CAREC Conference on Digital Trade and Innovations
23 September 2021

1.   The Conference was co-organized by ADB, UNESCAP and CAREC Institute and chaired by Mr. **Samad Garalov**, Director of Head Department on Customs Control and Trade Facilitation, State Customs Committee, Azerbaijan. Ms. **Emma Fan,** Director, Public Management, Financial Sector, and Regional Cooperation Division (EAPF), East Asia Department, ADB and **Yann Duval,** Chief, Trade Policy and Facilitation Section, Trade, Investment and Innovation Division, UN ESCAP, delivered some opening remarks.

Session 1: Digital and Sustainable Trade Facilitation in CAREC: Progress on the Framework Agreement and 2021 Report Launch

2.   Ms. **Soo Hyun Kim**, Economic Affairs Officer, UNESCAP, reported progress on the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific, which entered into force on 20 February 2021. Azerbaijan and PRC have acceded and other countries are urged to expedite ratification in order to join regional dialogues in 2022. The *Digital and Sustainable Trade Facilitation Report: CAREC 2021* jointly conducted by UNESCAP and CAREC Institute, shows clear progress implementation from 2019 to 2021. The greatest improvement was in cross-border paperless trade, although still a challenge. Digital trade facilitation measures lead to much larger reductions in trade costs than do basic WTO TFA measures, i.e. 16.9% vs. 5.9%. Mr. **Ghulam Samad**, Senior Research Specialist, CAREC Institute, reported that most CAREC countries have a legal basis for migrating to electronic phytosanitary certification. Uzbekistan is the first to exchange ePhytos under the IPPC's Hub, while PRC has participated in the pilot-testing of the hub. The rest of CAREC countries must adopt harmonized and standardized exchange protocols and upgrade their systems.

Session 2: CAREC Digital Strategy 2030

3.   Mr. **Vishal Aditya Potluri,** Young Professional, ADB presented the draft CAREC Digital Strategy 2030, which has the following strategic objectives: (i) promote investment in broadband infrastructure, (ii) harmonize digital and data legislature, (iii) reduce barriers to cross-border trade, (iv) empower digital transformation at the sectoral level, (v) develop digital skills and competencies, and (vi) strengthen CAREC's innovation ecosystem. Activities in digital trade will be in the areas of e-logistics, e-commerce, and cross-border services and e-Customs. Once endorsed at the Ministerial Conference in November 2021, implementation will begin in 2022. A Steering Committee will work with the RTG and CCC to identify priority activities and ensure coordination with various sectors. Ms. **Dorothea Lazaro**, Regional Cooperation Specialist, EAPF, ADB, who moderated sessions 1 and 2 underscored that digitalization, paperless trade and e-commerce are priorities under the CAREC Integrated Trade Agenda (CITA) 2030 and implementation will be closely linked with the Digital Strategy 2030.

Session 3: Digital Innovations in Trade – Experience from CAREC

4.   Country representatives presented their trade facilitation initiatives with the use of digital technology. **Azerbaijan,** according to Mr. **Eldar Abbasov**, Director of Head Department on Technological Innovations and Statistics, State Customs Committee, is utilizing block chain technology called TradeLens which is integrated into its Customs management system and enables the tracking of cargo, data mining, and data sharing e.g. certificates of origin from Georgia are processed using distributed ledger technology. Smart Customs system facilitates processing of e-commerce consignments while safeguarding revenues, and two applications on smartphones enable importers to declare their purchases.

5.   In the PRC, Ms. **Zhu Yuping,** First Secretary, Department of Trade and Economic Affairs, Ministry of Commerce, the Internet+Customs initiative uses big data, a single window provides information on procedures and requirements and can be accessed via mobile devices, and e-payment systems are in place. Cross-border e-commerce comprehensive pilot areas test innovative policies and technologies. PRC actively pursues regional cooperation through memorandums with countries and bilateral exchange programs such as connecting with single windows of other Customs.

6.   In Georgia, according to Mr. **Samson Uridia,** Head of International Relations Department, Georgia Revenue Service, digitalization is an explicit goal, and their highly effective Customs e-system enables customers to access their services, while pre-declaration information is received from companies. Data exchange with Azerbaijan on the certificate of origin (COO) uses block chain technology. The system must adapt to the needs of economic agents and digitize administrative documents.

7.   The **Country chair** proposed including the suggestion of e-invoice and e-CMR (Contract for the International Carriage of Goods by Road) in the CITA 2030's rolling strategic action plan, as well as in the draft CAREC Advanced Transit System (CATS) Agreement. He also proposed engaging other interested CAREC members in the CATS agreement, given it will promote transit, and strongly encouraged ADB and CAREC to ensure that it will be signed.

8.   Kazakhstan, according to Mr. **Erbol Dauletbekovich Medeyov**, Deputy Director of the Department of Digitalization, is digitalizing Customs procedures, integrating logistics with postal services, supporting exporters' participation in international marketplaces e.g. Alibaba, Amazon, Yandex, Ozon, Shopify, and promoting KazanExpress. Payments procedures will be simplified, complemented by an authorized operator scheme.

9.   In the Kyrgyz Republic, Ms. **Biubiusara Toktonalieva,** Director of Trade Policy Department, Ministry of Economy and Finance, digital transformation and e-trade are a priority of the National Development Strategy 2018-2040 towards "Digital Kyrgyzstan 2019-2023". Draft law on e-commerce is being reviewed, changes in Tax Code and other laws were introduced; regulations cover banking services. The modern national payment system Elcart functions well. The Tunduk e-governance initiative offers 510 public services online, and Customs single window is operating. A five-year program to develop e-commerce will be implemented.

10.   Mongolia, according to Ms. **Tsendsuren Davaa,** Senior Customs Officer, International Cooperation Division, Customs General Administration, introduced e-governance law recently and has a 4-year Digital Customs strategy. A web-based customs clearance system, joint e-manifest with PRC, paperless clearance at some border crossing points are in place, and the electronic Single Window will be implemented in 2022.

11.   Pakistan, according to Mr. **Faisal Suhail Butt,** E-Commerce Expert, Ministry of Commerce, will launch its e-Single Window soon, having passed the Single Window Act in 2021. Aside from clearance, licensing and permits, it will enable e-commerce including payments. The business-to-consumer (B2C) export framework removed the requirement for Form "E", and business-to-business-to-consumer (B2B2C) export framework will facilitate sales through international online marketplaces. Laws and regulations facilitate e-payment, a regulatory sandbox is in place, and the post is being digitalized to support last-mile delivery.

12.   For Tajikistan, Mr. **Lochin Faizullozoda** Director of State Unitary Enterprise Single Window Center, Customs Service, reported that the Single Window system at Customs started operating in 2020, and processes up to 22 permit documents and certificates, allows payment through electronic wallet, and is integrated with the systems of the Tax Committee, National Bank of Tajikistan and Alif Sarmoya Bank.

13.   In Turkmenistan, Mr. **Atamurat Rakhmanov**, Head of Customs Procedures Automation Department, State Customs Service, conveyed that digital technology is a priority. ASYCUDA covers all Customs formalities and a single window is being implemented with 16 agencies. E-declaration is fully in place, pre-arrival information is provided by companies, and postal service is using the special customs declaration forms for postal items CN22 and C23. Risk management requires a minimum set of information and is critical; as are quality and completeness of data for effective customs control, and the de minimis threshold.

14.   Uzbekistan, according to Mr. **Shukurullo Muminov,** Head of Division, Department for Implementation of Advanced and Innovative Methods of Customs Administration, State Customs Service, is undertaking major Customs reforms following a 2020 Presidential Decree, giving special attention to e-Customs, using IT and new technologies to become a fully digital Customs such as the portal, electronic mobile services for payment, e-bank, e-cabinets, equipment at border crossing points. The Single Window connects 12 organization, issues 60 different permits, and exchanges information with 7 other Customs administrations.

Presentation materials are available at the: http://carecprogram.org/?event=carec-conference-on-digital-trade-and-innovations