



Regional Trade Facilitation and Customs Cooperation Program

**Progress Report
November 2008 - October 2009**

**8th Ministerial Conference on
Central Asia Regional Economic Cooperation
14-16 October 2009
Ulaanbaatar, Mongolia**

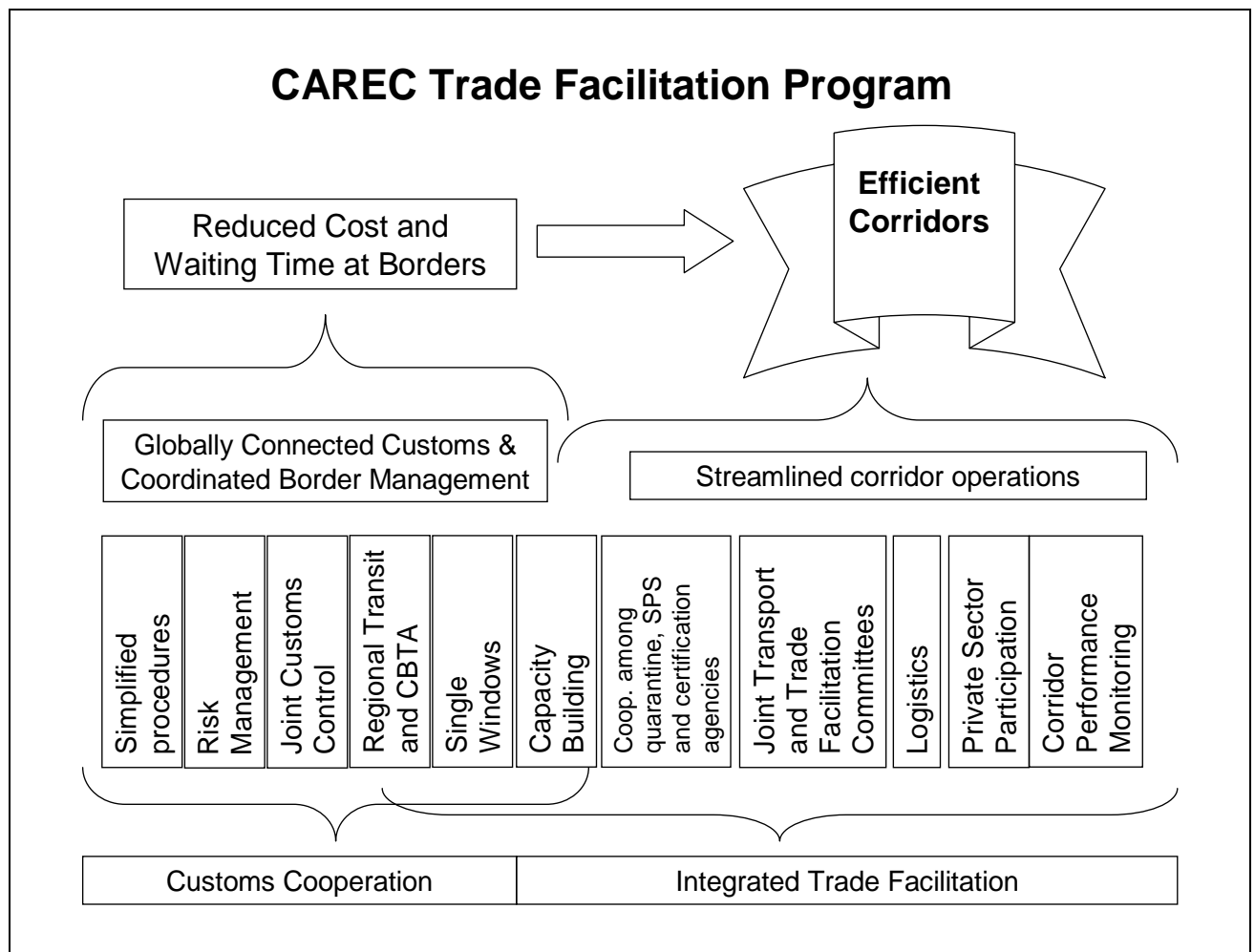
I. BACKGROUND

The CAREC Trade Facilitation Program has two components: customs cooperation and integrated trade facilitation.

The Customs Cooperation Committee (CCC) addresses issues in five priority areas: (i) simplification and harmonization of customs procedures and documentation, (ii) information and communication technology (ICT), customs modernization and data exchange, (iii) risk management and post-entry audit, (iv) joint customs control (JCC), and (v) regional transit development.

Integrated trade facilitation work includes the establishment of National Joint Transport and Trade Facilitation Committees (NJC) and a Regional Joint Committee (RJC) and corridor performance measurement and monitoring. It also involves the promotion of single window schemes, the development of a regional capacity building framework, and public-private partnerships for trade logistics (see Figure 1).

Figure 1. CAREC Trade Facilitation Program



II. PROGRESS REPORT: NOVEMBER 2008 - SEPTEMBER 2009¹

Key developments since the 7th Ministerial Conference in November 2008 include:

A. Customs Cooperation

The 8th Annual CCC Meeting was held in Dushanbe, Tajikistan on 15-16 September 2009, and participants endorsed the 2010-2011 work program.

1. *Simplification and harmonization of customs procedures and documentation*

- Kazakhstan's Customs Control Committee submitted a draft law to simplify customs procedures and electronic delivery control documentation, and to eventually eliminate forms at the border.
- Uzbekistan created an interagency working group headed by the State Customs Committee chairman to research the legal aspects for a single window (Cabinet of Ministers Resolution No. 02/34 -1015).
- Azerbaijan began implementing a single window approach and has delegated the functions of all border control agencies to the Azerbaijan State Customs Committee (Presidential Decree No. 12).
- The Kyrgyz Republic amended the Customs Code to allow for the introduction of new technology to improve customs control procedures (Law No. 90).
- Tajikistan continued to improve customs procedures and reduce the number of forms based on a single administrative document approach. The country was ranked as one of top 10 countries showing increased improvement in the World Bank's "Doing Business" survey.

2. *ICT for customs modernization and data exchange*

- Afghanistan is implementing the ASYCUDA² transit module in four major transit routes. A declaration processing system is operational at Herat, Jalalabad, and Kabul. A data-exchange project with Pakistan is under discussion.
- Azerbaijan envisages a project to integrate the network at the Ministries of Agriculture, Health, Veterinary Services, and Transport through e-customs. This complements the single window approach.
- Kazakhstan is upgrading its customs automated information system (CAIS) and the development of a web-portal to improve access to information, forms, and applications.

¹ Full information on the Regional Trade Facilitation and Customs Cooperation Program is available at www.carecinstitute.org.

² Automated System for Customs Data.

- Uzbekistan is improving its unified automated information system (UAIS) for the State Customs Committee to monitor trends in customs revenues and their impact on the national budget.
- The Kyrgyz Republic is installing a UAIS and plans to introduce a single administrative document.
- Mongolia is installing a CAIS, connecting this to its e-government program.

3. Risk management and post-entry audit

- Afghanistan established post-clearance audit units in eight regional customs houses.
- Kazakhstan is developing a Selective Control and Risk Management system to automate risk management procedures for all import and export declarations. It is studying the application of a Post-Entry Risk Analysis module on selected companies subject to audits and expects to begin a pilot program in 2010.
- Kyrgyz Republic's State Customs Committee has developed a prototype Automated Risk Management System.
- Uzbekistan approved the introduction of a customs risk management system and related action plan.
- A training course on Customs Risk Management for the Mongolia Customs General Administration (MCGA), which covered advanced techniques on customs risk management, particularly risk information management and risk analysis, was co-sponsored by the Shanghai Customs College.

4. Joint Customs Control

- A seminar on JCC for senior CAREC customs officials enabled sharing of JCC experiences and techniques, and offered training on design and implementation of JCC schemes. CAREC countries provided updates on JCC pilot operations at the Dulata (PRC) – Kazhat (KAZ) border, and the Chon-Kapka (KGZ) – Aisha Bibi (KAZ) border. People's Republic of China (PRC) presented its cross-border transport agreement with Vietnam.
- People's Republic of China and Kazakhstan have developed a unified cargo manifest, the first step towards a JCC, which has improved customs clearance in pilot border crossing points (BCPs).

5. Regional Transit Development

- The State Customs Committee (SCC) of the Kyrgyz Republic and the Customs Control Committee of the Ministry of Finance of the Republic of Kazakhstan signed a protocol on "Putting into Operation the Joint Technology for Using Sealed Safe Packages" on 9 September 2008. The system is designed to prevent unreliable declarations and simplifies and accelerates the movement of

goods. SCC is piloting the safe package technology for export shipments in three customs regions adjacent to Kazakhstan: Bishkek (Kordai BCP); Karabalta (Chaldovar BCP); and Tokmok (Ak-Tilek BCP). SCC is coordinating efforts to draft legislation and issue a government decree to create a legal and regulatory environment supportive of the scheme.

- The 8th CCC meeting requested that the Asian Development Bank's (ADB) continue its support for regional transit pilot schemes with a view to replicating successful schemes in the region.

6. Capacity Building

- At the request of the CCC, ADB examined available capacity building resources in the region and developed a framework for an integrated trade facilitation capacity building program. Preliminary results were presented at a workshop in February 2009.³ The study identified the need for training in customs administration and other areas relating to trade facilitation. A proposed core curriculum covers:
 - Single Window Strategic Development
 - Single Window Process Development
 - Risk Management Techniques in a Trade Facilitation Environment
 - Post-Customs Control
 - Legislative Reform and Trade Facilitation
 - Regional Logistics Development Program
 - Customs Procedures for Logistics Practitioners
 - Trade Awareness for Border Control Staff
 - Training Needs Analysis
 - Trainers' Skills
- CAREC countries suggested that assistance focus on strengthening existing training facilities for customs administration and trade facilitation, developing curricula to promote international competitiveness, upgrading faculty skills to international standards, and ensuring capacities are sustained.
- To ensure proper coordination and cross-agency collaboration, the study recommended NJCs and the RJC be responsible for the identification of training and development needs, and the creation of a simple Regional Training Database.
- The 8th CCC meeting approved follow-on work to identify local training facilities capable of developing elements of the core curriculum and explore twinning arrangements with international centers where appropriate.

³ Minutes of presentations made at the Seminar can be found in CAREC website: <http://www.adb.org/Documents/events/2009/CAREC-Training-Needs-Assessment/default.asp>

B. Integrated Trade Facilitation

1. *National Joint Transport and Trade Facilitation Committees (NJC) and a Regional Joint Committee (RJC)*

- In line with CAREC's Transport and Trade Facilitation Strategy (TTFS) and Action Plan, NJCs have been established or strengthened to promote transport development and integrated trade facilitation at the national level. This work is being done through improved interagency collaboration and partnerships between the public and private sectors. NJCs include representatives of government agencies responsible for transport, trade, and border-crossing activities. Key NJC roles include:
 - Enhancing country ownership by developing national joint action plans with measurable outputs and timelines and reporting on the status of action plans to the RJC, capacity building of member agencies and stakeholders, and the adoption of international best practices.
 - Coordinating interagency cooperation among public and private sector agencies involved in transport and trade facilitation.
 - Implementing major CAREC projects such as the Corridor Performance Measurement and Monitoring (CPMM) initiative and single window development.
- A workshop for NJC representatives in May 2009 agreed on the terms of reference or mandate for NJCs.
- The RJC will consist of representatives from the NJCs. The RJC will be a regional forum to discuss and resolve issues of common interest regarding barriers to trade. Its first meeting is planned for 15 October 2009.

2. *Corridor Performance Measurement and Monitoring*

- The TTFS Action Plan mandates that CAREC corridor performance be measured and monitored. The CPMM initiative records the current situation along the links and nodes of each CAREC corridor, identify bottlenecks, and determine courses of action. Implementation of the CPMM program began in November 2008. In February 2009, ADB signed Memoranda of Agreement with 12 partner associations⁴ to collect data and held a CPMM Workshop. This workshop (i) clarified technical issues related to the Time/Cost Distance (TCD) methodology; (ii) validated the corridors; and (iii) finalized project schedules, partnership arrangements, and data consolidation procedures.⁵

⁴ Association of Afghanistan Freight Forwarders Companies; Azerbaijan International Road Carriers Association; Kazakhstan Freight Forwarders Association; Kyrgyz Freight Operators Association; National Road Transport Association of Mongolia; Mongolia National Chamber of Commerce and Industry; China International Freight Forwarders Association; Inner Mongolia Autonomous Region Logistics Association; Xinjiang Uygur Autonomous Region Freight Forwarders Association; Association of International Automobile Carriers; Association of International Road Carriers of Uzbekistan; and Business Logistics Development Association of Uzbekistan.

⁵ Minutes and presentations made at the seminar can be found in CAREC website: <http://www.adb.org/Documents/Events/2009/CAREC-Corridor-Performance-Monitoring/default.asp>

- Partner associations submit data to the CAREC Secretariat for consolidation and analysis. Quarterly CPMM reports provide a summary of data analysis, and biennial in-depth reports will be submitted to CAREC Senior Officials' Meetings and Ministerial Conferences.
- The draft first CPMM quarterly report (for April-June 2009) presented initial findings and was distributed to national focal points (NFPs) and partner associations for comments. The final report will be submitted to the 8th Ministerial Conference.
- ADB is collaborating with another international organization in monitoring corridor performance. The International Road Transport Union (IRU) is implementing the New Euroasian Land Transport Initiative (NELTI), which facilitates the development of road transport between Europe and Asia and eliminates barriers in international road haulage. In June 2009, ADB and IRU signed a Memorandum of Understanding to jointly monitor road transport performance in the CAREC region and beyond. The MOU provides for the sharing of information, joint seminars/trainings on specific themes, and the presentation of joint results at the 6th IRU meeting in June 2011.

3. *Single Window*

- A well-developed national single window (NSW) in each country is a necessary precursor to the development of a regional single window platform. This requires more efficient government-to-government and business-to-government linkages. It will streamline transport, freight forwarding, trade logistics, and customs operations. The Association of South East Asian Nations' (ASEAN) approach to developing national and regional single windows may serve as a model.
- CAREC governments have made considerable progress on the adoption of single window schemes.
 - Kazakhstan established an Operations Administration Center and adopted new technology to facilitate compliance with World Customs Organization and World Trade Organization recommendations on the establishment of a single window.
 - Azerbaijan adopted a single window approach, delegating all functions of relevant ministries to the State Customs Committee.
 - Tajikistan approved the concept of establishing a single window.
 - Uzbekistan created a working group to develop a concept for single window.
- The "Workshop on CAREC Regional Single Window Development" held in July 2009 shared findings from case studies related to single window development in selected CAREC countries. It also discussed development of national single window roadmaps for CAREC countries, and approaches to developing a regional single window platform roadmap under CAREC. The meeting agreed

CAREC should (i) help countries identify gaps in national single window roadmaps and address key impediments to implementation; (ii) begin preliminary work on a potential regional single window platform through knowledge forums and situation analyses; (iii) engage a wider group of government agencies and private sector stakeholders in single window development forums; and (iv) support initiatives to build regional business-to-business and business-to-government data exchange portals.

- The 8th CCC meeting requested continuing ADB support for investment and capacity building in NSW.

4. Trade Logistics Development

- Nine studies and a regional overview on "Trade Facilitation and Logistics Development Strategies" were completed. Country studies identified constraints to logistics development and proposed strategies to promote logistics, encourage public investments, and strengthen public-private partnerships.

5. Strengthening Cooperation Mechanisms and Private Sector Involvement

- Discussions on the establishment of a CAREC Federation of Carriers and Forwarders Associations (CFCFA) were held in Seoul, Republic of Korea on 12 October 2009. The Federation is envisioned to increase private sector participation in trade facilitation programs in the region.
- The proposal to formally establish the CFCFA will be submitted to the Senior Officials' Meeting (SOM) and Ministerial Meeting for approval at the 8th Ministerial Conference.

III. 2010 WORK PROGRAM

Priorities for 2010 include:

- Align national legal instruments with international standards;
- Pilot testing and expansion of JCC arrangements;
- Adoption of regional transit systems to facilitate the movement of goods across borders;
- Strengthening NJCs and RJC, and preparation of national joint transport and trade facilitation action plans;
- Development of national single window roadmaps, with a view towards a regional single window platform;
- Implementation of the CPMM program;
- Implementation of a capacity building program;⁶
- Regional investment projects on improving border crossing points and single window development.

⁶ CAREC Customs and Trade Facilitation Updates and Work Program 2008 can be found in CAREC Website: <http://www.adb.org/documents/events/2008/7th-CAREC-Ministerial-Conference/default.asp>