

**Statement of the Ninth Annual Meeting of the Customs Cooperation Committee  
Central Asia Regional Economic Cooperation Program**

**6-9 September 2010  
Tokyo, Japan**

**A. Introduction**

1. The Customs Cooperation Committee (CCC), under the auspices of the Central Asia Regional Economic Cooperation (CAREC) program, held its Ninth Annual Meeting (the Meeting) in Tokyo, Japan on 6-9 September 2010 to review progress made since its inception in 2002, and discuss plans for the next five years on how to achieve the objectives of the CCC in the five identified priority areas, namely (i) simplification and harmonization of customs procedures and documentation, (ii) information and communication technology (ICT) for customs modernization and data exchange, (iii) risk management and post-entry audit, (iv) joint customs control (JCC), and (v) regional transit development.

2. Customs cooperation remains an important component of the trade facilitation program of the CAREC. Work on the five priority areas of customs continues to provide opportunities to strengthen the ties that have been developed among the CAREC customs organizations and offer prospects for further enhancing regional cooperation initiatives.

3. The Afghanistan Customs Department served as the host customs agency for this year's meeting. The meeting was attended by heads/deputy heads of customs administrations and their representatives from Afghanistan, Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, the People's Republic of China (PRC), Tajikistan, and Uzbekistan. In conjunction with the meeting, knowledge and experience sharing sessions were held on various subjects including Time Release Study (TRS), Authorized Economic Operators (AEO), Intellectual Property Rights (IPR) Enforcement, and single window (SW) development, with the support of Japan Customs and the World Customs Organization (WCO). The WCO, in its keynote address expressed willingness to support CAREC customs cooperation initiatives through technical assistance in partnership with ADB.

4. The participants thanked the Afghanistan Customs for effectively chairing the Ninth CCC Meeting. The participants also expressed their appreciation to the Asian Development Bank Institute (ADBI) for graciously hosting the Meeting, to WCO and Japan Customs for providing technical expertise for various technical sessions, to Japan Customs for organizing a field trip to Yokohama Port, and to ADB for its consistent support and serving as the secretariat for the CCC.

5. The Meeting noted the substantial achievements in the 5 priority areas and the considerable efforts exerted by the CCC members in introducing customs reforms in their respective countries since the establishment of the CCC in 2002. The Meeting also noted the contribution made by the 3 Technical Working Groups which were created to focus on the 5

identified priority areas.<sup>1</sup> Anticipating that the CAREC Program will celebrate its 10<sup>th</sup> anniversary in 2011, the Meeting agreed that the progress achieved over the past 9 years and future directions for the next 5 years will need to be incorporated in the CAREC 10-Year Study. Draft summary tables listing the major activities and accomplishments in the past nine years are in Attachment 1.

## **B. Progress in Priority Areas and Future Work Plan**

### **(i) Simplification and Harmonization of Customs Procedures and Documentation**

6. CAREC countries continued to make efforts to align national laws and customs regulations and procedures with international standards and best practices. Tangible progress has been made, particularly on accession to international conventions and membership with the international organizations. Almost all countries have adopted new customs codes compliant with the revised Tokyo Convention.

7. Simplification and harmonization of customs procedures is an overarching concern and will continue to be the top priority for customs development in the region. A common target to be achieved in 5 years is for all CAREC countries to have successfully acceded to the revised Kyoto Convention by 2015.

8. CAREC countries will continue to amend laws, introduce new legislation, and streamline procedures to enhance compliance with best practices and standards. Continued support will be provided to CCC members in developing national roadmaps for implementing the WCO "Customs in the 21<sup>st</sup> Century" initiative.

### **(ii) ICT for Customs Modernization and Data Exchange**

9. CAREC countries have taken significant steps to upgrade and modernize customs operations by developing automated information systems. Most customs authorities have fully automated their customs processes in a phased manner and some have locally developed tailor-made automated systems to fit their needs and situation..

10. CAREC customs have also made considerable strides in adopting national single window (NSW) schemes. Azerbaijan Customs activated NSW in January 2009 and has expanded coverage to include more border regulatory agencies into the scheme. Most of other countries have passed legislation to allow for SW processes and undertaken necessary steps to initiate implementation. However, some countries are still encountering difficulties in getting cooperation of other agencies involved in NSW development.

11. The Meeting noted the positive experience of Azerbaijan in implementing the single window automation and computerization project and the critical importance of strong political will and top level support for the single window concept. Other equally important factors in successfully implementing SW include introduction of relevant

---

<sup>1</sup> Technical Working Group (TWG) 1 covers the areas of simplification and harmonization of customs procedures and JCC and is chaired by the PRC Customs; TWG 2 covering the areas of ICT and risk management is chaired by Uzbekistan Customs; and TWG 3 on regional transit development is chaired by Kazakhstan Customs.

legislation such as e-signatures; studying the experiences of other countries to avoid repeating their mistakes, and involving other border control agencies in the design and planning stages to ensure their cooperation.

12. WCO presented detailed recommendations for SW development. The need to first harmonize data requirements to drive the development of a single document, which in turn will drive the development of SW, was emphasized. WCO also emphasized the need to address other critical factors such as political will and the cooperation of other agencies before technical issues are dealt with. WCO experts also indicated that customs authorities are in excellent position to assume the lead in SW development since they are always involved in all border crossings, and the work scope of customs continues to expand from the traditional revenue generation and internal security functions to transportation and logistics facilitation, trade policy implementation, and health and public safety management. The WCO Data Model can serve as an effective tool for harmonizing data and implementing SW business processes.

13. The presentation on the implementation of SW in Japan by the Nippon Automated Cargo and Port Consolidated System (NACCS) elicited a lot of interest among participants on how they can further improve their own systems. All presentations on SW development emphasized the critical role of political will and the need to harmonize data before technical issues are considered.

14. Future direction in this area will focus on coordinating and optimizing national efforts in customs ICT development to enable NSW development and achieve regional interconnectivity and interoperability of NSWs.<sup>2</sup> Uzbekistan Customs has proposed to develop a single information space for CAREC customs for exchange of information which is consistent with the plan for the development of the regional information platform.

### **(iii) Risk Management and Post-Entry Audit**

15. The importance of risk management and post-entry audit has rapidly gained acceptance among CCC members. Most countries have adopted risk management measures and included development of risk profiles into their automated systems. However, risk management in customs alone will not improve the situation, as there are many other border control and behind-the-border agencies that are yet to establish their own risk management systems. Work in this area will be directed at how customs should assume the leadership in achieving integrated risk management for all agencies involved such as SPS, and explore opportunities for other agencies to improve coordination with their counterparts in the sub-region.

### **(iv) Joint Customs Control**

16. JCC pilot projects are being implemented at a number of BCPs along the borders of Kazakhstan and PRC, Kazakhstan and Kyrgyz, and Mongolia and PRC. It was reported that adoption of unified cargo manifests and development of simplified border documentation

---

<sup>2</sup> ADB is designing an investment project to (i) improve infrastructure of selected BCPs; and (ii) support the development of NSW and development a regional platform for networking of CAREC NSWs.

requirements have led to simplified procedures. Direction for next 5 years would be to (i) further review the experience of the Phase 1 pilots; (ii) expand both width and depth of the JCC program by implementing JCC at other BCPs; and (iii) move to Phase 2 and Phase 3.

#### **(v) Regional Transit Development**

17. Located between East Asia and Europe, CAREC countries have the geographical advantage of serving as a transport corridor between these two major markets, while at the same time, they need to improve transit procedures to benefit from such advantage. All CAREC countries, except PRC, are contracting parties of the TIR Convention.

18. A number of efforts have been made by CAREC customs to improve the monitoring of the movement of cargo under customs supervision, such as the use of GPS systems, electronic seal and safe packets. However the application of these techniques has been limited to certain segments of the transport corridors. The case of Kyrgyz Customs application of a satellite navigation control system through a public private partnership (PPP) arrangement has elicited much interest from the other members. For the next 5 years, CCC will adopt a two-pronged approach: (i) encourage more application of TIR carnets for inter- and intra-regional transit by improving hardware and software required at BCPs; and (ii) develop regional transit arrangements for certain segments of corridors where traffic volume is high and cost-savings benefits from using a local transit arrangement can be substantial.

### **C. Cross-cutting Issues**

#### **(i) Time-Release Study**

19. The CAREC ministers endorsed in 2008 the Corridor Performance Measurement and Monitoring (CPMM) Program as a part of the transport and trade facilitation strategy and action plan. Time-cost distance analyses have been in implementation for the past year and half, and have provided an overall picture of the transport corridor performance in terms of time and costs. TRS will be a more targeted approach to review customs' and other border control agencies' clearance procedures and identify problem areas and potential corrective actions to enhance customs clearance operational efficiency.

20. The WCO presented details of the WCO TRS Guide including objectives, scope and methodology. It also presented the TRS experiences of Australia and the East African community as case studies of developed and developing countries.

21. Experts from Japan Customs presented Japan's experience in conducting TRS since 1991. The studies have effectively identified bottlenecks in customs administrative procedures and the processes of other related border control agencies. The TRS also allowed Japan Customs to assess the effectiveness and impact of the changes and reforms introduced to streamline their procedures. Substantial benefits have been derived from implementing the TRS as shown by the consistent decrease in clearance time and the improved predictability of delivery of goods. CCC countries expressed strong interest in discussing possible collaborative efforts with Japan Customs in conducting TRS. ADB, together with WCO, is ready to provide necessary support and facilitate further experience-sharing between CAREC and Japan customs authorities, particularly in conducting TRS. The Meeting concluded that the first round of TRSs should be performed at the key BCPs along the CAREC corridors. More detailed

preparation need to be done to address technical aspects of the TRS that will be conducted in the CAREC countries.

## **(ii) Capacity Building**

22. All participants acknowledged the importance of developing capacities of customs authorities to enable them to respond effectively to the dynamics of the international markets. Capacity building in all the priority areas has been undertaken regularly and consistently with support from donor partners including ADB. Some CAREC countries worked with ADB to co-sponsor training programs on various customs subjects. However, it was pointed out that a strategy to more effectively deliver customs capacity building and optimize synergies with other related sectors such as transport and integrated trade facilitation need to be considered. Innovative measures, such as adoption of new recruitment policies and providing better incentives to attract and retain qualified customs staff, would also be encouraged.

23. Training for policy makers as needed, as well as training for utilization of new technologies, will continue to be conducted. ADB will continue to support and co-sponsor seminars and workshops on specialized customs topics. However more attention should be paid to development of sustainable regional centers of excellence, with twinning arrangements with international counterparts. ADBI also expressed its interest in exploring opportunities for future collaboration with ADB and the CCC.

## **(iii) Knowledge and Experience Sharing**

24. The Meeting thanked the Japan Customs for sharing its experience with regard to its Authorized Economic Operators (AEO) program, which was introduced in 2006 in response to the heightened security concerns caused initially by the global terrorist threats, and agreed that AEO programs could bring substantial benefits, particularly in terms of optimizing allocation of customs resources and directing more time and funds to high risk cargo. Under Japan's AEO program, an entity may apply and be approved as an AEO if it has adequate compliance record, demonstrated ability to conduct operations and an established compliance program. A self-assessment list is used and copies will be provided to those who expressed interest to learn more about the AEO program. Japan also recently adopted a mutual recognition program entailing mutual acceptance of AEO status and the granting of preferential treatment which corresponds with the AEO status of the other country.

25. IPR protection is a pressing issue among customs organizations worldwide. CAREC customs officials showed keen interest in the IPR enforcement program of Japan Customs both regarding its legal power in confiscating goods and its technical and procedural arrangements to carry out the program. There is an interest to organize a workshop in the near future to specifically focus on IPR issues.

26. The outcome of a research project on "**The Role of Trade Facilitation: A Gravity Model**" was presented by ADB staff to highlight the crucial role played by trade facilitation in improving trade. The main conclusions with policy implications most relevant to the Meeting were: i) improvements in trade facilitation lead to significant gains in trade in the CAREC region, with the larger share coming from increase in imports; ii) insufficient trade facilitation cause important barriers to trade in CAREC; and iii) infrastructure improvement lead to largest gains in trade, followed by logistics and then customs. Some delegates, however, pointed out that some

of the data used in the study are unreliable and the quality needs to be improved, and some data do not accurately reflect the current situation of logistics development in their countries.<sup>3</sup>

#### **D. WCO and ADB Cooperation**

27. The Meeting welcomed the efforts made by ADB and WCO to strengthen their partnership in support of the CAREC customs cooperation. Mr. Shoichi Asano, Office of the Secretary-General of the WCO, gave an overview of WCO objectives and programs to equip the customs authorities worldwide to better manage customs functions, and cited the need for coordinated regional and international response to the global challenges confronting both developed and developing economies. ADB staff also made a presentation on the steps it has taken and planned to further strengthen the ADB-WCO partnership as stipulated in the Memorandum of Understanding signed between the two institutions. Both ADB and WCO reconfirmed their commitment to working closely together in pursuing the objectives of the Customs in the 21<sup>st</sup> Century strategy and strengthening customs cooperation in the CAREC region.

#### **E. Other Matters**

28. It was agreed during the Meeting that participants will update and provide as much information as possible in the summary tables of accomplishments used as working papers during the technical working groups meetings. All CCC members will submit in two weeks their comments, additional data and inputs to the chairs of the three (3) committees who will take charge of consolidating the submissions and forward the consolidated inputs by end of September to ADB. The CCC members were encouraged to submit as much information and statistics as possible to facilitate the preparation of the sector review report for the 10<sup>th</sup> year anniversary

---

<sup>3</sup> As requested, the presentation will not be posted on the CAREC Institute website.