



**Statement of the Sixteenth Meeting of the Customs Cooperation Committee  
Under the Central Asia Regional Economic Cooperation Program  
19 September 2017  
Dushanbe, Tajikistan**

**A. Introduction**

1. The Central Asia Regional Economic Cooperation (CAREC) Customs Cooperation Committee (CCC) held its 16th Annual Meeting (the Meeting) in Dushanbe, Tajikistan on 19 September 2017. The objectives of the meeting were to (i) review progress made on the CCC priority areas including the piloting of the CAREC Advances Transit System (CATS) and the Information Common Exchange (ICE); (ii) update participants on ongoing investment and technical assistance projects for trade facilitation; (iii) meet with members of the CAREC Federation of Carrier and Forwarder Association to discuss areas of collaborative work<sup>1</sup>; and (iv) discuss options to develop a new Trade Facilitation Strategic Framework that will be consistent with the new CAREC 2030 Strategy.

2. The Tajikistan Customs Service is the host customs for this year's meeting. Heads and senior customs officials representing Azerbaijan, People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, and Uzbekistan attended the meeting.

3. Mr. Azim Tursunzoda, Vice Chairman, Tajikistan Customs Service thanked the members of the CCC and also ADB for their continued support in strengthening customs cooperation in the region. He expressed gratitude for the assistance that has given to member countries in improving connectivity and thus spur national economic growth. He noted the various efforts of the CAREC countries to cooperate with each other through bilateral and multilateral agreements to improve trade. He also updated the participants on the progress made by Tajikistan customs in adopting international standards and modernizing customs procedures.

4. Mr. Pradeep Srivastava, ADB Country Director, welcomed the participants and commended CAREC customs for their consistent efforts in to address customs issues particular to their respective countries on the CCC priority areas. Most CAREC countries have adopted new customs laws and issued rules and regulations that are aligned with best practices; have automated customs procedures; installed customs risk management systems; introduced the concept of single window, and piloted joint customs control arrangements. Half of CAREC countries have acceded to the revised Kyoto Convention and 3 other countries are taking steps toward accession. He also informed participants of the new forthcoming challenges for CCC member as the new CAREC 2030 Strategy is expected to be approved by the CAREC Ministers in October 2017 and the WTO's Trade Facilitation Agreement came into effect last February 2017. These 2 milestone events will surely impact on the work of customs to facilitate trade in the region

5. Mr. Yotaro Okazaki of the World Customs Organization (WCO) secretariat gave a presentation on "Data Analysis for Effective Border Management" – WCO's theme for 2017. WCO calls on customs authorities across the world to leverage the potential of the right data

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<sup>1</sup> Joint Customs Cooperation Committee and CAREC Federation of Carrier and Forwarder Associations Meeting will be held 20 September 2017 in Dushanbe to discuss update each other on progress of agreements reached last meeting in Singapore September 2016 and cooperation efforts in the pilot implementation of CATS and ICE.

obtained from the right people at the right time. He called on customs authorities to develop the necessary skills to meet the rapid evolutions in IT developments and security challenges.

6. Mr. Ying Qian, Director of Public Management, Financial Sector and Regional Cooperation Division, East Asia Department of ADB provided an update on the CAREC customs program for 2016-17 and the outcome of the CAREC Senior Officials' Meeting held in T'bilisi, Georgia in June 2017. Workshops and seminars were conducted to assist CAREC customs authorities meet objectives of 5 priority areas. He also updated the participants on the outcome of the Senior Officials' Meeting held in T'bilisi Georgia last June 2017. The SOM endorsed the overall direction, operational priorities and institutional arrangements of the proposed CAREC 2030 Strategy. The SOM also endorsed new institutional arrangements such as the creation of 5 new operational clusters, the Ministerial Conference to serve as high-level policy development forum; further strengthening of sector committees; and merging of trade policy and trade facilitation under a unified trade cluster. For trade facilitation, SOM endorsed the need to support member countries meet their TFA related commitments; endorsed pilot initiatives of CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE); and acknowledged progress in implementing the CAREC Common Agenda for Modernization of Sanitary Phytosanitary Measures and instructed to undertake concrete actions on the agenda including quality management infrastructure.

7. Georgia customs joined CCC officially for the first time. Georgia representative informed participants of their joint use of customs crossing points with Turkey, and the trilateral agreement between Georgia, Turkey, and Azerbaijan for establishing the mechanism for exchanging advance information. Georgia noted the importance of receiving real-time information from counterpart customs authorities and the critical role of an efficient transit regime. Georgia is a critical node in the transit route for the CAREC landlocked countries. He requested CAREC customs authorities to support the ICE and the proposed CATS. Azerbaijan supported the request of GEO to CAREC customs authorities to prioritize improvement of regional transit system and information exchange mechanism.

8. Mr. Zhou Wenyi, Customs Counselor in PRC's Embassy in Moscow, gave an update on the Joint Customs Control (JCC) pilot between PRC and Mongolia. The 8<sup>th</sup> JCC Technical Working Group meeting was held in Ulaanbaatar, Mongolia last 6-7 September 2017. The unified cargo manifest (UCM) is being used at 5 joint BCPs already. The exchange of electronic manifests was piloted in July 2017 at Zamyn Uud/Erenhot and is ongoing. The procedures are operational, however, there are several technical issues that need to be addressed, for example, which authority on the PRC side will be responsible for the confirmation of manifest receipt, and how to include the HS code (at the 8 digits level). Mongolia Customs is seeking to roll out the electronic unified cargo manifest (eUCM) at Zamyn Uud/Erenhot as soon as possible. Customs at the other BCPs<sup>2</sup> will decide when the paper manifest is to be fully replaced with the electronic one.

9. The Korea Customs Service and the ADB sponsored a Workshop on Capacity Building for Implementation of WTO's Trade Facilitation Agreement in CAREC Countries last 30 May to 1 June 2017 in Seoul, Korea. Mr. Mingun Lee of Korea Customs Service (KCS) reported on the results of the workshop. Nine of 11 CAREC countries sent delegates and discussed progress made in implementing TFA provisions and their plans of action for implementing future commitments. He presented individual country assessments of provisions categorized by the countries as either B or C where technical assistance will be needed. Generally, technical assistance in fulfilling their commitments will be needed by CAREC countries in the following provisions: advance ruling; single window; authorized operators; time release study; separation of release from final determination of customs duties, taxes, fees; acceptance of

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<sup>2</sup> BCPs include Guangqimaodao-Gashuunsukhait; Zuun Khataavch-Bichgt; Zeke-Shiveekuren.

copies; and customs cooperation. KCS is planning another workshop on TFA implementation for CAREC customs authorities in May 2018. KCS can also provide support for national workshops on TFA implementation and dispatch TFA experts upon request. In addition, KCS overseas development assistance supports the development of master plans for customs modernization and establishment of e-Clearance system (Uni-pass).

10. Georgia noted that the self-categorization of TFA implementation status by CAREC countries might not be very accurate and might need more detailed review. ADB agreed with this observation and noted that Category A designations which are not so reliable would need more urgent attention. ADB noted that this is especially true about the status of establishment of NCTFs.

11. Georgia also shared that there are plans to set up a new joint-use, single stop customs border crossing point with Azerbaijan that will use single window facility. Azerbaijan confirmed these plans and requested for a trilateral meeting with ADB to discuss how both governments can avail of assistance. ADB noted this request and promised that this would also be taken up with development partners.

12. At the 15<sup>th</sup> CCC Meeting in Singapore, the CCC endorsed the piloting of a CAREC regional transit guarantee mechanism and a real-time electronic customs information mechanism. An update on the finalization of the Prototype CAREC Advanced Transit System (CATS) was given by the consultants. The Prototype major elements include single regional electronic transit system, which uses a common transit declaration and a risk-based guarantee mechanism. The consultants presented in detail the work flow, data model, user interfaces and the format of the single transit document of the proposed prototype. The concept behind the risk-based guarantee mechanism was also explained. Focal points from each of the 3 contracting countries have been appointed and three working groups – legal and regulatory, risk management, and IT- are being organized. The Prototype is proposed to be piloted in 2018 and a trilateral agreement among the three (3) CAREC pilot countries – Azerbaijan, Georgia and Kazakhstan will be discussed at a workshop to be held in Almaty, Kazakhstan on 25-26 September 2017.

13. Mr. Viboon Chaojirapant, IT Consultant, presented the working prototype software for the Information Common Exchange (ICE). The ICE pilot phase will be implemented as the IT component of the pilot phase implementation of the CAREC Advanced Transit System (CATS). Technical specifications will be based on WCO Data Model and will be one of the first region-wide use of the model in the world. The ICE system software will be installed in the 3 pilot countries which will be a distributed model system and will have a gateway services component that will allow integration with the current customs information system and with other ICE systems. The system will be demonstrated to the CATS working groups in Almaty on 25-26 September 2017.

14. Clarifications were made on the consistent use of the terms for Authorized Economic Operator (instead of authorized operator or authorized trader); that the system will be translated in the national languages of the contracting countries; and that there will be no centralized data warehouse but data will be housed and owned by the respective countries. Georgia suggested that the pilot should not be limited to a specific corridor but cover other corridors to allow other CAREC countries to participate. Georgia also informed that they and Azerbaijan participate in the TIR digitalization project but TIR does not allow the possibility of reducing the guarantees like the CATS which is a definite advantage. Georgia also noted that suggestions regarding to EU NCTS made by the countries have been duly considered in the design of the prototype. Kazakhstan confirmed their interest in participating in the CATS and ICE pilots and reported that nominees to the working groups have been identified and the draft trilateral agreement is being reviewed by customs. Comments on the draft agreement will be submitted during the workshop in Almaty on 25-26 September.

15. Mr. Ying Qian updated the CCC members on on-going and proposed trade facilitation projects. The Japan Fund for Poverty Reduction funded projects will end on 30 September 2017. A new umbrella project that will support the continuation of on-going customs reform efforts and the integrated trade facilitation activities has been approved and is planned to be extended to 2019. The extension of the new umbrella project will also support implementation of select TFA provisions based on the results of the assessment on status of implementation of TFA provisions and requests received from the CAREC governments.

16. Updates on implementation of the Regional Improvement of Border Services (RIBS) projects were provided by representatives from Tajikistan, Kyrgyz Republic, Mongolia, and Pakistan. In Tajikistan, construction and operationalization of the new infrastructure in Guliston BCP, including procurement and installation of equipment, have been completed. Development of the technical specifications have been completed and development of the single window system is on-going. Pakistan reported that RIBS project would be complemented by installation of single window system and improvement of border facilities at Torkham, Chaman, Wagah and Sost BCPs. Diagnostic study has been completed in consultation with all stakeholders involved in RIBS. Pakistani Customs will become the lead agency in the development of the national single window system. Kyrgyz Republic reported that implementation of the project was complicated and encountered some challenges as the Karamyk BCP is located 2,200 meters above sea level and weather limited construction to 5 months a year but construction is expected to be completed in April 2018; all equipment have been procured. Also, in 2015 Kyrgyz Republic became a member of the Eurasian Economic Union and the project design had to be modified considerably. For single window, procurement for 2<sup>nd</sup> phase is still being prepared including integrating the single window system into the customs information system. Mongolia reported that the project sites have been changed to Altanbulag, Sukhbaatar and Zamyn Uud. Recruitment of international consultants including consultants for the Customs Automated Information System (CAIS) and for single window, legal and regulatory, and monitoring and evaluation consultants, is in progress. Preparatory work for competitive bidding for construction of 1.6 km access road has started

17. The CAREC 2030 Strategy calls for a change in overall directions and operational priorities and new institutional arrangements to be put in place. A new Trade Facilitation Strategic framework needs to be formulated consistent with the new CAREC Strategy and which supports TFA implementation. Consultations with customs authorities, private sector partners, and other government offices will be undertaken to ensure relevance and appropriateness of the framework. A new technical assistance will be prepared to support the formulation.

18. Mr. Ying Qian also reported to the CCC the results of a meeting among the CAREC development partners involved in trade facilitation in the region. Most CAREC countries receive assistance from multiple donors on the same topics. With the effectivity of the TFA, it is expected that donors would be providing support for TFA implementation. Development partners agreed to share information with each other to avoid overlaps in providing assistance, share resources whenever possible to optimize available funds, expertise and professional staff; and keep each other regularly updated on progress of work and problems encountered.

19. At the end of the Meeting, the CCC members agreed to endorse to the National Focal Points' Meeting to be held in Dushanbe on 21-22 September 2017 the following:

- (i) **Piloting of a CAREC Advanced Transit System (CATS).** Prototype CATS key elements and procedures that are compatible with NCTS, including risk-based comprehensive guarantee mechanism, single transit document and the information common exchange (ICE) for transit:

- a. Azerbaijan, Georgia and Kazakhstan confirmed their participation in the further development of Prototype CATS and its pilot implementation.
  - b. A trilateral agreement will provide the basis for conducting a pilot of the Prototype CATS and the trilateral agreement will be finalized by the 3 countries by end of 2017.
  - c. The actual pilot will start in 2018.
- (ii) **Piloting of Information Common Exchange (ICE).** Although the ICE will be used for a broader array of customs operations in the future, the first pilot phase will be implemented as the ICE for the single transit document to support the implementation of CATS. Key elements will include:
- a. technical specification that will be based on and conform to WCO Data Model;
  - b. ICE systems software that will be installed in the pilot countries; it will be a distributed model system and it will have Gateway services component to potentially provide integration with customs information systems and with other ICE systems
  - c. potential to contribute back to WCO with Globally Networked Customs Utility Blocks and common transit data model.
- (iii) **Support for the implementation of Trade Facilitation Agreement (TFA).** Technical assistance in fulfilling their TFA commitments will be needed by CAREC countries.
- a. Based on assessment of the readiness for TFA implementation, support will focus on:
    - 1) Common areas which most countries designated as Category A for immediate and effective implementation, and Categories B and C for specific capacity building needs;
    - 2) Selected additional areas with regional significance such as Information transparency, result management, risk management, coordinated border management, and single windows;
    - 3) National Committee on Trade Facilitation;
  - b. A new technical assistance project will be formulated to support TFA implementation based on TFA implementation assessment per country;
  - c. Collaboration with development partners to avoid overlaps and ensure more comprehensive coverage.
- (iv) **More investment and technical assistance projects for trade facilitation.** Improvement of border services remain a major concern for most CAREC countries and scoping work for investment projects will continue.
- a. Azerbaijan and Georgia plan to build a new border crossing point that will require assistance from donors to expand capacity, adopt one stop principle, and used as joint facility by both countries.
  - b. Pursue scoping for RIBS in Uzbekistan and Turkmenistan.
- (v) **Formulation of new Trade Facilitation Strategy.** The new strategic framework will be consistent with the new forthcoming CAREC Strategy 2030 and supports TFA implementation.

- a. Continue and deepen the existing areas of competence such as in customs and selected areas of integrated trade facilitation
- b. Adopt and implement the latest global agenda on trade facilitation, i.e., WTO TFA
- c. Reach out to related existing and new sectoral, cross-sectoral and broader policy areas where trade facilitation plays key roles, such as transport, agriculture, SME development, cross-border finance, cross-border economic zone, regional and global value chain, and e-commerce, etc;
- d. Evaluate results objectively and continuously and strengthen implementation and adjust the program accordingly
- e. Crush institutional silos for seamless exchange of information and effective coordination