

Border crossing of cargo at the land border between Estonia and Russia

Could the queues at the border be reduced?

Report of the National Audit Office to the *Riigikogu*, Tallinn, 28 March 2012

Summary of audit results

The National Audit Office analysed the work of Estonian border inspection points on the land border between Estonia and Russia. The goal was to point out to Estonian state agencies how they could make it easier for goods vehicles to cross the border and thereby reduce the queues at the border. The Accounts Chamber of the Russian Federation audited the activities of Russia's state agencies at the border inspection points on the land border between Russia and Estonia. The opinions of both audit institutions were presented in a joint document.

Why is it important for taxpayers?

According to the Police and Border Guard Board, vehicles crossed the land border between Estonia and Russia more than 1.3 million times in 2011, including lorries more than 228,000 times. There was an 11 per cent increase in the number of times vehicles crossed the border in a year and a 33 per cent increase in two years, including the 29 per cent increase in the number of times lorries crossed the border. There is no reason to believe that the number of times lorries cross the border will not increase in the coming years.

Lorry drivers generally have to wait for hours, sometimes for days, to cross the border. All drivers would like the waiting time to be as short as possible and the crossing to go fast. The Association of Estonian International Road Carriers estimates that a day of waiting costs the carrier approximately 200 euros.

The long queues on the border have been a problem for years. The situation has been discussed among entrepreneurs and in the Government, and it has also been frequently mentioned in mass media. Finding a solution to the border crossing problem, with the help of the central bodies of the European Union if necessary, is one of the goals in the Action Programme of the Government of the Republic for 2011-2015.

What did we find and conclude on the basis of the audit?

The organisation of vehicles crossing the land border between Estonia and Russia improved considerably in 2011 when waiting areas were established by the border and an electronic queue was introduced. Vehicles are no longer queuing on Estonian roads, drivers know when they can expect to enter the Estonian border inspection point and do not have to waste their time on spending days in the queue. However, the introduction of electronic queues did not increase the capacity of the border inspection point. Sometimes, people still have to wait for several days before they can cross the border. According to the Ministry of the Interior, the Police and Border Guard Board, and the Tax and Customs Board, reducing the waiting times depends primarily on the work organisation in the Federal Customs Service of Russia and in the border inspection points on the border between Russia and Estonia. Audit operations in Estonia and examining the organisation of work in the Russian border inspection points opposite the Estonian ones give the National Audit Office reason to believe that this is likely to be the case. However, there also reserves that can be used to make the work of Estonian border inspection points more efficient.

The other important conclusions of the National Audit Office are the following:

- A remarkable part of the workload of Estonian border inspection points comes from the inspection of the cars and buses that primarily cross the border to bring back cheap fuel in their fuel tanks from Russia and then sell it in Estonia. The approximate estimates of the Tax and Customs Board indicate that border crossings by cars for the purpose of illegal fuel trade comprise

approximately one-fifth of all border crossings. The Board believes that approximately seven per cent of fuel officially allowed into consumption is brought to Estonia for illegal sales. The state would have earned more than five million euros in additional excise duty and VAT if the same quantity had been sold legally. The National Audit Office believes that illegal fuel trade is even more extensive than this. The staff of border inspection points believe that on average, four out of five cars cross the border in order to bring back fuel from Russia in their fuel tanks. Selling such large quantities of fuel brought to Estonia in this manner may be linked to organised crime.

- It is unclear which border stations can be used to send goods of animal origin in the direction of Russia in the future. The Russian Government decided in 2011 that updating the veterinary inspection conditions in the Petseri railway station in Russia is not practical, i.e. inspection of such goods over there should end in the next few years. The Russian Government wants goods of animal origin that are transported by rail to arrive from Estonia to Russia only via the Narva and Ivangorod stations, which currently do not have the conditions required for veterinary inspection.

- Estonian authorities estimate that Narva border inspection point could inspect up to twice as many road transport vehicles as now, but certainly no more than that. If the quantity of cargo moving into the St Petersburg region increased considerably, it would be necessary to build another bridge across the Narva River outside the city, or some of the cargo would have to travel in this direction via the southern border inspection points between Estonia and Russia, which would increase the cost of transport and the load on the Estonian roads in the north-south direction.

- The border inspection point on the railway in Narva does not have the conditions necessary for the organisation of the required customs inspection – it is not possible to weigh or scan carriages, or unload and empty large containers.

- The area where lorries could wait for their turn to cross the border, which was established with the support of EU funds in Sillamäe in 2011, basically became redundant with the implementation of the electronic queue system on 1 August 2011.

- The capacity of the border inspection points would be bigger if the border inspection points that are opposite each other harmonised their organisation of work and tried to work in synchronicity. Estonian and Russian border guards cooperate closely and without problems and this cooperation is based on many agreements made between the parties. However, no such agreements have been made between customs workers, which means that there is also no cooperation. The reason for this is that the Federal Customs Service of Russia has not wanted it.

- The officials who work in border inspection points are competent and do their jobs well. If the number of border crossings did not vary on the basis of seasons, national holidays, days of the week and times of the day, the current number of staff in Estonian border inspection points would be sufficient to inspect vehicles and their drivers in such a manner that they would not have to wait for their turn to cross the border. As the number of vehicles crossing the border does not divide equally between different times, then people sometimes have to wait at the border because Estonian border inspection points do not have enough staff to check the vehicles that want to cross the border.

- The material resource of the border inspection points on Estonian roads is generally sufficient to serve the current number of lorries crossing the border. Estonian authorities believe that the Estonian border inspection points on the land border between Estonia and Russia would be able to serve up to twice as many lorries as now if they hired some new staff.

- The State Borders Act and the legislation established for its implementation contain no unambiguous regulation of how to keep a list of persons who have the right to cross the border outside the queue. The National Audit Office sent the Minister of the Interior a memorandum about this issue.

Responses of the auditees

The Minister of Agriculture, the Director General of the Tax and Customs Board and the Director General of the Police and Border Guard Board agreed with the conclusions and recommendations of the National Audit Office.

The Minister of the Interior proposed not to discuss the issues relating to the right to cross the border outside the queue in the report.

The Minister of Finance did not agree with the opinion of the National Audit Office that sale of the furl brought from Russia to Estonia in the fuel tanks of vehicles may be linked to organised crime due to its scale.

Unlike the National Audit Office, the Minister of Economic Affairs and Communications sees no problem in the fact that the data presented to the general public as Estonian export also include the data of re-export.

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