

SPEECH BY THE IRU SECRETARY GENERAL

THE SILK ROAD ECONOMIC BELT TRANSPORT SUMMIT

Urumqi, China, 2 September 2014

Mr Umberto de Pretto

Esteemed Mr Zhang,
Esteemed Minister Yang,

Excellencies,

Ladies and Gentlemen,

It is my great honour to be here, for the first time, in this beautiful city of Urumqi for this very important Transport Summit dedicated to the further development of transport along the Silk Road Economic Belt.

This is a particular pleasure for the International Road Transport Union (or IRU) to be present today as, in fact, it has been one of the major objectives of our organisation for many years to further interconnect Asia and Europe through secure international road transport and, in particular, the effective implementation of the United Nations TIR Convention.

Let me first say a few words about our organisation.

The IRU is an international non-governmental, not for profit organisation, with Headquarters in Geneva, Switzerland.

We represent the interests of the road transport industry as a whole, through our network of Member Associations across the world. China Road Transport Association (CRTA) is our member since 2002, whose management is present with us today.

The IRU was founded in 1948, almost 70 years ago, by 8 founding members from Western Europe. Today, the scope of our Membership is global with 170 Members in 75 countries.

The IRU has Permanent delegations in Brussels, Istanbul, Moscow and New York.

Today, we are obviously considering further establishing our presence in China and Asia as a whole, in light of the major developments in international transport across Eurasia and the current endeavors by China to revitalise the ancient Silk Road, which we see as an immense project, with positive economic and social impacts on billions of people in the region.

The IRU manages the International TIR transit system and the TIR guarantee chain, under a mandate from the United Nations. TIR stands for "Transport International Routier", or "International Road Transport".

Various studies and initiatives, including IRU Caravans throughout the Silk Road, for example, from Beijing to Brussels as far back as 2005, have demonstrated that there is a clear need to implement efficient customs transit systems to facilitate international transport. The results of the studies conducted during these Caravans are self-explanatory.

57% of transport time is lost at border crossings, and 38% of transport costs are due to various unofficial levies.

TIR facilitates the secure transport of goods under customs control from the origin in one country to the final destination in another country, without any interference or delay at border crossing points en route.

TIR is the only tried and tested, secure and affordable global trade facilitation instrument.

Today, the TIR system ensures up to 20 million border crossings each year - while providing a financial guarantee to customs authorities, amounting to 1 billion USD each and every day.

In spite of its name, TIR is not only a pure road transport transit system as it can also be used for multimodal or intermodal transport. This is something that will have a great relevance as far as China is concerned obviously.

Today, we are glad to see major developments in TIR as many key countries, including of course China, are keen to join the system.

First of all, after many years of analysis, the Government of Pakistan has officially stated that it will join the TIR Convention in the nearest future.

Another development results from the ongoing work in the United Arab Emirates and in particular in Dubai, to start TIR operations.

The most important development for TIR results from the recent statements and steps made by Chinese authorities in the past 18 months towards joining the TIR Convention.

The steps are fully understandable taking into account the current Chinese strategy to further facilitate trade by revitalising the ancient Silk Road, to “improve road connectivity and to promote unimpeded trade”, rightly pointed out by Chinese President Xi Jinping.

For that purpose, the Chinese Government is investing massively in the Western part of China, obviously in the road and rail infrastructure but also in industry as a whole, as many international companies are starting operations in this Western region. The Chinese government is also negotiating road transport facilitation agreements, notably at regional level within the Shanghai Cooperation Organisation and, at bilateral level, with neighbouring countries and major trade partners..

In that context, Chinese authorities, at various levels both from China Customs and the Ministry of Transport have reiterated to IRU that China is actively preparing for joining the TIR Convention. The IRU has been working closely with the relevant departments in China in the past months on the details of China’s accession to the Convention and preparation for the implementation of the TIR system.

We hope that this process can be completed at the earliest possible time so that over 20 million crossing border cargo vehicles* between China and its neighboring countries each year can start to benefit from the system to reduce transport time and cost.

This will be a positive development for all stakeholders and for international trade as a whole, first obviously for trade between China and existing TIR countries through Central Asia, for

intermodal transport from/to China and also for the global expansion of the TIR system to South Asia and Southeast Asia as well as to other countries.

In conclusion, the IRU very much looks forward to provide its expertise and experience in facilitating and securing trade to assist China and all its trade partners by implementing the IRU's motto "*working together for a better future!*"

Thank you very much for your attention.

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* The 20 million cargo vehicles are estimated from the monthly statistics from China Customs. Each month, over 2 million cargo vehicles cross Chinese border. <http://www.customs.gov.cn/publish/portal0/tab44602/module108994/info623570.htm>