



**Inter-subregional Knowledge-Sharing Forum:  
Trade Facilitation and Customs Modernization  
Central Asia Regional Economic Cooperation Program and  
South Asia Subregional Economic Cooperation Program  
31 October 2019: Tbilisi, Georgia**

**SUMMARY OF PROCEEDINGS**

**INTRODUCTION**

1. The Inter-subregional Knowledge-Sharing Forum between CAREC and SASEC was held on 31 October 2019 in Tbilisi, Georgia. It was attended by representatives from the customs authorities of the CAREC and SASEC countries, and staff and consultants of ADB.
2. The objective of the Forum was to share knowledge, experience, and best practices on challenging aspects of trade facilitation reform and modernization efforts facing CAREC and SASEC customs administrations, with special emphasis on overland trade; and identify critical success factors for effective trade facilitation measures that improve trade flow, resource allocation, and regional cooperation.
3. The agenda and list of participants are in **Appendix 1**. In their opening remarks, Mr. Shane Rosenthal, Country Director of the ADB Resident Mission in Georgia, and Deputy Director Iskandar Abdullaev of the CAREC Institute, emphasized the importance of trade facilitation in lowering trade transaction costs, enhancing competitiveness as well as participation in global value chains. They hoped that inter-subregional interactions would stimulate new thinking to address the challenges and that joint solutions and opportunities would lead to “knowledge corridors” useful for policymaking.
4. Mr. Samson Uridia, Head of International Relations Department of Georgia Revenue Service welcomed the participants and underscored the importance of circulating knowledge to increase its value, of focus on results-oriented ideas, and mobilizing resources for efficient conduct of trade.

**Session 1: Introduction of the CAREC Customs Cooperation Committee and the SASEC Customs Subgroup**

5. The representatives of CAREC and SASEC introduced their respective platforms, key areas of work and current priority areas, the work program under trade facilitation and the way forward. Institutional arrangements are a critical platform for implementation. Countries are encouraged to look at national strategies and find common ground.

**Session 2: Transit Systems and Facilitation**

6. For SASEC, the transit requirements of the sub-region, the existing transit regime and the pilots undertaken to facilitate transit cargo of Nepal through India was presented. Transit is governed by bilateral agreements. Among the highlights were the reform of processes using modern technology, in particular the Electronic Cargo Tracking System (ECTS), modernized procedures, and enhanced security. Preliminary results have indicated significant savings in overall transit time and documentary requirements. Other key lessons are that automation should be preceded by business process reengineering, seals help



monitor and facilitate, and consultation and advocacy are essential.

7. CAREC presented the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) that comprises a single transit document, electronic exchange of transit data, and a risk-based comprehensive transit guarantee mechanism. Preparations for a pilot project between Azerbaijan, Georgia, and Kazakhstan, including institutional arrangements, meetings with potential guarantors, and the draft agreement under review by participating countries, were described.

8. The regions shared knowledge on the challenges faced in designing modern and efficient transit systems without commensurate controls, the difficulty of project implementation in the face of transitioning decision-makers, impact of the Eurasian Economic Union on third-party transit initiatives, and how technology can be used to drive reform of transit processes. Bilateral initiatives are welcome, but regional platforms are ideal for regional initiatives.

9. The Bangladesh delegation proposed that ADB conduct a study on the benefits of regional transit regimes. The delegation also suggested that CAREC and SASEC explore a potential transit regime connecting the two subregions, and stretching to Europe. It would be useful for CAREC and SASEC to link with other regions as well. Harmonizing transit regimes is a first step.

### **Session 3: Customs Cooperation and Coordinated Border Management and Regional Improvement of Border Services**

10. CAREC presented the –

- (i) Joint Customs Control Pilot Project, implemented between Mongolia and the People's Republic of China to address delays in the cross-border movement of goods at select pairs of border-crossing points (BCPs). A unified cargo manifest, first used at five BCPs then converted to electronic format in 2019, has enhanced customs clearance efficiency and facilitated bilateral trade. To prepare for the next phase of mutual recognition of scanner images and weighing results, both parties are studying the use of smart lock technology.
- (ii) Regional Improvement of Border Services projects that target BCPs along CAREC corridors where major bottlenecks have been identified. In the specific example of BCP pairs between the Kyrgyz Republic and Tajikistan, complementary investments in BCP infrastructure and the introduction of national single windows, together with border control agency cooperation, are helping eliminate bottlenecks.

11. SASEC presented its approach to develop border infrastructure, including the conduct of studies on a coordinated approach to improving border infrastructure and complementary facilities, facilitation of trade along defined routes covering the BCPs serving the route, and building a roadmap for prioritizing the development of border infrastructure, to make cross-border trade in the region more efficient and better-regulated.

12. Discussions revealed the need for coordinated and comprehensive development of infrastructure and connectivity to meet trade needs; dovetailing trade facilitation reforms into projects and the importance of border agency cooperation.

#### **Session 4: CAREC Institute Trade-Related Activities**

13. The CAREC Institute presented its mandate and key interventions in generating, sharing, and managing knowledge. It covers customs-related topics such as e-commerce, electronic sanitary-phytosanitary certification, the World Trade Organization Trade Facilitation Agreement, and a corridor performance measurement and monitoring mechanism. To increase utilization of research results, it is working with other institutes to publicize and organizing forums with government officials. SASEC and CAREC look forward to future research collaboration.

#### **Session 5: Engagement with the Private Sector for Effective Trade Facilitation**

14. On behalf of SASEC, a presentation was made on the institutional structures developed in the subregion for engaging with the private sector and other cross-border regulatory agencies, including the benefits of such arrangements, and the challenges in their sustainable functioning.

15. From the CAREC region, Pakistan shared its experience of reconstituting its National Trade and Transport Facilitation Committee in 2018 to meet the requirements under the World Trade Organization Trade Facilitation Agreement. A public-private sector joint venture, it has already followed the UN Layout Key for numerous documents and is adopting international standards on temporary admission, maritime codes, and freight forwarding.

16. Key lessons drawn from the regional experiences are the importance of political will and buy-in; the need to provide institutional structures with a clear mandate, decision-making authority, and resources; improving the capacities of private sector; multi-tiered consultation mechanisms and a trust-based partnership approach. Georgia suggested that performance indicators be put under the NCTF as baseline.

#### **Session 6: Authorized Economic Operator Systems**

17. From the CAREC region, Georgia reported on the experience of their Revenue Service “Golden List” Program introduced in 2008, which grants certain customs simplifications to trusted companies when importing and/or exporting goods to/ and from Georgian customs territory. Criteria for membership include financial solvency, track record, safety and security systems. Georgia’s Golden List Program will be phased out in 2021 in favor of an AEO system under development that is more flexible, will be more responsive to the needs of a wider range of business and trade, will be compatible with AEO systems of the European Union, and which could accommodate mutual recognition arrangements with other national AEO systems.

18. On behalf of SASEC, the experience in introducing authorized operator and authorized economic operator programs was presented. The utility of a multi-tiered compliance management program to suit the needs of various players in the supply chain, the approach taken for speedy validation, advocacy and designing benefits relevant to the needs of trade were emphasized. Challenges include the need to involve other agencies, to promote a culture of voluntary compliance, and mutual recognition is a slow process

19. Key takeaways included the benefits of designing and implementing compliance management programs by providing customized and relevant benefits and continuous

awareness-raising for traders of the benefits of participation in such programs. Sustainability is also a challenge and requires Customs' commitment. Differences in countries' automated systems can be mitigated through data exchange.

### **Wrap Up and Closing of Learning Event**

20. In his closing remarks, Mr. Samson Uridia commended the delegations for their substantive contributions to the discussions and thanked the presenters for their informative and insightful presentations. Hearing the real stories behind successful reforms is insightful. While the political will and proper mindset for seeking solutions are always important, trained people and dedicated resources are able to accomplish the tasks.

21. ADB expressed sincere thanks to the Georgia Revenue Service for its impeccable hosting of the Knowledge Forum, and the delegates of CAREC and SASEC for their active participation. ADB further committed to continued efforts to facilitate inter-subregional cooperation between the CAREC and SASEC platforms.