



**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROGRAM  
ELEVENTH CUSTOMS COOPERATION COMMITTEE MEETING**

23-25 October 2012

Chengdu, People's Republic of China (PRC)

**Roundtable Discussion 1: Aligning CCC Priority Areas  
with International Best Practices in Trade Facilitation**

**Background**

1. The World Customs Organization (WCO) advocates pursuit of trade facilitation measures that are consistent with international customs standards as embodied in the WCO International Convention on the Simplification and Harmonization of Customs procedures (Revised Kyoto Convention or RKC).<sup>1</sup> The WCO states confidently that “adoption of the RKC and application of its standards by national authorities will simplify customs procedures, avoid unnecessary physical inspection of cargo, level the playing field for businesses, and reduce cross-border transaction costs, and thus significantly strengthen international trade.”

2. Globalization and recent developments have created new demands and perspectives on the role of customs. From the traditional role of merely collecting duties and taxes on international trade for fiscal support, modern day customs has to develop and implement an integrated set of policies and procedures that ensure increased safety and security, as well as effective trade facilitation and revenue collection. In 2008, WCO launched the new strategic directions for Customs in the 21<sup>st</sup> Century and its underlying building blocks (please see Annex 1: WCO's Customs in the 21<sup>st</sup> Century).

3. The CAREC Customs Cooperation Committee (CCC) has identified 5 priority areas of work<sup>1</sup> which are well-aligned with WCO's advocacy and new strategic directions.

| <b>C21 Building Block</b>  | <b>CCC Priority Area</b>  | <b>Status of CCC Work<sup>2</sup></b>  |
|--|---|--|
| <b>Enabling powers:</b> In order to address these challenges, Customs administrations require appropriate legislative provisions that strengthen enforcement powers, the provision of advance information and the sharing of information domestically and internationally. These powers are necessary, in particular, in order to combat organized crime more effectively. More needs to be done to increase the safety of Customs officers. | Simplification/ Harmonization of Customs Procedures - to facilitate trade through harmonized and simplified procedures for customs processing at the borders.   | <ul style="list-style-type: none"> <li>• All countries* have adopted new customs codes compliant with the Revised Kyoto Convention (RKC)</li> <li>• AZE KAZ MON PAK PRC have acceded to RKC; all others- applications are being processed</li> <li>• AZE KAZ KGZ MON PAK PRC TAJ UZB are contracting parties to the WCO Harmonized Systems Convention</li> <li>• KGZ MON PAK PRC are WTO members; all others – applications are being processed</li> </ul> |
| <b>Globally networked Customs:</b> The new challenges of the 21 <sup>st</sup> Century demand a new concept of Customs-to-Customs cooperation. There is a need for closer real-time collaboration between Customs administrations and between Customs and business in facilitating legitimate trade and undertaking Customs controls. The   | ICT for Customs Modernization and Data Exchange/Single window interoperability - coordinated ICT development in the region's customs organizations initiated to institutionalize data exchange across borders for faster processing, better | <ul style="list-style-type: none"> <li>• All customs authorities have fully automated their customs procedures</li> <li>• Azerbaijan Customs activated NSW in January 2009;</li> <li>• Most of other countries have passed legislation to allow for SW processes and undertaken necessary steps to develop an NSW.</li> <li>• Uzbekistan Customs has also</li> </ul>   |

<sup>1</sup> Please see Annex 1 Background note on CCC priority areas

<sup>2</sup> Please see Annex 2 Updates on CCC priority areas 2010-2011 for more recent and detailed updates

| C21 Building Block  | CCC Priority Area   | Status of CCC Work <sup>2</sup>   |
|---|---|---|
| <p>new requirement is to create, in partnership between the various stakeholders of the public and the private sectors, a global Customs network in support of the international trading system. The vision of this network implies the creation of an international “e-Customs” network that will ensure seamless, real-time and paperless flows of information and connectivity.</p>  | <p>enforcement of laws and regulations, and increased cooperation and integration</p>   | <p>proposed the development a single information space for CAREC customs for exchange of information which is consistent with the plan for the development of the regional information platform</p> <ul style="list-style-type: none"> <li>• Joint workshop with Pan Asia e-Commerce Alliance (PAA) held in Seoul in April to raise the awareness and build capacity of managerial level stakeholders from CAREC countries on implementing a single window, in particular formulating policies, program and legal framework for paperless trade in a single window environment</li> <li>• General Administration of China Customs and the State Customs Service of Kyrgyzstan have signed a customs cooperation bilateral agreement. The memorandum of agreement provides for the exchange of advance information on goods crossing these two countries’ borders. A second memorandum entails assistance from PRC in training KGZ personnel serving on checkpoints on the border with China including training on Chinese language and customs procedures.</li> </ul> |
| <p><b>Better coordinated border management:</b> This entails coordination and cooperation among all the relevant authorities and agencies involved in border security and regulatory requirements that apply to passengers, goods and conveyances that are moved across borders. Governments also need to explore more effective solutions to border management.</p>  | <p>Joint Customs Control/One Stop Inspection -- pilot testing of joint border procedures including the establishment of an independent monitoring mechanism to quantify and qualify the benefits of joint processing resulting from the pilot testing</p> | <ul style="list-style-type: none"> <li>• JCC pilot projects are being implemented at a number of BCPs along the borders of Kazakhstan and PRC, Kazakhstan and Kyrgyz, and Mongolia and PRC. The Mongolia–PRC Joint Customs Control Pilot (JCC) was expanded to Gashunsukhait (MON) and Gangqimodao (PRC) border crossing points (BCPs). Start-up activities were launched in November 2011. A review of JCC experiences in selected PRC-Mongolia BCPs was held 22-24 May 2012</li> <li>• JCC pilots on the KAZ-KGZ border were suspended with the entry into force of the Customs Union</li> </ul>  |
| <p><b>Intelligence-driven risk management:</b> The expanding responsibilities and opportunities facing Customs administrations require a more sophisticated understanding of the risk continuum. Scarce resources need to be targeted to the higher end of the risk continuum. The challenges facing Customs administrations are two-fold: how best to apply the rapidly expanding body of knowledge of risk management to identify and mitigate risk at the operational level, and how to apply this knowledge of risk management beyond the operational</p> | <p>Risk Management and Post Entry Audit – assist participating customs administrations in implementing risk management and post-entry audit programs.</p>   | <ul style="list-style-type: none"> <li>• Most countries have adopted risk management measures and included development of risk profiles into their automated systems</li> </ul>   |

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| <p>level and in the management of Customs administrations. The key to this will be the building of feedback learning loops that will allow Customs administrations to integrate risk-related activities and to learn from past decisions to enable them to build an organization that is forward-looking, with more sophisticated predictive capacity, rather than being merely responsive.</p>   |  |   |
| <p><b>Implementation of modern working methods, procedures and techniques:</b> Demands regarding the rapid movement of goods, combined with complex regulatory requirements, require modern innovative approaches. These include audit-based controls undertaken away from the border, moving from transaction-based controls alone to using systems-based controls where the level of risk allows, as well as moving away from paper-based systems. There is also a need to review existing procedures on the basis of international conventions (including the WCO Revised Kyoto Convention) and international best practice.</p> | <p>Regional Transit Development - to reduce delays and cost for transit traffic by strengthening national transit systems and the international TIR Transit System; to address issues related to the TIR Transit System as an immediate goal; and to explore the possibility of introducing a regional transit system as a medium-term or long-term goal</p> | <ul style="list-style-type: none"> <li>• Almost all CAREC countries are contracting parties of the International Road Transport Convention (TIR) – PRC is considering the benefits of accession</li> <li>• Some pilots limited to certain segments of the transport corridors have been implemented (such as use of GPS systems, electronic seal, and safe packets);</li> <li>• KGZ Customs application of a satellite navigation control system through a public private partnership (PPP) arrangement</li> <li>• Agreement on Cross-Border Movement of Persons, Vehicles and Goods under the CAREC (CBTA) was signed between the Kyrgyz Republic and the Republic of Tajikistan on December 2, 2010.</li> <li>• Afghanistan and Pakistan have revived/updated their bilateral transit agreement.</li> </ul> |

### Issues for Discussion

4. Customs priority area #1 – Simplification and harmonization of customs procedures
  - Is simplification and harmonization of customs procedures still an overarching concern? Will it continue to be a top priority for trade facilitation in the region?
  - Status of accession to the Revised Kyoto Convention.
  
5. Customs priority area #2 - ICT for Customs Modernization and Data Exchange/Single window
  - Since CAREC countries are at different stages of developing their national single windows, how can CCC assist in ensuring that the NSWs can later be interconnected?
  - Is the proposal of Uzbekistan to develop a regional information platform for CAREC customs to facilitate exchange of information an acceptable and viable regional project (globally networked customs)? Can it be a preparatory stage to interconnected NSWs?
  - Identify roles for expanding private sector participation: Single Window operator? Provider of outsourced functions?
  - KGZ-PRC bilateral customs cooperation as a 2+x regional cooperation model.

6. Customs priority area #3 - Joint Customs Control/One Stop Inspection
  - PRC-MON JCC experience – lessons learned
  - Expansion of JCC pilots to other BCPs
  - Integrating JCC into integrated/collaborative/coordinated border management principles of WCO.
7. Customs priority area #4 - Risk Management and Post Entry Audit
  - Can Customs lead an interagency initiative aimed at achieving integrated risk management for all border control agencies
  - Regional cooperation activities on risk management and post entry audit.
8. Customs priority area #5 - Regional Transit Development
  - How can CCC help encourage more application of TIR carnets for inter- and intra-regional transit?
  - further develop regional transit arrangements for certain segments of corridors where traffic volume is high and cost-savings benefits from adopting a local transit arrangement can be substantial
9. Possible new priority areas
  - Working with the private sector - more involvement of/consultation with the private sector in customs activities; joint training programs with CAREC Federation of Carrier and Forwarder Associations (CFCFA) on logistics management
  - Unofficial payments – how to eliminate extortion

Annexes:

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| Annex 1 | Background Note on CCC Priority Areas  |
| Annex 2 | WCO Customs in the 21 <sup>st</sup> Century  |
| Annex 4 | Summary of Accomplishments - Simplification/Harmonization of Customs Procedures            |
| Annex 5 | Summary of Accomplishments - ICT for Customs Modernization and Data Exchange/Single window |
| Annex 6 | Summary of Accomplishments - Joint Customs Control/One Stop Inspection                     |
| Annex 7 | Summary of Accomplishments - Risk Management and Post Entry Audit                          |
| Annex 8 | Summary of Accomplishments - Regional Transit Development                                  |