

# Opening Remarks at the Conference on Customs Reform and Modernization

by  
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Distinguished Guests, Ladies, and Gentlemen,

It is a great pleasure for me to join in welcoming you to this important gathering. ADB believes that regional cooperation is a powerful tool to help reduce poverty and to promote shared prosperity in the Asia and Pacific Region.

On behalf of ADB, let me thank the General Administration of China Customs for hosting this event and for strongly supporting the Regional Customs Cooperation Program.

This is the third event hosted by the PRC Customs. The meeting of the Customs Cooperation Committee in 2002 and the Workshop on Risk Management in 2003 were both held in Urumqi.

We are honored to have so many senior officials present in the Conference. Because of your commitment, customs cooperation is increasingly recognized as a flagship program of ADB's Central Asia Regional Economic Cooperation.

ADB is happy to be a partner. Regional customs cooperation is essential to overcome the constraints faced by the land locked economies in Central Asia. Regional customs cooperation promotes harmonized rules and procedures and creates "peer pressure" for customs reform and modernization. This will help to leverage trade for poverty reduction and economic development.

The theme of this Conference reflects the success of the Conference in Issyk-kul in August 2003. It focuses on two activities: (i) knowledge-sharing; and (ii) promotion of bilateral initiatives.

The Conference also offers an opportunity to prepare a future work plan and to direct ADB's technical assistance for the next phase of support for regional customs cooperation. For the remainder of my speech, I would like to share with you some of my thoughts on future directions.

First, knowledge sharing should remain a priority. Sharing country experiences is important because of its relevance to ongoing customs development programs. For example, knowledge of the Revised Kyoto Convention facilitated the revision of the Customs Code in

several countries. Sharing of knowledge and experience has also helped to design modernization strategies and investment plans in light of lessons learned by other countries.

The emphasis on knowledge sharing also reflects the country-driven process of our program. While ADB staff and resource persons serve as facilitators by drawing on experience and lessons learned elsewhere, each event has been dominated by country presentations and discussions.

Support for bilateral initiatives and pilot-testing should be a second key area. The emphasis on bilateral initiatives reflects both the nature of regional cooperation and the pragmatic approach adopted by ADB. It takes time for regional customs cooperation to realize its full potential. Strong country ownership is needed to make these efforts sustainable. Bilateral successes can have strong demonstration effect for other countries. Because of these factors, ADB has been supporting bilateral consultation and initiatives in areas like:

- joint-border processing,
- drafting a data-sharing agreement between the Kyrgyz Republic and the PRC, and
- developing a transit agreement between the Kyrgyz Republic and Kazakhstan that was signed on 26 March 2004.

In connection with this conference, we have facilitated

- consultation between the PRC and Uzbek Customs for a broad framework for customs cooperation,
- consultation on the data-sharing agreement between the Kyrgyz and the PRC Customs, and
- formulating a joint proposal on developing an internet platform for data-sharing between Kazakhstan and the PRC.

Support for country-specific initiatives is the third integral part of the program. Regional activities must be rooted in country-specific efforts in customs reform and modernization. Knowledge-sharing must be complemented by in-depth country assessments and diagnostic studies. For example, joint border processing requires substantial effort by both countries to coordinate with all the border agencies and move toward "one stop" processing. This requires streamlining border procedures, developing a regional transit system and developing guarantees and the insurance industries. We are happy to learn that the PRC, Kazakhstan, the Kyrgyz Republic and Pakistan have reached an agreement on transit transportation. Transport vehicles of these countries will be allowed to pass through the territories of the other three countries, beginning May 15 this year.

ADB will provide resources to support the requests of individual countries for needs assessments and diagnostic studies, and the development of customs legal and infrastructure. ADB supports the People's Republic of China's accession to the International Transport Agreement (TIR) Convention. Our vision is for Central Asia to become the modern "silk road" or "land bridge" between East Asia and Europe through the TIR Customs Transit System. New proposals such as working with other border agencies to develop "one stop" border clearance as proposed by the Kazakh Customs deserve special attention as they will help broaden the trade facilitation agenda.

Fourth, I would like to underline the importance of donor coordination and your role in making donor coordination effective. As you are all aware, support for trade facilitation and customs cooperation is a priority area of several development partners. Effective donor

coordination is critical to maximize the impact of development assistance. The establishment of a donor coordination group at the 2nd Ministerial Conference provides a vehicle to strengthen donor coordination. The member countries can strengthen donor coordination by sharing information and informing the Secretariat of assistance provided by all development partners.

ADB's three-pronged strategy for trade facilitation will support your efforts to

- modernize customs infrastructure - including the customs related legal framework and infrastructure;
- develop customs-supporting infrastructure by fostering brokers' associations and various private-public partnership initiatives; and,
- support regional customs cooperation initiatives to promote customs modernization and to address issues of common concerns such as data-sharing and transit movement.

Besides support for training, knowledge sharing and bilateral initiatives, this strategy has provided phased support for Tajikistan and the Kyrgyz Republic. This assistance promoted broad-based customs related legal and regulatory reforms, followed by support for customs infrastructure. We are currently exploring the possibility of providing such assistance to other countries. ADB has also supported a diagnostic study on the Revised Customs Code for the Kyrgyz Republic, and risk management assessments for Uzbekistan and the Kyrgyz Republic.

With the active participation of all delegates and with the expert advice from our distinguished resource persons, I am confident that this conference will advance the customs cooperation agenda. I wish you success in your deliberations.

Thank you.