



Workshop on Effective Implementation of the World Trade Organization Trade Facilitation Agreement

15-16 January 2019
Baku, Azerbaijan

Concept Note

I. Background and Description

1. The global economy's slowdown is largely not only caused by lower level of economic activity in the developed countries but also by high trading costs. The comprehensive measures to reduce time and trade transaction costs can positively impact international trade and the global economy.

The World Trade Organization Trade Facilitation Agreement (WTO TFA), which entered into force in February 2017, contains provisions concerning expediting the movement, release and clearance of goods, including goods in transit. This agreement also covers measures to ensure effective cooperation and liaison between customs and other relevant authorities on trade facilitation and customs compliance issues as well as includes provisions on technical assistance and capacity building in this area.¹

It is expected that the full implementation of the agreement could help cut trade costs of members, on average by 14.3%, with least developed countries enjoying the biggest reduction rate. By the same token, it is anticipated that the potential reduction of average time for import operations by 47%, and, respectively, for export operations by 91%.²

2. In the most recent World Bank's Doing Business report³ and ADB's CAREC Corridors Performance Measurement and Monitoring 2017 Report⁴ show that while trade integration among CAREC countries continue to develop, problems in the performance of transport and trade facilitation corridors continue to arise. For instance, the global rankings of three CAREC member countries' economies on the ease of trading across borders are as follows: Georgia (43rd), Azerbaijan (84th) and Kazakhstan (102nd).
3. The 16th Annual Meeting of the CAREC Customs Cooperation Committee, held in September 2017 in Dushanbe, Tajikistan, endorsed the pilot testing of the CAREC Advanced Transit System (CATS) and the Information Common Exchange (ICE) based on a trilateral agreement between the pilot countries namely, Azerbaijan, Georgia and Kazakhstan. Details of the pilot implementation were developed and training programs for authorities were started. CAREC member countries has shown insufficient harmonization of national laws or regulations with the WTO TFA provisions, however there is some advancement in creating National Committees on Trade Facilitation (NCTF) or similar state bodies. The adoption of best practices and work towards harmonization and simplification of customs formalities using World Customs Organization (WCO) instruments will eventually lead to the effective implementation of WTO TFA.⁵
4. The introduction of single system entitled the CAREC Advanced Transit System (CATS) will enhance supply chain security across the CAREC region as well as effectively promote sustainable development of trade with the reduction of its total cost. This system will help the customs agencies of CAREC member countries in complying with the standards within WCO, also in Framework of Standards to Secure and Facilitate Global trade (SAFE) Program, intended to build partnership between customs and private

¹ See https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm

² See https://www.wto.org/english/tratop_e/tradfa_e/tradfa_introduction_e.htm

³ See <http://www.doingbusiness.org/en/reports/global-reports/doing-business-2019>

⁴ See <https://www.carecprogram.org/uploads/03-CPMM-Executive-Summary.pdf>

⁵ See <https://www.carecprogram.org/uploads/2018-RTG-Inaugural-Meeting-Progress-Report-Trade.pdf>

sectors, to streamline and harmonize transit documentation as well as set the single electronic data exchange system. It comprises three stages: (i) the elaboration of a single regional electronic transit documents; (ii) the promotion of Authorized Economic Operators (AEOs) undertaking transit movements where the customs authorities set agreed standards; and, (iii) comprehensive guarantees where Operators should be perform common criteria, set out by customs authorities. It will replace the existing tariffs on transit with a risk-based insurance instrument in the future.⁶

5. Taking into account the information above, the CAREC Institute (CI) joins ADB and the State Customs Committee of the Republic of Azerbaijan in conducting a two-day workshop on 15-16 January 2019 in Baku, Azerbaijan. This sub-regional workshop has the overall goal of accelerating the implementation of the WTO TFA provisions, with a focus on introducing specific features and provisions of the TFA, NCTFs and their role in leading the implementation of TFA provisions, harmonizing Azerbaijan legislative and regulatory framework with TFA provisions, formulating preliminary NCTF Action Plan, and experience-sharing on the vitality of interagency cooperation at border crossing points (BCPs).
6. At the *ADB Intersubregional Knowledge Sharing Forum on Enhanced Implementation of the WTO TFA* and the *Workshop on Implementation Roadmap Workshop for CAREC countries* held back-to-back in Bangkok in October 2018, CAREC countries learned new approaches to overcome the implementation challenges of the WTO TFA, as well as participated in experience and knowledge sharing on the implementation of the agreement both at the national and regional level. Upon the request of the Azerbaijan State Customs Committee, ADB and CI continue to collaborate to design and implement this two-day workshop following the outcomes of the above-mentioned forum.
7. Given shared interests amongst neighboring CAREC countries, the sub-regional workshop also intends to have a discussion on the elements of an efficient transit regimes, which can facilitate both intra and extra-regional trade as well as provide updates on the proposed CAREC Advanced Transit System (CATS)/Information Common Exchange (ICE) pilot.

II. Objectives and Expected Outputs

This workshop has been arranged in order to provide information and share countries' experiences in the implementation of the trade facilitation measures under the WTO TFA and include the following objectives:

- (i) To discuss the application of specific customs-related provisions of the World Trade Organization Trade Facilitation Agreement (WTO TFA) by the State Customs Committee of Azerbaijan
- (ii) To draft terms of reference and preliminary action plan for the Azerbaijan NCTF
- (iii) To better understand options and opportunities for effective implementation of coordinated border management and transit regimes amongst participating Central Asia Regional Economic Cooperation (CAREC) countries.

III. Content

The two-day workshop will focus on the following:

- ✓ Introduction specific features and provisions of the TFA related to customs procedures, and rules and regulations for implementation by customs administrations
- ✓ Introduction the concept of advance ruling
- ✓ Introduction to National Committees on Trade Facilitation (NCTFs)
- ✓ Harmonizing of Azerbaijan legislative framework with TFA provisions
- ✓ Formulating preliminary Azerbaijan NCTF Terms of Reference and Action Plan
- ✓ Road Map on Implementation of Trade Facilitation Principles

⁶See <https://test0302.carecprogram.org/uploads/07-CAREC-Advanced-Transit-System-Prototype-Concept-Paper.pdf>

- ✓ Implementation status of the provisions for implementing an Authorized Economic Operator (AEO) program
- ✓ Experience sharing of the need and importance of interagency cooperation at border crossing points (BCPs) and the benefits for both government and private sector.
- ✓ Discussion of the elements of efficient transit regimes, which can facilitate both intra and extra-regional trade as well as updates on the proposed CAREC Advanced Transit System (CATS)/Information Common Exchange (ICE) pilot
- ✓ Discussion on CATS Trilateral Agreement

IV. Target Participants and Selection Criteria

Three CAREC member countries, including Azerbaijan, Georgia and Kazakhstan shall designate five (5) senior-level representatives involved in or who are active members of the National Committee on Trade Facilitation (NCTF) or an equivalent national organization. Experts from international organizations, especially with expertise on trade policy and trade facilitation will be invited as resource persons to share knowledge and provide technical expertise.

V. Methodology

The workshop will consist of presentations and panel discussion by international experts and the sharing of experiences among the country participants. It will be participatory and interactive, with time allotted in every session for substantive questions and answers to encourage the exchange of ideas. International experts, private sector representatives, as well as staff from ADB and CI will serve as resource persons.

VI. Dates and Venue

The two-day workshop will be held on 15-16 January 2019 at the World Customs Organization Europe Regional Office, Baku, Azerbaijan.

VII. Draft Program of Activities

Day 1: 15 January 2019	Participants: State Customs Committee of Azerbaijan
0830 – 0900	<i>Registration</i>
0900 – 0915	<p>Session 1: Opening Session</p> <p>Welcome Remarks: State Customs Committee of Azerbaijan</p> <p>Opening Remarks: Mr. Ying Qian, Director, Public Management, Financial Sector and Regional Cooperation Division, East Asia Department, Asian Development Bank (ADB) Mr. Yergali Dosmagambet, Deputy Director II, CAREC Institute</p>
0915 – 1015	<p>Session 2: Introduction to TFA Customs-related Provisions</p> <p>The session will introduce specific features and provisions of the TFA related to customs procedures, and rules and regulations for implementation by customs administrations.</p> <p><i>Presenter: WCO Expert</i> <i>Moderator: TBD</i></p>
1015 – 1045	<i>Photo Session and Coffee/Tea Break</i>
1045 – 1145	Session 3: Advance Ruling

	<p>WCO will introduce the concept of advance ruling, its definition and scope, and provide implementation guidance. The session will include a Q&A Open discussion will seek clarification or further guidance.</p> <p><i>Presenter: WCO Expert</i> <i>Moderator: Mr. Yergali Dosmagambet, Deputy Director II, CAREC Institute</i></p>
1145 – 1245	<p>Session 4: Introduction to National Committees on Trade Facilitation (NCTFs)</p> <p>This session will introduce TFA Article 23.2 and the role of NCTFs in leading the implementation of TFA provisions. The status of CAREC NCTFs will be shared.</p> <p><i>Presenter: Mr. Poul Hansen, Officer-in-charge, Trade Facilitation Section, United Nations Conference on Trade and Development (UNCTAD)</i> <i>Moderator: Mr. Ying Qian, ADB</i></p>
1245 – 1400	Lunch
1400 – 1430	<p>Session 5: Harmonizing AZE Legislative Framework with TFA Provisions</p> <p>Session 5 will present TFA provisions that are not reflected in or are not aligned with existing Azerbaijan legislative and regulatory framework, and discuss recommendations how to address the issues.</p> <p><i>Presenter: State Customs Committee of Azerbaijan</i> <i>Moderator: WCO Expert</i></p>
1430 – 1730	<p>Session 6: Group Work -- Formulating Preliminary NCTF Terms of Reference and Action Plan</p> <p>This session will draft terms of reference (TOR) for the Azerbaijan NCTF, to include objectives, scope of work, and possible membership structures. It will also develop a draft preliminary action plan for the NCTF, based on the draft plan submitted at the WTO TFA Workshop on Roadmaps for CAREC Countries held on 29 October 2018 in Bangkok, Thailand. The workplan may include major activities, person/groups responsible, and indicative target dates.</p> <p><i>Moderator: WCO Expert</i></p>
	Coffee/Tea Break (will be served during the group work)
1730 – 1800	<p>Session 7: Roadmap on Implementation of Trade Facilitation Principles</p> <p>A representative from Azerbaijan will make a short presentation of the draft terms of reference and action plan for the Azerbaijan NCTF. WCO, UNCTAD and resource persons will be requested to provide comments/guidance</p> <p><i>Presenter: State Customs Committee of Azerbaijan or other representative</i> <i>Moderator: WCO Expert</i></p>
1800-1815	<p>Wrap-up for Day 1</p> <p><i>Moderator: Mr. Ying Qian, Director, ADB</i></p>
Day 2: 16 January	Participants: State Customs Committee of Azerbaijan Customs Department, Georgia Revenue Service Kazakhstan Customs
0830 – 0900	Registration
0900 – 1000	Session 1: Risk Management -- Authorized Economic Operators

1000 – 1030	<p>WCO will present the provisions for implementing an Authorized Economic Operator (AEO) program (TFA Article 7.7). Country representatives will provide updates on their respective AEO or equivalent program.</p> <p><i>Presenters:</i> WCO Expert Kazakhstan Customs State Customs Committee of Azerbaijan Customs Department, Georgia Revenue Service</p> <p><i>Moderator:</i> Mr. Yergali Dosmagambet, Deputy Director II, CAREC Institute</p> <p>Open Forum / Question time</p>
1030 – 1045	<i>Coffee/Tea Break</i>
1045 – 1145	<p>Session 2: Coordinated Border Management/Joint Customs Control</p> <p>WCO will discuss the need and importance of interagency cooperation (TFA Article 8.2) at border crossing points (BCPs) and the benefits for both government and private sector. General Administration of China Customs will present factors contributing to the successful operation of a Joint Customs Control agreement between People's Republic of China (PRC) and Mongolia piloted at the Erlian (PRC)-Zamyn Uud (Mongolia) BCPs.</p> <p><i>Presenters:</i> WCO Ms. Pan Wanwen, Section Chief from General Administration of People's Republic of China Customs, Guangdong Customs.</p> <p><i>Moderator:</i> TBD</p> <p>Open Forum / Question time</p>
1145 – 1215	
1215 – 1400	<i>Lunch</i>
1400 – 1445	<p>Session 3: CAREC Regional Transit</p> <p>WCO will present the elements of efficient transit regimes (TFA Article 11), which can facilitate both intra and extra-regional trade and are particularly important for the landlocked Central Asia Regional Economic Cooperation (CAREC) member countries. An update on the proposed CAREC Advanced Transit System (CATS)/Information Common Exchange (ICE) pilot will also be presented and discussed.</p> <p><i>Presenters:</i> WCO Mr. Nigel Moore, ADB Consultant on Transit</p> <p><i>Moderator:</i> TBD</p> <p>Open Forum / Question time</p>
1445 – 1500	
1500 – 1600	<p>Session 4: Discussion on CATS Trilateral Agreement</p> <p>Session 4 will discuss revisions made to the draft CATS Trilateral Agreement in response to comments from the three participating countries, to include clarification on pending issues and a proposed schedule for the CATS/ICE pilot.</p> <p><i>Moderator:</i> Mr. Ying Qian, Director, EAPF, East Asia Department, ADB</p>
1600 – 1615	<p>Closing Session</p> <p>State Customs Committee of Azerbaijan</p>