



**Statement of the Seventeenth Meeting of the Customs Cooperation Committee
Under the Central Asia Regional Economic Cooperation Program
5-6 September 2018
Ashgabat, Turkmenistan**

Introduction

1. The 17th Annual Meeting (the Meeting) of the Central Asia Regional Economic Cooperation (CAREC) Customs Cooperation Committee (CCC) was held on 5-6 September 2018 in Ashgabat, Turkmenistan. The objectives of the meeting are to: (i) update member countries on progress in finalizing the CAREC Integrated Trade Agenda (CITA) 2030 and its accompanying Rolling Strategic Action Plan (RSAP) which is a deliverable at the next Ministerial Conference in November 2018; (ii) report outcomes and key decisions of the Inaugural Regional Trade Group (RTG) Meeting and the Senior Officials Meeting (SOM) held in June 2018 in Bangkok, Thailand; (iii) review continued relevance of the five (5) priority areas and the CCC terms of reference; (iv) synchronize CCC priority areas with CITA 2030, and the CCC work plan with the 3-year RSAP; and (v) discuss possible synchronization of the next CCC meeting with SOM.

2. The Turkmenistan State Customs Service hosted this year's meeting. Heads and senior customs officials representing Afghanistan, Azerbaijan, People's Republic of China (PRC), Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan participated at the meeting with support from experts from ADB, World Customs Organization (WCO) and United Nations Economic Commission for Europe (UNECE).

3. Mr. Dovlet Bayryyev, Deputy Chairman, Turkmenistan State Customs Service thanked the members of the CCC and also ADB for the continued support in strengthening customs cooperation in the region. He updated participants on the progress made by Turkmenistan State Customs Service in modernizing customs procedures and building new and upgrading existing infrastructure at select border crossing points. He commended the customs authorities of CAREC for their efforts in pushing forward the CCC priority areas in their respective countries. He stated that these modernization efforts and improvements undertaken, not only by Turkmenistan Customs Service but by all CAREC customs authorities, have prepared them well to meet the challenges brought by recent developments – including the entry into force of the WTO Trade Facilitation Agreement (TFA), the endorsement of the CAREC Strategy 2030, and the development of CITA 2030.

4. Mr. Ying Qian, Director, Public Management, Financial Sector and Regional Cooperation Division (EAPF), East Asia Department (EARD), ADB welcomed the participants and expressed gratitude to Turkmenistan for hosting the meeting. He mentioned that since the last CCC meeting, the long-term CAREC 2030 Strategy was endorsed at the 16th Ministerial Conference – the framework under which CITA 2030 is being developed. He outlined the objectives and deliverables for the CCC including to: (i) discuss and finalize the customs-related elements of CITA 2030 and the RSAP; (ii) review the terms of reference (TOR) of the CCC and its 5 priority areas in the context of CITA 2030; and (iii) explore appropriate cooperation mechanisms between the CCC, the RTG, and the private sector, as well as how to establish linkages between trade initiatives under the new CAREC structure.

WCO Cross-Border E-Commerce: Framework of Standards

5. Mr. Ernani Checcucci, Director of the WCO Capacity Building Directorate gave a presentation on “WCO Cross Border E-commerce: Framework of Standards (FoS)”. Technology has spurred unprecedented growth in e-commerce, which opened up global economic opportunities for micro, small and medium-sized enterprises in terms of wider access to overseas markets by lowering entry barriers and reducing costs. These opportunities come with a number of new challenges and threats that require comprehensive and well-considered solutions from all stakeholders, including customs authorities, to manage the tremendous increase in trade volumes and to address associated border risks. The WCO has developed a set of global standards, associated guidelines and recommendations to facilitate cross-border e-commerce of physical goods in a way that meets the needs of e-commerce stakeholders, consumers, customs, and other relevant government agencies. The fifteen standards will provide comprehensive guidance for governments, in particular customs administrations, the private sector and other stakeholders to ensure that the potential benefits are realized by working in partnership to ensure the facilitation of legitimate cross-border e-commerce trade, fair and efficient revenue collection and public protection. Georgia commented that e-commerce is an excellent vehicle to address the low diversification issue by allowing traders to market their goods and providing more choices to buyer; by allowing direct transactions between vendor and vendee, it also reduces the clearance burden on Customs. PRC proposed working with WCO and other members to develop the technical details for implementing the FoS and drafting the work plan.

CAREC Integrated Trade Agenda 2030 and Rolling Strategic Action Plan 2018-2020

6. Ms. Dorothea Lazaro, Regional Cooperation Specialist, EAPF of ADB, presented on CITA and the RSAP 2018-2020 that reflect comments and inputs coming out of the national and subregional stakeholder consultations from December 2017 to August 2018. CITA 2030’s anticipated outcome is to assist CAREC countries integrate further with the global economy through (a) trade expansion from increased market access; (b) greater diversification and (c) stronger institutions for trade. In general, consultations affirmed that CITA is relevant, responsive, comprehensive, and aligned with national priorities. Georgia reiterated its request to study the impact of FTAs on CAREC and monitor how FTAs are functioning, including how to address the problem of accepting certificates of origin, which is the responsibility of customs. On the institutional framework, Georgia suggested that the private sector representation should include traders themselves (not only chambers of commerce or freight forwarders) who are the real holders of information. Pakistan expressed the need for customs to be represented at the RTG, considering that trade policy and trade facilitation. For Kazakhstan, the proposal for mutual recognition and accreditation for SPS certificates requires further discussion to which Ms. Lazaro clarified that that this would be covered under ongoing work for CAREC Common Agenda on SPS modernization for Trade (CAST). Kazakhstan also updated the meeting on the status of the national SPS working group being established. PRC emphasized that compliance must be encouraged through pre-consultation and publication of information on new rules and requested ADB to prepare the CCC list of projects/work plan from the RSAP list.

7. Mr. Ying Qian, briefed the CCC on the outcome of the Inaugural Meeting of the RTG and the SOM, both held in Bangkok, Thailand in June 2018. The RTG meeting agreed to: finalize CITA 2030 and incorporate further inputs from countries and consultations; support RSAP by integrating activities in the country operational plans with ADB and/or mobilizing funding from other development partners; finalize the RTG TOR; request CCC to review and

update the 5 priority areas and the CCC TOR in light of CITA 2030; support the establishment of national and regional SPS working groups; clearly define the role of the private sector in CITA 2030; and complete the trade sector deliverables at the 17th Ministerial Conference. The SOM supported the overall framework of CITA 2030; agreed that the RTG will focus on over-arching trade issues while the CCC will continue to focus on customs-related issues and strongly recommended close coordination and cooperation between the RTG and CCC; endorse establishment of regional and national SPS working groups within the RTG framework; and welcomed the initiative to set-up a CAREC Food Safety Network. Georgia sought information on the progress of developing a monitoring mechanism in view of the RTG's responsibility to report progress to SOM and how CCC will closely coordinate with RTG. Georgia also mentioned that the proposed new BCP between Azerbaijan and Georgia will include joint customs control of which the legal framework is already underway. Kazakhstan inquired about the proposed CAREC Chamber of Commerce and Industry.

WTO Trade Facilitation Agreement

8. Mr. Salehin Khan of UNECE presented the latest global progress on TFA ratifications and implementation commitments, drawing on WTO TFA data, focusing on the CAREC countries and noting the TFA measures with highest and lowest implementation rates. He presented detailed findings on trade facilitation implementation from the *Global Survey on Trade Facilitation and Paperless Trade 2017*, noting the particularly wide current range of trade facilitation measure implementation within the CAREC region. The report identifies paperless trade facilitation and cross-border paperless trade as the areas where least progress has been made to date for most CAREC countries. PRC informed the CCC that legislative frameworks and regulations have been revised to conform with TFA provisions on paperless trade, which contributes toward the high rate of response in the survey for PRC. Georgia requested further elaboration on the methodology of the global survey report and how to advocate for its use. Kazakhstan shared its progress on TFA implementation including establishment of national committee on trade facilitation (NCTF).

9. Ms. Rosalind Mckenzie, Senior Regional Cooperation Specialist, EAPF of ADB, informed the CCC about the ADB-sponsored Inter-subregional Forum on Enhanced WTO TFA Implementation to be held on 29-31 October 2018 in Bangkok, Thailand: a one-day workshop for CAREC countries will focus on sharing subregional experience in TFA implementation, which will be followed by a two-day Forum where CAREC countries will have the opportunity to exchange TFA knowledge and experiences with other countries from the Asia-Pacific region.

Updates on CCC Priority Areas

10. Customs representatives from each country provided updates on the 5 CCC priority areas. Afghanistan has signed Customs Mutual Assistance Agreements on Electronic Data Interchange with 3 countries (PRC, Tajikistan and Uzbekistan) and have started discussions with 3 other countries (Pakistan, Kazakhstan and Turkmenistan). On risk management, Single Criteria Risk Profiles have been installed in all BCPs and Inland Customs Districts and Multiple Criteria Risk Profiles are being installed in 3 inland customs depots (ICDs) and to be installed in 4 more ICDs in the near future. Azerbaijan is the first CAREC country to install single window scheme which began operations in November 2008 and has since then adopted more innovative projects such as the color-coded customs corridors that use simplified rules, mobile customs units, customs to business partnership and e-customs declaration.

11. PRC launched the single window pilot in Shanghai in 2014 and expanded the pilot to cover ports of coastal cities in 2015. A top-level design was introduced in 2016 where declarations can be done through a single point of access and one-time submission of documents and information required by authorities. Relevant authorities can share information and conduct controls through e-port platform and provide feedback to declarants. The design has expanded to cover all ports in 2017 and more features and services will be added by end 2020.

12. Georgia serves as a vital transit country connecting Central Asia with Europe. The fulfillment of its role as transit country depends on the capacity of its neighbors to allow the entry of goods. All CAREC countries are important links in the transit chain, and there is a need to make all parts of the chain work, focusing not only on infrastructure but also on proper framework for Customs procedures. Only then will the potential of a Great Silk Road be realized. CAREC plays an important role as a platform for putting all instruments together, the challenge being how to make it operational. The authorized economic operators (AEO) program is a priority, and CAREC can work towards mutual recognition of AEOs; voluntary compliance helps identify trusted partners, which eases their operations.

13. Kazakhstan reported the approval of its strategy on the use of risk management by state revenue agencies in February 2018 and its implementing rules in March 2018. With introduction of e-declaration, risk management has been integrated in Astana1 and all customs operations are conducted in one system. Use of color-coded corridors has been introduced and risk profiles have been updated. On CATS pilot project, Kazakhstan Customs pointed out the discrepancy between the draft Trilateral Agreement with the EAEU legislation, but suggested retaining it in the RSAP, for experts to continue to discuss.

14. The Regional Improvement of Border Services (RIBS) of Kyrgyz Republic is on-going and equipping of the Karamyk border crossing point is 60% complete. Technical requirements for the further improvement of the Single Window Information System and procurement activities for the software development have been completed, but the contract has not yet been awarded. Tajikistan provided a brief progress of RIBS project linked to Kyrgyz Republic and its target completion by 2020. The TRS conducted this year is being processed. RIBS in Mongolia is also implementing infrastructure upgrades in Altanbulag, Bichigt and Zamyn Uud border crossing points. Single Window information system will be installed in Sukhbaatar station after the SW masterplan is completed.

15. Participants were updated on the status of implementation of the Trade Facilitation Agreement in Pakistan. Currently 60% commitments under TFA are implemented and 40% (mostly Category C) commitments are planned to be implemented within 2018-2023. A National Committee on Trade and Transport Facilitation has been constituted on 21 February 2018 with private sector members. RIBS in Pakistan include infrastructure development of Wagah, Torkham and Chaman border crossing points and establishment of a National Single Window system. A project management office was established in October 2017 and a project steering committee in May 2018. A request to include in the CITA 2030/RSAP 2018-2020 a technical assistance grant for the design stage has been submitted to ADB. Other potential projects for inclusion in CITA are establishment of AEO program and the establishment of WCO certified training institute.

16. Tajikistan is also implementing RIBS, which includes provision of modern equipment, development of Single Window, simplification of trade procedures. It has conducted time release studies (TRS) in 3 BCPs and 4 terminals. Results of the studies identified in detail the amount of delay in import and export procedures. The latest study is available at the Customs website, and another one will be conducted soon.

17. Turkmenistan's custom legislation is fully based on international standards. In cooperation with UNCTAD, ASYCUDA is being introduced and expected to be operational by 2019. Structural reforms involved establishment of a new Analytical Division in the Head Office of State Customs Service and establishment of Economic Directorate to provide processing and storage services for shipments involved in international trade.

18. Uzbekistan provided updates on the 5 CCC priority areas. A key document is the Decree of President #5414 on measures on radical improvement of Customs service, which provides for clear delineation of functions, anti-corruption, training, recruitment and distribution of personnel, reduction of administrative barriers and clearance time, enhancement of BCP capacity, use of advanced technology, and cooperation with international institutions. The draft Customs Code will liberalize, simplify, make transparent, implement international norms in Customs control.

19. Mr. Ying Qian intervened with 3 points to consider: (a) modernization and bottlenecks indicated by CPMM on particular borders e.g. AFG/PAK and particular efforts to address this; (b) connectivity and interoperability of National Single Windows, which will be critical for transit development, (c) risk management, and mutual recognition of its results. For interoperability, there are initiatives using block chain and other new technologies, and since it requires data harmonization, the WCO Data Model may be utilized. Georgia responded that this is technically complicated, and the framework is difficult, but a survey can obtain information on national specificities and link them through harmonization.

Review of CCC Priority Areas and Terms of Reference

20. The CCC at its 17th Meeting deliberated on the:

- (i) outcomes of the Inaugural Meeting of the RTG and SOM, and elements of CITA 2030 and RSAP 2018-2020 with respect to customs-related priorities and initiatives;
- (ii) need to review the CCC priority areas to align with CITA 2030 and respond to the changing trade landscape; and
- (iii) need to review the CCC terms of reference (TOR) to enhance coordination and cooperation with other stakeholders such as other trade-related agencies (including but not limited to border control and sanitary and phytosanitary inspection), other CAREC sectoral bodies, particularly the RTG, and the private sector (particularly the CFCFA, the traders, business associations and chambers of commerce).

21. The CCC agreed on the proposed institutional structure of the trade sector

22. The CCC recognized the evolving role of Customs agencies or authorities in the context of:

- (i) implementing the WTO TFA, with predominant role at the national and regional level;
- (ii) responding to the rise of cross-border e-commerce and digital trade, use of block-chain technology, big data analysis and the internet of things, and rapidly changing supply chain management;
- (iii) building strategic partnerships with the private sector, including to increase their participation in the global and regional trade and creating favorable conditions for business and customs interaction;
- (iv) identifying tangible and concrete solutions to customs-related issues and priorities under the CITA 2030;
- (v) promoting regional development and integration; and

- (vi) supporting inclusive and sustainable trade facilitation while maintaining and developing open, transparent and predictable regulatory system.

23. The CCC agreed to update the priority areas as follows:

- (i) TFA implementation
- (ii) simplification and harmonization in customs procedures in accordance with developments in global trade
- (iii) paperless trade
- (iv) information exchange (C2C; C2B)
- (v) risk management and authorized economic operator (AEO) program
- (vi) regional transit and cooperation
- (vii) coordinated border management
- (viii) single window
- (ix) institutional and human resource capacity development

Experience-sharing and capacity building in the above priority areas will be covered consistently.

24. The CCC agreed to update its TOR with the following objectives:

- To promote cooperation among customs organizations **and with other trade-related agencies** of CAREC countries to support the implementation of the **CAREC Integrated Trade Agenda (CITA) 2030 and its 3 year Rolling Strategic Action Plan (RSAP)** to achieve economic growth potential and improve living standards among CAREC member countries;
- To promote **national** and regional trade facilitation initiatives through concerted customs reforms and modernization, strengthened inter-agency coordination and enhanced partnerships with private sector; and
- To serve as a regional forum for addressing **customs-related** issues of common interest.

25. The CCC agreed to update its TOR in the following scope of work:

- Lead effective implementation of WTO TFA while using WCO instruments, identifying good practices and arriving at a common approach towards harmonization and simplification of customs formalities;
- Support digital transformation through enhancing e-Customs systems, paperless trade, other transformational technology, and new developments in information and communications technology (ICT);
- Promote regional transit and cooperation including through bilateral and regional information exchange and dialogue for customs-to-customs and customs-to-business;
- Introduce innovative projects on customs procedures such as single window or one-stop, risk management and coordinated border management; and
- Develop institutional and human resource capacity of Customs authorities and agencies.
- Concerted customs reform and modernization – continued focus on existing priority areas and a systematic approach in complementing individual member countries' customs simplification and harmonization as well as modernization efforts;
- Provide leadership in promoting trade facilitation initiatives – expanding the scope of the work program from customs cooperation to a deepened interagency collaboration and enhanced partnerships between the public and private sectors;

- **Strengthen coordination** with key stakeholders, including the **Regional Trade Group, Transport Sector Coordinating Committee, and relevant expert groups as may be established, and the private sector including but not limited to associations of traders, business organizations or chambers of commerce, carriers and freight forwarders.**

26. To better synchronize CCC activities with other CAREC cooperation mechanisms and to optimize opportunities to convey CCC issues and concerns, proposed to consider a possibility to conduct the next meeting in 2019 in the Republic of Uzbekistan following the agreed procedure.