

Summary of Discussion: Trade Facilitation and Customs Cooperation

1. A sector session on Trade Facilitation and Customs Cooperation was held as part of the SOM on 13-14 September 2004. The country delegates reviewed the progress in the implementation of the Common Action Plan endorsed by the Heads of Customs at the 2nd Customs Cooperation Committee (CCC) Meeting, and initiatives endorsed by Ministers at the 2nd Ministerial Conference.
2. The country delegates expressed appreciation to the Secretariat support for two regional events and bilateral consultation among the CAREC countries. The regional meeting held in Bishkek in February 2004 was to share the transit agreement developed by the Kyrgyz and Kazakh Customs and examine the potential to extend the agreement into a regional one. The transit agreement was considered a significant step in support of the development of a unified regional transit arrangement endorsed by the Ministers at the 2nd Ministerial Conference. A similar transit agreement is expected to be reached between the Kyrgyz and Tajik Customs toward the end of 2004, and support has been provided by the Secretariat in bilateral consultation between the Kyrgyz and Tajik Customs.
3. The regional Forum held in Beijing in April 2004 aimed to (i) share country experience in the reforms of the Customs Codes, and (ii) compare various computerized customs systems as requested by the Ministers. Cross-country comparison of the revision of Customs Codes helps achieve a harmonized customs legal framework which is another initiative endorsed by the Ministers. And comparing various computerized systems and distilling lessons learned help the CAREC member countries avoid mistakes and develop automated customs systems according to their country circumstances. The automation systems by the European Union, Kazakhstan, Mongolia, Philippines, and PRC were presented in the Forum. The Kazakh automation system will be further disseminated through publication. The country delegates appreciated the Secretariat efforts to broaden the learning experience on customs automation and organize a CCC Forum on Customs Automation in partnership with the Government of Singapore.
4. The country delegates emphasized on the importance of a pragmatic and result-oriented approach in customs cooperation and appreciated the Secretariat's support for bilateral consultation and initiatives. Bilateral initiatives by nature rest on strong country commitment of two countries and have a "demonstration effect" for becoming regional initiatives if proved to be successful. Bilateral initiatives supported by the Secretariat include the following:
 - (i) Pilot-testing of Joint customs control between the Kyrgyz and Kazakh Customs, effective 1 of July;
 - (ii) Consultation and drafting of a data-sharing agreement between the Kyrgyz and PRC Customs, scheduled to be signed during the visit of PRC Premier Wen Jiabao to the Kyrgyz Republic in September in 2004;
 - (iii) Development of a transit agreement between the Kyrgyz Republic and Kazakhstan reached on 26 March 2004, and its dissemination;
 - (iv) Consultation between the Kyrgyz and Tajik Customs in entering into a transit agreement by the end of 2004;
 - (v) Development of an agreement of mutual assistance between the PRC and Uzbek Customs expected to be signed during the 3rd CCC Meeting in Baku in December 2004; and
 - (vi) Consultation between the Kyrgyz and Tajik Customs in joint development of unified automated information system.

5. The country delegates reaffirmed the importance of country-specific initiatives with strong regional orientation as an integral part of the Trade Facilitation and Customs Cooperation Program. In this regards, the country delegates welcomed the ADB's planned financial assistance to the Kyrgyz Republic and Tajikistan for customs automation and customs border-post infrastructure development. The concerted support for the two countries' customs modernization will maximize the regional impact of financial assistance, and enable the two countries effectively participate in regional customs cooperation initiatives on data-sharing and transit development. The technical assistance grant extended to the two countries' Customs as part of the financial assistance will provide significant support for institutional strengthening and human resource development.

6. In charting the future course of actions, the country delegates reaffirmed the importance of complementing region-wide and bilateral initiatives with country-specific support for customs reforms and modernization. Attached is the summary of proposals submitted by the country delegates for consideration at the 3rd Ministerial Conference.

7. Country-specific proposals were broadly centered on three areas: (i) capacity building for adopting risk management-based modern customs practices (KAZ, TAJ, UZB), (ii) support for needs assessment for automation and reforms of the legal framework (AZB, UZB), and accession to the TIR Convention (PRC). In-country training on risk management and customs intelligence will be planned for the Customs of Kazakhstan, Tajikistan, and Uzbekistan. Support for the needs assessment and feasibility study on customs modernization and accession to TIR as requested by PRC and Uzbek Customs will be explored through further dialogue with the respective Customs Administration.

8. Regional activities will remain focusing on (i) training and knowledge sharing and (ii) support for bilateral initiatives. The importance of maintaining the annual CCC Meeting was stressed by the country delegates to ensure senior management commitment and guidance in the customs cooperation program. The Azerbaijan country delegate reaffirmed the commitment to host the 3rd CCC Meeting tentatively scheduled the first week of December 2004. The Kyrgyz delegate expressed interest to host the Fourth CCC Meeting in 2005. Highlights of the region-wide and bilateral initiatives proposed by the country delegates are the following:

- (i) Bilateral consultation forum on joint customs control involving all the border agencies and private sector stakeholders of the Kyrgyz Republic and Kazakhstan;
- (ii) Preparation of a transit agreement between the Kyrgyz and Tajik Customs;
- (iii) Development of an information platform for data-sharing initially between the Kyrgyz and PRC Customs, and between the Kazakh and PRC Customs;
- (iv) Regional training seminar on risk management in 2005 cofinanced with the PRC Customs;
- (v) Regional training seminar on the TIR Convention in 2005, hosted by PRC Customs;
- (vi) CCC Forum on Customs Automation in February 2005, cofinanced with the Government of Singapore.

9. To further streamline border procedures for trade facilitation, the country delegates emphasized on the need to consult with other border agencies and private stakeholders in customs cooperation activities. The pilot-testing of joint customs controls by the Kazakh and Kyrgyz Customs demonstrates that the benefits of trade facilitation of joint customs control cannot be fully realized unless all the relevant parties are involved and understand the benefits of trade facilitation. There is also a need to delegate more border control authority to Customs as already adopted by Kazakhstan. These suggestions point to a future direction of broadening CAREC's trade facilitation program.

Sector Session on Trade Facilitation and Customs Cooperation: Summary of the Proposals

Region-wide and bilateral initiatives

AZB

- Hosting of the 3rd CCC Meeting first week of December 2004

PRC

- Cofinancing a regional training seminar on risk management in 2005 to study PRC's RM and share experience of other CCC member countries
- Request a regional training seminar on TIR to share the experiences of the CCC member countries with the implementation of the TIR

KAZ

- Joint proposal with KGZ on undertaking broad consultation with all the border agencies and private sector stakeholders regarding the joint customs controls
- Joint working Group on Customs Automaton proposed by the Kyrgyz, Kazakh, and Tajik Customs to share experiences and develop master plans, and functional and technical specification for the unified automated system

KGZ

- signing of the transit agreement between KGZ and TAJ
- Support the implementation of the transit agreement reached between KGZ and KAZ
- Establishment of an information platform for customs data-sharing initially between KGZ and PRC, and between KAZ and PRC, subject to the agreement among the parties involved in the scope of data to be shared.
- Co-sponsoring the Fourth CCC Meeting (with the Secretariat) in the Kyrgyz Republic in 2005

TAJ

- Prepare a transit agreement between the TAJ and KGZ expected to be signed by end of 2004

UZB

- Bilateral dialogue ongoing with KAZ and KGZ; support from Secretariat will be identified
- CCC Forum on Private-Public Partnership for Customs Modernization, 14-16 October, Manila
- CCC Forum cofinanced with the Government of Singapore early 2005

Country-specific activities with strong regional orientation

AZB

- Support for customs legal reforms and revision of customs procedures; a proposal on the details of the required support will be submitted to the Secretariat

PRC

- Request Secretariat support for a feasibility study on PRC's accession to the TIR Convention. An international consultant will be required to facilitate the study carried out by the PRC Customs

KAZ

- In-country training seminar on risk management and post-entry audit in 2005

KGZ/TAJ

- Support for the implementation of customs automation and customs border-post infrastructure development (TA grant of \$500,000 will be provided each for the to KGZ and Tajik Customs to facilitate the implementation of the modernization plan)
- In-country training seminar on risk management and Post-entry audit in Tajikistan in 2005

MON

- Consultation ongoing with the Government of Mongolia for potential financial assistance in customs modernization

UZB

- In-country training seminar on risk management and customs intelligence planned in Nov. 2004
- Provide support for needs assessment for Customs automation and border-post infrastructure