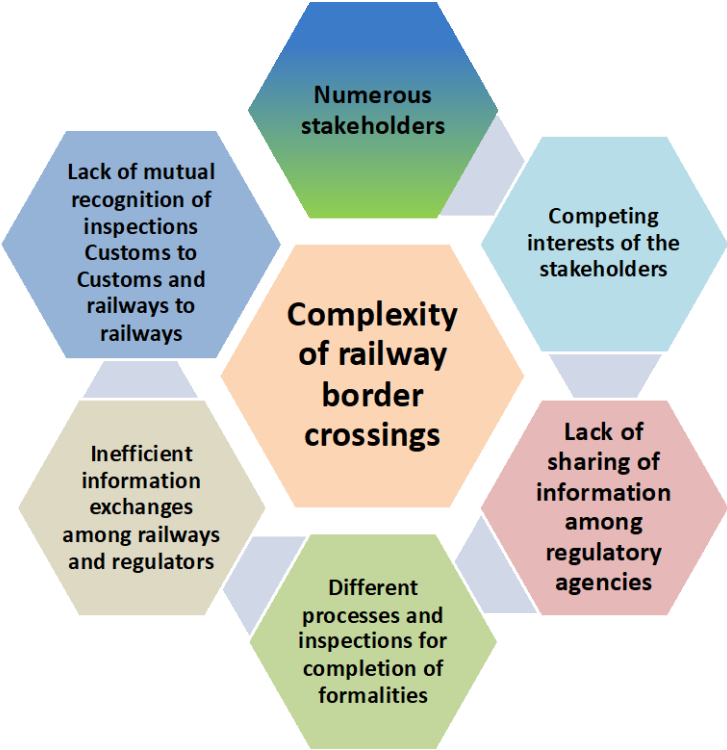
According to OSJD statistics established in 2016, five pairs of border crossings in the Asia-Pacific region dealt with an annual volume of cargo exceeding 15 million tons; and nine pairs of border crossings dealt with an annual volume of cargo of between 5 and 15 million tons.

Railway border crossings can be choke points and impede international railway transport. Accordingly, a comprehensive approach is needed to tackle railway border crossing delays. Some of the factors that lead to inordinate delays are inefficient organization of railway operations, such as lack of coordination, exchange of paper-based documents, and lengthy and uncoordinated regulatory controls of customs and other government agencies; dealing with break of gauge; and inadequate railway facilities and equipment at border crossings. In addition to significant delays, those factors also result in uncertain arrival times and increased transport costs.

A. Complex environment of railway border crossings

The environment at railway border crossings is complex because of the involvement of numerous stakeholders, which often have different interests. The consignee, consignor, freight forwarders, customs brokers, importers and exporters all want formalities to be minimal and completed quickly.

Complex environment of railway border crossing



Regulators, such as customs authorities, phytosanitary and sanitary agencies, authorities responsible for licences and permits, immigration authorities and border guards need specific information to complete the formalities to ensure compliance of rules and regulations. The

regulatory authorities also face particular challenges pertaining to goods, namely as to what and how much to inspect to complete the formalities.

B. Main stakeholders at the railway border crossings

Railways are the main stakeholders at railway border crossings. Several operations must be carried out by adjacent railways at the border crossings, involving the technical, commercial and operational handover of trains from one railway to another. The technical part involves inspection of rolling stock, and the commercial handover includes information on goods being transported.

Many regulatory agencies are at railway border crossings to ensure that rules and regulations for cross-border movement of freight trains are complied with. The number of agencies at the border crossing depends on the type of border crossing and the freight handled. Other entities are also there to complete those formalities.

Customs is a major government agency at railway border crossings. Its primary concern is to ensure compliance of the customs regulations related to the import, export and transit of goods. Concurrently, it is also responsible for preventing smuggling and ensuring security during the transport process.

Some other government agencies at border crossings are border guards and police from the immigration department. Their main objective is to control the movement of people at railway border crossings. Phytosanitary, sanitary and radiology authorities are also present at some railway border crossings.

The interface between regulators and railways at railway border crossings can be complex, and the requirements for completion of the formalities need substantial harmonization among the countries. Customs seals or inspections are not mutually recognized unless there is an arrangement to that effect. Formation of a single customs territory, such as the Eurasian Economic Union, can potentially simplify railway border crossing formalities within the internal borders of the countries that are members of such Unions.

Lack of an appropriate mechanism for sharing information and mutual recognition of inspection results among the regulatory agencies leads to duplication of many processes at railway border crossings. For example, if the results of rolling stock inspections and related certification are not mutually acceptable, this leads to duplication of inspections and inordinate delays to complete the border crossing formalities.

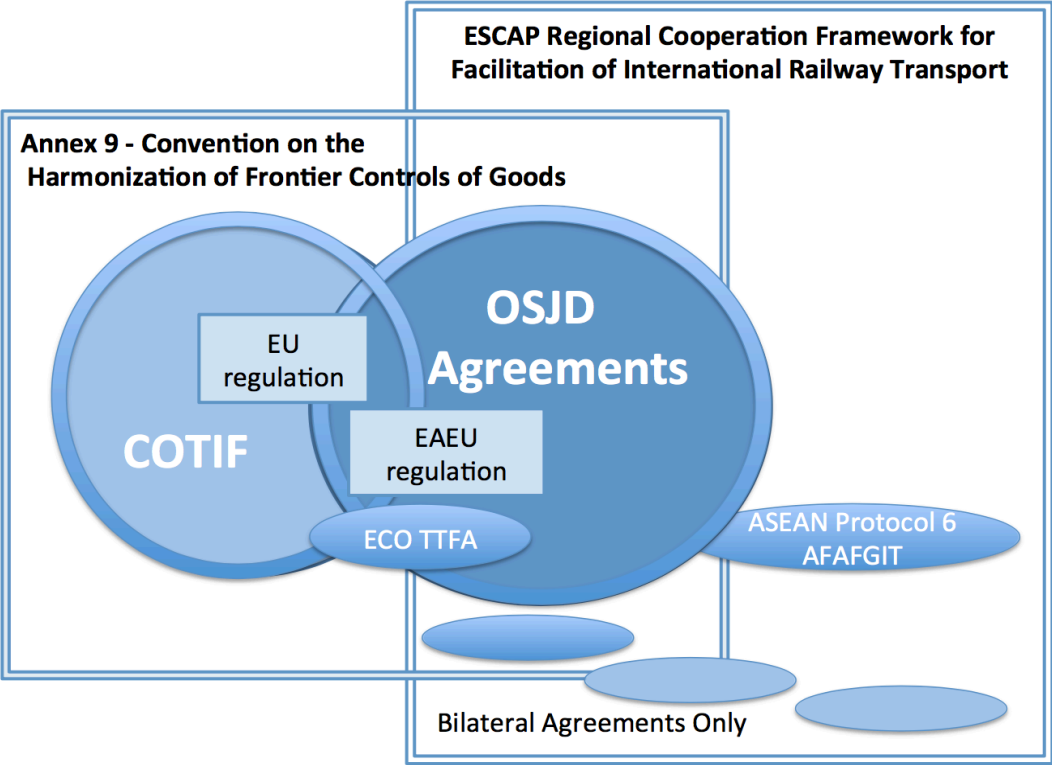
The private sector stakeholders present at railway border crossings include shippers or their representatives, such as freight forwarders or customs brokers who organize the shipment and

comply with the formalities related to the transportation of goods from origin to destination. The forwarders and brokers further contract with the carriers for the transport of goods. At some railway border crossings, companies under the control of railways have been mandated to support railway operations, such as shunting or train marshalling.

C. Fragmented legal environment for international railway transport

The legal arrangements on international railway transport, customs and other regulatory border crossing requirements determine the operations and formalities at railway border crossings. Numerous international railway instruments affect railway border crossing procedures. Foremost among them are the legal regimes developed by two railway organizations, OSJD and the Intergovernmental Organisation for International Carriage by Rail (OTIF). The OSJD agreements and the Convention concerning International Carriage by Rail provide comprehensive legal frameworks that cover most aspects of international railway transport, including consignment notes, use of wagons and other areas that are relevant for rail transport operations including border crossing processes.

Fragmented railway legal environment



Of the 28 countries that are members of the Trans-Asian Railway network, 14 are members of OSJD and six of OTIF, including three countries that have dual memberships. The ESCAP members that are contracting parities to one or both legal regimes have reached a certain level of harmonization in international railway transport; however, it should be noted that many ESCAP member countries do not participate in either of them.

Fragmentation of international railway transport based on different legal regimes and numerous bilateral arrangements poses a challenge to achieving a seamless international railway transport because of different rules, documents, procedures and practices. The organization of the railway operations at railway border crossings where the legal regimes are different is burdened by the requirement for different railway transport documents. Divergence in formalities for railway transit among the countries compounds delays at the border crossings.

D. Main processes undertaken at rail border crossings

A freight train normally goes through five processes after arriving at a railway border crossing:

- Commercial handover of goods from one railway to another;
- Technical handover of trains, including dealing with break of gauge;
- Customs formalities;
- Border guard and immigration formalities; and
- Other government agencies formalities.

E. Information required for completion of border crossing formalities

To initiate and complete the railway operations and regulatory formalities at railway border crossings, the following details are usually required: estimated time of arrival and deviations from the timetable, if any, for scheduled trains; the consignment note, as the information contained in the note is standardized and includes data on the consignor, consignee, and goods (harmonized nomenclature and description), destination or delivery point, commercial specifications, freight rates and additional services fees levied by the railway undertaking, invoicing and payment instructions, and weight; and the wagon list containing information on the wagons to be handed over to the next railways, with the document used as specified or agreed.

Most border crossings in the region rely on paper-based workflow and processes. Information is exchanged by telephone, faxes, emails and manual copying of documentation, which results in delays and inefficiency at the border crossings. The lack of pre-arrival information does not allow for any preparation before the arrival of a train regarding the main processes undertaken at railway border crossings. The procedures are initiated on actual arrival of the freight train when the

locomotive driver hands over the paper documents to representatives of the receiving railway. The departing train needs to have those documents when leaving the crossing.

The paper documents include the wagon list, consignment notes, and information on customs seals that need to be verified upon the arrival of the train. When all the procedures are finalized, the documents are signed or stamped before being handed over to the representative of the next railways. After the railway documents are handed over at the interchange station, the information may be keyed in the national railways electronic systems, when such systems are available.

Regulators and railways require information to initiate and complete the formalities at the border crossings. Accordingly, the way information flows and is shared with relevant stakeholders has a significant effect on the efficiency of railway border crossings.

III. Electronic information exchange between railways and among railways and Customs

Electronic exchange of information among railways can enhance the efficiency of processes at the border crossings enormously. If the information required were to be exchanged electronically, the organization of the processes at railway border crossings could be significantly streamlined. To date, many countries in Europe are harnessing the advantages of electronic interchange of data among railway undertakings.

The electronic information exchange among railways can significantly enhance the efficiency of information exchange. However, many challenges remain to harness their potential along the international railway corridors. The electronic exchange solutions have been historically determined by the legal requirements and principles relating to the functioning of 1,435 and 1,520 mm railway gauges and the corresponding business demands.

A. Electronic exchange of information among Railways in Europe

To harmonize the initiatives on electronic exchange of information between railways and other stakeholder among countries in Europe, the European Commission has issued regulations on Telematics Application for Freight-Technical Specifications for Interoperability (TAF-TSI), which require electronic data interchange among the railway undertakings, infrastructure managers, customs and, in certain cases, with other government agencies. The regulation deals with various aspects of information exchange, including technical specifications of interoperable data exchange between infrastructure managers and railway undertakings within the European Union and with non-European Union States if they agree to comply with the regulations.

B. Electronic information exchange among railways of OSJD members

For countries along the Trans-Asian Railway who are members of OSJD, the Article 6 (10) and 7(14) of the Agreement on International Freight Transportation by Rail (SMGS) provides legal background for the use of electronic documents between railway companies. According to the agreements on application of the EDI system, the information support starts from the moment of acceptance of the freight for carriage and followed by the transfer of the advanced notification information to the relevant border stations for advance notification and document processing. The data transfer is being done using the international standard UN/EDIFACT.

Electronic signature is being applied to ensure the integrity and legal relevance of electronic documents. The principal tasks for successful implementation of the legally relevant EDI have been elaborated in OSJD leaflet P 941-4 “ Typical technical specifications on cross border cooperation between public key infrastructures use by railway operated by member countries of the OSJD”.

- Elaboration of mutual recognition of the electronic signature and certificates issued under different legal regimes
- Development of specific programming and computer-aided means (as the parties participating in information exchange process may belong to the different legislative regimes which may preclude acceptance of cryptographic algorithms used by the parties)
- Elaboration of technical conditions for transfer, handling and verification of electronically signed documents

OSJD has also developed an efficient instrument to ensure application of legally relevant documents for international freight carriage, by means of the Trusted Third Party (TTP) services. The main functions of the TTP are (i) verification of the electronic signature generated under different legal regime and using foreign cryptographic standards, and (ii) acknowledgement of its legitimacy in accordance with the legislation of the receiving party.

The main document regulating the format of electronic messages in the OSJD railway area is the OSJD Leaflet O+R 943 “Catalogue of standardized electronic messages in UN/EDIFACT standard for international freight carriage in accordance with SMGS which contains provisions of both mandatory and voluntary application.

The Leaflet O+R 943 applies to any international exchange of information by messages in the structure of the UN/EDIFACT standard. The messages presented in the Leaflet are intended for use in the exchange of information between railways and railway enterprises that are part of OSJD under the conditions of the SMGS agreement, as well as between rail networks with a gauge of 1520 mm. It is assumed that the exchange is carried out between the information systems of

railway enterprises for international freight traffic, and that the participants in the information interaction have concluded the relevant Exchange Agreement.

C. Council for Railway Transport initiatives on electronic information exchange

Established in 1992 by governments of the Commonwealth of Independent States (CIS), the Council for Railway Transport is currently consisting of 11 railway administrations from the CIS (full members), 6 associate and other members, and 2 observers. CIS CRT is a railway sector organization with a strong expert capacity and wide geographic scope of application, providing legal and technical regulation for a major part of the 1520 mm railway area.

Automated system (AS) MESPLAN is used to develop the monthly consolidated freight loading plan at international level, elaborate the international freight transportation plan based on applications submitted by the participating railways. Currently MESPLAN is being managed by the IT center of the CIS CRT (co-financed by the members of the CIS CRT). The data exchange includes all the members of the CIS CRT. Components of the MESPLAN system are aimed at:

- Estimation of the consolidated network-wide freight loading and transportation plan based on single estimation algorithms and on an international single applications database
- Creation of an international database of lead indicators and technical requirements for analytical reporting to analyze operation of the international railway network
- Automatic admission of lead indicators submitted by the participating railways
- Distinction of international and national data flows
- Integration of other national and international systems

The railway network of CIS countries does not apply any single web-based application for vehicle tracking. This, however, is being partly compensated by the mutually exchanged specific messages and information which allows the sufficient tracking of wagons and goods in the whole network. The exchange process is being coordinated by the single IT center of the CIS CRT.

D. Electronic consignment note

Use of electronic consignment note plays a major role in railway-to-railway electronic information exchange as consignment note contains the information required by adjacent railways as well as by control agencies. CIM/SMGS common consignment note has been created as a solution to avoid consignment note exchange. The main advantage of this joint product is that it covers two major international railway frameworks: COTIF law which is dedicated mainly to the 1435 mm railway system and SMGS framework targeting 1520 mm railway area.

Application of the common CIM/SMGS consignment note allows uninterrupted passage through the majority of Western and Central European borders, starting freight transportation under COTIF rules and delivering the goods to a destination in the SMGS jurisdiction (and vice versa). The paper version of the CIM/SMGS consignment note has been successfully implemented and the geographic scope of its application is constantly growing.

The work on technical specification of the electronic CIM/SMGS consignment note is being carried by OSJD and CIT. One reason for pending full implementation of the electronic CIM/SMGS consignment note is that even though the CIM/SMGS is being accepted by the customs as a valid railway document in many countries, there is insufficient practice of its implementation because the customs formalities on both sides of the 1435 mm – 1520 mm railway border still call for the paper version of the CIM/SMGS consignment note.

Electronic information exchange among railways driven by initiatives among some countries of the region can potentially lead to the development of different electronic systems for the same processes and events. Such multiplicity can undermine the seamless flow of information, particularly along the international railway corridors, undermining the efficiency of transport operations along the corridors.

IV. Requirements for electronic information exchange among railways and control agencies

Apart from having a supporting legal framework, the initiatives on electronic information exchange between railways and among railways and control agencies should precede with simplification and standardization of information requirements.

The introduction of electronic information exchange for railway transport should be preceded as long as possible by the standardization of the data requirements of the railways and the government agencies responsible for controls at railway border crossings. The number of requirements for submission of supporting documents should be reduced to only the ones necessary for the efficient completion of regulatory formalities.

Customs and other government agencies often require excessive documents, such as sales contracts, bills of lading, letters of credit, other commercial documents and various certificates, and carry out administrative formalities, such as stamping documents to complete border formalities.

In order to avoid duplication of information, it may be appropriate to pre-establish a list of required documents to streamline clearances at the border crossings. Development of efficient risk analysis,

intelligence gathering and effective post clearance audits can reduce excessive document requirements and related formalities while increasing the quality of controls.

Standardized and harmonized data and documents could make it possible to streamline border crossing processes; enhance the efficiency of the electronic exchange of information among stakeholders; introduce an electronic single window for railway transport; jointly use inspection facilities; and integrate risk analysis and introduce joint controls.

To address the issues of different and excessive data and documentary requirements of customs and other regulatory agencies, there is need for regional consultations to agree on minimum data requirements for international railway transport.

V. Streamlining customs formalities for international railway transport using electronic information exchange

A. Consignment note as customs transit declaration

Customs requires transit declaration for goods in transit. Filing a transit declaration involves preparing the information as contained in the consignment note of the goods being transported. To avoid duplication in keying the data, the railway consignment note is being recommended as a customs document because it contains the information required by customs.

Because consignment note contains information required by control agencies especially by customs the recognition of consignment note as a customs document can contribute to streamlining customs formalities which, in turn, reduces the time and costs for completion of customs formalities.

Article 9 of Annex 9 to International Convention of Harmonization of Frontier Control of Goods also provide for use of the CIM/SMGS railway consignment note as customs document. The provision reads as follows: *The Contracting Parties may use, instead of the other shipping documents currently stipulated by international treaties, the CIM/SMGS railway consignment note, which at the same time could be a customs document.*

B. Use of new technologies at rail border crossings

Digital information exchange among railways and customs will facilitate use of new technologies in completing railway border crossing formalities making them more efficient. The application of new technologies, such as dynamic scanners and dynamic scales, makes it possible to collect data required for completion of required controls while the train is in motion. Non-intrusive inspections

for cargo and transport, such as using X-ray scanners and mobile scanners, would contribute towards making the completion of control formalities more efficient.

Examples of other new technologies that could be used at railway border crossings are: individual or multifunctional systems that provide electronic surveillance with video monitoring; automated train and wagon commercial inspection with electronic gate sensors; thermal image technology and video monitoring for checking oversized cargo, correct loading of the goods, cargo fastening elements, security and safety of cargo; automated recognition and registration of wagons, which detects the number of wagon cars or container numbers; and automated monitoring of radiation and leakage of chemical substances.

The railways and control authorities can use the inspection facilities and share results. If the inspection systems are installed at different location from where the clearance takes place, the data collected needs to be transmitted to the control centres at the border crossing and, if necessary, to inland customs offices, so that when the train arrives at the station, the railways, customs and other control authorities have the information available in their systems.

Implementation of automated systems could significantly reduce the processing time for the inspection of trains and improve the efficiency of technical and commercial inspections as well as of regulatory controls. Customs authorities should encourage the adaption of new technologies and align their systems with railways to expeditiously get the information they need to complete the required formalities.

C. Implementation of joint control measures

Electronic information exchange can facilitate joint implementation of control measures by border agencies behind and across the borders. The customs formalities between neighbouring countries can be organized at one joint railway border crossing station designated for that purpose. It is also possible for control agencies of one country to carry out inspections at the entry and share the results with their counterparts in the adjacent country. This, however, is only feasible if there is a mutual recognition of control measures and results.

Such joint inspection at the border crossings of different countries must comply with their own laws and regulations for control and enforcement and regulated by a bilateral agreement. Planning and implementing joint controls should be approached systematically to address the concerns of the all the agencies involved.

Another option is to have sequential controls under which countries complete controls independently. This option makes it possible to avoid duplication of inspections and enables the

quick release of goods, but there must be good cooperation among the various agencies at the border and electronic information can facilitate such cooperation.

Shifting of clearance formalities to inland locations can reduce congestion and speed up the completion of transit formalities at railway border crossings. Article 5 of annex 9 to the Harmonization Convention also calls on contracting parties to arrange all forms of joint controls on the basis of bilateral agreements.

D. Electronic pre-arrival intimation will support advance risk assessment

Owing to the increasing volume of goods and vehicles crossing international borders, it is impossible to physically verify all goods in transit. Using advance information provided in the electronic declaration, customs normally undertake risk analysis based on pre-defined criteria to identify the required level of inspections for the goods. Where relevant, customs and other government agencies could conduct an integrated risk assessment to identify goods for joint inspections.

Integrated risk analysis is particularly important for railway border crossings with high traffic flows. In general, inspections of goods in transit at railway border crossings should be minimal and justifiable. Subsequently the pre-arrival intimation can be randomly verified with electronic customs transit declaration (e-CTD) that would be submitted by each carrier (contractual / first carrier and successive carriers) to the Customs authorities in jurisdiction of their own country.

For railways having high volumes of cross border and transit traffic, railway-to-customs (R2C) electronic interface should be developed and should be used for submission pre-arrival intimation and e-CTD that is based on information contained in the railway consignment note data elements.

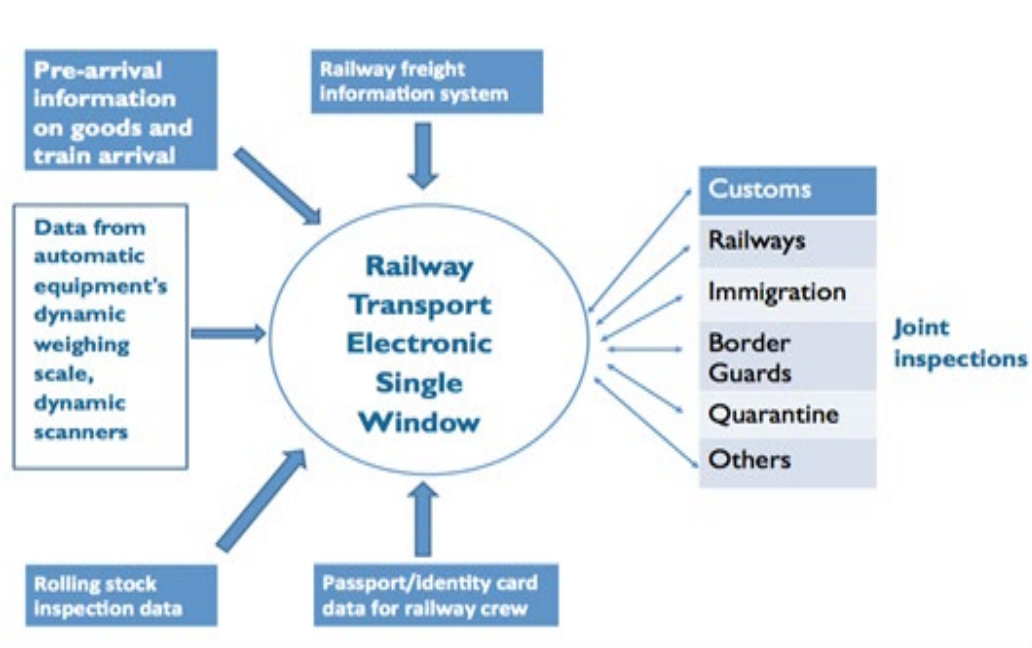
E. Electronic interface between railway and border agencies for streamlining customs formalities

Electronic information exchange among the stakeholders can facilitate development of an electronic interface/electronic single window which can further streamline border crossing formalities.

The data obtained from multiple sources such as: electronic systems of railways, Customs authorities, immigration services; automatic control equipment's/systems; and dynamic scanners could be stored on the neutral platforms or the single window for railway transport.

Thereafter, they can provide the control authorities at border crossing points with such data to conduct the checks required by regulatory documents. The data can also be accessed by control authorities at the railway border crossing for completion of regulatory formalities.

Electronic interface between railway and border agencies



Source: Adapted from Model on Integrated Controls at Border Crossings

(<https://www.unescap.org/resources/model-integrated-controls-border-crossings>)

The interface can be linked other national electronic systems as deem appropriate including national single window facility, e-customs and with the digital systems of the carriers for efficient information exchange reducing the need for resubmission of similar information.

Introduction of cross border electronic information exchange among related government agencies can contribute to smooth cross-border operations and reduction of delays at the railway border crossing. It aids risk management and therefore the efficiency of controls to be conducted by Customs and other government agencies.

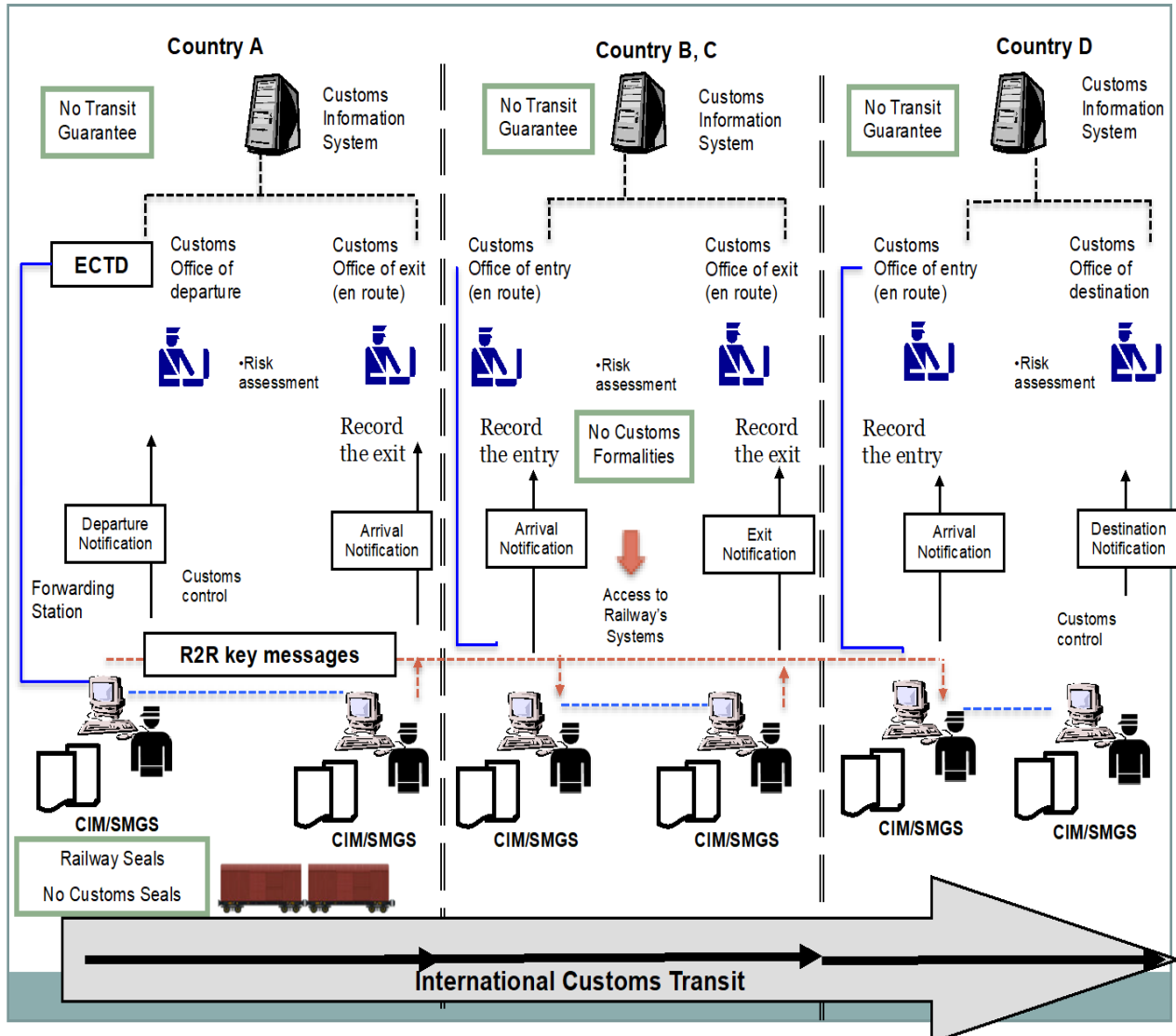
The electronic interface between railways and border agencies/electronic single window can be run under public private partnership, or it can run by a government agency formulated for this purpose. The proposed electronic interface of railways and border agencies is a neutral platform to process information and facilitate regulatory agencies to complete their formalities efficiently. The border agencies need to sign memorandum of understanding with the railways on various aspects of electronic information exchange.

F. Facilitated customs formalities for rail transit including simplified procedures for authorized rail operators

The use of electronic information exchange can have huge impact to streamline formalities associated with rail customs transit. The entire guarantee management system as well formalities

at office of departure, transit, and destination will be automatic based on exchange of electronic messages.

Possible streamlining of custom formalities for rail transit with electronic information exchange



Source- Author

The guarantee itself can be reduced or waived completely as its requirement by customs is normally related to the perceived risk, associated especially with transportation processes in rail transport. Electronic pre-arrival intimation can facilitate assessment of possible risk and with the use of electronic seals that makes real time tracking of goods in transit possible as well as due to the special characteristics related to railway transport, the risk of perception for transit by rail is substantially low as compared that by road.

Also a significant characteristic of railway transport is the existence of single railway (or only a few railway undertakings) that carry the goods. Generally, the rail operator is fully in charge of railway transport operations and the process of handover of goods and rolling stock at the border crossings is organized, supervised and reflected in appropriate accounting records of railways. Consequently, the possibility of diversion of goods is minimal, justifying low or no guarantee requirements.

Accordingly, the Customs authority of the transiting country can waive the guarantee requirements or reduce it for transit undertaken by designated railway operators that are mutually recognized as authorized railway operators along with provision of simplified procedures that may include use of specially authorized seals (e.g., railways/special seals) instead of customs seals, clearance directly at the premises of authorized operators.

All these simplifications together with electronic exchange of information can make substantive impact to streamline custom/border crossing facilities and consequently increase the volumes and quality of rail transport services.
