



Reference Document  
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# **CAREC Integrated Trade Agenda 2030: Implementation Report 2018-2019 and Rolling Strategic Action Plan 2019-2021**

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## **CAREC INTEGRATED TRADE AGENDA 2030: Implementation Report 2018-2019 and Rolling Strategic Action Plan 2019-2021**

### **I. INTRODUCTION**

1. This report shares progress of the Central Asia Regional Economic Cooperation (CAREC) program for the trade sector between July 2018 and September 2019. Specifically, it: (i) provides an overview of key institutional developments for CAREC trade work; (ii) presents ongoing implementation of the CAREC Integrated Trade Agenda (CITA) 2030 and its accompanying three-year Rolling Strategic Action Plan (RSAP 2018-2020);<sup>1</sup> (iii) lays out the workplan for the CAREC trade program, particularly, the RSAP 2019-2021; and (iv) identifies the trade sector deliverables for the 18th CAREC Ministerial Conference in November 2019.

2. CITA 2030 and its accompanying RSAP 2018-2020 were endorsed by the 17th CAREC Ministerial Conference (November 2018; Ashgabat, Turkmenistan), as the new long-term strategic framework for the trade sector.<sup>2</sup> CITA 2030 will assist CAREC members in integrating further with the global economy, enhancing the growth potential of CAREC countries, and improving living standards for their people. It is fully aligned with CAREC 2030—the program’s overall strategic framework—as a catalyst for trade expansion and economic diversification to help CAREC countries better integrate into the global economy.<sup>3</sup>

3. The main strategic directions of CITA 2030 are structured around three pillars: (i) **trade expansion from increased market access** through promotion of more open trade policies and strengthening of customs cooperation; (ii) **greater economic diversification** through support for reforms, provision of financing, and linking CAREC countries with global and regional value chains; and (iii) **stronger institutions for trade** through better coordinated sectoral policies and priorities, evidence-based policy-making and enhanced capacity of government agencies.

4. A three-year RSAP, developed in close consultation with CAREC member countries, translates CITA 2030 into prioritized investment projects and trade-related activities at the regional and national levels, helps mobilize funding, and coordinates seamlessly with countries and development partners for CITA 2030 implementation. The RSAP is reviewed and updated annually to ensure continued relevance and country-identified prioritization.

5. CITA 2030 operates under the 2+x principle, accommodating the varying capacities and levels of progress among the countries: two or more CAREC members may initiate and implement regional projects and initiatives that are subject to no objection from all CAREC member countries. A results-based approach with indicator sets that correspond directly to the three pillars of CITA 2030 monitors and evaluates the progress of CITA 2030 and RSAP.

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<sup>1</sup> ADB. 2019. *Central Asia Regional Economic Cooperation (CAREC) Integrated Trade Agenda (CITA) 2030 and Rolling Strategic Action Plan (RSAP) 2018-2020*. Manila.

<sup>2</sup> CITA 2030 builds on the experience and early outcomes of the *CAREC Transport and Trade Facilitation Strategy 2020*; the *CAREC Trade Policy Strategic Action Plan 2013-2017*; and the *Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade (CAST)*.

<sup>3</sup> ADB. 2017. *CAREC 2030: Connecting the Region for Shared and Sustainable Development*. Manila.

## II. KEY INSTITUTIONAL DEVELOPMENTS

6. CITA 2030's institutional framework is guided by strong country ownership, development partner commitment, effective engagement with the private sector, and coordination with other stakeholders. The Regional Trade Group (RTG) is the lead coordinative and consultative body for overarching trade issues, and the CAREC Customs Cooperation Committee (CCC) is responsible for all customs-related CAREC projects and activities. Both the RTG and the CCC report to the CAREC SOM. These two bodies coordinate and cooperate with a wide range of stakeholders engaged in trade-related activities in CAREC countries. *Ad hoc* working groups and expert groups in technical areas such as sanitary and phytosanitary measures (SPS) are established to improve regional cooperation and knowledge-sharing.

7. **Regional Trade Group.** Since the inaugural meeting of the RTG in June 2018, Appointed Representatives of the Country have been nominated and CITA 2030, its accompanying RSAP, and other appendixes finalized for ministerial consideration through the SOM and CAREC National Focal Points' meetings. The RTG is tasked to undertake policy dialogue and updating of CITA 2030; development of project pipelines, implementation and monitoring; and institutional strengthening and stakeholder coordination. Good progress has been achieved in terms of delivering a number of regional and national interventions under CITA 2030 and RSAP 2018-2020, as well as dissemination of CITA 2030 to stakeholders.

8. The 2nd meeting of the RTG was held on 26 June 2019. The RTG (i) noted the progress of implementation of CITA 2030 and RSAP 2018-2020 and endorsed the CAREC Trade Sector Report 2018-2019 for reporting to the 18th Ministerial Conference through the SOM; (ii) updated the three-year RSAP to 2019-2021; (iii) deliberated on the methodology for target estimation under CITA's results framework; and (iv) noted the knowledge product deliverables on trade. Pursuant to its terms of reference (TOR) that the RTG meetings will be agenda-driven and issues-based to ensure in-depth discussions among relevant agencies, the 2nd RTG meeting focused on SPS issues. The 2nd RTG meeting noted the establishment of the SPS regional and national working groups and strengthened coordination with CCC.

9. **Sanitary and Phytosanitary Regional Working Group (SPS RWG).** Reporting under the RTG, the proposal to establish the SPS RWG was endorsed in-principle at the RTG inaugural meeting in June 2018. The SPS RWG, comprising chairs and supported by deputy chairs or other senior members of the SPS national working group (SPS NWG) in each CAREC country, will spearhead policy dialogues and regional cooperation initiatives toward greater harmonization of measures to facilitate trade within the region and beyond. The SPS RWG inaugural meeting was held in Tashkent on 24-25 June 2019. The meeting (i) endorsed its terms of reference and discussed institutional structure and implementation approach; (ii) discussed the progress of regional and global initiatives related to implementation of the *Common Agenda for Modernization of SPS Measures for Trade (CAST)*, which are SPS priorities under CITA and RSAP;<sup>4</sup> and (iii) deliberated on the SPS RWG workplan which feeds into RSAP 2019-2021. Sector-specific programs or mechanisms were discussed for animal and plant health and food safety. The SPS RWG noted the launch of the *Modernizing Sanitary and Phytosanitary Measures in CAREC: An Assessment and the Way Forward*.

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<sup>4</sup> CAST, endorsed in 2015, is a regionally agreed framework for priority actions to upgrade SPS measures and complement customs-related and trade-facilitating initiatives.

10. **Customs Cooperation Committee.** At the 18th CCC Meeting (June 2019; Tashkent, Uzbekistan),<sup>5</sup> the CCC shared progress made by member countries in priority areas,<sup>6</sup> and CCC members agreed to (i) continue support to enhanced WTO TFA implementation, including knowledge- and experience-sharing at the national, subregional, and inter-subregional levels; (ii) finalize the CATS/ICE Agreement between three participating countries, and launch the pilot test by end 2019; (iii) intensify efforts to develop and implement effective AEO systems, exploring both the scope of national programs and potential to expand into cross-border mutual recognition agreements; (iv) continue support to the ongoing JCC pilot and help move it toward phase 2; and (v) coordinate with ADB and private-sector stakeholders to expand current parameters of the CAREC corridor performance measurement and monitoring mechanism. Uzbekistan State Customs Committee tabled a proposal to develop an integrated information exchange system for the CAREC region and committed to additional consultations with CAREC customs administrations.

11. The CCC further agreed to preparation of trade facilitation investment projects to improve border services, and to include these projects in RSAP 2019-2021. The CCC RSAP 2019-2021 work plan was endorsed with full concurrence of member countries, and included active cooperation and collaboration between the CCC and the RTG, to start with (i) mutual representation in the annual meetings of the CCC and the RTG, and (ii) a joint learning event on e-commerce to be held in 2020.

12. **CAREC Federation of Carrier and Forwarder Associations (CFCFA).** As the only private-sector institutional arrangement of the CAREC partnership, the CFCFA continued to expand and implement its 2018-2019 agendas in a collaborative and open spirit. CFCFA membership expanded to include enterprise members; national transport associations piloted new transit corridor routes; the CFCFA continued as the main contributor to the CAREC corridors performance measurement and monitoring (CPMM) mechanism; the potential for skills enhancement of its members by creating partnerships with technical and vocational institutions was explored; and its website was revitalized. Progress was seen in further development of logistics operational standards, in cooperation with the China Standardization Administration, designed to encourage adoption of international best practice in transport and logistics to enhance professionalism and efficiency especially among national associations.<sup>7</sup>

13. The 10th CFCFA Annual Meeting (June 2019; Tashkent, Uzbekistan) reviewed and agreed to continue support for ongoing initiatives, as well as explore the potential to establish (i) a CAREC standardization committee as a cross-cutting coordination mechanism under the RTG, and (ii) a private-sector consortium to provide services along new transport corridors. CFCFA members further expressed support to advance activities in cold-chain logistics development; launch a new initiative to define technical terminology for land-based trade; and

<sup>5</sup> See <https://www.carecprogram.org/?event=customs-cooperation-committee-meeting-jun-2019>.

<sup>6</sup> The 17th Meeting of the CCC in 2018, updated its TOR and priority areas to reflect the objectives and institutional arrangements of CITA 2030, and respond to trends and developments in the evolving trade landscape. Updated CCC priority areas comprise: (i) customs development, including WTO TFA implementation, customs-business partnership, and institutional and human resource capacity development; (ii) customs technology, including information exchange (customs-to-customs, customs-to-business platforms, and customs-to-other relevant authorities), risk management and authorized economic operator (AEO) programs, and regional transit and cooperation; and (iii) customs services, including coordinated border management and cross-border cooperation, single window, and simplification and harmonization of customs procedures in accordance with developments in global trade.

<sup>7</sup> The 9th CFCFA Annual Meeting was held in October 2018 in Ashgabat, Turkmenistan. See <https://www.carecprogram.org/?event=cfcfa-annual-meeting-2018>.

improve CFCFA training manuals. Members endorsed the CFCFA 2019-2021 work program for inclusion in the updated RSAP, noting in particular the potential for collaboration with the CCC in jointly developing a pre-AEO corporate credit evaluation program.<sup>8</sup>

14. **CCC and CFCFA coordination.** The CCC and CFCFA actively discussed and identified areas for potential cooperation and mutual support at their 5th Joint Meeting (June 2019; Tashkent, Uzbekistan),<sup>9</sup> including increased public-private dialogue during implementation of the WTO TFA; consultative processes to better utilize CPMM methodologies and data; insurance and risk management systems for the CATS/ICE pilot project; the development of effective AEO systems, with private-sector pre-AEO evaluation; and others. Both the CCC and CFCFA agreed to cross-reference their respective synchronized work plans under RSAP to the CAREC SOM.

## IMPLEMENTATION OF RSAP 2018-2020

15. The first 3-year cycle of RSAP is 2018–2020, during which the identified priorities are investment projects, policy dialogue and cooperation, and knowledge products and services. Progress for 2018-2019 is presented in this report grouped under the three CITA 2030 pillars.

### A. Pillar 1: Trade Expansion from Increased Market Access

16. This pillar works to expand CAREC countries' access to markets by lowering tariffs; eliminating non-tariff barriers to trade; making border and behind-the-border procedures more efficient; improving logistics services; enhancing transit systems; and reducing trade distorting and protectionist measures. Progress in these RSAP areas for 2018-2019 includes:

**Regional improvement of border services (RIBS) projects** focus on improvement of border-crossing points (BCPs) and strengthening of national trade facilitation institutions and facilities. RIBS is currently implemented under ADB financing in four CAREC countries: (a) upgrading of Karamyk BCP and establishment of a national single window (NSW) in the Kyrgyz Republic;<sup>10</sup> (b) upgrading of Altanbulag and Zamyn Uud BCPs as well as the customs automated information system, and development of NSW roadmap in Mongolia;<sup>11</sup> (c) upgrading of Torkham, Chaman, and Wagha BCPs, establishment of the Land Port Authority, and capacity development among the national border management agencies in Pakistan;<sup>12</sup> and (d) upgrading of Guliston BCP and establishment of the NSW in Tajikistan.<sup>13</sup>

Completion of civil works at Karamyk BCP, Kyrgyz Republic is expected by June 2020. As part of the NSW component, further development of the single window information system is ongoing: technical requirements and procurement activities have been completed and software is being developed with the full roll-out of the new system completed within 2020. In Pakistan, the civil works contract for Torkham BCP

<sup>8</sup> See <https://www.carecprogram.org/?event=cfca-annual-meeting-2019>.

<sup>9</sup> See <https://www.carecprogram.org/?event=joint-ccc-cfca-meeting-jun-2019>.

<sup>10</sup> ADB. Kyrgyz Republic; Tajikistan: Central Asia Regional Economic Cooperation (CAREC) Regional Improvement of Border Services (RIBS). <https://www.adb.org/projects/46124-001/main#project-pds>.

<sup>11</sup> ADB. Mongolia: CAREC RIBS. <https://www.adb.org/projects/46124-001/main#project-pds>.

<sup>12</sup> ADB. Pakistan: CAREC RIBS. <https://www.adb.org/projects/46378-002/main#project-pds>.

<sup>13</sup> Construction activities to upgrade BCP infrastructure and installation of equipment were completed in 2016 (footnote 8).

was awarded in December 2018 and contractor mobilization activities have started. The contract for Chaman BCP was awarded on 20 August 2019, and procurement of the Wagha BCP civil works is planned within 2019. In Tajikistan's Guliston BCP, development of the single window information system is planned for completion by the end of 2019. Additional financing for RIBS expansion to Mongolia's Bichigt and Borshoo BCPs was approved in September 2019. Azerbaijan and Georgia have requested ADB support to develop a joint border crossing; Pakistan has reiterated its request for ADB support in developing the national single window; and Tajikistan requested ADB support for preparation of the second phase of its RIBS project to improve border-crossing points with its main neighbors.

- (i) **Common Agenda for Modernization of SPS Measures for Trade.** Two regional policy dialogues were organized focusing on phytosanitary and animal health measures to facilitate trade. The outcomes of these two dialogues were developed into regional programs for consideration at the Inaugural Meeting of the SPS RWG in June 2019.

At the Policy Dialogue on Regional Pest Surveillance Program (March 2019; Tbilisi, Georgia), participants agreed on pest surveillance information exchange and increased coordination to manage endemic pests and reduce trade risks, including through: (a) development of a pest surveillance guidelines and procedures manual for the CAREC region; (b) capacity building for CAREC pest surveillance staff; and (c) establishment of a regional pest surveillance database/portal for information sharing, i.e., list of major crops to be surveyed, outbreak measures, pest spread mapping, and pest alerts.<sup>14</sup>

At the Policy Dialogue on Regional Program for Control and Prevention of Transboundary Animal Diseases (April 2019; Nur-Sultan, Kazakhstan), participants agreed on a regional framework to improve animal health situation, promote international harmonization and coordination, and facilitate international trade, including through: (a) discussion platform to agree on minimum requirements, mutual recognition and electronic exchange of veterinary and trade-related certificates, (b) improve animal identification and traceability, (c) data-sharing on surveillance and outbreak response and (d) for some members, potential twinning/exchange for training of laboratory staff.<sup>15</sup>

The proposed CAREC Regional Food Safety Network (CRFSN) aims to support the harmonization food safety regulatory and standards agencies with Codex standards. A workshop (May 2019; Tashkent, Uzbekistan) was held to discuss expectations, structure, TOR, roles and responsibilities of the proposed CRFSN both as a physical network that meets annually, and through a web portal.<sup>16</sup> Based on guidance from the CAREC 2019 SOM, a revised proposal will be circulated to CAREC National Focal Points for further consultation. A detailed action plan for the operationalization of the CRFSN will be presented to the CAREC 2020 SOM.

<sup>14</sup> Jointly organized by Georgia's Ministry of Finance, Ministry of Environmental Protection and Agriculture, SPS NWG. See <https://www.carecprogram.org/?event=carec-policy-dialogue-regional-pest-surveillance-program>.

<sup>15</sup> Jointly organized by the Kazakhstan Ministry of Agriculture, SPS NWG and ADB. See <https://www.carecprogram.org/?event=policy-dialogue-transboundary-animal-diseases-apr-2019>.

<sup>16</sup> See <https://www.adb.org/projects/50217-001/main#project-overview>.

- (ii) **Regional upgrades of SPS measures for trade (RUST)** projects were formulated and implemented to support implementation of CAST. The RUST project for Mongolia is modernizing laboratories and inspections facilities, strengthening inspection management systems, and aligning SPS systems with international standards.<sup>17</sup> Implementation of the project has been closely coordinated with a CAREC technical assistance (TA) to introduce risk-based inspection system and revise existing SPS-related regulations as needed. In March 2019, a scoping visit was conducted at the request of Georgia Revenue Services to undertake initial assessment of a potential RUST type of project for SPS infrastructure development at the Gardabani railway BCP. A needs assessment for enhancing SPS at the borders in Kyrgyz Republic was updated in February 2019.<sup>18</sup>

The report on *Modernizing Sanitary and Phytosanitary Measures in CAREC: An Assessment and the Way Forward* was published in May 2019. The knowledge product assesses the plant health, animal health, and food safety measures of CAREC member countries; covering laws and procedures, laboratory infrastructure, and border services management. Translation into the Russian-language version and dissemination through various means (email and blog articles) are underway.

TA (through training, mentoring or advisory work) is being provided for identified national priorities such as: (a) SPS risk assessment and categorization for Mongolia; (b) amendment of animal and plant health laws for Pakistan; (c) pilot project for adoption of modern risk-based food safety management and inspection systems in Turkmenistan; and (d) adoption of various international standards for phytosanitary measures and pest risk analysis (PRA) management plan for Uzbekistan. A proposal for biosafety channel between PRC and Central Asia, through Horgos border in Kazakhstan is being developed.

- (iii) **CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) pilot project.** The CATS/ICE initiative is designed as a harmonized electronic system for the control of movement of goods in transit through CAREC member states with the goal of helping trade flow more smoothly and efficiently across the borders, and ultimately increasing Central Asian countries' participation in dynamic global value chains. During 2018-2019, the pilot test launch for the CATS/ICE prototype was delayed due to concerns that provisions proposed under the draft trilateral agreement between Azerbaijan, Georgia, and Kazakhstan were not compatible with the customs transit provisions of the Eurasian Economic Union (EAEU). A series of consultations confirmed functional compatibility, however, and a Workshop to Implement the CATS and ICE Pilot (April 2019; Nur-Sultan, Kazakhstan) gathered insurance companies to explore options for the transit guarantee mechanism.<sup>19</sup> The CATS/ICE risk management (renamed as customs control facilitation) and ICT working groups separately discussed technical specifications of the CATS/ICE software, and the manual of operations, among others. Participating countries finalized the text of the CATS/ICE Agreement at working group meetings

<sup>17</sup> ADB. Mongolia: Regional Upgrades of Sanitary and Phytosanitary Measures for Trade. <https://www.adb.org/projects/46315-001/main#project-pds>.

<sup>18</sup> ADB. Regional: Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade. <https://www.adb.org/projects/49190-001/main#project-pds>.

<sup>19</sup> See <https://www.carecprogram.org/?event=workshop-advanced-transit-system-apr-2019>.

(July 2019; Batumi, Georgia) and initiated domestic legal processes for the Agreement to be signed.

The draft Agreement underwent legal review and translation in July 2019 and is currently under review by the participating countries. Signing of the draft Agreement is anticipated by end October 2019 and the CCC, through the SOM, will report progress made in the CATS initiative to the CAREC Ministerial Conference in November 2019. The pilot test is expected to be launched in December 2019.

- (iv) **Joint Customs Control (JCC) pilot project.** A JCC meeting (October 2018; Tianjin, People's Republic of China [PRC]) between Mongolia and the PRC was held to discuss the digitalization of the Unified Cargo Manifest, the physical copy of which was originally pilot-tested in 2009. The General Administration of China Customs issued formal notification on the pilot use of information technology to transmit manifest data at the Erenhot-Zamyn Uud BCP in December 2018.<sup>20</sup> Electronic transmission of data was set to start effective 01 January 2019 at nine other BCPs. The JCC initiative is keen to move forward and implement the Action Plan signed to expedite the second phase of JCC, which includes mutual accreditation of the inspection results. To share experience in JCC, the PRC's Hohhot Customs is arranging a study visit State Customs Committee of Azerbaijan in 2019.
- (v) **Paperless trading or e-certification of trade documents.** In November 2018, ADB and UNESCAP jointly prepared the report on *Trade Facilitation and Paperless Trade Implementation in CAREC Countries*. The report was based on the results of the *United Nations' Global Survey on Trade Facilitation and Paperless Trade Implementation 2017* for nine CAREC countries and the ADB-commissioned assessment in 2017 which looked into the readiness of CAREC countries to implement the WTO TFA. The joint report suggested that paperless trade implementation of the TFA measures with seamless electronic exchange of data and documents could result in much larger trade cost reductions, close to 30% for CAREC as a whole.<sup>21</sup>
- (vi) **CAREC Corridors Performance Measurement and Monitoring.** Trade facilitation indicators (TFIs) under the CPMM assess the efficiency of the CAREC transport corridors and are reported on an annual basis. The *CPMM 2017 Annual Report* has been published and is available in English- and Russian-language versions,<sup>22</sup> and publication of the 2018 Annual Report is anticipated in October 2019. A summary of 2018 CPMM results is in Figure 1.<sup>23</sup>

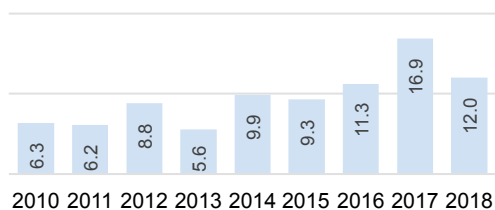
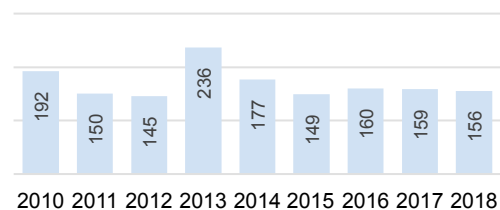
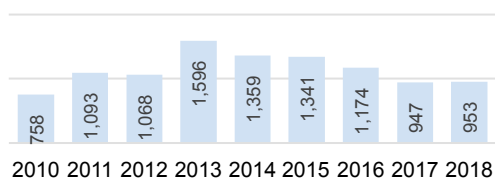
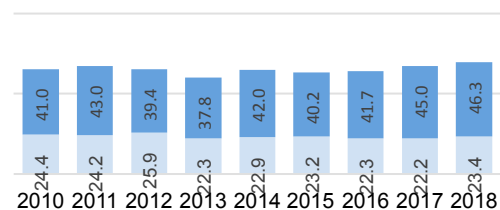
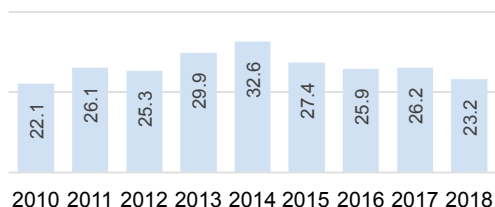
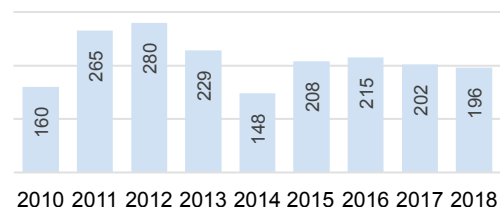
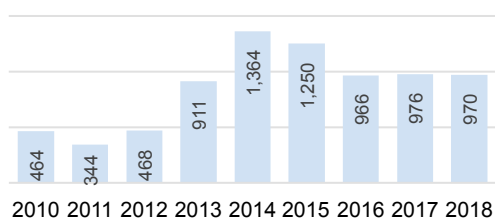
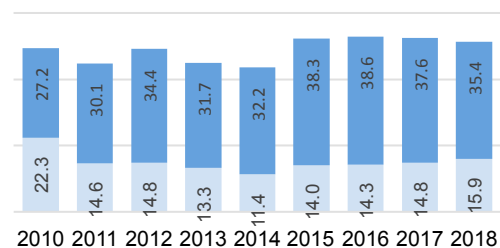
<sup>20</sup> Announcement No. 170 of 2018: <http://www.customs.gov.cn/customs/302249/302266/302269/2101334/index.html>.

<sup>21</sup> CAREC and UNESCAP. 2018. *Trade Facilitation and Paperless Trade Implementation in CAREC Countries*. Bangkok: <https://www.unescap.org/resources/trade-facilitation-and-paperless-trade-implementation-carec-countries>. Also available via <https://www.carecprogram.org/uploads/2018-ESCAP-paperless-trade.pdf>.

<sup>22</sup> See <https://www.carecprogram.org/uploads/2017-CAREC-CPMM-Annual-Report.pdf>.

<sup>23</sup> Detailed analysis will be available in the forthcoming 2018 CPMM Annual Report to be released in June 2019.



**Figure 1: Trade Facilitation Indicators (2010–2018)****A. Road Transport****TFI1:** Time taken to clear a border crossing point, hours**TFI2:** Cost incurred at border crossing clearance, \$**TFI3:** Cost incurred to travel a corridor section, \$ per 500km, per 20-ton cargo**TFI4:** Speed to travel on CAREC corridors, kmph**B. Rail Transport****TFI1:** Time taken to clear a border crossing point, hours**TFI2:** Cost incurred at border crossing clearance, \$**TFI3:** Cost incurred to travel a corridor section, \$ per 500km, per 20-ton cargo**TFI4:** Speed to travel on CAREC corridors, kmph

hr = hours, km = kilometer, kmph = kilometers per hour, TFI = trade facilitation indicator, YoY = year-on-year. Notes: Rail sample is comprised of records from Corridors 1, 4, and 6 only. No rail data for corridor 6 was collected in 2014-2015.

Source: ADB estimates using CPMM database.

As of 2018, the CPMM reported steady average improvement in speed-without-delay (which increased by 3% for road transport and 9% for rail),<sup>24</sup> largely attributed to the success of physical and connectivity infrastructure investment along the CAREC corridors. Delays at the border declined for road transport (by an average of 22%) and rail (20%), resulting in improved speed-with-delay by up to 5.5% for road and 7.8% for rail. However, these delays still remain a major impediment to efficient trade. Meanwhile, the average cost to clear a border crossing and the cost incurred to travel a corridor section remain low. Some components of the cost indicators, however, are set by industry and relevant national authorities in each country, and CAREC efforts generally make little impact in this situation.

After almost 10 years of operations, the CPMM database is increasingly rich and robust and is used to support the work of different institutional and independent researchers. For example, CPMM trade facilitation indicators proved instrumental in estimating trade gains potential in the CAREC region,<sup>25</sup> and contributed to empirical analysis that revealed time taken to cross a border significantly determines the extent of bilateral trade flows within the region. The study reports that a 10% reduction in time at the importers' border raises intra-CAREC trade by 2%-3%, or a \$1.4 billion increase in the intraregional trade. In addition, the CAREC transport sector will continue to rely on CPMM data and indicators to monitor performance of its new 10-year strategy (for approval in 2019), and during 2019, CPMM data have been assisting the CAREC railway working group develop a trade flow model to determine gaps in their pipeline of projects in CAREC.

The CPMM+ initiative continued under its pilot phase,<sup>26</sup> based on (i) a refined methodology and data collection questionnaire to better capture multimodal shipments, and (ii) identification and measurement of trade logistics services and behind-the-border issues. A Workshop on CPMM, Time Release Study, and Behind-the-Border Indicators was organized by ADB in collaboration with the CAREC Institute (July 2018; Baku, Azerbaijan).<sup>27</sup> The workshop gathered experts from development partners (ADB, UNESCAP, World Bank Group/IFC) to brainstorm on how to improve and optimize the CPMM and promote the use of CPMM data to a broader range of stakeholders, including the private sector and research institutions.

Pilot studies using the expanded methodology were conducted in Afghanistan and the PRC in October 2018, implemented by CPMM's freight forwarder association partners. Findings of the initial pilot study show wide disparity in trade-related business processes and compliance requirements across the CAREC region. Upon consultation with CPMM partners on appropriate approach and methodology, the pilot study will be rolled out to other CAREC countries in 2019.

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<sup>24</sup> The CPMM has two speed metrics: (i) speed without delay, or the average speed of vehicles while in transit; and (ii) speed with delay, which reflects time spent during stopovers and border-crossing activities. Intuitively, the quality of transport infrastructure, terrain, altitude, and seasonal patterns affect speed without delay, while simplified border crossing can result in higher speed without delay.

<sup>25</sup> ADB. 2017. *Trade Facilitation and Better Connectivity for an Inclusive Asia and Pacific*. Manila. <https://www.adb.org/sites/default/files/publication/359786/trade-facilitation-connectivity.pdf>.

<sup>26</sup> The CPMM+ initiative was initiated in 2018 and extends CPMM coverage to behind-the-border issues including structural reforms and standards agencies, SPS laboratory capacity, and trade-facilitation-related regulations.

<sup>27</sup> See <https://www.carecprogram.org/?event=workshop-cpmm-trs-jul-2018>.

## B. Pillar 2: Greater Economic Diversification

17. This pillar aims to create an enabling environment for economic diversification through supporting reforms, providing financing, and linking CAREC countries with global and regional value chains. This will include measures to improve access to trade finance, adopt consistent and open foreign direct investment policies, develop domestic financial markets, strengthen support services, promote skills upgrading and embrace innovation. Progress during 2018-2019 includes:

- (i) **Free trade zone, special economic zones or cross-border economic zones.** A workshop on Special Economic Zones: Challenges and Perspectives for Landlocked CAREC Countries was jointly organized by ADB and CAREC Institute (November 2018; Shenzhen, PRC). Despite varying scope, economic zones demonstrate increasing potential as catalysts of industrialization and drivers of economic growth in CAREC countries, and in the case of Shenzhen, as a test bed for structural reforms.<sup>28</sup>

Two ADB-supported projects are being processed in parallel (for approval in 2020) to support the development of cross-border economic zone (CBEZ) between the PRC and Mongolia, specifically at the Erenhot and Zamyn-Uud zones, where 900 hectares of land from each side of the free zones were allocated for the CBEZ. The cooperation agreement for the establishment of the CBEZ is expected to be signed by the two governments in 2019.

- (ii) **Awareness and access to trade finance, supply chain finance and guarantees.** To promote small and medium enterprise (SME) trade finance through cross-country learning, a workshop was held on SME Trade Finance in the CAREC Region (December 2018; Xiamen, PRC).<sup>29</sup> Underscoring the continuing need for awareness and further analysis, CAREC members were encouraged to participate in the 2019 Trade Finance Gaps, Growth and Job Survey, conducted by ADB and other partners (including the International Trade Centre) to identify global market gaps in trade finance. Preliminary outcomes are expected in July 2019.

An ADB-financed TA project approved in 2018 is supporting a feasibility study to develop the concept and articulate the business case for establishing a multilateral trade credit and investment guarantee or re-guarantee agency.<sup>30</sup> The TA project received interest to participate from CAREC member countries.

- (iii) **Promotion of e-commerce and innovation.** Given the rapid growth of e-commerce (both domestic and cross-border) including the appearance of new e-payment methods in Asia, ADB and the CAREC Institute, in partnership with the Asia-Pacific Finance and Development Institute, organized a workshop on Environmental Readiness for E-Commerce: Economic, Legal, and Institutional Factors (December 2018; Shanghai, PRC), to raise awareness of the necessary enabling conditions for the development of e-commerce and cross-border e-commerce. CAREC countries shared their experiences, which indicate varying levels of readiness and challenges

<sup>28</sup> See <https://www.carecprogram.org/?event=workshop-special-economic-zones-carec-countries>.

<sup>29</sup> See <https://www.carecprogram.org/?event=workshop-sme-trade-finance-dec-2018>.

<sup>30</sup> See <https://www.adb.org/projects/52066-001/main>.

such as uneven infrastructure (regulations, IT, payment, logistics). International best practice and recommendations including the UN Commission on International Trade Law's Model Laws were discussed.<sup>31</sup>

### C. Pillar 3: Stronger Institutions for Trade

18. This pillar promotes better coordination of sectoral policies and priorities, evidence-based policymaking, as well as enhanced capacity of government agencies, and includes measures for collaborative policy formulation and implementation; alignment of national and regional planning; and regulatory convergence in the region. It will improve data collection and cross-country analysis, enhance officials' policy analysis and negotiation skills, and increase participation of think tanks and the private sector. Progress for 2018-2019 in these areas includes:

- (i) **Enhanced implementation of the WTO Trade Facilitation Agreement.** Respective ongoing activities and efforts to achieve TFA compliance were shared at the WTO TFA: Implementation Roadmap Workshop for CAREC Countries (October 2018; Bangkok, Thailand). CAREC government agencies responsible for implementing the TFA discussed provisions that are challenging to several countries and those where TA is required; preliminary strategic implementation roadmaps were prepared using an integrated national and regional approach, and reflecting short- and long-term plans to comply with TFA provisions.<sup>32</sup>

ADB, in partnership with the WTO, World Customs Organization, and CAREC Institute, convened an Inter-subregional Forum on Enhanced Implementation of the WTO TFA (October 2018; Bangkok, Thailand), where over 120 senior-level participants from customs administrations, ministries of commerce and trade, and private sector organizations presented stories of success and insightful failure, and explored common challenges through the sharing of case studies.<sup>33</sup>

Delegations from Azerbaijan, Georgia, and Kazakhstan met at a Subregional Workshop on Application of Customs-Related Provisions of the WTO TFA which focused on the application of specific customs-related TFA provisions (January 2019; Baku, Azerbaijan); drafted a TOR and preliminary action plan for the Azerbaijan National Committee on Trade Facilitation; and reviewed the TFA action plans of Georgia and Kazakhstan. Countries were guided to formulate preliminary action plans to institutionalize improve coordination among government agencies their respective national committees on trade facilitation, as well as involved.<sup>34</sup>

- (ii) **Establishment of Sanitary and Phytosanitary National Working Groups.** Substantial progress has been achieved in establishing the SPS NWGs. As of March 2019, all CAREC countries have formally established their NWGs. The SPS NWGs coordinate the strengthening of SPS agencies and closer cooperation with border and

<sup>31</sup> For detailed outcomes of the Workshop, see <https://www.carecprogram.org/?event=workshop-ecommerce-readiness-dec-2018>.

<sup>32</sup> See <https://www.carecprogram.org/?event=workshop-wto-roadmap-oct-2018>.

<sup>33</sup> See <https://www.tfafacility.org/vp-zhang-opens-intersubregional-forum-enhanced-implementation-wto-agreement>.

<sup>34</sup> See <https://www.carecprogram.org/?event=workshop-wto-trade-facilitation-agreement-jan-2019>.

other trade-related agencies, alignment of national measures with the WTO SPS agreement and international standards, and upgrade of SPS facilities.

CAST emphasizes the need for countries to prepare a national strategy to adopt and/or implement SPS measures in accordance with international standards in a sectoral but coordinated approach. With strong ownership from their respective SPS NWGs, several countries (namely, Georgia, Mongolia, Pakistan, Turkmenistan, and Uzbekistan) have developed their national SPS strategies and plans. National workshops to support the work of SPS NWGs were undertaken in Mongolia in August 2018, Uzbekistan in October 2018, and Turkmenistan in January 2019.

### III. CAREC TRADE SECTOR WORK PROGRAM

#### A. Rolling Strategic Action Plan 2019-2021

19. CAREC member country inputs, through the RTG, CCC, and other sectoral bodies, have been incorporated in the RSAP 2019-2021, which is a deliverable to the 18th CAREC Ministerial Conference to be held in November 2019, in Tashkent, Uzbekistan.

20. Under RSAP 2019-2021, the pipeline interventions include:

- (i) **Continued implementation of the WTO TFA.** An inter-subregional knowledge- and experience-sharing forum on TFA with the South Asia Subregional Economic Cooperation (SASEC) Program will be held in October 2019. National-level consultations or country-specific needs assessments will be carried out to help further develop and operationalize NCTFs.
- (ii) **Accession to the WTO.** Internal consultations on seeking observer status are ongoing as an initial step for Turkmenistan's WTO accession. The government, WTO and ADB are discussing potential support and a sideline meeting at the SOM and/or RTG in June 2019 to discuss the next steps, including a potential forum to share CAREC experience in the accession process. ADB has supported participation of Uzbekistan's officials at the meeting of the Commission on Phytosanitary Measures in April 2019, as part of Uzbekistan's legislative action plan for WTO accession.
- (iii) **Achieving CAST and addressing technical barriers to trade (TBT).** CITA 2030 includes support for the implementation by its members of the TBT and SPS agreements. However, while the CAST was endorsed in 2015, CAREC work on TBT is in its nascent stage. Given the inherent risk of TBT measures becoming nontariff barriers to trade, the importance of continued capacity-building to plan and implement appropriate TBT regulatory environments alongside initiatives for SPS will be developed and implemented.
- (iv) **Enhancing trade in services and investment facilitation.** Using quantitative and qualitative data, a scoping study will identify priority subsectors in CAREC services with the largest potential for enhancing services and strengthen the sector linkages with regional and global value chains. An initial draft has been presented at the RTG meeting in June 2019 with the final publication presented at a conference and other fora in 2020. Follow-up research on investment facilitation will be undertaken in 2020.

- (v) **E-commerce and digital trade.** A learning event on best practices in paperless trade and the UN *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific* (of which PRC and Azerbaijan are signatories) is planned to support the gradual move toward digital customs environment in CAREC while at the same time promoting business trade, especially for SMEs. Leveraging the outcomes of the December 2018 workshop, a research study on regulatory framework for e-commerce development is being developed jointly by ADB and CAREC Institute.
- (vi) **Raising the profile and reach of the CPMM.** As the CPMM mechanism marks its 10th year of data gathering and analysis, a retrospective analysis of achievements and challenges, trends and lessons learned from the past decade will be undertaken. Opportunities will be explored to raise awareness and promote innovative application of this trade facilitation monitoring tool, including a potential partnership with the CAREC Institute.
- (vii) **Strengthening dialogue and cooperation between public (trade-related agencies) and private sector (traders and business associations).** Leveraging existing consultative dialogue between the CCC and CFCFA platforms, operational linkages will be strengthened through joint public-private advocacy, including for SMEs and joint surveys and studies looking at private-sector perspectives on constraints in trade-related legislations and systems. Institutional strengthening and capacity building of the CFCFA will help it develop further as an effective self-sustaining mechanism to improve transport and trade facilitation in the region.
- (viii) **Improving research capacity and sharing of information.** A concept note for an online CAREC trade repository or portal was presented at the RTG meeting in June 2019. The trade portal will serve as a single reference point of all trade-related information, developed initially to build data collection and management capacity. Through a unified interface, transaction time and costs are reduced increasing trade and business in the region.

ADB and the CAREC Institute will continue to work closely to enhance linkages between policy and research work, initially in the area of e-commerce and a mutual recognition and paperless certification exchange mechanism on SPS during 2019-2020. The 4th CAREC Think Tanks Development Forum (August 2019; Xi'an, Shaanxi) PRC had the theme "Trading for Shared Prosperity" and aimed to raise awareness of CITA 2030 among research institutions and the academic community.

#### IV. IMPLEMENTATION APPROACH AND RESULTS FRAMEWORK

##### A. Strengthened Coordination and Dialogue

21. **Cross-sectoral collaboration.** The RTG and the CCC have initiated institutional collaboration by introducing representation from each sectoral body in their respective meetings. A joint seminar on e-commerce and innovation for various trade-related government agencies will be organized by the RTG and CCC in 2020. Close coordination with other CAREC sectoral bodies, particularly the Transport Sector Coordinating Committee, will be

maintained and promoted through knowledge-sharing products such as a case study on RIBS and CPMM reports.

22. **Cooperation with development partners.** As an open platform, every opportunity for CAREC to create synergies with international platforms and initiatives will be maximized—particularly with the World Customs Organization, WTO (through both the TFA Facility and the Standards and Trade Development Facility), World Organisation for Animal Health, International Plant Protection Convention, European Commission, Food and Agriculture Organization of the United Nations, UNCITRAL, UNESCAP, United Nations Conference on Trade and Development, and United States Agency for International Development-Competitiveness Trade and Jobs Project, among others.

23. **Partnership with the private sector.** Linkages between the public and private sectors in CAREC countries will be strengthened through the CFCFA and, potentially, the establishment of CAREC Chambers of Commerce. Training activities will be conducted in collaboration with the CAREC Institute, the International Federation of Freight Forwarders Associations, and the ADB Regional Knowledge Sharing Initiative.

## **B. Results Framework and Indicators**

24. The progress of CITA implementation is measured through results indicators. Baseline values for these indicators at outcome and output levels have been provided using actual data for CAREC countries. Proposed targets were calculated by analyzing trends in these indicators from 1990 to the present, using 3-year moving averages to smooth out extreme values. The performance of a region with similar landlocked and income characteristics as CAREC was also examined for comparison. The methodology and target estimation was presented at the RTG meeting in June 2019. The RTG agreed to undertake national consultations on the methodology.

25. Activity-level sub-indicators at RSAP level will also be monitored. The completion of RSAP activities feed into CITA results, incrementally contributing to CITA outcomes.

## **C. Support and Technical Assistance**

26. One of the key operational priorities under ADB's Strategy 2030 is to foster regional cooperation and integration by strengthening subregional initiatives such as the CAREC Program. An ADB-financed regional TA project was approved in February 2019 to assist the CAREC countries implement CITA 2030 and the RSAP 2018-2020.<sup>35</sup>

27. Additionally, two ADB-financed regional TA projects are being processing to further support CAREC trade priorities during 2019-2021. The first TA is designed to help continued implementation of the CCC work plan in its identified priority areas, including (i) scoping studies at select BCPs to assess physical infrastructure; (ii) digital transformation of customs technologies by encouraging development of e-customs systems, paperless trade, and other technology innovations (authorized economic operator programs and piloting of CATS/ICE); and (iii) the adoption of measures to reduce delays at BCPs, including coordinated border

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<sup>35</sup> ADB. 2019. *Implementing the Integrated Trade Agenda in the Central Asia Regional Economic Cooperation Program*. Manila.

management, expanded joint customs and border control initiatives and regular customs-private sector dialogues. The second TA project will focus on (i) improving private sector opportunities for wider-based involvement in trade facilitation; (ii) strengthening the institutional capacity and self-sustainability of the CFCFA; and (iii) expanding awareness and dissemination of the CPMM mechanism, including a potential partnership with the CAREC Institute. Concept Papers for both regional TAs were approved in May 2019, and subject to available financing, approval is expected in September 2019. The CCC and the CFCFA reviewed the two concept papers at their respective annual meetings in June 2019, provided inputs and comments, and endorsed further processing of the TAs.

## V. KEY TRADE DELIVERABLES FOR THE 18th CAREC MINISTERIAL CONFERENCE

- (i) **CAREC Trade Sector Report 2018-2019:** The report summarizes the achievements of CITA 2030 in its first year of implementation, including institutional developments, progress of projects and activities under the Rolling Strategic Action Plan 2018-2020, and next steps.
- (ii) **CITA 2030 Rolling Strategic Action Plan 2019-2021:** The RSAP 2019-2021 was developed in consultation with the CCC, RTG, SPS RWG, and the private sector (through CFCFA); it has been validated by all contributing entities.
- (iii) **Establishment of working groups and regional programs and networks on SPS:** Institutional arrangements (e.g., SPS regional and national working groups) are in place to support and oversee the implementation of *Common Agenda for Modernization of SPS Measures for Trade* (CAST).
- (iv) **Implementation of the WTO TFA:** Building on past efforts to enhance implementation of international commitments under the WTO TFA, a follow-up inter-subregional knowledge-sharing forum is organized (October 2019; Tbilisi, Georgia) with the South Asia Subregional Economic Cooperation Program. Action plans and lessons learned on TFA implementation are being developed and implemented by CAREC countries.
- (v) **Signed CATS/ICE Agreement:** Signing of the CATS/ICE Agreement between Azerbaijan, Georgia, and Kazakhstan is expected in October 2019, and the launch of the pilot project in December 2019, making transit trade faster and less expensive between the three countries.
- (vi) **Knowledge products.** Two key publications were delivered under the trade sector namely, (a) *Modernizing Sanitary and Phytosanitary Measures in CAREC: An Assessment and the Way Forward* (May 2019); and (b) *CAREC Corridor Performance Measurement and Monitoring (CPMM) 2018 Annual Report* (October 2019).



# CITA Rolling Strategic Action Plan 2019–2021

	Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
Pillar 1: Trade Expansion from Increased Market Access							
1	Regional Improvement of Border Services	Project includes upgrade of facilities at key BCPs, customs automation system to reduce processing time and costs, and strengthen customs and project management capacity	Investment project	KGZ, TAJ, MON, PAK	KGZ-TAJ: 2013–2019 MON: 2016–2022 PAK: 2015–2022	Upgrading of BCPs, with some component for NSW or customs automation system ongoing; additional financing for MON approved in Sep 2019	CCC
			Investment project (scoping)	UZB	2019–2021	Programmed in ADB COBP 2019-2021 for UZB	CCC
2	National Single Window (NSW)	Project design for establishing NSW, which is part of WTO TFA commitments	Investment project (scoping)	PAK	2019–2020	Included in Programmatic Approach and Policy Based Loan on Trade and Competitiveness Program approved in Jul 2019	CCC
3	Developing a new border crossing point (BCP) (AZE-GEO)	The proposed Abreshumis GZA – Ipek Yolu – Silk Road BCP in AZE-GEO will include joint customs control component	Investment project (scoping)	AZE, GEO	2019–2020	Proposed (under government consideration)	CCC
4	Regional Upgrades of Sanitary and Phytosanitary (SPS) Measures for Trade (RUST) Project	Project covers measures and facilities to strengthen food safety, animal and plant health standards to help realize the country's potential to expand agri-food exports	Investment project	MON	2016–2021	Detailed engineering design of laboratories completed; reform on risk assessment and categorization ongoing	SPS NWG
		Assessment of current SPS systems and capacities	Investment project (scoping)	KGZ	2018–2019	Consultant's scoping report submitted to the government in Feb 2019.	SPS NWG
		Pilot project for SPS infrastructure development in railway Gardabani BCP to foster the growth of countries transit and logistics capacity	Investment project (scoping)	GEO	2019–2020	Consultant's scoping report sent to government in Jul 2019.	SPS NWG
		Needs assessment study at the borders, including laboratory capacity and cold-chain facilities	Investment project (scoping)	AFG, PAK	2020–2021	Proposed (under government consideration)	SPS NWG
		Capacity assessment of laboratory and border facility and development of country plans for plant and animal health	Investment project (scoping)	TAJ, UZB	2019–2020	Proposed (under government consideration)	SPS NWG
5	CAREC Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade implementation	Develop or amend regulations, procedures, and requirements to be consistent with WTO SPS agreement and aligned with international standards	Knowledge sharing products and services	REG	2018–2020	Advisory support for legislative/regulatory review or amendments for MON, PAK, UZB in 2019.	SPS RWG; SPS NWG
		Strengthen international food safety standards in agricultural value chains	Knowledge-sharing products and services	REG	2016-2020	Consultations for proposed CAREC food safety network ongoing.	RTG; SPS RWG
		Piloting of simplified modern risk-based food safety management and inspections system	Knowledge-sharing products and services	TKM	2019-2021	Training on risk profiling and risk-based food safety management and inspection in Sep 2019	SPS NWG

Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
	Feasibility or cost-benefit analysis to support development of SPS e-certificates and potential mutual recognition of laboratory results, leveraging from existing global initiatives (e.g., IPPC's e-phyto; OIE's e-vet)	Knowledge-sharing product and services; Policy dialogue and cooperation	REG	2020-2021	Recruitment for consultant ongoing	SPS RWG, CAREC Institute
	Development of regional pest surveillance program	Knowledge-sharing products and services; Policy dialogue and cooperation	REG	2019-2020	Regional policy dialogue in pest surveillance held in Mar 2019	SPS RWG
	Development of CAREC pest list (A1/A2) pilot in the Fergana Valley	Knowledge-sharing products and services; Policy dialogue and cooperation	KGZ, TAJ, UZB	2019-2021	Ongoing discussions between ADB, USAID CTJ project and EPPO	SPS RWG
	Development of regional program for prevention and control of transboundary animal diseases, improving animal traceability	Knowledge-sharing product and services; Policy dialogue and cooperation	REG	2019-2021	Regional policy dialogue on transboundary animal diseases held in Apr 2019	SPS RWG
	Pilot of biosafety channel between PRC and KAZ at Khorgos Border Cooperation Center	Knowledge-sharing products and services; Policy dialogue and cooperation	PRC, KAZ	2019-2021	Training on testing procedures including at OIE reference laboratories (in KAZ and PRC) to support other CAREC countries planned	SPS RWG
	Development of national SPS priorities and action plan including on plant health, animal health, and food safety	Policy dialogue and cooperation	REG	2019–2020	National SPS priorities and action plan prepared by and endorsed by the governments of AZE, GEO, MON, PAK, TKM and UZB. Others at various stages.	SPS NWG
6	Technical Barriers to Trade (TBT) mapping	Workshop or seminar to enhance transparency and data exchange of technical barriers to trade technical regulations and accreditation or conformity assessment, and organize working or expert group meetings	REG	2020-2021	Concept paper to be presented at 3rd RTG meeting	RTG
7	CAREC Advanced Transit System (CATS) Pilot Project	Piloting of a CAREC regional transit scheme based on comprehensive and risk-based guarantees, and a customs information common exchange.	AZE, GEO, KAZ	2017-2021	Trilateral workshop and experts meetings help between Jan to Jul 2019. Agreement on CATS being reviewed.	CCC
8	Information Common Exchange (ICE)	Pilot customs data exchange among participating CAREC countries, which could be linked to CAREC Advanced Transit System	AZE, GEO, KAZ	2019–2020	Trilateral workshop and experts meetings help between Jan to Jul 2019. Agreement on CATS being reviewed	CCC
9	Membership and implementation of transit schemes	Participation and effective implementation of regional transit schemes and arrangements such as Quadrilateral Traffic in Transit Agreement (QTTA) or accession to Convention on Common Transit Procedure and use of new computerized transit system	REG	2019–2021	Informal consultations in Jun 2019 organized for PAK, PRC, KGZ and TAJ on improving QTTA implementation. Potentially linked with the CATS pilot project	CCC/TSCC

Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
10 Strengthened dialogue and cooperation between public (customs and other trade-related agencies) and private sector, including exporters, importers, business and industry associations	Continuing dialogue between CAREC Federation of Carriers and Freight Forwarders Association (CFCFA) and Regional Trade Group/Customs Cooperation Committee with the objective of providing enabling environment for the private sector and support their participation at the global trade. Specific areas of cooperation include: credit evaluation of logistics enterprises for authorized economic operators schemes; and CFCFA trade and logistics standards continuing development.	Policy dialogue and cooperation	REG	2019–2021	A new KSTA is expected to support assessment and gap analysis on private sector-led standards conformity with best practices and international standards.	CCC/CFCFA
	Information sharing with chambers of commerce on CAREC work, feasibility of establishing a CAREC chamber of commerce, and discussions on proposals or issues raised by the private sector (e.g., establishment of export houses at the borders, capacity-building for certifying authorities, and visa issues)	Policy dialogue and cooperation	REG	2020–2021	Concept paper to be presented at 3rd RTG meeting	RTG
11 Authorized economic operators (AEO)	Support adoption of modern risk management systems and approaches, develop national authorized economic operators (AEO) programs, and preliminary mutual recognition processes for AEOs across borders	Knowledge-sharing products and services/ Policy dialogue and cooperation	REG	2020–2021	Regional workshop on risk management focused on AEO Program planned in Q4 2020	CCC
12 Joint customs control pilot project	Phase 1 of implementation is document harmonization through the unified cargo manifest aimed at electronic exchange. Phase 2 will involve mutual recognition of inspection results.	Investment project (scoping) / Policy dialogue and cooperation	PRC-MON	2016–2020	Continuing support on JCC initiative between PRC and MON; JCC's replication to other CAREC BCPs explored	CCC
13 Paperless trading or e-certification of trade documents	Capacity building to promote best practices on paperless trade which is linked to NSW, with potential interconnectivity and interoperability via electronic data interchange or regional single window	Knowledge-sharing products and services	REG	2018–2020	CCC-RTG joint conference on digital trade and e-commerce planned in Q1 2020	CCC/RTG
	Support digital transformation by enhancing e-customs systems and new developments in information communication technology to facilitate trade such as paperless trade, cross border e-commerce, blockchain technology, and others.	Knowledge-sharing products and services	REG	2019–2021	Seminar on e-customs innovations – Azerbaijan experience/ blockchain technology for customs planned in Q2 2020	CCC
	Pilot initiative on new World Customs Organization framework of standards in cross-border e-commerce and potential partnership with existing programs initiated by the private sector or international entities	Knowledge-sharing products and services	REG	2020–2022	Ongoing discussions with development partners, planned as part of joint activity between CCC and RTG in Q1 2020	CCC/RTG
	Support accession to United Nations' Regional Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia-Pacific	Knowledge-sharing products and services	REG	2020–2021	Ongoing discussions with CAREC member countries and development partners (ESCAP)	CCC

Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
14 World Trade Organization (WTO) accession and post-accession commitments	Advisory support and capacity building for WTO accession	Knowledge-sharing products and services	AZE, TKM, UZB	2018–2022	Ongoing discussions with countries and development partners (WTO, USAID CTJ program)	RTG
	Country and/or sector-specific impact assessment of trade policy reforms or policy adjustments, enhanced transparency measures, and trade policy reviews	Knowledge-sharing products and services	AFG, KGZ, TAJ, UZB	2019–2022	For discussion with the governments	RTG
15 Best practices on free trade agreements (FTAs)	Development of a model/template FTA for CAREC countries, considering the experience of other regions (Association of Southeast Asian Nations/European Union)	Knowledge-sharing products and services	REG	2020–2022	Ongoing discussions with CAREC Institute and PRC-ADB's Regional Knowledge Sharing Initiative (RKSI) for potential joint activity	RTG
	Seminar on priority FTA topics such as rules of origin and role of customs agencies	Knowledge-sharing products and services	REG	2020–2022	Ongoing discussions with CAREC Institute and RKSI for potential joint activity	RTG/CCC
16 Facilitated visa arrangements	Dialogues may be organized on potential visa regimes to develop tourism and travel-related services and special arrangements for temporary movement of people (e.g., Asia-Pacific Economic Cooperation business cards; frequent traveler for business/trade; workers; special permits for driver mobility)	Policy dialogue and cooperation	REG	2020–2022	Planned (potentially linked to CAREC tourism technical assistance)	RTG/CCC
17 CAREC Corridors Performance Measurement and Monitoring (CPMM)	Continue to measure the competitiveness of CAREC corridors to enhance performance and address the bottlenecks at key BCPs	Knowledge-sharing products and services	REG	2018–2021	Annual reports on CPMM produced - including country-level information and 10-year stocktake of CPMM planned in 2020	CCC/CFCFA/TSCC
	CPMM data collection expanded to capture data on trade logistics services and behind-the-border issues; pilot studies conducted	Knowledge-sharing product and services	REG	2019-2021	2 pilot studies in PRC and AFG conducted using CPMM+ conducted and capacity building on CPMM+ for CI and research agencies planned.	CCC/CFCFA
<b>Pillar 2: Greater Diversification</b>						
18 Free trade zone, special economic zones (SEZs), or cross-border economic zones (CBEZ)	Feasibility study on free trade or special economic zones to strengthen competitiveness and promote economic diversification, including as part of economic corridor development (such as PRC-Pakistan Economic Corridor)	Investment project	PAK, UZB	2019–2022	CAREC regional workshop on SEZs for landlocked countries held in Nov 2018. Presentation of framework for SEZ development in PAK under the PRC-Pakistan economic corridor presented in Feb 2019.	RTG
	Technical support for the development of Anaklia seaport and SEZ on customs and trade facilitation and SEZ-related policy and regulatory framework	Investment project	GEO	2018–2022	Memorandum of Understanding on potential areas of cooperation in infrastructure, human resource development, financing and trade facilitation for the Anaklia Deep Sea Port and SEZ signed in Sep 2018.	RTG
	Feasibility study on CBEZ between CAREC countries	Investment project	MON-PRC (IMAR)	2019–2020	CBEZ agreement between PRC and MON signed in Jul 2019, parallel projects in PRC and MON funded by ADB under processing	RTG
19 Economic corridor development or cross-border cooperation	Study visits or workshops to promote the development of economic corridors and/or trade and economic cooperation centers	Knowledge-sharing products and services	REG	2018–2020	Workshop on potential economic corridor for KAZ, UZB and TAJ planned in Dec 2019	RTG, CCC, SPS RWG

Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
centers	Scoping studies and market analyses for potential sectoral and industrial clusters or industrial parks, which dovetails into economic corridor development	Investment project (scoping) / Policy dialogue and cooperation	REG	2020-2022	To be discussed with other development partners	RTG
20 Value-chain development	Case study or situation-gap analysis to support the participation of market players in CAREC in global and regional value chains (e.g., agricultural value chain in the Fergana valley)	Knowledge-sharing products and services	REG	2018–2020	Inception workshop on export-oriented horticulture value chain development for KGZ, TAJ and UZB in Fergana Valley held in Jun 2019, with potential for regional investment lending.	RTG, SPS
21 Logistics centers and/or facilities	Establish logistics centers, including analyzing the transport sector and linkages, and assess adequacy of multimodal transport infrastructure	Investment project	KAZ, MON	2018–2019	Mongolia's Zamyn-Uud Logistics Center completed in December 2018.	RTG, CCC, TSCC
22 Developing trade in services	Study to promote expansion and integration of trade in services in priority sectors (finance, health, pharmaceutical, education, transport, and tourism)	Knowledge-sharing products and services	REG	2019–2022	Scoping study ongoing and to be presented in the 3rd RTG meeting in 2020	RTG
23 Awareness and access to trade finance, supply chain finance, and guarantees	Bridge financing gaps and improve access to trade finance and credit guarantees for small traders including through the Asian Development Bank's Trade Finance Program and Supply Chain Finance Program	Investment project	REG	2018–2020	SME trade finance workshop held in Dec 2018, ADB survey conducted included CAREC countries (Sep 2019)	RTG
	Disseminate information to CAREC members on the proposed multilateral/ regional trade credit and investment guarantee agency	Investment project (scoping)	REG	2018–2021	Feasibility study to establish a trade and investment agency ongoing (to be completed in Apr 2020).	RTG
24 Investment forum	Facilitate exchange of ideas and identify new opportunities for stakeholders with priority in agriculture, tourism and technology sectors	Policy dialogue and cooperation	REG	2019–2021	To be discussed with other development partners. Central Asian Trade Forum to be organized by USAID CTJ in Nov 2019.	RTG/SPS
25 Promotion of e-commerce and innovation	Scoping study to look into adoption of e-commerce or other innovation such as use of blockchain technology, internet of things, and big data in government services related to trade	Investment project (scoping)	REG	2019–2020	Seminar on e-customs innovations showing AZE experience/ blockchain technology for customs planned in Q2 2020	CCC
	Mapping and analysis of regulatory framework for e-commerce development in CAREC, to identify legal and policy reforms including drafting and implementing action plans	Knowledge-sharing products and services	REG	2019-2021	Joint research between ADB and CAREC Institute to be presented in 2020	RTG/CCC
	Seminar on best practices or field visits to promote digital trade and facilitate cooperation through best practices demonstration, capacity-building and interaction among different agencies	Knowledge-sharing products and services	REG	2018-2020	Regional workshop on e-commerce held in Dec 2018	RTG
26 Promotion of tourism trade	Data analysis on potential for tourism and provision of information for tourists within CAREC	Knowledge-sharing products and services	REG	2019-2020	Planned (potentially linked with CAREC tourism TA)	RTG, CCC, TSCC
27 Bilateral investment agreements/treaties	Signing of agreements or treaties to facilitate investment flows, including participation of SMEs	Policy dialogue and cooperation	REG	2020-2021	For discussions with government	RTG

Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
<b>Pillar 3: Stronger Institutions for Trade</b>						
28 Online trade portal	Develop one-stop shop repository for trade policies and/or regulations, best practices and data of CAREC countries (subsite in CAREC website), which could be linked with existing business-to-business platforms or mechanisms	Investment project	REG	2019–2020	Mock-up of online trade portal presented at the 2nd RTG meeting	RTG
29 Trainings on data gathering, policy analysis and negotiations	Capacity building to improve capacity of trade-related agencies and officials	Knowledge-sharing products and services	REG, AFG	2019–2022	Ongoing discussions with countries and other development partners	RTG
30 Experience-sharing of WTO members	Dialogue on benefits from accession, lessons from accession processes, and implementation (experience from KAZ and PRC)	Policy dialogue and cooperation	REG	2019–2020	Ongoing discussions with countries and other development partners	RTG
31 WTO TFA enhanced implementation among CAREC members	Seminars and inter-subregional forum on WTO TFA especially mandatory provisions and of high significance to CAREC (e.g., freedom of transit, authorized economic operators, customs valuation, and border agency and customs cooperation)	Policy dialogue and cooperation	REG	2018–2022	Subregional training on WTO TFA held in AZE in Jan 2019. CAREC-SASEC inter-subregional knowledge-sharing forum planned in Oct 2019	RTG/CCC
	Establish and/or strengthen other intergovernmental and cross-sectoral mechanisms on trade, e.g., national committee on trade facilitation (NCTF)	Knowledge-sharing products and services	REG	2018–2020	Ongoing discussions with countries and other development partners	RTG/CCC/SPS NWG
	Establish World Customs Organization-accredited training institute	Investment project (scoping)	PAK	2019–2020	For consultation with proponent	CCC
32 CAREC Common Agenda for Modernization of SPS Measures for Trade (capacity-building component)	Capacity-building and/or training of trainers on SPS regulations and international standards on plant/animal health and food safety	Knowledge-sharing products and services	REG	2019–2020	Subregional training on pest risk analysis conducted in Aug 2019. Specific capacity building activities planned based on national SPS strategies.	SPS RWG/SPS NWG
	Capacity assessment of laboratory and border facilities including technical staff	Technical assistance	REG	2020-2021	Planned (pending confirmation in SPS national priorities)	SPS RWG/SPS NWG
	Establishment and continuing support for SPS NWG in the implementation of their respective national SPS priorities and action plan	Knowledge-sharing products and services; Policy dialogue and cooperation	REG	2018-2021	11 SPS NWGs established for all CAREC countries as of Mar 2019	SPS NWG
33 Enhanced interagency (SPS-customs-trade) cooperation	Capacity-building and fora to support policy coordination	Policy dialogue and cooperation	REG	2020-2021	Joint activities planned in 2020, including on risk management	RTG/CCC/SPS RWG
34 Improved research capacity and coordination among CAREC countries	Strengthen the role of CAREC Institute and linkages with national research institutes to provide opportunities for cross-learning, including engagement with trade-related agencies and their participation at relevant initiatives	Knowledge-sharing products and services	REG	2018–2022	CAREC Think Tank Forum held in Aug 2019, areas for future collaboration identified including knowledge transfer for CPMM.	RTG

Project/Activity	Description/Objectives	Type of Input	Participating Countries	Implementation Period	Status	CAREC Institution/s
35 Institutional strengthening for CAREC private sector	Capacity-building and training options identified among private-sector stakeholders, for private-sector stakeholders	Knowledge-sharing products and services; Policy dialogue and cooperation	REG	2019-2021	Assessment for and conduct trainings for trainers or national workshops planned in coordination with other development partners (CI and FIATA). Includes development of manual on trade logistics practices for CFCFA.	CFCFA

Countries/members: AZE = Azerbaijan; AFG = Afghanistan, PRC = People's Republic of China; IMAR = Inner Mongolia Autonomous Region, XUAR = Xinjiang Uygur Autonomous Region, GEO = Georgia, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, MON = Mongolia, PAK = Pakistan, TAJ = Tajikistan, TKM = Turkmenistan, UZB = Uzbekistan, REG = regional.

CAREC institutions: CCC = Customs Cooperation Committee, CFCFA = CAREC Federation of Carrier and Forwarder Associations, NWG = national working group, RTG = Regional Trade Group, RWG = regional working group, SPS = Sanitary and Phytosanitary Measures, TSCC = Transport Sector Coordinating Committee.

Notes: Implementation period is indicative.

Status: Ongoing = projects have been approved and/or under implementation, including those that may require additional financing; Planned = projects already in the pipeline or could be funded under existing projects or technical assistance; Proposed = as requested by countries in concept development stage and/or funding options to be identified.

Source: Asian Development Bank staff.



**Second Meeting of the CAREC Regional Trade Group**  
26 June 2019, Tashkent, Uzbekistan

**Annex 2. Summary of Proceedings and Key Outcomes**

1. The 2<sup>nd</sup> Meeting of the Central Asia Regional Economic Cooperation (CAREC) Regional Trade Group (RTG) was held on 26 June 2019 in Tashkent and attended by the Appointed Representatives of Country (ARC), senior officials and members of the CAREC SPS regional working group from 11 CAREC members. Representatives from development partners, including the World Trade Organization (WTO); International Monetary Fund (IMF); United Nations Commission on International Trade Law (UNCITRAL); World Organization for Animal Health (OIE); United States Agency for International Development-Competitiveness, Trade and Jobs (USAID-CTJ) Project; CAREC Institute; United Nations Development Programme (UNDP) Aid for Trade Project, and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) also participated at the meeting. The meeting was co-chaired by Uzbekistan Ministry of Investments and Foreign Trade (MIFT) and the Asian Development Bank (ADB).<sup>1</sup>

2. The 2<sup>nd</sup> RTG meeting **recognized** the good progress of implementation of CAREC Integrated Trade Agenda (CITA) 2030 and Rolling Strategic Action Plan (RSAP) 2018-2020 since its endorsement in November 2018 in Ashgabat, Turkmenistan. The RTG **endorsed** the *CAREC Trade Sector Report 2018-2019* for reporting to the 18<sup>th</sup> Ministerial Conference through the Senior Officials Meeting on 27 to 28 June 2019.<sup>2</sup>

3. The meeting discussed ongoing initiatives, key issues, and proposals for RSAP 2019-2020 under each of the CITA 2030's three pillars:

*a. Pillar 1: Trade Expansion from Increased Market Access*

4. WTO proposed areas to move the sanitary and phytosanitary (SPS) agenda forward, including activities supported by Standards and Trade Development Facility. Institutional arrangements and proposals for sector-specific regional mechanisms and framework for cooperation were discussed for animal and plant health. CAREC countries welcomed the proposal for the establishment of CAREC regional food safety network and proposed further consultations including to take account CAREC countries' national programs. Experiences and challenges in WTO accession were shared.

*b. Pillar 2: Greater Diversification*

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<sup>1</sup> The meeting was organized with support from KSTA 9712: Implementing the Integrated Trade Agenda in the CAREC Program, co-funded by the Regional Cooperation and Integration Fund and People's Republic of China (PRC) Poverty Reduction and Regional Cooperation Fund. List of participants and meeting documents are available at the <https://www.carecprogram.org/?event=carec-regional-trade-group-meeting-jun-2019>.

<sup>2</sup> <https://www.carecprogram.org/uploads/CAREC-Integrated-Trade-Agenda-2030-Implementation-Report-Rolling-Strategic-Action-Plan.pdf>



5. Potential areas for enhancing services trade were identified in a preliminary scoping study, with data availability as a constraint. In the area of e-commerce, many CAREC countries have adopted relevant laws, though based on different models and mostly looking at national objectives. Interoperability and mutual recognition of e-commerce platforms are therefore essential to facilitate cross-border e-transactions within the CAREC region and beyond. ADB and CAREC Institute, in cooperation with international organizations such as UN Commission on International Trade Law (UNCITRAL), will conduct a research project on *Regulatory Framework for E-commerce Development in CAREC Countries*.

*c. Pillar 3: Stronger Institutions for Trade*

6. CAREC Institute presented its trade-focused capacity-building workshops, research and flagship activity on CAREC's Think Tanks Development Forum to be held in Xi'an, PRC in August 2019. Consultations are ongoing for CAREC Institute's Rolling Operational Plan 2020-2021. Pakistan shared its initiative under the Regulatory Modernization Initiative which includes digitalization of business-to-government payments of related fees through a consolidated business portal.

7. The CAREC Secretariat presented a mock-up of the proposed CAREC Trade Information Portal (a proposal listed in RSAP 2018-2020) which will be hosted or linked to the CAREC Secretariat website. The RTG members were requested to provide feedback on the proposed contents, including links to important trade-related information and nominate a focal person to support the development of the portal.

8. The RTG noted updates of CAREC member countries' efforts to achieve CITA 2030. PRC and Pakistan concluded the negotiation of their bilateral free trade agreement (FTA) which will take effect in January 2020. Pakistan's national single window is being developed; at least 11 special economic zones were identified for China-Pakistan Economic Corridor. Georgia reported its achievements, while PRC offered to share experience in implementing WTO Trade Facilitation Agreement (TFA). Azerbaijan mentioned efforts to include TFA in its technical regulations and its ongoing accession to the WTO. Tajikistan has adopted program to address WTO commitments including on TFA and recently launched an internet trade portal. PRC and Kazakhstan signed an agreement on e-commerce cooperation and are implementing a cross-border economic zone (CBEZ) in Khorgos. PRC and Mongolia recently signed a CBEZ agreement to link Zhamyn-Uud and Erlian zones. Kazakhstan, Tajikistan and Uzbekistan are participating in the initiative to develop a new economic corridor in the cities of Shymkent, Tashkent and Khujand. Turkmenistan adopted the Concept for the Development of the Digital Economy for 2019-2025 in November 2018. It is aimed at improving the efficiency of all sectors of the economy through the introduction of information technology. It provides for the creation of a Single Window. Turkmenistan invited CAREC members to join the first Caspian Economic Forum in Turkmenbashi City in August 2019, while PRC encouraged participation to the China International Import Expo in Shanghai in November 2019.

9. Other suggestions for priority and/or future areas include:
- a. continued support for WTO accession (Uzbekistan);
  - b. implementation of WTO TFA, particularly support for national committee on trade facilitation and linkage with Customs agencies (Kyrgyz Republic);
  - c. best practices and harmonized template for bilateral and multilateral agreements (Pakistan and Kyrgyz Republic),
  - d. mutual recognition of SPS results, and customs data exchange (Pakistan);
  - e. establishment of disease-free zones (Uzbekistan);

- f. development of trade in services indicators (Georgia);
  - g. development of e-commerce, paperless trade including *UN Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*, and use of e-certificate (Georgia, Mongolia, Uzbekistan);
  - h. information on tourism trade within CAREC countries (PRC); visa and transit schemes (Kyrgyz Republic);
  - i. transit mechanism supporting alignment with international standards and improving connectivity (Pakistan);
  - j. investment on new border crossing point between Azerbaijan and Georgia and scoping work for Gardabani railway infrastructure on SPS (Georgia);
  - k. SPS needs assessment and implementation (Afghanistan); and
  - l. support for small and medium enterprises in technoparks (Azerbaijan).
10. Further requests and suggestions were made including on:
- a. establishment of email and contact points for RTG and to include project/activity level updates on RSAP implementation for the RTG member's information (Mongolia); and
  - b. information on access to technical assistance (Afghanistan).
11. Pursuant to RTG's terms of reference providing for agenda-driven meetings, the 2<sup>nd</sup> RTG meeting focused on sanitary and phytosanitary (SPS) issues and met at the sidelines of the inaugural meeting of SPS regional working group. The 2<sup>nd</sup> RTG meeting **noted** the establishment of the CAREC SPS regional working group as well as national SPS working groups in all 11 CAREC member countries. The RTG also **discussed** opportunities for enhanced coordination with CAREC Customs Cooperation Committee (CCC) and potential linkages with other CAREC priority clusters.
12. The CITA 2030 results framework provides baseline indicators and states that 2030 targets will be defined by RTG in 2019. A methodology for target estimation of under CITA's results framework was presented to the RTG. On this basis, the CAREC Secretariat will proceed with the estimation and circulate the proposed 2030 targets to the RTG for purposes of national consultations.
13. At the concluding session, the meeting **endorsed** the key RTG deliverables as follows:
- a. new activities for RSAP 2019-2021 (**Annex 2.1**);
  - b. key progress in the implementation of *CAREC Common Agenda for Modernization of SPS Measures for Trade (CAST)*<sup>3</sup> under the framework of the CITA 2030:
    - i. establishment of SPS Regional Working Group and adoption of its terms of reference;
    - ii. establishment of SPS national working groups in 11 CAREC countries;
    - iii. launch of knowledge product: *Modernizing Sanitary and Phytosanitary Measures in CAREC: An Assessment and the Way Forward* (2019);
  - c. dissemination activities and launch of research work activities to support CITA 2030.
14. The RTG members reiterated their full support to continue the momentum in CITA 2030's implementation. The RTG **expressed** appreciation to the Government of Uzbekistan, particularly the Ministry of Investments and Foreign Trade, for hosting the meeting; and ADB and CAREC development partners for the secretariat and technical support.

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<sup>3</sup> See <https://www.carecprogram.org/uploads/CAREC-Common-Agenda-Modernization-SPS-Measures-Trade.pdf>

## Annex 2.1

### Annex 2.1 Additional Activities for CAREC Integrated Trade Agenda Rolling Strategic Action Plan 2019–2021

Project/Activity		Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
<b>Pillar 1: Trade Expansion from Increased Market Access</b>						
1	CAREC Common Agenda for Modernization of SPS Measures (CAST)	Technical assistance to support approximation of rules of phytosanitary border and quarantine control in relation to the EU legislations.	Knowledge-sharing products and services	Proposed	GEO (REG)	2019-2020
		Regional pest surveillance program and development of pest list (A1/A2) pilot in the Fergana Valley	Knowledge-sharing products and services	Proposed	KGZ, TAJ, UZB	2019-2020
		Training on testing procedures including at OIE reference laboratories (in KAZ and PRC) to support other CAREC countries	Knowledge-sharing products and services	Proposed	REG	2019-2021
		Piloting of simplified modern risk-based food safety management and inspections system	Knowledge-sharing products and services	Proposed	TKM	2019-2020
		Pilot of biosafety channel between PRC and KAZ at Khorgos Border Cooperation Center	Knowledge-sharing products and services	Proposed	PRC, KAZ	2019-2021
		Regional program for prevention and control of transboundary animal diseases, improving animal traceability	Knowledge-sharing product and services	Proposed	REG	2020-2021
2	CAREC Advanced Transit System pilot project	Piloting of a CAREC regional transit scheme based on comprehensive and risk-based guarantees, and a customs information common exchange.	Investment project (scoping)	Proposed	AZE, GEO, KAZ	2019-2021
		Support accession to the Convention on Common Transit Procedures and use of the New Computerized Transit System to facilitate trade with EU markets.	Knowledge-sharing products and services/ Policy dialogue and cooperation	Proposed	AZE, GEO, KAZ	2019-2021
3	Paperless trading or e-certificate of trade documents	Support digital transformation by enhancing e-customs systems and new developments in information communication technology to facilitate trade such as paperless trade, cross border e-commerce, blockchain technology, and others.	Knowledge-sharing products and services	Proposed	REG	2019-2021
		Support accession to United Nations Regional Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia-Pacific.	Knowledge-sharing products and services	Proposed	REG	2020-2021
		Feasibility or cost-benefit analysis to support development of SPS e-certificates and potential mutual recognition of laboratory results, leveraging from existing global initiatives (e.g., IPPC's e-phyto; OIE's e-vet)	Knowledge-sharing product and services	Proposed	REG	2020-2021
4	WTO TFA enhanced implementation among CAREC members	Support adoption of modern risk management systems and approaches, develop national AEO programs, and preliminary mutual recognition processes for AEOs across borders	Knowledge-sharing products and services/ Policy dialogue and cooperation	Proposed	REG	2019-2021
		Facilitate dialogue and knowledge transfer for conduct of time release studies to better assess bottlenecks at the border and develop informed interventions to address the specified needs	Policy dialogue and cooperation	Proposed	REG	2019-2021

Project/Activity		Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
5	CPMM mechanism enhanced	CPMM data collection expanded to capture data on trade logistics services and behind-the-border issues; pilot studies conducted	Knowledge-sharing product and services	Proposed	REG	2019-2021
		Feasibility study for potential replication of CPMM in non-CAREC countries conducted	Knowledge-sharing product and services	Proposed	REG	2019-2021
6	Private-sector active engagement in trade facilitation and collaboration with public agencies (e.g. customs administrations) increased	Regional logistics operational standards published	Knowledge-sharing product and services	Proposed	REG	2019-2021
		Gap analysis conducted for industry-led logistics operational standards	Knowledge-sharing product and services	Proposed	REG	2019-2021
Pillar 2: Greater Diversification						
1	Promotion of e-commerce	Mapping and analysis of regulatory framework for e-commerce development in CAREC	Knowledge-sharing products and services	Proposed	REG	2019-2020
		e-commerce legal and policy reforms including drafting and implementing action plans	Knowledge-sharing products and services	Proposed	REG	2020-2021
		Facilitate e-commerce cooperation through best practices demonstration, capacity-building and interaction among different agencies	Knowledge-sharing products and services	Proposed	REG	2020-2021
2	Promotion of tourism trade	Data analysis on potential for tourism and provision of information for tourists within CAREC	Knowledge-sharing products and services	Proposed	REG	2019-2020
3	Bilateral investment agreements/treaties	Signing of agreements or treaties to facilitate investment flows, including participation of SMEs	Policy dialogue and cooperation	Proposed	REG	2020-2021
Pillar 3: Stronger Institutions for Trade						
1	WTO TFA enhanced implementation	Regional meeting of NCTFs; joint activity for customs-trade-SPS agencies	Policy dialogue and cooperation	Proposed	REG	2020-2021
2	Joint SPS-customs-trade agencies	Capacity-building and fora to support policy coordination	Policy dialogue and cooperation	Proposed	REG	2020-2021
3	CAST (capacity-building component)	Continuing support for SPS national working group in the implementation of their SPS strategies and priorities	Knowledge-sharing products and services	Proposed	REG	2019-2021
4	Institutional strengthening for CAREC private sector	Capacity-building and training options identified among private-sector stakeholders, for private-sector stakeholders	Knowledge-sharing products and services/ Policy dialogue and cooperation	Proposed	REG	2019-2021
		Training manual published for CFCFA	Knowledge-sharing products and services	Proposed	REG	2019-2021

Countries/members: AZE = Azerbaijan; AFG = Afghanistan, PRC = People's Republic of China; IMAR = Inner Mongolia Autonomous Region, XUAR = Xinjiang Uygur Autonomous Region, GEO = Georgia, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, MON = Mongolia, PAK = Pakistan, TAJ = Tajikistan, TKM = Turkmenistan, UZB = Uzbekistan, REG = regional.

CAREC = Central Asia Regional Economic Cooperation, CAST = CAREC Common Agenda for Modernization of SPS Measures, CFCFA = CAREC Federation of Carrier and Forwarder Associations, EU = European Union, IPPC= International Plant Protection Convention, NCTF= national committee on trade facilitation, OIE = World Organization for Animal Health, SME= small and medium enterprises, SPS = sanitary/phytosanitary, TFA = Trade Facilitation Agreement, WTO = World Trade Organization.

Notes: Implementation period is indicative.

Status: Ongoing = projects have been approved and/or under implementation, including those that may require additional financing; Planned = projects already in the pipeline or could be funded under existing projects or technical assistance; Proposed = as requested by countries in concept development stage and/or funding options to be identified.

Source: Asian Development Bank staff.



**Inaugural Meeting of the CAREC Regional Working Group  
for Sanitary and Phytosanitary Measures**  
24-25 June 2019, Tashkent

**Annex 3. Summary and Key Outcomes**

1. The Central Asia Regional Economic Cooperation (CAREC) Regional Working Group (RWG) for Sanitary and Phytosanitary (SPS) Measures held its inaugural meeting on 24-25 June in Tashkent, Uzbekistan. Representatives from 11 CAREC member countries (comprising SPS national working groups and trade-related agencies) and development partners, including the World Trade Organization (WTO), World Organization for Animal Health (OIE), United States Agency for International Development-Competitiveness, Trade and Jobs Project (USAID-CTJ), European and Mediterranean Plant Protection Organization (EPPO), CAREC Institute, UNDP Aid for Trade Project and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) participated at the meeting. The meeting was co-chaired by Uzbekistan Ministry of Investments and Foreign Trade (MIFT) and the Asian Development Bank (ADB).<sup>1</sup>
2. The SPS RWG discussed the progress of implementation of the *CAREC Common Agenda for Modernization of SPS Measures for Trade (CAST)*<sup>2</sup> under the framework of the *CAREC Integrated Trade Agenda (CITA) 2030*, particularly the activities identified in the Rolling Strategic Action Plan (RSAP) 2018-2020.<sup>3</sup> The meeting **noted** the establishment of the SPS national working groups in all CAREC member countries and their progress in developing national SPS strategies and priority action plans. Initiatives at the global level, particularly under the WTO's Standards and Trade Development Facility (STDF)<sup>4</sup>, and within the CAREC region were presented.
3. The meeting sessions focused on sector-specific areas, i.e., plant health, animal health and food safety; cross-cutting and emerging issues; and upgrading of SPS facilities to trade. This was followed up by *Around the Table* providing opportunity for SPS RWG to deliberate on and provide suggestions or proposals for SPS projects for the RSAP 2019-2021 (see **Annex 3.1**).
4. In plant health sector, the meeting discussed the outcomes of the *CAREC Policy Dialogue on Regional Pest Surveillance* held on 25-27 March 2019 in Tbilisi, Georgia. A concept note was presented which identified some action plan priorities for CAREC countries' consideration regarding: (i) legal framework for plant health measures; (ii) information portal; (iii) development of a CAREC quarantine lists<sup>5</sup>; and (iv) joint pest surveillance. WTO SDTF

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<sup>1</sup> The meeting was organized with support from KSTA 9500: Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade, co-funded by the Regional Cooperation and Integration Fund and People's Republic of China (PRC) Poverty Reduction and Regional Cooperation Fund. Meeting documents are available at the <https://www.carecprogram.org/?event=sps-regional-working-group-meeting-2019>.

<sup>2</sup> See <https://www.carecprogram.org/uploads/CAREC-Common-Agenda-Modernization-SPS-Measures-Trade.pdf>

<sup>3</sup> See <https://www.adb.org/documents/carec-trade-agenda-2030-action-plan-2018-2020>

<sup>4</sup> See <https://www.standardsfacility.org/>

<sup>5</sup> Specifically, A1 (pests absent in the region) and A2 (pests locally present in the region).

encouraged CAREC members to look into the manuals and guidelines prepared by the International Plant Protection Convention (IPPC) Secretariat. The meeting participants **agreed** to: (i) conduct more trainings such as on subregional pest risk analysis (PRA), which could be done jointly with EPPO and USAID-CTJ project; (ii) pilot the development/revision of pest lists (A1 and A2) in the Fergana Valley; and (iii) align plant health laws with IPPC standards.

5. In animal health sector, the meeting discussed the outcomes of the *CAREC Policy Dialogue on Prevention and Control of Transboundary Animal Diseases (TADs)* held on 23-25 April 2019 in Nur-Sultan, Kazakhstan. The meeting discussed the concept note and framework to improve animal health situation, promote international harmonization and coordination; and facilitate international trade. The meeting **welcomed** the proposal to pilot a biosafety channel between the People's Republic of China (PRC) and Central Asia in Kazakhstan at the Khorgos Border Cooperation Center and the training on testing procedures including from reference laboratories of the OIE. CAREC members requested support in terms of laboratory upgrade and animal traceability (Tajikistan); vaccines (Afghanistan); anti-rabies program (Azerbaijan); twinning projects and establishment of disease-free zones.

6. Two proposals were discussed in the area of food safety, namely: (i) the establishment of the CAREC Regional Food Safety Network (CRFSN); and (ii) piloting of simplified modern risk-based food safety management and inspection systems in Turkmenistan. CAREC members **welcomed-in-principle** the proposal for CRFSN and requested clarifications regarding data-sharing, financing, network composition and strengthened coordination with SPS RWG and SPS NWGs.

7. Georgia and Mongolia shared their experience and lessons learned in upgrading border-related facilities. Georgia looked forward to ADB recommendations following a scoping visit for the pilot project on SPS infrastructure development in Gardabani railway border crossing point, while Mongolia raised the potential funding gap for the ongoing *Regional Upgrade of SPS measures for Trade*. ADB suggested for the project proponents to coordinate with their respective finance ministries and formalize the investment project requests (through ADB resident missions).

8. The meeting discussed proposals for improved SPS risk management (such as risk profiling and assessment), digitalization of SPS certificates, and potential mutual recognition of laboratory test results. Suggestions include business process and cost-benefit analyses for e-SPS certificates leveraging on existing global initiatives. For instance, Codex Alimentarius Commission, OIE and IPPC each prescribe an international format for certificates of food safety, animal health, and plant health, respectively. In terms of digitalization, IPPC's ePhyto project is an ongoing project that other CAREC members may consider. ADB and CAREC Institute will jointly **conduct** a research project to assess the potential for the paperless SPS certificates and readiness for potential mutual recognition and electronic exchange among CAREC members.

9. Institutional arrangements and implementation approach were also discussed. Proposals for sector-specific regional mechanisms and framework for cooperation such as networks for animal health, plant health and food safety were considered. The SPS RWG is expected to deliberate on regional initiatives and endorse annually, a rolling three-year work program on SPS, aligned with the three-year RSAP under CITA 2030 and consistent with national SPS priorities and plans. The SPS RWG will report its progress and planned activities to the CAREC Regional Trade Group and ensure synergies with other trade-related initiatives by coordinating with other CAREC sectoral bodies, such as the CAREC Customs Cooperation Committee. The CAREC member countries are requested to submit regular updates on the agencies and

members to be included to facilitate consultation and coordination. The SPS RWG considered and **adopted** its Terms of Reference (**Annex 3.2**).

10. A special session **launched** the publication entitled: ***Modernizing Sanitary and Phytosanitary Measures in CAREC: An Assessment and the Way Forward***.<sup>6</sup> The report provides an assessment of plant health, animal health, and food safety measures of CAREC member countries and offers recommendations for regulatory alignment with international standards, laboratory upgrading, and border services management on SPS measures. A Russian version of the publication will be available soon.

11. At the concluding session, the meeting **endorsed** the key SPS deliverables to the 18<sup>th</sup> CAREC Ministerial Conference in November 2019 in Tashkent as follows:

- a. Establishment of SPS Regional Working Group and adoption of its terms of reference;
- b. Establishment of SPS national working groups in 11 CAREC countries;
- c. Progress of implementation of CITA 2030's Rolling Strategic Action Plan 2018-2020 in animal health, plant health and food safety;
- d. SPS inputs to the Rolling Strategic Action Plan 2019-2021;
- e. knowledge product entitled: *Modernizing Sanitary and Phytosanitary Measures in CAREC: An Assessment and the Way Forward* (2019)

12. The SPS RWG **expressed** its appreciation to the Government of Uzbekistan, particularly the Ministry of Investments and Foreign Trade, for hosting the meeting; and ADB and CAREC development partners for the secretariat and technical support.

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<sup>6</sup> <https://www.adb.org/publications/modernizing-sanitary-phytosanitary-measures-carec>



### Annex 3.1

**Annex 3.1 Additional SPS Activities for CAREC Integrated Trade Agenda Rolling Strategic Action Plan 2019–2021**

Project/Activity		Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
<b>Pillar 1: Trade Expansion from Increased Market Access</b>						
1	CAREC Common Agenda for Modernization of SPS Measures (CAST)	Technical assistance to support approximation of rules of phytosanitary border and quarantine control in relation to the EU legislations.	Knowledge-sharing products and services	Proposed	GEO (REG)	2019-2020
		Regional pest surveillance program and development of pest list (A1/A2) pilot in the Fergana Valley	Knowledge-sharing products and services	Proposed	KGZ, TAJ, UZB	2019-2020
		Training on testing procedures including at OIE reference laboratories (in KAZ and PRC) to support other CAREC countries	Knowledge-sharing products and services	Proposed	REG	2019-2021
		Piloting of simplified modern risk-based food safety management and inspections system	Knowledge-sharing products and services	Proposed	TKM	2019-2020
		Pilot of biosafety channel between PRC and KAZ at Khorgos Border Cooperation Center	Knowledge-sharing products and services	Proposed	PRC, KAZ	2019-2021
		Regional program for prevention and control of transboundary animal diseases, improving animal traceability	Knowledge-sharing product and services	Proposed	REG	2020-2021
2	Paperless trading or e-certificate of trade documents	Feasibility or cost-benefit analysis to support development of SPS e-certificates and potential mutual recognition of laboratory results, leveraging from existing global initiatives (e.g., IPPC's e-phyto; OIE's e-vet)	Knowledge-sharing product and services	Proposed	REG	2020-2021
<b>Pillar 3: Stronger Institutions for Trade</b>						
1	Joint SPS-customs-trade agencies	Capacity-building and fora to support policy coordination	Policy dialogue and cooperation	Proposed	REG	2020-2021
2	CAST (capacity-building component)	Continuing support for SPS national working group in the implementation of their SPS strategies and priorities	Knowledge-sharing products and services	Proposed	REG	2019-2021

Countries/members: AZE = Azerbaijan; AFG = Afghanistan, PRC = People's Republic of China; IMAR = Inner Mongolia Autonomous Region, XUAR = Xinjiang Uygur Autonomous Region, GEO = Georgia, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, MON = Mongolia, PAK = Pakistan, TAJ = Tajikistan, TKM = Turkmenistan, UZB = Uzbekistan, REG = regional.

CAREC = Central Asia Regional Economic Cooperation, CAST = CAREC Common Agenda for Modernization of SPS Measures, CFCFA = CAREC Federation of Carrier and Forwarder Associations, EU = European Union, IPPC= International Plant Protection Convention, NCTF= national committee on trade facilitation, OIE = World Organization for Animal Health, SME= small and medium enterprises, SPS = sanitary/phytosanitary, TFA = Trade Facilitation Agreement, WTO = World Trade Organization.

Notes: Implementation period is indicative.

Status: Ongoing = projects have been approved and/or under implementation, including those that may require additional financing; Planned = projects already in the pipeline or could be funded under existing projects or technical assistance; Proposed = as requested by countries in concept development stage and/or funding options to be identified.

Source: Asian Development Bank staff.





**Central Asia Regional Economic Cooperation (CAREC)  
Sanitary and Phytosanitary Measures Regional Working Group (SPS RWG)**

**Annex 3.2 Terms of Reference (as revised on 16 July 2019)**

**I. Introduction**

1. In September 2015, the Central Asia Regional Economic Cooperation (CAREC) 14<sup>th</sup> Ministerial Conference endorsed the *Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade* (CAST)<sup>1</sup> in Ulaanbaatar, Mongolia. CAST seeks to (i) promote concerted reforms to make SPS measures consistent with international standards to facilitate safe trade within and outside the region, and (ii) identify and prioritize investment needs to modernize the application of SPS measures. Since then, initiatives were launched such as the *Regional Upgrades of Sanitary and Phytosanitary Measures for Trade* (RUST) project, with initial investment approved in Mongolia. Regional technical assistance for modernizing SPS measures continues to support the implementation of CAST.
2. Under the framework of *CAREC 2030* strategy, CAST became an integral part of the CAREC Integrated Trade Agenda (CITA) 2030. CITA 2030 and its accompanying Rolling Strategic Action Plan (RSAP) 2018-2020 was endorsed by the CAREC Ministers in November 2018 in Ashgabat, Turkmenistan. The institutional structure for CITA 2030 provides for establishment of *adhoc* committees and expert groups including on SPS under the Regional Trade Group (RTG).
3. At the regional workshop on modernizing SPS measures to facilitate trade in Bishkek, Kyrgyz Republic in May 2018, key officials from CAREC SPS agencies and development partners identified key challenges and priorities and underscored the need to cooperation and coordinate better the SPS initiatives at the country and regional levels.
4. The proposal to establish regional and national working groups to discuss SPS matters was endorsed-in-principle at the inaugural meeting of the RTG, which was held in conjunction with the Senior Officials' Meeting in June 2018. As of March 2019, all CAREC member countries have established their SPS national working groups (NWGs) and are at varying stages of developing their respective SPS strategies and/or priority action plans.
5. The inaugural meeting of the SPS regional working group will be held in June 2019 to: (i) update on the progress of regional and global initiatives related to implementation of the CAST, which are the SPS priorities under CITA and RSAP; (ii) deliberate on the SPS RWG work program and provide inputs to RSAP 2019-2021; and (iii) discuss other matters such as institutional issues and implementation approach and endorse the terms of reference of the SPS RWG.

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<sup>1</sup> <https://www.carecprogram.org/uploads/CAREC-Common-Agenda-Modernization-SPS-Measures-Trade.pdf>

## **II. General Purpose and Reporting Structure**

6. The SPS RWG will deliberate on regional initiatives and endorse annually, a rolling three-year work program on SPS, aligned with the three-year RSAP under CITA 2030 and consistent with their national SPS priorities and plans. The SPS RWG will report its progress and planned activities with RTG, ensuring synergies with other trade-related initiatives and promoting coordinated approach to facilitate trade and help member countries integrate into regional and global value chains.

## **III. Scope of Work**

7. The SPS RWG will undertake the following key functions and tasks:

- a. serve as the CAREC coordinating body for the implementation of CAST and new SPS initiatives identified under the CITA 2030;
- b. develop annually a rolling three-year work program for SPS work that is aligned with the three-year RSAP under CITA 2030 and consistent with their national SPS priorities and plans;
- c. act as a platform for policy discussions, consensus-building and cooperation to improve capacity of CAREC countries to develop and implement SPS measures in accordance with the *Agreement on the Application of SPS Measures* under the World Trade Organization and align with international SPS standards;
- d. discuss, establish and/or provide suggestions on regional or subregional cooperation mechanisms or sector-specific networks or programs (i.e., animal health, plant health and food safety) to maximize the benefits and share experience and lessons learned to CAREC member countries;
- e. report periodically the progress and planned activities and as necessary, make recommendations to CAREC RTG and coordinate closely with relevant CAREC sectoral bodies (such as the Customs Cooperation Committee); and
- f. coordinate, communicate and cooperate with other development partners and global and regional initiatives to achieve the objectives of CAST and CITA 2030, and support the members in implementing their international commitments.

## **IV. Membership and Institutional Arrangements**

8. The SPS RWG shall comprise the designated representatives of each of the SPS NWGs. Each CAREC country shall submit an updated list of SPS-related agencies to facilitate coordination and consultation. By default, the Chairpersons and/or Co-chairpersons of the NWGs will be representing and attending the meetings of the SPS RWG, which will be agenda-driven. Each CAREC country may determine the size and composition of the country's delegation to the SPS RWG. A chairperson shall be appointed by the host-country, which is designated following the same rotation among countries for CAREC hosting.

9. The Asian Development Bank will provide secretariat and technical support in close coordination with other key stakeholders and development partners.

10. The terms of reference will be reviewed and updated, if deemed necessary by member countries and by the Asian Development Bank in 2024 and 2030.



## **Annex 4: 18th Meeting of the CAREC Customs Cooperation Committee**

### **Summary of Proceedings and Key Agreements Reached**

1. The 18th Meeting of the CAREC Customs Cooperation Committee (CCC) was held on 20-21 June 2019 in Tashkent, Uzbekistan and attended by customs administrations of all CAREC member countries.
2. At the end of the Meeting, CCC members agreed to:
  - (i) **Endorse the CCC 2019-2021 work plan** under the CAREC Integrated Trade Agenda (CITA) 2030 three-year rolling strategic action plan (RSAP) 2019-2021. The CCC work plan is aligned with the revised CCC priority areas and updated terms of reference agreed at the 17th CCC Meeting, held in September 2018 in Ashgabat, Turkmenistan. The 18th CCC Meeting further endorsed cooperation and collaboration between the CCC and the CAREC Regional Trade Group (RTG), as laid out in CITA 2030, to begin with (i) mutual representation in the annual meetings of the CCC and the RTG, and (ii) a joint learning event on e-commerce to be held in early 2020.
  - (ii) **Take forward processing of the proposed Asian Development Bank (ADB) technical assistance (TA)**, designed to continue implementation of the CCC work plan in its identified priority areas, including (i) scoping studies at select border-crossing points (BCPs) to assess physical infrastructure; (ii) digital transformation of customs technologies by encouraging development of e-customs systems, paperless trade, and other technology innovations (authorized economic operator programs and piloting of CATS/ICE); and (iii) the adoption of measures to reduce delays at BCPs, including coordinated border management, expanded joint customs control, and border control initiatives and regular customs-private sector dialogues. Priority capacity building needs will also be supported, including training-of-trainers. CCC members agreed with the anticipated TA outcome and outputs and committed to provide inputs and suggestions of activities for inclusion in the TA within one week.
  - (iii) **Continue to support CAREC customs to enhance national implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA)**. Technical assistance to help CAREC countries meet their TFA commitments, including strengthening of national committees on trade facilitation, will be provided in coordination with other development partners. An inter-subregional technical knowledge- and experience-sharing workshop on the TFA will be organized in October 2019 in Georgia, between the CCC and member countries of the South Asia Subregional Economic Cooperation (SASEC) Program. A TFA implementation tracking mechanism will be developed to help identify priority areas of action.

- (iv) **Coordinate with ADB for better utilization of methodological approaches of the CAREC corridor performance measurement and monitoring (CPMM) mechanism and the time release study model.** The CCC welcomed ADB's proposal to share relevant, timely CPMM data and potentially work with customs and national research institutions to expand current parameters of the CPMM reporting instruments, to include customs related indicators, and more detailed country- and corridor-level analysis. Representatives of Azerbaijan proposed hosting a regional workshop for the CAREC countries to study Azerbaijan's experience in implementing innovative projects with support of CAREC, such as TRS, electronic queueing, FastTrack, with visits to the BCPs.
- (v) **Proceed with the pilot phase of the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) initiative.** Azerbaijan, Georgia, and Kazakhstan committed to finalize the text of the Agreement between participating countries at the Batumi working group meetings in July 2019, initiate domestic legal processes for the Agreement to be signed. CCC, through the Senior Officials Meeting, will report progress made in the CATS initiative to the Ministerial Conference on 14 November in Tashkent, Uzbekistan. The pilot test launch is expected to launch in December 2019.
- (vi) **Intensify efforts to develop and implement effective authorized economic operator (AEO) systems;** study and explore the scope of national programs on AEO systems; facilitate experience sharing and exchange; and provide needed technical support to expand into more cross-border mutual recognition agreements.
- (vii) **Continue support to the ongoing Joint Customs Control (JCC) initiative** between the People's Republic of China (PRC) and Mongolia and replicate the JCC model in other CAREC BCPs.
- (viii) **Further consider the proposal of the State Customs Service of Uzbekistan to develop an Integrated Information Exchange System for the CAREC region,** subject to further detailed information from Uzbekistan State Customs Committee and consultation with respective information technology experts. CCC and ADB would initiate preparation of technical assistance support for this initiative and possible future investments.
- (ix) **Support identification and preparation of trade facilitation investment projects** to improve border services and develop single windows, particularly those identified in the RSAP 2019-2021. Specifically, Azerbaijan and Georgia requested ADB support to develop a joint border crossing; and Pakistan reiterated its request for ADB support to develop the national single window; and Tajikistan requested accelerated ADB support for additional financing for the planned second phase of the Regional Improvement of Border Services project.

3. CCC members thanked the State Customs Committee of Uzbekistan for their impeccable hosting of the 18th CCC Meeting and noted that Afghanistan will be assuming the role of CAREC host country following the Ministerial Conference to be held in November 2019.

## Annex 4.1

### Annex 4.1 Additional Customs-Related Activities for CAREC Integrated Trade Agenda Rolling Strategic Action Plan 2019–2021

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
<b>Pillar 1: Trade Expansion from Increased Market Access</b>						
1	CAREC Advanced Transit System pilot project	Piloting of a CAREC regional transit scheme based on comprehensive and risk-based guarantees, and a customs information common exchange.	Investment project (scoping)	Proposed	AZE, GEO, KAZ	2019-2021
		Support accession to the Convention on Common Transit Procedures and use of the New Computerized Transit System to facilitate trade with EU markets.	Knowledge-sharing products and services/ Policy dialogue and cooperation	Proposed	AZE, GEO, KAZ	2019-2021
2	Paperless trading or e-certificate of trade documents	Support digital transformation by enhancing e-customs systems and new developments in information communication technology to facilitate trade such as paperless trade, cross border e-commerce, blockchain technology, and others.	Knowledge-sharing products and services	Proposed	REG	2019-2021
		Support accession to United Nations Regional Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia-Pacific.	Knowledge-sharing products and services	Proposed	REG	2020-2021
3	WTO TFA enhanced implementation among CAREC members	Support adoption of modern risk management systems and approaches, develop national AEO programs, and preliminary mutual recognition processes for AEOs across borders	Knowledge-sharing products and services/ Policy dialogue and cooperation	Proposed	REG	2019-2021
		Facilitate dialogue and knowledge transfer for conduct of time release studies to better assess bottlenecks at the border and develop informed interventions to address the specified needs	Policy dialogue and cooperation	Proposed	REG	2019-2021
<b>Pillar 3: Stronger Institutions for Trade</b>						
1	WTO TFA enhanced implementation	Regional meeting of NCTFs; joint activity for customs-trade-SPS agencies	Policy dialogue and cooperation	Proposed	REG	2020-2021
2	Joint SPS-customs-trade agencies	Capacity-building and fora to support policy coordination	Policy dialogue and cooperation	Proposed	REG	2020-2021

Countries/members: AZE = Azerbaijan; GEO = Georgia, KAZ = Kazakhstan, REG = regional.

CAREC = Central Asia Regional Economic Cooperation, NCTF= national committee on trade facilitation, TFA = Trade Facilitation Agreement, WTO = World Trade Organization.

Notes: Implementation period is indicative.

Status: Proposed = as requested by countries in concept development stage and/or funding options to be identified.

Source: Asian Development Bank staff.



**Annex 5: 10th Annual Meeting of the CAREC Federation of Carrier  
and Forwarder Associations (CFCFA) and  
5th Joint Meeting of the CAREC Customs Cooperation Committee and the CFCFA**

**Summary of Key Outcomes**

**I. 10th Annual Meeting of the CAREC Federation of Carrier and Forwarder Associations**

1. The 10th Meeting of the CAREC Federation of Carrier and Forwarder Associations (CFCFA) was held on 19 June 2019 in Tashkent, Uzbekistan and attended by 20 representatives of national association members and 20 enterprise members from Afghanistan, the People's Republic of China, Kazakhstan, and Uzbekistan, who actively contribute in the implementation of CFCFA projects and initiatives. Outcomes of the Meeting included discussion on:

- (i) Collaborating in activities aligned with the implementation of CITA 2030 and its rolling strategic action plan such as the pre-AEO corporate credit evaluation program, development and promotion of CFCFA-led logistics and operational standards, and institutional strengthening of CAREC private sector;
- (ii) Endorsement of ADB technical assistance proposal that includes (i) an elevated role of CFCFA member associations in contributing to trade and trade facilitation policy formulation through the conduct of studies and the Corridor Performance Measurement and Monitoring (CPMM) project and (ii) capacity-building and training options developed among CFCFA members;
- (iii) Membership responsibilities to promote the CFCFA and development of its website;
- (iv) Continued cooperation with CAREC customs administrations through active participation in policy dialogues through the joint CCC-CFCFA meetings; and
- (v) CFCFA workplan to address operational, financial, organizational and governance issues.

**II. 5th Joint Meeting of the CAREC Customs Cooperation Committee and the CAREC Federation of Carrier and Forwarder Associations**

2. The 5th Joint Meeting of the CAREC CCC and the CFCFA was held on 21 June 2019 in Tashkent, Uzbekistan and discussed and identified areas for potential collaboration and mutual support. Outcomes of the Meeting included agreement to coordination where possible and practicable in the following broader areas of their respective 2019-2021 work plans, with the shared goal of accelerating reform and modernization efforts in the CAREC region. The following areas of potential cooperation were identified:

- (i) **Implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA).**

- a. CCC will continue support to CAREC customs to enhance national implementation of WTO TFA with the help of technical assistance to meet TFA commitments; and coordinate with ADB for better utilization of methodological approaches of the CAREC corridor performance measurement and monitoring (CPMM) mechanism and the time release study model.
  - b. CFCFA will make efforts to enhance dialogue with customs administrations at regional and national levels (NCTF, with other stakeholders such as transport) and contribute to improvement of WTO TFA implementation; and coordinate with CCC on better utilization of methodological approaches of the CPMM mechanism.
- (ii) **CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE).**
  - a. CCC will proceed with the CAREC Advanced Transit System (CATS) and Information Common Exchange (ICE) pilot test phase, expected to launch in December 2019.
  - b. CFCFA will seek opportunities to coordinate on further development of the CATS/ICE insurance mechanism and better risk management.
- (iii) **Authorized economic operator (AEO) systems.**
  - a. CCC will intensify efforts to develop and implement effective authorized economic operator (AEO) systems.
  - b. CFCFA will explore opportunities to develop a pre-AEO evaluation mechanism, incubation, and regulatory compliance.
- (iv) **Joint Customs Control (JCC).**
  - a. CCC will continue support to the ongoing Joint Customs Control (JCC) initiative between the People's Republic of China and Mongolia and replicate the JCC model in other CAREC BCPs.
  - b. CFCFA members will collaborate where possible to provide inputs on better business process (on both side of borders).
- (v) **State Customs Committee of Uzbekistan's Integrated Information Exchange System for the CAREC region.**
  - a. CCC will further consider the proposal of the State Customs Committee of Uzbekistan to develop a CAREC region Integrated Information Exchange System.
  - b. CFCFA will seek to contribute through data harmonization and data harvest (including data transmission); and inputs to operator modules.
- (vi) **Trade facilitation investment projects.**
  - a. CCC supported identification and preparation of trade facilitation investment projects to improve border services and develop single windows, particularly those identified in the RSAP 2019-2021.
  - b. CFCFA members will contribute inputs on better business process; and develop education programs for members.
- (vii) **Cross referencing of CCC and CFCFA 2019-2021 work plans.**
  - a. CCC endorsed its 2019-2021 work plan under the CAREC Integrated Trade Agenda (CITA) 2030 three-year rolling strategic action plan (RSAP) 2019-2021.
  - b. CFCFA endorsed its 2019-2021 work plan, including components included in the CITA 2030 RSAP 2019-2021.
- (viii) **Proposed Asian Development Bank (ADB) technical assistance (TA).**
  - a. CCC and CCFA endorsed processing of the proposed Asian Development Bank (ADB) technical assistance (TA) projects and agreed to cross-reference and collaborate as possible and practicable.

## Annex 5.1

### Annex 5.1 Additional Private Sector-Related Activities for CAREC Integrated Trade Agenda Rolling Strategic Action Plan 2019–2021

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
<b>Pillar 1: Trade Expansion from Increased Market Access</b>						
1	Strengthened dialogue and cooperation between public (customs and other trade-related agencies) and private sector, including exporters, importers, business and industry associations	Continuing dialogue between CAREC Federation of Carriers and Freight Forwarders Association (CFCFA) and Regional Trade Group/Customs Cooperation Committee with the objective of providing enabling environment for the private sector and support their participation at the global trade. Specific areas of cooperation include: credit evaluation of logistics enterprises for authorized economic operators schemes; and CFCFA trade and logistics standards continuing development.	Policy dialogue and cooperation	Ongoing	REG	2019-2021
2	CAREC Corridors Performance Measurement and Monitoring (CPMM)	Continue to measure the competitiveness of CAREC corridors to enhance performance and address the bottlenecks at key BCPs	Knowledge-sharing product and services	Ongoing	REG	2019-2021
		CPMM data collection expanded to capture data on trade logistics services and behind-the-border issues; pilot studies conducted	Knowledge-sharing product and services	Proposed	REG	2019-2021
<b>Pillar 3: Stronger Institutions for Trade</b>						
1	Institutional strengthening for CAREC private sector	Capacity-building and training options identified among private-sector stakeholders, for private-sector stakeholders	Knowledge-sharing products and services; Policy dialogue and cooperation	Proposed	REG	2019-2021

Countries/members: REG = regional.

CAREC = Central Asia Regional Economic Cooperation, CFCFA = CAREC Federation of Carrier and Forwarder Associations, CPMM = Corridor Performance Measurement and Monitoring.

Notes: Implementation period is indicative.

Status: Ongoing = projects have been approved and/or under implementation, including those that may require additional financing; Proposed = as requested by countries in concept development stage and/or funding options to be identified.

Source: Asian Development Bank staff.