

Event Highlights

**Inter-Subregional Knowledge-Sharing Forum:
Trade Facilitation and Customs Modernization for the
Central Asia Regional Economic Cooperation (CAREC) and
South Asia Subregional Economic Cooperation (SASEC) Programs
Tbilisi, Georgia
31 October and 2 November 2019**

This forum followed from the October 2018 Inter-Subregional Knowledge-Sharing Forum, where senior representatives from CAREC, the Greater Mekong Subregion (GMS), SASEC, and the Pacific Islands Forum shared experience and knowledge on implementation of the World Trade Organization Trade Facilitation Agreement both at the national and regional levels. This forum further developed the dialogue and deepened information exchange between the CAREC and SASEC countries. In particular, it aimed to share knowledge, experience, and best practices on trade facilitation reform and modernization efforts facing CAREC and SASEC customs administrations focusing on overland trade; and identify critical success factors for effective trade facilitation measures that improve trade flow, resource allocation, and regional cooperation.

The forum was attended by 60 people comprising 27 representatives from customs authorities of 10 CAREC countries (Azerbaijan was unable to attend), and 18 representatives from the 7 SASEC countries; 13 ADB staff and consultants from the Central and West Asia Department, East Asia Department, and Georgia Resident Mission; and 2 staff from CAREC Institute.

Highlights

Below are key highlights of the forum:

- SASEC and CAREC countries are moving toward electronic based cargo transit systems. SASEC is piloting an electronic cargo tracking system (ECTS), a modern procedure with enhanced security to facilitate transit cargo of Nepal through India. Meanwhile, the CAREC Advanced Transit System (CATS) and supporting Information Common Exchange (ICE) are being developed by three CAREC countries, which will apply a single transit document, electronic exchange of transit data, and risk-based comprehensive transit guarantee mechanism. The CATS/ICE initiative aims to enhance security of the supply chain in the region, reduce overall transit trade time and costs, and facilitate transit movement between the CAREC region and the European Union. All countries agreed that while bilateral transit arrangements are valuable, regional agreements would be significantly more valuable.
- Customs cooperation and coordinated border management (CBM) are progressing at different speeds in the two regions. The CAREC Joint Customs Control Pilot Project between the People's Republic of China (PRC) and Mongolia is being implemented to address delays in cross-border movement of goods and optimize CBM procedures between the two countries. Meanwhile, SASEC is helping member countries develop effective CBM through a series of studies that identify coordinated approaches to improve border infrastructure and complementary facilities; facilitation of trade along defined routes, including border-crossing points; and creation of a roadmap to prioritize the development of border infrastructure and enhance the efficiency and regulation of cross-border trade in the region. There is considerable scope to develop an inventory of best practice in the CAREC and SASEC

regions that would be updated and available in the public domain for shared learning purposes.

- CAREC and SASEC identify the need for strong political will for effective engagement with the private sector. SASEC has developed institutional structures and mandates in the subregion to engage the private sector and other cross-border regulatory agencies. All CAREC countries now have a national trade and transport facilitation committee (NTFC), and Pakistan shared its experience of reconstituting its NTFC in 2018 to meet requirements under the World Trade Organization Trade Facilitation Agreement. Participants highlighted that strong political will and buy-in are fundamental for constructive collaboration between public and private sectors in trade facilitation reform and implementation, with the aim of securing and expanding supply chains.
- To succeed, authorized economic operator (AEO) systems require close coordination with the private sector, tangible customized benefits, and sustained awareness raising. For CAREC, Georgia reported its experience with the 2008 Revenue Service “Golden List” Program, which granted limited customs clearance simplifications to trusted companies when importing and/or exporting goods to and from Georgian customs territory. Lessons learned from this program, including the need to be more flexible and responsive to specific needs of the private sector, served as building blocks for development of a comprehensive national AEO program to be introduced in 2020. On behalf of SASEC, India shared its experience in developing and implementing different AEO models over a period of 10 years, and how this helped shape the current multi-tiered compliance management program, designed to suit the needs of various players in the supply chain.
- Different delegations agreed on the fundamental need for strong political will and support to make lasting change in the area of AEO systems as well. Compliance programs must be designed and implemented with clear, relevant, and customized benefits for the end user (traders), and continuous awareness raising for traders of the benefits of participation in such programs should be promoted to create a culture of voluntary compliance.
- Sustainability of various reform and modernization initiatives is a notable challenge that requires customs’ continued commitment and budgetary allocation from government agencies both at the border and behind the border. The case of Nepal, now developing its third trade facilitation policy-based project with ADB, indicated clearly how predictable funding for trade facilitation reform measures helps build on successes and gain sustainable traction.
- Customs agencies in both CAREC and SASEC suffer from the loss of trained personnel under routine staff rotations. Some countries (e.g. Nepal) have begun to find ways of addressing this by creating a pool of experts that are available after rotation out of customs, but in most cases it remains a challenge to retain skilled customs officers.
- On transit, the regions shared knowledge on the deep challenges arising from political differences and sensitivities that at times negatively impact the movement of goods and vehicles across shared borders. Further, the different requirements and procedures of various regional groupings, for example, the Eurasian Economic Union and the European Union—can significantly affect transit efficiency without mutual recognition arrangements in place. Such areas of potential impasse warrant additional efforts in identifying solutions.

- Positive feedback or evaluation from participants including further knowledge demand from DMCs:
 - The Bangladesh delegation proposed that ADB conduct a study on the benefits of regional transit regimes.
 - Bangladesh also suggested that CAREC and SASEC explore a potential transit regime connecting the two subregions and stretching to Europe. It would be useful for CAREC and SASEC to link with other regions as well. Harmonizing transit regimes would be a first step.
 - While Azerbaijan was unable to attend the event, there is keen interest to learn from the PRC experience of designing and implementing joint customs control with Mongolia.
 - At the workshop, the PRC and India initiated a bilateral exchange of detailed technical processes to better understand implementation of each other's transit regimes. The PRC is keen to learn directly from India how ECTS impacts trade facilitation.
 - On the theme of knowledge generation and sharing, SASEC voiced interest in learning about the structures and administration of the CAREC Institute as it is considering development of its own knowledge branch. SASEC also asked whether the CAREC Institute could work with non-CAREC countries in knowledge sharing and experience.

Next Steps

- Customs officials from CAREC and SASEC expressed strong support in continuing this form of knowledge-sharing and dialogue between the two regions to discuss common interests and find solutions to similar issues and challenges.
- ADB will produce a knowledge product in Q1 2020. Based on the experience and information shared at the event.

Related Links

- [Inter-Subregional Knowledge Forum Materials.](#)
- [CAREC Integrated Trade Agenda 2030.](#)
- [CAREC Corridor Performance Measurement and Monitoring Annual Report 2018.](#)
- [Inter-Subregional Knowledge-Sharing Forum on Enhanced Implementation of the World Trade Organization Trade Facilitation Agreement](#)

Contact Persons

SASEC: Ronald Butiong, Director, ADB; rabutiong@adb.org; +632 8632 5775.

CAREC: Rosalind McKenzie, Senior RCI Specialist, ADB; rmckenzie@adb.org; +632 8683 1958.