

THE PROBLEMS OF INTERNATIONAL TRANSIT OF GOODS THROUGH THE TERRITORY OF BELARUS

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Рассмотрены проблемы международного транзита товаров, факторы, препятствующие его росту через территорию Республики Беларусь. Проанализировано понятие международного транзита с позиций теоретического подхода. Для оценки степени реализации транзитного потенциала предложен и рассчитан коэффициент эффективности транзита.

The article is dedicated to the problems of international transit and to the factors that hinder the process of the growth of international transit of goods through the territory of the Republic of Belarus. The concept of international transit is analyzed from the standpoint of theoretical approach. The level of realization of transit potential is estimated in the article using proposed efficiency ratio of transit.

Ключевые слова: международный транзит; транзитный потенциал; международные транспортные коридоры; коэффициент эффективности транзита.

Keywords: international transit; transit potential; international transport corridors; efficiency ratio of transit.

The process of globalization of the world economy is characterized by the growth of international trade of goods and services. In its turn, the effectiveness of international commodity flows is increasingly dependent on the organization and quality of goods transportation from the producer to the final consumer, where international transit occupies one of the key positions. In a number of countries such as the Netherlands, Finland, the Baltic States, Ukraine, Panama, Egypt, Singapore international transit maintenance services provide a large portion of budget revenues. Transit as an independent operation already plays an important role in the Belarusian economy and has promising prospects for Belarus, since several important international transit corridors run through our country. The forecast of the global economy growth in the 21st century suggests that the major financial trade flows will be concentrated in the triangle comprised by the U.S., Europe and Asia-Pacific countries. Therefore, the countries that manage to draw Eurasian transit flow into their transit routes will be able to gain benefits. The Republic of Belarus, being located at the crossroads of transit routes, may encounter new opportunities for the development of the international passengers and goods transportation by rail road and pipeline transport.

Nowadays, the international transit of goods issues are controversial in nature, because there are no well-established definitions and characteristics of the concept in science [3, p. XI].

Analyzing the approaches to the definition of “international transit” in the economic and legal literature, we can come to the conclusion that the concept includes a number of essential conditions, namely, the place of departure and destination must be outside the state on whose territory the movement of the goods takes place; the goods transported under this condition must be of foreign origin. A number of researchers have come to the conclusion that international transit is a catalyst for the export of

services, and some classify international transit of the goods as export of transport services [1, p. 4]. There are also more detailed interpretations of the concept, for example, in terms of external economic policy, international transit services are viewed as “a set of transport and other services provided in connection with the movement of goods through the territory of the state if the places of departure and destination of the goods are outside the state, and at the same time the following conditions are met: provision of such services is necessary for movement of goods through the territory of the states in question or, at least, it improves the efficiency of the movement of goods through the territory of the state; such services imply preservation of the state and quantity of the goods moving through the territory of the state, with the exception of attrition or normal wear and do not involve commercial use of these products” [2, p. 12]. In this case, the international transit is regarded as a kind of export of transport services offered by the national companies of the cargo owner and the carrier during the course of transition of the cargo and the vehicle through the territory of the state. The range and the properties of these services depend on the level of the development of the national logistics distribution network, which to a certain extent allows to obtain additional revenues and improve the country’s image as a transit state.

Having analyzed the definitions of international transit we could say that international transit is *a process of movement of goods of foreign origin within the country between two points of its state borders without applying economic policy measures, potentially providing various value-added services which do not change the qualitative condition of the cargo (goods).*

According to the established international standards transit consists of several elements. It is necessary to:

- ensure the integrity of transported goods (including the use of modern means of tracking – microchips, radio transmitters, etc.);

- establish a guarantee system for the participants of the transit process to ensure the payment of customs duties, in the case of goods imported into the country of transit being used to import;

- maintain a strict account of goods transit documents (for example, the new computerized transit system (the NCTS) in the European Union).

International transit can be divided into two types:

- Direct – if the goods in transit are not placed in a customs warehouse.

- Indirect – with placing the goods in a customs warehouse.

The dynamics and structure of international transit traffic is determined by the following key factors:

- Steady growth of world trade and economy.
- Redistribution of trade flows between the main parties of a country's foreign trade.

- New high requirements for the quality of transport and logistics services.

Nowadays international transit is controlled in varying degrees by the following major international legal acts:

- General Agreement on Tariffs and Trade 1947–1994 (Articles V and X).

- The Convention on the Contract for the International Carriage of Goods by Road (CMR) (Geneva, 1956).

- The Convention on Transit Trade of Landlocked States, 1965.

- Customs Convention on International Transport of Goods under Cover of TIR Carnets 1975.

- The International Convention for Safe Containers, 1972.

- Customs Convention on Containers, 1972.

- The Convention on Customs Treatment of Containers (Geneva, 1994).

- The UN Convention on the carriage of goods (Hamburg, 1978).

- United Nations Convention on International Multimodal Transport of Goods (Geneva, 1980).

- Energy Charter Treaty of 1994.

Revenues from transit make a significant contribution to the economy of the state. Effective disposal of transit potential has a positive effect on the filling of the state budget, increasing the authority of the state on the international arena. Trade and economic cooperation between the countries of the former Soviet Union received a special impetus to the development after the establishment of the Eurasian Economic Union. The gross domestic product of EAEC is 2.4 trillion U.S. dollars (2013) while the volume of foreign trade with other countries equals 1 trillion U.S. dollars [5]. Particular attention is paid to Trans-European (international) “East-West” transport corridor and its flow of goods N 2, as well as to international transport corridor “North-South” N 9. Ministry of Transport of the Republic of Belarus in cooperation with other agencies is working to improve the efficiency of use of the transit potential

of the republic, which is implemented within the framework approved by the Government program of transit potential development of the Republic of Belarus for 2010–2015 and 2016–2020. Through the effective use of transit potential of the country and the taken measures transit revenues in 2013 amounted to 3.13 billion U.S. dollars, and from 2011 to 2014 to about \$ 12 billion U.S. dollars [4]. Annual growth of rates of revenue from the transit was marked from 2010 to the second half of 2014, then decreasing under the influence of the geopolitical and geo-economic factors.

The length of the international transport corridors on our territory is 1500 km, but creation of transport corridors for unimpeded movement of international means of transport is just a small part of the complex of technologically interrelated services provided to all members of the organization process and the implementation of international shipments and control over their implementation (customs, transport inspection, freight forwarders, carriers). Recently the state of international road transport market is characterized by a number of changes: tougher competitive environment, reduction in the amount of traffic, changing of the dynamics of international road transportation.

Among the factors that hinder the process of the growth of international transit through the territory of Belarus, we should highlight the following points:

1. Existence of the permit system of international road transportation among the countries of the EAEC in which the transition of national carriers on the territory of another country (including transit) is quoted. For example, considering the transit through the territory of the Republic of Belarus by road, about 50 percent is occupied by Russian carriers (Russian carriers do not need to obtain permission to travel on the territory of the Republic of Belarus), 24 percent is Polish carriers, and only up to 15 percent are Belarusian carriers.

2. The principle of residence which prevents the free movement of goods within the EAEC. The essence of the principle is that the declarant is entitled to return the goods to the customs authorities of the country of which he is a resident. Currently the need to conclude an international agreement allowing customs declaration at any customs body of the EAEC is growing stronger, however, abolition of the “residence principle” entails the unification of many related legislation, to which the member states of the EAEC are not prepared yet.

3. Delays at the border. The average daily mileage of freight transport in the EU is 700 km per day, in Belarus – 275 km per day. The demurrage of transport mainly consists of the time of crossing the border, clearance at the border, registration of transit procedures, etc. One of the major ways of accelerating border crossing is the use of electronic customs preliminary notification system.

4. Aspects of the tax legislation of the member states of the EAEC. At this stage, the possibility of

unification of rates of value added tax and reduction of tax burden applied to a specific list of legal entities (authorized economic operators, owners of customs warehouses and temporary storage warehouses, etc.) is considered.

5. The bilateral sanctions. There is a new barrier in the transit of goods through the territory of the Republic of Belarus to the Russian Federation and further to other countries which is created by the provisions that are contained in the rules of the Russian legislation concerning the prohibition of importation of certain goods. Transit of sanctioned goods through Russian territory to another country is only possible through the part of the Russian border of the EAEC (at specific railway and road checkpoints). Thus, road carriers from the Republic of Belarus have lost the ability to move such goods through the territory of the Russian Federation. Estimated losses of Belarusian road carriers have amounted to approximately 1.5 million euros.

Among the measures of improvement of the attractiveness of transit at the legislative level, we can stress the need to consolidate the legal concepts of such notions as “transit” and “international transit”; the necessity for the EAEC member states to join in the Convention on simplification of formalities in trade in goods of 1987 and the Convention on a common transit procedure. It’s also possible to create better conditions for the development of logistics infrastructure and increase of transit traffic through the territory of the Republic of Belarus by performing the task of reorientation of a part of the cargo from the warehouses and customs terminals of the European Union to the transport and logistics facilities of the Republic of Belarus.

Analysis of the structure of total volume of goods transit transportation shows that a large proportion of the Russian exports passes through the territory of Belarus, 90 % of which are represented by raw materials. As a rule, it is coal, oil and oil products, chemical and mineral fertilizers, ferrous metals, iron and manganese ore, press cakes. Rail transport plays a key part in Russian goods export. The products proceeding from the European Union through our country are primarily products with high added value: machinery, transport equipment, manufactured goods, products of daily demand, food. Road transport plays an important role in transit of

European commodities to Russia. According to our estimation, about 8 % of European transit cargo is transported through our country by road.

In present situation the country’s transit potential is of high interest. It should be noted that the bulk of international transit through the territory of Belarus by road (about 95 %) is performed at the international transit corridor “East-West”, with more cargo coming from the EU to Russian, and less in the opposite direction.

The efficiency ratio of transit E_t is offered to quantify the degree of realization of transit potential. This rate is defined as the ratio of the actual annual volume of international transit to the potential one:

$$E_t = \frac{T_r}{T_p}, \quad (1)$$

where T_r stands for the real (actual) volume of international transit, T_p – for potentially possible volume of international transit. The last one is defined for the Republic of Belarus by adding the volume of international road transportation between the European Union (21 countries), the Russian Federation and the Republic of Kazakhstan. This indicator compared with the actual transit through the territory of the Republic of Belarus allows identify with a low degree of error volumes of international transit flows, which bypass the territory of our country for any reasons.

The dynamics of the proposed ratio (table 1) allows to quantify the degree of realization of transit potential of the International Transport Corridor “West-East” N 2 for road transport in the area, passing through the territory of our country. Beginning from 2010 the positive dynamics of the ratio has been seen, which indicates about the state effective steps for improving the internal factors of the implementation of the country’s transit potential (infrastructural, technological, economic and legal ones). When in 2010 the transit potential for road transport was implemented by 70 %, three years later this indicator was 91 % and 92 % in 2014. Including the previous assumptions it is possible to suppose that approximately 9–10 % of the international trade flow bypasses our territory, although International Transport Corridor № 2 (its Belarusian region) could potentially be used for goods transportation. The efforts of the state and private business should be aimed at the attraction of this flow.

Table 1

Dynamics of the efficiency ratio of transit for the Republic of Belarus

Year	T_r , thous ton	T_p , thous ton	E_t
2010	11169	15729,9	0,71
2011	13263	16453,6	0,80
2012	14890	17364,4	0,856
2013	16154	17750,1	0,91
2014	15082	16373,8	0,92

Source. Made by author according to [7, p. 34; 6].

It's should be underlined that geopolitical factors have only an indirect effect on the efficiency ratio of transit, its value depends on the real (actual) transit through the territory of the country.

Conclusions. Theoretical approach to international transit not only as to a process of transportation of foreign goods through the territory of the country, but also as an economic resource, makes it possible to focus on the opportunities of increasing exports of transport services by national shipper and carrier companies, generating additional revenue, improving the performance of the national economy and image the country as a transit state.

The efficiency ratio of transit proposed in the article with a certain proportion of errors allows to quantify the degree of realization of the road transit potential of Belarus on the 2nd International transport corridor. The ratio calculation shows that international transit by road through the territory of our country increases and amounted to 92 % of the maximum possible in 2014. This indicates the success of the customs and other government agencies, as well as the business community in attracting international transit flows of goods into the territory of the Republic of Belarus. However, there are certain obstacles to the growth of international transit through the territory of the Republic Belarus mentioned in the article. The efforts of the state and business community should be directed at overcoming these negative factors.

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