

Annual Meeting
CAREC Federation of Carrier and Forwarder Associations
28 July 2010, Sheraton Hotel,
Urumqi, Xinjiang Uygur Autonomous Region, People's Republic of China
Minutes of the Meeting

Opening Session:

1. Ms. Naomi Chakwin, Director, Financial Sector, Public Management and Regional Cooperation Department, East Asia Department of ADB opened the meeting and welcomed participants to Urumqi. Ms. Chakwin congratulated the leadership of the CAREC Federation of Carrier and Forwarder Associations (CFCFA) and the members for their accomplishments in the short time since has been set-up. She also thanked the members who are also ADB's partners for their active support in gathering data for the Corridor Performance Measurement and Monitoring (CPMM) project. She noted the meeting as an important step towards converting CFCFA plans into tangible activities that can be implemented. She assured participants of ADB's support in achieving the federation's main objective – to facilitate transport, trade and logistics development in the CAREC region

2. Mr. Nigmatzhan K. Issingar, Chairman of CFCFA also welcomed the participants and reported that the Executive Board had very productive and intensive discussions at the Executive Board Meeting held the day before. He made particular mention that efficacy of the CFCFA depends on the establishment of a permanent secretariat as soon as possible to allow it to do its work.

3. Mr. Ying Qian, Lead Professional (Regional Cooperation), ADB gave a brief background of the history of CFCFA and a recap of milestones reached by the Federation. He underscored that the CFCFA is a unique regional cooperation mechanism because it is the first of its kind in sub-regional programs and because of its solid organizational structure. The federation can provide very critical feedback to government and real market information that should be helpful in formulating policies and programs. The member associations were encouraged to play an active role in their respective National Joint Transport and Trade Facilitation Committees (NJC).

Finalization of CFCFA Work Plan

4. The Chairman reported that the draft CFCFA work plan for 2010 -2011 was discussed intensively at the CFCFA Executive Board meeting. A copy of the suggested revisions to the work plan and highlights of the Executive Board discussions have been provided to the participants. The Chairman requested participants to submit additional suggestions or comments to the discussion highlights in writing to the Chairman or the Secretariat.

Discussion on Priority Projects

5. The Chairman presented the list of projects submitted by the member associations. He suggested that criteria for prioritization should be based on which project(s) would be beneficial to the greatest number of members. Based on the discussions, the projects were segregated into three categories:

- a. Priority projects for immediate implementation
 - Creation of updatable database on transport and border crossing procedures in CAREC countries (this could be a 3 year project but can be initiated this year);
 - Development of human resources in transport and logistics services and FIATA training in CFCFA members;
 - Working with customs and transport authorities of Kazakhstan and the PRC for implementation of system for processing and transfer of preliminary information on cargo and means of transport (pilot project along Kazakhstan-PRC border with view to replication in other countries); and
 - Agreement on common working hours of customs at border crossing points (BCPs).

- b. Projects that would require clarification, more research and development
 - Implementation of unified system of foreign trade exchange permits (to be revised to cover entry permits for transport with a view towards developing a common entry permit across the CAREC countries; need to engage a consultant to conduct background study and provide recommendations); and
 - Implementation of CIM¹/SMGS² single consignment note in CAREC countries.

- c. Projects that can be deferred to next year (more detailed proposal to be prepared by proponents)
 - Formation of solidarity (joint) insurance system;
 - Attracting increased freight flows to CAREC corridor 2;
 - Improvement of legislation of forwarding and logistical activity in Central Asia;
 - System of logistical planning for international transport (including equipping of customs stations);
 - Creation of network of logistics centers in Mongolia; and
 - Development of public private partnership concepts in transport and freight forwarding business.

Trade Facilitation and Logistics Training

6. Andy Sze, ADB Consultant, presented the results of the training needs assessment conducted early this year through a survey questionnaire distributed to CFCFA member associations and relevant government agencies. Government agencies identified global supply chain management; trade logistics facilitation and cross border transport as priority training needs. Economic operators essentially identified the same priority training needs and they also specified the need to have both theoretical and practical training. They also identified potential local institutions that can partner with centers of excellence.

7. The participants re-confirmed the need for enhancing capacities of the associations. The training approaches and way of execution were also discussed. It was agreed that training

¹ Contracts of carriage under OTIF (i.e., Inter-governmental Organization for International Carriage by Rail).

² Agreement on International Goods Traffic by Rail under OSJD (i.e., Organization for Cooperation of Railway Lines). All previous CIS countries are members of OSJD.

program will initially focus on logistics and supply chain management. ADB will work with the members to explore ways of financing proposed training activities.

9. Yelena Vassileskaya, Kazakhstan Freight Forwarder Association (KFFA) Project Manager introduced the KFFA training center and the courses and services it offers. She informed that center staff underwent training on FIATA certification and that it is the only institution in Central Asia approved to issue FIATA certificates. The center also prepares publications on specific topics. It was suggested that center expand this work to other CAREC countries. It was noted that customs reform alone will not facilitate trade if forwarders follow different standards. FIATA training for CFCFA members is therefore very necessary and urgent.

Corridor Performance Measurement and Monitoring

8. Mr. Max Ee Khong Kie, ADB consultant, reviewed the CPMM methodology and gave a brief presentation on findings of the 2009 4th quarter report. He recommended steps and measures to further improve data gathering and analysis. The following were discussed:

- Rest and overnight duration are not included in the computation for speed with delay or speed without delay but the data are collected and kept in the database. AIRCUZ suggested a third category of speed – with rest. The consultant will consider the suggestion.
- There are problems in reporting unofficial payments. In some incidences, unofficial payments were made on top of official payment. The associations are requested to provide a breakdown of both official and unofficial payments, whenever possible.

CFCFA and Enterprises

11. Capt. Lin Zhong, CFCFA Vice-Chairman proposed approaches to enhance cooperation and coordination among member associations, and among enterprises that will facilitate and promote more trade in the CAREC region. Proposals to promote cooperation and earn revenue for the federation include to:

- Hold an enterprise exchange conference once a year;
- Translate transports and freight forwarding documents to Russian or Chinese;
- Develop CFCFA capacities to conduct research project on logistics issues of interest to private sector; and
- Unify/harmonize rail consignment note.

CFCFA Budget

12. The Chairman proposed that the discussion focus on the budget for 2011 instead of 2010 since there are only a few months left in the year. The budget estimation for 2011 – 2015 prepared by the Chairman will be reviewed and approved by the Executive Board members and ADB against the proposed work plan. When the Federation has achieved more financial independence, the budget will be subjected to approval of all the members.

Other Matters

13. The Executive Board of CFCFA is expected to provide continuity, policy direction, and exert more influence on direction of CFCFA. The need for a permanent secretariat in CAREC

region to ensure continuity of CFCFA work was discussed. In the interim and for practical purposes ADB Headquarters will serve as CFCFA secretariat and will work more closely with the CFCFA Chairman, Vice-Chairman and their employees; and the CFCFA Secretary with sufficient funding support.

15. Association of International Automobile Carriers (ABBAT) of Tajikistan has been participating in CFCFA meetings but had not officially joined the Federation. They indicated their intent to formally join the CFCFA. Since CFCFA registration is still being processed, CFCFA members agreed that ABBAT can join as a founding member.

16. At the last meeting in Almaty, it was decided that the Federation will be registered in the Kyrgyz Republic. However, the registration has been slow for various reasons. Afghanistan and PRC associations have yet to comply with all registration requirements and CFCFA members requested them to expedite the process.

17. Due to the problems encountered in liquidating advances to the partner associations who participate in the CPMM, ADB suggested that partner associations can consider a new method where associations will advance the expenses and they will be reimbursed upon submission of acceptable time-cost/distance (TCD) templates to ADB. A new Memorandum of Understanding will need to be signed between ADB and the partner association for this effect. The associations will maintain a record of all CPMM related expenses and will continue to get official receipts and acknowledgement receipts from drivers. The international consultants may review the records during their field visits.

Conclusion

15. The Chairman and the Vice-Chairman thanked the members for the intensive discussions and consensus reached based on their collective wisdom. They also acknowledged the continuous support that has been provided by ADB.

16. Mr. Yuebin Zhang, Senior Regional Cooperation Specialist, ADB summarized the proceedings. He thanked the Chairman for his very valuable contribution in steering the CFCFA in its first year. He also thanked the Vice-Chairman for his innovative ideas and enthusiasm in fostering stronger cooperation and collaboration among the members. He assured the CFCFA leaders and members of ADB's commitment to continue to support the Federation.