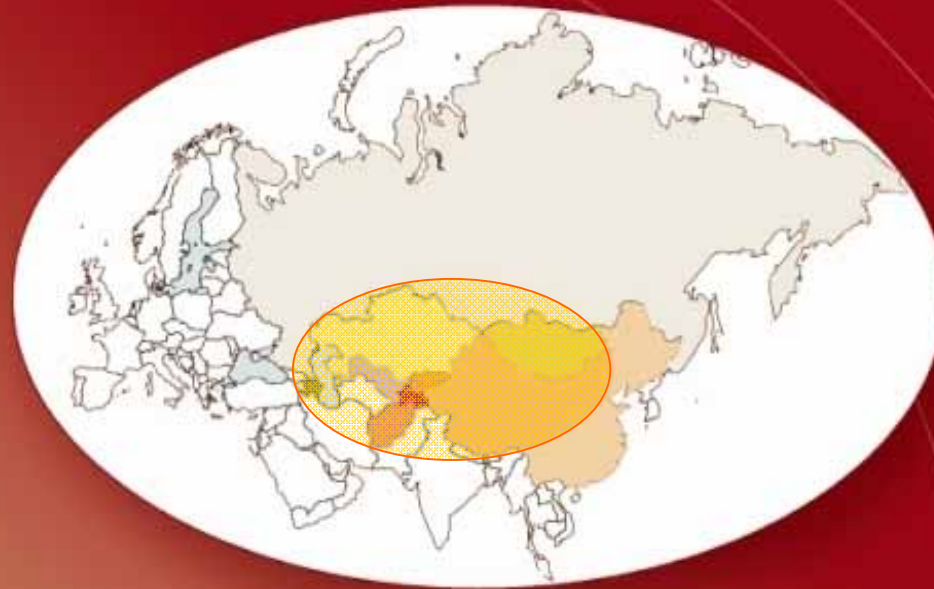




**CFCFA First Annual Meeting
28 July 2010, Urumchi (PRC)**

DETERMINATION OF CFCFA PRIORITY PROJECTS

N. Issingarin – CFCFA Chairman





CFCFA ASSOCIATIONS PROPOSED 13 PROJECTS/TASKS

1	Creation of updatable data base on transport conditions in CAREC countries	By CFCFA (secretariat) and CFCFA member associations	AIRCUZ
2	Creation of CFCFA web portal (website)	<ul style="list-style-type: none"> • new project on creation • development and support by CFCFA 	AIRCUZ, supported by: KFFA, KAZAPO (CFCFA income)
3	System of logistical planning in international transportations	<ul style="list-style-type: none"> • new project, in the framework of it – pilot project for several supply chains 	AIRCUZ
4	Development of human resources: <ul style="list-style-type: none"> ▪ in transport and logistics sector, including barcoding system ▪ FIATA training in CFCFA countries 	<ul style="list-style-type: none"> • by CFCFA associations with participation of international experts • new project 	MNCCI, supported by: KFFA, KAZAPO, recommended by ADB consultant
5	Implementation of unified system of exchanging foreign trade permits and other documents	to be discussed	MNCCI
6	Equipping of customs stations	Within the framework of ADB projects (CPMM) – to investigate crossing points	MNCCI
7	Creation of network of logistics centers in Mongolia	new project	MNCCI
8	Common schedule of work of customs authorities at the Kazakhstan-China crossing points	by CFCFA with the support of ADB	KFFA, KAZAPO, KAZATO, ADB consultant
9	Implementation of CIM/SMGS single consignment note in CAREC countries	by CFCFA with the support of ADB in cooperation with international organizations	KFFA, KAZAPO
10	CFCFA solidary (joint) insurance system	new project of ADB	KFFA, KAZAPO, idea of CIFA
11	System for processing and transfer of preliminary information on cargo	<ul style="list-style-type: none"> • new project of ADB • CFCFA – coordinator of working group 	KFFA, KAZAPO, supported at the international conference
12	Attraction of freight flows to corridor #2 through the development of its technical potential on the basis of public private partnership	<ul style="list-style-type: none"> • new project 	UIFA, supported by: KFFA, KAZAPO,
13	Improvement of forwarding legislation (unified rules, PPP concept, FIATA documents)	<ul style="list-style-type: none"> • new project 	UIFA, concept idea of KFFA, KAZAPO,



CAREC TRANSPORT PROBLEMS WHICH CAN BE CONSIDERED FOR SOLUTION WITHIN THE PUBLIC PRIVATE PARTNERSHIP (SUBMITTED BY ADB)

- imbalanced rail demand and supply creates long waiting time in XUAR;
- insufficient rolling stocks of rail cars in Kyrgyzstan, Tajikistan and Mongolia;
- lack of modern facilities and equipment in Korgas, Ulaanbaatar, and others;
- capacity of Aktau port can become a constraint;
- lack of railway linkage between Kyrgyzstan and China;
- no good quality road linking Zhamyn-Uud-Ulaanbaatar;
- difficulties with cargo transportation on the territory of enclaves (Kyrgyzstan, Tajikistan, Uzbekistan, Kazakhstan);
- problems with transportation on the territory of countries having different railway gauge;
- difficult customs procedures;
- mandatory escort services in Uzbekistan;
- uncoordinated actions of customs authorities of neighboring countries' border posts: different operating hours, different languages, etc. (for road and rail transport);
- visa issuance difficulties for traders from Pamir Region, Tajikistan;
- non-implementation of bilateral and multi-lateral agreements (Uzbekistan, China);
- extortion by controlling authorities practically in all CAREC countries;
- weak state regulation of road transportations, destructive competition drives prices down leaving little or no profits for re-investment into new vehicles;
- lack of financial services for the transport sector;
- shortage of professionals in the transport sphere, and other.



CRITERIA FOR CFCFA PRIORITY PROJECTS SELECTION

The projects can be divided according to their implementation period in:

- short-term projects (tasks)– 1-2 years;
- middle-terms projects – 2-5 years;
- long-term projects – over 5 years.

When choosing short-term or middle-term priority tasks, one need to consider that:

- this is the first year of CFCFA activity, the functions of permanent secretariat are not yet worked out and are being performed partially;
- the process of financing of CFCFA activity takes a long time;
- communication channels between CFCFA members are weak, cooperation with governmental authorities was not built;
- there is lack or not enough information about real situation in CFCFA countries and associations;
- due to incomplete organizational stage of CFCFA, the tasks of a chair country can be solved to a greater degree than the tasks of other countries;
- preference must be given to projects and tasks which are topical for several countries or associations;
- it is required to choose achievable tasks which will show the CFCFA viability.



CFCFA SHORT-TERM PRIORITY PROJECTS

Along with the tasks on **organization of Permanent Secretariat activity, determination of CFCFA financing mechanisms**, we propose to include the following items in 2010-2011 tasks:

I. COMMON SCHEDULE OF WORK OF CUSTOMS AUTHORITIES AT THE KAZAKHSTAN-CHINA CROSSING POINTS (Item 8 of the Table of projects)

Arguments:

- proposed by all three associations of Kazakhstan.
- the task is simple: working schedules of Chinese customs and Kazakhstani customs do not coincide, two customs work together only 5 hours 5 days a week which is a significant barrier
- due to the Customs Union formation many customs specialists become free, they can be used to enable round-the-clock operation

Expected result:

- significant increase of throughput capacity at 3 road and 1 railway crossing points
- reduction of cargo delivery time and cost on these routes
- as a result – increase of freight traffic

Ways of achievement:

- prepare justification of problem solution necessity
- send official letters to governmental authorities of China and Kazakhstan on behalf of CFCFA, associations and ADB
- initiate letters from governmental authorities of Kazakhstan to governmental authorities of China
- initiate negotiations
- monitor implementation and changes in freight traffic



CFCFA SHORT-TERM PRIORITY PROJECTS

(continuation)

II. IMPLEMENTATION OF CIM/SMGS SINGLE CONSIGNMENT NOTE IN CAREC COUNTRIES (Item 9 of Table of projects)

Arguments:

- this project is being successfully implemented in a number of Eurasian states
- among CAREC countries, Azerbaijan and Kyrgyzstan have joined the CIM/SMGS
- it will be effective only if Kazakhstan and China, as well other CAREC countries will join the process
- the project is proposed by two associations of Kazakhstan which have already started the process, the association of exporters of Kazakhstan got involved in it

Expected result:

- accession of CAREC countries to CIM/SMGS will give undeniable competitive advantages to CAREC corridors, facilitate reduction of cost and time of cargo delivery, increase transit freight traffic

Ways of achievement:

- prepare and send justification of CIM/SMGS advantages
- initiate joint discussions with participation of railway, customs authorities, shippers
- carry out PR-activity and involve associations of exporters
- after signing SMGS Appendix – conduct trainings on CIM/SMGS application



CFCFA SHORT-TERM PRIORITY PROJECTS

(continuation)

III. TRAININGS (Item 4 and 9 of Table of projects, Item 14 of CFCFA Plan)

Arguments:

- building the human capacity is always a topical issue, especially for the transport business of CAREC countries
- in CAREC countries the market reforms, the processes of integration and harmonization are not yet finalized, the legislation is being improved, **the forwarding and logistical sector is being formed**
- Organization of trainings should become a CFCFA function and one of the sources of income.

Expected result:

- improvement of service quality, optimization of cost and terms due to improved skills of participating specialists

Ways of achievement:

- it is very important to organize trainings according to FIATA standards in countries with no specialized center
- conduct some other topical trainings with participation of international experts
- monitor the requirements in skills and work out new training programs together with associations



CFCFA MIDDLE-TERM PRIORITY PROJECTS

IV. CREATION OF CFCFA WEBSITE (Item 2 of Table, Item 17 of Plan)

Arguments:

- use of Internet for search of back load (customers) and reduction of empty run (trading platform);
- reduction of delays and decrease of cost due to information on legislation, terms of transportation etc. on CAREC corridors (information platform);
- source of CFCFA income from the use of trading floor, advertisement
- supported by 3 associations

Expected result:

- improvement of service quality, optimization of cost and terms
- permanent income of CFCFA

Ways of achievement:

- develop website concept, technical requirements, promotion program
- develop website (within a comparatively brief period)
- implement promotion program and attract users which will require some time
- regularly update information, develop possibilities



CFCFA MIDDLE-TERM PRIORITY PROJECTS

(continuation)

V. RESEARCH OF POSSIBILITIES FOR FORMATION OF SOLIDARY (JOINT) INSURANCE SYSTEM (Item 10 of Table of projects)

Arguments: the system is successfully applied in China, it increases transportation efficiency

Expected result: protects economic interests of participants and cuts insurance costs

Ways of achievement: study experience of China and other countries, choose the best model and implement the project (possibly with pilot stage in one of the countries)

VI. IMPLEMENTATION OF SYSTEM FOR PROCESSING AND TRANSFER OF PRELIMINARY INFORMATION ON CARGO WHILE MOVING VIA INTERNATIONAL RAILWAY CROSSING POINTS (Item 11 of Table of projects)

Arguments:

- in Kazakhstan such system has been developed, the pilot application confirms its effectiveness
- associations of 5 countries familiarized themselves with the project during KFFA international conference, they support the necessity of implementation of this or similar system

Expected result: simplified transportation, reduction of cost, decrease of cargo delivery time, increase of freight traffic

Ways of achievement: KFFA conference has formed the working group to be coordinated by CFCFA. The project can be implemented with the support of ADB or several international organizations



CFCFA MIDDLE-TERM PRIORITY PROJECTS

(continuation)

VII. ATTRACTION OF FREIGHT FLOWS TO CAREC CORRIDOR THROUGH DEVELOPMENT OF ITS TECHNICAL POTENTIAL AND PUBLIC PRIVATE PARTNERSHIP (Item 12 of Table of projects)

Arguments:

- CAREC corridor №2 lays across 6 (with Turkmenistan 7) countries
- for a number of reasons its capacity is not fully used, also due to insufficient fleet of Caspian basin;
- business is ready to invest in purchase of ferries
- freight transportation on this route is time- and cost-effective, there are potential freight flows which can be self-supporting
- CFCFA can gain income from assistance in participation in this project
- the project is supported by 3 associations

Expected result:

- attraction of freight flows to CAREC corridor
- investment of business in Caspian fleet

Ways of achievement:

- analysis of prospective freight flows, evaluation of possibility and ways of their attraction
- business calculations, development of mechanism of financing and payback
- analysis of legislation in terms of guaranteed return and investments
- implementation of measures on attraction and management of freight flows



THANK YOU FOR ATTENTION!

N. Issingarin - CFCFA Chairman