

CAREC TRADE FACILITATION Implementation Progress and Key Issues

CAREC Senior Officials' Meeting
Islamabad, Pakistan
25 Oct 2016



Key Developments: Progress

1. More collaborative programs

- Regional projects (RIBS, RUST) generate shared and spillover benefits
- Coordinated Border Management: workshops in Ulaanbaatar (May), Bishkek (Nov)
- 2nd Joint CCC-CFCFA Meeting (Sep)



Key Developments: Progress

2. Tajikistan acceded to the Revised Kyoto Convention (RKC)
3. Uzbekistan approved the New Customs Code in compliance with the RKC
4. Azerbaijan, Mongolia, Pakistan, and Uzbekistan introduce electronic/online declaration of goods
5. Pakistan to phase out all manual-based systems by Jun 2017
6. PAK and PRC acceded to TIR

Key Developments: Progress

7. CPMM gained wider recognition. Refinements are underway

- Expansion and review of rail data collection
- Trade Logistics Performance Study



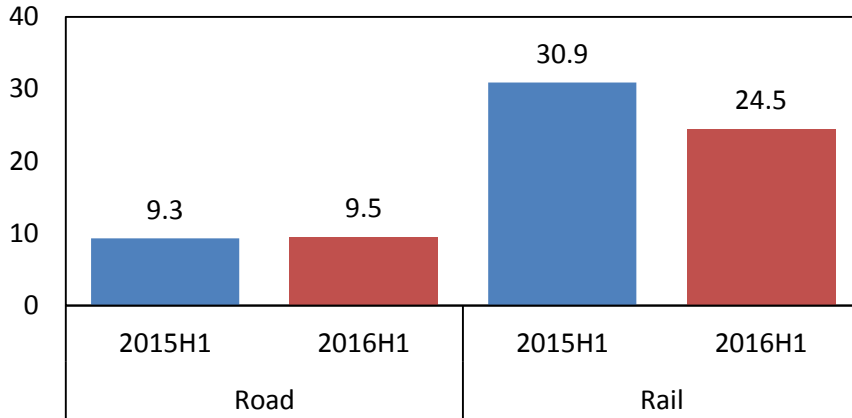
Key Developments: Issues

1. Inter-agency and inter-country coordination challenges
2. TF projects (due to small-sized investments) take a backseat to large infrastructure projects
3. TF indicators show limited progress over the last 5 years (2010–2015)

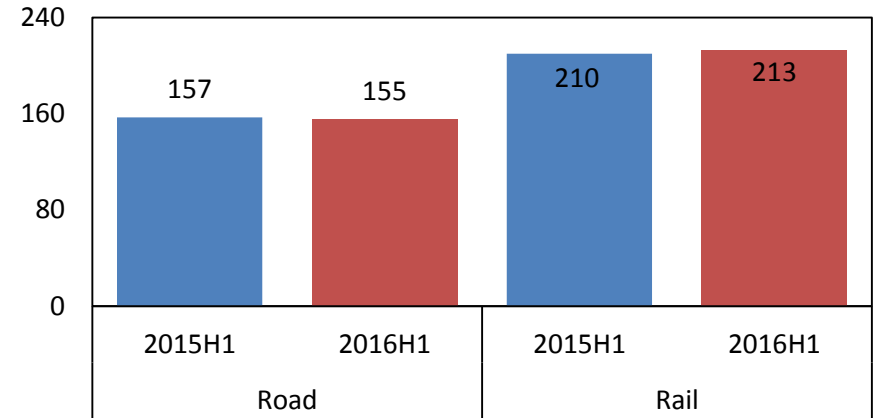


CPMM: TF Indicators

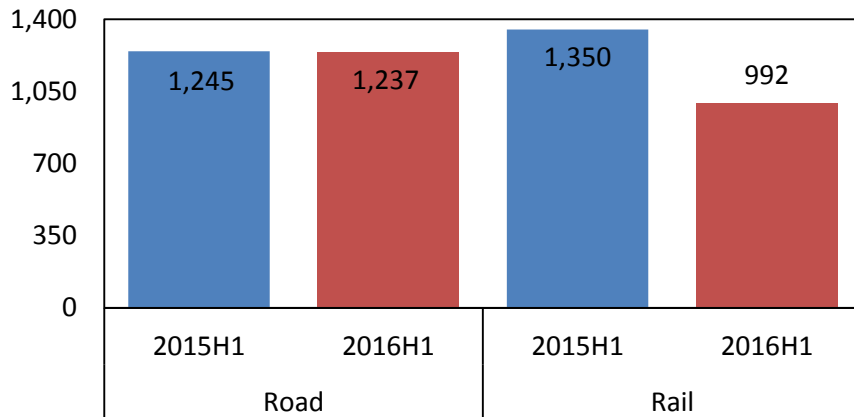
TFI1 Time taken to clear a border crossing (hours)



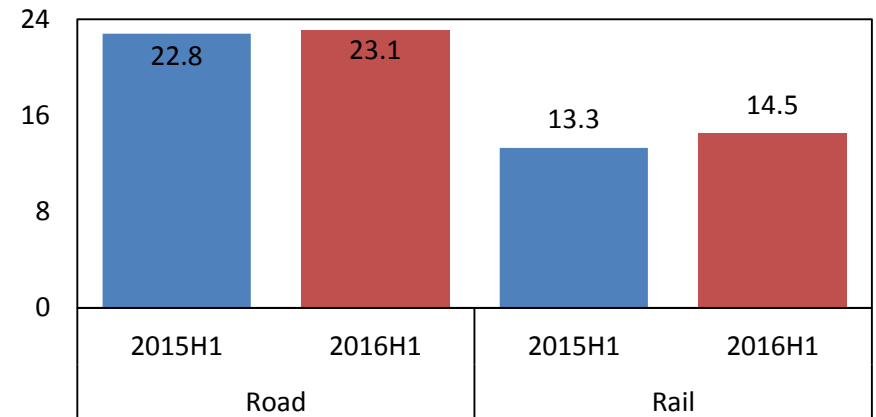
TFI2 Costs incurred at a border crossing point (\$)



TFI3 Costs incurred to travel corridor section (\$)



TFI4 Speed to travel 500 km on CAREC corridor section (kph)



Bottlenecks

- **Road:** lengthy border crossings from PAK to AFG at Peshawar-Torkham (32 hrs each side) and Chaman-Spin buldak (36 hrs, 60 hrs respectively).
 - Delays are due to **lengthy customs clearance** (inbound AFG), and **waiting in queues and loading/unloading**
- **Rail:** delays waiting in queue and **transloading at the break in gauge** (inbound border crossing): **Erenhot (PRC), 33.6 hrs; Dostyk (KAZ), 4.8 hrs; Zamy-Uud (MON), 1.3 hrs**

Key Issues for Guidance by the SOM

1. Pilot a customs information exchange mechanism

- ICT assessment done for 6 CAREC countries
- Real time electronic information exchange
- Two pilot models:
 - 1) Simple – Kyrgyz Rep, Mongolia, Tajikistan
 - 2) Complex – Azerbaijan, Kazakhstan, Uzbekistan

Key Issues for Guidance by the SOM

2. Pilot a CAREC customs guarantee mechanism (CGM)

- Single electronic transit document
- CGM will allow:
 - Insurance companies and banks to provide guarantees
 - Appropriate guarantee mechanism based on risks
 - ‘Comprehensive guarantees’ to cover multiple transit movements

Key Issues for Guidance by the SOM

2. Pilot a CAREC customs guarantee mechanism(cont'd).

- Two options for pilot project (2018–2020):
 - 1) Kazakhstan, Kyrgyz Republic along CAREC Corridor 1, sub-corridors 1b and 1c
 - 2) Azerbaijan and Kazakhstan along Corridor 2, sub-corridor 2a



Key Issues for Guidance by the SOM

3. Project Pipelines

- RIBS (ongoing): Kyrgyz Rep, Mongolia, Pakistan, Tajikistan; RUST (ongoing): Mongolia
- More BCP pairs need improvement (CPMM Report). RIBS and RUST can support investment needs
- Often taking a back seat to large infrastructure projects, RIBS and RUST need the support of SOM to encourage the countries to participate

Key Issues for Guidance by the SOM

4. National trade facilitation committees (NTFCs)

- Coordination among multiple agencies, including customs, and across various sectors for optimal results
- Mandated in the CAREC TTFS (2009 and 2020) and required under the Trade Facilitation Agreement of WTO
- The CCC supports the establishment of NTFCs and requests SOM endorsement

Key Issues for Guidance by the SOM

5. Enhance public-private sector dialogue

- Engagement of the private sector through the involvement of the CFCFA
- Support for joint capacity building activities to strengthen cooperation between CFCFA and CCC
- The CCC encourages CFCFA to participate in pilot projects

Thank you

