

Roundtable Seminar on Ways Forward for Corridor-Based Transport Facilitation Arrangements in the CAREC Region

Summary

Beijing, People's Republic of China
2–3 July 2012

I. Introduction

1. The Roundtable Seminar (the Seminar) on Ways Forward for Corridor-Based Transport Facilitation Arrangements in the CAREC Region was held in Beijing, People's Republic of China, on 2–3 July 2012. The Seminar was attended by senior officials representing Transport, Customs, other officials concerned, and Freight/Transport Operators Associations from CAREC member countries, i.e., Republic of Azerbaijan, the People's Republic of China (PRC), the Republic of Kazakhstan, the Kyrgyz Republic, Mongolia, the Islamic Republic of Pakistan, the Republic of Tajikistan, Turkmenistan, and the Republic of Uzbekistan.¹ Staff from the Asian Development Bank (ADB) and the ADB Institute, and international experts, facilitated the Seminar and gave presentations. The list of participants is provided as **Appendix 1**.

2. The objectives of the Seminar were to: (i) take stock of and learn from transport facilitation arrangements that are existing (operational or otherwise) in the CAREC region, particularly those the scope of application of which covers CAREC transport corridors; (ii) learn from international good practices on region/subregion-wide transport facilitation arrangements; and (iii) come up with feasible and practical recommendations for moving forward with corridor-based transport facilitation in the CAREC region. The Seminar Agenda is attached as **Appendix 2**.

II. Summary of Presentations and Discussion

A. Opening Statement and an Overview of the CAREC Transport Sector

3. Ms. Vicky C.L. Tan, Director, Regional Cooperation and Operations Coordination Division (CWRC), Central and West Asia Department, ADB, presented opening remarks, providing the Seminar with the strategic context and direction. She noted that the Seminar is a first, but important step toward operationalizing CAREC 2020's future directions in transport facilitation. As part of CAREC 2020's action plan for 2011–2015, it is envisaged that relevant transport facilitation agreements will be formulated, and possibly implemented on a pilot basis along selected CAREC corridors and associated border crossing points. The selection of pilot projects will be based on the interest and willingness of countries to participate, the volume of international trade along the corridor, and the readiness of transport and border infrastructure to handle increased cross-border traffic.

4. The presentation of Mr. Hong Wang, Director, Transport and Communications Division, Central and West Asia Department, ADB (given by Mr. Ronald Butiong, Unit Head, CAREC, CWRC), showed that good progress is being made in implementing CAREC's transport and trade facilitation strategy, particularly in terms of physical achievement (e.g., with 49% of the corridor roads and 37% of the corridor railways upgraded as of February 2012). The

¹ Unfortunately, Afghanistan could not send delegates due to unforeseen, last-minute circumstances.

presentation also outlined key achievements in trade facilitation, many of which can be built on to facilitate transport. These include achievements in customs cooperation and transit (e.g., joint customs control, risk management, “safe packet systems”) and integrated trade facilitation (e.g., establishment of a regional association of freight forwarders, monitoring and measurement of corridor performance, regional improvement of border services). It was observed that existing national joint committees and the CAREC Federation of Carrier and Forwarder Associations (CFCFA) could fulfill the necessary institutional arrangements for transport facilitation.

B. CAREC Countries’ Experience in Transport Facilitation

5. The countries then presented their experience with transport facilitation. The existing agreements have been implemented to varying degrees and with varying effectiveness. Generally, the planned agreements considered by the countries are corridor-based. A summary of the presentations, by country (in alphabetical order), follows.

6. Mr. Teymur Abbasov, Senior Advisor of International Relations Department, TRACECA [Transport Corridor Europe–Caucasus–Asia Corridor] and International Projects Division, Ministry of Transport, **Azerbaijan**, introduced the Basic Multilateral Agreement on International Transport for Development of the Europe–Caucasus–Asia Corridor, done at Baku on 8 September 1998. Parties to the agreement include five CAREC countries (Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan) and eight non-CAREC countries (Armenia, Bulgaria, Georgia, Iran, Moldova, Romania, Turkey, and Ukraine). The agreement covers the transport of goods and people by all modes along a corridor that includes CAREC Corridor 2, providing the shortest continuous corridor linking Asia and Europe. The agreement (i) provides for the right of transit of international means of transport, goods, and passengers through member states’ territory; (ii) ensures effective arrangements for facilitation of transport in transit; (iii) provides for the non-imposition of taxes, duties, and other payments for transport in transit, irrespective of their names and origin, except payments for transport and customs services, services related to transport, as well as payments for use of transport infrastructure; and (iv) establishes tariff for transit transport services on preferential terms. Between 2000 and 2011, Azerbaijan’s freight transport increased by 83% and transit goods traffic increased by 87%, i.e., at equivalent annual average rates of increase of 5.7% and 5.9%, respectively. In addition, Mr. Abbasov presented information on ongoing and completed transport projects implemented by or with the participation of Azerbaijan and perspectives on the projects from the view of the development of the TRACECA corridor. Mr. Samad Garalov, Head of Control of Trade Cargo Department, State Customs Committee, informed the Seminar of the introduction of a single window system in Azerbaijan in 2009 pursuant to a presidential decree, and other customs modernization initiatives (e.g., a new customs code). Discussion highlighted the important role played by the Inter-Governmental Commission in the implementation of the agreement.

7. Mr. Zan Yang, Deputy Director General of the International Cooperation Department, Ministry of Transport, **PRC**, first provided an overview of cooperation in transport with Central Asia, including five bilateral agreements, one trilateral agreement, and one quadrilateral agreement, resulting in almost 100 passenger and freight routes. He next discussed cooperation in transport with the Greater Mekong Subregion (GMS), including six bilateral agreements and the GMS Cross-Border Transport Agreement (acceded to by the PRC in 2002). He further discussed land maritime multimodal transport cooperation in Northeast Asia (e.g., with the Republic of Korea). In addition, he discussed the Shanghai Cooperation Organization (SCO) Intergovernmental Agreement on Transport Facilitation, which has been under preparation since 2004 and is waiting for approval of all of the parties. Finally, Mr. Yang

expressed appreciation for ADB's assistance for both hardware and software within CAREC, and proposed a consolidation of resources to avoid duplication. Specifically, he called for further dialogue to develop feasible approaches to transport facilitation to make the CAREC corridors more effective. Discussion further highlighted: (i) differential maximum gross vehicle weight standards among the countries (e.g., 55 tons in the PRC); (ii) possible accession by the PRC to the TIR convention, expected in the near future; (iii) possible development of a railway linking the PRC with the Uzbekistan via the Kyrgyz Republic; and (iv) consideration of new transport routes from the Kyrgyz Republic into Xinjiang Uygur Autonomous Region.

8. Ms. Gulmira Zhumatova, Head of Law and Public Purchase Division, Law Department, Ministry of Transport and Communications, **Kazakhstan**, first introduced the Agreement on the North–South International Transport Corridor (ITC), signed by the three founding parties in 2000 (entering into force in 2002), and which now includes four CAREC countries (Azerbaijan, Kazakhstan, the Kyrgyz Republic, and Tajikistan) and 10 non-CAREC countries (Armenia, Belarus, Bulgaria, India, Iran, Oman, the Russian Federation, Syria, Turkey, and Ukraine). The ITC Agreement includes some “soft” measures, e.g., harmonization of transport policy, provision of equal, non-discriminatory access for transport operators. In 2007, Iran, Kazakhstan, and Turkmenistan issued a declaration for construction of a 929 km railway to establish an alternative, shorter (by 600 km) ITC route. Next, Ms. Zhumatova discussed Kazakhstan's bilateral transport agreements with seven other countries, including Azerbaijan, the PRC, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. The bilateral agreements are working to some extent, but in at least one instance there is a need for more permits. Finally, she discussed measures to simplify controls at the Kazakh border. Discussion addressed included: (i) benefits from transit transport, including the collection of transit fees (and the consistency of such fees with the General Agreement on Trade in Services, GATS); (ii) the CAREC corridors covered by the ITC Agreement and the bilateral agreements; (iii) confirmation that implementation of the ITC Agreement is ongoing; (iv) the coordination of the respective bilateral agreements with each other (all of which are in the ITC).

9. Mr. Maksatbek Dyikanov, Permanent Secretary (First Deputy Minister), Ministry of Transport and Communications, **Kyrgyz Republic**, first presented on the Agreement on Cross-Border Transport of Persons, Vehicles, and Goods within the Framework of CAREC (also known as the CAREC CBTA), signed by the Kyrgyz Republic and Tajikistan, on 2 December 2010 in Dushanbe, and ratified by the Kyrgyz Republic on 28 June 2011. Article 28 of the of the CAREC CBTA states that “[t]he Agreement is open for accession by any other country upon the consent of the Contracting Parties”. Afghanistan has requested the Kyrgyz Republic and Tajikistan to join the CBTA, and a three-country meeting was held on the subject in Bangkok on 23–25 August 2011. He next discussed bilateral transport agreements between the Kyrgyz Republic and the PRC, Kazakhstan, the Russian Federation, Tajikistan, and Uzbekistan, including an assessment of specific issues associated with these agreements (e.g., continued checks at internal posts in Kazakhstan; an issue in the bilateral agreement with the PRC regarding the opening of transport to Urumqi; cancellation of passenger routes, charges on customs escorts, non-recognition of third-party motor liability insurance, and border closure, by Uzbekistan). In some cases (e.g., Kazakhstan, the PRC), these agreements are working or appear to be promising, while in at least one case issues have emerged. Discussion addressed included: (i) the coordination of the respective bilateral agreements with each other; (ii) whether the bilateral agreements are corridor specific or not (all corridors are covered, except for the CBTA, which covers only Corridor 5); and (iii) progress of Parliamentary approval of the protocol of accession of Afghanistan to the CBTA.

10. Mr. Navaanbalt Chuluunbaatar, Officer in Charge of Road Transport, Road Transport Policy Department, Ministry of Roads, Transportation, Construction and Urban Development, **Mongolia**, presented on a variety of topics, including the state of CAREC Corridors 4A and 4B in Mongolia and the status of the seven international conventions on transport facilitation promoted under Resolution 48/11 of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). He discussed a number of bilateral transport agreements, of which the most quantitatively significant is the one with the PRC (1991, amended in 2011). In addition, he mentioned the need to complete CAREC Corridors 4A and 4B in Mongolia, and to develop an electronic single window system to facilitate trade. Ms. Ayasgalan Molor, Officer, Ministry of Finance, informed the meeting of the Customs Modernization Project, the Regional Improvement of Border Services Project, and other trade facilitation projects in Mongolia. Discussion touched on bilateral transport relations between Mongolia and Kazakhstan, which require further development.

11. Mr. Saif Ullah Chattha, Additional Secretary, Ministry of Communication, **Pakistan**, introduced the PRC–Pakistan Bilateral Agreement on International Transport, signed in 1993 and operationalized in 2006. It covers both the transport of goods and people. A total of over 9,000 permits are issued per year, including permits for regular passengers, non-regular passengers and goods, and special permits. The agreement has proved moderately effective, with quick and easy implementation mechanisms, although there have been various delays (e.g., delays in the clearance of passengers at Tashkurgan, delays in the issuance of visas to drivers/personnel, short working hours due to a four-hour time difference at the border) and high costs (port and quarantine charges). Discussion addressed the eligibility criteria for transport corridors.

12. Mr. Nisar Muhammed Khan, Chief Collector Customs (North), Federal Board of Revenue, **Pakistan**, presented on the Agreement for Traffic in Transit among the Governments of the People’s Republic of China, the Kyrgyz Republic, the Republic of Kazakhstan, and the Islamic Republic of Pakistan, which was signed on 9 March 1995² in Islamabad, and finally became operational (at least nominally) in May 2005. Salient features of the agreement include: (i) mutually agreed routes and border posts, (ii) a multimodal transit regime on mutually agreed and designated routes, (iii) goods and vehicles to be treated as “traffic in transit”, (iii) no taxes on duties on vehicles, (iv) imposition of toll taxes and maintenance fees, (v) uniform customs procedures and formalities, (vi) “national treatment” in the case of railway/road freight and port charges, and (vii) a uniform set of consignment notes. Routes covered include: (i) Karachi to Peshawar or Karachi to Islamabad/Rawalpindi to Hassanabdal–Gilgit-Sust, (ii) Khunjerab–Khashgar–Torugart (PRC)–Torugart (Kyrgyz Republic), (iii) Bishkek–Ak-Jol–Kordai–Almaty, and (iv) Khorgos (Kazakhstan)–Khorgos (PRC). Issues/difficulties in implementation have related to permits for transit traffic, the unification of the vehicle dimensions and weight standards, and transit fees and toll charges. Some efforts have been made to resolve these issues and a consensus has been reached (e.g., exemption from road maintenance and transit fees, national treatment accorded to transit vehicles), but it remains an “agreement on paper” (taking a “backseat” to bilateral agreements) due to “missed opportunities”, a consequence of a number of specific enumerated problems (e.g., a lack of proper networking among traders, delays in visa issuance, a lack of efficient banking systems). In discussion, the PRC noted an urgent need for a meeting to discuss exchange of permit among the four countries. Tajikistan noted that it has made an official request to accede to this agreement and urged the countries to consider

² The Protocols and Regulations were signed subsequently (1996 and 1998) and form an integral part of the agreement.

this request at the next quadripartite meeting; Mr. Khan stated that Pakistan fully supports the Tajikistan request considering the importance of Tajikistan along the route.

13. Discussion further addressed the Afghanistan–Pakistan Transit Trade Agreement (APTTA), signed on 28 October 2010 in Kabul and entered into force on 12 June 2011 (replacing a 1965 agreement), to facilitate transit trade for Afghanistan and a gateway for Pakistan for transit trade to Central Asia. Outstanding issues relate to insurance and the discharge of bank guarantees. Pakistan has just created a Directorate General of Transit Trade to facilitate implementation of the agreement.

14. Mr. Rizo Sadykov, Chief Inspector of the Customs Control Department of the Customs Services, **Tajikistan**, discussed the CAREC CBTA, mentioned earlier by the Kyrgyz Republic. The CAREC CBTA will permit operation of vehicles registered in one contracting party on the territory of the other or other contracting parties. Transit and interstate transit operations are to be exempt from all fees and duties except for customs duties. In addition, the CAREC CBTA will simplify border crossing formalities by introducing “one-stop”, “single window” principles, and harmonize the system of determining the value of shipments and unify the structure of documents.

15. Ms. Farida Yoqubzoda, Head of International Relations Department, Ministry of Transport, **Tajikistan**, presented on the Agreement between the Government of Tajikistan and the Government of the People’s Republic of China on International Road Transport, signed on 28 August 2008, in Dushanbe. The agreement has been beneficial (with 12–15% average annual growth in traffic) but could be improved (e.g., by covering transit transport as well as transport operations to or from third countries, by extending it beyond the CAREC Corridor 5, by establishing a joint committee/commission). Finally, Ms. Yoqubzoda urged CAREC member countries to consider the possibility of acceding to the CAREC CBTA to effectively fill gaps in existing bilateral agreements. As a contracting party, Tajikistan stands ready to support other CAREC member countries in acceding to the CAREC CBTA.

16. Mr. Mekan Dadiyev, Deputy Head, Finance Division, Ministry of Railway Transport, **Turkmenistan**, introduced the Turkmenistan–Afghanistan Transit Transport Agreement, signed on 5 July 2007 in Ashgabat. Among other provisions, it establishes mutual recognition of driving licenses and allows for each other’s carriers to transport cargo and passengers of its own country or of a third country on the return trip. While the agreement does not address facilitation of customs and documentation requirements, the parties are keen to build on the success of the agreement. Turkmenistan is traversed by CAREC Corridors 2b and 3a; Mr. Dadiyev urged that corridor alignments be extended to better serve Turkmenistan, which acceded to CAREC in 2010. During discussion it was clarified that the Turkmenistan–Afghanistan Transit Transport Agreement covers Corridors 2a and 3b and implementation is ongoing.

17. Mr. Davron Khodjaev, Head of Sector, International Transport Department, Ministry for Foreign Economic Relations, Investments and Trade, **Uzbekistan**, discussed a variety of subjects, including international transport corridors traversing Uzbekistan, international logistics centers, trans-Afghan corridors, the construction of new railway lines, and corridors linking Central Asian and Persian Gulf States.

C. Key Impediments to Cross-Border Transport in the CAREC Region

18. Mr. Butiong, ADB, summarized the findings of the CAREC Corridor Performance Measurement and Monitoring (CPMM) system, focusing on the time and costs associated with

the lack of transport facilitation in the region from an evidence-based perspective. Basically, CAREC corridors are not functioning efficiently. For example, the time required to clear (one) road border crossing point averaged 6.2 hours in 2011, with an average cost of US\$148 equivalent. Queuing and loading/unloading were major contributors to this inefficiency. In 2011, CAREC Corridor 3 proved to be the least costly and was slightly more efficient than Corridor 4. A major cause of delay and source of high cost is the transshipment at the border crossing points, which is necessary as cross-border transport operations along CAREC corridors are either not allowed or inefficient. Transport facilitation is clearly needed to maximize the benefits derived from the CAREC corridors.

19. Captain Lin Zhong, Chairman, CAREC Federation of Carrier and Forwarder Associations (CFCFA), summarized key constraints on cross-border transport operations along CAREC corridors, such as the high fees charged by governments in border crossing formalities, and the long time spent by trucks in queues at the border checkpoints. He discussed the CPMM data presented by the earlier speaker. Finally, he offered a number of suggestions, including transparent measures to monitor the performance of border crossing officials, simplification of entry formalities, effective implementation of customs guarantees, improved coordination between/among countries and within countries, greater private sector involvement, and an effective channel for user complaints.

20. Discussants noted that: (i) the long delays in customs clearance, which calls for a risk-based approach, as directed by the Revised Kyoto Convention of the World Customs Organization (WCO)(Pakistan); (ii) the advantages of advance, electronic submission of data and the introduction of an authorized economic operator (AEO) system, also as called for by WCO (Azerbaijan); (iii) the need to consider the different gross vehicle weight standards in the countries, reflecting different road design standards (Kazakhstan); and (iv) the benefits of public-private partnerships in achieving transport and trade facilitation (Tajikistan).

D. Ideas on Key Elements of a Transport Facilitation Agreement

21. Mr. Kristiaan Bernauw, Consultant (Transport Regulatory/Legal Specialist, ADB), presented on key elements and features of transport facilitation agreements. He observed that for some countries immediate accession to multilateral international conventions may be too onerous and demanding for the purpose of the immediate use that can be drawn from them in the context of regional transport facilitation. On the other hand, the adoption of multilateral international conventions offers the opportunity of access to the international market. An intermediate and temporary solution may be found in the development of a tailor-made regional convention that is inspired by the regime of the multilateral international conventions, but in a “light” version. It creates the opportunity for easier transition to those multilateral international conventions regime over the long run. He observed that setting up a system of transit transport operations involving at least three different sovereign countries cannot easily be achieved on the basis of bilateral agreements; a plurilateral instrument³ is preferable in that case. Existing bilateral and plurilateral instruments often have the following flaws: (i) a lack of substance in important fields where they postpone the resolution of issues to be agreed upon by referring them to another decision level in another instrument or another forum, or where they refer issues to domestic law; (ii) a lack of commitment where they rely on best efforts, declarations of intent, and mere recommendations; (iii) a lack of clear exchange of traffic rights for the respective categories (e.g., transit/interstate, scheduled/non-scheduled, passenger/cargo); and (iv) omission of important components, e.g., mutual recognition of home country third-party motor liability insurance, a customs transit regime, a user complaint service/ombudsman function.

22. Mr. Bruce Winston, Consultant (Transport Facilitation Specialist), presented on lessons learned from international experience in implementing cross-border transport facilitation. Specific lessons (among others) have included: (i) the effectiveness of a corridor approach in implementing transport and trade facilitation, (ii) the importance of political will and ownership, (iii) the need for a cross-agency perspective, (iv) the need for a pragmatic orientation toward results, (v) the need to develop a sound business case for cross-border transport facilitation initiatives, (vi) the need to focus on highly critical provisions, (vii) the importance of achieving “quick wins” to establish credibility, and (viii) the importance of involving the private sector. In particular, the corridor approach provides a focus for practical and realizable improvements rather than a discussion of generalities. The objective is to concentrate resources for both investment and operational management, including the facilitation of transport and trade.⁴

E. Experiences in Transport Facilitation Arrangements in Other Regions

23. Mr. Nguyen Van Thach, Deputy Director General, International Cooperation Department, Ministry of Transport, Viet Nam, introduced the experience of cross-border transport facilitation between Viet Nam and its neighboring countries in the GMS, including the bilateral road transport agreement between Viet Nam and Cambodia (1998 and 2005) and the GMS Cross-Border Transport Agreement (CBTA, 1999).⁵ He observed that ratification does not necessarily mean implementation. Corridor-wide implementation may occur at first, with pilot testing at

³ A *plurilateral* agreement is an agreement between more than two countries, but not a great many. In the parlance of the World Trade Organization, it is a special type of multilateral agreement.

⁴ Particular solutions for specific corridors may be easier to implement than arrangements covering all roads, major and minor. The approach has been adopted worldwide, e.g., in the North American Free Trade Agreement (NAFTA), in all parts of Africa, and in Asia by UNESCAP through its Asian Highway system.

⁵ The GMS CBTA was initially a three-country agreement, later became a six-country agreement, but is now being implemented by groups of three countries under a corridor framework.

selected border crossing points to build confidence and identify issues. He urged pragmatism and patience, which in the case of Viet Nam has paid off with substantial year-on-year increases in corridor trade with Lao PDR (43%) and Cambodia (50%) in 2011.

24. Ms. Silvia Sudol, Senior Advisor, Argentine National Senate, presented on the Agreement of International Land Transport (ATIT, from the Spanish acronym) in the Southern Cone of South America, signed in Santiago in September 1989. Lessons learned from the ATIT (and advice to CAREC) include the following (among others): (i) the need for simplification of the rules, (ii) the use of coordinated border management and the single window concept as models, (iii) the need to apply risk management and AEO systems, (iv) the need for institutional and capacity strengthening, (v) the need for greater involvement of the private sector as users of the system, and (vi) the need to grant in-transit status rather than tourist status to drivers. She noted that the process of transport facilitation is a long, evolutionary process. The relatively successful operation of this regional transport facilitation agreement in a different part of the world provides “inspiration” for CAREC and other regions.

25. The discussion addressed: (i) the prohibition of cabotage under the ATIT to protect domestic markets; and (ii) the situation before the GMS CBTA and ATIT (e.g., a proliferation of bilateral agreements, with limited geographic scope).

III. Lessons Learned and Findings

26. Key lessons learned and findings of the Seminar include the following:

- (i) Transport facilitation is especially important for the CAREC region, which is situated at a strategic crossroads for surface transport linking East Asia (including the PRC), Southeast Asia, and South Asia on the one hand, and Europe and the Russian Federation on the other hand. Moreover, the geographic situation of the eight landlocked countries in the region (i.e., Afghanistan, Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan) makes transport facilitation in the region especially relevant.⁶
- (ii) The CPMM study in 2011 found that there is room for improving the efficiency of the CAREC corridors (e.g., the mean time to clear a single border crossing was 6.2 hours at a cost of US\$148).⁷ While good progress is being made in upgrading the physical infrastructure of the CAREC corridors, there has been limited progress in addressing the nonphysical barriers to cross-border transport and trade.
- (iii) Transport and trade facilitation has effectively contributed to transnational movement and associated trade and development in other regions, and therefore further improvements could be expected in the CAREC region.⁸

⁶ The transit right may be granted to landlocked countries by the general principles of customary international law and be contained in express provisions of various international conventions, but it lacks substance and requires concrete implementation via transport facilitation measures. In other words, without transport facilitation measures the transit right principle is not practicable and economically viable due to cost, delay, and other prohibitive burdens that render it merely of theoretical but not practical consequence.

⁷ In a study of New Eurasian Land Transport Initiative, it was reported that crossing European borders takes only two hours, on average, at the border crossing points (BCPs). Compared to the average of 6.2 hours for CAREC countries in 2011, substantial improvement can be made for CAREC BCPs.

⁸ For example, a World Bank assessment cited a UN finding that transport and trade interventions can produce savings of 2-3% in total trade value. Eva Molnar (World Bank) and Lauri Ojala (World Bank Consultant), *Transport and Trade Facilitation Issues in the CIS 7, Kazakhstan and Turkmenistan*, January 2003, p. v.

- (iv) There are a number of existing, often overlapping, cross-border transport facilitation agreements in the CAREC region—bilateral, plurilateral, and multilateral. However, the pace of implementation varies and, in many cases, implementation has not always been effective as there remain significant barriers to efficient cross-border transport. Many agreements take time to implement even if they have already been signed and ratified by the participating countries. To ensure immediate and effective implementation, the capacities of officials will need to be developed in a sustainable way; national institutions for transport and trade facilitation will need to be established and operationalized; and a framework for continuing cooperation among national institutions for transport and trade facilitation of participating countries will need to be established and/or strengthened as the case may be.
- (v) The multi-track approach to facilitation in scattered and differential agreements is problematic. On the other hand, the ideal of total regional (or global) harmonization is unrealistic in the short term. But some degree of harmonization is required. There are conflicting interests in this respect:
 - (a) for the private sector user or transport operator, differential regimes may block regional transport operations (e.g., if there is no exchange of traffic rights for some segments of the regional operation) and in the best case still render them more complicated, onerous, and time-consuming (in case the facilitation level differs: e.g., if there is [only] a customs union, other facilitation aspects may not be addressed, or if a customs transit regime is missing in some country traversed or even if there a customs transit regime in place in all countries traversed, the system may differ, such as by requiring in one regime case-per-case individual security and in another regime a standing collective security); and
 - (b) from the public sector perspective, a country that has borders with several countries and is a member of several regional groupings will find it challenging to establish different transport facilitation arrangements.
- (vi) Considering CAREC's goal of establishing competitive transport corridors in the region, a viable approach would be to pursue, on a pilot basis, corridor-specific agreements that adhere to certain basic principles but which over time will pave the way for the countries to effectively implement a wider regional agreement. The selection of pilot projects, as envisaged in CAREC 2020, would be based on: (i) the interest and willingness of the countries to participate, (ii) the volume of international trade along the corridor, and (iii) the readiness of transport and border infrastructure to handle increased cross-border traffic. This would allow for "early harvesting" of "low hanging fruit" with "quick wins"—new, visible contributions to transport and trade facilitation, which would be vital to establish credibility and to prepare for harder-won victories. This approach will encourage countries to pursue deeper agreements on a bilateral or plurilateral basis, where common interests may be greater than over a wider region. As long as there is no harmonization on the supranational level,⁹ a corridor-based approach offers the only practically feasible solution. This means that the facilitation regime will be specific per corridor and may differ from the regime in the rest of the national territory and on other corridors in the same countries. While a corridor approach has drawbacks (e.g., networking and interconnecting of corridors is more complicated; for interstate as

⁹ Such harmonization is to be supported, promoted, and stimulated by supranational agencies, donors, and sponsors through consultation and coordination.

opposed to transit operations, the facilitation effect is lost to a certain extent if the points of inland origin and final destination are not situated on the corridor), it seems to be the most feasible approach for now to achieve greater transport facilitation along the CAREC corridors.

IV. Recommendations

27. In light of the significant progress in upgrading the six CAREC corridors and considering the need to address the nonphysical barriers to the cross-border transport of goods and people along these corridors, immediate and more effective measures will have to be put in place to address these barriers in line with the operational priorities of CAREC 2020. CAREC countries are encouraged to take a pragmatic, corridor-based, and results-driven approach, which will build on their ongoing and planned transport facilitation measures covering the six CAREC corridors.

28. It is recommended that the CAREC countries move forward in the short to medium term toward improved transport facilitation in the region by (i) enhancing existing bilateral/plurilateral agreements to ensure that essential transport facilitation measures along CAREC corridors are covered and existing implementation-related issues are adequately addressed, and/or (ii) forging new, simple¹⁰ bilateral/plurilateral agreements between/among the countries, both of which will serve the transport facilitation needs of the corridors until such time as there is an effective region-wide agreement.

29. A workable solution consisting of a corridor-based approach to existing bilateral and/or plurilateral agreements, and/or new agreements would require: (i) detailed consultations with countries that are willing to pursue corridor-based transport facilitation measures, (ii) identification of the relevant agreements between/among the countries concerned, (iii) availability of the texts of the agreements in a high-quality English version, (iv) clarity about the present status of the agreements (e.g., signed, ratified), (v) a detailed analysis of the existing instruments with proposals for amendment, (vi) identification of key issues impeding the effective implementation of the agreements, and formulation of measures to address these issues, and (vii) amendment of the existing instruments (if necessary) to bring them in line with the minimum (highly critical) requirements for facilitated cross-border transport operations.

30. Based on this detailed analysis, it is recommended that participating CAREC countries review how existing, operational transport agreements relate to each other and with other planned agreements to ensure that they build on each other's facilitation effects (ratchet effect) and not create differential transport facilitation regimes that could create confusion or serve as a precept to further regulate (rather than liberalize) cross-border transport operations.

31. It is also recommended that the CAREC countries develop a sound business case for cross-border transport facilitation initiatives through the CAREC platform, taking into account the expected results from the planned 2012/2013 midterm review of the CAREC transport and trade facilitation strategy. It is important to show the likely benefits of transport facilitation in terms of increased trade, improved competitiveness, and lower costs.

32. To ensure sustainable and effective development and implementation of the agreements, it is recommended that the governments of the CAREC countries establish or strengthen (as the case may be) their respective national transport facilitation bodies, through

¹⁰ With the minimum, highly critical requirements for transport facilitation.

systematic and sustainable capacity building with the assistance of development partners, regular and constructive dialogue with transport facilitation bodies in neighboring countries with a view to amicably resolving issues impeding effective implementation, and active engagement with private sector stakeholders in the country and neighboring countries. If such a body has not been established in a country, it is recommended that it be established, building upon the experience compiled by the United Nations Conference on Trade and Development (UNCTAD) and other international organizations.¹¹

33. It is recommended that the national transport facilitation bodies each formulate and implement an action plan, focusing on selected, highly critical actions that will tackle the key impediments to cross-border transport and produce the immediate results necessary to build confidence among the countries concerned.

34. Private sector involvement in transport facilitation is indispensable; after all, they are the prime stakeholder and client. It must be recognized that the public sector is at the service of the private sector and not vice versa. Therefore, it is recommended that national transport facilitation bodies actively cooperate with the private sector based on public-private partnerships.

35. It is recommended that the national transport facilitation bodies (ideally through their private sector members) regularly monitor the effectiveness of existing agreements through the CPMM and/or other measures, and make the necessary adjustments, if possible, through voluntary national actions.

36. It is recommended that the national transport facilitation bodies disseminate “success stories” to encourage other CAREC country sub-groupings to pursue their own effective transport facilitation arrangements along other CAREC transport corridors.

37. Finally, it is recommended that coordination among development partners and regional organizations (which are often associated with specific agreements) be strengthened. In this respect the main organizations involved include ADB and its CAREC Unit, the Shanghai Cooperation Organization, and the European Union and TRACECA.

V. Acknowledgement

38. The participants thanked the PRC for hosting the Seminar and the ADB CAREC Unit for the efficient logistical arrangements made.

¹¹ (i) United Nations Conference on Trade and Development, *Trade Facilitation Handbook, Part I, National Facilitation Bodies: Lessons from Experience*, 2006; and (ii) Asian Development Bank and United Nations Economic and Social Commission for Asia and the Pacific, *Designing and implementing Trade Facilitation in Asia and the Pacific*, Part III, 2009, Chapter 3, pp. 143-150