



## CAREC Workshop on Trade and Trade Facilitation Reforms – WTO Trade Facilitation Agreement and Consolidated Trade Agenda



12–13 December 2017, Bangkok

### Workshop Highlights

1. A workshop on World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) and CAREC Consolidated Trade Agenda (CCTA), co-organized by Asian Development Bank (ADB) and CAREC Institute, was held on 12–13 December 2017 in Bangkok, Thailand. Officials from agencies involved in trade and trade facilitation from CAREC countries,<sup>1</sup> development partners and experts from ADB, World Customs Organization (WCO), World Trade Organization (WTO), and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) participated at the workshop.
2. The main objectives of the workshop include: (a) to report on progress and readiness of CAREC countries in implementing the WTO TFA, discuss capacity constraints and challenges, and prioritize areas of assistance needed; and (b) to deliberate on the approach and contents of a proposed CCTA under the CAREC 2030 Strategic Framework. The workshop discussions centered on these two important milestones in the global and regional trade that would have a significant impact on CAREC trade and regional cooperation.
3. **WTO Trade Facilitation Agreement (TFA).** Entered into force on 22 February 2017, the TFA seeks to expedite the movement, release, and clearance of goods, including goods in transit, and sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. WTO member countries are required to implement the TFA in accordance with their own self-determined implementation schedules. Implementation of the TFA provision is crucial to CAREC countries in their efforts to diversify and increase trade.
4. ADB shared the *Assessment of Readiness to Implement the TFA among CAREC countries*. Of the 11 CAREC countries, eight are members of the WTO and seven have ratified the TFA<sup>2</sup> and have notified the WTO of the TFA provisions they have designated as Category A. Georgia and Pakistan have in addition notified provisions under Categories B and C, while the People's Republic of China (PRC) has notified provisions under Category B. At varying degrees of implementation or levels of readiness to implement the WTO TFA, the alignment of CAREC countries laws or regulations with each TFA provision also varies. Notable progress has been achieved in establishing National Committees on Trade Facilitation (NCTF) or similar mechanisms among CAREC countries.

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<sup>1</sup> All CAREC countries attended except Afghanistan.

<sup>2</sup> Namely, Afghanistan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, and Pakistan. Tajikistan's ratification of TFA is undergoing WTO process, its Category A has been notified to the WTO TFA Facility website.

5. Participants were grouped by country to verify the ADB assessment and present (i) changes or recent updates on TFA implementation/readiness, (ii) status of NCTFs, and (iii) priority TA needs and existing donor interventions. Country delegates identified areas where support is needed (all in Categories “B” and/or “C”), such as disclosing information on average border crossing times, data exchange, single window, risk management and authorized economic operators (AEOs), advance ruling and coordinated border management. The PRC has designated about 95% of TFA articles under Category “A” and reported that in support of the WCO’s MERCATOR program for TFA implementation, the PRC Customs established a training program to help developing countries implement TFA.

6. While being non-WTO member countries, Azerbaijan, Turkmenistan and Uzbekistan, noted that their laws and regulations comply with most TFA provisions and they have initiated programs and activities to move towards full compliance. For instance, a majority of TFA stipulations reflects the provisions in the Revised Kyoto Convention (RKC) under the auspices of the WCO. RKC accession and implementation are among the 5 priority areas of the CAREC Customs Cooperation Committee and the progress made in complying with RKC provisions will help the three non-WTO members achieve effective TFA implementation.

7. A number of identified areas of support under categories “B” and “C” have been provided by past and existing CAREC trade facilitation programs and projects. Participants agreed that a regional approach under CAREC will be effective for TFA implementation support through knowledge- and experience- sharing, policy dialogues, as well as the execution of pilot projects. The workshop also underscored the need to ensure that for those TFA provisions notified under Category “A”, CAREC countries fully understand the implications and requirements for implementation. Support for NCTFs is highlighted as they are key to effective policy deliberation and institutional cooperation across sectors and between public and private sector stakeholders.

8. **CAREC Consolidated Trade Agenda (CCTA)**. Following the Mid-term Review of the CAREC 2020 Strategy in early 2017, a new strategic framework, CAREC 2030, was endorsed in October 2017 at the 16<sup>th</sup> CAREC Ministerial Conference (MC) in Dushanbe, Tajikistan. CAREC 2030 prescribes a broadened scope of operations and more direct alignment with the United Nations Sustainable Development Goals (SDGs). New institutional arrangements will be developed such as five new operational clusters, with the MC serving as a high-level policy development forum; sector committees further strengthened; and trade policy and trade facilitation merged under a unified trade cluster. The new strategic framework also includes the creation of a regional trade committee that will discuss and deliberate on the increasingly intertwined issues of trade policy and trade facilitation in a synergistic manner and develop a forward-looking trade strategy.<sup>3</sup>

9. The workshop served as the first consultation with CAREC member countries on defining the scope of the CCTA, identifying the vision and objectives, deliberating on institutional support and cooperation mechanisms, and soliciting ideas on how to proceed with the CCTA formulation process. The CCTA is targeted to be one of the major deliverables for the 2018 MC.

10. A concept note with guide questions was prepared and circulated to participants prior to the workshop. Previous iterations of trade works including the *Transport and Trade Facilitation*

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<sup>3</sup> Customs cooperation will continue to be carried out by the existing Customs Cooperation Committee.

*Strategy 2020, Trade Policy Strategic Action Plan (2013–2017), and the Common Agenda for Modernization of SPS Measures* and a discussion of unfinished business in the context of global and regional trade developments, provided the background information for small group discussions.

11. At the plenary session, participants supported the pursuit of “trade expansion, improved competitiveness and economic diversification are envisaged under CAREC 2030” as the overall CCTA objective. Participants also generally agreed to organize the agenda along four components: (i) trade in goods, (ii) trade in services and investment, (iii) potential new areas, and (iv) trade governance and institutional strengthening. Participants also identified sustainable trade (where trade interacts with climate change and other sustainable development issues), regional and global value chains, special economic zones, free trade agreement, as important issues facing CAREC countries, individually and as a region.

12. Participants also shared their views towards a flexible and issues-based approach to CCTA and explored the possibility of formulating a Trade Strategic Action Plan (TSAP). A regional trade group (RTG) will be constituted with proper representation such as from NCTFs, and the existing Customs Cooperation Committee (CCC), and other technical groups can be established as well.

13. Further consultations with CAREC countries, development partners and other relevant stakeholders will be held in the development of the CCTA.