



Central Asia Regional Economic Cooperation Program

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Trade Facilitation Sector Progress Report and Work Plan

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I. KEY DEVELOPMENTS

A. Sector Implementation

1. This progress report includes activities related to trade facilitation undertaken since the Ministerial Conference held in Astana, Republic of Kazakhstan in October 2013. The prospective work plan covers activities scheduled to take place over the next six months (May–October 2014).

2. With the approval of the refined Transport and Trade Facilitation Strategy (TTFS) 2020 during the October 2013 Ministerial Conference, the Trade Facilitation Work Plan is being correspondingly refined to support TTFS implementation. Corridor Performance Measurement and Monitoring (CPMM) is being expanded to improve accuracy in capturing data on railway movements in support of Designated Railway Corridor pilots. A training workshop for CPMM coordinators was conducted in Almaty immediately following the October 2013 Ministerial Conference to modify the data collection instrument used to capture railway data analogous to those collected on road transport. CPMM will be further modified to capture data on the performance of trade logistics services, and possibly to track maritime shipments as basis for comparison with overland transport.

3. Customs cooperation continues to make progress. In November 2013, customs authorities of the People's Republic of China (PRC) and Mongolia agreed to expand joint customs control (JCC) pilots to two more pairs of border crossing points (BCPs) in 2014, and one pair of BCPs (PRC's Ceke and Mongolia's Shivee Khuren) already started pilot in March 2014. They further agreed to conduct pilot testing of the electronic exchange of customs cargo manifests in August or September 2014. Implementation of the new initiative on Sanitary and Phytosanitary (SPS) measures is on track. An Inception Report has been reviewed and accepted by the Asian Development Bank (ADB), recruitment of consultants is ongoing, and field work will commence in July 2014. In December 2013, ADB approved three new regional technical assistance programs funded by Japan's trade facilitation mechanism. Focusing respectively on 'at the border', 'behind the border', and regional transit, these programs will support capacity building activities for customs, including training on time release studies, risk management, JCC at selected BCPs, customs modernization, and Revised Kyoto Convention (RKC) accession and compliance. A special Customs Coordination Committee (CCC) was convened in April 2014 to agree on a series of country-specific technical assistance implementation plans. Consultants are being recruited to begin work on designing a customs guarantee mechanism that can cover shipments within the Central Asia Regional Economic Cooperation (CAREC) Countries.

4. The adoption of the Trade Facilitation Agreement (TFA) by the World Trade Organization (WTO) in December 2013 is significant. Considering that five CAREC countries are already WTO members, two more in the cusp of accession, and others are considering the merits of accession, CAREC development partners are keen to assist with the implementation of various provisions of the TFA. Two of the five CAREC WTO members have already conducted the trade facilitation needs assessments mandated by the TFA. To ensure that development partners are responsive to the demand for technical assistance, it is imperative that these needs assessments be shared with CAREC development partners.

1. Institutional Support

5. The PRC and Mongolian agriculture and veterinary officials met on 27–29 November 2013 in Beijing, PRC to discuss and agree on the implementation action plan for 2014 for the (i) establishment or improvement of the institutional mechanism for PRC–Mongolia cooperation in transboundary animal diseases control, (ii) development of a 5-year capacity building plan, and (iii) preparation of a user manual for transboundary animal diseases control at community level.

6. The CAREC Trade Facilitation continues to build the capacity of the CAREC Federation of Carrier and Forwarder Associations (CFCFA) with the objective of ensuring its self-sustainability. Transfer of custody and concurrent upgrade of the CFCFA website to the Tashkent-based Association for Development of Business Logistics (a founding member of CFCFA) began in November 2013. Phase 2 of ADB's *Working with the Private Sector in Trade Facilitation* technical assistance program will provide resources to engage the services of experts in ensuring the sustainability of professional business associations.

2. Training and Capacity Building

7. Training programs for CAREC Customs officers are being developed jointly with the Shanghai Customs College and the World Customs Organization. The CAREC Institute has expressed interest in supporting these activities. CFCFA training programs are also being developed based on materials and lessons learned from the pilot training programs sponsored by the CAREC Institute in August 2013. The CFCFA training programs, intended to generate revenues for the association, will be designed and carried out by its members. The target audience includes practitioners and other stakeholders engaged in the provision of trade logistics services.

3. Corridor Performance Measurement and Monitoring (CPMM)

8. The 2013 CAREC CPMM Annual Report evaluates freight flows and costs along the six transport corridors of the CAREC Program. CPMM collects and analyzes time and cost data, provides intermediate outcome indicators to monitor and evaluate the TTFS implementation, and contributes to the trade facilitation indicators (TFIs) for the CAREC Development Effectiveness Review (DEfR).

9. For purposes of the DEfR, CPMM monitors performance according to four TFIs as presented in the following table:

| Indicators | 2010 ^a | 2011 | 2012 | 2013 | YoY |
|-------------------------------------------------------------|-------------------|------|------|-------|------|
| TFI1 Time taken to clear a border crossing (hours) | 8.7 | 7.9 | 10.9 | 10 | -8% |
| TFI2 Costs incurred at a border crossing point (\$) | 186 | 156 | 157 | 235 | 50% |
| TFI3 Costs incurred to travel corridor section (\$) | 712 | 959 | 999 | 1,482 | 48% |
| TFI4 Speed to travel 500 km on CAREC corridor section (kph) | 24 | 22 | 23 | 20 | -13% |

kph=kilometers per hour, TFI=trade facilitation indicators, YoY=year-on-year.

^a Baseline year

10. In 2013, only TFI1 showed slight improvement year-on-year. The other three indicators declined in performance. Cost-related indicators, in particular, demonstrated relatively large percentage increases.

11. **TFI1: Time taken to clear a border crossing (hours).** In 2013, the overall average border crossing duration of 10 hours improved by 8% from its average value in 2012—a reversal from the significant year-on-year increase it experienced from 2011–12. There is, however, room for improvement: 2013 performance reflects a 25% deterioration in performance from that recorded in 2011. Similar to previous years, waiting in queues due to congestion at popular BCPs is the principal contributor to delays, both in road and rail transport. Trucks spend an average of 4.6 hours waiting time to cross the border, while the average delay for trains is 31.5 hours. This is highly pronounced at BCPs along Corridor 1. Other procedures delaying border crossing include loading/unloading and, for rail, the break in gauge.

12. Road border crossing revealed remarkable improvements across all corridors, except at BCPs along Corridor 4. The overall average duration decreased from 8.9 hours to 5.6 from the previous year (or 37% improvement), largely attributable to improvements in border crossing at BCPs along Corridors 1, 2, and 3. Border crossing clearance duration shortened by 33% along Corridor 1, 38% along Corridor 2, and 56% along Corridor 3. Substantial improvements were observed in average clearance duration at Irkeshtan (PRC) and Khorgos (PRC) for trucks heading west. Although there is still considerable delay in these PRC BCPs in comparison with other BCPs, there was marked improvement as compared to last year. There were, however, some BCPs in which drivers continued to encounter long waiting time. In this respect, the detrimental effects of the Customs Union persist: some records reveal trucks waiting at Khorgos for up to 120 hours.

13. Rail border crossing, on the other hand, continues to worsen. The average clearing time of 24.7 hours in 2012 increased to 29.9 hours in 2013. This is largely attributable to longer border crossing encountered in rail transport at BCPs along Corridor 1, particularly at Dostyk (Kazakhstan) and Alashankou (PRC) for westbound shipments. Reasons for delay include waiting due to busy reloading facilities, lack of available wagons, and marshalling and waiting for priority trains to pass. Also, it appears that the opening of Khorgos for (almost exclusively containerized) rail traffic along sub-corridor 1b did not relieve the congestion at Alashankou-Dostyk in 1a. Meanwhile, border crossing delays at Corridor 4—Zamyn Uud (Mongolia) and Erenhot (PRC)—were notably reduced.

14. **TFI2: Costs incurred at a border crossing point (\$).** Average costs incurred at a border crossing point increased in nominal terms by 50% to \$235. The steady decline since the baseline cost of \$186 (established in 2010) was abruptly reversed in 2013. Data reveal that the increase is due to BCPs particularly along Corridor 4. While the average cost incurred at BCPs along other corridors exhibited statistically insignificant changes, a localized escalation of fees imposed on truck shipments affected the overall performance of the indicator, e.g., customs fees in Zamyn Uud (Mongolia) along Corridor 4 and Irkeshtan (Kyrgyz Republic) along Corridor 6.

15. Substantial increases in average border crossing cost for road transport were observed at BCPs along Corridor 4, and to a lesser extent, along Corridor 1. In particular, the indicator for Corridor 4 rose from \$172 to \$433 (151%). Further analysis reveals that imports from Russia and PRC incurred rather high custom clearance fees imposed by Mongolia. Due to the lack of a manufacturing base, Mongolia imports industrial and consumer goods from Russia and PRC. At Khiagt–Altanbulag in the north, customs clearance for imported goods ranged from \$450 to \$650. At Erenhot–Zamyn Uud in the south, customs clearance fees for goods exiting PRC ranged from \$300 to \$400 in Erenhot, on top of higher fees ranging from \$350 to \$650 at Zamyn Uud.

16. Furthermore, border crossing cost in Khorgos remained high due to high throughput volumes, especially during peak seasons, resulting in strained parking capacity and burdensome border crossing procedures. This is compounded by unofficial payments from rent-seekers in exchange for expedient processing.

17. PRC exports bound for Central Asia invariably cross Khorgos, situated astride the most direct route to markets such as Almaty. However, different standards (weight restrictions, axle loads, vehicle profile, pallet and container dimensions, etc.) and limited vehicle licenses suggest that most PRC truck drivers transport their goods to Khorgos and unload the cargo into an export supervisory warehouse. Drivers from Kazakhstan will then enter Khorgos and load the goods, return to clear Kazakhstan customs, and deliver the goods to Almaty for further consolidation/deconsolidation. Data reveals no significant change in custom clearance fees over the past year, but the entire process of loading and unloading of westbound cargoes incurred fees from both sides, resulting in a significant increase in costs to about \$450 in 2013.

18. Indicators for cost of rail border crossing, on the other hand, suggest improvements. Fees imposed at Dostyk (Kazakhstan) dropped significantly, positively affecting the performance of the cost indicator for Corridor 1. However, with road samples outnumbering those of rail 4:1, the overall cost indicator outcome remains negative.

19. **TFI3: Costs incurred to travel corridor section (\$).** TFI3 exhibited an uptrend from \$712 in 2010 to \$1,482 in 2013, doubling in a period of four years. In 2011 and 2012, the cost to travel a corridor section did not change significantly. However, costs escalated in 2013, i.e., TFI3 is 48% higher as compared to 2012. This is attributed to increases in transport costs observed in both road and rail data samples collected in 2013.

20. TFI3 for road increased by 51% from \$1,067 in 2012 to \$1,612 in 2013. TFI3 for railways increased by 44% from \$638 in 2012 to \$920 in 2013. Collectively, this resulted in an increase by nearly 50% in 2013.

21. For road transport, Corridor 5 reported a TFI3 of \$1,580 in 2012 and \$2,392 in 2013, an increase of 81% in one year. Goods travel from Kashi to Irkeshtan and are reconsolidated in Dushanbe or Nizhni Panj for Kabul-bound cargoes. The vehicle operating cost rose sharply from an average of \$1,379 per 500 km in 2012 to \$2,305 per 500 km in 2013. Typically, PRC drivers will move the goods to Kashi and unload. Drivers from the Kyrgyz Republic will pick up the goods and transport them further to the border. Tajik drivers can only go as far as Irkeshtan to collect the goods. In addition, it was observed from the samples that Tajikistan quotations for transport services can be rather volatile depending on the season and the business volume. When there is demand, carriers can quote higher prices. In 2013, a new sub-corridor was included in the study. The new route is a direct route linking PRC to Tajikistan through the Kulma Pass. The vehicle operating cost averaged \$2,294 per 500 km. The costs are similar to those incurred via the transit route through Irkeshtan.

22. For rail transport, the main increase came from Corridor 4. TFI3 rose from \$427 in 2012 to \$876 in 2013. An additional surcharge imposed by PRC railways on all transit cargoes accounted for much of the increase. The surcharge depends on the type of container (\$300 per 20' container and \$600 per 40' container). The transport cost of Russian shipments of lumber to PRC via Mongolia remains unchanged.

23. **TFI4: Average Traveling Speed (kph).** In 2013, both road and rail speed with delay (SWD) indicators showed signs of decline. SWD is computed as the average travelling speed

on a section of 500 km along a CAREC corridor, including delays at border crossing and intermediate stops. The average SWD decreased by 13% (22.9 kph in 2012 to 19.9 kph in 2013). Corridors 1, 2, and 6 benefited from improved road conditions during the year, but transit duration along Corridor 4 severely declined, adversely affecting the overall performance of road transport. While trucks along Corridor 4 consistently registered the slowest speed estimates, the situation worsened as road and traffic conditions in Mongolia continued to deteriorate. With the completion of the trans-Mongolian highway (Corridor 4b) in late 2013, improved performance is anticipated. Meanwhile, rail conditions remain challenging. Freight trains traveling from Russia to PRC via Mongolia registered an average SWD of 18.3 kph, substantially below the CAREC average of 38–45 kph. Proposed investments may yield improved performance over time.

24. Due to the marked improvements in border crossing duration observed at road BCPs along Corridor 1, 2, 3, and 5, dips in SWD estimates were somehow alleviated but still contributed to the decline of speed estimates when other delays are considered. While road and rail corridors exhibited varying levels of improvement, statistical tests reveal that these fluctuations do not deviate significantly from trends observed in the past year. Corridor 4, however, remains the exception. Deteriorating road and rail conditions in Mongolia, coupled with the serious, though improved, delays at Zamyn Uud and Erenhot, contributed greatly to the decline of an otherwise stable trend in the overall speed of CAREC road and rail transport.

B. Addressing Actions Proposed in the 2012 CAREC DEfR and Ongoing Key Issues

1. Priority Actions Proposed in the 2012 CAREC DEfR

- Review the TTFS and Implementation Action Plan for consideration at the Senior Officials' Meeting (SOM) and Ministerial Conference.

25. **Action initiated:** CAREC Ministers adopted a refined CAREC TTFS 2020 and Implementation Action Plan in October 2013. The refined TTFS advocates intensified efforts in: (i) customs reform and modernization, (ii) coordinated border management, (iii) national single window (NSW) development, and (iv) beyond-customs trade facilitation.

26. **Next steps:** Transport and trade facilitation priority area teams will continue to work together to refine and harmonize their respective work programs. New technical assistance programs will be implemented and processed to support the refined TTFS. To the extent possible, regional CAREC trade facilitation objectives will be reinforced through cross-conditionality in the context of national policy-based lending programs.

- Maximize the benefits of CAREC corridors by identifying key nonphysical barriers to cross-border transport and implementing the endorsed approach to corridor-based transport facilitation arrangements.

27. **Action initiated:** Consultants have been engaged to conduct an SPS needs assessment for CAREC. Consultants are being recruited to develop a Customs guarantee mechanism for trade flows within CAREC. Data submissions from partner associations continue to enrich the CPMM database. Consultants are working to expand the volume of railway traffic data captured by CPMM.

28. **Next steps:** Upon completion of the SPS needs assessment, preparation of a Regional Upgrade of SPS Measures for Trade project will commence. Project formulation and CAREC country participation will be based on outputs from the SPS technical assistance.¹

29. It is anticipated that consultants will be engaged to begin work on developing a regional customs guarantee mechanism by August 2014.

30. CPMM funding for 2015–16 has been tentatively awarded by ADB's Regional Cooperation and Integration Community of Practice. Phase 2 of ADB's *Working with the Private Sector in Trade Facilitation* technical assistance program will be processed in the second half of 2014.

- To sustain operations growth, (i) update the medium-term priority project list endorsed at the Ministerial Conference in 2012, and (ii) commence mainstreaming priority projects into national development plans of the CAREC countries.

31. **Action initiated:** The CAREC Transport Sector Coordinating Committee Meeting in May 2014 reviewed the list of medium-term priority projects and agreed that new project proposals may be submitted by 30 June 2014. Development partners emphasized the need to ensure that the regional dimension of projects is highlighted and that cross-border components are developed jointly by countries sharing a BCP.

32. **Next steps:** Further work is needed to ensure that regional projects are developed in a collaborative fashion. This is particularly the case where cross-border facilities are concerned. Including regional project proposals in national Country Partnership Strategies is essential if priority regional projects are to be mainstreamed into national development plans.

- To counter the drop in finance mobilization, step up efforts to explore cofinancing opportunities among CAREC governments, multilateral and bilateral institutions, other development partners, and the private sector.

33. **Action initiated:** Japan Fund for Poverty Reduction has provided \$4.0 million for CAREC trade facilitation technical assistance projects. ADB's Regional Cooperation and Integration Community of Practice committed funding from ADB's Regional Cooperation and Integration Fund and the PRC's Poverty Reduction and Regional Cooperation Fund to support additional integrated trade facilitation initiatives.

34. **Next steps:** Technical assistance will be processed in the second half of 2014.

- Ensure relevant sector-focused training and capacity building activities are implemented through the CAREC Institute.

35. **Action initiated:** CAREC Institute and the CAREC trade facilitation team have been working closely since the end of 2012 to design a series of activities that aim to (i) disseminate more broadly CPMM data analysis and promote its use as a policy development and decision-making tool, (ii) share with senior CAREC officials the results of good practice achieved in

¹ ADB's Strategy and Policy Department has made available \$50 million in cofinancing for this project from the Asian Development Fund's subregional allocation. Accessing these funds will require a corresponding allocation of Performance-Based Allocation resources by ADF-eligible country programming teams.

situations similar to those faced by many CAREC countries, (iii) support the transformation of customs services into trade facilitators by funding key training programs conducted by World Customs Organization experts, and (iv) build the professional skills sets and capacity of transport service providers such that their efforts to improve performance complement efforts by the government to streamline procedures, and reduce the time and cost of delivering goods to market. CAREC Institute published the proceedings of a learning opportunity organized in April 2013 to allow CAREC National Focal Points to benefit from Georgia's experience in implementing trade facilitation reforms.² Kyrgyz Republic members of CFCFA requested CAREC to conduct a CPMM seminar in Bishkek similar to that organized in Almaty in March 2013.

36. **Next steps:** CAREC Institute and the CAREC trade facilitation team are designing further capacity building programs. Together with ADB Institute and the European Union Delegation to PRC and Mongolia, a learning opportunity is being organized (scheduled tentatively for 7–9 October in Mongolia) to share with CAREC countries the experience of the Baltic countries in modernizing their SPS measures. In this regard, as specific needs are identified, collaboration with other subregional programs (the Greater Mekong Subregion is active in modernizing SPS standards regionally) may be pursued. CAREC Institute has expressed interest in supporting training programs for CAREC customs officials. The World Customs Organization makes its regional training centers available for CAREC CCC activities; the Organization for Security and Cooperation in Europe (OSCE) has offered its Customs Training Center, and the OSCE Academy in Bishkek is also a possible venue for regional training programs.

2. Actions Identified in the Wuhan Action Plan

37. Renovation of border crossing points (BCPs). The CAREC Regional Improvement of Border Services (RIBS) project will improve the physical infrastructure at BCPs along the priority CAREC corridors. The RIBS for Mongolia is under preparation. Other projects have funded investments in cross-border infrastructure as part of a broader agenda (e.g., customs modernization for the Kyrgyz Republic, Mongolia, and Tajikistan; upgrade of roads leading to BCPs). ADB is proposing to fund investments in the BCPs of Pakistan. ADB invited proposals for a new RIBS project at the May 2014 TSCC Meeting. A World Bank-funded road from Almaty to Khorgos is scheduled to be completed by the end of 2015. Kazakhstan and PRC need to jointly and urgently develop border crossing facilities to support trade and traffic along this road.

38. Adoption of new/amended customs codes. Some CAREC countries have enacted or amended customs codes guided by the RKC. Five CAREC countries have acceded to the RKC; while five others are at various stages of the accession process. ADB technical assistance is helping CAREC customs authorities align their policies and procedures with the RKC. A training event on sharing RKC accession experience is being prepared.

39. Investing in automated customs information systems. ADB has completed three investment projects that funded the development and introduction of automated information systems for the customs services of the Kyrgyz Republic, Mongolia, and Tajikistan. The World Bank is making similar investments in Afghanistan and Kazakhstan. Pakistan in 2013 introduced its Web-Based One Customs (WeBOC), which may evolve into, or support the development of,

² ADB. 2014. "At the Border" and "Behind the border": Integrated Trade Facilitation—Reforms and Implementation. Workshop Proceedings; Tbilisi, Georgia; 10–13 April 2013. Mandaluyong City, Philippines..

a single window facility. The RIBS for Mongolia, which is under preparation, will upgrade the customs automated information system in addition to building the NSW facility.

40. Moving toward establishment of NSWs. NSW, which enable trade- and transport-related information and documents to be submitted only once through a single entry point, and to be reviewed and processed by relevant government agencies prior to the cargo's arrival at the border, can provide significant efficiency gains. To maximize the benefits of NSWs, coverage should be extended to include cross-border electronic data exchange. The RIBS project for Mongolia builds upon ADB investments in NSWs in the Kyrgyz Republic and Tajikistan. These NSWs have benefited from initial investments by ADB and the European Union, respectively. They will accommodate eventual CAREC-wide NSW connectivity and interoperability. Azerbaijan has introduced its NSW and expanded the number of agencies providing trade-related services via the NSW. The World Bank's Customs Modernization Project for Kazakhstan includes a NSW component. The Republic of Korea's International Cooperation Agency is investing in the development of an NSW for Uzbekistan. The next critical step will be the interconnectivity and interoperability of CAREC countries' NSWs.

41. Upgrading border control risk management systems. Training courses on risk management and customs modernization for CAREC customs officials have been conducted. ADB technical assistance will review legal issues which may impede some CAREC countries from introducing a risk management approach to vehicle inspection at BCPs. The OSCE, jointly with Swiss Customs, is conducting a risk management assessment for the Kyrgyz Republic in August 2014. CAREC involvement is being pursued.

3. Resolution of Ongoing Key Issues

42. The scope and impact of the Russia–Belarus–Kazakhstan Customs Union continues to evolve. The Kyrgyz Republic has drafted a 'road map' for its contemplated accession to the Customs Union. CPMM will continue to monitor the time and cost involved in shipping goods into the Customs Union economic space.

43. Implementation of RIBS and the CAREC Cross-Border Transport Agreement are contingent in some respects on reclassification of the Karamyk BCP in the Kyrgyz Republic from bilateral to international (the post on the Tajikistan side of the BCP has already been classified as international). Until late 2012, enforcement of its bilateral status had been haphazard, allowing third-country vehicles to pass unhindered and thereby creating the impression that it is open to vehicles from third countries. Since late 2012, the bilateral classification of this key CAREC Corridor 3/5 BCP has been more rigorously enforced, denying passage to most third-country vehicles transiting the Kyrgyz Republic, consequently imposing substantial increases in the time, cost, and distance of moving goods between Pakistan, Afghanistan, Tajikistan, and PRC. On the Tajikistan side of the border, truck drivers report that border clearance fees on weekends are doubled as the BCP is technically closed on weekends. Both the Kyrgyz Republic and Tajikistan have committed to pilot JCC procedures in Karamyk by 2015. Positive action is anticipated in response to an appeal by the Kyrgyz Republic trucking associations to Parliament in May 2013 to reclassify the status of Karamyk BCP to international. There is some anticipation that the new government may seek to resolve this matter.

44. The approaching (end of 2015) completion of a new road from Almaty to Khorgos requires urgent action on the part of Kazakhstan and PRC to develop complementary border crossing point facilities. Jurisdictional issues between customs, transport ministries, other border control agencies and the local governments concerned still need to be resolved on both sides of

the border to ensure that responsibility for initiating civil works is clear. The positive experience garnered in developing the International Center for Cross-Border Cooperation in Khorgos provides some comfort that a solution is near at hand, but shippers will be interested to learn whether the road will be properly supported by efficient border crossing facilities upon its completion.

45. CPMM data suggest that around 20% of traded goods in the region are perishables and that SPS-related inspections are among the five most common delays encountered by goods in transit. SPS reform and modernization forms part of the ongoing CAREC Program trade facilitation agenda—regional initiatives to harmonize and upgrade SPS measures and their application could potentially facilitate trade of agriculture produce, meat, and dairy products beyond the region. Following the publication of an SPS development plan in May 2013, ADB approved on 18 June 2013 a regional capacity development technical assistance to support collective and coordinated efforts to improve implementation of SPS measures throughout the CAREC region. The regional technical assistance will (i) promote concerted reforms and modernization in the SPS area consistent with international standards, and (ii) identify and prioritize investment needs to modernize SPS measures and their application. Consultants have been engaged to conduct an SPS needs assessment for CAREC.

II. KEY ISSUES FOR GUIDANCE BY THE SOM

46. The TTFS midterm review revealed that collaboration between Customs, other border management agencies, traders, and transport authorities needs to be strengthened. Moreover, beyond-Customs trade facilitation demands better coordination involving all key stakeholders. The June 2013 SOM acknowledged the need to develop trade logistics services and the importance of greater cross-sector coordination and private sector participation through establishment/strengthening of interagency National Joint Transport and Trade Facilitation Committees (NJC). CCC members agree to the midterm review recommendations that NJCs must have a clear mandate³ and should submit progress reports regularly (the experience of Pakistan in this respect may be instructive). Limited ADB technical assistance is available to support the provision of secretariat functions of NJCs.⁴ Guidance is sought on the timeframe within which NJCs are to be reconvened.

47. Trade facilitation measures should be implemented hand-in-hand with trade and investment liberalization. The revised Trade Policy Strategic Action Plan approved by CAREC Ministers in October 2013 complements refinements to the TTFS. An initial examination of the movement and mobility of people within CAREC has been prepared by the trade facilitation team and circulated to the Trade Policy Coordinating Committee.

48. It is important for CAREC countries to share trade facilitation needs assessments with CAREC development partners for CAREC trade facilitation initiatives to respond to these

³ NJCs were envisaged to operationalize cross-border transport agreements, support national data collection, and assist in reporting on TTFS implementation progress. However, only a handful of NJCs have been established, and not all evolved as intended. It was proposed that NJCs be given a wider and more defined role that includes: undertaking regular collection of a defined set of data on trade and traffic; coordinating and filtering proposals for CAREC projects; taking the lead in monitoring project outcomes; and establishing a more formal way of working, i.e., meet regularly and employ a secretary in charge of the minutes of the meeting, including dissemination to the CAREC Secretariat for coordination purposes.

⁴ ADB. 2012. *Technical Assistance for Facilitating Cross-Border Transport in the Central Asia Regional Economic Cooperation Region (Phase 1)*. Manila (R-PATA 8147, \$1,500,000, approved August 2012). R-PATA 8147 contains provisions for covering the cost of NJC secretariat functions.

demonstrated demand. Five CAREC countries already acceded to WTO and committed to conduct the assessments. Two countries completed the assessments but have yet to share the results with the development partners. Three other countries have not yet scheduled these assessments with WTO. The remaining five countries that have not yet acceded to WTO would be well served should they opt to conduct such assessments.

49. CAREC countries have appointed focal points for the regional TA supporting the conduct of an SPS needs assessment. As CAREC trade facilitation SPS consultants carry out their assignment for ADB, it is essential that the data and information which they may request be provided promptly both to ensure that the TA implementation schedule is not delayed and that a full understanding of needs in modernizing SPS measures is obtained. SOM reinforcement and commitment will be appreciated.

III. CHANGES TO SECTOR ACTION PLAN

50. The Trade Facilitation Work Plan has been updated following formal adoption of the refined TTFS. To complement the piloting of Designated Rail Corridors, CPMM is being expanded to improve accuracy in capturing data on railway movements. It will be further modified to capture data on the performance of trade logistics services. Action to implement the new initiative on SPS is underway and capacity building activities for customs (training on time release studies, risk management, customs modernization, and RKC accession and compliance) continue. Further updates will be introduced and reported to the SOM as implementation of the refined TTFS warrants.