

Trade Facilitation in Central Asia

Objective

Trade-oriented companies benefit from cost-cutting measures for trade facilitation. The project aims at simplifying procedures and processes of international trade in the Central Asian countries Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. The introduction of trade facilitation measures has a direct positive effect on the trading companies by reducing the time required, but also by optimization trade processes of state regulation. The resulting cost reductions on the side of the companies contribute to increasing world competitiveness and thus to the strengthening of the economic performance of the private sector. Increasing the transparency and application of new technologies in customs and transport procedures (for example through the use of automated systems of risk management in customs) and aligning them with international standards contribute to curbing corruption. The involvement of private actors in the prioritization and design of trade facilitation leads to increasing reliability and acceptance of public decisions.

Approach

The project team is working closely with the ministries responsible for trade, other public institutions involved in international trade (e.g. customs), and the trade oriented business community. **The project implements selected measures for trade facilitation:**

1. Risk management systems are introduced as integral part of the customs examination to reducing the number of physical inspection of goods and companies with low risk;
2. Regional transport and transit procedures are simplified and harmonized, for example by the mutual recognition and reduction of documents required for the transit of goods;
3. Private sector is strengthened to use services facilitating trade and involved in policy development, for example as members of *National Trade Facilitation Committees*.

Project name	Trade Facilitation in Central Asia
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Kazakhstan (KAZ), Kyrgyzstan (KGZ), Tajikistan (TJK), Uzbekistan (UZB)
Lead executing agency	Ministry of National Economy (KAZ), Ministry of Economy (KGZ), Ministry of Economic Development and Trade (TJK), Ministry for Foreign Trade (UZB)
Duration	January 2017 – December 2019

Risk Management in Customs

Making risk management systems an operational part of customs inspection, physical inspections of incoming goods are done only to those goods and companies which have an increased risk of violation of customs regulations. Consequently, the time taken to release exports will be reduced. Companies that act in accordance with the law thus benefit from faster procedures for exporting or importing their goods, which are directly linked to their cost savings. The incentive for the state to introduce this system lies in the increased income that can be achieved.

The necessary legal and technical bases for the use of the risk management systems in the customs authorities of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan are available. In order to enable the practical use of risk management, on the technical side, the definition of risk profiles, which categorize goods and companies based on selected risk criteria, is necessary. The project advises and accompanies the authorities in the develop-



Customs officers advise traders at the terminal, Kyrgyzstan

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ment of these profiles. An important success criterion for the relevance of the risk profiles is their ongoing updating and the exchange of information with the risk assessment between customs authorities of neighboring countries. In the regional context of the four countries, the project initiates an exchange and possible mutual use of relevant data as well as the dissemination of good practice examples. In order to anchor the use of risk management in the customs authorities, work is also oriented at organizational development to adapt changes of the respective processes of customs procedures. These measures are supplemented by activities that promote the role perception of customs officials as a service provider in the trade process.

Transport and transit procedures

Simplifying and speeding up selected inter-governmental transport and transit operations in the four Central Asian countries reduces costs for the trading companies as they are subject to a time limit when crossing borders. Furthermore, the reduction of the procedures necessary for border crossing leads to savings in the form of fees and reduces the risk of corruption.

Among other things, the customs authorities are supported in recognizing pre-customs information for the customs declaration in order to further reduce the time required for customs clearance at borders. So far, this practice has only been practiced in Kazakhstan. Furthermore, alternative guarantees for the transit of goods are designed. In addition, coordination at regional and supra-regional level (including the neighbors of the region such as China, Iran, Russia and the EU, for which a functioning transit is of interest) are initiated and accompanied, which is an important prerequisite for mutual recognition of procedures and documents.

Private sector to shape trade facilitation

Services facilitating and promoting trade only work, if used by private operators. The involvement of the private sector ensures that measures and offers for trade facilitation are designed according to the needs of the private sector and are used by them to reduce trade costs. By providing regional services (for example, in the field of certification, inspection

or market information) private sector stakeholders are also encouraged to tap existing trade potentials in the region and in the wider international context as efficiently and cost-effectively. Organizational and process consulting is delivered to providers of such regional services.

The project supports to implement the agreement on trade facilitation (WTO TFA) and assists, that obstacles to regional trade highlighted by the private sector are resolved by the *National Trade Facilitation Committees* (NTFC) – bodies to be established in accordance with the WTO TFA for the design and structuring of trade facilitation measures. The committees offer the actors, involved from the state and the private sector, the opportunity to solve challenges in the concrete implementation of the trade facilitation measures. In Uzbekistan, which is not one of the WTO members, the establishment or use of a similar structure is foreseen. The project supports the national committees in their roles and the design of a process architecture that includes the session cycle and cooperation with other relevant public structures. Private sector is strengthened through training measures in its role to highlight challenges for cross-border trade to the committees in a solution-oriented manner and to work together with representatives of public authorities on solutions.

Previous results from German support for international trade in Central Asia

To reduce administrative barriers to trade procedures were simplified, e.g. by introducing electronic customs documents, Single Window structures, electronic data interchange. To reduce technical barriers to trade in quality infrastructure, selected institutions in the region now have the necessary capacities to provide standardization and certification services, which were among others achieved through the introduction of international standards (ISO) and their application by local laboratories and other conformity assessment bodies.

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