



Reference Document  
For Session \_\_\_ of the Senior Officials' Meeting  
July 2016

## **Trade Facilitation Sector Progress Report and Work Plan (October 2015–July 2016)**

**Senior Officials' Meeting  
Central Asia Regional Economic Cooperation  
20–21 July 2016  
Islamabad, Pakistan**

## I. Sector Progress

### A. Introduction

1. The Central Asia Regional Economic Cooperation (CAREC) Transport Sector Coordinating Committee (TSCC) and Customs Cooperation Committee (CCC) have been jointly implementing the CAREC Transport and Trade Facilitation Strategy (TTFS) 2020 (“CAREC Strategy 2020”). The strategy targets three sector outcomes: (i) establish competitive corridors across the CAREC region, (ii) facilitate the efficient movement of goods and people through the CAREC corridors and across borders, and (iii) develop sustainable, safe, user-friendly transport and trade networks. Consequently, the CAREC trade facilitation sector comprises two components:

- (i) **Customs cooperation** entails concerted customs reform and modernization along five priority areas: simplification and harmonization of customs procedures, information and communication technology (ICT) for customs modernization and data exchange, risk management, joint customs control, and regional transit development.
- (ii) **Integrated trade facilitation** promotes efficient regional trade logistics development and supports the development of priority trade corridors, single window facilities, enhanced interagency cooperation and private sector participation, improvement of sanitary and phytosanitary (SPS) measures, and capacity building.

2. The trade facilitation program is implemented through two coordinating bodies—the CCC and the CAREC Federation of Carrier and Forwarder Associations (CFCFA) Ltd. The CCC is composed of heads of customs authorities of CAREC member countries. It serves as a regional forum to address customs issues of common interest to the 10 CAREC participating countries, to introduce innovations, and share knowledge on international best practices. CFCFA Ltd is a private sector nonprofit organization.<sup>1</sup> Its major objectives are to facilitate transport, trade and logistics development in the region, and to advance the interests of road carrier, freight forwarder, and logistics service provider associations that are its active members. There are currently 22 member associations.

### B. Sector Outcomes and Outputs

3. **Trade facilitation indicators.** Performance of the soft component of the CAREC Strategy 2020 is measured against its second outcome, i.e., to facilitate the efficient movement of goods and people through the CAREC corridors and across borders. Trade Facilitation Indicators (TFIs) provide a benchmark to assess progress of the CAREC trade facilitation program. Performance markers for the region for the period 2010–2015 are listed below:

---

<sup>1</sup> The organization was established in 2009 under ADB financing (R-PATA 7353) as a nongovernment and nonprofit organization, and incorporated as a limited company in 2012.

**Table 1: Trade Facilitation Indicators for Development Effectiveness Review (2010–2015)**

Indicators	2010	2011	2012	2013	2014	2015	YoY
TFI1 Time taken to clear a border crossing (hours)	8.7	8.9	10.9	10.0	14.1	13.1	-7%
TFI2 Costs incurred at a border crossing point (\$)	186	163	157	235	172	161	-7%
TFI3 Costs incurred to travel corridor section (\$)	674	914	941	1,467	1,360	1,323	-3%
TFI4 Speed to travel 500 km on CAREC corridor section (kph)	23.5	20.5	23.0	20.0	20.8	21.1	2%

TFI1 = trade facilitation indicator #1; YoY = year-on-year; kph = kilometers per hour.

\*The baseline year is set at 2010.

4. **TFI1: Time taken to clear a border crossing (hours).** Border crossing time at border crossing points (BCP) along CAREC corridors averaged 13.1 hours in 2015, exhibiting a 7% decline from 14.1 hours in 2014. Road indicators improved from 9.9 hours to 9.3 hours of border crossing while rail indicators from 32.6 hours to 27.4 hours. For road BCPs, lengthy border crossings from Pakistan to Afghanistan at Peshawar (PAK) and Chaman (PAK) remain to affect the overall average for the region, albeit exhibiting slight improvement. Border crossing at these BCPs averaged 32 and 36 hours, respectively, largely attributed to long customs clearance, waiting in queues and loading/unloading. In Mongolia, stronger collaboration between the Mongolian and the People's Republic of China (PRC) customs administrations helped to reduce the border crossing delay due to customs controls. Meanwhile, the improvement reported in rail BCPs such as Alashankou, Dostyk, and Zhamyn-Uud is attributed to lower volume of cross border trade, which resulted in less congestion and shorter delays at railway stations.

5. **TFI2: Costs incurred at a border crossing point (\$).** In 2015, average costs incurred at a BCP decreased by 7% to \$161, sustaining the improvements experienced since 2014. Lower border crossing costs were reported at road BCPs, especially along corridors 1 and 4. Lower customs clearance fees for inbound shipments at Zhamyn-Uud largely contributed to this improvement. Cost incurred at rail BCPs, on the other hand, exhibited a sizable increase nearly offsetting the improvement observed in road BCP costs. Average transloading fees, prompted by the break in gauge, imposed on Kazakhstan (KAZ)-bound goods at Dostyk (KAZ) along corridor 1 increased from an average of \$135 in 2014 to \$300 per container and \$350 per wagon in 2015.

6. **TFI3: Costs incurred to travel corridor section.** Similarly, TFI3 exhibited a modest 3% decline in nominal terms, sustaining the improvement it gained since 2014. Lower transportation cost, mostly due to declining fuel prices, prompted a price competition between transport operators in contiguous countries. On the other hand, improvements in rail transport cost are attributed to slight reduction in railway tariffs along Corridors 1 and 4.

7. **TFI4: Average Traveling Speed (kph).** Speed without Delay (SWOD) remained steady at an average of 40 kph, sustaining the improvement in road and railway travel speed since the 2010 baseline of 35 kph. However, slight deterioration in speed is detected for vehicles traveling along Corridors 3 and 6. Improvements were observed in the overall Speed with Delay (SWD considers border crossing delays and intermediate stops) indicator with a modest growth of 2% to 21.1 kph. The big difference between the two speed indicators is suggestive of long border crossing delays, particularly at BCPs stated above. However, improvements observed in border crossing in both road and rail transport consequently resulted in faster SWD indicators.

8. **Midterm Review (MTR) of CAREC 2020 Strategy.** Performance of the CAREC trade facilitation program was discussed during the Midterm Review of CAREC 2020 in consultation with the CCC Focal Points, held in April 2016 (Bangkok, Thailand). Customs officials of seven of the ten CAREC member countries attended.<sup>2</sup> The meetings were led by ADB's CWRC Director Vicky Tan and EAPF Director Ying Qian. Participants confirmed the continued relevance of CAREC Strategy 2020 amidst ongoing geopolitical and economic pressures in the region. They concurred that the CAREC platform has played a valuable role in adopting measures to facilitate trade in their countries. Among the most notable achievements, Azerbaijan and Uzbekistan have recently updated their customs codes to comply with the provisions of the Revised Kyoto Convention (RKC),<sup>3</sup> Mongolia and the PRC jointly developed a unified cargo manifest and plan to implement "eManifest" in 2016, and the Kyrgyz Republic, Tajikistan and Uzbekistan have taken steps towards accession to the RKC.<sup>4</sup>

9. Participants to the midterm review consultations proposed further measures to deepen cooperation, broaden the CAREC trade facilitation agenda, and improve private sector involvement. The latter is in line with the recent initiative of conducting annual joint consultations between CCC and CFCFA Ltd.<sup>5</sup> Suggestions included strengthening mechanisms for monitoring results at the country level (thereby strengthening member countries' ownership of CAREC Strategy 2020), more intensive customs cooperation, support to pilot a customs information exchange platform and a regional transit guarantee mechanism, initiate regional single windows, more technical advisory services, and modernizing BCPs.

## C. Operational and Organizational Effectiveness

### 1. Customs Cooperation

10. **Institutional support.** Ownership of the CAREC Strategy 2020 customs modernization agenda among member countries remains strong. Member countries have been active in modernizing customs processes and improving service delivery, including strengthening risk management systems, piloting joint customs control (JCC), encouraging the adoption of the single window scheme, as well as progressive accession to the RKC across the region.

11. Among recent developments, the RETA on Aligning Customs Trade Facilitation Measures with Best Practices is supporting the development of an electronic customs information exchange mechanism to strengthen real-time collaboration between CAREC Customs authorities.<sup>6</sup> The ICT systems used by CAREC Customs administrations are in the process of being reviewed and the feasibility of developing an information exchange mechanism assessed. So far, these assessments have been conducted in the Kyrgyz Republic, Uzbekistan, and Mongolia with varying results. Uzbekistan has been an active proponent of an information exchange platform and is technically ready to be connected to higher and more sophisticated levels of trade information exchange (i.e., than the current simple file transfers). In the Kyrgyz

<sup>2</sup> The seven CAREC countries represented are Azerbaijan, the People's Republic of China, Kazakhstan, Mongolia, Pakistan, Tajikistan, and Uzbekistan. The remaining three countries were not able to attend for administrative reasons (i.e., not able to secure visas in the allotted time).

<sup>3</sup> CAREC customs authorities reported that almost all countries have amended their customs codes to align them with the RKC.

<sup>4</sup> Five CAREC countries have acceded to RKC (Azerbaijan, Kazakhstan, Mongolia, Pakistan, and the PRC); the five that have yet to accede are Afghanistan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

<sup>5</sup> The initiative was piloted in August 2015 to foster better collaboration with the private sector in the implementation of the CAREC trade facilitation program.

<sup>6</sup> The RETA also supports RKC accession and compliance, and modernization of risk management systems.

Republic, legislative changes will be required due to the lack of Security, Privacy and Confidentiality Laws, although readiness may be accelerated with the country's recent accession to the Eurasian Economic Union (2015) and consequent information exchange requirements. In Mongolia, the government has already established several protocol agreements with neighboring countries (including the PRC and Russian Federation) and legislative changes are progressing towards setting the stage for a higher degree of information exchange. However, continuity of its reforms following a recent institutional reorganization will be a prerequisite to initiating further business process reforms. An assessment of the PRC, Kazakhstan and Tajikistan Customs will be undertaken in July 2016. A framework for an information exchange platform will be designed based on the results of the assessments and may be piloted in 2017.<sup>7</sup>

12. Under the RETA on Facilitation of Regional Transit Trade in CAREC, the report on Regional Transit Guarantee Mechanism (RTGM) was completed during the period under review. The guarantee mechanism will be presented at a workshop in Almaty, Kazakhstan in July 2016 to Customs officials from all 10 CAREC countries and the private sector (both through CFCFA Ltd and through individual representation, including private insurance and electronic commerce companies, freight operators, and the International Chamber of Commerce). The RTGM is designed to support a comprehensive (i.e., multiple-journey) and affordable risk-based customs transit regime. The proposed guarantee mechanism will help customs apply risk management principles on transit movement and to move from full control (100% inspection and guarantee for high-risk operators) to the implementation of an Authorized Economic Operator program (i.e., no inspection and no guarantee for trusted operators). The proposed guarantee system will require minimal additional legislation, and considers national and international dimensions. It is proposed to pilot the RTGM initially in three countries (the PRC, Kazakhstan, and the Kyrgyz Republic) along CAREC corridors 1b and 1c from 2018–2020.<sup>8</sup> The regional interim workshop to be held in Almaty in July 2016 will also serve to present findings from recent assessment of the transit readiness of Customs ICT systems.

## 2. Integrated Trade Facilitation

13. The focus of the trade facilitation program during this period has been to (i) initiate the implementation of the Common Agenda for Modernization of Sanitary and Phytosanitary Measures through targeted investments in Mongolia and planned policy advisory support across the region, (ii) support the improvement of border services, and (iii) strengthen monitoring, data analysis, and policy planning to address trade facilitation bottlenecks across CAREC trade corridors.

14. **Project formulation and implementation.** A loan for the Regional Upgrade of Sanitary and Phytosanitary Measures for Trade (RUST) in Mongolia was signed in December 2015. The loan aims to increase agri-food trade along CAREC corridor 4, sub-corridor 4b,<sup>9</sup> and enhance economic diversification to make economic growth sustainable and more inclusive. The project will tackle major inefficiencies of trade in agri-food products by: (i) upgrading laboratories and border crossing point inspection and quarantine facilities,<sup>10</sup> (ii) establishing an SPS inspection

<sup>7</sup> The World Customs Organization Customs Risk Management Compendium was used as the common methodology to detect and treat potential risk.

<sup>8</sup> CAREC Corridor 1b traverses the PRC, Kazakhstan, and the Russia Federation; CAREC Corridor 1c traverses the PRC, Kazakhstan, the Kyrgyz Republic, and the Russian Federation.

<sup>9</sup> CAREC Corridor 4b connects the Russian Federation to Mongolia and the PRC.

<sup>10</sup> Upgrade of laboratories in three *aimags*: Darkhan-Uul, Dornogovi, and Selenge. Investments include inspection, disinfection, and quarantine facilities at Altanbulag and Zamyn-Uud BCPs.

management system, and (iii) aligning SPS control and inspections with international standards. The expected outcome is improved SPS measures in compliance with the WTO and in line with the recommendations of the SPS common agenda. The project, which is estimated to cost \$16.25 million, will be implemented over the duration of five years. A technical assistance project addressing food safety issues at a regional level is currently being processed (See Work Program, below).

15. Improvement of border services is being addressed through four regional investment projects in Kyrgyzstan, Tajikistan, Pakistan, and Mongolia.

16. The Regional Improvement of Border Services (RIBS) project in Kyrgyzstan (approved in April 2013) is modernizing the existing single window facility and financing the improvement of infrastructure and equipment at the border crossing point of Karamyk, located on CAREC corridors 3b and 5. Business process integration across concerned agencies is ongoing and the design of physical improvements of the border facilities have been completed (award of civil works contracts is expected shortly). The RIBS project in Tajikistan (approved in coordination with the RIBS project in Kyrgyzstan, in April 2013) is financing the development of a single window facility in Tajikistan, as well as upgrading border facilities and equipment at Guliston on the Tajik side of the Tajikistan-Kyrgyzstan border, on the key conduit of Osh-Batken-Isfara-Khujand highway. Physical improvements of the border facilities are in an advanced stage. Trade facilitation measures are progressively being implemented and efforts will be intensified after completion of the civil works (i.e., conduct of TRS, implementation of integrated border management and joint customs control with Kyrgyzstan). The integration of ICT systems across the different agencies involved in the development of the single window facility is ongoing. Across both projects, physical and process-related improvements will serve to improve service delivery at Customs and to improve traffic flows. Both projects share the objective of addressing bottlenecks for transport and trade in order to improve cost-efficiency, speed and predictability of cross-border flows. They will be implemented over the duration of five years.

17. The RIBS project in Pakistan (approved in December 2015) will finance (i) the improvement of infrastructure and facilities at three BCPs in Torkham, Chaman, and Wagha, (ii) capacity development of border point operating agencies, and (iii) advisory support and capacity building in the process of establishing the Pakistan Land Port Authority. The project is in early stages of implementation. The expected outcome is reduced cross-border processing time for goods and cargo at those BCPs. It is expected to boost Pakistan's trade with neighboring countries. The project is expected to cost \$250 million for completion by June 2022.

18. In addition, the RIBS project in Mongolia was signed in April 2016. The project aims to tackle the core problem of inefficient trade processes by: (i) upgrading and improving facilities and equipment at border crossing points;<sup>11</sup> (ii) improving communication infrastructure for Customs Automated Information System and interoperable General Authority of Customs and Taxation systems; and (iii) preparatory work for the development of a single window facility. The expected outcome is reduced cost and time of compliance with trade procedures, resulting in increased trade and competitiveness. The project is estimated to cost \$29.07 million and will be implemented over 5 years.

19. **Training and capacity building.** In collaboration with the World Customs Organization (WCO), ADB organized its first workshop on Coordinated Border Management (CBM) in CAREC, in Ulaanbaatar (May 2016). It involved participants from the various border agencies in

---

<sup>11</sup> BCPs: Altanbulag, Bichigt, and Zamyn-Uud.

Mongolia—the General Authority of Customs and Taxation, the General Agency for Specialized Investigation, the Immigration Authority and Border Security Agency, who discussed coordination of policies, programs and service delivery. The workshop sought to formulate effective channels for better coordination among cross-border regulatory agencies, in advance of the forthcoming investments mentioned above (i.e., upgrading infrastructure at selected border crossing points and of sanitary and phytosanitary regulatory services at the border, and supporting preparatory work for the introduction of a single window facility).<sup>12</sup> The development of a CBM model will enhance the impact and sustainability of these investments, and could potentially inform the replication in other countries in the region.

20. Ongoing technical assistance has identified impediments to effective utilization of tools monitoring the performance of border clearance processes and the flow of cross-border trade. The RETA on Coordinated Border Management for Results financed the training of customs officials in selected countries in order to strengthen their technical knowledge of the Time Release Studies (TRS) methodology, data analysis capability, and to identify priorities in the development of TRS work plans.<sup>13</sup> The training also helped build the capacity of customs officials, experts from academia and research institutions to make better use of the Corridor Performance Measurement and Monitoring (CPMM) tool, to encourage national-level analysis of data and to develop concrete measures to address delays at BCPs. The objective is to build local capacity to use TRS and CPMM as complementary tools in improving border management. A training workshop was conducted in collaboration with the CAREC Institute in Urumqi, PRC in May 2016.<sup>14</sup> So far, participants from research institutions in Kazakhstan, the Kyrgyz Republic, and Mongolia have indicated their interest to collaborate with ADB and conduct their own analysis using CPMM data.

21. At a national level, despite strong government commitment, Kazakhstan and the Kyrgyz Republic have not yet started collecting TRS data for technical reasons (particularly difficulty using the WCO data collection software and lack of targeted training). Customs administrations in both countries have set up working groups to conduct the TRS and requested capacity building support from ADB at the working level, to help operationalize data collection at BCPs. On-the-job training on the implementation of the TRS was conducted at key BCPs in Kazakhstan and the Kyrgyz Republic in April 2016. In collaboration with Customs officials, a revised methodology was designed, which will simplify the data input into WCO TRS Software during the data collection process. Customs officials were also provided with an orientation on the mechanics of the CPMM. The interpretation of CPMM data will help countries identify the BCPs with long delays, while TRS breaks down the causes for delay across declaration, processing, inspection, examination (if any) and release time.

22. **Collaboration with the private sector.** CFCFA Ltd remains an active partner in the implementation of the CAREC trade facilitation program. As part of its continued efforts to share information and improve efficiency of transporting goods and people across the region, CFCFA Ltd has developed an information platform for cross-border freight services. It will be launched in July 2016 and serve to share information on passengers/drivers, trucks, and cargo. The platform will also host updated CPMM data analysis. CFCFA Ltd is introducing standards of the

<sup>12</sup> Approval of two loan projects: Regional Improvement of Border Services for Mongolia (Loan 3887-MON) and Regional Upgrades of Sanitary and Phytosanitary Measures for Trade (Loan 3313-MON), in April 2016 and November 2015, respectively.

<sup>13</sup> The RETA on Coordinated Border Management for Results supports (i) the conduct of Time Release Studies, (ii) development of Joint Customs Control mechanisms, and (iii) interagency coordination.

<sup>14</sup> The workshop was entitled “Tools to Improve Border Management: Time Release Study (TRS) and Corridor Performance Measurement and Monitoring (CPMM)”.

International Federation of Freight Forwarders Associations (FIATA) for the freight forwarding industry in CAREC. CFCFA Ltd is also developing implementation modalities for the RTGM, including working with insurance companies in the region to develop liability insurance for freight forwarders and risk-based regional transit insurance products.

## II. Work Program

23. To help meet sector objectives and achieve CAREC Strategy 2020 goals, the CAREC trade facilitation program will:

### ***Customs Cooperation***

- Continue to support the RKC accession process of CAREC countries and assist the regulatory reforms in compliance with RKC provisions.
- Support new initiatives strengthening customs risk management systems, particularly in dealing with border security issues (including the adoption of the SAFE framework of standards).
- Encourage and support exchange of customs pre-arrival information (regional customs information exchange mechanism) which will help reduce delays.

### ***Integrated Trade Facilitation***

- Continue to support integrated border improvement and trade facilitation initiatives across the region, including exploring how to improve bottlenecks related to immigration issues.
- Support the development of national single window facilities and promote their regional interoperability.
- Support regional transit development.
- Support the implementation of the Common Agenda for Modernization of SPS Measures for Trade Facilitation.
- Continue to expand data collection and analysis, taking stock of the implementation of the CAREC trade facilitation agenda, identifying bottlenecks to transport and trade along the CAREC trade corridors, and improving results management.
- Undertake joint capacity building activities to strengthen cooperation between CFCFA Ltd and CCC.
- Continue to serve as a platform for knowledge sharing and adoption of international best practices, stimulating change and modernization.

24. **Technical assistance.** Several new technical assistance projects are being prepared, in line with these strategic priorities. One technical assistance project is envisaged to further deepen customs modernization and trade facilitation reforms under ongoing ADB initiatives. It will help implement the regional transit guarantee mechanism, strengthen customs risk management systems, and enhance data exchange and information sharing. In addition, it will support efforts of CAREC countries to improve coordination between their border control agencies both at the national and international levels.

25. Another regional technical assistance project is being prepared to support the implementation of the CAREC Common Agenda for Modernization of SPS Measures for Trade Facilitation, focusing on food safety issues.<sup>15</sup> Its objective will be to support the development of national action plans, establish a regional coordination mechanism, and build capacity to

---

<sup>15</sup> The Common Agenda was endorsed at the 14<sup>th</sup> CAREC Ministerial Meeting.



implement SPS measures to facilitate trade. A Memorandum of Understanding to support the implementation of this technical assistance project will be prepared and proposed for adoption.

26. **Results management.** The CAREC trade facilitation program supports the formulation of the CAREC Railway Strategy and, together with the private sector (CFCFA Ltd), will coordinate closely with the Transport Sector Coordinating Committee (TSCC) in examining the role of logistics development, multimodal transport development, containerization, and ways to improve the quality and professionalism of private logistics services in the overall strategy. CPMM data collection and analysis will be further expanded to support this process, including identifying bottlenecks to transport and trade via rail and deepening understanding of existing constraints to be addressed to improve performance of logistics networks and services.

27. **Investments.** Ongoing RIBS projects, combining trade facilitation and investment in border facilities, are already producing good results. In order to synchronize achievements across the region, ADB proposes to extend RIBS project interventions to new countries, drawing from a detailed assessment of existing bottlenecks identified through CPMM and TRS data analysis. Such interventions would include support to assess the feasibility of interconnectivity of national single windows.

28. In addition, there is need for developing project ideas for Regional Improvement of Corridor Efficiency, focusing on the development of third party logistics networks and communication technologies. The project would improve the quality and professionalism of private logistics services. It would coordinate efforts across two or more countries along a geographical corridor, supporting the transition of a transport corridor to a logistics corridor and generating economic activity along the less developed areas in the region.

### III. Key Issues for Guidance by the SOM

29. **Customs cooperation.** At the 14<sup>th</sup> CCC meeting in 2015, CCC members confirmed the relevance of and the need to focus reform efforts on the five customs priority areas. The proposed new regional technical assistance project (mentioned above) will continue to support initiatives to implement the CCC agenda and test the feasibility of recommendations to enhance transit trade and create a common customs information platform. The proposed project will be presented at the 15<sup>th</sup> CCC meeting Decision of the CCC and will be conveyed to SOM for further guidance.

30. **Integrated trade facilitation.** Benefits from engaging the private sector in the CAREC program are evident in the trade facilitation area through the involvement of CFCFA Ltd in the conduct and development of CPMM and, more recently, in their participation in customs risk management and regional transit programs. Support from SOM will be necessary to strengthen the partnership between public and private sectors through joint capacity building activities, regular consultations/policy dialogue, and active involvement of both sectors in determining trade facilitation investment needs.

31. Selected member countries have acknowledged that investment in trade facilitation is an effective way to stimulate trade and promote economic diversification. This is reflected in recent investments, such as the implementation of the RIBS projects in the Kyrgyz Republic, Tajikistan, and Pakistan, as well as the recently signed RIBS and RUST projects in Mongolia (both expected to become effective by end 2016). Based on the latest CPMM report, more BCP pairs in other CAREC countries need improvement and investment needs can be supported by ADB through new rounds of projects using the RIBS and RUST modality. SOM support is sought to

encourage more CAREC countries to participate in planning additional RIBS and RUST projects.

32. Trade facilitation involves coordination of multiple countries and agencies across various sectors for optimal results. Customs cooperation, although it is one important component, is not all encompassing. The work on SPS, for example, is currently supported by ad hoc working groups, and the work on the national single window usually involves more than a dozen different agencies. The CAREC integrated trade facilitation agenda has consistently advocated for the establishment and strengthening of strong institutional mechanisms to manage the coordination process effectively. The establishment and strengthening of the National (Joint Transport and) Trade Facilitation Committees (NTFCs)<sup>16</sup> and a Regional (Joint Transport and) Trade Facilitation Committee (RTFC), as mandated in the CAREC TTFS (2009) and CAREC TTFS 2020, is needed. Support of SOM is requested to give greater priority to establishing NTFCs and the RTFC in order to improve cross-sector and cross-country coordination and private sector participation.

33. Establishment and strengthening of national trade facilitation committees has been promoted as good international practice. The United Nations Economic Commission for Europe Recommendation No.4 suggests that governments establish national trade facilitation bodies as an indispensable component of trade policy formation, which embraces the views and opinions of all stakeholders in pursuing agreement, cooperation and collaboration.<sup>17</sup> In addition, the World Trade Organization's Trade Facilitation Agreement Article 23.2 mandates Member States to establish or maintain national trade facilitation bodies.<sup>18</sup> Other ADB regional cooperation programs such as South Asia Subregional Economic Cooperation include the establishment of National Trade Facilitation Committees in their Strategic Framework.<sup>19 20</sup>

---

<sup>16</sup> CAREC Trade Facilitation Sector Progress Reports (April and September 2008; May and October 2009; April and October 2010; June and November 2011; June and October 2012; June and October 2013; June and November 2014 and June and September 2015).

<sup>17</sup> UNECE Recommendation No. 4. National Trade Facilitation Bodies, UN New York and Geneva 2015 ECE/Trade/425.

<sup>18</sup> World Trade Organization Trade Facilitation Agreement. December 2013; and Protocol Amendment, November 2014.

<sup>19</sup> ADB. 2014. *South Asia Subregional Economic Cooperation: Trade Facilitation Strategic Framework 2014-2018*. Manila.

<sup>20</sup> Nepal and Bhutan have established National Transport and Trade Facilitation Committees; India, as part of it Trade Facilitation Agreement commitment plans to establish a National Trade Facilitation Committee soon.