

# Forum Calls for Deepening and Enhancing Customs Integrity

**T**he Forum on Trade Facilitation and Customs Reform and Modernization, held in Tokyo on 17–19 April, called upon the customs administrations to deepen reforms and enhance customs integrity to facilitate trade and ensure border security. The Forum was cosponsored by Japan Customs and Tariff Bureau, World Customs Organization (WCO), Asian Development Bank (ADB), and ADB Institute. The Forum brought together 15 participants from Central Asia Regional Economic Cooperation (CAREC) member countries, including the head of customs administration in Mongolia; deputy heads from Azerbaijan, Kazakhstan, and Kyrgyz Republic; and senior customs officials from Afghanistan, People's Republic of China (PRC), Tajikistan, and Uzbekistan.

The Forum also identified new areas for further capacity building. The highlights of the Forum include the following:

**Customs reform and modernization.** Japan Customs has been continuously undertaking reforms to address two major challenges: managing the increasing volume of goods despite limited number of customs officials, and addressing growing

security control issues under rising pressure to reduce costs and delays in international transactions. Japan Customs' five-pillar strategy includes (i) information and communication technology (ICT) development, (ii) risk management, (iii) simplification and harmonization of customs procedures, (iv) partnership with the private sector, and (v) collaboration with trading partners.

**ICT development.** Japan Customs' experience in ICT development features the following key elements: (i) a unified and integrated information system for customs service, (ii) strong commitment by top-level managers to implement change, (iii) consistency of national standards with international standards; and (iv) foresight and flexibility of automation design to withstand changes in the legal framework.

**Risk management.** Strategic, tactical, and operational intelligence are the basis of risk management. Application of risk management in customs service requires the development of a policy framework and an enabling infrastructure to ensure effective implementation. Effective dialogue and feedback mechanism between intelligence pro-

viders and users, as well as training of customs officers, could help strengthen customs risk management and intelligence function.

**Promoting integrity in customs service.** Thailand's Customs Department shared Thailand's experience, particularly its transparency-partnership project between the business sector and Thai Customs, and measures to improve customs officers' salary to deter corruption. WCO has developed a declaration and several instruments to help member countries fight corruption. The Revised Arusha Declaration emphasizes the need to tackle corruption in a holistic manner using measures such as customs automation, code of ethics and conduct, public-private partnership, and human resource development.

**WCO's Framework of Standards.** The Framework of Standards was adopted in June 2005 to secure the trade supply chain from potential terrorist threats, transnational organized crime, and related offenses; and to support economic development through trade facilitation. It is recognized that many

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**DEEPENING CUSTOMS REFORMS** K. Mikuriya, Deputy Secretary General of WCO; Y. Takeuchi, Director General of Japan Customs and Tariff Bureau; P. McCawley, ADB Institute Dean; and N. Siackhachanh, Director, Governance, Finance and Trade Division, ADB (seated fourth, fifth, seventh and eighth from the left, respectively) lead the Forum on Trade Facilitation and Customs Reform and Modernization in Tokyo in April 2006

## Regional Economic Cooperation in Mongolia

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dor through Mongolia's capital, Ulaanbaatar. The project will develop the remaining section of Mongolia's north-south road transport corridor that will link the Asian highway networks of the PRC and Russia, passing through major economic centers of Mongolia. The project aims to increase the efficiency and safety of domestic and international transit traffic between the PRC and Russia through Mongolia's north-south road transport corridor.

The new regional route, constituting part of the Asian highway network, is expected to help increase Mongolia's access to world markets, improve the efficiency of its domestic and international transit traffic, and enable Mongolia to fully participate in the regional economy through increased trade, tourism, and investment.

Mongolia's remote and isolated western region will also be linked to the PRC and Russia. Currently, ADB is funding a technical assistance project to the Government to help prepare the Western regional road development project.

The proposed road project is an additional transport corridor that will be connected to the road in the PRC to Urumqi and the road in Russia Novosibirsk to improve Mongolia's integration with regional markets.

Given its geographic location, Mongolia can serve as a corridor for transit traffic. Despite their proximity, the Xinjiang Uygur Autonomous Region in the PRC and Russia do not have direct land transport links, and trade is mainly carried by railways through Kazakhstan. The proposed road in western Mongolia can serve as a short transit route between Xinjiang and the Siberia region in Russia to reduce transport costs and facilitate bilateral trade, tourism, and other economic activities. In the long term, this road, together with the road in Xinjiang, may become a transit route between Central Asia and the Siberia region in Russia.

On trade, ADB is developing customs reform and modernization projects in Mongolia to deepen its assistance on trade facilitation.

First, ADB is preparing Mongolia's customs modernization project to enhance governance practices. The proposed project

comes under three broad frameworks of Government's ongoing initiatives: trade facilitation, single electronic window for e-government, and good governance. *See article on Proposed Project: Mongolian Customs Modernization Project to Promote Trade on page 3 for more details.*

Second, the customs authorities of the PRC and Mongolia are also working toward establishing pilot-testing joint customs controls at selected crossing points. The proposed project is aimed at reducing transaction and transit costs, and facilitating trade between the two countries by providing a one-stop, single electronic window services for traders and the business community. *See also article on Mongolia and PRC Customs: Moving Toward Pilot Testing of Joint Customs Control on page 5 for more details.*

Mongolia faces several opportunities for economic cooperation in transport and trade facilitation with its neighbors that can help overcome challenges and improve living standards and reduce poverty in the country. ■

## Forum on Trade Facilitation and Customs Reform

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customs administrations will need assistance to implement the Framework of Standards. In line with this, a seminar on WCO's Framework of Standards and Customs Data Model was held in Urumqi, PRC on 12–14 July 2006.

**Customs and World Trade Organization (WTO) trade negotiations.** Important elements of the WTO trade facilitation rules, in-

cluding specific concerns such as lack of transparency and uniformity in operations, were highlighted. The experiences of PRC, Kyrgyz Republic, and Mongolia in accession to WTO, particularly the role of the customs administrations in these countries, will be useful to other CAREC member countries preparing for WTO accession.

ADB will continue to work with development partners, such as WCO and other advanced customs administrations, for capacity building of CAREC members in the area of customs reform and modernization. Japan Customs indicated interest in co-hosting training with ADB on customs modernization once every 2 years. ■

**CUSTOMS MODERNIZATION** Kazakhstan Customs senior officials observe actual operations and exchange views with customs officers during a field visit in Tokyo Customs