

REGIONAL TRADE FACILITATION AND CUSTOMS COOPERATION PROGRAM

Background Paper for Working Group Discussions

Prepared for the

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I. INTRODUCTION

1. The Regional Trade facilitation and Customs Cooperation Program (RTFCCP) was formally launched in 2002 joined by eight countries.¹ The RTFCCP aims to promote concerted customs reforms and modernization and address issues of common interest such as transit development and customs data sharing. The Program is guided by a Customs Cooperation Committee (CCC) consisting of the heads of customs administrations of the member countries. The importance of the CCC guidance reflects the country-driven process of the RTFCCP. The CCC endorsed a Common Action Plan in its First CCC Meeting in Urumqi, PRC in August 2002 and created two working groups for its implementation, one chaired by PRC and the other by Uzbekistan. Four expert groups were created to study (i) simplification and harmonization of customs procedures (chaired by PRC), (ii) development of simplified transit systems (chaired by the Kyrgyz Republic), (iii) data sharing and ICT for customs modernization (chaired by Uzbekistan), and (iv) risk management and post-entry audit (chaired by the PRC). Additionally, a task force was suggested, chaired by Kazakhstan to initiate pilot testing of joint customs control.

2. The Customs Action Plan has been implemented with a combination of (i) region-wide and bilateral initiatives and (ii) country-specific activities with a strong regional orientation.

3. Training and knowledge sharing are the main focus of region-wide activities. The RTFCCP member countries attach great importance to training and knowledge-sharing because of their relevance to individual countries' ongoing customs reforms and modernization. Knowledge of customs-related WTO Agreements (e.g., rules of origin and valuation) and the Revised Kyoto Convention has facilitated the customs legal reforms in the member countries, and sharing of country experiences in customs modernization (and automation in particular) has helped the design of customs modernization strategies and investment plans in light of lessons learned elsewhere.

4. Promotion of bilateral initiatives is another area that the RTFCCP has made significant progress. The emphasis on bilateral initiatives reflects the nature of regional cooperation and the pragmatic and result-oriented approach adopted by the member countries in pursuit of regional cooperation. Regional customs cooperation requires strong country 'ownership' and takes time to realize its full potential. Bilateral initiatives by nature rest on strong country commitment of at least two countries and have strong demonstration effects for becoming regional initiatives if proved to be successful.

5. Support for country-specific initiatives with strong regional orientation is the bedrock of the RTFCCP. Knowledge-sharing and bilateral activities rest upon country-specific efforts in customs reforms and modernization. Knowledge-sharing would not be fruitful unless it is supported by in-depth country diagnostic studies and customs modernization efforts. Bilateral initiatives may not go beyond signing agreements unless they are supported by government commitment to put in place the enabling infrastructure for their implementation (e.g., automation and modern customs border post infrastructure). Therefore, support for concerted customs reforms and modernization among the CCC member countries is an integral part of the RTFCCP.

6. This Background Paper highlights the progress and proposals made by the member countries in the previous events with purpose of facilitating the Working Groups to prepare their

¹ The RTFCCP member countries are Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, People's Republic of China, Tajikistan, Turkmenistan, and Uzbekistan. The 'member countries' refers to the 'RTFCCP member countries'.

work plans for 2005. The Paper also raises a number of issues that the Working Group may wish to discuss during the Working Group Meetings and highlight them in the Joint Statement of the CCC for consideration and endorsement. Preparation of a joint Statement to be endorsed by the members of the CCC is a major task of the two Working Groups during the 3rd CCC Meeting.

II. PROGRESS AND PROPOSED ACTIVITIES

Working Group 1

A. Simplification and Harmonization of Customs Procedures

7. Simplification and harmonization of customs procedures is at the heart of trade facilitation. Harmonization of customs procedures is being achieved mainly through member countries' efforts to reform customs legal acts or codes in line with the Convention on the Simplification and Harmonization of Customs Procedures, commonly known as the Revised Kyoto Convention. Indeed, this Convention has been serving as a blueprint for reforms and modernization of customs administrations in all the member countries. Kazakhstan ratified their revised Customs Code in May 2003 with assistance from IMF and USAID, and the Kyrgyz Republic adopted the new Customs Code on 12 July 2004 with support from the ADB and USAID. As a key policy initiative supported by ADB's Customs Program Loan, Tajikistan adopted the revised Customs Code on 3 November 2004. Azerbaijan, Mongolia, Turkmenistan and Uzbekistan are also currently in the process of modernizing their respective Codes in line with WTO and the Kyoto Convention, as well as national, requirements.

8. Regional activities have complemented individual countries' legal reforms through (i) organizing forums to address common issues and distill lessons learned in the revision of Customs Codes; and (ii) providing training on customs-related WTO Agreement and the Revised Kyoto Convention so that the new Codes will be consistent with the major international agreements and conventions. These activities have partly contributed to the member countries' efforts to join the WTO and accession to the Revised Kyoto Convention.

Future activities

9. **Support for the revision of Customs Codes.** Revision of the Customs Codes remains a key customs modernization initiative of several member countries (e.g., Azerbaijan and Uzbekistan). Support for customs legal reforms is a priority of the next phase of the ADB's regional technical assistance that will be provided in further consultation with the member countries concerned. Such consultation is essential because several international agencies (e.g., USAID and the EC) are also involved in offering assistance in code modernization. A review of the customs legal framework will also be part of the preparatory work in formulating a proposed customs modernization and infrastructure project for Mongolia.

10. **Consultation and Dissemination of the Customs Codes.** Consultation with the relevant government agencies and private sector stakeholders is essential for preparing the revision of the Customs Codes. Dissemination of the revised Customs Code (after Parliament approval) is equally essential for broad-based awareness, "informed compliance" by the trade community and consistent application of customs control requirements. The publication of the revised Customs Code and organization of a regional meeting for dissemination by the Kyrgyz Customs in October 2004 is an example of such effort. Similar initiatives could be initiated by other member countries and necessary support can be provided by the Secretariat.

11. **Need progress in other initiatives.** While simplification and harmonization largely depends on the revision of the Customs Codes by individual member countries, specific bilateral and regional initiatives for simplification and harmonization (such as adoption of a common declaration form and commonality of documentation requirements at customs borders) will depend on **a harmonized and simplified customs data set for imports and exports procedures** agreed upon among the member countries. In this regard, other initiatives such as data-sharing and adoption on risk management-based customs control procedures will all help support the benefits of simplification and harmonization of customs procedures and documentation. The member countries could advance this initiative by revisiting the WCO initiatives for standardization and simplification of the data fields for transit and customs declaration purposes. For instance, the data sharing initiative between the Kazakh and PRC Customs and the proposed *Agreement on Mutual Administrative Assistance* between the PRC and Uzbek Customs are specific efforts that could contribute to simplification and harmonization of customs procedures among the member countries.

B. Development of Border Posts and Facilities

12. The RTFCCP has supported (i) needs assessment and investment plans for customs border-post infrastructure development for the Kyrgyz Republic and Tajikistan; and (ii) pilot-testing of joint-border processing initiated by the Kazakh and Kyrgyz Customs. The needs assessments have led to a proposed regional customs border-post infrastructure development project for the Kyrgyz Republic and Tajikistan financed by ADB, aimed at (i) improving the working conditions and efficiency of priority customs border-posts; (ii) providing customs operations and anti-smuggling equipment, and (iii) training and promoting cooperation among border agencies. Project implementation is expected to commence in 2005.

13. The concept of joint-customs control or joint-border processing is recognized as a best practice in trade facilitation. It provides impetus to streamline border procedures of border agencies within each country, and collectively economize resources deployed at borders for trade facilitation and effective border control. The Kyrgyz Republic and Kazakhstan are spearheading this initiative with pilot-testing of joint-border control introduced at the border-crossing of Akzhol and Kordai in July 2004. Training on the principles and implications of joint-customs control were provided at regional seminars.

Future Activities

14. **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 other border agencies are involved and support the initiatives by streamlining their procedures. To support the joint customs control, the Kazakh and Kyrgyz Customs proposed to organize a consultation forum involving all the relevant agencies and private sector representatives. This could be an initiative to broaden the trade facilitation agenda of the RTFCCP. Given that some member countries are also initiating the piloting-testing of joint border control (e.g., PRC with Vietnam), the Kazakh and Kyrgyz initiative will have a strong demonstration effect and the experiences and lessons learned would be valuable for other joint customs control initiatives. The forum could also be an opportunity to introduce joint customs controls practiced elsewhere and introduce other best practices such as integrated border management and “single-stop”. The Working Group Meeting in Baku provides an opportunity to firm up on this initiative and discuss the details as to when and how the consultation forum will be jointly organized by the Kazakh and Kyrgyz Customs and the extent of assistance required

from the Secretariat. The Working Group could also discuss whether there is a need for other member countries to send observers to the Forum.

15. **Needs assessment and preparation for customs modernization project.** Technical assistance will be provided each to the Kyrgyz Republic and Tajikistan (\$500,000) for the implementation of the regional customs modernization and infrastructure project. Support for assessment and preparation of customs modernization projects will be extended to the member countries (e.g., Mongolia) through further bilateral consultation.

C. Development of Simplified Transit Systems

16. Among the trade facilitation initiatives endorsed by the CCC, transit development stands out as a key one because of the small-economy and land-locked nature facing most of the member countries. Without effective transit systems that facilitate intra-regional trade and also help move goods in and out of the Region, several member countries risk being further marginalized and unable to take advantage of the increasingly global economy. On the other hand, viable transit arrangements would help transform the Region into a modern “Silk Road” or “land-bridge” connecting East Asia with Europe.

17. Transit has been a major focus of the RTFCCP. Several regional meetings have been held to analyze major implementation issues facing the individual countries’ transit systems and the international transit system under the TIR Convention. The regional transit system adopted by the European Union was discussed in detail, as part of the effort to explore the possibility of developing a simplified transit system for shorter distance transit movements within the Region. ADB and World Bank provided background papers to facilitate the discussions.² These efforts contributed to the development of a proposed “Strategy and Action Plan for Transit Development” circulated at the Second CCC Meeting in Tashkent in October 2003. A two-pronged strategy was proposed to improve the transit conditions in the Region: (i) supporting PRC’s accession to the TIR Convention and addressing the implementation issues related to the TIR Transit System as immediate goals (as some member countries acceded TIR but has not issued any TIR Carnet); and (ii) exploring the possibility of introducing a simplified regional transit arrangement as a long-term development goal.

Future activities.

18. **Support for implementation of bilateral agreements.** The signing of a transit agreement between Kazakhstan and the Kyrgyz Republic in March 2004 represented a significant step in support of exploring an alternative transit initiative. A similar bilateral transit agreement is expected to be signed by the Kyrgyz Republic and Tajikistan in the near future. Successful testing and implementation of the bilateral transit agreements is crucial for replicating such agreement among other member countries and providing a solid foundation for a regional transit arrangement. Therefore, technical assistance will be extended to joint initiatives from the Kyrgyz Republic and Kazakhstan related to the implementation of the bilateral agreement. The Kyrgyz Republic and Kazakhstan are also expected to discuss the transit agreement at a regional transit meeting to be sponsored by PRC as described below.

19. **Support for country-specific initiatives with regional orientation.** In several regional events held in 2004, the PRC Customs expressed firm commitment to accede the TIR Convention and requested ADB for a feasibility study for the accession (with the terms of

² ADB. *Development of Simplified Regional Transit System*. The paper is available at http://www.adb.org/Documents/Events/2003/CCC/Second_Mtg/wp_03.pdf. World Bank. *Trade and Transport Facilitation in Central Asia*.

reference for the requested study to be prepared by PRC and submitted to ADB). Consultation is ongoing between the PRC Customs and relevant agencies such as the International Road Transport Union (IRU). As part of the accession process and as well as PRC's support for the RTFCCP, the PRC Government proposes to cofinance a regional transit meeting with ADB to be held in 2005 in Beijing. The proposed meeting will provide an opportunity to discuss TIR-related issues including various implementation issues facing other member countries. It may also address implementation issues related to the bilateral transit agreements among Kazakhstan, the Kyrgyz Republic and Tajikistan. The Working Group Meeting provides an opportunity to plan and develop the program of the regional event among the member countries. ADB will support the event by covering participants' airfares and miscellaneous expenses.

20. **Another major country-specific proposal came from the Kazakhstan** emphasizing on the importance of development of insurance and guarantees to support the use of national vehicles for transit movement in the Region. To develop guarantee arrangements, the Kazakh Customs places the importance of consultation (meetings) with all relevant parties including transport associations, banks and other private sector stakeholders. With submission of concrete proposals from the Kazakh Customs, the Secretariat will provide assistance in the organization of such a consultation event.

Working Group 2

D. Data-Sharing and ICT for Customs Operations

21. The use of information and communication technology (ICT) for automation of customs services and data-sharing among customs administrations of neighboring countries is recognized by ongoing discussions in the WCO and the WTO as a major component of trade facilitation. ICT helps reinforce the member countries' customs legal reforms and simplification of customs procedures, and improve transparency and efficiency of customs services. In particular, ICT will improve governance and reduce corruption by reducing direct interfaces between customs officers and traders (and their representatives) in customs clearance. Adequate ICT infrastructure is essential for introducing modern customs practices, such as risk management and post-entry audit.

22. The sharing of country experiences and lessons learned in the development of the UAIS have been a main activity. Several forums have been held for the purpose to distill lessons learned from the member countries and elsewhere. To help the member countries develop their own UAIS according to their country circumstances, a study was conducted to examine major customs automation systems and their pros and cons.³ The automation systems adopted by the European Union, Kazakhstan, Mongolia, Philippines, PRC and Singapore were presented in a forums held in Beijing in April 2004 and Manila in October 2004. The automation systems adopted by the Kazakh Customs is being disseminated through publication. The Forum on Public-Private Partnership for Customs Modernization held in Manila in October 2004 focused particularly on the Philippine and Singapore experience and was especially useful in addressing the issue of potential ICT implementation strategies.

23. In relation to data-sharing, progress has been made in agreeing on the scope of customs data to be exchanged among the member countries' customs administrations with reference to the WCO initiative on common data elements. The adoption of a common ICT

³ ICT for Customs Modernization, Seminar on Trade Facilitation and Customs Modernization, 4-8 August 2003, Issyk-Kul, Kyrgyz Republic. Available: http://www.adb.org/Documents/Events/2003/CCC/Trade_Facilitation_Customs_Modernization/Seminar_Documents.asp#modernization.

language was emphasized to ensure the ability of exchanging customs data among the country systems.

24. Building on the progress in customs legal reforms supported by the international community, financial assistance from ADB will be extended to the Kyrgyz Republic and Tajikistan by ADB to develop their customs automation systems. The scope of assistance includes (i) software development for the core application systems of the UAIS, (ii) provision of communications infrastructure, and (iii) training and consultation with private sector stakeholders. The assistance will enable the two member countries to catch up with the neighboring countries in customs modernization and effectively participate in regional customs cooperation initiatives. Technical assistance of \$500,000 will be provided to each of the two countries to ensure that the customs administrations' organizational structure and human resource policy support the modernization efforts, and that automation and changes in customs procedures will reinforce each other. The State Customs Committee of Uzbekistan has also embarked on the development of UAIS, supported by credit from Export and Import Bank of the United States. Kazakhstan has entered into the next phase of customs automation by entering into a contractual arrangement with an international company. Mongolia will also expand their ICT modernization efforts with potential financial support from ADB.

Future activities

25. **Make progress and resolution in the scope of customs data to be shared.** Promotion of data sharing is a major initiative of several member countries. As mentioned earlier, data-sharing is crucial for simplification and harmonization of customs procedures and documentation, and is a major initiative of all customs cooperation groups, including the Customs Expert Group among the industrialized countries under the so-called G7. In a recent regional meeting, the Customs of the Kyrgyz Republic and Kazakhstan made follow-up with the PRC Customs on the proposed information platform for data sharing, and requested Secretariat support for the initiative. However, the usefulness of such an information platform would largely depend on (i) the scope of customs data to be exchanged among the member countries and (ii) individual member countries' effort to establish their websites in a common language (which is normally English). The member countries have not made significant progress in the two areas. In a regional meeting held in Issyk-Kul, Kyrgyz Republic, the member countries developed a data set relevant to customs clearance that can be exchanged among the member countries (Appendix 2). However, there has been no further discussions or agreement on the proposed data set. To exchange information on Customs Codes and regulations/procedures, there is a need for the member countries to establish their customs website in English. Only a few member countries are making effort to introduce the English-version of their websites. The Working Group meeting may discuss how the ICT Expert Group led by Uzbekistan to address the issue or whether there is a need to establish an expert group among the member countries concerned to undertake the task. With the member countries taking strong initiatives and planning follow-up activities for the next working group meeting in this specific area, the Secretariat will provide necessary support for the initiatives.

26. **Need for establishment of an ICT expert group on customs automation.** The majority of the member countries are embarking on introducing or upgrading their unified automated information systems (UAIS). Some are financed by international development institutions, some are financed by Government budgets. There are a host of issues related to the UAIS ranging from planning to implementation. The recent Forum held in Manila highlighted the scope of issues and challenges facing customs automation. To address technical issues (such as development of a master plan, architecture design, and functional and technical specifications), an expert group of technical specialists was proposed by Kazakhstan, Kyrgyz

Republic and Tajikistan as their joint initiative. The Working Group Meeting may provide an opportunity to firm up the proposal including the scope of work, and agenda for the expert group meeting to be organized as part of the 2005 Working Group Meeting(s). To ensure productive meetings and continuity, the member countries should send the same expert to attend the expert group meetings (which is different from the regional training events where participants could be rotated).

27. **Broadening the learning experiences.** In view of the challenges in implementing and upgrading the UAIS, there is a need for the member countries to broaden the learning experience and share knowledge with countries that have successfully implemented automation systems. As their support for the RTFCCP, the Governments of Korea and Singapore both suggested hosting regional forums in their respective capital cities to systematically share their customs modernization strategies and experiences. The Forum in Singapore is tentatively planned on 26-28 January 2005. The Forum in Korea will be planned in the latter part of 2005 or early 2006. It is suggested that the customs staff nominated for the ICT expert group participate in these regional forums.

E. Development of Risk Management, Post-Entry Audit, and Customs Intelligence

28. With growing volumes of international trade and passengers, the traditional method of inspecting every traveler or cargo consignment has become a hindrance and is no longer practical. Risk management offers a solution by allowing customs to focus its resources on detecting and examining "high-risk" cargos and travelers, while not impeding the movement of "low-risk" cargos and travelers. Time for customs clearance can be further shortened by combining risk management with post-entry auditing, in which customs scrutinize the shipment after its entry has been cleared.. A combination of risk management and post-entry audit effectively balances customs' due function of trade facilitation and controls to ensure revenue collection and protection of public interests.

29. Training has been the main focus of this initiative. The following aspects of risk management were covered in the training events: identification of risk areas, risk profiling, selectivity criteria, post-entry audit, compliance requirements, customs intelligence, change management, selected risk management systems, ICT requirements for risk management, customs intelligence, and the role of an *Agreement of Mutual Administrative Assistance* for data sharing and risk management. Country assessments have also been carried out in the Kyrgyz Republic, Kazakhstan and Uzbekistan to identify the training needs and prepare for in-country training events. The systematic sharing of risk management practices by the Philippine Customs and site visit in connection with the recent Manila Forum was much appreciated by the member country participants. The first In-country training under the RTFCCP was organized on 3-5 November 2004 in Tashkent to support the risk management working group and provide training to senior customs officers from regional customs houses. Training of senior customs officers from regional customs houses provides potential to spread the benefits of training if they make efforts to share the training materials and conduct a training seminar for their staff.

Future activities

30. **Regional training workshop on risk management.** As support for the RTFCCP and the member countries' effort to implement risk management, the Government of PRC will cofinance a regional training event with ADB to systematically share PRC Customs' risk management system. The training program will be developed by the PRC Customs and it is tentatively planned for the latter part of April 2005. The Working Group Meeting provides an opportunity to plan the event according to the suggestions and needs of the member countries.

Again, the Secretariat will support the PRC Government's initiative by providing participants with airfares and per diem.

31. **Need for wide dissemination of the WCO's "Risk Management Guide"**. At the recent training seminar in Tashkent, a large number of participants requested a Russian version of the "Risk Management Guide" that has been developed by WCO and sought Secretariat support for its translation into Russian. The WCO was already informed and expressed no objection for the proposed translation. The Working Group may assess whether there is broad demand for the Russian version of the Risk Management Guide in addition to the Russian version of the Chapter 6 of the Revised Kyoto Convention on Risk Management which is available from the ADB's website. If there is broad support for the translation, the Working Group may nominate a member country to coordinate with the Secretariat, and carry out the initiative and supervise the translation.

32. **Support for expanded in-country training**. Encouraged by the success of the recent training workshop, the Uzbek Customs is planning another in-country training targeting mainly senior officers from regional customs houses. The Uzbek Customs has sought financial support from a UN agency, but has also requested the support from the Secretariat. In-country training has also initiated by several other member countries such as Kazakhstan, Kyrgyz Republic, and Tajikistan. Kazakhstan would like to organize in-country training after the regional event sponsored by PRC.

33. **Customs Intelligence and Agreement on Mutual Administrative Assistance**. As endorsed in the 2nd CCC Meeting, development of customs intelligence will be supported as part of training on risk management. Indeed, the WCO's Risk Management Guide regards customs intelligence as an important pillar for a risk management system. A sound risk management system also requires data sharing among neighboring countries' customs administrations that are normally effected through a bilateral *Agreement on Mutual Administrative Assistance*, as suggested by the WCO's Risk Management Guide. In this regard, the effort between the PRC and Uzbek Customs in entering an Agreement on Mutual Administrative Assistance could provide an example for other member countries to pursue the same Agreement. The Working Group Meeting provides an opportunity to review whether such Agreements already existed between the member countries and if not whether it could be pursued with support from the Secretariat.

III. DEVELOPMENT OF A COMMON TRAINING PROGRAM

34. Training and capacity building is a component of the seven-point Action Plan and has been an important activity of all the regional meetings. Topics covered included (i) Revised Kyoto Convention, (ii) TIR Convention, (iii) WTO Valuation and Rules of Origin (iv) risk management and post-entry audit, (iv) various customs declaration processing systems, and (v) new computerized transit system adopted by the European Community. Extensive training and capacity building will be provided to the Kyrgyz Republic and Tajikistan Customs to support their customs automation and infrastructure development.

Future activities

35. At the recent Forum in Manila, the Azerbaijan delegation proposed the development of a Common Training Program as a major RTFCCP initiative and offered to take lead in developing the framework and content to be presented at the 3rd CCC Meeting. The recent training event on risk management held in Tashkent shows that there is great interest and demand for training

with the target of the right participants. The experience with past events also suggests that the success of training will depend to a large extent on the member countries' nominations of proper candidates. Otherwise, participants may not have interest to attend the training sessions. As a result, the intended benefits of technical assistance provided by the Secretariat cannot be realized. The Joint Working Group Meeting may discuss how the member countries could promote a Common Training Program initiated by the host member country.

IV. ISSUES TO BE GUIDED BY CCC

36. There are several important issues that require guidance from the CCC, and discussions on these issues during the Working Group Meeting will help present these issues in the proposed Joint Statement to seek guidance and endorsement from the CCC.

37. **Host country for the 4th CCC Meeting.** The importance of the CCC and its annual meeting in guiding and steering the future direction of the RTFCCP was stressed by the member countries in the previous events. The Secretariat will mobilize necessary resources to support this institutional arrangement. An important agenda item during the 3rd CCC Meeting is to identify the host country for the 4th CCC Meeting.

38. **Strengthening the working group arrangement and country ownership.** The working group arrangement is essential to carry out the initiatives proposed during the CCC Meeting, update progress, and identify new areas for cooperation. The Working Group Meeting should be initiated by the Chairs (i.e., PRC and Uzbekistan) each year in consultation with the member countries, to carry out the work plan endorsed at the previous CCC Meeting. The two Working Group Meetings could be held separately or jointly during the 3rd CCC Meeting, the member country delegates may discuss how the existing working arrangement could be strengthened to ensure that the work plan mandated by the CCC be effectively carried out each year. The Working Group Meetings may also discuss whether there is a need to rotate the WG Chairs every two or three years. The Secretariat will provide necessary support for Working Group Meetings with submission of specific proposals and meeting program by the Working Group Chairs.

39. **Approach in support of the RTFCCP.** The member countries may wish to reaffirm the existing approach in carrying out the RTFCCP that consists of a combination of (i) bilateral and regional initiatives and (ii) country-specific initiatives with strong regional orientation.

40. **Need to broaden the trade facilitation agenda.** 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. This suggests the need for involving other agencies under the RTFCCP. The recent forum in Manila on *public-private partnership for customs modernization* demonstrates the benefits to work with private firms involved in customs consulting services. They can offer support for the RTFCCP's training and knowledge-sharing activities. The exchange of views between the member country delegates and representatives of customs consulting firms allow the member countries to identify suitable companies to help their modernization efforts. The Working Group Meetings may discuss how the Customs could effectively work with other agencies and the private sector for the common purpose of trade facilitation.

41. **Another potential area is to address trade facilitation from the angle of the ongoing Doha Round of WTO negotiations.** Some WTO member countries and the private

sector are actively exploring the possibility of bringing trade facilitation into the WTO negotiations and making simplification of cross-border procedures a mandatory requirement for all WTO members. While there is broad recognition of the economic and social benefits of trade facilitation, some WTO's developing members are not enthusiastic to reach an agreement on trade facilitation for fear of lack of capacity to undertake additional economic and policy adjustments, and increased exposure to trade disputes. The Working Group Meetings may discuss whether there is a need to organize regional conferences and forums in partnership with the WTO and WCO to provide training and knowledge sharing for purpose of WTO accession and negotiations. If there is broad support for such conferences or forums, other agencies involved in WTO accession and negotiations should also be invited for such events. A host member country should be identified if there is broad support for such initiatives.

42. **Need for performance management and indicators.** The sustainability of the RTFCCP and continued financial support from the Secretariat will largely depend on the positive outcomes of the RTFCCP that require establishment of "performance indicators" to monitor and "measure" the progress in the Work Plans endorsed by the CCC each year. The country delegates may wish to identify the outcomes that the member countries expect from the major initiatives and suggest qualitative and quantitative indicators that can capture the desired outcomes. For instance, desired outcomes of training on risk management could be measured by the introduction of the risk management guide and establishment of the risk management system by the member countries within a defined period of time. Similarly the data sharing initiative could be captured by bilateral agreements on the scope of data to be exchanged and establishment of an information platform to facilitate these exchanges.

43. The member countries may raise other issues that require guidance from the CCC.

APPENDIX 1: Summary of Proposals from Member Countries

Region-wide and bilateral initiatives

AZB

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

PRC

- Co-financing 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 co-financed 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

APPENDIX 2: Proposed Data Exchange Elements

Data Element in Customs to Customs Messages	Standard Used	SAD Equivalent Field No.	Format
Customs Cargo Declaration Number		7	
Consignor		2	
Consignee		8	
Country of Destination Code		17	
Country of Departure Country		15	
Code of Country of Origin		34	
Number of Vehicles at Border		21	
Vehicle Identifier at Border		21	
Code of Transport Means at Border		25	
Commodity Code		33	
Net Mass		38	
Supplementary Units		41	
Number of Items		31	
Goods Description		31	
Marks and Numbers		31	
Customs Procedure Code		37	
Statistical Value		46	
Code for Foreign Currency		22	
Contract Invoice Value		42	
Contract Number and Date		44	
Weighbill Number		44	
Carrier		50	
TIR Carnet Number		53	
CMR Number		44	
Container Number		31	

**APPENDIX 3: Planned CCC Events in 2005 and 2006
(to be jointly developed by the two Working Groups)**

Activities	Schedule	Host/Venue
Working Group Meeting (chaired by PRC)	?	PRC (or in another member country to be decided at the 3 rd CCC Meeting)
Working Group Meeting (chaired by UZB)	?	Uzbekistan (or in another member country to be decided at the 3 rd CCC Meeting)
Fourth CCC Meeting	?	Which member country would like to host?
Forum on Trade Facilitation and Customs Modernization	February	Singapore
Training on Risk Management and Customs Intelligence for Tajikistan Customs	?	Tajikistan
Training on Risk Management and Customs Intelligence for the Kyrgyz Customs	?	Kyrgyz Republic
Regional Seminar on Risk Management and Customs Intelligence	April	PRC
Training on Risk Management for Kazakhstan Customs	June/July	Kazakhstan
Regional Seminar on Transit Development (focusing on TIR)		PRC
Training on Risk Management for Uzbekistan Customs	?	Uzbekistan
Forum on Trade Facilitation and Customs Modernization	?	Exploring the possibility to hold it in Korea and Japan in the future
Joint Conference with Geneva-based organizations (e.g., WTO, WCO, ITC) on WTO negotiation agenda (with focus on trade facilitation and FDI)	?	?