
Potential Impact of the Customs Union on CAREC Trade Facilitation Program

**Trade Policy Coordinating Committee Meeting
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Key TF Provisions within the CU

- Abolition of customs clearance and control among 3 countries
- Integrated border control unifying transport, veterinary, sanitary and phytosanitary control
- Convergence of veterinary, sanitary and phytosanitary standards, requirements and documents
- Authorized economic operator (AEO)
- Harmonized transit procedures
- Period for post-clearance customs control increased from 1 to 3 years

Importance of KAZ in Trade Facilitation

- Biggest country in CARs and an important trading partner of CAREC countries
- Transit country for other CAR countries to Russia, Europe and the PRC
- 4 out of 6 CAREC corridors go through KAZ
- Corridors 1 and 6 – substantial part in KAZ with significant impact on domestic and regional distribution routes
- 13 out of 29 pairs of Corridor BCPs connect to KAZ
- Better logistics system relative to other CAREC countries

CAREC Customs Cooperation Work Program: 5 Priority Areas

- Simplification and Harmonization of Customs Procedures and Documentation
- ICT for Customs Modernization and Data Exchange
- Risk Management and Post-Entry Audit
- Joint Customs Control
- Regional Transit Development

Impact on CCC Work Program

- Priority Area 1: New Kazakhstan Customs Code drafted in 2009 shelved after CU accession; priorities is to harmonize its regulations with Russia
- Priority Area 4: Kazakhstan has stopped Joint Customs Control Pilot with Kyrgyz Republic
 - 30 April 2011 – Control at BCPs at the Kazakh-Kyrgyz border were tightened
 - 01 July 2011 – CU customs control at the external border of Kazakhstan and Russia

Potential for CCC Work

- Priority Area 1: AEO concept introduced by CU can be incorporated as part of program for “Simplification of procedures”
 - Customs procedures to be made easier under AEO and will facilitate trade by reducing time needed to release goods in CU countries
- Priority Area 3: Notable increase of tariffs in Kazakhstan attracts more smuggling, proper risk management and cooperation will be needed

CFCFA Activities and Work Program

- Corridor Performance Measurement and Monitoring
- CFCFA Business Networking Forum
- Capacity Building
- 3 Working Groups
 - standardization and adoption of international best practices
 - cross-border transport and trade
 - organization and funding

Impact on CFCFA Work Program

- Lack of clarity in the New Transit Declaration (TD) implemented at CU borders resulted in long queues and delays such as in the Dostyk Customs Office
 - Application and introduction of FIATA standards on freight forwarding documents for the CAREC region needs to consider the new TD
- CFCFA capacity building seminars need to be expanded to include CU new procedures and documents

More Work

- CU presents challenges as well as opportunities for CAREC trade facilitation work
- Two sets of surveys to be conducted among 10 CAREC customs authorities and 17 CFCFA member associations respectively
- Need to strengthen cooperation among TPCC, CCC and CFCFA on CU issues
- Need to engage in effect dialogue between CAREC and the CU either on individual country basis or collectively

Thank You

For more information:

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