

**Statement of the Tenth Meeting of the Customs Cooperation Committee
under the Central Asia Regional Economic Cooperation (CAREC) Program**

**19 - 21 September 2011
Baku, Republic of Azerbaijan**

A. Introduction

1. The CAREC Customs Cooperation Committee (CCC), held its Tenth Annual Meeting (the Meeting) in Baku, Azerbaijan on 19 - 21 September 2011 to (i) update senior customs officials in the 10 participating countries on progress in the priority areas for customs cooperation and facilitate sharing of lessons learned in implementing projects; (ii) discuss the Medium Term Priority Projects (MTPPs) for trade facilitation; (iii) update CCC members on progress in preparing the proposed Regional Improvement of Border Services (RIBS) project; (iv) discuss the possible impact of the Russia-Belarus-Kazakhstan (Rubeka) Customs Union (CU) on CCC priority areas; and (v) discuss ways to streamline the business processes of the CCC.

2. The Azerbaijan State Customs Committee hosted and chaired this year's meeting. The Meeting was attended by heads/deputy heads of customs administrations and their representatives from Afghanistan, Azerbaijan, the People's Republic of China (PRC), Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Pakistan and Turkmenistan were accepted into CAREC as new members in November 2010 at the CAREC Ministerial Conference held in Cebu City, Philippines. Turkmenistan Customs had periodically attended the previous CCC meetings whereas Pakistan Customs attended its first CCC meeting.

3. The meeting was opened by Mr. Aydin Aliyev, Chairman, State Customs Committee of the Republic of Azerbaijan. In his opening statement, Mr. Aliyev warmly welcomed the participants and introduced on the significant progress Azerbaijan had made in modernizing its customs systems. In his keynote address, Mr. Takashi Matsumoto, External Relations Coordinator, Office of the Secretary General of the World Customs Organization (WCO) gave an overview of the new WCO tools for trade facilitation. He emphasized the need for CAREC countries to implement the new strategic direction for customs in the 21st century (C-21). He also expressed WCO's willingness to continue to support CAREC customs cooperation initiatives in partnership with ADB by organizing joint projects, conducting capacity building activities, and advocating for adoption of international standards.

4. An overview of the proposed CAREC 2020 Strategy that will be presented for consideration at the upcoming Senior Officials' Meeting (SOM) and Ministerial Conference (MC) in November was given. Of particular interest to the CCC members will be the midterm review of Transport and Trade Facilitation Strategy in 2012, implementation of MTPPs in 2011-2015, and specific focus on easing border crossing formalities.

5. The participants expressed their appreciation to the Azerbaijan State Customs Committee for the thoughtful arrangements for the meeting, including organizing the field visit to observe the operation of the single window operated by Azerbaijan customs. The participants also expressed their appreciation to the Asian Development Bank for its consistent support to CCC.

B. Progress in Priority Areas

6. The customs administrations of the member countries reported progress in the five priority areas of CCC.¹ All CAREC countries have adopted new and/or amended customs codes as guided by the Revised Kyoto Convention, and made significant progress toward simplifying and harmonizing customs procedures. Most countries are also investing in automated customs information systems. Such initiative stimulated and accelerated the legal and regulatory reforms necessary (such as amending customs codes to be compliant with international standards, standardizing and streamlining documents, and adopting new laws to support e-commerce development) to allow electronic processing of custom clearance procedures. All countries, at varying paces, are moving towards establishing national single windows and upgrading their risk management systems.

7. For the Time Release Study (TRS), Uzbekistan and Mongolia briefed the meeting on their progress in TRS preparation per WCO recommendations. Participants emphasized that TRS must be an on-going exercise and should consider country-specific needs. Pakistan and Afghanistan specifically requested that ADB consultants provide on-site training for conducting the TRS. Follow-up in-country training will be supported through the RIBS consultants as time and resources permit.

8. Some delegates discussed the merits of establishing a regional data warehouse by developing the electronic data interchange (EDI) schemes. ADB introduced to the CCC the work of the Pan-Asia e-Commerce Alliance (of single window operators) on inter-regional data exchange, which could provide useful experience for CAREC countries. ADB also informed that joint workshops with PAA are being planned for early December for CAREC single window entities and customs officials to discuss common issues and share experiences on how to improve inter-connectivity and inter-operability of various national single windows systems.

9. For Joint Customs Control (JCC), a joint review of results of the pilots at the PRC–Kazakhstan and PRC–Mongolia border crossing points (BCP) is being planned to help plan further steps. PRC and Mongolia agreed to expand the pilot to one more pair of BCPs. They also agreed to start pilot of exchange of x-ray images and explore the possibility of harmonizing electronic cargo manifests. The three countries were encouraged to discuss among themselves next steps to be taken and inform ADB of specific assistance needed. The results of the pilot projects are proposed to be disseminated to member countries.

10. The list of trade facilitation MTPPs, including investment projects and technical assistance projects, was reviewed. Proposals from countries will be consolidated further and finalized for submission to the MC in November 2011. Countries were encouraged to submit more detailed proposals as soon as possible.

11. ADB briefed the CCC on progress of preparing RIBS project, including a timeline for actions. Seventeen BCP pairs have been proposed for inclusion in the project, and ADB's Board of Directors is expected to consider the project in the second quarter of 2012. Pakistan requested that its 3 BCPs be included in the existing list and that Project Preparation Technical Assistance consultants visit the country to assess the investment needs in these BCPs.

¹ The five identified priority areas of CCC are (i) simplification and harmonization of customs procedures and documentation, (ii) information and communication technology (ICT) for customs modernization and data exchange, (iii) risk management and post-entry audit, (iv) joint customs control (JCC), and (v) regional transit development.

12. A representative from the Rubeka CU Commission Secretariat presented data demonstrating the impact of the CU on the foreign trade of its members, and discussed ongoing initiatives to (i) harmonize sanitary, phytosanitary, and veterinary standards and certifications and (ii) resolve problems that have emerged in the initial stages of CU implementation. He introduced the IT capabilities of the Secretariat and five initiatives currently being taken up by the Secretariat. A representative from Kyrgyz Customs presented the economic impact analysis of the CU on the Kyrgyz economy and indicated that the Kyrgyz Republic is prepared to begin accession negotiations with the CU. Results of the surveys of Customs Union impact on CFCFA companies and on the work plan of the CCC were considered. The CU Commission Secretariat indicated that the CU did not preclude JCC procedures from being introduced. Kazakhstan has put in place the legal framework to support development of its own single window facility, and is paying close attention to proposals by the CU Commission to introduce a single window facility for the CU as a whole.

C. Streamlining CCC Business Processes

13. The CAREC National Focal Points (NFPs) Meeting held in Beijing on 16 September 2011 encouraged sector committees to enhance their work by improving their business processes including hosting arrangements, working group structure, and meeting formats. Regarding the rotation of CCC hosting, there had been a decision in 2009 in Dushanbe during the 8th CCC Meeting that the CCC rotation should follow the rotation of the SOM/MC. NFPs agreed that synchronized rotation could be adopted, but the SOM/MC host country should be given the option of not hosting the sector committee meetings and a volunteer will then be sought. The CCC meeting agreed to adopt such arrangements. The SOM/MC host for 2012 is PRC. The PRC delegation was requested to consult its authorities, particularly the PRC's CAREC National Focal Point, on whether the PRC Customs would be willing to host the 11th CCC meeting in 2012 and inform the CCC of the PRC's decision at its earliest convenience.

14. Currently CCC is organized into 2 working groups and 1 task force but this scheme has not been working effectively in recent years. After discussing a number of alternatives, participants agreed that the CCC should put more emphasis on implementable tasks, and that special task forces can be formed per initiatives of a country or a group of countries. ADB was requested to provide necessary financial and secretariat support for implementation of these tasks.

15. Participants also noted the need for more focused and more interactive meetings, and agreed that more round-table discussions (and less presentations) on issues should be encouraged in the future. Discussion papers or short issues notes should be prepared and sent to participants at least three weeks before the meeting. Sector Reports to SOM/MC in November are expected to be short and concise.

D. Information and Knowledge Sharing

16. Mr. Mario Apostolov, Regional Adviser, Trade and Timber Division of United Nations Economic Commission for Europe (UNECE) presented on UNECE's trade facilitation program in Central Asia, including its work on single window (SW) development and Aid-for-Trade project. He suggested further collaboration with CAREC and the participating states on the implementation of international standards and new tools for trade facilitation, in particular single window systems, data exchange, harmonization and alignment with established international (UN and WCO) standards across the region.

17. Mr. Keyinamu Yimalaitixia, Deputy Director General of Urumqi Customs of the PRC gave a presentation on its work on customs supervision of the energy trade between the PRC and other CAREC countries. Noting that customs supervision of cross-border energy trade is a new area of customs operations and that CCC could have value to add, Mr. Yimalaitixia expressed the PRC's willingness to explore opportunities of cooperation with other CAREC countries, particularly in information sharing and capacity building. Some delegations noted that there are bilateral and other mechanisms that are dealing with technical aspects of oil and gas trading through pipelines. They also noted the need to involve the CAREC Energy Sector Committee in this matter.

18. Mr. Kakhramon Sydiknazarov, Vice Chairman of the CAREC Federation of Carrier and Forwarder Associations (CFCFA) shared information on the work of CFCFA since its establishment in 2009. Participants welcomed the contribution of the CFCFA to the CAREC trade facilitation program, particularly in terms of its role in conducting the Corridor Performance Measurement and Monitoring (CPMM) and representing the private sector interests in the trade facilitation policy dialogues. Participants also expressed interest in exploring opportunities of cooperation between CCC and CFCFA, including jointly organizing capacity building activities.

E. Future Work Program

19. Participants agreed that the priority actions for the period up to the next CCC meeting would be:

- (i) completing the preparation and supporting the implementation of the RIBS project in partnership with other relevant agencies;
- (ii) conducting TRS and providing necessary capacity building;
- (iii) reviewing the JCC experience, expanding JCC pilots to other BCPs, and deepening JCC pilots by exploring cooperation in other aspects including sharing data electronically;
- (iv) developing EDI and other modern tools for electronic exchange of information for implementing comprehensive JCC and risk management programs, and providing necessary capacity building;
- (v) continuing to organize training on customs modernization in collaboration with the WCO-designated regional training institutions, particularly with a view to enhancing member countries' capacity of implementing the 10 building blocks of the C-21 agenda; and
- (vi) continuing to explore measures to improve the effectiveness of the work of the CCC.