



Trade Policy Coordinating Committee Status Report

**Fifth Ministerial Conference
on Central Asia Regional Economic Cooperation
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CAREC Trade Policy Coordinating Committee Status Report to the October 2006 Senior Officials' Meeting

I. INTRODUCTION

1. At the request of the 2nd Ministerial Conference (MC), the April 2004 Senior Officials Meeting (SOM) discussed the possible objectives, mandate, terms of reference and work plan for the new CAREC Trade Policy Coordinating Committee (TPCC). It was agreed that the TPCC should help all CAREC member countries adopt more open trade regimes, so as to facilitate both intra- and inter-regional trade.

2. More specifically, it was agreed that the TPCC would address trade liberalization in the context of the WTO and the desire of non-members to become members of WTO. Priority should be given to assisting countries to accede to the WTO, including by providing them with information on the benefits of WTO membership. The Committee should also address bilateral and multilateral trade agreements in the region, with a view to minimizing trade distorting effects. Finally, it was agreed that the Committee should start with an assessment of current trade policies and trade policy initiatives.

3. While on the side of the Multilateral Institutions (MIs) the IMF agreed to take the lead in organizing the work of the TPCC, it was noted that the IMF has limited capacity to undertake the activities required to make this committee effective. The TPCC was the first CAREC committee established whose focus would be exclusively on policies, not projects.

II. PREVIOUS TPCC MEETINGS

A. First TPCC Meeting and Subsequent SOM

4. The first meeting of the TPCC was held immediately in advance of the September 2004 SOM. The purpose of this first TPCC meeting was to prepare a draft agenda of work for the committee, which could be presented to the SOM for approval. To facilitate the discussions in the committee, the IMF prepared a background paper, *Trade Policy Issues in the Central Asian Republics*. This paper provided a summary of bilateral trade relations, regional and other trade agreements, the issue of establishing a central Asian customs area or free trade zone, individual CAREC country progress toward WTO accession, and the issue of sequencing WTO accession and further deepening of regional trade relations.

5. Based in part on this paper, the members of the TPCC extensively discussed issues related to WTO accession, as well as regional and bilateral trade issues. Drawing upon this discussion, the TPCC produced a list of seven possible topics to work on, and submitted that list to the SOM, asking the SOM to choose 2-3 topics that they would like the TPCC to focus on first.

6. The SOM identified three topics as the highest priority for work by the TPCC:

- (i) An analysis of barriers to trade in Central Asia and possible measures to facilitate trade;
- (ii) A study of Central Asia's actual or potential comparative advantage in global trade;

- (iii) And a review of existing regional trade agreements, including an analysis of any potential conflicts between these agreements and WTO accession, as well as a review of lessons that can be learned from regional trade agreements elsewhere.

7. The SOM also tentatively identified other areas for future work by the TPCC: a regional analysis of the impact of WTO accession; agricultural policy and WTO accession; a regional educational/informational program about WTO accession; and possible regional measures to address the special trade-related problems of land-locked countries. This work program was subsequently endorsed by the 3rd MC.

B. Second TPCC Meeting and Associated SOM

8. The second meeting of the TPCC was held in advance of the April 2005 SOM in Manila. In preparation for this meeting, three papers were prepared, one on each of the three identified priority issues for the TPCC.

9. ADB took the lead in preparing a paper, *Trade Barriers in Central Asia*. This paper focused on barriers in trade policy (quantitative restrictions, registration requirements for exports or imports, tariffs, and other trade taxes), barriers related to transport and transit, barriers related to border crossing and customs clearance, and other trade barriers.

10. The World Bank took the lead in preparing a paper, *Comparative Advantage in International Trade for Central Asia*. The paper notes the difficulties in unambiguously identifying areas of comparative advantage in a dynamic world economy, and thus argues against any attempts to directly subsidize industries that are deemed to have comparative advantage. However, it argues that having some indication of where a country's comparative advantage may lie can help governments prioritize infrastructure investments and other market-friendly policies.

11. Finally, the IMF staff circulated two papers: *Regional Trade Integration: Considerations for the CAREC Countries*, and *Regional Trade Integration and WTO Accessions: Which is the Right Sequencing? An Application to the CIS*. The first paper summarizes best practices in designing regional trade agreements, and touches briefly on the issues of WTO accession and regional trade integration. The second paper, which was an IMF Working Paper, analyzes the appropriate sequencing between WTO accession and implementation of the Eurasian Economic Community (EAEC) customs union. It concludes that welfare will be greater if WTO accession precedes the EAEC Customs Union.

12. The meeting was devoted to a discussion of these papers, including their policy implications. In the end, the TPCC reached agreement on two recommendations, which were later endorsed by the SOM. First, it was agreed that there is a need to reduce delays in and financial costs of entrance and transit. The TPCC was instructed to prepare an analysis of these delays and costs, as well as recommendations for measures to reduce them. Second, and similarly, the TPCC agreed to review barriers to border trade and to present recommendations for possible improvements in these policies and procedures to the next SOM.

C. Third TPCC Meeting and Associated SOM

13. The ADB produced a paper entitled *Barriers to Transit Trade in Central Asia*. This paper assessed barriers related to customs transit, transport and governance problems. Based on this

analysis, the paper made a number of concrete recommendations for policy actions which CAREC member countries could take to ease or eliminate these barriers.

14. Following extensive discussions, the committee agreed to recommend for consideration of the Senior Officials Meeting the following measures aimed at reducing the existing barriers to transit trade in Central Asia:

- (i) Ensuring the control of customs officers and other agencies regarding full compliance with the TIR Convention; China will take steps to accelerate TIR accession and promote the TIR Customs Transit System in the region;
- (ii) Reduction in the rate of charges for customs convoy under the national transit systems in appropriate countries with simultaneous reductions in the list of goods subject to such convoys; concrete proposals to these ends will be developed by the time of the next Trade Policy Coordinating Committee meeting;
- (iii) Reduction in the cost of non-reciprocal road transport permits to levels that will cover related costs without discouraging transit trade;
- (iv) Abolition of all other charges and fees on entry (transit) of foreign carriers;
- (v) Reduction of the cost of entry visas for foreign road carriers and foreseeing the issuance of visas to foreign road carriers at international pass points in a simple way;
- (vi) Unification of transport, customs, and border documentation in order to harmonize procedures of control and to minimize time to pass at the border; and
- (vii) Taking measures to prevent and eradicate cases of unofficial payments from road carriers in transit.

15. Preliminary discussions were also held on the issue of barriers to border trade. While committee members agreed that this was an important issue, it was felt that substantial work was needed in this area. This work should first seek to clearly define the concept of border trade, and should then look at the legal framework for border trade, tax and infrastructure issues, and other related aspects.

16. The TPCC agreed that its agenda going forward should focus on three aspects of barriers to trade: (i) the work noted above on barriers to border trade; (ii) work on quantitative restrictions to trade in CAREC countries; and (iii) work on trade taxes in CAREC countries.

17. In addition, it was agreed that the country delegates to the TPCC should take responsibility for monitoring the implementation of the recommendations related to barriers to transit trade. Thus, each country delegation will report to the TPCC on the status of implementation of the recommendations in its country, and the TPCC will in turn produce a consolidated report on the implementation of these recommendations for consideration by the next SOM.

18. Finally, it was agreed that there is a need to increase the awareness of the analytical work that has been done in and by the TPCC among key decision makers in all CAREC-member countries. Thus, the TPCC agreed to ask the International Monetary Fund and Asian

Development Bank to arrange seminars in each CAREC-member country, designed to summarize the work done for the TPCC to date and the implications of this work for the various countries in CAREC.

D. Fourth TPCC Meeting and Associated SOM

19. The Fourth Meeting of the TPCC was held in Urumqi, China on April 8, 2006. During the meeting, delegates reviewed the progress made in implementation of the instructions from the 4th Ministerial Conference of November 2005 and gave guidance on priorities and future direction to the TPCC's work program. Broadly, the delegates emphasized the importance of producing concrete policy reforms in CAREC countries in parallel with continuing analytical work and discussions on trade policy issues.

1. Review of progress

20. In line with the communiqué of the 4th Ministerial Conference, country delegates to the TPCC reported on the implementation of the recommendations to reduce barriers to transit trade. In the discussion, the participants noted, with satisfaction, the measures that are being put in place to reduce barriers to transit trade, although the extent of measure varied significantly depending on the circumstances of each country. They also noted that: (i) it will take time to fully implement all the necessary measures; (ii) reciprocity between countries will become an issue as countries move forward with measures; and (iii) some of the issues have to be addressed in coordination with neighboring countries to achieve effective outcomes. Among the measures that are being considered, the TPCC welcomed in particular the intention to introduce "one stop service" for processing of customs and other procedures.

21. The International Monetary Fund and the Asian Development Bank have initiated outreach seminars in each country designed to summarize the analytical work done for the TPCC to date and the implications of this work for the various countries in CAREC. Such seminars were held in Astana and Bishkek in February 2006.

2. Papers presented at the Fourth TPCC meeting

22. The EBRD took the lead in preparing a paper, *Beyond Borders: Reconsidering regional trade in Central Asia*. The paper notes that the impact of borders on price variations across different locations in Central Asia is much smaller than conventionally thought. In contrast, it argues that market integration inside countries in Central Asia remains limited.

23. The delegates noted several factors that could explain the relatively small price variations across borders in Central Asia, including the biased sample of goods covered in the study, the price indices used for the analysis, and the use of black market exchange rates that are no longer in existence in most countries. In their view, the findings confirm the existence of smuggling for consumer goods and the consequent small variations in prices across borders despite cross border barriers, and the importance of transportation costs in explaining price differentials which in some cases amounted to 40-45 percent of the cost of a good.

24. There was also some discussion on barriers to border trade led by the Kazakh and Uzbek delegations, which highlighted the complexities of the issues involved. Subsequently, TPCC decided that further work would be needed before it could formulate recommendations to reduce barriers to border trade for consideration of the SOM (see below).

3. Future Work Plan

25. The TPCC agreed that its agenda going forward should include: (i) continued monitoring of the implementation of the recommendations related to barriers to transit trade endorsed by the 4th Ministerial Conference; (ii) continuing the outreach seminars to increase the awareness of the analytical work that has been done by the TPCC among key decision makers; (iii) undertaking further work on barriers to border trade; and (iv) preparing papers, as agreed in the previous meeting, on quantitative restrictions to trade in CAREC countries and on trade taxes in CAREC countries.

4. Recommendations for consideration for the SOM

26. Based on the discussions, the TPCC reached agreement on three recommendations, which were later endorsed by the SOM. First, there should be greater predictability and more transparency in trade policies of CARs, including through more information on existing restrictions as well as closer monitoring of changes in policies. Second, given the overlapping nature of issues addressed by the Trade Policy Committee and the Trade Facilitation Committee, there should be more interaction between these two committees. Similarly, a closer cooperation among officials dealing with these two issues in each member country is also essential. Third, given the role of the private sector in trade, there should be more involvement and participation of the private sector in CAREC activities. To this end, it was proposed to organize a business forum in Urumqi prior to the next Ministerial Conference.

III. FIFTH TPCC MEETING

27. The fifth TPCC meeting was held in Tashkent on September 25, 2006. The meeting was largely devoted to discussion of trade taxes in CAREC countries and of recommendations to reform the trade tax system. Delegates also reviewed the progress made in implementation of the instructions from the 4th Ministerial Conference and gave guidance on priorities to the TPCC's work program.

1. Review of Progress

28. In line with the communiqué of the 4th Ministerial Conference, the TPCC continued monitoring of the implementation of the recommendations to reduce barriers to transit trade based on reports by country delegates to the TPCC. In the discussion, it was noted that: (i) Azerbaijan, Kazakhstan, Krygyz Republic, Mongolia, Tajikistan, and Uzbekistan are members of the TIR Convention and are in full compliance with its requirements, AFG has initiated steps to reactivate its membership, and PRC has initiated the accession work; (ii) no customs convoys are formed for transportation of transit goods through AFG and PRC, and the customs fees charged for customs escorts have been reduced in KAZ; (iii) no fees or charges other than transit fees are applied in KAZ and transit goods are exempted from other fees and charges in AFG, PRC, TAJ, and UZB if there are reciprocity arrangements with the countries of goods' origin; (iv) issuance of visas and reductions in the cost of visas for drivers are being implemented on a reciprocity principle in AFG, PRC, and TAJ, an agreement has been signed between KAZ and UZB which provides for eliminating the system of entry permits, and KAZ reduced the costs of issuing visas significantly; (v) KAZ and KGZ implemented a pilot project of joint border control through an expedited "one stop service" processing of customs and other procedures, and a similar arrangement is being considered by KAZ and UZB; and (vi) to prevent unofficial payments from road carriers, KAZ, KGZ, MON, and TAJ are automating customs

procedures, while AFG had developed a code of conduct to encourage reporting of illegal payments and is closing illegal check points.

29. Based on submissions by country delegates, a more detailed report on the implementation of the recommendations aimed at reducing the existing barriers to transit trade in Central Asia is attached.

30. The International Monetary Fund and the Asian Development Bank continued outreach seminars in member countries designed to summarize the analytical work done for the TPCC to date and the implications of this work for the various countries in CAREC. Such seminars were held in Beijing in April 2006, Dushanbe, and Tashkent in September 2006, and Ulaanbaatar in October, 2006.

2. Papers Presented at the Fifth TPCC Meeting

31. In line with the work program agreed in the previous TPCC meeting, the International Monetary Fund presented a paper on *Trade Taxes in CAREC Countries*. The paper analyzed the taxes levied on international trade in CAREC countries and assessed to what extent they could be a barrier to trade. The paper concluded that the overall level of import tariffs, as measured by simple and weighted average tariff rates, is relatively low. However, the trade tax regimes are complex and subject to frequent changes. Based on this analysis, the paper recommended that reform of trade taxes in CAREC countries should aim at a simple, transparent regime, with low and relatively uniform rates, in line with international best practices.

32. Following a lively exchange of views on the paper, the committee agreed to recommend for consideration of the Senior Officials' Meeting the following measures aimed at reforming the trade tax regimes in Central Asia:

- (i) reducing tariffs and other trade taxes in countries where the cumulative average rate is high, with the aim of bringing the simple average tariff below 10 percent;
- (ii) reducing the maximum and high tariff rates, with the maximum rate limited to 20 percent;
- (iii) cutting the number of non-zero tariff bands to around 3;
- (iv) eliminating specific and combined tariffs by shifting to an ad valorem methodology for simpler calculation and enforcement;
- (v) removing exemptions and abstaining from granting them in the future;
- (vi) applying taxes (VAT and excise) uniformly to imported and domestically produced goods; and
- (vii) consolidating other import taxes, fees, and charges into a single rate.

33. In addition, it was agreed that the country delegates to the TPCC should take responsibility for monitoring the implementation of the recommendations related to reform of trade taxes, assuming they are endorsed by the SOM and eventually by the Ministerial Conference. Thus, each country delegation will report to the TPCC on the status of

implementation of the recommendations in its country, and the TPCC will in turn produce a consolidated report on the implementation of these recommendations for the SOM.

34. The Committee also continued discussions on barriers to border trade led by the Kazakh delegation, focusing mainly on defining the concept of border trade. The delegates once again decided that further work would be needed before it could formulate recommendations to reduce barriers to border trade. Thus, the TPCC asked the World Bank to finalize a paper on barriers to border trade by mid-2007, building on the work that has already been done by the Kazakh delegation. Progress report on this paper will be presented at the next meeting of the TPCC.

35. The GTZ (German Technical Cooperation) made a presentation of their project "Support to Regional Economic Cooperation in Central Asia". The project aims to reduce the administrative burden of import and export procedures for traders. Under this project KGZ and TAJ will reduce the amount of documents and the time needed to export and import. The Kazakh and Uzbek governments were invited to restart the project in their countries and the PRC was invited to consider joining the project for its western border regions.

3. Future Work Plan

36. The TPCC agreed that its agenda going forward should include:

- (i) continued monitoring of the implementation of the recommendations related to barriers to transit trade endorsed by the 4th Ministerial Conference;
- (ii) monitoring implementation of the recommendations related to reform of the trade tax systems—assuming they are endorsed by the SOM and eventually by the Ministerial Conference;
- (iii) undertaking further work led by the World Bank on barriers to border trade and formulating recommendations to address these issues;
- (iv) preparing the paper on quantitative restrictions to trade in CAREC countries, led by the Asian Development Bank as agreed in the previous meeting;
- (v) contributing to capacity building and information sharing on WTO related issues to facilitate member countries' accession to the WTO; and
- (vi) continuing the outreach seminars to increase the awareness of key trade policy issues and the analytical work that has been done by the TPCC among decision makers.

4. Recommendations for consideration for the SOM

37. Based on the discussions, the TPCC reached agreement on the following recommendations to be submitted to the SOM in October 2006: (i) the seven measures aimed at reforming the trade tax regimes in Central Asia that are listed in Section D. 2 above; (ii) the implementation of "one stop service" processing of customs and other procedures in all CAREC countries to facilitate transit trade; and (iii) the use of reciprocity principle in encouraging reductions in existing barriers to transit trade in Central Asia.

Implementation of the TPCC Recommendations for Measures aimed at Reducing the Existing Barriers to Transit Trade in Central Asia

- 1. Ensure full compliance with the provisions of the TIR Convention by customs services and other agencies; PRC will take steps to accelerate TIR accession and promote the TIR Customs Transit System in the region.**

AFG: Afghanistan has initiated steps to reactivate its membership in the TIR and to bring its systems in accordance with the TIR system. Some of these measures are as follows:

(i) Ministry of Commerce has established a Transport and Trade Facilitation Committee (AFPRO) to develop policies and programs to promote trade facilitation. One of its functions will be to rehabilitate TIR accession and establish a relationship with the IRU; and

(ii) ASYCUDA transit module has been successfully implemented along the Torkham-Jalalabad Kabul corridor with Islam Qilla-Heart-Kabul soon to follow.

AZE: Azerbaijan is a member of TIR Convention and ensures compliance with it.

PRC: (a) A research has been conducted by the General Administration of Customs of China. The accession work is expected to be completed in a year or two.

(b) A seminar on TIR Convention co-sponsored by ADB was held on Oct. 19-21, 2005 in Shanghai. Representatives from WCO, UNECE and IRU participated in the event.

(c) Officials were sent to UNCEC to learn about the TIR Convention and make feasibility study. Exchange of views was made with experts of UNECE on the provisions and the implementation of the TIR Convention.

KAZ: The customs authorities of the Republic of Kazakhstan are in compliance with TIR requirements.

KGZ: There are no violations of TIR Convention by Kyrgyz Republic, and there were no claims from foreign carriers regarding some violations submitted to the Ministry of Transport and Communications of Kyrgyz Republic. In case a carrier moves under TIR carnet and payments of customs duties and taxes is ensured, the customs convoy on the territory of Kyrgyz Republic is not envisaged.

MON: The Seventh Working Group Meeting on the Tripartite Transit Traffic Framework Agreement between the Governments of Mongolia, the Russian Federation and the People's Republic of China took place in Ulaanbaatar from 13-18 November 2005. During the meeting the parties came to an agreement on four earlier pending paragraphs of the main text and thus successfully concluded the negotiations on the general text of the Agreement. The necessary follow-up work for signing the Agreement at the level of the Ministers of Foreign Affairs is being undertaken currently. *[These measures also respond to the recommendations 2-3 below].*

TAJ: The Republic of Tajikistan acceded to the TIR Convention on March 11, 1996. With the aim of ensuring compliance with the provisions of the TIR Convention of 1975, domestic regulatory acts which govern and ease the requirements of the convention within the Republic of Tajikistan have been adopted.

UZB: A resolution of the President was passed in March 2006 aimed at improving the customs operations. This resolution envisages the introduction a single automated customs system enabling a significant reduction in control procedures at the border and the time spent at the border by transporters.

At the same time a modern format for controls of transit cargo and an automated system for monitoring transit are being introduced, as well as modern customs control devices. This system will also allow to introduce the system of electronic declaration filing, pre-arrival electronic notifications about cargo flows, etc.

All these measures are aimed at implementing the recommendations of the TPCC, CAREC in the area of (i) ensuring control over customs bodies and other controlling bodies on full compliance with provisions of the TIR Convention; (ii) a consistent reduction of customs escort procedures; (iii) prior visas requests for foreign transporters and acceleration of the visa issuance process, (iv) harmonization of the customs declaration and transforming some of them into an electronic format, (v) minimization of the human factor as the major cause of informal payments. *[These measures also respond to the recommendations 2-4 below].*

- 2. Reduction in the rate of charges for customs convoy under the national transit systems in appropriate countries with simultaneous reductions in the list of goods subject to such convoys; concrete proposals to these ends will be developed by the time of the next Trade Policy Coordinating Committee meeting.**

AFG: Implementation of ASYCUDA system has made handling this problem in a more efficient manner. No customs convoys are formed for transportation of transit goods through the country. Instead all such vehicles are entered into the ASYCUDA transit system and a T1 form is issued. On arrival at the destination, the cargo report at the nearest customs house to undergo final customs clearance process and to get the T1 signed and stamped by customs authorities. The entry is then unblocked from the ASYCUDA system and the vehicle allowed to leave.

AZE: Azerbaijan is looking into the issue of reducing customs convoy rates within the national transit system in accordance with corresponding international conventions.

PRC: The charges for custom convoys do not exist in China since there is no such kind of service from the Customs in China.

KAZ: Pursuant to a Republic of Kazakhstan government resolution of March 24, 2006, the customs fees charged for customs escorts have been reduced.

KGZ: In Kyrgyzstan the principle of free of charge transit without any fees is applied in case Kyrgyz permission certificates are available, except for penalties applied for violation of provisions and requirements stipulated in bilateral international road transport agreements. Without appropriate permission certificates, foreign carriers pay US\$50 for transit on Kyrgyz territory.

For all foreign transport units with carrying capacity of over 10 tons, US\$60 fee is set for crossing a tunnel on the Bishkek-Osh road.

Customs convoy is envisaged only for excise goods, however, there is practically no transit of such goods through the territory of Kyrgyz Republic.

Pursuant to Customs Code of Kyrgyz Republic (Article 240) a customs fee in the amount of one minimal wage per hour of goods and vehicles convoy on the territory of Kyrgyz Republic is set for customs convoy of each transport unit carrying goods under customs control.

MON: See 1 above.

TAJ: Pursuant to Republic of Tajikistan Government Resolution No. 472 of December 2, 2005, fees for customs convoys of goods and vehicles have been set at US\$3.00 (per 10 km). Foreign road carriers transporting freight within the Republic of Tajikistan in compliance with the TIR Handbook are entirely exempt from the customs convoy fee.

UZB: See 1 above.

3. Abolition of all other charges and fees on entry and transit of foreign road carriers.

AFG: Not many foreign carries are entering at the moment. As per the Afghan Transit Trade Agreement with Pakistan, Afghan trucks are not charged any fees or toll tax in Pakistan nor are the Pakistani trucks charged in Afghanistan.

AZE: In this area one should note the Law of the Republic of Azerbaijan “On amendments and addenda to Tax Code of the RA” (dated December 3, 2004), which provides for increased stay of foreign cargo transport units on the territory of Azerbaijan from one to two weeks, without changing the amount of road tax collected (up to 4 axels – US\$40, 4 and more axels – US\$80).

PRC: Foreign road carriers may be charged transport fees in two ways in accordance with multilateral or bilateral transport agreements. One is road maintenance fee, and the other is toll-road fee. Road maintenance fee could be exempted if reciprocity arrangement is made, and toll-road fee is charged based on the national treatment.

KAZ: The fee for travel by motor vehicles across the territory of the Republic of Kazakhstan is provided for under the Code “On Taxes and Other Compulsory Payments to the Budget” of June 12, 2001. There are no other fees or charges.

KGZ: No other fees and payments are collected on entry (transit) of foreign road carriers on the territory of Kyrgyz Republic.

MON: See 1 above.

Also, working groups with regard to the Annexes of the abovementioned Agreement have been established and they are working on drafting the relevant documents and preparing for the negotiations. For preparatory purposes we believe it would be useful to organize a national seminar on the issue of trade support in Ulaanbaatar in cooperation with an international organization as well as to get the expertise advice from international organizations. *[These measures also respond to the recommendations 5-6 below.]*

TAJ: The road fees charged on entry and for the use of highways in the Republic of Tajikistan applicable to road carriers of CIS states are between US\$50 and US\$100, and those applicable to road carriers from other states range from US\$70 to US\$100, depending on the carrying capacity of the vehicles in terms of freight and passengers.

If bilateral intergovernmental agreements call for the application of a “permit system” and permit forms are exchanged for travel by road carriers of the two parties, road carriers of foreign states are exempt from charges on entry and for the use of highways in the Republic of Tajikistan. This practice is currently in place between the Republic of Tajikistan and China, Turkey, Iran, and Kazakhstan.

UZB: See 1 above.

4. Reduction of the cost of entry visas for drivers of foreign road carriers and issuance of visas to them at international pass points in a simple way.

AFG: This is being done on a reciprocal basis. Pakistani drivers are treated the same way in Afghanistan as the Afghan drivers in Pakistan. Apart from Pakistan, Afghan trucks do not enter into other countries.

AZE: Currently visas are not issued at border posts in Azerbaijan, This issue could be looked at in the process of Azerbaijan’s accession to WTO.

PRC: The visa fee is charged based on the principle of reciprocity. China implements simplified procedures in visa application. In addition, foreigners could directly go to Chinese embassies and consulates general to apply for multiple-entry visas valid for 2 years.

KAZ: Under review.

KGZ: MFA of the Kyrgyz Republic proposes to address this issue through separate agreements with each specific country.

TAJ: Entry onto the territory, exit from the territory, and also transit across the territory of the Republic of Tajikistan by foreign road carriers transporting freight and passengers on international motor routes are performed on the basis of a special permit.

At the same time, under the Protocol of the 5th Meeting of the Intergovernmental Tajik-Turkish Joint Economic Commission, the parties agreed to perform the necessary work for the simplification of visa procedures on entry into Tajikistan and extending the deadline for registration of travel within Tajikistan to 20 days.

UZB: See 1 above.

Also, an intergovernmental agreement has been signed between the Government of the Republic of Uzbekistan and the Government of the Republic of Kazakhstan on international road transportation (March 20, 2006). The agreement provides for a substantial reduction in non-physical barriers to international road transport in the territories of the two countries by reducing fee rates, reducing their list and eliminating the system of entry permits.

5. Harmonization of transport, customs, and border documentation in order to simplify procedures of control at and to minimize time to pass at the border.

AFG: Afghan Customs Department is actively working on harmonizing and simplifying procedure and reducing the number of documents. IIm-O-Khabar is being systematically abolished at all those locations where ASYCUDA is being introduced. ASYCUDA SAD will replace the current customs clearance documents once full clearance module is in place. Afghan Customs is also leading the Border Management Initiative, which amongst other things

is seeking to harmonize the procedure of different ministries to facilitate genuine trade and reduce clearance times.

AZE: For this purpose, Azerbaijan promotes the process of introducing automated systems at borders (border posts).

PRC: Steps have been taken to promote harmonization of transport, customs and border documentation and further simplify clearance procedures. Current status and requirements in each sector are as follows:

- (a) Foreign road carriers with the International Motor Transport License issued by China are allowed to enter China, and their operations are permitted in accordance with their business scope and relevant regulations.
- (b) China is holding bilateral discussions with Kazakhstan and Mongolia on the unification of the manifest and studying the feasibility of implementing one stop inspection.
- (c) The entry and departure card of China is in compliance with international standards.

KAZ: The Instruction on the Collection Procedure and the Location of Control Authorities in the Control Process at Points of Entry on the State Border of the Republic of Kazakhstan, registered with the Ministry of Justice under No. 2174 on February 17, 2003, was approved by joint orders of control authorities. Besides, Kazakhstan is working out the issue of expedited “one stop service” processing of customs and other procedures with neighboring countries.

KGZ: According to the Law #176 dated August 1, 2003, Kyrgyz Republic ratified the Agreement on transit procedure through the territory of CIS-member countries as of June 4, 1999.

To simplify procedures for goods and people crossing KGZ-KAZ border under “one stop service” principle and Agreement between KGZ and KAZ Governments on Joint Control at KGZ-KAZ Border was prepared. This principle is being temporarily piloted at Ak-Jol border crossing.

MON: See 3 above.

The Mongolian National Chamber of Commerce and Industry together with the Asian Development Bank held a seminar on 8 February 2006 and introduced to the participants from the relevant ministries, agencies, private sector and non-governmental organizations its joint studies to be undertaken in the coming few months.

The General Customs Office in collaboration with the Asian Development Bank organized a seminar on the topic of “Trade Facilitation and the Investment Issues for Customs Modernization (9 February 2006).

The 1st Council Meeting on Logistics was held on 24 February 2006 under the auspicious of the National Chamber of Commerce and Industry.

TAJ: The Republic of Tajikistan government is currently reviewing a proposal to establish a Task Force to harmonize transportation, customs, and border documentation. This documentation includes 16 documents that are required upon importation into the Republic of Tajikistan and 20 documents that are required upon export.

UZB: The Republic of Uzbekistan is taking measures to adhere to the Framework Standards to Secure and Facilitate Trade adopted by the General Council of the World Customs Organization in June 2005. In accordance with those standards, with respect to the furnishing of modern equipment for non-intrusive controls, especially for large-size containers and vehicles, we are working on the question of equipping the most heavily-used customs posts with customs inspection systems.

6. Taking measures to prevent and eradicate cases of unofficial payments from road carriers in transit.

AFG: The Afghan Customs Department is active engaged in preventing and dealing cases of corruption. Several measures have been implemented such as: (i) a Code of Conduct has been developed for Customs officials and seminars have been delivered to about 220 customs officials so far; (ii) traders and carriers are being encouraged to report cases of illegal payments and bribes to the senior management; and (iii) Customs Department has also raised the issue of illegal checkpoints with other ministries requesting them to close check posts down.

AZE: In this area the Law on combating corruption was adopted and covers a number of areas, including the abovementioned.

PRC: There are no unofficial charges on road carriers in transit since China has not signed any agreement on transit transport with CAREC members. The normal charges have been indicated in Item 3.

KAZ: The Transportation Control Committee issued order No. 72-B “On Prompt Notification of the Detention of Motor Vehicles at Transportation Control Posts” of October 13, 2004, which is aimed at the prevention and elimination of unofficial payments collected from truckers. Customs procedures are being automated.

KGZ: Appropriate authorities of the Kyrgyz Republic conduct ongoing and planned work to eliminate cases of unofficial payments from road carriers in transit or at entry/exit.

MON: See 3 above.

TAJ: In order to eliminate the collection of unofficial payments, a large-scale effort has been under way in the Republic of Tajikistan since 1997 on the part of the major ministries and other services involved in transit shipments of freight and passengers, and all additional State Automobile Inspectorate posts and other unofficial posts were eliminated as of 2000.