



# FACILITATION OF REGIONAL TRANSIT TRADE IN CAREC TA 8586

Interim Workshop  
26–27 July 2016,  
Almaty

# OUTLINE

1. Significance of TA 8586
2. Issues surrounding regional transit
3. Objectives of TA 8586
4. Activities under TA 8586
5. Next Steps

# SIGNIFICANCE OF THE TA

- ❑ The TA was included in Implementing CAREC 2020 Strategic Framework: Wuhan Action Plan.
- ❑ Trade facilitation, one of the 4 priority sectors in CAREC.
- ❑ Regional transit development, one of the 5 priority areas of the Customs Cooperation Committee.

# SIGNIFICANCE OF THE TA 'CONT'D.

- ❑ CAREC countries' international trade involves external customs transit.
  - Landlocked geography.
  - Most trade with noncontiguous countries.
- ❑ Even some domestic trade involve customs transit through another CAREC country.
  - Transport networks inherited from the former Soviet Union crisscross the national borders.

# ISSUES: REGIONAL TRANSIT

- ❑ Poorly designed and implemented customs transit regimes.
- ❑ Multilateral agreements articulate only broad goals as policy directions for developing regional transit systems.
- ❑ Bilateral agreements do not give sufficient consideration to other parties' interests.
- ❑ Existing agreements are not always in accordance with the WCO's general principles of customs transit.

# ISSUES: REGIONAL TRANSIT *CONT'D.*

- ❑ National transit regimes are limited to national territory.
  - No chain guarantee linking adjacent countries.
  - Separate transit documents in several countries.
  - Separate guarantees in several countries, costly.
  - Convoying, high fee and time consuming.
  
- ❑ TIR is not cost-effective for short-distance movements within CAREC
  - Its fixed costs are too high for most transport operators from Central Asia

# ISSUES: REGIONAL TRANSIT *CONT'D.*

- ❑ Lack of regional cooperation inhibits transit movements.
  - Lack of mutual recognition of customs control procedures, and customs seals and stamps.
  - Inadequate regional guarantee systems.
  - Construction of new roads to avoid transit through a neighboring country.

# OBJECTIVE OF TA 8586

- ❑ To identify options for the establishment of an effective and affordable corridor-based customs transit regime for CAREC.
- ❑ To determine the feasibility of implementing a pilot customs transit regime along a priority corridor involving 2 or more countries.



# STATUS OF ACTIVITIES UNDER THE TA

ACTIVITIES/REPORTS	STATUS
1 Transit Flows presented at the 14 <sup>th</sup> CCC Meeting (Aug 2015)	Report endorsed by participants
2 Proposed Regional Transit Guarantee Mechanism	Internal review by ADB done; to be presented tomorrow
3 Legal and Regulatory Framework	ADB internal review on-going
4 IT System for Transit Regime	To be started 3rd Q 2016

# NEXT STEPS

- ❑ Final report
- ❑ Approval to pilot in 3 countries
- ❑ Pilot Project included in proposed new technical assistance project



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**THANK YOU.**