

**Statement of the Customs Cooperation Committee
at
the Fourth Meeting of the Heads of Customs Administrations
under the Central Asia Regional Economic Cooperation (CAREC) Program
7-9 September 2005, Ulaanbaatar, Mongolia**

Introduction

1. The Fourth Meeting of the Customs Cooperation Committee (CCC) was convened on 7-9 September 2005 in Ulaanbaatar, Mongolia to review the progress and give guidance on priorities and future direction of the CAREC's Trade Facilitation Program (the Program). The CCC Meeting brought together the Heads/Deputy Heads of Customs Administrations from CAREC's participating countries. The members of the CCC expressed their gratitude to the Customs General Administration of Mongolia for co-hosting the Meeting and for the excellent arrangements and warm hospitality; and to the ADB for providing financial support and serving as the Secretariat.
2. The CCC reaffirmed its commitment and leadership role in promoting customs cooperation and modernization as the medium-term priority of the Program.
3. Recognizing the multi-agency nature of trade facilitation and the long-term goal as providing "one-stop" or "single window" services for the business community, the members of the CCC underscored the need to establish a holistic and multi-agency approach in trade facilitation, and suggested to establish national trade facilitation committees for interagency coordination and partnership with private sector stakeholders. It called upon the Customs Administrations to act as the lead agency and champion in pursuit of such holistic trade facilitation strategies. In this regard, the CCC welcomed the Mongolia Customs' initiative to develop a broad trade facilitation strategy in support of "single electronic window practices."
4. Recognizing the medium-term and long-term goals of the Program, the CCC reiterated the importance of taking a phased and two-pronged approach: focusing on the priority areas endorsed by the CCC and deepening customs cooperation in the medium-term, while at the same time, promoting holistic trade facilitation approach that will eventually lead to "one-stop" and "single electronic window" services for the business community in the long term.
5. The members of the CCC reaffirmed the pragmatic approach of the Program, by complementing individual countries' customs modernization efforts with promotion of (i) bilateral agreements and cooperation initiatives, and (ii) training and regional knowledge forums. Bilateral initiatives have demonstration effects, and regional forums not only disseminate best practices and lessons learned, but also contribute to bilateral consultation and confidence-building among the participating countries. In this regard, the CCC appreciated the Secretariat's efforts to promote regional forums in partnership with international organizations and customs administrations supporting the Program. The members of the CCC expressed their appreciation to the Government of Singapore, Thailand Customs Department, and PRC Customs for hosting the regional events in 2005 and to the World Customs Organization (WCO) for sharing modern customs

techniques and instruments. The CCC recognized the improved representations of country delegations in the forums which were mostly led by senior Management as suggested in the Third CCC Meeting.

6. The members of the CCC looked forward to the forum on TIR Customs Transit System in Shanghai on 19-21 October 2005. Another forum will be held on e-governance solutions for customs and tax administrations to be hosted by the Korea IT Industry Promotion Agency and the tax and customs administration of the Republic of Korea on 5-8 December 2005, and a study tour for the KGZ and TAJ in early 2006 to be cohosted by ADB and the Government of Singapore. The Seoul Forum aims to support some of the CAREC participating countries' long-term goal of integrating customs and tax services through institutional reforms and information and communications technology.

Review of Progress

7. The members of the CCC noted with satisfaction the progress achieved since the Third CCC Meeting in December 2004 in Azerbaijan. In particular, they noted the accomplishments in:

- (i) bilateral agreements signed between Azerbaijan and the PRC, and between Uzbekistan and the PRC on Mutual Administrative Assistance and Customs Cooperation, and between the Kyrgyz Republic and Tajikistan on transit development;
- (ii) efforts by the Kyrgyz Republic and Tajikistan in undertaking business process reengineering and developing "IT master plans" to implement customs automation;
- (iii) customs modernization assessment being undertaken by the Mongolia Customs, and soon to be undertaken by Azerbaijan supported by ADB;
- (iv) positive outcomes of the joint control by Kazakhstan and the Kyrgyz Republic, and its potential expansion in another border-crossing point;
- (v) efforts by Uzbekistan in promoting data exchanges, and PRC's efforts to promote harmonization of cargo manifests;
- (vi) PRC's effort to field a study tour on the TIR Convention;
- (vii) extensive discussions and consultation through regional forums and working group sessions on issues and best practices related to customs automation, risk management, data exchanges, joint customs control and single electronic window practices;
- (viii) publication of the "Risk Management Guide," selected country experience in customs modernization, and forums proceedings in the CAREC Newsletter;and

- (ix) launch of a website for the Program which serves as knowledge repository and gateway for linking the participating countries' customs administrations.

Future Work Plan

8. The CCC broadly endorsed the work plans proposed by the Working Group Chairs. Major proposals and regional forums are highlighted below.

9. The CCC requested the two Working Groups to work closely in view of the inter-linkages among the priority areas. In particular, the CCC calls for the Kazakhstan and PRC Customs to take concrete actions to make tangible progress in harmonization of cargo manifest as its progress also helps define the scope of data elements to be exchanged, thereby supporting Uzbekistan Customs' proposal for data exchanges. Progress in harmonization of cargo manifests will also provide knowledge and experiences to deepen cooperation in the future by tackling more challenging issues such as harmonization of customs declaration.

10. The CCC welcomed the offer of the Kyrgyz Customs to organize a field trip for joint control in connection with the Ministerial Conference to be held in early November in Bishkek, and the Kyrgyz-Kazakh proposal to launch another joint control at Aktilek-Karasuu crossing-point, as well as the Mongolia-PRC proposal to start bilateral consultation and preparatory work for potential pilot-testing of joint customs control at a border crossing-point to be agreed by these two countries' customs administrations. The pilot-testing could be carried out in phases according to the countries' infrastructure and circumstances, the existing laws and regulation, the relevant border authorities' commitment and other considerations. These phases include

- Phase 1: Separate inspections and controls by the two countries' border agencies under one roof on incoming and outgoing people, vehicles and goods;
- Phase 2: Single inspections and control by the two countries' border agencies under one roof on either incoming or outgoing people, vehicles and goods;
- Phase 3: The common inspections and control being carried out jointly and simultaneously by the two parties.

11. The CCC welcomed the initiative of Mongolia and Tajikistan to enter into an Agreement on Mutual Administrative Assistance and Customs Cooperation in the near future.

12. Data exchange is a key aspect for faster customs clearance and harmonizing and simplifying customs procedures. In this regard, the CCC members welcomed the Kyrgyz-Uzbekistan initiative to firm up the scope of data elements to be exchanged, establish the legal foundation, and initiate pilot-testing.

13. The CCC members endorsed the PRC's financial support to host a training seminar in Urumqi on WCO's Framework of Standards and Common Data Model. This seminar will support several ongoing initiatives such as harmonization of customs manifest, data exchange and joint customs control.

14. The CCC called upon the Kyrgyz Republic and Tajikistan to accelerate the implementation of the Regional Customs Modernization and Infrastructure Development Project to support the goal of establishing a “single information space” in the region.

15. The CCC requested the Azerbaijan, Kyrgyz Republic, Mongolia, and Tajikistan to report to the next CCC on their respective studies (i.e., customs modernization assessment, Master Plan for customs automation, and a strategy for single electronic window practices) and seek consultation and suggestions through regional workshops in 2006.

16. Risk management is a key aspect of customs modernization. The CCC expressed appreciation to the Secretariat for the publication of the “Risk Management Guide” with the World Customs Organization. For the benefit of countries at the early stage of risk management implementation, the members of the CCC encouraged broadly dissemination of the Proceedings of the Shenzhen Seminar on Risk Management and Post-entry Audit, and consideration of the “points system” presented at the Bangkok Seminar and adopted by Japan and Thailand. The CCC members proposed that risk management be included as part of the regional seminars and forums for 2006.

17. The CCC welcomed the PRC’s recent effort in the accession to the TIR Convention and sponsorship of the “Shanghai Forum” to accelerate the accession and promote the TIR Customs Transit System in the region.

18. The CCC appreciated the Japan Customs’ sponsorship of a regional seminar, in partnership with ADB, on broader customs modernization issues.

19. The CCC endorsed the program structure of the next CCC Meeting which consists of: (i) deliberation on priority areas, (ii) knowledge forum, and (iii) concluding session deliberating on the work program and endorsing the CCC Joint Statement. The priority areas should be proposed by the participating member countries before the Meeting, taking into consideration changing country and regional priorities and circumstances.

20. The members of the CCC welcomed the offer of Kazakhstan to host the Fifth CCC Meeting, tentatively on the first week of September 2006.