

TRADE SECTOR

Progress Report and Work Plan

**CAREC Senior Officials' Meeting
27-28 June 2018, Bangkok**



Outline of Report to SOM

- Context
- Inaugural RTG Meeting
- Key Developments and Work Program 2018-2019
 - Trade Policy and Trade Facilitation initiatives
 - Cross-border economic zone (CBEZ), Trade Finance and Collaboration with private sector
 - Corridor Performance Measurement and Monitoring (CPMM) and Collaboration with CAREC Institute
- Proposed Deliverables for 17th MC
- Key Issues for SOM Guidance

- Endorsement of *CAREC 2030* Strategy at 16th CAREC Ministerial Conference (MC) in Oct 2017
- CAREC Integrated Trade Agenda (CITA) 2030 as key deliverable for 17th MC in Nov 2018
- 2017-2018 as a transition period consolidating trade policy and trade facilitation work
 - end of TPSAP 2013-2017
 - continuing CAREC trade work
 - series of consultations for CITA 2030 and RSAP 2018-2020
 - Inaugural meeting of Regional Trade Group (RTG)

Inaugural Meeting of the RTG Meeting

25-26 Jun 2018, Bangkok

- Deliberated on the CITA 2030 and RSAP 2018-2020
- Deliberated on RTG Terms of Reference
- Discussed CITA results-framework
- Discussed key developments on trade sector
 - Information sessions on CCC, WTO TFA, paperless trade, CAST, private sector role (CFCFA)
- Agreed on the trade sector deliverables for the 17th Ministerial Conference through SOM

Trade Policy Reforms

- Uneven progress among CAREC members in measures eliminating non-tariff barriers & enabling public-private dialogue; little headway in deepening trade in services & expanding labor mobility*
- Pre- and Post-WTO accession work
 - Accessions in the pipeline: UZB, AZE, TKM (observer status)
 - Trade Policy Reviews scheduled: KAZ, TAJ

* Progress of Trade Policy Strategic Action Plan (TPSAP) 2013-2017 as reported in SOM 2017

Customs Cooperation

- CAREC Advanced Transit System (CATS) and Information Communications Exchange (ICE)
 - Pilot-testing (AZE, GEO, KAZ) endorsed by CCC in 2017*
 - Draft Trilateral Agreement being finalized
 - Roundtable with insurance companies in Apr 2018
- Customs ICT development
 - Supported UZB in review of customs automation and single window (2018)
- Joint Customs Control
 - PRC-MON Unified Cargo Manifest replicated in other BCPs; e-manifest underway
 - Potential JCC between AZE-GEO, PRC-KAZ JCC
- Risk Management
 - Study visit for MON in PRC on combatting smuggling (2017)

*Endorsed at the 16th CCC Meeting in Sep 2017

Regional Improvement of Border Services (RIBS)

- KGZ (Karamyk BCP) – civil works for completion in 2018; Single Window Information System (SWIS) being developed
- PAK (Torkham, Chaman, Waghya BCPs) – design ongoing, civil works to commence in 2018
- TAJ (Guliston BCP) – procurement for SWIS in 2018
- MON (Altanbulag, ZamynUud, Bichigt BCPs) – civil works under procurement. Additional financing for Borshoo BCP being processed for 2019
- Scoping study completed in UZB (and TKM) in 2017
- Potential RIBS for AZE and GEO in Red Bridge BCP

Implementation of WTO Trade Facilitation Agreement (TFA)

- CCC work reinforces TFA which entered into force in Feb 2017
- Regional workshop in Dec 2017 discussed countries' readiness and needs to implement TFA
 - 8 CAREC countries are WTO members
 - Varying degrees of consistency with TFA, even non-WTO members have aligned
 - NCTFs established, different lead agencies, composition
- Technical assistance – common focus on transit, AEOs, advance ruling, customs valuation

Common Agenda for Modernization of SPS Measures for Trade (CAST)

- Regional TA to support CAST approved in Feb 2018
 - Components: (a) establish regional and national working groups, (b) align regulations with international standards, (c) improve capacity for modern border SPS control
 - Kick-off workshop in May 2018 prioritized (i) regional actions in food safety, animal and plant health, and (ii) drafted country workplans including to establish SPS working groups
- Food Safety TAs
 - TA for TKM (completed in 2017): aligned regulations, developed implementation guides for HACCP, training on Codex guidelines
 - Regional TA to strengthen international food safety standards in agricultural value chains, including possible food safety network

Regional Upgrades of SPS Measures for Trade (RUST)

- MON
 - Construction/rehabilitation of labs and animal inspection areas at BCPs at technical proposal stage; TORs for supplier of diagnostic equipment prepared
 - SPS inspection management system with risk-based inspection being developed
 - ISO assessment of labs was conducted, for eventual international accreditation of lab tests
- RUST scoping for KGZ
 - Needs, priority actions, and investment areas identified (2017), lab visits in Bishkek (May 2018)

Cross-Border Economic Zone (CBEZ)

- Multi-tranche Financing Facility (MFF)
 - Xinjiang Regional Cooperation and Integration (RCI) Promotion Investment Program – to develop CBEZs at borders between Xinjiang (PRC), KAZ and MON
 - Inner Mongolia (IMAR) RCI Promotion Investment Program – to strengthen cooperation with IMAR neighboring countries on connectivity and cross-border trade including CBEZ development with MON

- MON CBEZ project
 - TRTA to support masterplan development and framework for policy and project coordination with PRC CBEZ
 - MON site visit to PRC-KAZ Khorgos Intl Centre of Border Cooperation (Jun 2018)
 - Investment in Zamyn-Uud CBEZ planned in 2020

Trade Finance

- ADB Trade Finance Program since 2009 provides guarantees and loans to banks and SMEs
 - In 2017, supported over \$1.6 billion trade transactions in CAREC (except PRC), 75% to SMEs
 - signed agreements with new partner banks in Kazakhstan and Uzbekistan
 - conference for trade finance professionals from 50 banks in Central Asia and MON
- ADB Supply Chain Finance Program is being expanded to cover CAREC countries
- Proposed Multilateral/Regional Trade Credit and Investment Guarantee Agency to include CAREC countries

CAREC Federation of Carrier and Forwarder Associations (CFCFA)

- active partner, regularly meets with CCC
- supported by FIATA expert, finalized standards on liability insurance, logistics equipment, container consolidation, contract and trading conditions
- completed drafting XML-based transport message standards in partnership with CNIS
- agreed to launch a research institute for regional standardization
- CFCFA members from PRC, KGZ and UZB to pilot the Andijan-Osh-Irkeshtam-Kashgar int'l transport corridor

Corridor Performance Measurement and Monitoring (CPMM)

Modest reductions in border clearance and road transport costs along the CAREC corridors

		Road Transport				Rail Transport			
		2015	2016	2017	2016-17 change	2015	2016	2017	2016-17 change
TFI1	Time to Clear a BCP in hours	9.3	11.3	16.7	48%	27.4	25.9	26.8	4%
	<i>Without AFG and PAK borders</i>	4.3	4.5	4.5	0%				
TFI2	Cost Incurred at BCP in US\$	149	160	158	-2%	208	215	209	-3%
TFI3	Cost Incurred to Travel a Corridor Section in US\$, per 500km per 20 ton	1,341	1,174	947	-19%	1,250	966	975	1%
TFI4	Speed to Travel on CAREC Corridors (SWD) in kph	23.2	22.3	22.2	-1%	14.0	14.3	14.8	3%
	Speed without Delay (SWOD) in kph	40.2	41.7	45.0	8%	38.3	38.6	37.6	-3%

Collaboration with CAREC Institute

- Workshop on Trade and Trade Facilitation Reforms (Dec 2017, Bangkok)
- Workshops on E-commerce and Public-Private Partnership (Dec 2017, Shanghai)
- Regional Knowledge Sharing – Exploring Avenues of Cooperation for Cross-Border Trade Logistics (Aug 2017, Tashkent)
- Draft 2018-2022 Strategic Framework for CI focuses on trade-related clusters of CAREC 2030
- Planned activities on WTO TFA, special economic zones, e-commerce, CPMM, SME trade finance (Q4 2018)

Key Deliverables for 17th MC

- Endorsement of CITA 2030 and RSAP 2018–2020
- Establishment of Regional Trade Group, CCC to continue work in customs priority areas
- Implementation of the CAREC CAST – SPS working groups, sectoral priority actions and country workplans
- Inter-subregional Forum on Enhanced Implementation of WTO TFA (Q4 2018, Bangkok)
- CPMM 2017 Report and supplementary data collection of behind-the-border indicators

Key Issues for SOM Guidance

- Views and endorsement on Trade Sector deliverables
- Follow-up on investment projects (RIBS, RUST, CBEZ)
- Support for CAST Implementation
 - Establishment of Regional SPS Working Group and establish/strengthen national SPS Working Groups
 - CAREC Food Safety Network
- Pilot-testing of CATS and ICE
 - scale-up to other members
 - potentially engage EAEU to resolve technical issues

THANK YOU!

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