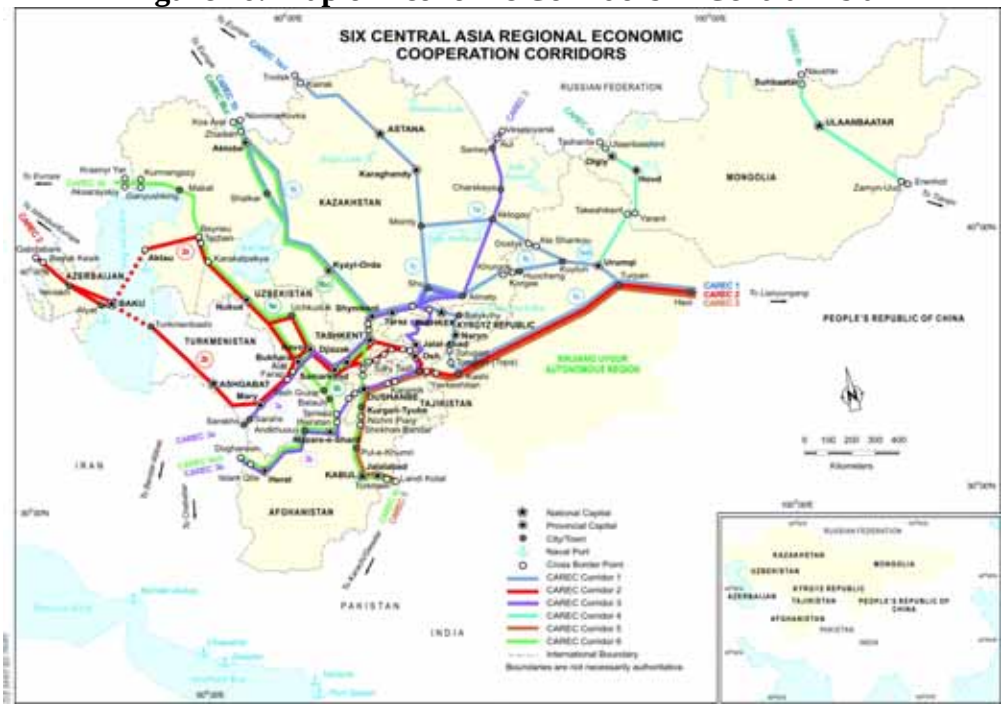
II. BORDER MANAGEMENT IN CENTRAL ASIA: CHALLENGES & PROSPECTS

The Central Asian countries though landlocked are not disadvantaged in improving their trade positions. Their locations and proximity to growing economies of China, Russia and South Asia presents unique opportunities. This can take the form of generating transit trade to serve the needs of their adjacent and close neighbours. The countries have through the years been assisted by international donor organizations and countries in developing major transport corridors which links them to the rising economies of China, Russia and South Asia.

Building transport and economic corridors is regarded as an effective way to improve trade logistics system. Asian Development Bank (ADB) has been striving to help Central Asia improve trade and transport connectivity through construction of regional corridors. Under the auspices of ADB, the CAREC members endorsed in November 2008 the Implementation Action Plan for the Transport and Trade Facilitation Strategy, which covers a 10-year period of 2008–2017. By combining transport investments with trade facilitation initiatives, the Action Plan focuses on the development of the six CAREC corridors, with the aim to provide important links among the world's rapidly growing markets around the CAREC region. The major routes including rail transportation traverse through and within the four countries providing opportunities and have significant impact on most domestic distribution routes and linkages with her neighbouring countries. These corridors are:

Corridor 1: Europe – East Asia
Corridor 2: Mediterranean – East Asia
Corridor 3: Russian Federation – Middle East and South Asia
Corridor 4: Russian Federation – East Asia
Corridor 5: East Asia – Middle East and South Asia
Corridor 6: Europe – Middle East and South Asia

Figure 16: Map of Economic Corridors in Central Asia



Source: CAREC Institute, http://www.carecinstitute.org/index.php?page=carec-corridors

Corridor 1 is most significant for Kazakhstan since a large part of the corridor passes through Almaty and Astana, and the route links the country to the two largest economies in the region. Rail transport can take precedence the distance traversed is long. To facilitate the trade arising, Kazakhstan Customs will need to harmonize its documentation and customs procedures with the Chinese Customs to expedite the smooth and safe passageway to Europe. Once capacity is expanded at the border posts and the transport nodes along the corridor developed, dedicated container block train services could be considered along this route, with competitive rates to attract higher demand. The route could take as follows:

- *1(a): Alashankou (PRC) - Dostyk – Aktogai – Moiynty – Karagandy – Astana – Troitsk (Russia)*
- *1(b): Huoerguosi (PRC) – Korgas – Almaty – Shu - Taraz – Kyzylorda – Aktobe – Zhaisan – Orenburg (Russia)*
- *1(c): Bishkek (Kyrgyzstan) - Lugovoi – Taraz – Shu - Moiynty – Karagandy – Astana – Troitsk (Russia)*

Another example is the opportunities opened to Tajikistan. The road networks in Tajikistan radiates from Dushanbe. Three Asian Highways (AHs) 7, 65 and 66 cross through the country. AH 7 form the north-south backbone. The road section between Dushanbe and Khuzhand along this AH7 pass through the mountainous range and thus are closed during winter, where drivers have to detour around using Uzbekistan. The southern part of this road leads through Kurgan-Tyube and Nizhniy Pyandzri, the gateway to Afghanistan. AH 65 is an important artery for outbound goods that pass through Tursunzade, the gateway into Uzbekistan. To the east, the road connects the capital to Garm, Jirgatal and then to Karamik, the gateway to Kyrgyz Republic. The longest section of the road lays along AH66, where the road passes through Dushanbe, Kofarnihon, Kuylab, Murgab and Kulma Pass, the gateway to China. Thus Tajikistan can build itself to be a key node that links China, Afghanistan and Pakistan as well as a gateway to the Middle East. Goods can be moved through Tajikistan, travel to Afghanistan and Pakistan, ending in Karachi for onward shipment by sea to destinations in South-east Asia, Europe and further afield.

Access of the landlocked countries to the global markets and their ability to trade are the key elements of support to economic growth. Costly and unsafe, outmoded modes and means of transportation hamper trade. Trade in Central Asia is plagued by transit related problem some of which arises owing to the border conflicts, such as the demarcation of borders since their independence. Competitiveness of the landlocked countries is reduced by transit fees, including high costs of freight shipping services, road tolls, use of customs escort and customs convoy and other restrictions in the form of inequality of entry of number of means of transport into each other's territory. Other costs could also be attributed customs clearance procedures, satisfying border management requirements of controlling bodies, and inadequate or outdated infrastructure and examination equipment, including those of roadways, rail and border posts. Border control agencies should take appropriate measures to reduce such costs. Unfortunately, some countries in the region have witnessed slow progress, as shown by the World Bank "Doing Business" trade facilitation indicators.

The Central Asian countries, in the main, are characterized by their economic and geographical isolation within Eurasia resulting from their remoteness and difficult access to maritime transportation. Kazakhstan, for example, being the most developed and prosperous of the countries resort to the use of air transportation if necessary, and relatively developed rail system. On the whole, the access to sea transportation far outweighs the use of rail and road (and air transport which caters for high value goods) transportation. The advantages of maritime transportation are the significantly higher freight-load capacity and substantially

lower fuel costs. Uzbekistan, one of the doubly landlocked countries (i.e. a landlocked country surrounded by other landlocked country) is disadvantaged in its reach for access to maritime transport. For the traders in Uzbekistan to have maritime access, their goods are required to transit through at least two countries. Tajikistan, on the other hand, with 93% mountainous regions and only 3% arable, the transport of their goods requires movement in high altitude regions or through neighbouring countries by road and rail. The nature of transportation thus results in substantial costs being incurred.

A Challenges to Trade Facilitation

Traders in Central Asian countries have to comply with cumbersome regulatory requirements in doing business, ranging from obtaining certificates/permits, to going through complicated formalities required by different border control agencies. Different regulatory framework for customs and inspections, poor coordination of border agencies both within a country and between neighboring countries, non-transparency and complexity of administrative procedures, unjustified and extra transit fees also undermine the trade potential of the subregion. For example, it was reported that an amount of US$ 300 for transit travel and 120 Euro for Customs accompaniment should be levied for transit shipments for Kyrgyz carriers forwarding to Iran and Turkey through the territory of Uzbekistan[10].

Border management has great impacts on trade. The improvement of border management constitutes one important component of trade facilitation reforms which aim at reducing trade costs and time by removing "red tape" and other trade obstacles at the border as well as beyond the border.[11] The challenges to trade facilitation in connection with border management include the following which is not exhaustive.

1. **Impediments to physical Infrastructure**
   - Constraints of adequate and proper infrastructures for clearance at borders
   - Constraints of road and rail infrastructures
   - Constraints on use of technical aids at border posts to facilitate speedier clearance

2. **Impediments to operational capacity of controlling agencies**
   - Lack of expertise and a professional cadre of officials
   - High cost of transport fees
   - Visa requirements and fees
   - Burdensome customs procedures
   - Frequent changes to the regulations

3. **Impediments to institutional policies and regulations**
   - Lack of an integrated and strategic development plan
   - Lack of customs harmonization
   - Long delays in border crossing
   - Limited customs facilities for on-site clearance at border crossing
   - Fees for escorts
   - Obstacles which may be result of actions by neighbouring countries such as closure of borders
   - Unofficial payments

10 *Anarkan Rahmanova(2009), at the Asia-Pacific Trade Facilitation Forum 2009: Setting the Regional Agenda*

11 This paper takes trade facilitation in its broad sense, so physical infrastructure is included in the discussions.

Improvements are necessary, not least of all, the improvements of border posts, road and rail infrastructures and supply of adequate equipment. However, although physical infrastructures can be taken care of in time, for example the construction of a US-funded bridge at Nizhniy Pyandzri linking Tajikistan to Afghanistan – which also included a modern Customs Border Post, the immediate remedies available include establishing inter-agency coordination. Too often, the simplification and harmonization of customs procedures is isolated from taking fully into account the fulfillment of the mission of the other agencies. Insular improvement of one agency without taking into account the needs of another often lead to in-fighting and misunderstanding and non-cooperation among the agencies. Thus inter-agency collaboration is also required. Both requirements of inter-agency coordination and inter-agency collaboration will foster a need to share and exchange information.

B Inter-agency Coordination and Collaboration

As mentioned earlier, the categories of controlling agencies involved in border management is similar in all the countries concerned. They may differ in the naming of the organization. The services include, the Frontier service, Customs service, Ministry of Agriculture in the capacity of veterinary and phyto-sanitary control, Ministry of Health (for sanitary and epidemiological control and in some vested responsibility for radiation control), and Ministry of Transport (Standards organizations for the assurance of conformity to national standards may also play a part). In the main, some of the organizations are not required to be physically present and can be well-served by evidence of documentary controls. Coordination and collaboration can take the form of empowering a single authority at the border crossing to function for the agency concerned. Clear guidelines and procedures will, however, have to be established. Adequate and continuous training must also be provided to the empowered agency. Coordination can also take the form of constant and regular meetings and dialogues between agencies to share and exchange information and reduce the over-lapping of responsibilities.

An appropriate and clear definition of responsibilities for the border agencies may lead to efficient border management. Otherwise, it will cause confusion and abuse of authority. Without appropriate and clear definition of responsibilities, one agency may take actions without consulting other relevant agencies, or exercise authority in the areas which should be regulated by other agencies. For example, in Uzbekistan, the Frontier Troops CGSB of CNS is responsible to decide the ban of import of goods (for example publications, films, manuscripts, documents, video and audio records, printed graphic matter) depending on whether the import is detrimental to the security and well-being of the community. Such decisions should be made in consultation with other border agencies such as Customs. An alternative could have been prescribed to refer the matter to the appropriate agency for a decision. In Uzbekistan, Militia Units have the authority to impede the movement of both persons and goods crossing the border for the purpose of preventing compromise to national security. The Ministry of Internal Affairs may issue multiple visas for the following categories of foreigners and members of their family:

- Staff members of the permanent representations of firms and companies accredited in Ministry of Foreign Economic Relations;
- Staff members of foreign banks or other financial organizations registered in the Republic of Uzbekistan;
- Staff members of joint ventures and enterprises with 100% of foreign investment, employees of foreign firms registered and accredited in the Republic of Uzbekistan.

Good inter-agency coordination is essential to effective border management. For example, if the frontier and customs services operate at the border crossings on a daily basis (24/7), the other agencies must also do likewise. Lack of such coordination and juxtaposition of working hours will be detrimental and can lead to doling up border clearance and may add substantially to the costs of the importer/exporter

Intra-agency coordination is also equally important. The failure for the same agency with various posts and offices spread around the country, either at border posts or inland offices, failing to harmonize their procedures or failure to receive pertinent information from each other, can lead to incompetency of actions taken. Prompt communications and exchange of information will play a positive role not only for officials of controlling government agencies involved in border management but also for the trading community.

To preserve the national security aspects of border management and at the same time facilitate trade, a solution would be the establishment of an Integrated Border Management (IBM) methodology. This concept is not new to the countries concerned since several international organizations have been deeply involved in the project. One of the organizations concerned is the European Union (EU) Border Management Program in Central Asia (BOMCA). One of the countries has also embarked on the development of IBM. This will be referred in the discussion following.

Box 5: Concept of Integrated Border Management (IBM)

The Integrated Border Management (IBM) aims at facilitating the movement of legitimate goods and people while maintaining secure borders and meeting national legal requirements. It is implemented through the improvement of cooperation and coordination among all the relevant authorities and agencies involved in border management, such as Border Guards, Customs, Veterinary and Phyto-sanitary Inspection Administration, Ministry of Transport, Migration Authorities.

There are two categories of IBM, namely domestic integration between border agencies within one country and international integration between neighboring countries. The interagency cooperation between different border agencies is the core element of IBM, and a politically mandated and powerful agency to lead the cooperation is needed.

Effective IBM requires strong political support, clear definition of responsibilities and appropriate institutional arrangement, usually taking the form of signing a Memorandum of Understanding (MOU) or Agreement. To implement IBM, countries need to improve legal and regulatory system; increase institutional capacity; streamline and harmonize procedures; improve communication and information exchange. The major tools for IBM include the Single Administrative Document (SAD) and Single Window (SW).

Source: Global Facilitation Partnership for Transport and Trade website:
http://www.gfptt.org/uploadedFiles/7488d415-51ca-46b0-846f-daa145f71134.pdf

IBM, from the Central Asian countries; standpoint should be looked at currently under a national integration of the various controlling agencies within one country. This can progressively be expanded into an international integration between the neighbouring states (an example is the EU itself). At this juncture, although the four countries are members of

several larger regional arrangements, the expansion into an international integration of the varied border control agencies, with a central single control system is not viable. The state of economic development and progress of each country does not as yet support such an idea. Secondly, the countries still face border conflicts regarding the demarcation of their borders. There are signs that efforts are being made to resolve these issues. Tajikistan and Uzbekistan have taken steps to negotiate the drawing up of "disputed' areas. Thus it does not mean that international integration of border management cannot bear fruit. It will be only a matter of time.

National integration and development of an IBM must invariably depend on inter-agency coordination and collaboration, with parallel processing of all documents at the points of entry. As mentioned above, most agencies carrying out border control are dependent on the production and endorsement of trade documents and the like.

Border management is applied, in the main, to two separate categorization of clearance. The first is the processing of people (travelers entering the country for legitimate personal reasons such as tourism, visits to friends and family, and for work). The second is the processing of goods and modes of transport and people who are responsible for the movement of the goods.

The two categorizations clearly separate the responsibilities and the type of processing required. The clearance of goods is clearly the work undertaken by Customs organizations. The Customs fulfill their obligations in respect of preserving economic security whilst at the same time can undertake the mission to protect the well-being of the community. The focus of Customs is collecting revenue, determining correct classification of goods, preventing smuggling (goods as well as people), and ensuring goods imported and exported comply with the requirements established by other quarantine agencies to protect the well-being of the nation.

The clearance of travelers and persons undertaking the movement of goods and modes and means of transport is clearly the task of immigration authorities. The mission to be met is the preservation of national security and prevention of illegal entry of persons who are considered undesirable, have criminal intentions and/or likely to bring harm to the country.

The performance of the two major functions at the border entry points are vastly different with different emphasis being given to each. It is viewed that a single government authority can perform the two different functions provided the following is adhered to:

- Adequate and continuous training is provided to build up the competence of the border control officials;
- Technical aids such as X-ray machines are used to support examination and clearance of goods and means of transportation;
- A single electronic window environment for the submission of data for regulatory control is in place; and
- Inter-agency cooperation is maintained, in particular, in respect of the flow and supply of intelligence

Normally, it is the Customs agency which comes to the forefront as the main agency best positioned to develop integrated procedures for the clearance of goods and people. However, the lead agency may vary with different country in accordance to its specific situation.

A case study regarding the establishment of a national integrated border management (IBM) is illustrated in Box 7 showing the experience in Singapore.

Box 6: Integrated Border Management in Singapore

Prior to 1st April 2003, border control at the border crossings for arriving/departing travelers and persons arriving/departing the territory of Singapore in their means of transport was undertaken by Singapore Immigration and Registration (SIR). SIR was an organ of the Ministry of Home Affairs (MHA).

Border control clearance on goods and means of transport was the sole responsibility of the Singapore Customs, which came under the purview of the Ministry of Finance. From 1989, the Singapore Customs had established a single electronic window (SEW) for the submission of trade data in electronic form for all Customs purposes and to satisfy the regulatory control requirements of other controlling agencies such as health, sanitary and phyto-sanitary. Singapore Customs was also empowered by other controlling agencies to act on their behalf in the clearance of controlled goods. However, it was clearly set out that Singapore Customs would not carry out prosecution of offenders contravening laws of other controlling agencies. Prosecution would be done by the agencies themselves through proper arrangement of handing over the offenders and the exhibits concerned.

Other controlling agencies were also established at the checkpoints. These included the Central Narcotics Bureau (CNB), the Singapore Police Force (SPF) and the Land Transport Authority (LTA). The CNB and SPF were organs of the MHA. The CNB was tasked with the interdiction & prevention of the entry and exit of illicit drugs and other psychotropic substances. The CNB also carried out urine tests on persons returning to Singapore to prevent abuse of the illicit substances while they were abroad. The SPF served as security and to ensure peace and order was maintained at the border crossings. The LTA was responsible for the issue of permits (subject to fees being paid) for entry of foreign vehicles which had exceeded the prescribed fee entry period. The fees collected went towards use of road by foreign vehicles.

The result of various agencies stationed at the border crossings meant that travelers including goods and means of vehicles could be examined by one or more controlling agencies. Travelers first cleared passport control (SIR) and if required was subsequently selected by Singapore Customs or the CNB for bodily examinations or clearance of luggage.

To facilitate travel and the clearance of goods and means of transport and to introduce a "one-stop" border clearance system, the government established a working group of the relevant agencies SIR, SPF, CNB and Singapore Customs which met over two years to establish an integrated border management (IBM).

The decision was taken by the government to have a single authority responsible for the border crossing points. This resulted in the establishment of the Immigration and Checkpoint Authority (ICA). The organization remained under the purview of the MHA. The ICA took over the responsibilities of the border crossings with effect from 1st April 2003.

The ICA brought together the SIR and border control functions of the Singapore Customs. In addition the ICA provided citizen, permanent resident and visitor services. It also took over the functions of issue of national identification papers.

About 1,000 officers from the Singapore Customs were transferred to the new organization. Singapore Customs retained its Cargo Clearance Systems (CCS) which was used by the ICA

officers for the border control on goods and means of transport from then on. The CCS also contained Customs decisions for subsequent Customs inspection and examination of incoming/outgoing goods. The ICA officials clearing such cargo would place seals on the containers or trucks and allow their movement inland to authorize Customs clearance points.

Singapore Customs was revamped to act as the focus on trade facilitation and revenue enforcement under the Ministry of Finance. The department held constant dialogues with the ICA and supplied intelligence as part of their coordination and cooperation efforts. These included information received from abroad and from international organizations such as the World Customs Organization (WCO)

ICA remains responsible for the security of Singapore's borders against the entry of undesirable persons, cargo and conveyances through land, air and sea checkpoints. It integrates the border forces of Singapore and strengthens border security by enabling a closely coordinated, quick and effective response to any security threat.

From the case study of Singapore it can be noted that the immigration authorities took over the leadership of the IBM although the SEW was developed and maintained by Singapore Customs. However, it supports the argument that a SEW must be a condition for the establishment of an IBM. Similarly the sharing of information and intelligence is a requisite for the success of the operation of an IBM. The ICA officials continue to be trained by the Singapore Customs and other controlling agencies on their systems and requirements.

In Central Asia, Kazakhstan has also embarked on an initiative to bring about an IBM. Recently, the Government of the Republic of Kazakhstan made a decision to centralize the border control responsibilities of transport, veterinary, phyto-sanitary, sanitary and epidemiological control services for vehicles to the SCC (Customs). A draft law is under consideration of the Parliament of the Republic of Kazakhstan. There is indication of resistance from several of the controlling agencies. The usual arguments are normally given such as expertise required by the controlling agencies themselves to ensure proper controls are established. Until the substance of the law is released, the agencies function as normal. However, an advantage that SCC may have is the ownership of the single electronic window under the CAIS for the submission of electronic trade data. Similar to Singapore Customs this could be a vital factor to support the centralization of control supported by training provided by the agencies concerned.

C Procedures and Documentation for Transportation of Goods Across the Borders

Cumbersome procedures on documentation to be presented to the controlling agencies are one of the impediments towards facilitating trade. An example could be the customs service acting strictly based on their legislation and requirement. The Customs service will not clear, for example, a consignment which requires the production and verification of documents made by another government agency which has no physical presence there. This would require the consignee to obtain the paper document. An alternative could have been to require the consignee to send the document at a stipulated time. In Kyrgyzstan, the State Agency for Environmental Protection and Forestry is responsible for regulating the import and export of ozone-depleting substances and/or products containing ozone-depleting substances. The list of goods subject to import license is large and includes refrigerators; freezing chambers; ice-producing machines; hair dryers; air conditioners and thermal pumps; equipment for liquefaction of air gas; air conditioners for vehicles and trucks; products in

spray cans (perfumery, dyes, etc); fire extinguishers; and organic solvents. The customs clearance officials are required to sign an endorsed license that the product does not contain ozone-depleting substances. To obtain the license, the consignee is forced to leave his goods at the border or at temporary warehouse, travels to Bishkek and receives his license (with a fee being levied) from the controlling agency without physical inspection of the goods. The license will be granted based on the trade supporting documents. The consignee then returns to the border or temporary warehouse to show the license to customs officials. The cargo is then released. Release of the goods subject to the production of the license at a stipulated time could also have been instituted. Alternatively, it could have been possible for the customs to be trained by the controlling agency to identify the fulfillment of the legislative requirement through a study of trade supporting documents.

In Kazakhstan and Tajikistan radiation control is exercised by the customs service, whilst in Kyrgyzstan the control is exercised by the State Sanitary and epidemiological Inspectorate, Ministry of health. Similar to the above example, the radiation control statement is issued by actual physical examination and measurement but on supporting documents. Similar solutions could be applied. These examples also illustrate that empowerment of another agency to function for a controlling agency is possible. Capacity building through training of the proper officials could suffice in ensuring the mission of the controlling agency is met.

To reduce and harmonize procedures and documents relating to transport of goods across the borders, it's advisable for Central Asian countries to consider acceding to major international transport facilitation conventions. The following table illustrates the status of Central Asian countries of joining UNECE conventions on border crossing facilitation:

Table 13: Accession to UNECE Transport Agreements/Conventions by Central Asian Countries

Agreements/Conventions	Country					
	Azerbaijan	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Touring Facilities, 1954						
Protocol Touring Facilities, 1954						
Temp. Import. Priv. Road Vehicles, 1954						
TIR Convention, 1959						
TIR Convention, 1975	X	X	X	X	X	X
Temp. Import. Aircraft & Boats, 1956						
Temp. Import. Commerc. Vehicles, 1956	X		X			X
Cross. Front. Pass. Bagg. Rail, 1952						
Cross. Front. Goods Rail, 1952						
Spare Parts Europ Wagons, 1958						
Customs Container Convention, 1956						
Customs Container Convention, 1972	X	X	X			X
Customs Treatment Pallets, 1960						
Harmoniz. Frontier Controls Goods, 1982	X	X	X			X
Customs Pool Containers, 1994						

Note: As of December 2009
Source: Based on UNECE website, http://www.unece.org/trans/conventn/agree_e.pdf

D Transit Cooperation

The use of road as a major transportation mode features significantly among the Central Asian countries and their trading partners. This is a result of the flexibility relative to rail transport (and air transport, which is costly and normally limited to transportation of high value goods). Being landlocked the road transportation invariably involves "*traffic in transit*". The freedom of transit is best provided for under Article V of the General Agreement on Tariffs and Trade (GATT), 1994. The Article deals with the conditions imposed on goods transported through a country's territory by another party destined for a foreign destination.

Special permits for transit movement are required. However, the four Central Asian countries are members of the TIR Convention. The majority of transit movement is thus based on the use of the TIR carnets. The use of the TIR carnet is by far more common owing to it being a less costly alternative. For example, a two way TIR carnet in Kazakhstan can be purchased for US$95 from the road transporters' association, KazATO. KazATO is the de facto

representation of all road transportation companies in Kazakhstan, serving as the National Association for administration of TIR. A non-member of KazATO will need to put a deposit of US$8,000 for a single transport journey across the borders. TIR is generally working smoothly and simplifies cross border movement. However, this does not dismiss the incidents involving unnecessary inspections still occurring in the neighbouring countries and vice versa in Kazakhstan. Such practices which are not in the spirit of the convention only lead to high costs to the trading community.

There are no other international or regional protocols that can be an effective alternative to TIR in the short term. Without TIR, the trading community will encounter the requirement to set aside substantial sums of money serving as a security or bond for the use of transit regime. The security serves as a requirement to ensure the transit regime is not abused or misused, for example, illegitimate disposal of goods in transit into the local market. Security deposited with the Customs of the transit countries is based on the value of the goods and the prevailing tariff rate of the goods concerned. Security deposits may be 100% of the potential customs duties and taxes payable on the goods if disposed in the local market. This can pose a financial constraint on the trading community. Under the TIR, the security guarantee is undertaken by the country's national road transporters' association. The national association must be a registered and recognized member of the International Road Transport Union (IRU) which administers the TIR carnets.

The IRU has also developed a SafeTIR system, an electronic system for ensuring the proper use of the TIR by the holder of the carnets issued, providing early detection and prevention of fraud and irregularities, and protect bona fide operators and customs revenue. The system allows for customs to transmit the termination status of the carnets used and also allows for customs to verify the validity of the carnets used.

Of the major trading partners of the Central Asian countries, China and South Asia countries are not within the ambit of the TIR Convention. China has indicated in the Central Asia Regional Economic Cooperation (CAREC)[12] Program, the likelihood of contracting to the TIR Convention. However, this has not yet materialized. In the longer term, the region could also take the opportunity to implement the use of an acceptable regional transit document to satisfy the needs of the various countries. A similar outlook for instituting a regional transit document is also being considered by the Association of South East Asian Nations (ASEAN).

12 CAREC is a partnership of eight countries and six multilateral institutions working to promote development through cooperation, leading to accelerated economic growth and poverty reduction. The eight CAREC countries are Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. The six multilateral partners are the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Islamic Development Bank (IsDB), United Nations Development Programme (UNDP), and the World Bank. ADB serves as the CAREC Secretariat.

Box 7: Transit Cooperation in ASEAN

ASEAN with its ten member nations also conducts trade using the mode of road transportation. This mode of transportation is also featured in its trade relations with China. Use of the transit regime is also important to one of the landlocked member state, People's Democratic Republic of Laos. An ASEAN Framework Agreement on the Facilitation of Goods in Transit was drawn up in 1998. The provisions of the Framework Agreement follows closely those set down in GATT Article V, "Freedom in Transit". The provisions in the Framework Agreement include mutual recognition of driving licenses, motor vehicle third-party insurance scheme, harmonization of road transport permits, technical specifications of vehicles, customs control and the development of a Customs transit system. Customs is called upon to simplify and, whenever possible, harmonize the customs control procedures of transit transport, to facilitate joint customs inspection whenever possible, and to be guided by the standards and recommended practices of Annex E1 concerning Customs Transit under the Revised Kyoto Convention.

The development of the customs transit system has focussed on three significant subjects. The first is the production of a Customs Transit Document. The solution for this is to establish it as a subset of the ASEAN single administrative document (SAD) for trading purposes. Secondly, like the requirement in the TIR Convention, a guaranteeing authority must be established. Thirdly, the emphasis is on the aggressive use of ICT, in part as a follow-up of the development of the single window environment within ASEAN and extending use of ICT as a means of an electronic control system that allows the tracking of trucks and movement. This is not unlike the SafeTIR system. In the long term, the Central Asian countries in their dealings with neighbours and trading partners will doubtless develop similar customs transit systems governed by the appropriate documents.

With the involvement of some Central Asian countries, the Eurasian Economic Community (EurAsEC) members are developing a Customs Union, which would create a regional transit system and make significant impact on border management in the region.

Box 8: Customs Cooperation under EurAsEC

The formation of EurAsEC took effect in October 2000. The contracting parties comprised the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, and the Republic of Tajikistan. The Republic of Uzbekistan was accepted as a member in 2005 (and prior to this had observer status together with Moldova, Ukraine and Armenia). However in 2008, Uzbekistan indicated that it was suspending its membership.

The aim of EurAsEC is to promote the formation of a regional customs union and common market and economic integration of the member states. A recent development in 2009 was the announcement of the formation of a customs union to take effect in January 2010 encompassing three member states, namely Belarus, the Russian Federation and Kazakhstan. The customs union would result in the territories of the three states being an integral customs zone, with unified customs regulations, procedures and practices, common tariff regulations and common non-tariff regulations. A common Customs Code is envisaged to be effective from 1 July 2010 subject to ratification by all three member states.

EurAsEC has also embarked on the development of a single administrative document for trade documents and a single window environment. A Common Commodities Nomenclature of Foreign Economic Activity of the EurAsEC, based on the Harmonized Commodity Description and Coding System (HS) of tariff nomenclature and use of a ten-digit commodity classification code had been in place since 2003.

Regardless of the type of customs transit system used, the most important consideration in border management for transit regime is the implementation of measures which do not result in hindrance to the traffic in transit by imposing unnecessary delays or unnecessary charges. Another requirement would be to accord MFN treatment of transiting goods. No distinction should be made in regard to flag of the carriers, the place of origin, entry/exit points of the carriers, destination of the goods and other circumstances relating to ownership of the goods, carrier, etc.