

**Statement of the Seventh Meeting of the Customs Cooperation Committee
under the Central Asia Regional Economic Cooperation (CAREC) Program
8–9 September 2008 • Issyk-Kul, Kyrgyz Republic**

A. Introduction

1. The Customs Cooperation Committee (CCC), held its Seventh Annual Meeting (the Meeting) in Issyk-Kul, Kyrgyz Republic on 8–9 September 2008 to review progress made since its inception in 2002, and also to review the CAREC joint transport and trade facilitation strategy. The new strategy was presented to and endorsed by the CAREC Ministers during their annual meeting in Dushanbe, Tajikistan in November 2007.

2. The Meeting brought together heads/deputy heads and their representatives of customs administrations from Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, People's Republic of China (PRC), Tajikistan, Turkmenistan, and Uzbekistan. Aside from CAREC participating countries, representatives from international and bilateral organizations, including German Technical Cooperation (GTZ), Organization for Security & Cooperation for Europe (OSCE), United Nations Economic Commission for Europe (UNECE), and United States Agency for International Development (USAID) actively participated.

3. To facilitate effective discussion, the program agenda of the Meeting was designed to focus on priority areas of customs cooperation under the CCC framework established since its inception in 2002. These include issues related to (i) rationalization and simplification of customs procedures, such as harmonization with international standards, joint customs control, and regional transit development; (ii) investments both in information communication technology (ICT) and in human resource capacity building, as well as in data exchange; and (iii) critical operational customs issues for trade facilitation such as risk management/post-entry audit; and customs intelligence/prevention of customs offences. The Meeting also discussed ways to strengthen CCC's implementation capability for achieving results.

4. In addition to reviewing progress made in priority areas in the past year and planning for new activities of customs cooperation, the Meeting heard a presentation by CCC Secretariat on the CAREC Joint Transport and Trade Facilitation Strategy (TTFS) and its Action Plan, discussed and proposed an organizational structure to enable CAREC to pursue joint trade and transport facilitation activities while allowing CCC to focus on customs cooperation issues.

5. The Meeting also heard a presentation of Mr. Mario Apostolov of UNECE on issues related to single window systems and data harmonization in line with international standards.

6. The participants at the Meeting expressed their gratitude to the Customs Administrations of Kyrgyz Republic for their warm hospitality and for being the most generous host, as well as for the very efficient arrangements for the meeting together with the ADB, acting as the CCC Secretariat. The participants appreciated efforts made by all the CCC member customs officials for the very informative presentations on various issues and the presentation by UNECE on the topics of single window and data harmonization in line with the international standards, which was timely given that many CCC member countries are embarking on single-window development process.

7. The Meeting reaffirmed its commitment in assuming the lead role in promoting regional customs cooperation initiatives through concerted customs reforms and

modernization efforts and deepened regional cooperation, interagency coordination and public-private partnership.

B. Progress and Future Work Program in Priority Areas

8. Successful factors of the CCC program are well recognized. These include camaraderie among the region's customs officials; up-to-date and effective capacity building programs; and concrete achievements through bilateral cooperation. However the previous CCC meetings also noticed that there was still room for improvement, including the need for (i) a more consistent approach in all CCC member countries; (ii) enhancing project implementation capability; (iii) improving coordination with other trade related agencies and stakeholders; and (iv) achieving concrete results, in particular multilaterally.

9. The Meeting noted with satisfaction progress achieved since the Sixth CCC Meeting, particularly on issues marked for improvement earlier. The Meeting recommended a number of initiatives which need regional coordinated efforts at CCC level, and requested continued assistance from ADB. Details are the following:

Rationalization and simplification of customs procedures, joint customs control, and regional transit development

10. Regarding simplification and harmonization of customs procedures in line with international standards, most CCC members adopted new Customs Codes that are compliant with the revised Kyoto convention. Afghanistan adopted the new Customs Law last year that streamlined 27 procedures. Uzbekistan submitted a draft of the new Customs Code to the Government which is also revised Kyoto convention compliant. Significant progress was noted in joint customs control efforts, where a number of pilots are being implemented and more are being prepared between Kazakhstan and PRC, Kazakhstan and Kyrgyz Republic, and Mongolia and PRC. In addition to continued efforts for better application of TIR carnets, a number of initiatives are also proposed and will be pilot tested to facilitate regional transit, including those between Kyrgyz Republic and Tajikistan and between Kyrgyz Republic and Kazakhstan. Kazakhstan customs has developed the "safe packet" system which is being introduced through pilots with the Kyrgyz Republic. The plan is to implement similar projects with PRC, Tajikistan and Uzbekistan

11. Significant progress was witnessed in the development of the single window (SW) scheme in a number of CAREC participating countries as part of the effort to simplify and streamline all trade-related government services and functions. Governments of Kyrgyz Republic and Mongolia have officially endorsed a policy and organizational framework leading to SW development. Substantial work has also been done in Azerbaijan and Kazakhstan. Other CCC member countries also made strides in this area, with most of the work led by customs authorities.

12. ADB suggested that further pilot joint customs control should be considered at border crossing points along the identified CAREC transport and trade corridors, with available ADB financial and technical support. The Meeting requested for ADB's continued support for regional transit pilot schemes that will include performance monitoring and benchmarking, with a view to replicating the successful schemes for wider application in the region. The Meeting recommended adoption of international standards in SW development among CCC members, with a view for potential development of a regional SW agreement. Adoption of international standards and following best practices would also facilitate the streamlining of

data and information exchange among CAREC members. The Meeting requested continued ADB support in investment and capacity building in SW development.

Information communication technology, data exchange and capacity building

13. The Meeting is satisfied with the progress regarding ICT development in a number of CCC member countries, including in Afghanistan, where the ASYCUDA system is in full operation in Kabul and is being installed in major customs houses in other parts of Afghanistan; in the Kyrgyz Republic, Mongolia and Tajikistan where ADB projects for customs modernization are progressing smoothly, and effectively becoming integral parts of SW development in these countries; and in Uzbekistan where the functionality of the Uniform Automated Information System has been expanded to provide linkages to transport operators and relevant ministries and agencies. Regarding data exchange, PRC and Kazakhstan customs have made significant progress in analyzing causes of discrepancies in trade statistics.

14. The PRC Customs and ADB co-sponsored two training programs at the Shanghai Customs College with commendable results. PRC Customs indicated that they will continue the program with similar frequency in the future. The most immediate one will be on joint customs control to be held in Guangzhou in November 2008. Kyrgyz Customs training center has a well designed training of trainers program and maintains an active relationship with the Russian Customs College. The regional training center of the World Customs Organization's (WCO) is located in Baku, where with assistance of Azerbaijan Customs Committee, many regional and international events are held.

15. The Meeting recognized that capacity building is important for customs in the region to help them achieve their goals. The Meeting recommended that a study should be carried out for CCC with the support of ADB to (i) assess training needs not only for customs but also for the broader array of stakeholders involved in trade facilitation; (ii) identify available institutional, financial and human resources both at regional (e.g., at CCC and CAREC Institute level) and national (e.g., customs colleges and training centers) levels; (iii) design standard curricula and tailor-made programs; and (iv) recommend a capacity building framework for trade facilitation that best matches the available resources with identified training needs. The Meeting also recommended the establishment of a common information space to exchange information on available training programs and materials offered by various development agencies.

Risk management/post-entry audit, customs intelligence/prevention of customs offences

16. Systematic approach to risk management and post-entry audit is being adopted in many CAREC participating countries, notably in Azerbaijan, Kyrgyz Republic, Kazakhstan, and Uzbekistan. Most CAREC members also established bilateral agreements with neighboring countries on exchange of information for customs intelligence and prevention of customs offences. However there are glitches in exchange of customs intelligence particularly between CIS and non-CIS member countries. There is also a need to strengthen ties between customs authorities and other law enforcement agencies both internally and regionally.

17. The Meeting requested ADB's technical assistance and funding support in areas of prevention of customs offences. The support will be in the form of specific training, enhancement of the framework on exchange of customs intelligence, and establishment of a more streamlined coordination mechanism with other law enforcement agencies in the region. The Meeting considered a proposal to formally establish a liaison mechanism under the CCC umbrella for customs intelligence exchange and management.

Strengthen CCC's implementation capability for achieving results

18. Internally, CCC is organized into two working groups, one task force and four expert groups. Such organization is effective in bringing forward agendas and engaging in discussions. CCC is coming to a stage of maturity and it is now capable to implement and be accountable for initiatives it carries forward. Based on the fact that the Task Force to initiate pilot-testing of joint customs control (chaired by Kazakhstan) is functioning satisfactorily, the Meeting discussed the possibilities of establishing more focused task forces for better implementation of initiatives, and better budget planning for financial support and technical assistance. Task forces being considered at the moment will include those to cover issues such as joint customs control, regional transit, capacity building, knowledge products, single window development, and performance measurement and monitoring, among others.¹ The Meeting suggested to interested CCC members to bring forward their proposals to establish task forces (e.g., objectives, project scope, costing, and implementing plan) for other CCC members and CCC Secretariat to review. Those proposals that involve bilateral, multilateral and regional cooperation under the CCC framework will receive higher priority for support.

C. Proposed an organizational structure for CAREC to pursue joint trade and transport facilitation

19. The Meeting decided that CCC should keep its focus on regional customs cooperation issues. Integrated trade facilitation mandate envisaged by the TTFS Action Plan should be taken up by the respective national joint trade and transport facilitation committees and the CAREC Regional Joint Transport and Trade Facilitation Coordination Committee, to be composed of representatives from the national committees, should cover regional issues.²

D. Other businesses

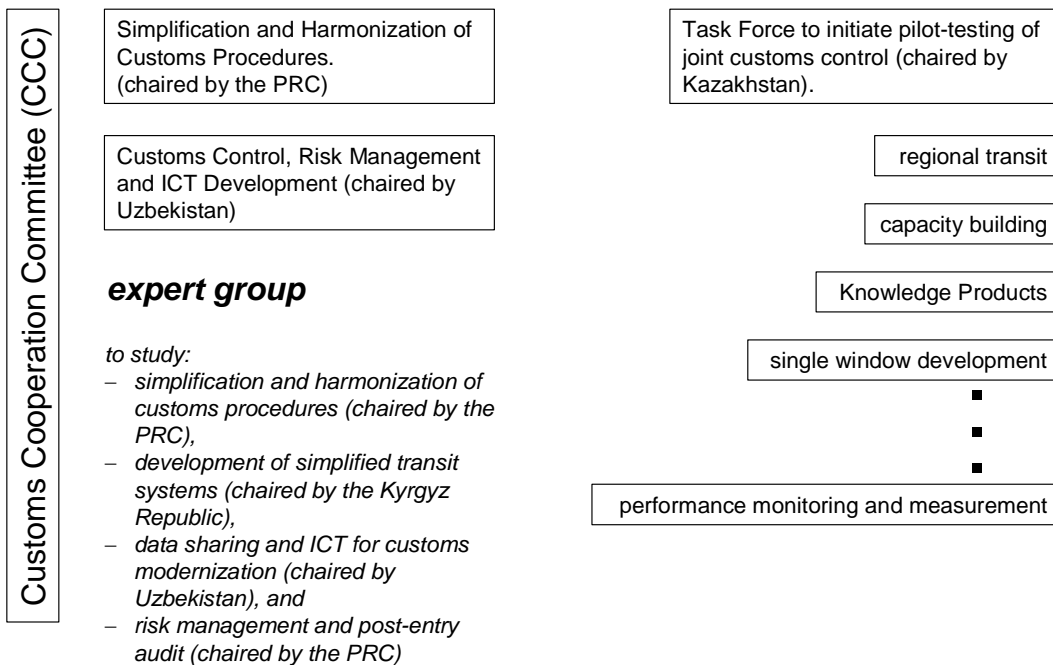
20. The Meeting considered the request by the CAREC Secretariat to select the future host for CCC Meetings to be the same host country for the Ministerial Meeting and Senior Officials Meeting (SOM). The request is based on considerations for better coordination with other CAREC committees and cost efficiency in travel and venue preparation. The Meeting proposed to check if CCC can complete the first round of rotation among CCC members before considering to following the same rotation as the Ministerial Meeting and SOM. At the moment, the CCC Meeting has gone through 7 member countries and the next and last host, according to the order of rotation, would be Tajikistan. Tajikistan delegates requested ADB to send them a formal letter regarding this matter.

¹ See Appendix 1 for the proposal to add more task forces.

² See Appendix 1 for proposed CAREC Regional Joint Transport and Trade Facilitation Coordination Committee structure

Working Group

Task Force



Proposed Organizational Arrangement

