

REGIONAL CUSTOMS COOPERATION MEETING
Executive Summary
Customs Cooperation Committee
August 20-21, 2002

A Introduction

1. The first Customs Cooperation Committee (CCC) meeting was held from 20-21 August, 2002 in Urumqi, the People's Republic of China (PRC), to discuss and agree on a Common Action Plan¹ and institutional arrangements for the implementation of customs reforms. CCC is a group of heads of customs organizations of a larger regional economic cooperation program of East and Central Asian economies being coordinated and supported by Asian Development Bank. This regional group includes eight participating countries: Azerbaijan, PRC, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan.² CCC was attended by all member economies of the regional economic cooperation program and representatives of ADB and the World Customs Organization (WCO). ADB coordinated and facilitated the discussion on the Common Action Plan and provided the required technical support and background reports and material. Delegates from the WCO delivered presentations on special topics.

2. CCC participants confirmed the significance of and need for customs cooperation. This was perceived to be a timely initiative. All economies expressed their commitment to the program and indicated their resolve to work together. After an extensive discussion of the Common Action Plan, on the whole it was unanimously agreed upon. The institutional framework for implementation of the Action Plan was also agreed upon. The CCC would be the decision-making body to be steered by the heads or deputy heads of customs organizations of the participating countries. CCC has set up supportive working groups and will engage the required expertise to implement specific technical components of the Common Action Plan. CCC discussions benefited from the advice of ADB experts and WCO that has committed to provide the required advice and technical support to CCC and its working group.

B. CCC Endorsement of the Common Action Plan

3. ADB presented a draft for the Common Action Plan which has been prepared after detailed review and consultation on the common and distinct features of member countries' individual action plans and reform programs. This Action Plan includes seven major components:

- (i) Simplification and harmonization of customs documentation;
- (ii) Development of border posts and facilities;
- (iii) Development of simplified transit systems;
- (iv) Data consolidation/information sharing and ICT development for customs operations;
- (v) Development of risk management and post entry audit;
- (vi) Development of a Regional Intelligence System; and
- (vii) Capacity building for regional Customs organizations.

4. The Common Action Plan was endorsed by the delegates, who agreed to provide effective support to implement all the elements of the Plan. It was recognized that the Common Action Plan

¹ The Common Action Plan for Implementation of Customs Reforms is attached as Appendix 1.

² List of officials attending CCC is attached as Appendix 2.

provides a long-term customs reform agenda for the region. ADB plans to provide a regional technical assistance program (\$2 million) to help implement the first phase of the Action Plan over the next two years. In implementing the Action Plan special emphasis will be placed on high priority discrete deliverables.

5. Delegates stressed that some special surveys of member economies should be undertaken soonest to develop base line data and information. This would, among others, cover:

- (i) Survey of customs organizations to assess the commonalities and distinctions between the institutional structure and legal competence of customs based on a WCO model questionnaire;
- (ii) Survey of database and existing information-sharing arrangements and the level and type of computerization -- this will help develop a model of a data exchange system to be pilot-tested before its wider application; and
- (iii) Compilation of the number of border posts, determination of their status, i.e. whether they are unilateral or multilateral, and their work schedule (time of operation).

C. Specific Opinions on the Common Action Plan

6. **Regional Intelligence System.** CCC agreed that the establishment of a Regional Intelligence System may require more reflection and deliberation. It was recognized that at present there are a number of institutions and agencies that perform regional liaison functions to exchange customs intelligence. Regional economies of CCC are currently covered by the Regional Intelligence Liaison Offices under WCO framework that are located in Warsaw, Moscow, and Tokyo. An assessment of the role and function of these bodies and their future is a prerequisite to any formal institutional arrangement that will be proposed at the regional level.

7. Recognizing the need to evolve an intelligence network responsive to regional requirements, WCO is quite flexible on this matter. However, it underscored the need to avoid duplication of effort, develop mechanisms consistent with the WCO structure and approaches, and draw on the Nairobi Convention on the legal exchange of information. Members also need to recognize the complexity of structuring such an agency, given the constraints imposed by member countries' privacy laws, the classification of certain types of information as confidential, and complexity of data transfer until technology compatibility has been achieved.

8. **Joint Border Processing.** CCC members have agreed to undertake more intensive bilateral discussions to agree on which border posts could be selected for launching pilot programs to facilitate clearance in border processing. At this stage, PRC would like to conduct a feasibility study with other regional member economies of a joint border processing project (the site to be identified at a later date). Kryrgyz Republic and Kazakhstan have discussed the possibility of considering Ak-Zhol and Kordai customs posts for joint border processing where there is larger volume of trade turnover. Mongolia requested PRC to examine the feasibility of working on Bulgan (Takashkan). Uzbekistan and Kazakhstan will work on the development of the Zhivek-Zholy/Gishtkopre post and/or Temir-baba and Karakalpakia post.

9. The PRC view, supported by Uzbekistan on particular items, was that border development can be achieved in phases. Over the short term, PRC proposes that all CCC members should start the project by developing the single window concept to enhance customs efficiency, while looking at joint processing at selected borders as a long-term goal. This was considered a practical approach, as joint border processing requires (i) adoption of harmonized standards and procedures which in turn calls for member economies to amend their customs codes and procedures, and (ii)

coordination among several agencies responsible for different areas such as the police force, quarantine office, immigration office, etc.

10. **Development of Transit Systems.** Landlocked countries (such as the Kyrgyz Republic and Tajikistan) place high importance on this component of the Action Plan and sought the support of CCC participants in facilitating the development of entry posts. Some economies requested financial support for adequately equipping these entry posts.

D. Institutional Framework

(i) Customs Cooperation Committee

11. CCC will meet twice in 2003 to assess progress in the implementation of the Common Action Plan. CCC will provide the required resources to support the various initiatives.

(ii) Working Groups³

12. CCC has constituted the following groups to ensure the effective implementation of the Common Action Plan:

- a. Working Group on Simplification and Harmonization of Customs Procedures. This working group will be in charge of implementing:
 - Simplification and harmonization of customs documentation;
 - Development of border posts and facilities;
 - Simplified transit systems;
- b. Working Group on Customs Control, Risk Management and ICT Development. This working group will be in charge of implementing programs related to:
 - Data consolidation/information sharing and ICT development for customs operations;
 - Development of risk management and post entry audit; and
 - Development of a Regional Intelligence System;

13. CCC members will appoint relevant officials with the required expertise to implement the specific elements of the Common Action Plan as assigned to the working groups. This list of experts will be submitted to ADB by 15 September 2002. CCC members chairing and co-chairing will start the operationalization of the major elements by 30 September 2002. ADB will provide technical support to the working groups by appointing a team of international and domestic consultants in the required areas of expertise.

(iii) Task Force

14. CCC will set up a Task Force on Implementation of Pilot Programs for Development of Border Posts. This task force will include officials of Customs organizations of member economies who deal with cross-border matters. All economies that are interested in the development of cross-border facilities will join this group.

³ Appendix 3 provides information on which countries will chair and co-chair the expert groups.

E. Training Program for Customs Officials

15. ADB will work with member economies to launch at least one regional training program and three special modules to be provided for the customs authorities in-country (by a team of experts) annually on specific topics. The first training program will be launched in Almaty (tentatively in November 2002) and will focus on developing an understanding of the Revised Kyoto Convention, harmonization and simplification of procedures, risk management and post-entry/compliance audit. In 2003, ADB will work with the World Trade Organization (WTO) to support the WTO-ADB and other multilateral/bilateral collaborative initiatives to discuss issues in the Doha agenda and also to provide more direction on issues of WTO accession. Two sessions will be held in 2003, one of which is being organized in PRC and the other in Tbilisi.

16. PRC has offered its Urumqi Training Institute and Azerbaijan has offered its Regional Training Center (set up in collaboration with WCO) to host regional training programs.

17. ADB will further coordinate in-country programs consisting of two-week courses that will focus on all critical elements of the Common Action Plan. These training programs will be dedicated to working-level officials. ADB will finance the cost of instructors and trainers, while host economies will bear the cost of logistics of the training programs, including premises and other incidentals.

F. Role of the World Customs Organization (WCO)

18. WCO delegates made presentations on Overview of the WCO, Integrity in Customs, Revised Kyoto Convention, Risk Management, Capacity Building, and Administration of the WTO Valuation Agreement. WCO provided effective advisory inputs to the Common Action Plan and agreed to furnish ADB with model questionnaires and surveys in different areas that will be sent to the economies. WCO will also look at what information is available in-house that can be shared, subject to member consent, to consolidate the region's customs profile and related information. Kyrgyz requested the WCO to assist it with the survey to assess the institutional structure and legal competence of Customs. The WCO expressed the view that it would endeavor to identify an expert if this became part of the Common Action Plan or if it could be accomplished within the context of the WCO's own initiative to conduct a similar survey of its members.

G. Role of ADB

19. ADB will be providing overall coordination and secretariat support to the CCC and its working groups/task force constituted. A proposed ADB TA is expected to finance experts to prepare technical material for specific elements of the Common Action Plan. CCC participants will provide support to the ADB technical team and make available office space and information needed for each of the components of the action plan. ADB will finance a part of the costs of the implementation of the Common Action Plan in accordance with the terms of reference (TORs)⁴ that have been furnished and endorsed by all members of CCC. ADB, with support of the member economies, will explore alternate funding sources for financing the activities of the working group.

H. Steps to Be Taken

20. Follow-up actions to be taken by all CCC meeting participants are as follows:

⁴ See Appendix 4.

- (i) CCC will constitute formally the Working Groups. PRC (in collaboration with CCC participants) will operationalize the Working Group on Harmonization and Simplification of Customs Procedures and Uzbekistan (in collaboration with other CCC participants) will operationalize the Working Group on Custom Control, Risk Management and ICT Development. The working groups will include a road map of what needs to be done in the next twelve months on specific components of the Action Plan and the details of resources and support requested from CCC members;
- (ii) Kazakhstan will work out the detailed TORs for the Task Force on Implementation of Pilot Programs for Development of Border Posts;
- (iii) Kyrgyz Republic, Azerbaijan and Tajikistan will work together to develop a special note on existing developments and programs on transit arrangements being pursued in the region;
- (iv) All economies will furnish a list of donor-sponsored activities that have been launched in areas covered under the Common Action Plan;
- (v) CCC members will provide a roster of experts⁵ who will coordinate implementation of specific components of the Action Plan and work out a schedule of work plans for these expert groups, including logistics and funding requirements and cost-sharing arrangements;
- (vi) All economies will send no objection to the ADB's Regional TA program;
- (vii) WCO will furnish survey/questionnaire templates, provide background information and a model for the regional intelligence network, and in-house data and information that can be shared with members' consent; and
- (viii) ADB will provide support for the working groups and a team of experts that will be put in place after the Regional TA Program has been approved. ADB will explore the possibility of a web site for better exchange of information among CCC participants. This web site will be made functional by ADB and its maintenance will be the responsibility of the CCC participants on a rotation basis.

21. The CCC participants reaffirmed their commitment to the Common Action Plan and agreed to provide the required support and assistance to the various initiatives with focus on deliverable outputs. Trade facilitation through improved customs efficiency and strengthening of customs administration and their governance is perceived to contribute to promoting trade flows.

⁵ Appendix 5.