



# **CAREC Transport and Trade Facilitation Strategy**

*For consideration at the*

**Sixth Ministerial Conference on  
Central Asia Regional Economic Cooperation  
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## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION</b> .....	<b>1</b>
<b>II.</b>	<b>STRATEGIC APPROACH</b> .....	<b>1</b>
<b>III.</b>	<b>TRANSPORT</b> .....	<b>2</b>
	A. Policy.....	2
	B. Goals.....	2
	C. CAREC Corridors .....	2
	D. Actions.....	3
	1. Establish Competitive Transport Corridors across the CAREC Region ....	3
	2. Facilitate Movements of People and Goods across Borders.....	3
	3. Develop Safe, People-Friendly Transport Systems.....	4
	E. Project Identification .....	4
<b>IV.</b>	<b>TRADE FACILITATION</b> .....	<b>4</b>
	A. Definition .....	4
	B. Goals and Objectives .....	4
	1. Customs Reform and Modernization .....	5
	2. Integrated Trade Facilitation Approach.....	5
	3. Regional Logistics Development .....	6
	C. CAREC Corridors .....	6
<b>V.</b>	<b>MONITORING RESULTS</b> .....	<b>6</b>
<b>VI.</b>	<b>IMPLEMENTATION</b> .....	<b>7</b>
<b>VII.</b>	<b>RECOMMENDATION</b> .....	<b>7</b>

**Appendix 1: CAREC Corridors Map**

**Appendix 2: Indicative Results Framework**

# **Central Asia Regional Economic Cooperation (CAREC) Transport and Trade Facilitation Strategy**

## **I. INTRODUCTION**

1. The countries participating in the Central Asia Regional Economic Cooperation (CAREC) Program<sup>1</sup> sit at the heart of the rapidly integrating Eurasian continent. As they pursue their shared vision of "Good Neighbors, Good Partners, and Good Prospects," the countries are working together to improve the region's transport infrastructure and reduce the cost of trade across regions. The CAREC Transport and Trade Facilitation Strategy<sup>2</sup> will support these efforts by introducing a coordinated program of action featuring mutual cooperation and key investments in regional transport infrastructure and trade facilitation.

2. The strategy seeks to improve the region's competitiveness and expand trade among CAREC economies and with the rest of the world. Key elements of the strategy are the coordinated improvements of transport infrastructure and logistics, and of trade facilitation, including harmonized cross-border regulations, procedures, and standards along six priority transport corridors that have been identified based on a common set of criteria. These improvements will result in significant and measurable reductions in transport time and cost requirements for local, cross-border, and transit traffic and trade along the six corridors.

3. This strategy will guide and strengthen the work of the CAREC Program in the transport and trade facilitation sectors. The strategy builds on the substantial body of work prepared under the auspices of the CAREC Transport Sector Coordinating Committee and the CAREC Trade Facilitation Coordinating Committee/Customs Cooperation Committee in recent years.

4. The strategy is presented in seven parts: (i) introduction; (ii) strategic approach; (iii) transport; (iv) trade facilitation; (v) monitoring results; (vi) implementation; and (vii) recommendation.

## **II. STRATEGIC APPROACH**

5. The Transport and Trade Facilitation Strategy will support the CAREC Program's goal of development through cooperation, leading to accelerated economic growth and poverty reduction by upgrading key transport corridors across the CAREC region and ensuring efficient movement of goods along the corridors through targeted actions to simplify and harmonize the regulations that govern cross-border trade in the region.

6. A results-based approach to transport improvements and trade facilitation will be pursued. Time and cost along the selected corridors will be monitored to provide benchmarks against which progress in transport and trade facilitation can be assessed. National governments can select their own priorities in reducing the costs of transport and trade, but in

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<sup>1</sup> CAREC is an alliance of eight countries: Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan; and six multilateral institutions: Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank.

<sup>2</sup> In accordance with the *Comprehensive Action Plan* endorsed at the 5<sup>th</sup> Ministerial Conference on CAREC, a CAREC transport sector strategy and a CAREC trade facilitation sector strategy have been prepared. At the September 2007 Senior Officials' Meeting in Manila, Philippines, Senior Officials agreed that the two strategies should be integrated for presentation to and consideration by the 6<sup>th</sup> Ministerial Conference.

the medium-term it will be important to set and measure progress against quantitative targets for the overall reduction in costs along the priority corridors.

### III. TRANSPORT

#### A. Policy

7. The CAREC transport sector strategy<sup>3</sup> underpins the strategic approach described above by reinforcing the three pillars—infrastructure, management, and technology—that characterize the challenges and opportunities faced by the sector. The following policy statement provides an overall framework for the regional transport strategy:

It is the policy of the Governments of CAREC countries to provide safe, dependable, effective, efficient, and fully integrated transport operations and infrastructure in order to support social and economic development in the CAREC region. This will be achieved by improving levels of service; minimizing costs; and improving infrastructure, management, and technology in a manner which is both economically and environmentally sustainable. In addition, the efficiency of the transport systems will be enhanced in a regional context to allow the CAREC region to exploit its unique geographical position.

#### B. Goals

8. The transport sector strategy has three overarching goals: (i) to establish competitive transport corridors across the CAREC region; (ii) to facilitate efficient movement of people and goods across borders; and (iii) to develop safe, people-friendly transport systems.

#### C. CAREC Corridors

9. The 10-year timeframe (2008-2018) of the strategy emphasizes a selective transport corridor approach, concentrating resources both for investment and for operational management, and focusing on balanced improvement of infrastructure, management, and technology.

10. The corridors reflect current and potential trade flow patterns. The selection of corridors is based on the inclusion rule of at least two CAREC countries and the following five criteria: (i) current traffic volume; (ii) prospects for economic and traffic growth; (iii) ability to increase connectivity between regional economic and population centers; (iv) prospects of mitigating delays and other hindrances such as the number of cross-border points, number of gauge changes; and (v) economic and financial sustainability of infrastructure, management, and technology improvements.

11. Six CAREC transport corridors have been identified (see Appendix 1 for corridors map):

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<sup>3</sup> The transport component of the CAREC Transport and Trade Facilitation Strategy is drawn from the draft CAREC Transport Sector Strategy Study, prepared by CAREC's Transport Sector Coordinating Committee. The study presents a detailed policy statement, goals, and action plan based on empirical data, field work, and extensive consultation with all CAREC participating countries under Asian Development Bank Regional Technical Assistance 6347 REG: *Central Asia Regional Economic Cooperation: Transport Sector Strategy Study*. The Study will be finalized based on guidance from the 6<sup>th</sup> Ministerial Conference.

CAREC 1: Europe – East Asia

CAREC 2: Mediterranean – East Asia

CAREC 3: Russian Federation – Middle East and South Asia

CAREC 4: Russian Federation – Xinjiang Uygur Autonomous Region

CAREC 5: East Asia – Middle East and South Asia

CAREC 6: Europe – Middle East and South Asia

## **D. Actions**

12. The following actions will be undertaken to achieve three goals in the transport sector:

### **1. Establish Competitive Transport Corridors across the CAREC Region**

13. The selected CAREC corridors will be physically developed and improved to link production centers and markets within CAREC countries, and to enhance access to neighboring regions and markets. The achievement of this objective will generate the following benefits: (i) reduction of transport costs and time between major CAREC cities and along principal Eurasian trade directions, and (ii) elimination of the weak or missing road links through construction of new roads and rehabilitation of existing roads.

14. Technologies will be improved to integrate with modern global value chains. The achievement of this objective will generate the following benefits: (i) higher intermodal traffic volume in the CAREC region and in Eurasian transit trades; (ii) development of the logistics industry; and (iii) optimized modal choice for freight traffic along corridors.

15. Corridor performance will be monitored on a regional basis by the establishment of integrated committees to promote their use.

16. Sustained results require maintenance of the assets deployed. Corridor investments must be economically and financially sustainable, without relying on excessive national public debt. This will require innovative financing mechanisms based on fair and balanced user-pay principles. To maximize efficiency in usage of the available financial resources, maintenance services will also be organized on the basis of competition.

### **2. Facilitate Movements of People and Goods across Borders**

17. Border-crossing delays will be reduced by improved infrastructure, equipment, procedures, and working conditions, encompassing: (i) adequate facilities, well-equipped and operating efficiently; (ii) simplified and standardized cross-border procedures and documentation; (iii) use of electronic information in control and inspection, and sharing information; (iv) trained and motivated staff; and (v) elimination of high transaction costs. Actions in this area will be coordinated with the trade facilitation component of this strategy.

18. Transport regulations will be harmonized among CAREC countries to create a level playing field for transport operators and promote efficiency and better services. The standard international transport conventions provide a ready basis to achieve this. The CAREC countries will endeavor to accede to and appropriately implement the relevant international conventions.

19. The ongoing restructuring of the railway sector will be supported to establish competitive regionalized services with private sector participation and integrated cross-border operations.

20. The gradual liberalization and modernization of the civil aviation sector will be pursued with a focus on safety, expansion of traffic agreements, restructuring of national carriers and commensurate enhancement of air traffic control.

21. The trucking fleet will be modernized to increase participation by CAREC countries in intra-regional and transit traffic.

### **3. Develop Safe, People-Friendly Transport Systems**

22. The CAREC transport network will be people-friendly, complying with the best standards of safety and comfort. Border crossings and visa requirements will be simplified. The transport system will be environmentally friendly with minimal adverse impacts on air, water, and land resources.

#### **E. Project Identification**

23. The draft transport sector strategy study<sup>4</sup> has tentatively identified about 80 investment projects and about 45 technical assistance projects to upgrade the CAREC corridors and achieve the goals of the strategy in 2008-2018. Investment projects include those that Governments have already decided to implement and included in their investment plans. Technical assistance projects may take the form of feasibility studies leading to investment or advisory support covering preliminary planning, technical knowledge transfer, and support for institutional capacity improvement or restructuring.

## **IV. TRADE FACILITATION**

### **A. Definition**

24. Trade facilitation, as defined by the World Trade Organization, is “the simplification and harmonization of international trade procedures, including the activities, practices and formalities involved in collecting, presenting, communicating, and processing data and other information required for the movement of goods in international trade.” Trade facilitation relates to a wide range of activities such as import or export procedures, transport formalities and payments, insurance, and other financial requirements.

25. Improvements in trade facilitation in CAREC countries will reduce costs that arise from (i) a lack of integrated border management, which results in complex procedures at the border (or in preparation for crossing the border) and imposes time and money costs on traders; (ii) a lack of coordination between the two sides of a border crossing; and (iii) behind the border costs.

### **B. Goals and Objectives**

26. The primary goals of the CAREC trade facilitation program are to (i) realize a significant reduction in transaction costs and time by means of improving administrative efficiency, and simplifying, standardizing, and harmonizing trade procedures; (ii) encourage the free movement

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<sup>4</sup> Draft CAREC Transport Sector Strategy Study (see footnote 3).

of goods and business people; and (iii) enhance the transparency of laws, regulations, procedures, and forms, and share information on these and other trade issues.

27. In pursuing these goals, the trade facilitation program will be guided by seven objectives: (i) strengthened customs co-operation as the core program of the trade facilitation strategy; (ii) expanded scope of the work program to address broader issues of trade facilitation; (iii) focusing of trade facilitation efforts on the CAREC transport corridors; (iv) adoption of a results-based approach to monitoring time and cost savings as the key indicators of the program; (v) support for logistics assessments and planning focusing on priority corridors; (vi) support for bilateral initiatives among CAREC countries with sharing of experience through the CAREC Trade Facilitation Coordinating Committee/Customs Cooperation Committee (TFCC/CCC); and (vii) enhanced partnership between CAREC's participating multilateral institutions, and key international agencies supporting customs reform, trade facilitation, and logistics development in the region.

28. The strategy is comprised of three elements aimed at reducing trade costs by promoting (i) concerted customs reform and modernization; (ii) an integrated trade facilitation approach through interagency cooperation and public-private partnerships; and (iii) efficient regional logistics development.

### **1. Customs Reform and Modernization**

29. Customs cooperation will remain the core of the trade facilitation strategy. The medium-term objective will be to promote concerted customs reforms and modernization, with the Customs Cooperation Committee serving as a regional forum to address issues of common interest. Simplification and harmonization of customs procedures are being achieved in the CAREC region through revision of customs codes in line with the Revised Kyoto Convention, introduction of risk management practices, joint customs control, and customs automation. The process of changing the culture of customs administrations from control-orientation to compliance-facilitation is crucial and has begun. The strategy will support this process.

30. The customs-related work program in the short to medium term will focus on (i) harmonization of custom procedures and documentation; (ii) customs automation; (iii) data exchange; (iv) joint customs control; (v) risk management, post-entry audit, and customs intelligence; (vi) regional transit development; (vii) frameworks for customs cooperation; and (viii) training.

### **2. Integrated Trade Facilitation Approach**

31. Trade facilitation involves more than border measures. Improved border-crossing processing and behind-the-border measures can result in large economic benefits. The impediments to trade fall most heavily on exports other than the main primary product exports (i.e., oil and gas, cotton, and minerals) and on small and medium-sized enterprises and traders. Effective trade facilitation involves numerous agencies within a country. It will be important for representatives of relevant agencies in each country to work in concert to identify the steps required to improve trade facilitation, to establish the priorities and timelines to implement those steps, and thereby create a holistic strategy. To support this effort, the TFCC/CCC will assist in the establishment or strengthening of national trade facilitation committees in CAREC countries. Participation in the national committees will be tailored to ensure effective functioning within each country's relevant government and other structures.

### **3. Regional Logistics Development**

32. The trade logistics component of the strategy will facilitate the development of an efficient regional logistics industry. The work program, which will be closely coordinated with related efforts of the Transport Sector Coordinating Committee, will include (i) establishment of a regional forum to harmonize and plan trade logistics development; (ii) support for national-level trade logistics assessments; and (iii) facilitation and financing of key investments including public-private partnerships.

#### **C. CAREC Corridors**

33. Trade facilitation is conceptually distinct from transport improvements. However, there are synergies to be gained through focusing the efforts of the trade facilitation strategy on the corridors identified in the transport component of this strategy. The CAREC region is well-suited to a corridors approach to trade facilitation because most intra- and inter-regional trade flows use a limited number of east-west and north-south routes.

### **V. MONITORING RESULTS**

34. The strategy proposes a results-based approach to transport and trade facilitation aimed at reducing the time needed and costs incurred to carry out international trade. Progress is best measured by these criteria rather than by intermediate criteria. The concept is to identify key corridors, monitor time and costs of trading along the CAREC corridors, and agree on targets to reduce these costs. The policy actions required to achieve the targeted reductions will be taken by individual countries. Key development partners will provide investment and technical support, and share international best practice. The Transport Sector Coordinating Committee and the TFCC/CCC will provide forums for detailed planning, coordination, sharing of experience, and monitoring of progress.

35. It is desirable to begin with a number of limited pilot monitoring initiatives. While technical analysis may suggest certain corridors as being particularly suitable for the pilot phase, the key factor for success will be the willingness of countries along the corridors to actively participate. Thus, in the pilot phase, the TFCC/CCC will identify countries that wish to coordinate efforts on corridors or segments of corridors to facilitate trade and focus support on these initiatives. Once a methodology and implementation details are established, the corridor approach to monitoring trade facilitation can be applied more widely.

36. The proposed results-based approach allows countries to prioritize actions relevant to their national circumstances. The measure of success is the extent to which each set of national actions supports reductions in the time and cost of traversing a corridor. Countries working bilaterally or in groups will enhance the possibility of significant improvements in time and cost savings along agreed corridors.

37. An indicative results framework is presented in Appendix 2. Following Ministerial endorsement of this strategy a results framework will be finalized. The final results framework will include (i) measurable performance indicators; (ii) a prioritized schedule of required investments for 2008-2013; and (iii) an indicative schedule of required investments for 2014-2018. The final results framework will be presented to the 7<sup>th</sup> Ministerial Conference.



## **VI. IMPLEMENTATION**

38. Implementation of the CAREC Transport and Trade Facilitation Strategy will require strong support from all countries and multilateral institutions participating in the CAREC Program. Firm commitment, strong partnership, and respect for the consensus-based decision making process that is the foundation of the Program will be essential in establishing the CAREC transport corridors and ensuring focused support for the goals of the transport and trade facilitation strategy over the longer term.

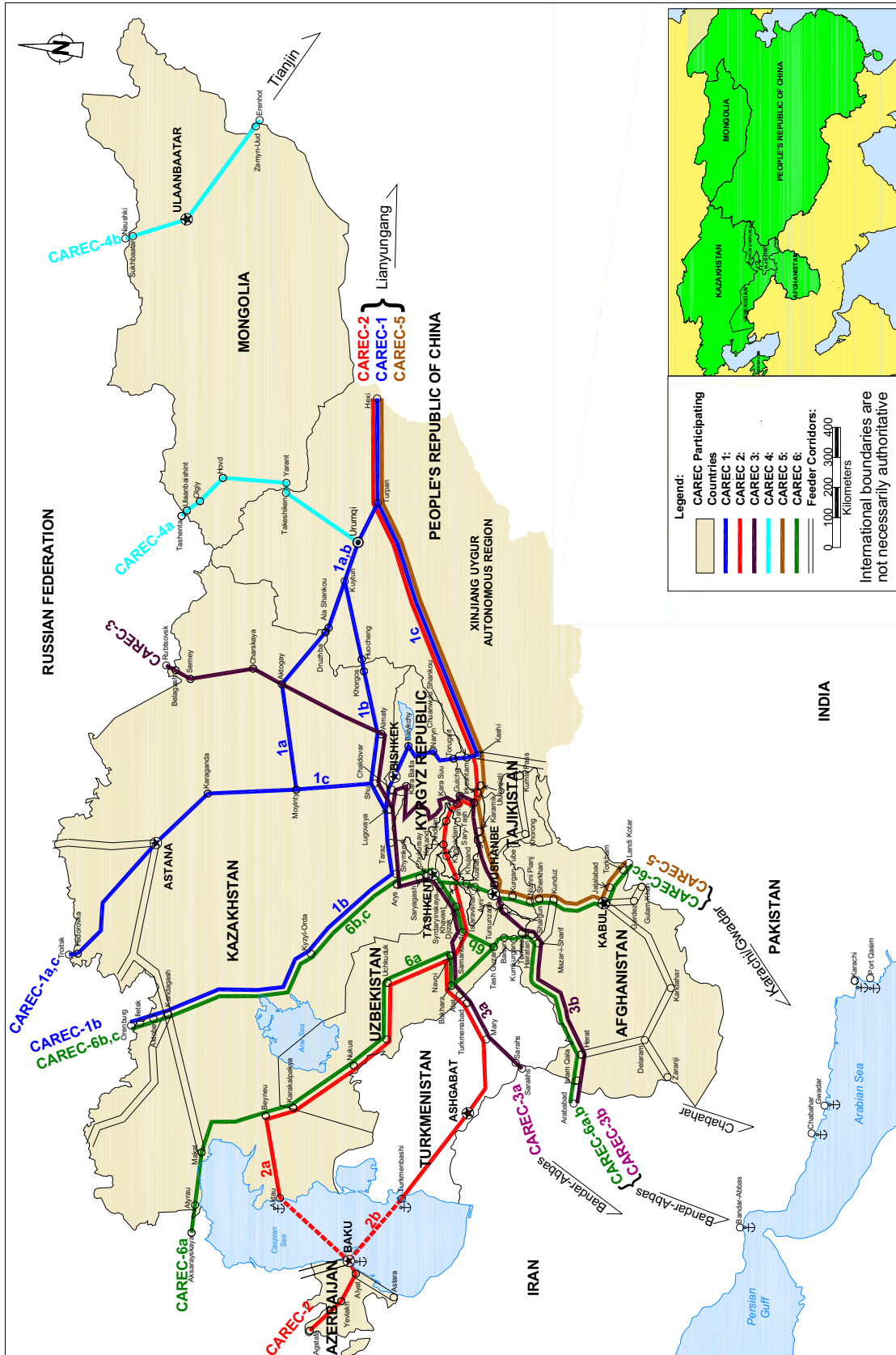
39. Upon Ministerial endorsement of this Transport and Trade Facilitation Strategy the CAREC Transport Sector Coordinating Committee (TSCC) will prioritize the investment and technical assistance projects required to implement the transport component of the strategy. Implementation of short-term actions recommended in the strategy will begin. In parallel, the TSCC will prepare a time-bound and detailed work plan for implementation of the priority projects for the period 2008-2013 for submission to the 7<sup>th</sup> Ministerial Conference on CAREC. The TSCC will coordinate its work with the TFCC/CCC. The transport sector strategy will identify needs for the improvement of facilities at the CAREC border points along the CAREC transport corridors, while the trade facilitation strategy will address the overall trade facilitation issues and procedural constraints at the CAREC border points.

40. The Senior Officials' Meeting, acting under the direction of the Ministerial Conference, will oversee and guide implementation of the strategy. Actions in support of strategy implementation will be the responsibility of the TSCC and the TFCC/CCC, as appropriate.

## **VII. RECOMMENDATION**

41. The Senior Officials' Meeting presents this strategy for consideration by the Ministerial Conference and recommends adoption of the CAREC Transport and Trade Facilitation Strategy.

Appendix 1: CAREC Corridors Map



**Appendix 2: Indicative CAREC Transport and Trade Facilitation Strategy Results Framework**

Objectives	Key Constraints	Outcomes	Milestones and Indicators
<b>Goal 1: To establish competitive transport corridors across the CAREC region</b>			
<p>To develop and improve selected CAREC corridors to link production centers and markets within CAREC countries, and to enhance CAREC countries' access to neighboring regions and markets.</p>	<ul style="list-style-type: none"> <li>• Transit and Intra-regional trade is limited; transport costs and travel times are high.</li> <li>• National transport network sometimes crosses neighboring countries; regional transport network is not integrated.</li> <li>• Length of the linear infrastructure and difficult terrain cause high construction costs.</li> <li>• Missing links contribute to high transport costs.</li> <li>• A large proportion of existing transport infrastructure is in poor quality.</li> <li>• It is also deteriorating due to insufficient funding for maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of transport cost and time from major CAREC cities to/from Europe, to/from Arabian Sea and Persian Gulf, and to/from PRC.</li> <li>• Elimination of the weak or missing road links through construction of new roads and rehabilitation of existing roads with the financial assistance of MIs.</li> <li>• Corridors are properly maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• Road and rail tariffs quoted between CAREC countries and Europe, Persian Gulf and PRC are significantly reduced to more competitive levels with alternate non-CAREC routes.</li> <li>• Average speed on road and rail has increased, and travel times reduced.</li> <li>• Reduction in average vehicle operating costs (VOC).</li> <li>• Roughness on road corridors varying between International Roughness Index (IRI) 2 and 4.</li> </ul>
<p>To introduce technology improvements in corridor development favoring an integrated multi-modal approach.</p>	<ul style="list-style-type: none"> <li>• Limited introduction of new technologies in sector.</li> <li>• Absence of a common technology platform.</li> <li>• Lack of common technical standards.</li> <li>• Lack of adoption of an integrated and regionally oriented multimodal transport approach for transport infrastructure development.</li> <li>• Low container traffic throughout CAREC countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Higher container traffic in CAREC countries.</li> <li>• Development of a logistics industry (see next objective).</li> <li>• Optimized modal choice for freight traffic along corridors.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Inland Clearance Depot (ICD) and logistics centers established in CAREC.</li> <li>• Volume of containers increases for import/export and transit traffic.</li> </ul>
<p>To facilitate the development of an efficient regional logistics industry.</p>		<ul style="list-style-type: none"> <li>• Provide a regional forum to harmonize and plan trade logistics development.</li> <li>• Support national level trade logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake assessments in CAREC countries.</li> <li>• Prepare project proposals suitable for inclusion in bilateral investment</li> </ul>

Objectives	Key Constraints	Outcomes	Milestones and Indicators
<p>To manage and control the performance of corridors on a regional basis.</p>	<ul style="list-style-type: none"> <li>No coordinated effort by CAREC countries to agree to share information and to agree on monitoring performance of corridors.</li> <li>Lack of a corridor marketing authority to attract traffic and investments.</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate and finance public-private partnerships.</li> <li>Establishment of integrated National and Inter-regional Committees to manage and to market corridors to shippers and carriers.</li> </ul>	<p>programs.</p> <ul style="list-style-type: none"> <li>Each year (or at 3- or 6-month intervals) performance indicators on priority corridors are recorded in terms of travel time and transport costs.</li> <li>Minutes of the meetings of the National Committees and the Supra National Committee.</li> </ul>
<p>To improve and maintain network based on the most efficient allocation of funds.</p>	<ul style="list-style-type: none"> <li>Limited government funds for construction and improvement of transport infrastructure and its maintenance.</li> <li>Limited interest from private sector to finance transport projects.</li> </ul>	<ul style="list-style-type: none"> <li>Road maintenance outsourced to private sector.</li> <li>Road maintenance adequately financed.</li> <li>Infrastructure maintenance user fee equitably established.</li> </ul>	<ul style="list-style-type: none"> <li>Once a road is rehabilitated, CAREC countries spend an average \$1,000/km on routine maintenance annually.</li> </ul>
<p><b>Goal 2: To facilitate efficient movement of people and goods across borders</b></p>			
<p>To facilitate surface border crossing by improving infrastructure, equipment, procedures and working conditions.</p>	<ul style="list-style-type: none"> <li>Complicated and long processes for exporters and importers to prepare required documentation.</li> <li>Many facilities are poorly constructed and equipped.</li> <li>Poor conditions for travelers and for staff.</li> <li>Most border crossings operate on a "one inspection lane" multiple window system.</li> <li>Lack of current management information, communications, and inspection systems.</li> <li>Procedures do not conform to international standards.</li> <li>Limited willingness of CAREC countries to share information.</li> <li>Paper-based systems encourage unofficial payments.</li> </ul>	<ul style="list-style-type: none"> <li>Adequate facilities, well equipped and operating a one stop/one window system on multiple lanes.</li> <li>Simplified and standardized cross border procedures and documentation (compliant with Harmonized Border Crossing Convention Annex 8).</li> <li>Use of electronic information in control and inspection, and sharing information along corridor.</li> <li>Trained (risk management, total quality management-TQM) and motivated staff.</li> <li>Elimination of unofficial payments.</li> </ul>	<ul style="list-style-type: none"> <li>Processing times for travelers, vehicles (including trains) and maritime freight.</li> <li>Number of new cross border facilities.</li> <li>Procedures complying with Harmonized Border Crossing Convention Annex 8.</li> <li>% of staff trained.</li> </ul>
<p>To harmonize transport regulations</p>	<ul style="list-style-type: none"> <li>Lack of unified transport regulations</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to and implementation of</li> </ul>	<ul style="list-style-type: none"> <li>Unified technical standards for</li> </ul>

Objectives	Key Constraints	Outcomes	Milestones and Indicators
<p>among CAREC countries to create a level playing field for transport operators and promote efficiency and better services.</p>	<p>among CAREC countries.</p> <ul style="list-style-type: none"> <li>Limited capacity in government agencies to enforce regulations.</li> </ul>	<p>international conventions.</p> <ul style="list-style-type: none"> <li>Harmonization of regulations.</li> </ul>	<p>vehicles.</p> <ul style="list-style-type: none"> <li>Use of international commercial/operational standards (CMR, CVR, APT, AETR, ADR,<sup>5</sup> common operator licensing standards).</li> </ul>
<p>To promote concerted customs reform and modernization and to serve as a regional forum to address issues of common interest</p>		<ul style="list-style-type: none"> <li>Customs Automation: Automation system adopted (Kyrgyz Republic, Tajikistan) and upgraded (Mongolia).</li> <li>Risk Management, Post Entry Audit, and Customs Intelligence: Risk Management practices adopted and upgraded.</li> <li>Joint Customs Control: Pilot testing initially implemented in 1-2 countries and later extended to other countries.</li> <li>Regional Transit Development: PRC's accession to TIR Convention; Bilateral/Trilateral Transit Agreements signed and implemented.</li> <li>Harmonization of Customs Procedures and Documentation: Cargo manifest harmonized;</li> <li>Accession to the Revised Kyoto Convention.</li> <li>Data Exchange: Data elements for cargo manifests and customs declaration harmonized; Technology solutions for data exchange agreed bilaterally.</li> <li>Framework for Customs Cooperation: Bilateral agreements on mutual administrative assistance and customs cooperation signed and implemented.</li> <li>Training: Training provided to customs agencies in the designated priority areas.</li> </ul>	<ul style="list-style-type: none"> <li>Processing times for travelers and freight.</li> <li>Number of border posts with joint customs control.</li> <li>Number of border posts with single stop/single window inspection.</li> <li>Standard cargo manifest document adopted.</li> <li>Number of bilateral agreements for data exchange and mutual administrative assistance.</li> </ul>
<p>To support the on-going restructuring of the railway sector in</p>	<ul style="list-style-type: none"> <li>Lack of competition in railways due to the monolithic and monopolistic nature</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring of railways with move towards full privatization.</li> </ul>	<ul style="list-style-type: none"> <li>Number of privatized railways and private operators on railway network.</li> </ul>

<sup>5</sup> **CMR** – Convention on the Contract for the International Carriage of Good by Road; **CVR** – Convention on the Contract for International Carriage of Passengers and Luggage by Road; **APT** – Agreement on the International Carriage of Perishable Foodstuffs and Equipment; **AETR** – European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport; **ADR** – European Agreement on International Carriage of Dangerous Goods by Road.

Objectives	Key Constraints	Outcomes	Milestones and Indicators
<p>order to establish competitive regionalized services with prominent private sector participation.</p>	<p>of the organizations.</p> <ul style="list-style-type: none"> <li>Lack of track-sharing agreements, frequent changes in locomotives and time-consuming train re-marshaling at borders.</li> <li>Delays in inter-railway payment.</li> <li>No competitive railway tariffs to attract container traffic.</li> <li>Overstaffed organizations.</li> <li>Limited involvement of the private sector and limited interest from the private sector to finance transport projects due to large funding requirements and low rate of return on investment.</li> </ul>	<ul style="list-style-type: none"> <li>CAREC railways become a regional network with track sharing agreements.</li> <li>Agreed economic cost accounting procedures and simple inter-railway payments based on international accounting procedures and full transparency.</li> <li>Attractive railway tariff for containers.</li> </ul>	<ul style="list-style-type: none"> <li>Volume of inter-railway payments.</li> <li>Volume of containers transported by railways.</li> <li>Number of railway staff.</li> </ul>
<p>To assist the incremental liberalization of the civil aviation sector focusing on the adoption of bilateral agreements, restructuring of national carriers to promote competition, and greater private sector participation.</p>	<ul style="list-style-type: none"> <li>Lack of a regional approach in civil aviation, and lack of commonality in aviation policy and liberalization prospects across the region.</li> <li>Fear that in a liberalized environment strong foreign airlines would undermine local industry participants.</li> <li>Many national carriers facing extremely difficult financial situation.</li> </ul>	<ul style="list-style-type: none"> <li>Gradual privatization of state owned airlines.</li> <li>Increased number of air rights with foreign countries.</li> <li>Modern air traffic control operation in all CAREC countries.</li> <li>Increased volume of air passengers.</li> </ul>	<ul style="list-style-type: none"> <li>Air fares in CAREC countries.</li> <li>Volume of air passengers.</li> <li>Number of airports rehabilitated.</li> <li>Characteristics of air fleet in CAREC (number and type of planes and age of fleet).</li> </ul>
<p>To modernize the trucking fleet in order to increase transit traffic and participation by CAREC countries.</p>	<ul style="list-style-type: none"> <li>Trucking fleet is old in most CAREC countries.</li> <li>Transit volume is limited.</li> <li>Meeting EU standards implies replacement of fleet with expensive trucks.</li> </ul>	<ul style="list-style-type: none"> <li>Modern trucking fleet.</li> <li>Increased transit volume.</li> </ul>	<ul style="list-style-type: none"> <li>Average age of truck fleet in CAREC countries.</li> <li>Number of TIR carnets used per country.</li> <li>Volume of transit freight carried by CAREC trucks.</li> </ul>
<p><b>Goal 3: To develop safe, people-friendly transport systems that are environmentally sustainable and affordable</b></p>			
<p>To Develop and Maintain a Safe Transport System.</p>	<ul style="list-style-type: none"> <li>Limited regional integration on safety.</li> <li>Relatively high road accident rates.</li> <li>Limited resources to educate public on and enforce safe driving practices.</li> <li>Limited resources for International Civil Aviation Organization (ICAO) compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced number and severity of accidents.</li> <li>Reduced travel times resulting from reduced number of accidents.</li> <li>Reduced costs for accidents on a per capita basis.</li> <li>ICAO compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Road accidents (total number and fatalities).</li> <li>Aviation accidents (total number and fatalities).</li> <li>Railroad accidents (total number and fatalities).</li> <li>Sea accidents (total number and fatalities).</li> </ul>

<b>Objectives</b>	<b>Key Constraints</b>	<b>Outcomes</b>	<b>Milestones and Indicators</b>
To Develop a "People-friendly" Transport Network.	<ul style="list-style-type: none"> <li>• Outdated border facilities.</li> <li>• Outdated aviation, sea and rail terminals.</li> <li>• Lack of harmonized border crossing procedures.</li> <li>• Lack of inter-country bus service.</li> <li>• Limited role of private sector means limited response to market demands.</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade facilities including terminals.</li> <li>• Harmonize procedures.</li> <li>• Enable increased role for private sector including in the establishment of inter-country bus service.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased trade, travel and transit.</li> <li>• Agreement on border crossing procedures.</li> <li>• Private sector investment in sector including in terminals and border crossing facilities.</li> <li>• Inter-country bus services established.</li> </ul>
To Mitigate Potential Negative Health Impacts of Increased Traffic and Mobility.	<ul style="list-style-type: none"> <li>• Increasing incidence of HIV/AIDS/STI, injecting drug use.</li> <li>• Increased mobility.</li> <li>• Continuing reliance on remittances in a number of countries.</li> <li>• Increased traffic.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide information and services to vulnerable populations including transport operators and migrant workers on health issues.</li> <li>• Upgrade health information and services at border crossing points.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce rate of increase for HIV/AIDS/STI, communicable diseases and drug use.</li> <li>• Decrease flow/increase intercepts of drugs/ other contraband (e.g., arms, radioactive materials, endangered species), and human trafficking.</li> </ul>
To Develop and Maintain an Environmentally Sustainable Transport System.	<ul style="list-style-type: none"> <li>• Aging transport fleet.</li> <li>• Limited resources for education/enforcement for sustainable environmental measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced pollution by sector.</li> <li>• Improved land use/ reduced land degradation.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced emissions per vehicle or craft.</li> <li>• Reduced waste from sector.</li> <li>• Reduced loss of and use per project</li> </ul>
To Utilize Transport Sector Investments as Engines of Economic Growth, and thereby Alleviate Poverty.	<ul style="list-style-type: none"> <li>• Small segmented markets.</li> <li>• Long distances to major markets including outside CAREC.</li> <li>• Limited transit traffic means higher per unit transport costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased jobs and incomes.</li> <li>• Increased trade.</li> <li>• Increased transit traffic.</li> <li>• Reduced incidence of poverty.</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation.</li> <li>• GDP per capita.</li> <li>• Trade volumes.</li> <li>• Transit volume.</li> <li>• Poverty rates.</li> </ul>