

STATEMENT OF THE CUSTOMS COOPERATION COMMITTEE
at
Third Customs Cooperation Committee Meeting, Baku, Azerbaijan

Introduction

1. The Third Meeting of the Customs Cooperation Committee on the Regional Trade Facilitation and Customs Cooperation Program (Program) was convened during 1-3 December 2004 in Baku, Azerbaijan. The CCC Meeting brought together heads/deputy heads of customs administrations from Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, People's Republic of China, Tajikistan, Turkmenistan, and Uzbekistan. The members of the CCC expressed their gratitude to the State Customs Committee of the Azerbaijan Republic for hosting the Meeting and for excellent arrangements and warm hospitality, and the Asian Development Bank for providing financial support and serving as the Secretariat.

2. The members of the CCC reaffirmed the importance of trade facilitation in accelerating economic transition and promoting shared prosperity among the member countries. As simplification and harmonization of customs procedures is an effective means for trade facilitation, they stressed that trade facilitation must be advanced through a combined effort of (i) customs cooperation and (ii) reforms and modernization of customs services by the individual member countries. Individual member countries' effort provides the legal foundation and physical infrastructure for simplification of procedures, while customs cooperation helps accelerate harmonization through adopting common documentation and addressing issues of regional concerns such as data-sharing and transit development. Recognizing the role of international conventions for simplification and harmonization of procedures, the members of CCC recommended the acceleration of the process of accession to major international customs conventions particularly the Revised Kyoto Convention and the TIR Convention.

3. The members of the CCC shared the view that customs reforms and modernization could be accelerated through leveraging financial and technical assistance from international development institutions. In this regard, the members of the CCC noted with satisfaction the concerted launch of comprehensive customs automation and border-post infrastructure development by the Kyrgyz Republic and Tajikistan, supported by the Asian Development Bank. They noted the support provided by Kazakhstan in the design of unified automated information systems (UAIS) through sharing information and experiences. The members of the CCC recommended other countries to do likewise to contribute to the openness and compatibility among the member countries' UAIS.

4. The members of the CCC welcomed the Secretariat's support for needs assessments to explore the possibility of extending similar assistance to other member countries for automation and infrastructure development. Training and capacity building is an integral part of customs modernization, and support for this effort is equally essential.

Review of Progress

5. The members of the CCC reviewed the progress achieved since the Second CCC Meeting in October 2003 in Tashkent. They noted in particular the accomplishment in (i) promotion of bilateral customs cooperation and (ii) training and knowledge-sharing. Bilateral cooperation was achieved in several important areas such as joint customs control, data-sharing, transit development, and provision of a legal foundation through entering agreements on mutual administrative assistance in customs services. They expressed gratitude to the

Working Group Chairpersons, the PRC and Uzbekistan Customs, for taking a pragmatic and result-oriented approach for advancing the Common Action Plan endorsed by the CCC. They stressed the “demonstration effects” of bilateral cooperation initiatives and their potential for becoming regional initiatives under the Program. The members of the CCC welcomed the signing of an *Agreement on Customs Cooperation and Mutual Assistance in Customs Services* between Azerbaijan and the Kyrgyz Republic during the Third CCC Meeting, and noted the efforts of PRC and Uzbekistan, and Azerbaijan and PRC to enter into cooperation agreements in the near future. PRC and Tajikistan opened the first border post in June 2004 to strengthen bilateral trade relationship. An estimated four new border posts are expected to be opened on permanent basis between Mongolia and PRC in the near future.

6. The members of the CCC reconfirmed that training and knowledge-sharing are an important component of regional activities of the Program. Training and knowledge-sharing provided under the Program have effectively supported the revision of the Customs Codes and development of UAIS by the member countries. The forums held in Beijing and Manila were particularly useful for accepting and harmonizing the customs codes among the member countries and drawing on the lessons learned from the development of UAIS. In this regard, the members of the CCC expressed appreciation to the Government of the PRC for sponsoring two training and knowledge forums on risk management (21-24 April 2005) and TIR/Transit in 2005, and to the Government of Singapore for sponsoring a forum, tentatively scheduled on 26-28 January in 2005 to broaden the learning experiences. They welcomed the initiative from Azerbaijan to develop a common training program for consideration by the CCC at its 4th Meeting in 2005.

7. The members of the CCC noted the efforts by the member countries to leverage the strength of the private sector for customs modernization, and strengthen consultation with the private sector to (i) enhance “informed-compliance” of the trade community, and (ii) client orientation of customs services. In this regard, the members of the CCC noted the several member countries’ effort to recruit international consulting firms to develop and upgrade their UAIS, and Tajikistan’s recent establishment of a brokers’ association. They thanked the Secretariat’s recent sponsorship of the Forum on Public-Private Partnership for Customs Modernization in Manila, examining various options available for working with the private sector, and the experience of the Philippines in leveraging the strength of the private sector to accelerate customs automation.

Future Work Plans and Strengthened Working Group Arrangement

8. The members of the CCC endorsed the work plans proposed by the two Working Groups under the respective chairpersonship of the PRC and Uzbekistan. The members of the CCC thanked the leadership role played by the two Working Group Chairpersons.

9. Major initiatives proposed by the Working Group under the PRC Chairperson include

- (i) Mutual recognition of customs documentation;
- (ii) Development of simplified border documentation requirements;
- (iii) Training to promote accession to the Revised Kyoto Convention and TIR Convention; and
- (iv) A forum on joint customs control involving all the border agencies to resolve outstanding problems and examination of the potential to introduce integrated border management.

10. The Working Group under the chairpersonship of Uzbekistan underscored the importance of an ICT system for data exchanges. The following measures were recommended to advance the initiatives:

- (i) Review of legal agreements to cover the scope of data exchanges;
- (ii) Development of a standard list of information fields, and a uniform format for data exchanges;
- (iii) Development of harmonized information system; and
- (iv) Technical measures for exchange of the agreed list of data fields on a bilateral basis;

11. As regard to the subject of Risk Management, Post Clearance Audit and Customs Intelligence, the Working Group recommended the need to provide training to senior management through regional training and knowledge forums, and senior staff in regional customs houses through in-country training workshops as the one recently held in Tashkent in November 2004. Training of senior staff of regional customs houses has potential to spread the knowledge to customs officers working at the posts if the senior staff make an effort to share knowledge with their staff. In this regard, the members of the CCC recommended that country delegations for regional training and knowledge forums be led by senior management, preferably at the level of deputy heads.

12. To strengthen the working group arrangement and ensure continuity in advancing the initiatives endorsed by the CCC, it was recommended that the Working Group under the Chairpersonship of Uzbekistan constitute two sub-working groups: (i) a Sub-working Group on ICT, and (ii) a Sub-working Group on Risk Management, Post-entry Audit, and Customs Intelligence. The nominated country experts for the two sub-groups will participate in all the working group meetings organized by the chairpersons. In view of the recommendation to introduce working group meetings in connection with regional training and knowledge forums, the CCC recommended that the nominated country experts for the two sub-working groups shall attend all the regional events concerning the subject under the Chairpersonship of Uzbekistan. The member countries may nominate country delegates other than the nominated sub-working group members, but should cover the cost of their participation. It is recommended that the member countries submit the nominations for the two sub-working groups, and the heads of country delegations to the Chairperson and Secretariat by 20 December in order to explore the possibility of utilizing the planned forum in Singapore on ICT (26-28 January 2005) to convene its first working group meeting. The members of the CCC advised that this arrangement be maintained until further review at the 4th CCC Meeting.

13. Measures to strengthen the working arrangements and endorsed by the CCC are summarized below:

- (i) **The Working Groups follow a pragmatic and result-oriented approach**, addressing data-sharing and transit development initially through bilateral cooperation. This is because the scope of data required and transit issues facing the member countries vary considerably among the member countries;
- (ii) **The Working Groups take a comprehensive approach** to advance the Common Action Plan because of the inter-linkage among the (seven) components and their contribution to harmonization and simplification of customs procedures. In this regard, the members of the CCC advise that the two Working Group Chairpersons should make an effort to organize their annual Working Group Meeting together;

- (iii) **The Working Group arrangement and its “country ownership” be strengthened.** The members of the CCC advise the Working Group Chairpersons to strengthen the working group arrangement and leverage regional training and knowledge forums to maximize its frequency. Working Group meetings will be organized by the two chairpersons and the meeting agenda and schedule be developed and notified to the member countries at least two months ahead of the meetings for adequate preparation. The letters of invitation shall be issued by the Working Group Chairpersons in consultation with the member countries and Secretariat.
- (iv) **The Working Group led by Uzbekistan will consist of two sub-working groups:** (i) ICT, and (ii) risk management, post-entry audit, and customs intelligence. The member countries are requested to nominate the experts for the two groups by 20 December, and their continuity in participating in working group meetings and regional training be maintained.
- (v) **The Working Group Meetings will become an important component of each CCC Meeting,** and the Working Group Chairpersons will prepare their respective reports to the CCC, including the meeting agenda during the CCC, at least one month in advance of each CCC Meeting.
- (vi) **Senior management participation of the working group meetings and major regional training and knowledge forums becomes essential** in view of (i) the need for senior management to embrace new knowledge and country experiences elsewhere to spearhead customs reforms and modernization, and (ii) the introduction of the working group arrangements in regional training and forums. In this regard, the CCC recommended that country delegations for working group meetings and regional training and knowledge forums be led by senior staff, preferably at the level of deputy heads.
- (vii) **The Working Group Chairpersons develop “performance indicators”** on their respective work plans endorsed by the CCC in consultation with the member countries. This will help strengthen the reporting arrangements of the Working Group to the CCC.
- (viii) **The proposal of rotating the Working Group chairpersonship every 2 years will be reviewed at the next CCC Meeting.**

14. The members of the CCC welcomed the offer of the Customs General Administration of Mongolia to host the Fourth CCC Meeting, tentatively the first week of September 2005. The Program and the letters of invitation will be developed and extended by the Customs General Administration of Mongolia two months before the confirmed date for the Meeting.