

**Statement of the Eighth Meeting of the Customs Cooperation Committee
under the Central Asia Regional Economic Cooperation (CAREC) Program
15–16 September 2009 • Dushanbe, Tajikistan**

A. Introduction

1. The Customs Cooperation Committee (CCC), held its Eighth Annual Meeting (the Meeting) in Dushanbe, Tajikistan on 15–16 September 2009 to review progress made since its inception in 2002, and since endorsement of the CAREC Joint Transport and Trade Facilitation Strategy (TTFS) by the CAREC Ministers in November 2007.
2. CAREC CCC continues to function as the lead group for trade facilitation after CAREC adopted the joint transport and trade facilitation strategy and action plan in 2007 – 2008. CCC not only remains to serve as the main platform for customs cooperation issues but also provides significant leadership and support to the overall integrated trade facilitation efforts of CAREC.
3. The Meeting brought together heads/deputy heads of customs administrations and their representatives from Afghanistan, Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, the 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), World Customs Organization (WCO), United Nations Development Program (UNDP), and United States Agency for International Development (USAID) attended the meeting and actively participated in discussions.
4. To facilitate effective discussion, the agenda of the Meeting was designed to focus on the priority areas of customs cooperation under the CCC framework established since its inception in 2002. These priorities include: joint customs control; regional transit development; simplification and harmonization of customs procedures; information communication technology (ICT) and single window (SW) development; risk management and post entry audit; as well as capacity building.
5. In addition to reviewing progress made in these priority areas over the past year and planning for new activities of customs cooperation, the Meeting heard a presentation by Mr. Shoichi Asano of the WCO on the WCO "Roadmap" for implementation of its "Customs in the 21st Century" initiative, with particular emphasis on new priority areas, namely governance, capacity building, and research as well as recent activities of the WCO. Particular interest was expressed in the WCO's Data Model (version 3) which can serve as the corner stone for harmonization and simplification efforts as well as SW development. The WCO's work on Globally Networked Customs and Coordinated Border Management could also be of assistance to the CCC program. Importance of coordination of the capacity building activities in this region was also recognized.
6. The participants at the Meeting expressed their gratitude to the Customs Service of Tajikistan for their warm hospitality and for being such generous hosts, as well as for the very efficient arrangements for the meeting made with the support and assistance of ADB, acting as the CCC Secretariat. The participants appreciated the considerable efforts made by all the CCC member customs officials for the very informative presentations on various issues, the presentation of WCO on data standardization, the GTZ-Kyrgyz Customs presentation on single window experience in the Kyrgyz Republic, and the results of the Training Needs Assessment and future plans for building up the capacities of customs administrations in the region.
7. The host country, Tajikistan, has made significant progress in recent years in areas of trade facilitation, including modernization of border crossing points (BCPs) and the ICT system,

development of a national strategy for SW, adoption of the Single Administrative Document approach for designing transport and customs processing related forms. As the result, Tajikistan has achieved great progress in the "Doing Business" survey of the World Bank, and was ranked last year as one of the top 10 countries showing greatest improvement.

8. Meeting participants reaffirmed their commitment to pursue customs modernization initiatives and to further deepen regional cooperation, interagency coordination and public-private partnerships.

B. Progress in Priority Areas

9. The positive contributions made to date by the CCC forum are well recognized. These include camaraderie and frequent correspondence between and among the region's customs officials; recognition of the benefits to be derived from increased regional cooperation; and concrete achievements through bilateral cooperation. Open communications and periodic meetings have heightened awareness of the CAREC customs officials on the need for further improvement in the work of the CCC, including (i) a more consistent approach by all participating member countries on matters of regional significance; (ii) enhancing project implementation capabilities; and (iii) improving coordination with other trade related agencies and stakeholders.

10. The Meeting noted with satisfaction progress achieved since the Seventh CCC Conference, particularly regarding the implementation of the CAREC Joint Transport and Trade Facilitation Strategy. Toward this end, the Meeting recommended a number of initiatives which require active regional coordination at the CCC level, and requested continued assistance from ADB. Discussions during the meeting included the following:

1. Joint Customs Control

11. Significant progress was noted in joint customs control (JCC) efforts by several CCC members. PRC and Kazakhstan have developed a unified cargo manifest, the introduction of which is the first step leading towards JCC between the two countries. This development has led to improved customs clearance efficiency at selected pilot BCPs. Kazakhstan also reported that it has introduced pilot JCC at one BCP with Russia in 15 Kazakh-Russian borders in formalizing a customs union with Russia as initial steps in the process of establishing the Customs Union with Russia and Belarus and signed an agreement on cooperation when conducting joint control at the Kazakh-Russian border. After this Agreement is ratified, joint customs control will be implemented in all Kazakh-Russian BCPs. Mongolia also reported on its efforts to intensify joint customs control efforts with Russia and the PRC.

12. ADB suggested that further pilot JCC exercises should be considered at BCPs along the identified CAREC transport and trade corridors, with available ADB financial and technical support for improved border infrastructure and streamlined procedures. It is also important to quantify improvements from the introduction of JCC measures.

2. Regional Transit

13. Lively discussions focused on the Kyrgyz Republic's "safe packets" pilot project at three border posts with Kazakhstan. "Safe Packets" were initially used by Kazakh customs for internal customs transit procedure to prevent the illegal replacement and forging of customs documents. The customs administrations of Kazakhstan and the Kyrgyz Republic (the Parties) agreed to use "safe packets" for the movement of goods and vehicles between the Parties. The Parties reported that within a short period of time the pilot testing of the "safe packet" system yielded

positive results and the Parties proposed to expand the use of "safe packets" in regional trade, in particular from the view point of mutual recognition of "safe packets" for transit of goods and vehicles via their territories

14. The Meeting requested ADB's continued support for regional transit pilot schemes that are more cost-effective for the small carriers and forwarders and also include performance monitoring and benchmarking, with a view to replicating the successful schemes for wider application in the region.

3. Simplification and Harmonization

15. Tajikistan reported on its ongoing comprehensive effort to improve customs procedures and reduce the number of forms based on single administrative document approach in order to meet the deadline of January 2011 set by EurAsEC. Other countries in the region that belong to EurAsEC are likely to follow suit.

4. Single Window

16. Good progress was reported in the development of the single window (SW) scheme in a number of CAREC participating countries as part of their efforts to simplify and streamline all trade-related government services and functions. Azerbaijan reported very significant reduction in cross-border processing time after the government delegated both SW development and most border control activities to the customs service. The Governments of the Kyrgyz Republic, Tajikistan, and Uzbekistan have enacted legislation endorsing the development of a SW; Kazakhstan has established an Operations Administration Center to monitor the movement of vehicles under customs control, developed draft laws envisaging the delegation of functions of transport, veterinary and phyto-sanitary, and sanitary and epidemiological control at the border to the customs services. Kazakhstan also submitted the Concept for establishing the SW for international trade. Mongolia is actively fleshing out its SW strategy.

17. The Meeting recommended the adoption of international best practices and standards in national SW development with the view of facilitating standardized data and information exchange among CAREC members. The meeting recognized the important role that WCO and other development partners can play in sharing with CAREC members the experiences of national SW as well as regional SW development from other countries/regions. The Meeting requested continued ADB support for investment and capacity building in SW development.

5. Risk Management and Post entry audit

18. Systematic approaches to risk management and post-entry audit have been adopted in many CAREC participating countries, notably in Azerbaijan, Kyrgyz Republic, Kazakhstan, and Uzbekistan. Capacity building programs were organized by CCC to upgrade customs officials' skill in risk management techniques. CCC needs to identify more substantial activities in this area focusing on regional public goods features, such as sharing timely information on a regional basis.

6. Training and Capacity Building

19. Acting on recommendations agreed at the 7th CCC Meeting, two studies were commissioned to (i) assess training needs not only for customs but also for the broader array of stakeholders involved in trade facilitation and transport; (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 and transport that best matches the available resources with identified training needs. The resulting Capacity Development Plan proposes a core curriculum and development of a regional training database accessible to all CAREC countries.

20. The meeting approved follow-on work to be carried out to identify local training facilities capable of developing elements of the core curriculum and to explore twinning arrangements with international centers of excellence where appropriate. Existing WCO regional training centers located in the CAREC region (in Azerbaijan, Kazakhstan, and the PRC) can be utilized in a more substantial and systematic manner. The PRC's Shanghai Customs College, has state-of-the-art infrastructure, a capable teaching staff, and has provided a series of training courses under the CAREC umbrella in recent years. More institutions throughout the CAREC region will be identified under the program, particularly on cross-cutting trade facilitation issues that are beyond customs' traditional mandates.

C. Future Work Program

21. A summary table of priority areas for CCC's next steps is presented below:

Priority Area	Activity
Simplification/Harmonization of Customs Procedure	<ul style="list-style-type: none"> • Continue efforts to align laws and regulations with international standards; streamline procedures • Support CCC member customs developing the "Roadmap" for implementation of WCO "Customs in the 21st Century" initiative
ICT for customs modernization and data exchange	<ul style="list-style-type: none"> • Support further development of National Single Window schemes • Support initiatives to develop regional B2B, B2G, Customs to Customs (C2C), and G2G data exchange portals linked to NSWs • Explore the development of a common data model based on the WCO model
Risk management and post entry audit	<ul style="list-style-type: none"> • Support the development of the regional information portal for risk management
Regional transit development	<ul style="list-style-type: none"> • Evaluation study on Safe Packets at the end of pilot phase • Support the development of the regional information portal for transit trade
Joint customs control	<ul style="list-style-type: none"> • Encourage more JCC agreements between CAREC countries and initiate pilot projects in CAREC border crossing points
Capacity building	<ul style="list-style-type: none"> • TNA consultant to undertake follow-up visits aimed at <ul style="list-style-type: none"> – more detailed assessment of regional training centers – matching courses with most appropriate existing training institutions – pairing CAREC institutions with international training centers • Training for policy makers on ad hoc/as needed basis • Co-sponsor seminars and workshops on specialized customs topics • Training for utilization of new technologies

22. To support these CCC initiatives and the implementation action plan of the TTFS, ADB has proposed the following technical assistance programs during the 2009 – 2011 period:

Title	Proposed Amount	Processing Year
Working with the Private Sector in Trade Facilitation	\$2.5 million	2009

Title	Proposed Amount	Processing Year
Simplified Transit Procedures and Strengthened Guarantee Systems in CAREC	\$500,000	2009
Facility and Process Improvements at BCPs	\$2.5 million	2010
Single Window Development	\$2 million	2010
Integrated Trade Facilitation Capacity Building Program	\$2.0 million	2011

23. ADB will examine the possibility of including two additional regional investment projects for 2010 on, respectively, border crossing point improvement and single window development. The first proposal will focus on particular BCPs along CAREC corridors for infrastructure improvement and institutional and policy support. The second proposed project will support the development of selected national SWs through investment and technical assistance where necessary, and implement initiatives for the development of regional ICT platform to maximize the value of national SW operations.

D. CCC Results Framework

24. The success of the CCC will be measured and monitored under the CAREC Results Framework, which will ultimately be part of a comprehensive CAREC report on achievements and development effectiveness. The results framework comprises Goals, Objectives, Key Constraints, Outcomes, and Milestones/Indicators. Some of the monitoring indicators CCC may consider include the following:

- (i) Increased trade across CAREC member country borders
- (ii) Reduced customs waiting and processing time
- (iii) Reduced costs for customs control
- (iv) Improved customs and other trade facilitation infrastructure
- (v) More comprehensive and integrated application of SW
- (vi) Increased accession to multilateral customs, trade facilitation and transport conventions
- (vii) Enhancement in “doing business” and “logistics performance index” scores.

E. Other business

25. The hosting of the annual CCC meeting is rotated among the member customs authorities. This year, with the Customs Service of the Republic of Tajikistan as host, a full rotation has been completed. The Meeting considered and agreed to adhere to the same rotation as the CAREC Ministerial Conference and Senior Officials' Meeting and hold the CCC annual meetings in the same host country, but not necessarily on the same dates as the SOM or MC meetings.