



**Central Asia Regional Economic Cooperation Program**  
Proceedings of Joint Meeting of the Customs Cooperation Committee  
and CAREC Federation of Carrier and Forwarder Associations  
20 September 2017  
Dushanbe, Tajikistan

1. The third joint meeting between the Central Asia Regional Economic Cooperation (CAREC) Customs Cooperation Committee (CCC) and the CAREC Federation of Carrier and Forwarder Associations (CFCFA) was held in Dushanbe, Tajikistan on 20 September 2017.<sup>1</sup> Heads and senior officials of customs authorities of Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, and Uzbekistan attended the meeting together with representatives from the 23 CFCFA member associations.<sup>2</sup>

2. Mr. Azim Tursunzoda, Vice Chairman, Tajikistan Customs Service, commended the CAREC Trade Facilitation sector initiative in consistently providing a forum for public-private sector dialogue where common concerns can be discussed. He also informed participants that Tajikistan government has recently officially established a national coordinating committee on trade procedures facilitation. Tajikistan customs is modernizing its information systems and adopting a single automated system.

3. Capt. Lin Zhong briefed the CCC members on the results of the 8<sup>th</sup> Annual Meeting of the CFCFA. A new management has been elected and Capt. Lin Zhong was re-elected as Chairman of CFCFA. The meeting identified the priority projects for 2017–2018. Capt. Lin reported that CFCFA members visited logistics centers in Tajikistan and noted the lack of traffic and the empty warehouses. He identified some of the constraints to the smooth flow of trade along these corridors such as the high transport cost. He cited CFCFA effort to encourage member associations to participate in partnerships in identified corridors such as Andijon-Osh-Kashgar Pacific Transport Corridor. He also reported that ten operational standards for CFCFA members have been developed and reviewed if they conform to international standards, and are now being finalized. Member associations will review these standards for possible adoption. Five additional standards are proposed for consideration. CFCFA members also participated in the International Forum on Regional Knowledge Sharing in Tashkent, Uzbekistan last August 2017. The forum provided opportunities for private sector to share their experiences and learn from each other, and apply these new knowledge in their business practices. Future plans include strengthening CFCFA by attracting more members, exploring possibility of setting up a trade credit and investment guarantee agency for CAREC, and enhancing cooperation among chambers of commerce and industry members.

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<sup>1</sup> The first meeting was held in Ulaanbaatar, Mongolia in August 2015.

<sup>2</sup> Please visit the CFCFA website for a full list of members at [cfca.net](http://cfca.net)

4. Mr. Makhmadali Shokirov, President of Association of International Automobile Carriers of the Republic of Tajikistan (ABBAT), strongly supports the standardization project of CFCFA as adoption of these standards will greatly facilitate trade within the CAREC region. He also pointed out that the standardization will be beneficial not only to CFCFA members but also to customs authorities and the traders as movement of goods will be faster and more economical. Mr. Thomas Sim, consultant, emphasized the need to train and build capacity of CFCFA members and other stakeholders to implement the standards.

5. Georgia customs expressed full support for this private-public sector consultation platform to discuss common concerns. It is committed to decrease the administrative burden on private sector. Of equal importance, however, is for the private sector to provide relevant and reliable information to customs and to address the low voluntary compliance of private sector on customs rules.

6. The Corridor Performance Measurement and Monitoring (CPMM) is a tool to measure corridor efficiency. Mr. Max Ee, consultant, presented a summary of the major findings of the 2016 CPMM Annual Report. The report concluded that there are still several impediments to the free flow of goods across borders in Central Asia. Road and rail present different sets of constraints and within the core of Central Asia, the challenges seem smaller. However developments such as the Eurasian Economic Union can result in new regulations and constraints. The Central Asia and South Asia inter-regional trade needs to overcome barriers in transport, trade and transit facilitation as these routes are critical as they provide access to seaports.

7. Tajikistan customs reported it had conducted Time Release Studies (TRS) in three locations and currently preparing the report. It is hoped that TAJ customs will periodically conduct TRS for continued monitoring of progress. Initial findings indicate the need to improve IT technical capacity and improve infrastructure of customs check points. Tajikistan is requesting for the support of Asian Development Bank (ADB) in the conduct of a comparative study.

8. Mongolia customs conducted TRS in 2010, 2012, 2014 and 2017. Comparison of results for 2012 and 2014 on both road and rail border crossing time showed considerable improvement in all the border crossing points where the studies were conducted. Mongolia has introduced a number of reforms such as paperless clearance, e-payment (connection with eight Mongolian banks), non-intrusive equipment at the airports, e-clearance and exchange of information with neighboring customs. Mongolia has also initiated the introduction of coordinated border management principles and single electronic window with other agencies at the border.

9. Kazakhstan customs reported that they had developed a draft questionnaire for supply chain and had discussed with ADB their need for the TRS expert to assist them in TRS implementation. However, TRS implementation has been temporarily suspended due to the transition of the customs information system to ASYCUDA (Automated SYstem for CUstoms DAta). They will renew their request to ADB for expert advice, and appreciates hearing and learning from the experiences of other countries in conducting TRS.

10. Director General A. Reshad Popal of Afghanistan customs informed participants of Afghanistan's intention to become a transit hub within the region and customs is committed to addressing bottlenecks and challenges at the borders. He welcomed the results of the CPMM and will consider recommendations to improve performance along the Afghanistan-Pakistan borders.

11. World Trade Organization's (WTO) Trade Facilitation Agreement came into effect on 22 February 2017. Upon entry into force, a major requirement is the establishment of National Committees on Trade Facilitation (NCTF) or similar association. Eight of the 11 CAREC countries are WTO members,<sup>3</sup> and they vary in their alignment with the TFA. Most are already implementing a number of TFA provisions whether or not they are party to the WTO or the Revised Kyoto Convention. Ms. Loreli de Dios, consultant, gave a presentation on the status of NCTFs in each CAREC country—6 of the 8 WTO member countries have officially established NCTFs through government decrees or resolutions and 2 are in the process of establishing their NCTFs. It was also noted that Article 11—Freedom of Transit was among those designated as Category A by the majority highlighting the importance of transit in the landlocked CAREC countries. The speaker also emphasized that TFA seeks mainly to “expedite the movement, release, and clearance of goods”—which is essentially the Customs’ mandate. Thus the nature of TFA puts Customs at the center of implementation efforts and requires major involvement of Customs from the start, and close cooperation between Customs and other border agencies.

12. Customs is an important player in the NCTFs due to its mandate of ensuring compliance with national trade legislation and policies, and international trade agreements and its vast experience in interacting with multiple stakeholders. Customs is also familiar with WCO instruments and tools on trade facilitation that preceded many provisions of the TFA, and underpin its high-level principles of predictability, transparency, partnerships, and the use of modern techniques. Involvement of the private sector in the NCTF is likewise critical as businesses can help identify local challenges and opportunities to enhance logistical links to global value chains, deliver technical expertise and resources to support targeted reform efforts, promote best practice, and disseminate information on trade procedures.

13. CAREC initiatives have anticipated and thus directly reinforce the TFA. These initiatives must continue and their coverage expanded:

- a. CPMM and Time Release Study – Article 7.6
- b. CAREC Advanced Transit System – Article 11
- c. CAREC Customs Information Common Exchange – Article 7.1
- d. Single Window development – Article 10.4
- e. Use of information, communication and technology – Article 10.2
- f. Risk management and AEO programs – Article 7.4 and 7.7
- g. Coordinated border management – Article 8
- h. Consultations with private sector – Article 2.2

14. Ms. Maria Teresa Pisani, Acting Chief, Sustainable Trade and Outreach, United Nations Economic Commission for Europe (UNECE), provided an overview of Trade Facilitation definition and principles and a brief history of the adoption until entry into force of the WTO Trade Facilitation Agreement.<sup>4</sup> She explained the legal implications for the member countries the moment the TFA became effective. The TFA has 36 provisions which can be divided into 4 categories—Transparency Measures, Formalities Measures, Institutional Arrangement Measures and Paperless Trade Measures.

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<sup>3</sup> Afghanistan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, and Tajikistan

<sup>4</sup> Seven CAREC countries ratified the TFA as of 16 December 2016: Afghanistan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, and Pakistan.

15. The speaker also presented an assessment of CAREC performance of TFA implementation. In terms of overall trade facilitation (TF) implementation, Azerbaijan surpassed the global average while the four other UNECE member states (Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan) performed below the global average. In terms of the 4 categories, the CAREC countries performed better in the Transparency and Institutional Arrangement Measures but demonstrated widely varied performance in the Formalities and Paperless Trade Measures.

16. UNECE facilitates multilateral trade by developing TF and electronic business standards, recommendation, guidelines, training materials; and providing targeted advisor services. For CAREC, UNECE has conducted several capacity building workshops and seminars including TFA readiness assessments in Kazakhstan (2015), Azerbaijan (2017) and Georgia (2018).

17. The joint meeting agreed on enhancing collaboration between customs authorities and the private sector particularly in the following TF activities:

- a. Piloting of a CAREC Advanced Transit System (CATS).
- b. Consultation with CFCFA on trusted operators, on guarantee requirements, and guarantee mechanisms.
- c. Piloting of a CAREC Customs Information Common Exchange (ICE).
- d. Piloting Anjiyan – Osh – Kashgar – Shenzhen Corridor.
- e. Establishment of CFCFA standards in consultation with CCC and other stakeholders with support from ADB and other donors.
- f. Support for the implementation of Trade Facilitation Agreement (TFA).
- g. More investment and technical assistance projects (Regional Improvement of Border Services (RIBS), Regional Upgrade of Sanitary and Phytosanitary Measures (RUST), Regional Technical Assistance (RETAs)) for trade facilitation.
- h. Formulation of new Trade Facilitation Strategy.