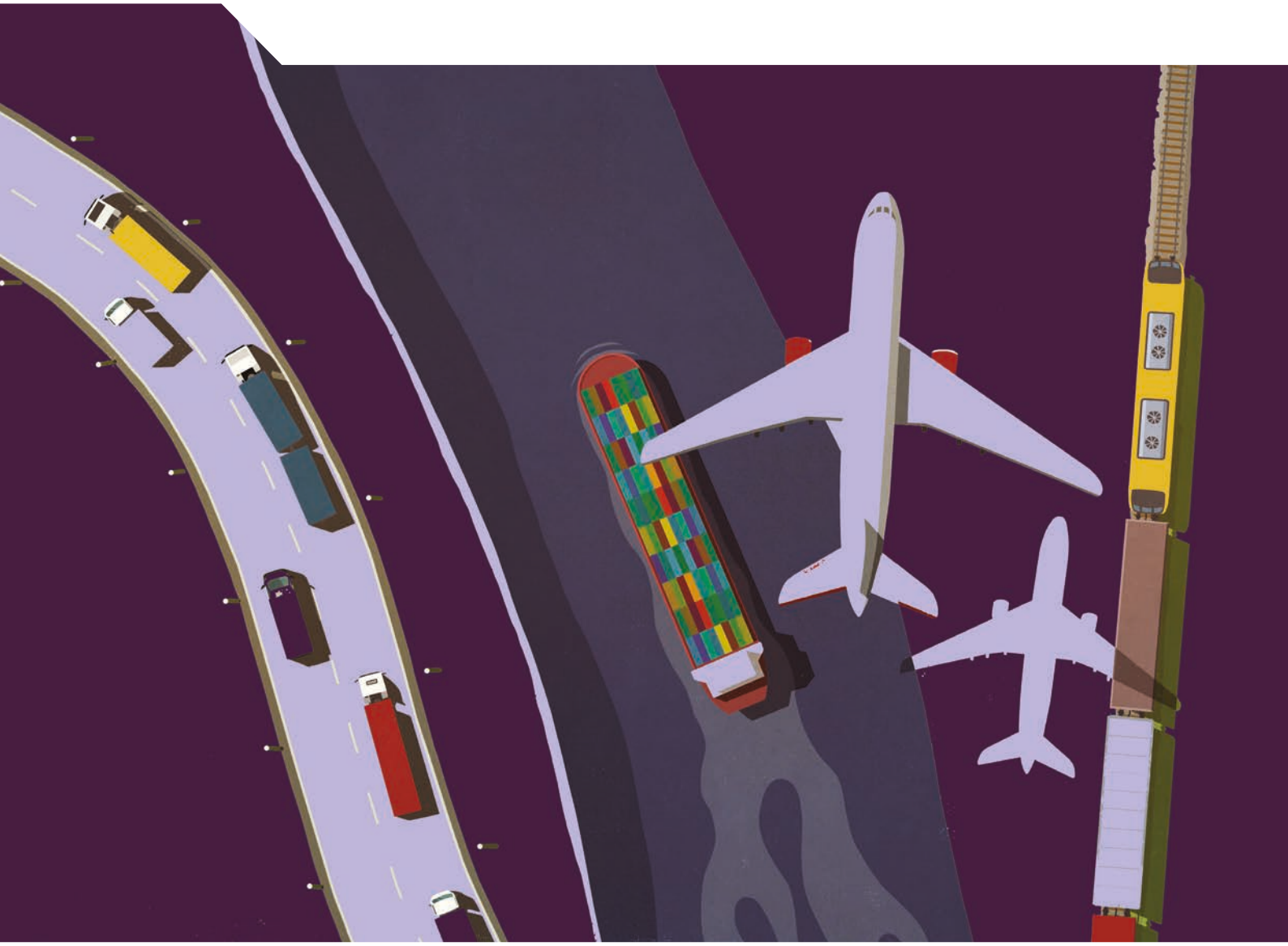
Trade Facilitation in Central Asia



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Trade Facilitation in Central Asia

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Foreword

Trade facilitation underpins global supply chains, reducing the time and cost of moving goods around the world and promoting more inclusive trade. Trade facilitation measures at the border have supported supply chains in delivering goods where they were needed during the different phases of the COVID-19 pandemic. However, global supply chains continue to experience disruptions, including those triggered by COVID-19 and Russia's war of aggression in Ukraine. These events have profoundly affected regional and global trade patterns, disrupted global supply chains, and transformed trade routes – placing logistics under further stress – and increasing uncertainty around trade costs in Central Asia. The Northern Corridor, bringing goods from China to Europe through Russia, has seen a significant reduction in traffic following international sanctions. As traffic and attention shift to the Middle Corridor traversing Central Asia as an alternative transit route, its multimodal and border-crossing nature puts it at a structural disadvantage compared to other routes. Trade facilitation measures remain key in offsetting some of the time and cost increases experienced by firms and by consumers in this and other routes and in enhancing regional integration.

To help governments improve their border procedures, reduce trade costs, boost trade flows, and reap greater benefits from international trade, the OECD has developed a set of Trade Facilitation Indicators (TFIs) that identify areas for action and enable the potential impact of trade facilitation reforms to be assessed. The OECD TFIs help track the specific areas where trade facilitation progress has been made and help identify where further reforms are needed. Their key value added lies in identifying changes in both the regulatory frameworks for trade facilitation measures and their implementation in practice.

The OECD collected data and consulted with stakeholders through five online public-private workshops in 2023 – one each for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan – to support the analytical work and design relevant policy recommendations for trade facilitation in Central Asia. The note was developed in close co-operation with the Trade and Agriculture Directorate of the OECD and in consultation with the governments in Central Asia. The note assesses the performance of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan on the OECD's TFI indicators, highlights outstanding challenges, and provides recommendations.

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This report was prepared under the guidance of Mr Andreas Schaal, Director of the OECD Directorate for Global Relations and Co-operation, and Mr William Tompson, Head of the OECD Eurasia Division. The project was closely supervised by Mr Grégory Lecomte, Head of the Central Asia Unit, and managed by Ms Amélie Schurich-Rey, Economist and Policy Analyst, OECD Eurasia Division.

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Abbreviations and acronyms

ACDD	ASEAN Customs Declaration Document
ADB	Asian Development Bank
AO	Authorised Operators
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASTANA-1	Automated System of Customs and Tax Authorities
ASW	ASEAN Single Window
ASWSC	ASEAN Single Window Steering Committee
ASYCUDA	Automated System for Customs Data
BSEC	Organisation of the Black Sea Economic Co-operation
CCI	Chamber of Commerce and Industry
Central Asia Gateway	Info Trade Central Asia Gateway
CIS	Commonwealth of Independent States
CO	Certificate of Origin
CRMS2	Customs Risk Management Systems
DUT	*Document Unique de Transport* (Single Transport Document)
EAEU	Eurasian Economic Union
e-AH	Animal Health certificate
EBRD	European Bank for Reconstruction and Development
e-CMR	*Convention relative au contrat de transport international de Marchandises par Route* (Electronic Convention for the carriage of goods)
EEAS	European External Action Service
eGov	Electronic Government
e-Permit	Electronic Permit
e-Phyto	Electronic Phytosanitary certificate
e-TIR	TIR procedure, implemented by means of electronic exchange of data
EU	European Union
FTA	Free Trade Agreement
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
ICC	International Chamber of Commerce
IMO	International Maritime Organisation
IMPW	Inter-Ministerial Professional Work
IT	Information Technology
ITC	International Trade Center
ITF	International Transport Forum

IWG	Inter-departmental Working Group
KPIs	Key Performance Indicators
LWG	Legal Working Group
MoU	Memorandum of Understanding
MTI	Ministry of Trade and Integration of Kazakhstan
NACCS	Nippon Automated Cargo Clearance System
NSWs	National Single Windows
NTFCs	National Trade Facilitation Committees
OEC	Observatory of Economic Complexity
OECD	Organisation for Economic Co-operation and Development
OSS	One-stop-shop
QazTrade	QazTrade Center for Trade Policy Development
R4TCA	Ready4Trade Central Asia project
SMEs	Small and medium-sized enterprises
SPS	Sanitary and Phytosanitary certificate
SWIS	Single Window Information System
SWTS	Single Window Trade System
TFA	Trade Facilitation Agreement
TFIs	Trade Facilitation Indicators
TIM	Central American International Transit of Goods
TIR	*Transports Internationaux Routiers* (International Road Transport)
TITR	Trans-Caspian International Transport Route (also known as the Middle Corridor)
TWG	Technical Working Group
UK	United Kingdom
UN RECs	United Nations Regional Economic Commissions
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Convention for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USAID	United States Agency for International Development
WCO	World Customs Organisation
WEF	World Economic Forum
WTO	World Trade Organisation

Executive summary

Central Asia has been improving trade facilitation

The governments of Central Asia have made significant progress in trade facilitation, as evidenced by improvements in their performance on the OECD Trade Facilitation Indicators (TFI) in 2022. Uzbekistan achieved the largest relative performance improvement since 2019, while Kazakhstan led in absolute TFI score increase and is the best regional TFI performer. Governments in Central Asia have improved the guidelines and procedures for public consultation processes with a focus on engaging the trade community in policy design. They have expanded the early release of draft rules for public feedback, transparent notice-and-comment frameworks, and efforts to involve a wider range of stakeholders, enhancing inclusivity and transparency. Governments have established National Committees for Trade Facilitation, which together with well-functioning mechanisms for consultations with traders, are contributing to enhancing public-private co-operation for trade facilitation. The increased availability of information in real-time among domestic agencies enhances day-to-day co-operation between border agencies.

Nevertheless, challenges persist due to limited dissemination of information, deficient digitalisation and automation, and poor agency co-operation. Governments have improved information provision, but further efforts are needed, particularly in harmonising and making trade-related regulations readily available. There is room for improvement in providing comprehensive and user-friendly information on penalty provisions, appeal procedures, judicial decisions, and trade agreements. This includes making trade-related legislation available online, with particular emphasis on harmonising the advance publication of regulations before they come into force, a gap observed in Tajikistan and Uzbekistan. Kyrgyzstan, Tajikistan, and Uzbekistan face challenges in digitalising and automating trade procedures. While progress has been made across the region, there remains a need to enhance electronic data interchange, pre-arrival processing, and the implementation of national online trade Single Windows. Finally, Central Asia faces lasting deficiencies in domestic and international border agency co-operation. Efforts are being made to improve co-ordination, but further steps are needed to enhance collaboration among agencies and streamline border processes.

Countries should further include the trade community in policymaking, harmonise regional standards, and intensify agency co-operation. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan should prioritise consulting the private sector and disseminating trade facilitation tools and information. This includes advance rulings, user-friendly customs websites, and transparency in trade-related regulations. The Central Asian economies should also work on reducing the duplication of paper and electronic clearance procedures through enhanced digitalisation efforts, such as aligning customs documents, implementing electronic payment systems, and harmonising e-customs systems. Crucially, to improve regional co-ordination and collaboration, governments should empower customs agents for selected border agency controls, establish steering committees, and develop domestic mechanisms to support inter-agency co-ordination. This partnership should extent to regular meetings with the private sector and regional co-operation should also be encouraged, including through exchange of staff and training programmes to promote interoperability among border agencies.

1 Setting the scene

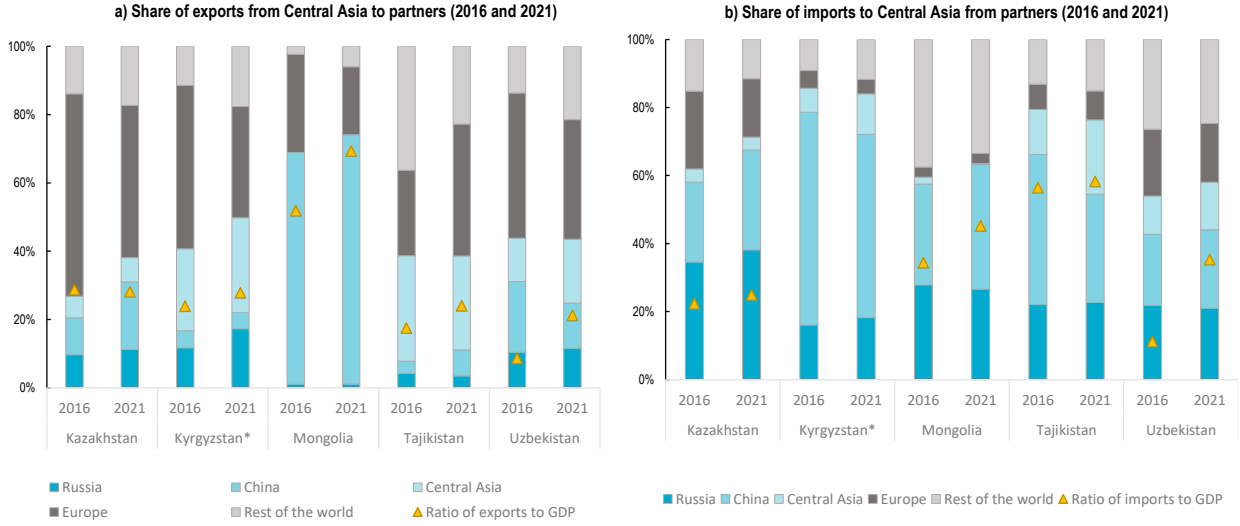
This chapter highlights the significance of improving connectivity in Central Asia in the context of Russia's full-scale invasion of Ukraine. It draws attention to the region's reliance on a limited number of trade partners and export commodities. While Central Asia's trade performance has shown resilience, close ties to Russia expose the region to political and supply insecurities. The chapter emphasises the renewed momentum surrounding connectivity and the region's desire to integrate into global value chains to reduce its exposure to downside risks. It discusses the role of transport connectivity in mitigating distance penalties, increasing competitiveness, reducing trade costs, and boosting trade volumes. Additionally, the chapter addresses the relevance of trade facilitation and the utility of the OECD's Trade Facilitation Indicators (TFIs) in identifying ways to improve connectivity.

Russia's invasion of Ukraine reinforced the need for Central Asia to improve connectivity

Central Asian economies rely on a small number of trade partners

By 2021, the export profile of most Central Asian countries remained concentrated on a small number of partners and products for both imports and exports (Figure 1.1). Europe continues to be an important trade partner, even if Central Asian exports to Europe consist chiefly of energy commodities, and exports have declined since 2019 (OECD, 2021[1]). By contrast, trade with China has increased, but during 2020-22 was subject to border closures due to the country's zero-COVID policy. From 2016 to 2021, Russia's importance as an export destination rose for all countries except Tajikistan. Russia and China held an even more dominant position in imports in 2021: their import shares ranged from 44.4% in Uzbekistan to 72.1% in Kyrgyzstan. This dependence has increased for Kazakhstan, Mongolia, and to a lesser extent, Uzbekistan. Of note is Central Asia's importance as an export destination for Kyrgyzstan and Tajikistan, as well as a source of imports for the latter. For most countries of Central Asia, regional trade has increased since 2016.

Figure 1.1. Share of exports and imports from Central Asia with main partners (2016 and 2021)



Note: the Observatory for Economic Complexity's definition for Europe is used. Europe excludes Russia. Central Asia includes Afghanistan, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, and Uzbekistan. *Kyrgyzstan's ratio of imports to GDP in 2016 was 116.8% and in 2021 140.7%.
Source: OEC, World Bank

The trade performance of Central Asia has proven surprisingly resilient to recent shocks, but significant downside risks remain

Central Asia's trade has emerged in a better shape than initially anticipated following Russia's full-scale invasion of Ukraine. Russian enterprises have sought to overcome import barriers, including for technological goods, as they face high uncertainty, restricted access to international markets, and subdued domestic demand that may continue as the economy shifts towards autarky (World Bank, 2023[2]; EBRD, 2023[3]; German Council on Foreign Relations, 2023[4]). While these firms move away from established supply lines, Central Asian economies are increasing trade with Russia by exporting their products, providing transport and re-exporting services, intensifying their dependence on Russia (EBRD, 2023[5]). Russia-Kazakhstan trade, in particular, benefits from the Eurasian Economic Union (EAEU) – a common

customs area with unified technical standards – and standardised gauge width for rail traffic. In the first five months of 2023, Kazakhstan's exports to Russia rose 45.1% year-on-year. Over this same period, Kazakhstan's imports from the European Union (EU) and the United Kingdom (UK) increased by 82.8% and imports from non-EU/non-EAEU countries jumped 72.6% – suggesting a substantial uptick in re-exports (Bureau of National Statistics, 2023[6]). Intermediary trade in dual-use goods risks secondary sanctions despite government assurances to comply with Western sanctions (Reuters, 2023[7]).

Though trade has remained robust so far, close ties with Russia leave Central Asia vulnerable to political and supply risks. Exposure is the highest in terms of trade, freight transit, and investment, due to the region's close political and economic integration with Russia, limited export partners, and insufficiently diversified economies (ITF-OECD, 2019[8]; OECD, 2022[9]). Recent OECD surveys assessing the business climate in Kazakhstan and Uzbekistan found that 97% of respondents respectively have faced logistical challenges due to the disruption of supply chains in Kazakhstan and 85% in Uzbekistan (OECD, 2023[10]; OECD, 2023[11]). Moreover, even if sanctions are raising the cost of trade for the region, Russia remains an important transit country for Central Asia (OECD, 2022[9]). For instance, over 80% of Kazakhstan's oil exports transited through Russia in 2022, despite efforts to find alternative routes. Repeated cessations of oil transit through Russia and the deteriorating security of civilian maritime navigation in the Black Sea, accentuated by attacks on the Black Sea port of Novorossiysk – through which most of Kazakhstan's oil is shipped – show the risks involved in over-reliance on a single partner (Reuters, 2023[12]; The Jamestown Foundation, 2023[13]).

In this context, connectivity has gained renewed attention

Central Asian states have shown a strong desire to integrate into global and regional value chains

The importance of connectivity is substantial, as global value chains are increasingly interconnected and spread out all over the world. The region's relative distance to major markets means that it incurs significant distance penalties that cannot be eliminated. Transport connectivity can mitigate such issues and increase Central Asia's competitiveness, promoting regional integration, reducing trade costs, and increasing trade volumes (ITF-OECD, 2019[8]). Global value chains continue to experience disruptions, including those triggered by COVID-19 and the Russo-Ukrainian war. Whilst Central Asia has beneffitted from significant Belt and Road Initiative infrastructure investments in recent years, international sanctions have increased the cost of shipping cargo along the Northern Corridor running from China through Russia to the European Union (EU), causing significant delays and global freight tariff increases. As shocks are placing logistics under further stress and increasing uncertainty around trade costs, countries are looking for solutions to address their evolving connectivity needs. The disruptions to freight on the Northern Route could accelerate the shift in regional trade and transit strategy towards Central Asia, especially through the Trans-Caspian International Transport Route (TITR, also known as the Middle Corridor) that traverses Central Asia and the Caucasus through Türkiye and the Black Sea to Europe. The TITR has gained renewed attention as a viable alternative to the Northern Corridor for Asia-Europe transit and for regional integration. Trade facilitation measures are key in offsetting some of the time and cost increases experienced by firms and consumers and in opening new routes. The ongoing implementation of the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) helped provide the basis for country responses to global shocks, with countries at all levels of development making progress in facilitating trade since the TFA entered into force in 2017 – including Kazakhstan, Kyrgyzstan, and Tajikistan[1].

Trade facilitation is crucial to global value chains, as it reduces the time and cost associated with moving goods. Governments should consider more than just the domestic and regional impacts of trade and transport infrastructure development. Closer collaboration and joint planning between economies are

essential for improving connectivity and competitiveness. This collaboration is equally crucial for implementing "soft" policies that enhance trade logistics and competitiveness, as trade facilitation can be achieved through streamlining procedures across supply chains, not just investing in physical infrastructure. Efficient border management plays a critical role in eliminating unnecessary delays and increasing predictability in border clearance processes. For instance, trade facilitation reforms improving border crossing times across Central Asia could increase overall road traffic by an estimated 11% by 2050, with positive traffic gains for all countries of Central Asia – but especially smaller ones such as Kyrgyzstan (ITF-OECD, 2019[8]).

Box 1.1. Defining trade facilitation

Trade facilitation refers to a specific set of measures that aim to streamline and simplify the technical and legal procedures for goods entering or leaving a country to be traded internationally. The concept covers the full spectrum of border procedures, from the electronic exchange of data about shipments, to the simplification and harmonisation of trade documents, to the possibility of appealing administrative decisions by border agencies.

Source: (OECD, 2023[14])

To help governments improve border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade, the OECD has developed a set of Trade Facilitation Indicators (TFIs) (see Table 1.1). The TFIs help identify areas for action and enable the potential impact of trade facilitation reforms to be assessed. Trade facilitation encompasses various factors, such as information availability, involvement of the trade community, advance rulings, appeal procedures, fees and charges, formalities (both documents and automation), procedures, border agency co-operation (both internal and external), and governance and impartiality. The OECD TFIs help track the specific areas where progress has been made in the implementation of the WTO TFA, as well as other trade facilitation policies. The TFIs also help identify where further reforms are needed. Their value added lies in identifying changes in both the regulatory frameworks for trade facilitation and their implementation in practice. The 11 major indicators thus cover the full spectrum of border procedures for more than 160 economies across the globe. The TFIs take values from 0 to 2, where 2 designates the best performance that can be achieved.

Trade facilitation reforms can help Central Asia benefit from trade and unlock trade prosperity

Efforts across Central Asia to facilitate trade have borne fruit, as TFI performance has improved significantly for all economies in the region since 2019[2]. Uzbekistan, Kazakhstan, and Tajikistan were among the top four trade facilitation performers in the Europe and Central Asia region in 2022, with Kazakhstan having made the greatest absolute progress since 2019. Yet, despite these strides, Central Asia is still among the poorest performing regions in trade facilitation.

This report aims to support Central Asia's efforts to improve its trade facilitation environment. Based on recent OECD work, the second chapter of this report provides region-wide recommendations common for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan to improve their business environment based on the OECD's TFI analysis. It focuses on (i) prioritising trade community feedback in improving informational content and streamlining procedures to respond to the pressing needs of traders; (ii) digitalising and harmonising regional standards of documentation requirements to reduce the time and financial burden of cross-border trade; and (ii) implementing systemic border agency co-operation mechanisms to boost regional co-ordination and collaboration. Subsequent chapters are dedicated to

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, taking stock of progress in each country before recommending initiatives to overcome remaining trade barriers at the national level.

Table 1.1. OECD Trade Facilitation Indicators: Overview of key dimensions and measures

Indicator	Key components
(a) Information availability	• publication of customs and trade-related regulations and information, including through webpages on the Internet • the existence and functioning of enquiry points • specific functions for businesses (dedicated webpages/portals, manuals etc.)
(b) Involvement of the trade community (Consultations)	• structures for consultations • established guidelines for consultations • publications of drafts • existence of notice-and-comment frameworks
(c) Advance rulings	• prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation • the rules and process applied to such statements
(d) Appeal procedures	• the possibility and modalities to appeal administrative decisions by border agencies
(e) Fees and charges	• disciplines on the fees and charges imposed on imports and exports • disciplines on penalties
(f) Formalities – documents	• acceptance of copies • simplification of trade documents • harmonisation in accordance with international standards
(g) Formalities – automation	• electronic exchange of data • use of automated risk management • automated border procedures
(h) Formalities – procedures	• streamlining of border controls (inspections, clearance) • separation of release for clearance • single submission points for all required documentation (single windows) • post-clearance audits • the existence and functioning of Authorised Operators (AOs) programmes
(i) Border agency co-operation - internal	• control delegation to customs authorities • co-operation between various border agencies of the country
(j) Border agency co-operation - external	• co-operation with neighbouring and third countries
(k) Governance and impartiality	• transparency of customs structures and functions • accountability and ethics policy

Source: OECD analysis.

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Notes

[1] The WTO TFA was ratified by Kazakhstan and Kyrgyzstan in 2016 and Tajikistan in 2019.

[2] Simple average across the 11 TFIs for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.

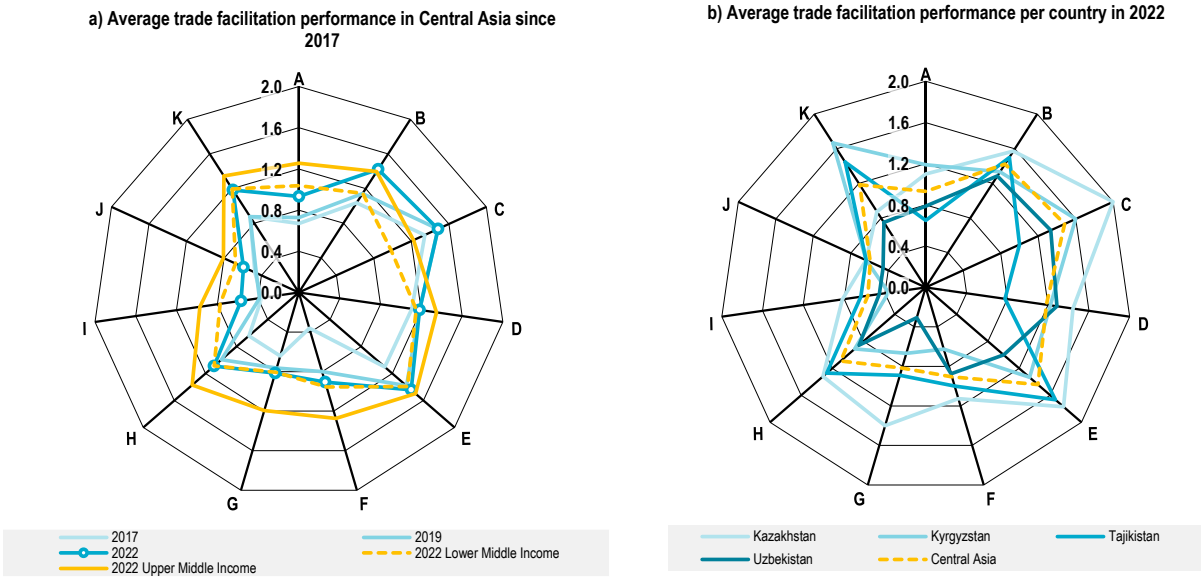
2 Regional overview

This chapter examines recent progress and remaining challenges in trade facilitation across Central Asia as governments look to reduce trade costs and promote regional and international integration, contributing to economic growth and stability in the region. It evaluates advances in trade facilitation performance by country over time and compares them to international peers. It then highlights the areas of improvement and identifies specific areas where progress is needed, before providing recommendations centred on inclusive feedback mechanisms and trade community involvement, regional standardisation and harmonisation, and cross-border co-ordination, co-operation, and collaboration.

Central Asia has made progress in trade facilitation in recent years, but the region remains below its potential

The governments of Central Asia have reaped the rewards of trade facilitation reforms, as TFI performance has improved significantly for all economies in 2022[1] (Figure 2.1**)**. Uzbekistan achieved the largest relative performance improvement compared to the latest OECD TFI update in 2019, with the average TFI score rising by 0.141 (19.8%). However, Kazakhstan leads Central Asia in the absolute performance increase: 0.166 (15.0%) and the highest average TFI score. Across the areas covered by the TFIs, governance and impartiality, and the involvement of the trade community, are the greatest elements of improvement since 2019, followed by information availability, internal and external border agency co-operation, and simplification and harmonisation of trade-related documents.

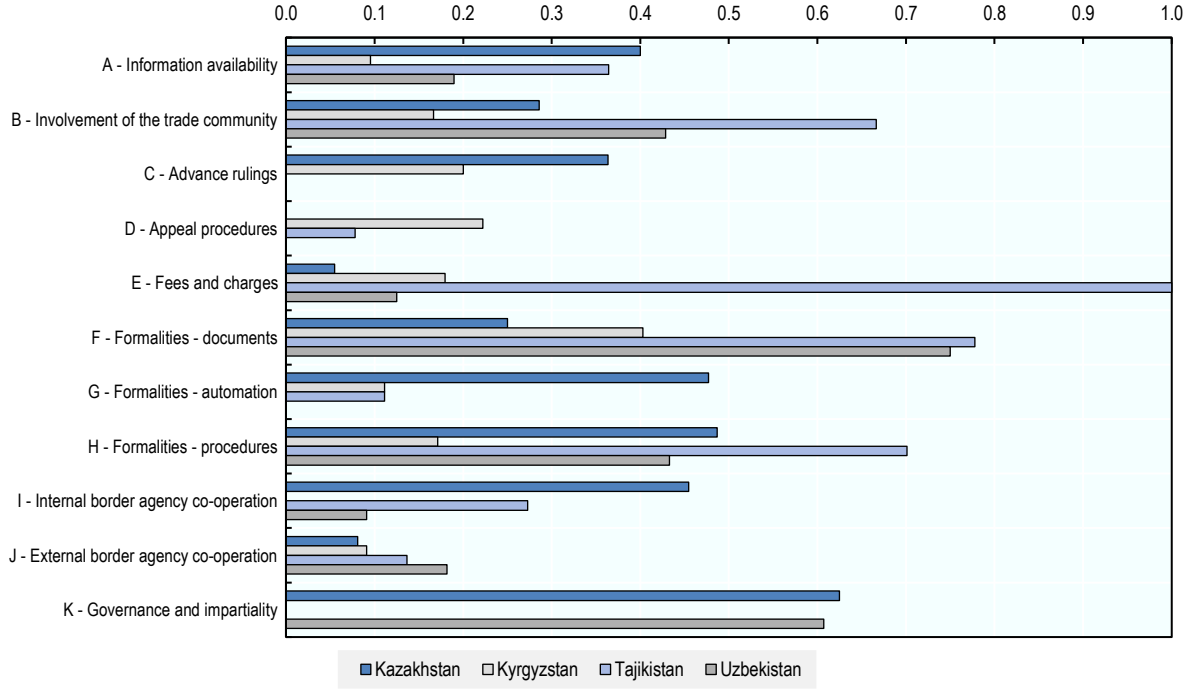
Figure 2.1. Central Asia's trade facilitation performance since 2017



Note: 2 is the maximum performance to be achieved. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.

There is disparity in performance improvement on certain dimensions in recent years, contributing to heterogeneity (Figure 2.2**)**. For instance, Kazakhstan's strong performance since 2017 in automation of procedures compared to little progress in Kyrgyzstan and Tajikistan and no progress in Uzbekistan resulted in large disparities in scores on this dimension (Figure 2.1). The strides made by Kazakhstan and Uzbekistan on governance and impartiality since 2019 bring their performance closer to that of Kyrgyzstan and Tajikistan on this dimension, though further efforts are warranted. All countries can benefit from stronger international collaboration to co-ordinate their initiatives and facilitate trade in a collaborative manner, though the countries in Central Asia especially stand to benefit due to their geographic constraints.

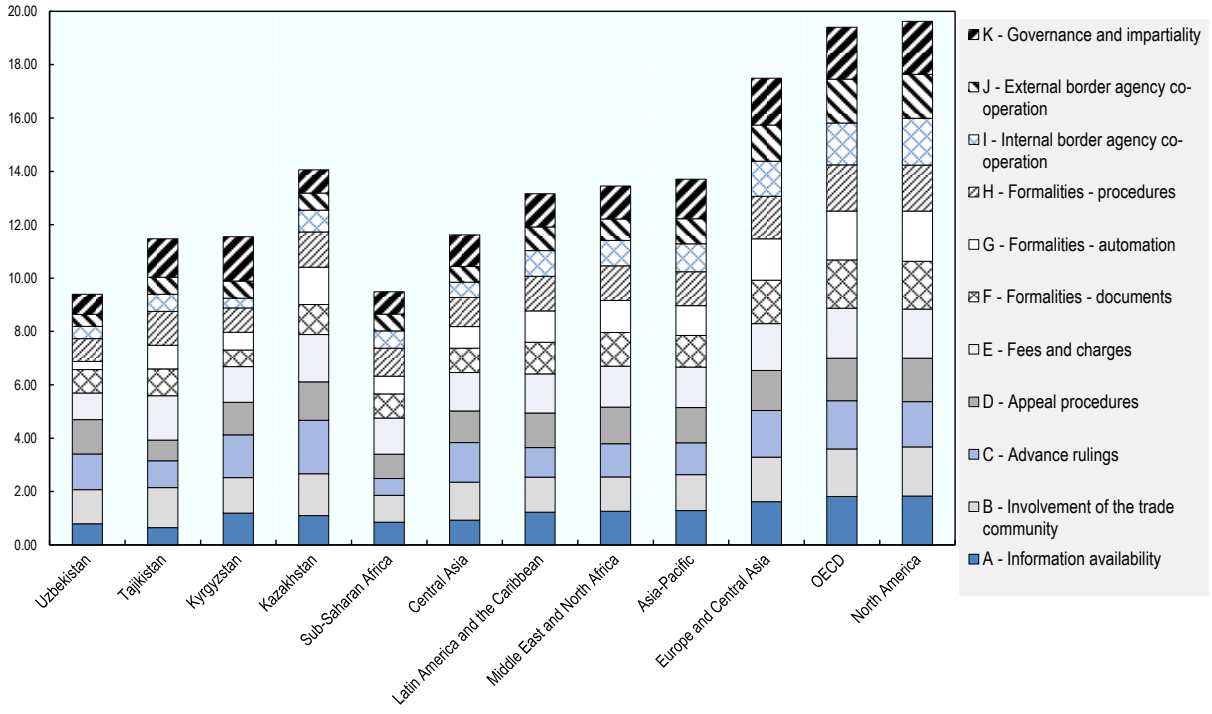
Figure 2.2. TFI performance improvement per country and dimension in 2022 compared to 2017



Note: the graph depicts the absolute change in TFI score in 2022 compared to 2017: the higher the score, the greater the performance increase.
Source: OECD TFIs database, 2022.

Central Asia's performance in trade facilitation falls behind most of the regions covered by the dataset. The relative gap with other regions' performance is the most striking in advance rulings, appeal procedures, automation of border processes, domestic border agency co-operation, and cross-border agency co-operation (Figure 2.3). For instance, public authorities rarely conduct reviews to simplify trade-related documents, while the time burden of completing complex documentation and the need to send original copies hamper trade activity for SMEs. This is exacerbated by insufficiently adequate computer systems for border management and limited implementation of digital certificates and signatures and electronic payment systems. Domestic and cross-border agency co-operation are two other dimensions which are challenging in terms of progress and implementation, showcasing the need for countries to co-operate at the regional level.

Figure 2.3. Trade facilitation performance in Central Asia compared to other regions, 2022



Note: 2 is the maximum performance to be achieved. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.
Source: OECD TFIs database, 2022.

Though heterogeneity in trade facilitation performance across TFI dimensions is high within Central Asia, it is both an incentive for countries to improve and a potential area of collaboration for regional integration. As all five countries are now working with the OECD on trade facilitation, governments have shown their desire to improve their overall performance. More significantly, the indicators show which trade facilitation dimensions to prioritise based on regional or income-level groupings to improve economies' competitiveness.

Poor agency co-operation and limited information availability pose significant barriers

Challenge 2.1: despite recent improvements, trade-related legislation is often ambiguous and inconsistent, while information is not sufficiently well disseminated

Government bodies in Central Asia have increasingly incorporated summary guides to key import and export processes in customs websites or recently established trade information portals, while required trade-related documentation is also gradually made available to download. For instance, Kazakhstan has enhanced information on trade agreements, appeal procedures, and enquiry points, while also publishing user manuals for new systems. Uzbekistan has increased the quantity and user-friendliness of information regarding duties, trade procedures, trade-related legislation, and documentary requirements. It has also provided user manuals for new border systems and better access to information on trade agreements. Tajikistan has improved information provision on export/import procedures, trade documents, enquiry points, and advance publication on regulations, with a focus on user manuals for new border systems.

Governments have been developing feedback mechanisms for customs and other border agencies on trade-related matters, as well as in publishing legislation in advance of its entry into force. For instance, Kyrgyzstan has focused on online feedback, increasing publication-to-enforcement time, and improving trade procedure information through a newly modernised Single Window Information System (SWIS). In general, each government in Central Asia has made strides in developing its own Single Window. Notably, the region has started to make progress in developing a regional platform through the launch of the Info Trade Central Asia Gateway in 2023 (Box 2.1). The International Trade Centre has developed the Gateway as part of its four-year Ready4Trade in Central Asia project. The Ready4Trade project aims to help develop intra-regional and international trade by promoting soft measures on trade facilitation, administrative management, training, and support to exporting SMEs. The project also aims to enhance the transparency of cross-border requirements, remove regulatory and procedural barriers, and strengthen businesses' ability to comply with trade formalities and standards.

Box 2.1. The Info Trade Central Asia Gateway

Developed by the International Trade Centre (ITC) and funded by the European Union's Ready4Trade Central Asia (R4TCA) project, the Info Trade Central Asia Gateway (Central Asia Gateway) aims to provide greater transparency in cross-border trade and reduce regulatory and procedural barriers.

Launched in 2023, the Central Asia Gateway provides direct access to step-by-step guides on licenses, pre-clearance permits and clearance formalities for most traded goods within, to and from Central Asia. The Central Asia Gateway automatically extracts information from national trade facilitation portals in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, that presents national export, import and transit formalities step-by-step by mode of transport by road, rail, sea, or air. From each step, the Central Asia Gateway informs users on where to go, whom to meet, what documents to bring, what forms to fill, what costs to pay, what law justifies the step, and where to complain in case of problems.

ITC has designed free courses that it provides for small and medium-sized enterprises (SMEs) in each participating country to encourage regional and international trade. The courses vary from global trade rules to export procedures, transit routes, quality and compliance standards, and EU market standards.

The Central Asia Gateway also links to partner helpdesks (i.e., European Union, United States, China, ASEAN) as well as the trade capacity-building and knowledge training websites of each of the five countries, thereby bringing relevant trade information into a single point of contact.

Source: (ITC, 2023[1]; Info Trade Central Asia, 2023[2])

Guidelines and procedures have been established to govern public consultation processes, with a growing emphasis on involving the trade community in the design of border-related policies. Increasingly, drafts of rules are made available prior to their implementation, allowing for feedback and comments. Governments have developed transparent frameworks for notice-and-comment procedures, ensuring accountability for public comments on draft regulations. Furthermore, there have been notable efforts to expand the range of stakeholders engaged in consultation processes, promoting inclusivity and transparency.

Though significant progress has been achieved with respect to the availability of trade-related legal information, further efforts are needed to improve regional performance in areas such as the availability of comprehensive, up-to-date, and user-friendly information on penalty provisions, appeal procedures, judicial decisions, and trade agreements. Governments can consider additional efforts in making up-to-date trade-related legislation on all sectors available online. In particular, Tajikistan and Uzbekistan could consider harmonising the advance publication of trade-related regulations before entry into force, which today appears to cover only selected trade-related procedures.

Challenge 2.2: digitalisation and automation of trade-related procedures is lagging

Automation remains one of the most challenging areas for Kyrgyzstan, Tajikistan, and Uzbekistan, notwithstanding significant progress across the region. All governments have implemented systems supporting Electronic Data Interchange, while public agencies are continuously incorporating electronic payment of duties, taxes, fees, and charges collected upon importation, exportation, and transit. Governments are increasingly making pre-arrival processing available to traders through the possibility of lodging documents in advance in electronic format, while they have made progress in establishing national online trade Single Windows. Kyrgyzstan and Tajikistan have improved pre-arrival processing, treatment of perishable goods, and the harmonisation of trade-related documents. Kazakhstan has simplified documentation requirements by accepting copies of trade-related documents, reducing their number and complexity. In 2021, Kazakhstan and Uzbekistan opened green lanes for transit using the TIR Carnet road permit system (Silk Road Briefing, 2022[3]).

Central Asian governments are increasingly participating in international agreements facilitating transit trade and and implementing customs automation tools. Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan have ratified the TIR Convention (*Transports Internationaux Routiers*), which enables the simplification of customs procedures in transit countries for road cargo transport, while Turkmenistan is in the process of implementing it. The UNCTAD Automated System for Customs Data (ASYCUDA) is an integrated customs management system for international trade and transport operations that aims to accelerate customs clearance via computerisation and simplified procedures. In 2023, ASYCUDA systems are running or being implemented in 102 countries and territories, including Kazakhstan, Tajikistan, and Turkmenistan. Both Kyrgyzstan and Uzbekistan have expressed their willingness to explore ASYCUDA adoption, but have not yet implemented the system (UNCTAD, 2019[4]; UNCTAD, 2022[5]; Central Asia News, 2021[6]; Embassy of Uzbekistan, 2020[7]).

Since the entry into force of the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA), Kazakhstan, Kyrgyzstan, and Tajikistan have improved their national trade Single Windows. They have operationalised the customs administration risk management system and improved the treatment of perishable goods, notably in terms of inspections at the border. As its WTO accession process is still ongoing, Uzbekistan has not yet formally ratified the WTO FTA, but it has focused on the establishment of a trade Single Window, post-clearance audits, and the treatment of perishable goods. Kazakhstan and other countries have taken important steps towards implementing an Authorised Operators (AOs) programme, while pre-shipment inspection certificates are no longer required on most commodities for any customs-related matter in most countries. Moreover, average release times are increasingly being published in a consistent manner for major customs offices, though the authorities are not yet conducting Time Release Studies across ports of entry to support this implementation.

Challenge 2.3: all countries face deficiencies in domestic and international border agency co-operation

Central Asian governments face challenges in domestic and cross-border agency co-operation, with these two areas recording the lowest average TFI performance for the region. Nevertheless, there are heightened levels of domestic co-ordination and harmonisation of data requirements and documentary controls among trade agencies, notably through institutionalised mechanisms to support inter-agency co-ordination. For instance, Kyrgyzstan and Tajikistan have established inter-agency mechanisms to support domestic border agency co-operation while Uzbekistan has also strengthened its own mechanisms, leading to co-ordination of data requirements, documentary controls, and inspections. All governments have established National Committees for Trade Facilitation, which together with well-functioning mechanisms for consultations with traders, are contributing to better public-private co-operation for trade facilitation. Increased availability of information in real time (i.e., sharing results of inspections and controls) among domestic agencies enhances day-to-day co-operation between border agencies.

Operationalising co-operation between border agencies of Central Asian countries as well as their co-operation with neighbouring economies and trading partners has improved external border agency co-operation. Regular meetings, co-ordination of procedures, and shared infrastructure contribute to improved co-operation. Governments have increased their readiness in advancing mechanisms for cross-border agency co-operation, particularly in co-ordinating data requirements and documentary controls as well as aligning border formalities, working days, and national legislation. Nevertheless, TFI performance on this dimension across Central Asia is poor.

Central Asia should improve the availability of trade information, simplify processes, and enhance border agency co-operation

Recommendation 2.1: Governments can prioritise trade community feedback in improving information provision and streamlining procedures

Central Asian economies should intensify private sector awareness-raising, capacity-building, and consultation. They could exploit the progress achieved in consultations with stakeholders to introduce more dissemination campaigns, training, and private sector feedback focused on SMEs. This could help inform firms about the trade facilitation tools available, such as Single Windows, pre-arrival processing, advance rulings, Authorised Operators (AOs), and post-clearance audits. As the advance rulings systems remain in the early stages of implementation across most of the region, border authorities should prioritise implementing the system and support its wider use by traders. The efficiency of advance rulings issuance will become easier to assess when more requests from traders will be received on advance rulings and more advance rulings will be issued to traders in response. Trade-related public consultations could be targeted towards the availability of notice-and-comment procedures and on the processes explaining how public comments have been considered. This highlights the importance of increasing work with the private sector, including through training and business engagement programmes to improve the trading community's knowledge of border-related requirements, the ability to input data without errors, and the importance of pre-arrival declarations.

Countries should consider collaborating within the Ready4Trade project framework to improve their Single Windows and facilitate information access and exchange. Experience in other regions points to the effectiveness – and challenges – of developing and implementing a regional Single Window, which can be considered as the next step for authorities in the region beyond the Info Trade Central Asia Gateway (see Box 2.2).

Countries can make appeal procedures more client-oriented. In particular, governments can make continued progress in information availability, as more comprehensive and user-friendly information made available to traders and other stakeholders can help avoid administrative or judicial appeals.

The trade facilitation policy environment can be improved by ensuring consistency on the level of fees across border agencies, centralising them in a common database, and improving information availability. Fees are also charged for answering enquiries and providing required forms and documents, while in some economies specific fees are charged during normal working hours. Governments of the region could conduct a feasibility study on the most optimal fee structure.

Governments can build upon the information published online and on Single Windows to set up a central database where businesses can access data on all applicable fees. Economies in the region that made important progress in the streamlining of fees and charges, such as Kazakhstan and Uzbekistan, could provide useful models for their neighbours.

Box 2.2. Setting the basis for a regional Single Window: The experience of ASEAN

In 2005, ASEAN agreed to implement the ASEAN Single Window (ASW) to fully integrate the National Single Windows (NSWs) of individual ASEAN member economies, drawing on internationally accepted standards, procedures, documents, technical details, and formalities.

The ASW involves direct exchanges of data between ASEAN Member States which are then synchronised across the region. This allows data and information to be submitted only once and avoids duplicative decision-making for Customs. The ASW is composed of three networks: the regional (or central) domain, which allows communication among NSWs, supports the secure electronic transfer of information and tracks transaction statistics; the national domain, which represents the network infrastructure hosted by each individual economy; and the external networks used by the trading community, which only have direct access to national domains to preserve data confidentiality. While data is directly exchanged between NSWs, it is not retained centrally.

The ASW is overseen by the ASW Steering Committee (ASWSC), which reports directly to ASEAN Directors General of Customs and ASEAN Senior Officials. The ASWSC is assisted by technical (TWG) and legal (LWG) working groups. These groups consulted the private sector on the development of the ASW and on the priorities for data exchange and studied options for the governance, business model and financial sustainability of the ASW. The TWG and LWG also undertook awareness raising and capacity building at the regional level on business process analysis, data harmonisation and legal aspects, and at the national level on the use of software applications.

In 2011, a pilot evaluation and cost-benefit analysis was launched with seven ASEAN economies. It tested the technical architecture and sought to streamline and standardise data, explore efficient business processes, strengthen partnerships with stakeholders and raise public awareness. The ASW web portal was launched in 2013 upon successful completion of the pilot, which had seen over a million messages exchanged. A Legal Framework agreement regulating the cross-border exchange of electronic data was concluded in 2015.

Countries focused the first efforts on integrating the ASEAN preferential certificate of origin, which was important to the private sector, raised no confidentiality issues, and for which a standard operating procedure was already in place. Countries initiated bilateral pilots on certificate exchanges before a broader pilot involved more ASEAN economies. The objective remains to incorporate commercial and transport documents for goods, as well as documents required for the release and clearance of goods. It will also progressively analyse other government-to-government data, such as phytosanitary, veterinary and health certificates, as well as business-to-business data, such as bills of lading, air waybills, packing lists and invoices with a view to their inclusion.

Benefits of the ASW include improved risk management and compliance, enhanced track-and-trace capabilities, smoother pre-arrival clearance and better supply chain integration. The creation of the ASW has also generated significant impetus for the creation and improvement of NSWs. It has also spurred efforts to harmonise data and procedures among members, including beyond those required for the ASW, thereby supporting broader policy harmonisation efforts.

Since February 2022, Cambodia, Malaysia, Myanmar, the Philippines, Singapore, and Thailand have exchanged the ACDD, while the remaining AMS joined in 2022. Following these successes, the exchange of additional electronic trade documents on the electronic Phytosanitary (e-Phyto) certificate and Animal Health (e-AH) certificate is under discussion.

Source: OECD TFIs repository.

Recommendation 2.2: Digitalising and harmonising regional standards and documentation requirements could reduce the time and cost of cross-border trade

While the analysis highlights progress in reducing the number of documents requested, additional work could focus on streamlining documentation requirements and further develop electronic clearance procedures. Customs documentation and procedures, including clearance and inspections, negatively affect the internationalisation of firms, reducing the development of intra-regional trade (López González and Sorescu, 2019[8]). Additional documentation-related efforts could focus on increasing the proportion of supporting documents for import, export and transit formalities for which copies are accepted and aligning inconsistent documentation requirements between different entry/exit ports.

Continued progress in developing automation tools has the potential to support efforts to streamline documentary requirements and border processes, as well as domestic border agency co-operation. Further advancing the gradual implementation of electronic exchange of data could accelerate and simplify border procedures. In general, digitalisation goes in parallel with the automation of procedures, and the standardisation of customs documents that could be centralised on a single digital platform. In the short-to-medium term, governments could focus on the clearance of export and import declarations electronically and on increasing the share of procedures that allow for electronic processing, though this needs to be backed by appropriate IT equipment and systems. The coexistence of different e-customs systems across the region – mainly the e-TIR and the UN ASYCUDA systems – challenges a straightforward implementation of electronic exchange of data between user countries (OECD, forthcoming[9]). In the longer term, the economies of Central Asia could work towards the full implementation of an electronic payment system for duties, taxes, fees, and charges collected upon importation, exportation, and transit.

Increasing transactions that can receive pre-arrival processing and separation of release from clearance will improve operational border practices. Particular attention could be targeted towards improving the efficiency of border processes that concern perishable goods, in terms of streamlining inspections and increasing the share of transactions covered by separation of release from clearance. OECD private sector survey respondents underlined the need for simplified and standardised documents and procedures, as well as a streamlining of border regulations for greater consistency, to eventually reduce border crossing times and traffic congestion (OECD, forthcoming[9]).

Policies and guidelines need to be improved to ensure the conduct of post-clearance audits and implementation of AO programmes in a transparent and risk-based manner. Additional initiatives could target the increase in the coverage of AO programmes (i.e., in terms of the share of traders covered, SMEs included, and trade transactions covered). Conducting Time Release Studies could further highlight ways forward for expanding the reach of AO programmes and help promote the programme with stakeholders.

Customs agencies in the region could strive to expand the use of automated systems and risk management techniques. These have the potential to be adopted more broadly by other border agencies in addition to customs authorities and could be co-ordinated centrally. This area could also be supported by enhanced regional border agency co-ordination (Box 2.3). In the long run, governments could aim to fully implement an automated risk management system.

Box 2.3. Enhancing risk management systems in the European Union

On 1 January 2022, the EU started the operation of the new Customs Risk Management System (CRMS2), building on efforts during the past decade to improve risk management systems and risk profiling across EU Member States. In August 2014, the European Commission adopted a Communication on the EU Strategy and Action Plan for customs risk management "Tackling risks, strengthening supply chain security and facilitating trade". The strategy comprised seven objectives:

- improving data quality and filing arrangements;
- ensuring availability of supply chain data and sharing of risk-relevant information among customs authorities;
- implementing control and risk mitigation measures where required;
- strengthening capacities of border agencies across Member States;
- promoting inter-agency co-operation and information sharing between customs and other authorities at the Member State and EU level;
- promoting trade facilitation; and
- tapping the potential of international customs co-operation.

In April 2020, the European Council adopted new rules that would make it easier for freight transport companies to provide information to authorities in digital form and create a uniform legal framework for electronic freight transport information for all transport modes. All relevant public authorities are required to accept information provided electronically on certified platforms whenever firms choose to use such a format to provide information as proof of compliance.

To better identify non-compliant traders and improve the quality of data for risk analysis, interconnections between databases are being undertaken. One example is the implementation of postal parcels analysis in the national risk profiling system as well as making improvements to the national risk profiling system and other IT systems to strengthen anti-smuggling measures. Another example is the enhancing of risk management systems to enable users to connect and search a variety of data sources to which they have authorised access and bring those results directly into intelligence analysis.

Co-ordination also includes agreements for co-operation and co-operation centres for customs, police, and border guards on the borders to neighbouring Member States, which exchange information on customs and tax inspections. Participation in joint operations has increased the effectiveness of detecting irregularities through the use and application of acquired knowledge and exchange of experience on the methods of risk analysis used.

Improved integration and use of risk profiles and information is possible due to developments in automatic links between issued digital certificates and customs declaration, one-stop shops in ports, and a common repository of documents where the economic operator can include the information required for issuing the certificates and all the authorities that have access.

Progress in several EU economies includes a fully operational system as well for exchanging certificate data in the frame of the national customs Single Window. This would also gradually allow the co-ordination of controls and risk analysis through customs pre-declaration prior to the arrival of the goods, thus providing involved authorities with better information in advance.

Source: OECD TFIs repository.

Recommendation 2.3: Systemic border agency co-operation mechanisms could boost regional co-ordination and collaboration

TFI scores in Central Asia highlight the potential to enhance co-operation between border agencies in areas of risk management and inspections. This also suggests a need to delegate selected border agencies' controls to customs. Training and empowering customs agents to act on behalf of certain border agencies in specific contexts could reduce clearance times and costs for traders (Box 2.4). Making annual customs and other border agencies' reports with Key Performance Indicators (KPIs) available online would boost transparency and impartiality.

Governments should consider improving the ways inter-agency co-ordination platforms operate in practice. Inter-agency coordination, including through the already established National Trade Facilitation Committees (NTFCs), needs to be supported by steering committees to monitor the implementation of decisions and by publishing meeting summaries and decisions on a dedicated webpage. Governments should develop domestic mechanisms to support inter-agency co-ordination with a mandate establishing its terms of reference and activities. A permanent technical secretariat should be set up with clear provisions on how it will publish its decisions and make available its recommendations. Governments should elaborate on how its activities are financed, as sufficient financing and clarity of inter-agency platforms and NTFCs activities are required to ensure the continuity and sustainability of their activities. Creating an inter-agency steering committee including at least two-thirds of relevant border agencies would be a helpful step towards the monitoring of the implementation of decisions. By strengthening the institutional framework for domestic border agency co-operation, governments can consolidate mechanisms for both strategic coordination as well as day-to-day, on-the-ground collaboration.

The domestic mechanisms for co-ordination can provide important support to further enhance border agency co-operation at the regional level, as well as with other trading partners. Border agencies part of NTFCs should consider setting up a platform for NTFCs in the region to regularly meet and discuss with the private sector. Governments could also implement the necessary regulatory frameworks for their relevant border agencies (e.g., sanitary and phytosanitary agencies, health agencies, environmental agencies etc.) to delegate control of certain activities to customs agencies and enhance more broadly internal risk management co-operation between border agencies, drawing for instance on the experiences within the EU context (Box 2.3).

Central Asia could benefit from different mechanisms to harmonise data requirements and documentary controls, co-ordinate different border agencies' computer systems and work towards the interoperability of national trade Single Windows. Developing and sharing common facilities at border posts can provide the hard and soft infrastructure to share border control results to improve risk analysis and risk management co-operation. The experience of Switzerland and its EU neighbours could provide useful insights, for instance (Box 2.4). Governments could look to exchange staff and hold training programmes for border agency officials at a regional level to develop interoperability and competencies and reduce performance gaps. As countries gradually implement AO programmes domestically, they could move to implementing Mutual Recognition Agreements / Arrangements on AOs at a regional level and with other trading partners. This would require co-ordination with respect to the benefits granted to AOs as well as criteria for the AO certification process.

Box 2.4. Cross-border agency co-operation in practice: Switzerland and its EU neighbours

Switzerland's customs agency, Swiss Customs, works closely with other agencies involved in border inspections and even undertakes inspections on behalf of other entities, easing domestic co-ordination. The government has established an extensive cross-border co-operation programme with its EU neighbours across all areas in Article 8.2 of the Trade Facilitation Agreement (TFA). The programme draws extensively on the strong legal framework within which Swiss Customs operates, including international trade agreements, a series of bilateral agreements with the EU, and individual bilateral agreements with EU countries bordering Switzerland.

The programme's success is attributed in part to the use of standard trade facilitation systems and adherence to global conventions such as the World Customs Organization's Revised Kyoto Convention, which enables the use of similar processes at the borders between Switzerland and the EU. Using international data standards for trade documentation and data exchange has facilitated interoperability for transit procedures.

The use of risk management and Swiss-EU collaboration in defining security risk profiles results in a low level of documentation-related or physical controls of goods crossing the border. In addition, the existence of a common security zone between Switzerland and the EU reduces the number of necessary checks. The advanced level of customs automation and the use of juxtaposed customs offices at main border crossings with shared facilities and co-ordinated procedures minimises the amount of time trucks spend at the border.

Source: OECD TFIs repository.

Summary of the main findings and recommendations

- All countries in the region have improved trade facilitation performance since the last OECD TFI update in 2019.
- Nevertheless, Central Asia's performance lags most other regions covered by the dataset, and heterogeneity within the region is high.
- The most important barriers relate to the lack of domestic and international border agency co-operation, insufficient automation of trade-related procedures and sometimes ambiguous legislation.
- Governments should consider improving information provision to businesses, pursuing the roll-out of automated risk management systems, and strengthening border agency cooperation for inspections, data collection and processing.

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Notes

[1] Turkmenistan's TFI collection is an ongoing process; there are not yet any full-fledged scores.

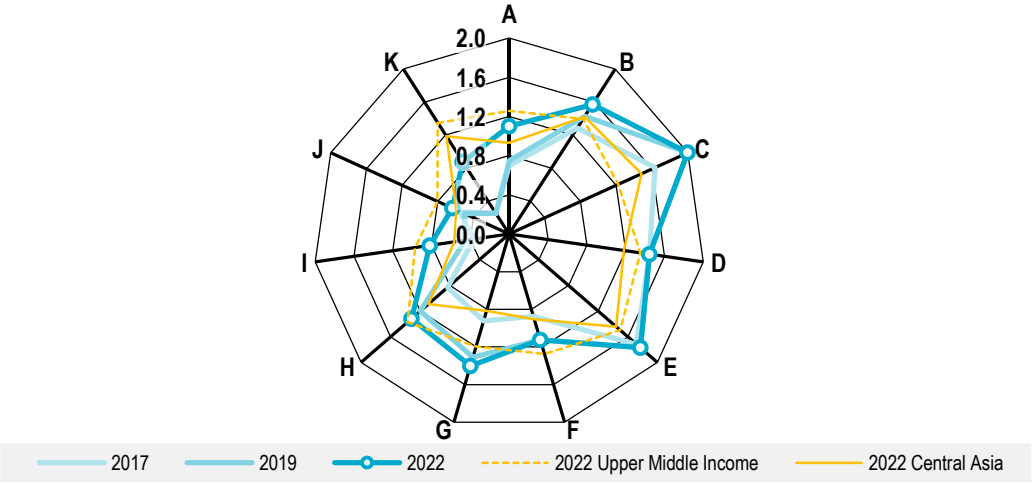
3 Kazakhstan

This chapter provides a comprehensive overview of Kazakhstan's Trade Facilitation performance and ongoing initiatives to bolster trade facilitation and regulatory integration within its borders. It focuses on strategies and actions undertaken by the government to promote smoother trade operations since 2019. In particular, it spotlights the government's efforts with respect to information access, guidelines, online trade portals, and data standardisation. It then offers recommendations for Kazakhstan to continue improving its trade ecosystem and furthering regional integration to achieve its ambitions of becoming a transit and logistics hub.

Kazakhstan has progressed in the implementation of an accessible regulatory framework

Kazakhstan has made significant strides in trade facilitation since 2017, making it the regional leader in Central Asia. On average, it performs better (1.278) than most upper middle-income countries worldwide (e.g.: Algeria: 0.915, Jordan: 1.011, Ukraine: 1.075). The most notable areas of improvement concern governance and impartiality, making trade-related information available, advance rulings, simplification and harmonisation of trade-related documents, automation and streamlining of border procedures (Figure 3.1). Kazakhstan scores particularly high on advance rulings, fees and charges, and trade community involvement, and performs better on most remaining dimensions than both regional peers and the average for upper middle-income countries. As in the other Central Asian economies, domestic and international border agency co-operation remains a sticking point for Kazakhstan, though it scores comparatively well in automation compared to its peers.

Figure 3.1. Kazakhstan's trade facilitation performance since 2017



Note: 2 is the maximum score. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.
Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.
Source: OECD TFIs database.

Box 3.1. Trade snapshot

The latest available data show that trade turnover was equivalent to 58% of GDP in 2021. In 2023, Kazakhstan's foreign trade turnover recorded a 5.7% increase in January-June compared with the same period in 2022, to reach close to 80 bn USD. In particular, trade with the Eurasian Economic Union (EAEU) and the Commonwealth of Independent States (CIS) countries increased by 5.6% and 4.4%, respectively. Overall, exports amounted to 45 bn USD, while imports reached 35 bn USD. The main exports were oil, copper and ores, with the main destinations being Italy, China and Russia. Top imports were cars, broadcasting equipment and medicaments. The main import partners were Russia, China and Germany.

Source: (Office of National Statistics QazStat, 2023[1]), (Observatory of Economic Complexity, 2023[2]) (World Bank, 2023[3]).

The government has expanded information availability on its trade agreements and appeal procedures, improving the operation of its enquiry points, and publishing user manuals on new systems. Guidelines and procedures to govern public consultation processes have been developed and these are increasingly seeking to ensure the involvement of the trade community in the design and day-to-day operation of border-related policies and procedures. To support the internationalisation of firms, Kazakhstan has launched a Single Window for Export-Import Operations, as well as several online trade portals such as the Kazakhstan Trade Portal, the Trade Facilitation Information Portal, and the *Automated System of Customs and Tax Authorities* (ASTANA-1) customs border portal (Table 3.1) (Atameken, 2019[4]). Becoming operational in 2018, the ASTANA-1 integrated system between Kazakhstan and EAEU member states aims to modernise customs clearance procedures, as well as to streamline and automate customs processes in the Single Window.

Table 3.1. Overview of online single windows and portals for trade in Kazakhstan

Portal name	Main business support activity	Relevance for exporters	Timeline	Responsible ministry
Trade Facilitation Information Portal	Step-by-step information on cross-border trading procedures, focus on agri-food	Information on required export documentation	Announced by MTI in 2019 Launched in June 2022	Ministry of Trade and Integration implemented by QazTrade
Qazaqstan Export Portal	Information, consulting services, and accelerator programs to exporters	Information on available export support Dedicated advisory services Accelerator programs Reimbursement of fees	Launched in December 2019	Ministry of Trade and Integration implemented by QazTrade
Single Window for Export-Import Operations	Obtain all import and export documentation	Centralise certification, customs, and other services online	Approved by resolution in 2011 Announced in August 2017 Initial launch March 2019 Launched end of 2019	Ministry of Finance, implemented by the State Revenue Committee
Integrated Customs Component of the Automated System of Customs and Tax Administration (ASTANA-1)	Conduct customs declarations online	Customs information	Announced in August 2017 Operating since 2019	Ministry of Finance
E.licensing	Automate licensing processes and obtain information on licenses and permits	Request licenses online	n/a	n/a

Portal name	Main business support activity	Relevance for exporters	Timeline	Responsible ministry
E.gov	Provide a single access point to all information resources of government agencies	Register firm creation online	Announced in November 2004 Launched in 2006	Ministry of Information and Communications
Adilet	Centralise all regulatory legal acts	Find all relevant official documentation	Launched in 2012	Ministry of Justice

Source: (The Astana Times, 2019[5]; The Astana Times, 2017[6]; UNCTAD, 2019[7]; Prime Minister, 2022[8]; EEAS, 2022[9]; State Revenue Committee, 2021[10]; UNESCAP, 2022[11]; The Astana Times, 2019[12]).

Drafts are also increasingly made available before new rules enter into force. The government has been publishing rules on advance rulings, as well as advance rulings of general interest, allowing stakeholders to review them. Parties are granted additional time to contest a decision and to prepare and lodge an appeal.

The relevant bodies have significantly simplified documentation requirements. Following international good practice, Kazakhstan has increasingly accepted copies of trade-related documents rather than originals and has reduced the number and complexity of required documents following periodic reviews. Pre-arrival processing has become progressively more available to traders by electronically lodging documents in advance. The government has improved the customs administration risk management system and has taken important steps to introduce an Authorised Operators (AOs) programme, which contributed to the streamlining of border procedures since the TFA's entry into force.

Kazakhstan has intensified domestic co-ordination and harmonisation of data requirements and documentary controls among agencies involved in cross-border trade. This has been complemented by increased real-time availability of pertinent data among domestic agencies. Progress is also being achieved in setting the basis for the co-ordination of risk management systems implemented by various agencies, including through shared results of inspections and controls. Nevertheless, the absence of a generalised electronic exchange of data between Kazakhstan and neighbouring countries results in duplication of effort. For instance, in interviews conducted by the OECD, interviewees indicated that freight shipments frequently repeat the same procedures when shipping goods from China through Kazakhstan and the Caucasus. Moreover, truck drivers need to carry a large amount of paper documentation with them and undergo lengthy border queuing times and controls that could be avoided if electronic exchange of data were to function properly (OECD, forthcoming[13]).

Trade agreements and international cooperation drive growing demand for more and better exchanges of regulatory and trade facilitation information, which in turn require more complex applications. Business communities involved in international trade (trucking companies, air cargo, forwarders, traders, and so forth) will continue to want digitalisation as the basis of business transactions, including regulatory control and logistics processing systems that use electronic documentation. The increased sophistication of port community systems represents an opportunity for border management agencies to harness the data for improved control and trade facilitation.

Kazakhstan would benefit from further developing more accessible and inclusive trade facilitation mechanisms at a regional level

Advances in the implementation of regulatory frameworks for trade facilitation need to be complemented by progress in operational practices on the ground. For instance, Kazakhstan is not part of the pilot interconnection of national customs systems within the e-TIR system, which has been fully implemented by Azerbaijan, Georgia, and Uzbekistan (UNECE, 2023[14]). In governance and impartiality,

the framework should cover aspects such as a strengthened application of an ethics policy or a code of conduct across border agencies, and clearer provisions for the financing of the customs administration.

The authorities should improve trade community feedback by informing businesses of trade-related information, decisions, and legislation. The government should develop outreach tools such as improved publication of applicable legislation on the websites of relevant public bodies (key among which are QazTrade, the MTI and the customs authorities), as well as on the diverse trade portals. This information could be complemented by interactive thematic pages for businesses, and the development of online and physical enquiry points. Kazakhstan could develop institutional feedback mechanisms through regular meetings to discuss implementation issues on customs procedures and regulatory and legislative changes. Online reporting tools or regular surveys could also be developed and channelled through Atameken, regional and sectoral business associations (OECD, forthcoming[15]).

Developing a dedicated interactive page for professional users and companies would help address knowledge gaps. Kazakhstan could more frequently publish applicable legislation online, improve information on penalty provisions and appeal procedures and enhance it with customs classification examples. It could introduce systematic notice-and-comment procedures using the most relevant channels to reach concerned businesses. Improving the timelines of enquiry points and appeal mechanisms by avoiding undue delays would facilitate dialogue and build confidence, which could be further supported by broadening feedback mechanisms to involve the trade community.

Kazakhstan should further develop its Single Window data content and data structure, as well as the surrounding legal framework and its technological architecture. This would allow it to further advance consistent, predictable, simple, and transparent customs and border procedures. It should develop the AO programme and advance post-clearance audits. Harmonising trade documents with international standards and at the regional level would boost connectivity. The authorities could also look to streamline procedures for expedited shipments. Continuing work on improving and expanding the Single Window – in its ports and elsewhere – would help smaller businesses to overcome informational and knowledge barriers, as Japan has done (Box 3.2). On-going efforts to facilitate electronic data exchanges would streamline trade processes (ADB, 2021[16]). For instance, an electronic data interchange in the Caspian Sea could benefit from a global transit document and digital support solutions, while the implementation of a Trans-Caspian port community system could be studied (USAID, 2022[17]). Kazakhstan is being supported by the International Maritime Organisation to accede to the Convention on Facilitation of International Maritime Traffic, which is a treaty aimed at achieving efficient maritime transport and smooth transit in ports of ships, cargo, and passengers. Adopted in 2022, the treaty will enter into force on 1 January 2024 and make the single window for data exchange mandatory in ports (IMO, 2023[18]). As OECD interviews indicate that some shippers and firms prefer offline administration, the relevant bodies could provide fiscal and nonfiscal incentives to encourage the digital filing of certificates by the traders to reduce dwelling time for cargo at the trading gateways.

Box 3.2. Japan's maritime one-stop shop

The Nippon Automated Cargo Clearance System (NACCS) is an integrated national Single Window system that grew iteratively:

- it started as an air cargo clearance system before expanding to air and sea
- it was a database with direct data connectivity to all public and private sector users
- it grew to a virtual Single Window with electronic data and web interfaces, integrating Food Sanitation, Animal and Plant Quarantine and Trade requirements
- it resulted in an informational one-stop shop run by a private firm but developed jointly by the government and private sector, including Customs, Immigration, Quarantine, Food Sanitation, Harbour Master, Port Authority, Coast Guard, local government, and the Trade Control Office.

A critical success factor was the inter-agency co-ordination that enabled the integration of the relevant administrative systems for border services to cut costs and enhance user convenience. A significant step in this project was the simplification of maritime reporting data. After harmonisation, the requirements were reduced to only eight standardised forms for formalities and landing, and only one common form for pre-arrival procedures. Thanks to harmonisation with the World Customs Organisation (WCO) Data Model, the total number of forms was reduced from 24 to 9, and the number of data elements reduced from around 600 to around 200 standardised WCO elements in line with the WCO Data Model.

Source: (World Customs Organisation, 2016[19]; UNECE, 2010[20]; NACCS, 2023[21])

Streamlined and digitalised port processes can help reduce the maritime time and cost burden. Simplification can target authorisations for ship arrivals and departures, boost efficiency by cutting the amount of idle time at berth, and enhance control and monitoring of vessel movements by registering all arrivals and departures in the electronic platform. In interviews during the OECD study visit to Aktau, interlocutors stressed the importance of connecting government and port digitalisation plans with state bodies through platforms such as the egov OSS (OECD, 2023[22]). The government could move to fast-track the paperwork for entering and leaving ships and reduce duplication of administrative processes for ships that return to port multiple times a month using the same routes. As the vessels in the Caspian Sea are usually well known by port authorities, especially those on routes like Aktau-Makhachkala or Aktau-Alat, this should be relatively quick to implement. Interviews also indicate that the customs risk management system may be too time intensive, as 100% of containers are scanned using a mobile scanning complex instead of 5% as used to be the case in the port of Aktau and is currently the case in Russia's Novorossiysk port (OECD, 2023[22]).

Kazakhstan should step up implementation of broader regional standardisation of requirements. For instance, OECD interviewees have indicated that compliance with weight and dimensional parameters for trucks can be a challenge in Central Asia, as they are set on a national basis. They can conflict with the regulations of neighbouring countries, and in particular axle load restrictions can be implemented for several months a year to prevent accelerated deterioration of roads (OECD, forthcoming[13]). The implementation of visa requirements for drivers and actual documentation requirements can vary between Kazakhstan and its partners in the EAEU, Central Asia, and other regional neighbours. Regional standardisation is especially important considering Kazakhstan's role as a transit country and its ambitions to become a regional transport and logistics hub. Closing the remaining implementation gap will help Kazakhstan's firms engage more in international trade and enable the government to continue deepening regional integration.

Kazakhstan could focus on liberalising its services trade regulation and rationalising regulation in logistics and related services sectors as well as aligning it with regional neighbours and with its international commitments under the WTO (OECD, forthcoming[23]). Similarly, the government should continue advancing effective regional integration by developing interconnected transit information systems with other countries in the region and harmonising customs documents and requirements. As systems are connected domestically and internationally, Kazakhstan should ensure that the border controls of agencies other than customs are supported by risk management systems. As Kazakhstan aims to become a logistics, transit and transport hub, it can consider developing transit procedures in collaboration with neighbouring countries, such as Turkmenistan (see Chapter 7 for a case study).

Way forward

Short term

- Better inform businesses of trade-related information, decisions and legislation
- Pursue the digitalisation of port processes

Long term

- Further develop the single window data content and structure, as well as technological architecture
- Reduce compliance costs by stepping up the implementation of regional standardisation of requirements

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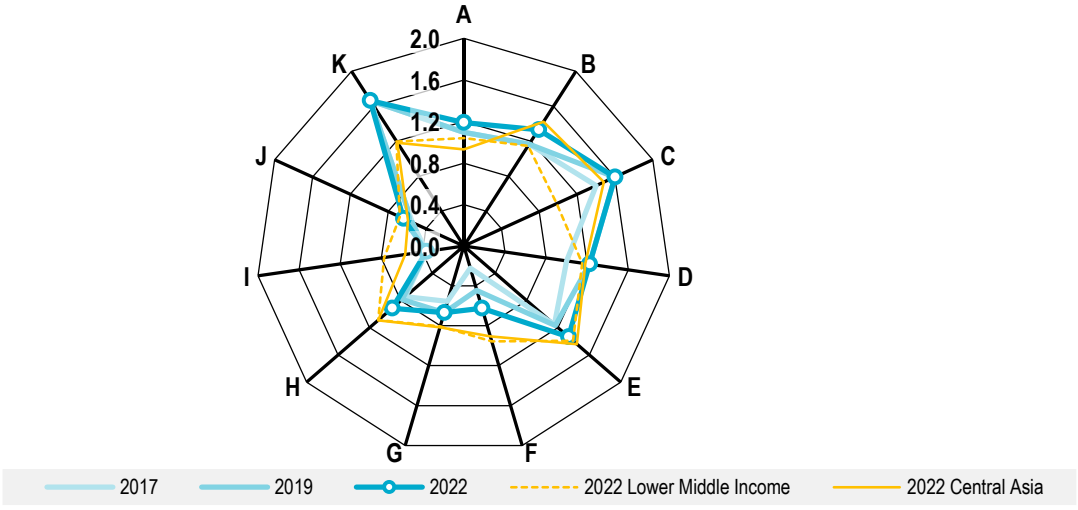
4 Kyrgyzstan

This chapter assesses the progress and challenges faced by Kyrgyzstan in improving trade facilitation. It highlights initiatives to improve public consultation processes, advance rulings, and appeals, contributing to a more predictable trade environment. It also showcases the progress made in developing the Single Window, implementing pre-arrival processing, enhancing perishable goods handling, and improving transparency through online feedback mechanisms to better respond to traders' needs. Finally, the chapter provides recommendations to overcome challenges, including the lack of domestic and regional border agency co-ordination.

Greater involvement of the trade community and better agency co-operation could strengthen trade governance, information and procedures

Kyrgyzstan has improved its overall performance since 2017, especially in appeals procedures, advance rulings, and simplification and harmonisation of trade-related documents (Figure 4.1). Its performance in governance and impartiality, as well as information availability, is noteworthy compared to peers in Central Asia, as are its achievements in governance and impartiality and advance rulings. In contrast, despite some progress in simplifying documentation requirements, Kyrgyzstan lags its neighbours in this area, as well as in streamlining trade processes. Its internal border agency co-operation is the poorest in Central Asia.

Figure 4.1. Kyrgyzstan's trade facilitation performance since 2017



Note: 2 is the maximum score. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.
Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.
Source: OECD TFIs database.

Box 4.1. Trade snapshot

According to the World Bank, trade turnover in 2021 roughly equal to 106% of GDP. The main exports were gold, float glass and precious metal ores, mainly to the United Kingdom, Kazakhstan and Russia. The main imports included refined petroleum, retail products, importing mostly from China, Russia and Uzbekistan. Preliminary data show that Kyrgyzstan's foreign trade turnover increased by 31.1% between H1 2022 and H1 2023, to 6.7 bn USD. Close to 30% of that trade was conducted with Eurasian Economic Union countries. Overall, exports increased by 35% to 1.3 bn USD, while imports increased by 30% to 5.4 bn USD.

Source: (Ministry of Economy and Commerce of the Kyrgyz Republic, 2023[1]), (Observatory of Economic Complexity, 2023[2]) (World Bank, 2023[3]).

The Info Trade Portal implemented under the Ready4Trade project demonstrates Kyrgyzstan's progress in predictability and transparency. These are characterised by the development of the Single Window (Box 4.2), implementation of pre-arrival processing, and better perishable goods treatment, inspections and storage processes. The Single Window has been complemented by enhanced user manuals and better information availability, including information on relevant fees, charges, and penalties. Providing online feedback, operating enquiry points, and allowing sufficient time between publication and entry into force of new or adjusted trade-related regulations have boosted transparency. This was supported by guidelines and procedures to govern public consultation processes, the development of a framework for notice-and-comment procedures, efforts to account for public comments made to draft regulations, the development of an advance rulings system and procedural rules governing trade appeals and the time available for lodging an appeal. Recent developments have focused on allowing traders to file documents electronically to multiple trade agencies at one time.

Information availability, fees and charges, automation of border formalities and agency co-operation continue to be challenging areas in Kyrgyzstan. Kyrgyzstan has taken gradual steps towards strengthening inter-agency mechanisms in support of domestic border agency co-operation by co-ordinating data requirements, documentary controls, and inspections, and by holding regular strategy and border agency co-ordination implementation meetings. National legislation now allows for cross-border co-operation, exchange of information and mutual assistance with border authorities in neighbouring economies, though agency co-operation remains limited. As a target country of UNECE's capacity-building support to implement the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA), Kyrgyzstan has received support in developing its National Trade Facilitation Roadmap 2021-2025, streamlining export-import procedures in the textile and pharmaceutical industries, and building the capacity of local stakeholders. These initiatives have included national trade facilitation council experts and the private sector in implementing TFA and advanced digital trade facilitation measures (UNECE, 2021[4]).

Box 4.2. Kyrgyzstan's Single Window

The State Enterprise Single Window Centre for Foreign Trade Operations was established through the Government Resolution No. 539 of August 2009 and the Single Window initiated its operations in 2013. The Single Window Trade System (SWTS) was the responsibility of the State Enterprise 'Single Window Centre'. SWTS ran on a centralised database, with web-based access for government departments and agencies, customs brokers, and traders. It included more than 80% of government agencies which were responsible for issuing import and export-related licenses and permits.

However, the agencies' business processes had not been re-engineered, and the Single Window was designed to adapt to 11 different business requirements. Each of the 33 forms that the Single Window could process had approximately 30 information fields, of which only 11 were common. This created data redundancy and slowed processing times, ultimately slowing the clearance of goods. The different designs of each of the agency's application forms, and repeated changes to these forms by the agencies themselves also led to challenges in the effective operation of the Single Window. Finally, the relationship between the SWTS and linked Kyrgyz government agencies was problematic, as SWTS was a standalone system with no operational electronic interface with the agencies' IT systems. This did not allow the trade Single Window to upload and update information on import and export licensing and permit requirements.

Noteworthy progress has been made with the launch of the modernised Single Window Information System (SWIS) in February 2023. SWIS includes state bodies and other organisations issuing permits and documents required for firms to conduct trade. Notably, SWIS enables traders to file applications for customs clearance online to multiple bodies at the same time, in addition to providing capacity-building services and information. The phased introduction of departments involved in the SWIS will broaden the number of permits and other documents available in electronic format. It also looks to automate processes for agencies involved in the documentation requirements.

Source: OECD TFIs background data repository, (Tulpar System, 2023[5]).

Kyrgyzstan should prioritise knowledge improvement through private-sector inclusion and focus on intensifying agency co-operation

Though it is the best regional performer on information availability, Kyrgyzstan should further expand the information it publishes online on trade-related legislation, appeal procedures, penalty provisions, and judicial decisions. It can support a better understanding of these measures for small and medium-sized enterprises (SMEs) by providing examples of customs classification and cases relating to customs matters. Moreover, the authorities should publish any import, export and transit-related fees and charges imposed by government agencies on relevant agencies' websites and consider creating a dedicated page for traders incorporating all expenses and all relevant public entities. Kyrgyzstan should also consider integrating this information in the Single Window Trade System (SWTS).

Further work is needed to improve consultations with the trade community. The authorities could consider expanding the notice-and-comment procedures to trade and border issues and regulations and gradually integrating more relevant stakeholders in trade-related regulatory consultations. There are likely still opportunities to be realised in the use of the SWTS as a source of import- and export-related information (e.g., providing details of import and export requirements in countries of origin and destination, preferential tariff rates, quotas, etc.), while these consultations can be used iteratively to re-engineer the SWTS to remove duplication of activities and better respond to user needs.

Border agencies can introduce periodic reviews of trade-related documentation requirements. This can help to identify and address requirements that are unduly time-consuming or costly for traders. Increasing the share of documents for which copies instead of originals can be accepted would be a step in the right direction.

As the poorest regional performer in internal border agency co-operation, Kyrgyzstan should harmonise data requirements and documentary controls through better domestic co-ordination among trade agencies. As the country has experienced a jump in trade, including re-exports, since 2022 (RFE/RL, 2023[6]), the government could consider the case of Costa Rica, which has created and implemented a modern border agency co-operation framework to help it prepare for an expected increase in transactions at modernised border posts (Box 4.3). Kyrgyzstan could also look to Kazakhstan to improve its agency collaboration, though broader regional efforts are also warranted to improve cross-border co-operation. The government could consider facilitating electronic pre-arrival submission of information, and processing and mapping of the legal and technical requirements for import and export procedures to allow for electronic processing.

Additionally, the authorities should accelerate the automation of trade processes. Kyrgyzstan could advance the development of separation of release from clearance for all types of goods as well as the development of post-clearance audits. It could move to introduce an automated risk management system for customs and other relevant border agencies to enhance collaboration, as well as further developing interconnected or shared computer systems and real-time availability of pertinent data among domestic agencies involved in the management of cross border trade. All these initiatives can support the continued development of the trade Single Window.

Box 4.3. Domestic border agency co-operation in practice: Costa Rica

Costa Rica embarked upon the modernisation of its main land border crossings to optimise the implementation of its free trade agreements, streamline customs and international trade procedures, improve border efficiency, and promote trade facilitation. Efficient border agency co-operation is an essential part of this endeavour, particularly in view of the expected increase in transactions at the border posts undergoing modernisation. The efforts undertaken to improve co-ordination among agencies with responsibilities for the border process highlight important success factors, such as:

- **developing sustained political commitment** to support inter-agency co-ordination bodies in the beginning, to erase differences in practices between agencies and address particular agencies that are reluctant to relinquish control or adopt the new approaches;
- **creating a dedicated Secretariat** with a reform-oriented inter-agency strategy and working group, co-ordinating research and analysis of key policy issues and monitoring the action plan's implementation;
- **training a strong corps of border officials** that values trust and collaboration with other border authorities;
- **defining a legal definition of the structure and tasks of each agency** within a collaborative framework, presented in manuals developed by the inter-agency working groups and made available to all staff present at border posts;
- **setting up an expert group**, tasked with addressing legal, technical and operational questions to avoid knowledge gaps;
- **holding regular meetings and upgraded IT solutions** and platforms, establishing not only structured, but also timely communication and information exchanges; and
- **enacting domestic co-ordination of inspections based on a solid legal framework** introducing a control delegation performing a regular monitoring of processes at the border and reporting to the national steering body.

Source: (Moïsé and Sorescu, 2017[7])

Way forward

Short-term

- Expand the information available online on legislation, appeal procedures, penalty provisions and judicial decisions
- Further consultations with the trade community

Long-term

- Improve internal border agency co-operation
- Accelerate the automation of trade processes

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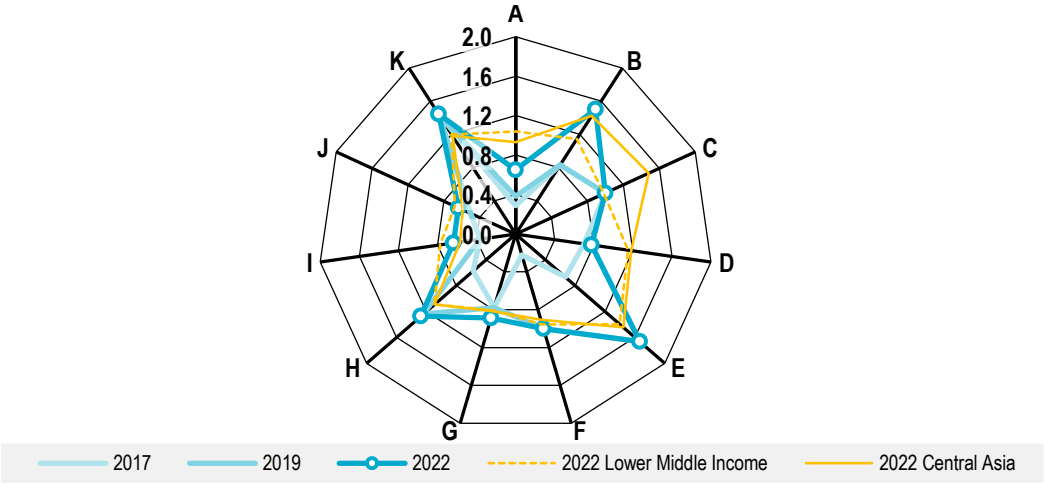
5 Tajikistan

This chapter describes Tajikistan's progress in creating an enabling environment for international trade. It shows the improvements in matters of simplified documentation requirements, the reduction and streamlining of fees and charges, and more inclusive mechanisms for trade community involvement. It also analyses the advances made in expanding trade and customs portals to create a Single Window and the challenges faced by Tajikistan despite the progress made. Finally, it addresses the way forward with strategic recommendations to address the remaining challenges in improving the country's trade facilitation performance, particularly on information availability and cross-border co-operation.

Tajikistan would benefit from easier availability of trade-related information and advance rulings

Since 2017, Tajikistan has made the greatest relative improvement in Central Asia. It has made progress especially in the areas of fees and charges, trade community involvement, streamlining of processes and simplification of documentation requirements (Figure 5.1). It performs well compared to regional peers on governance and impartiality, fees and charges, and the streamlining of trade processes and documentation, though advance rulings, appeals procedures and information availability challenge Tajikistan's TFI performance. Its trade facilitation efforts are in line with those of other lower middle-income economies.

Figure 5.1. Tajikistan's trade facilitation performance since 2017



Note: 2 is the maximum score. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.
Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.
Source: OECD TFIs database.

Box 5.1. Trade snapshot

Trade turnover amounted to 72% of GDP in 2021. The country's top exports were gold, raw aluminium, raw cotton and antimony, exported mainly to Switzerland, Kazakhstan and Turkey. Tajikistan mainly imported refined petroleum, wheat and petroleum gas, mostly from China, Russia and Kazakhstan. In 2022, foreign trade turnover amounted to 7.5 bn USD, a 25% increase on 2021. Imports increased by 23%, while exports increased by 30%. In early 2023, the current account remained in surplus thanks to a rebound in remittance inflows.

Source: (ADB, 2023[1]), (National Information Agency of Tajikistan Khovar, 2023[2]), (Observatory of Economic Complexity, 2023[3])

Tajikistan has made important progress along dimensions related to its Single Window. Similar to Kyrgyzstan, Ready4Trade's Info Trade Portal showcases advancements in predictability and transparency (Box 5.2). This is accompanied by gradual improvements in pre-arrival processing, information availability, online feedback mechanisms, transparency-boosting measures, streamlined government processes (i.e., acceptance of copies instead of originals), international standards usage, use of electronic payment systems, and electronic data interchange. The authorities have improved and simplified procedures for the inspection and storage of perishable goods and a separate clearance release process for both perishable and manufactured goods – especially important, as Tajikistan imports over 50% of its agricultural products (World Bank, 2022[4]).

Tajikistan has taken gradual steps to strengthen inter-agency mechanisms in support of domestic border agency co-operation. These include the development of inter-agency collaboration mechanisms, regular meetings to develop strategies and oversee the implementation of border agency co-operation, significant efforts in the co-ordination of data requirements, documentary controls, and inspections, increased co-ordination of computer systems for the exchange of data, and shared infrastructure and equipment use at border posts. National legislation now allows for cross-border co-operation, co-ordination, exchange of information and mutual assistance with border authorities in neighbouring economies and other trading partners.

Box 5.2. Tajikistan's Single Window

Tajikistan launched its concept of the Single Window programme in 2008, with the system operating as a pilot until 2020, gradually increasing the provided services by including more actors. Today, 11 government agencies are involved in the functioning of this system, targeting three main areas: administrative regulation, health protection, and environmental safety. The agencies are responsible for issuing 22 permits for export, import, and transit in an electronic form. Several other structures take part in the Single Window programme, such as the Tax Committee under the Government of the Republic of Tajikistan, laboratories, banks (National Bank of Tajikistan and "Alif Sarmoya" Bank) and the customs agency.

The public site swcustoms.tj contains information about the Single Window, its structure, its legal basis and the involved government agencies, though there are few user guides provided and they exist in just one language: Tajik or Russian, but not both, with no English versions for the guide documents and videos. Registered users can access portal.swcustoms.tj, enabling firms to submit and manage their documents in three languages (Tajik, Russian, and English), which guarantees a more transparent and inclusive approach.

The Single Window includes four modules:

- **Trader Portal**: can be used by economic operators (business), customs brokers, and authorised operators (AOs) inputting data and supporting documents on behalf of the economic operator.
- **Agency Portal:** can be used by AOs of the Single Window agency to generate reports on processed applications, notify users of application updates, request additional information, manage examinations, request payments, etc. The agency operation can obtain permits or certificates submitted by a trader or a customs broker. The agency co-ordinates applications for a specific expert or independently administers applications for permits or certificates submitted by a trader or a customs broker.
- **Administration Portal**: used to administer all registered users (i.e., create new users, brokers and AOs), to generate business reports and to administrate reference data.
- **Registration Portal:** for firms to register and create their account.

Moreover, users can also benefit from the information centralised and presented on the website https://tajtrade.tj/ of the Tajikistan Trade Portal. It provides an overview of the steps required for 28 export and 30 import procedures, including the type of required documents, the costs, the duration of the administrative process and the applicable laws. If the legally set deadlines for responses are exceeded, requests are automatically validated by the administration.

Source: OECD TFIs background data repository. (Ministry of Economic Development and Trade of the Republic of Tajikistan, 2023[5]) (Customs Service of the Cabinet of Ministers of the Republic of Tajikistan, 2021[6]; Customs Service of the Cabinet of Minister of the Republic of Tajikistan, 2023[7])

Despite improvements on many dimensions, Tajikistan remains below the Central Asian average overall. Its automation, information availability, and advance rulings require the most urgent action. It has made few advancements in the automation and digitalisation of border processes, in particular. Appeal procedures and border agency co-operation continue to be challenging, with limited progress observed since 2017. Tajikistan's advance rulings are insufficiently disseminated, thereby hampering uptake among traders. It could also do better in publishing more comprehensive information online on trade-related legislation (i.e., ensuring publication in advance covers all trade-related regulations, comprehensiveness

of user manuals, operation and timelines of enquiry points, etc.). Partially as a result, the UNECE is working with Tajikistan on developing its National Trade Facilitation Roadmap 2019-2024 to pursue a time-bound vision, goals and prioritised activities (UNECE, 2021[8]).

The government should provide more accessible trade information, streamline appeals procedures, and establish continuous improvement systems

Tajikistan's TFI scores indicate that its information availability is deficient compared to regional peers. Among the TFI indicators, information availability has one of the greatest impacts on exports of middle and low-income countries (World Bank Group, 2018[9]). Publication and availability of information on clearance for exporting and importing were ranked first as issues faced by SMEs, while large firms appear to be more concerned with issues relating to transparency of controls and inspections. Tajikistan has increased the availability and user-friendliness of export- and import-related information that traders need across a wide range of areas, but more can be done to make the material and appeals procedures more comprehensive and accessible. For instance, the government could look at how France has created a digitalised single contact point for trade questions and centralised customs-related information (Box 5.3). The government should publish all trade-related legislation and regulations online on customs and other border agencies' websites and rewrite user manuals. The authorities can enhance the comprehensiveness of user manuals and ensure their inclusion on the Single Window and relevant websites. The implementation of trade information portals and the publication of plain language guides to requirements – a focus of early support – is particularly important to enable SMEs to comply with border agency requirements (with which they typically have much less experience than larger firms, and fewer resources to investigate) and to take advantage of release simplifications. Moreover, research indicates that these improvements are a potential catalyst for e-commerce (OECD, 2019[10]).

Appeal procedures emerge as another challenge for Tajikistan, so further efforts are warranted to improve the operation of the advance rulings and appeal procedures systems. The operation and timelines of enquiry points, awareness-raising efforts on advance rulings systems and appeal procedures processes and outcomes, and a focus on avoidance of undue delays would all improve predictability, transparency, and trade activities. Agencies should intensify the dissemination of information to traders and stakeholders on the advance rulings systems and further their efforts to improve the transparency of appeal procedures and outcomes.

To continue advancing consistent and efficient customs and border procedures, Tajikistan could consider expanding the acceptance of copies and simplify requirements that are unduly time-consuming or costly for traders. It should map out requirements to ensure import and export procedures allow for electronic processing and it should gradually introduce and expand digital pre-arrival submission of information and processing. Like the rest of Central Asia, Tajikistan should look to introduce an automated risk management system and continue implementing and expanding the AO programme. Its Single Window should integrate interconnected or shared computer systems and real-time availability of pertinent data among domestic agencies.

Box 5.3. France's facilitation measures for importers and exporters

France Sésame

In 2021, the government of France launched the France Sésame[1] platform to facilitate administrative procedures at the borders by providing a digitalised single contact point for both public and private users. France Sésame is a common project of the Directorate General for Customs and Indirect Taxation, the Directorate General for Competition, Consumer Affairs and Fraud Control, and the Directorate General for Infrastructure, Transport and the Sea. The services on offer cover a large spectrum of trade-related questions, including simplified and fully digital customs clearance, appointment booking, uploading, importing, and managing files online, direct messaging with the relevant customs control point, notifications about the state of processes, and centralised information availability on the required controls, standards and criteria established by different legal sources. Moreover, it provides single digital contact point at the borders for the three ports of Le Havre, Marseilles, and Dunkirk in order to manage the controls (e.g., veterinary, phytosanitary, compliance with standards and EU criteria on organic farming, etc.) to be carried out on imported goods.

Certificate of Origin (CO)

While the France Sésame platform eases the tasks of the importers, France is also conducting trade facilitation project for exporters. Originally launched in 2002 by the Chamber of Commerce and Industry (CCI) of Paris Île-de-France, the CO is a unified customs document providing the relevant information such as the [2]seven criteria needed to identify goods and determine their customs regime and the corresponding taxes that are to be paid upon export in case of the absence of a free trade agreement. The service is integrated into a dedicated Single Window website common to the different regional CCIs, marking a commendable centralisation effort. While the deliverance of the certificate is an exclusively digital process, the French customs administration still requires exporters to present a printed version of it, though relevant entities have committed to switch the entire process to a dematerialised exchange of information in 2023.

Source: (ICC, 2022[11])

Way forward

Short term

- Improve information availability, in particular by making the material and appeals procedures more comprehensive and accessible
- Expand the acceptance of document copies
- Ensure import and export procedures allow for electronic processing

Long term

- Introduce an automated risk management system
- Improve the operation of the advance rulings and appeal procedures systems

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Notes

[1] From the phrase "Open sesame!" found in Antoine Galland's version of the story "Ali Baba and the Forty Thieves"

6 Turkmenistan

This chapter discusses Turkmenistan's efforts to enhance trade facilitation, especially in connection with its World Trade Organisation (WTO) accession process. It outlines the progress made in identifying the TFIs and highlights areas for more extensive data collection. It subsequently provides the preliminary findings and performance comparison with peers. It concludes by providing recommendations centred on Turkmenistan's need to prioritise reforms and co-operate with international partners, such as the International Trade Centre (ITC) and the WTO.

Preliminary TFI results provide a snapshot of some aspects of Turkmenistan's trade facilitation performance

Turkmenistan has started to collaborate with the OECD to include its trade facilitation endeavours within the TFI repository. This attempt is timely, as Turkmenistan has an opportunity to address transport and logistics bottlenecks across the Caspian Sea and the north-south trade corridor due to its strategic location for pipelines, railways, roads, sea transport, and logistics infrastructure (EBRD, 2023[1]). This follows it having become a WTO candidate for accession in 2022, which signals the readiness of the authorities to accelerate reforms on trade in goods and services, as well as general business climate issues, to help diversify and grow its economy (UNECE, 2023[2]).

Developing the country's TFI indicators is an ongoing process; there are not yet any full-fledged scores. As this is the first attempt to bring Turkmenistan into the OECD's TFI coverage, at this stage it was possible to collect only around two-thirds of the measures across the 11 indicators (Table 6.1). All sub-indicators for the external border agency co-operation have been identified, and as have most for the areas of information availability, trade community involvement, and internal border agency co-operation. In contrast, information on documentation procedures, and governance and impartiality, is particularly scarce, and half or fewer of the indicators have been compiled for the areas of advance rulings, appeal procedures, fees and charges, and procedures.

Table 6.1. Turkmenistan's TFI information collection as of September 2023

Trade Facilitation Indicator dimension	A.	B.	C	D	E	F	G	H	I	J	K
TFI dimension sub-indicators with sufficient data	17	6	5	4	6	1	9	12	9	11	2
TFI dimension sub-indicators without sufficient data	1	1	5	3	8	6	4	14	2	0	7

Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.
Source: OECD TFIs database.

Box 6.1. Trade snapshot

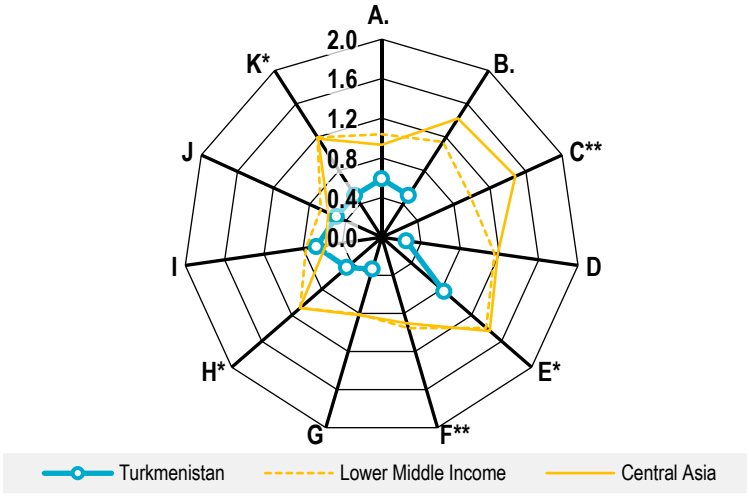
The latest available data for Turkmenistan indicate that foreign trade turnover was equal to around 36% of GDP in 2020. The country's top exports were gas, oil, and nitrogenous fertilisers. It mostly exports to China, Turkey and Uzbekistan. In terms of imports, the country mainly purchases aircrafts, cars, and packaged medicaments from Turkey, China and Russia. Turkmenistan's foreign trade turnover amounted to 20 bn USD in 2022 according to official sources. The country registered a trade surplus of 5.4 bn USD, with exports increasing by 50% in the first half of 2022 thanks to higher gas prices.

Source: (Business Turkmenistan, 2023[3]) (EBRD, 2023[4]), (Observatory of Economic Complexity, 2023[5])

Tentative results indicate that Turkmenistan still lags neighbours and income peers (Figure 6.1**).** Based on the information provided to date, Turkmenistan lags its Central Asian peers on the dimensions covered, except for its internal agency border co-operation. The difficulty in accessing the sub-elements constituting the OECD's TFIs gives an insight into the state of trade facilitation within the country, as the scarcity of available information likely indicates that small and medium-sized enterprises (SMEs) may find it difficult to locate the relevant information and lack support to internationalise. It should be noted that most

of the information in the report was collected before the launch of the new trade information portal (Box 6.2), the portal could help improve performance on this dimension.

Figure 6.1. Accessibility of information about trade facilitation in Turkmenistan



Note: 2 is the maximum score. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Provisional information only for Turkmenistan. Dimensions marked with * include less than half of the OECD TFI sub-indicators, while those marked with ** are not presented at all due to insufficient data.
Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.
Source: OECD TFIs database.

Box 6.2. Turkmenistan's Portals and Single Window

Turkmenistan's programmes to facilitate and digitalise trade are presented in strategic papers, including the *Programme of Socio-Economic Development of Turkmenistan for 2019-25*, the *Concept of Development of the Digital Economy for 2019-25*, the *Programme for Customs System Development for 2017-21*, and the *Programme for the Development of Foreign Economic Activities for 2020-25*.

Turkmenistan is developing its own Single Window platform through co-operation with the United Nations Development Programme (UNDP) following the 2020 signing of a Memorandum of Understanding (MoU) between UNDP, the United Nations Conference on Trade and Development (UNCTAD), and the Ministry of Foreign Affairs of Turkmenistan. Regular meetings are held on the Single Window's development, including with the Ministry of Justice and the Transport and Communication Agency of the Cabinet of Ministers of Turkmenistan. The Single Window site launch is expected for the end of 2023.

Moreover, Turkmenistan launched the Trade Information Portal in April 2023, as well as a training portal for exporters, both funded by the European Union (EU) and implemented by the International Trade Centre (ITC) within the Ready4Trade Central Asia (R4TCA) project. The Information Portal provides users with an overview of the regulatory documents required by customs agencies as well as guides on how to fill them, the procedures for a dozen of products on export and import and the contact details of customs offices. The Training Portal is still under construction, though it aims to integrate courses developed by the ITC.

Source: (UNDP, 2023[6]; Turkmenistan Altyn Asyr, 2023[7]; Turkmenistan Altyn Asyr, 2023[8]; Turkmenistan Trade Information Portal, 2023[9])

To reach its trade facilitation goals Turkmenistan should further concentrate on a number of reforms

If preliminary outcomes indicate Turkmenistan still performs below its potential on trade facilitation, its efforts to join the OECD TFIs reflect a commendable desire to improve its trade environment. Turkmenistan should therefore ensure full co-operation with the OECD and other international partners (e.g., ITC, WTO, UNECE, UNDP, UNCTAD) in identifying the TFI sub-elements for which publicly available data remains scarce. This would be a first step in identifying trade facilitation strengths and gaps and allow the government to start addressing the most urgent and important reforms. As it improves data availability, its performance can be tracked and compared over time to determine good practices and enable comparisons against peers. It will need to strive to ensure the implementation of future reforms, as preliminary results suggest that Turkmenistan is lagging on the operational implementation of trade facilitation reforms.

Moreover, improvements to operation practices should also cover areas such as risk management and cross-border regional co-operation. By facilitating both the conduct of business in the country and the cross-border transit, the enterprises will be able to contribute to the development of a diversified and inclusive economy. As Turkmenistan aims to become a transit and transport hub, the government could consider also spearheading the development of transit procedures in collaboration with neighbouring countries, such as Kazakhstan and Iran. For instance, the government announced its readiness in 2023 to launch an international transit corridor to Iran, Iraq and Türkiye as part of the major East-West international transport corridor, while it is part of the southern line of the Middle Corridor, connecting China, Central Asia, and Europe through its port of Turkmenbashi (Modern Diplomacy, 2023[10]). Turkmenistan is also part of the Lapis Lazuli Corridor between Afghanistan and Türkiye, and the North-South corridor between

Russia, Iran, and India (The Jamestown Foundation, 2023[11]). Accordingly, the government should consider creating an electronic transit system to manage and control the movement of goods in transit with neighbouring countries, as four countries in Central America have done (Box 6.3).

Box 6.3. International Transit of Goods (TIM) initiative in Central America

A decade ago, transit of goods in Central America suffered from a lack of co-ordination of border agencies, cumbersome and slow Customs and administrative procedures, and limited use of information technologies. As regards shipments in transit, exporters had to clear customs at each side of countries' bilateral borders and sequentially submit multiple paper documents to the various border agencies, including printed copies of international transit declarations, country-specific sanitary and phytosanitary (SPS) certificates, and migration arrival and departure cards. For instance, it was necessary to present 12 sets of documents at one border crossing between El Salvador and Honduras.

In response, and with the support of the Inter-American Development Bank, Central American countries adopted the Central American International Transit of Goods (TIM), an electronic transit system to manage and control the movement of goods in transit, partially based on the EU's New Computerised Transit System. The TIM initiative was developed around three key pillars:

- *Process re-engineering* – TIM harmonised multiple paper-based declarations into a unique and comprehensive electronic document (the single transport document, DUT) that gathered all data required by different border agencies (customs, SPS agencies, migration authorities).
- *Automation tools* – TIM connected the intranet systems of all agencies in all countries participating in the project, thus enabling the management and tracking of the international transit process as well as risk analysis.
- *Border agency co-operation.*

TIM was implemented gradually, with El Salvador being the first country to participate. El Salvador customs made the use of the TIM mandatory for selected routes with Guatemala, Honduras, and Nicaragua, as allowed by the TIM at regional level. In a second phase, the TIM was extended to cover exports to Nicaragua via additional border posts and to Costa Rica.

The changes made to the system transformed the operational framework, which now comprises a Single Window allowing for simultaneous interaction in the same location. In practice, this works due to a barcode on the DUT, which, when scanned, shows the relevant customs officials full and unified information.

The streamlining of customs clearance procedures has reduced the amount of time required to prepare documents and speeded up the checking process. The TIM has also facilitated information flows on each export transaction, thus ensuring better real-time control of shipments.

Source: OECD Trade Facilitation Indicators (TFIs) repository.

Way forward

Short term

- Improve data availability to better enable comparison with peers
- Consider the development of common transit procedures with neighbouring countries

Long term

- Create an electronic transit system to manage and control the movement of goods in transit

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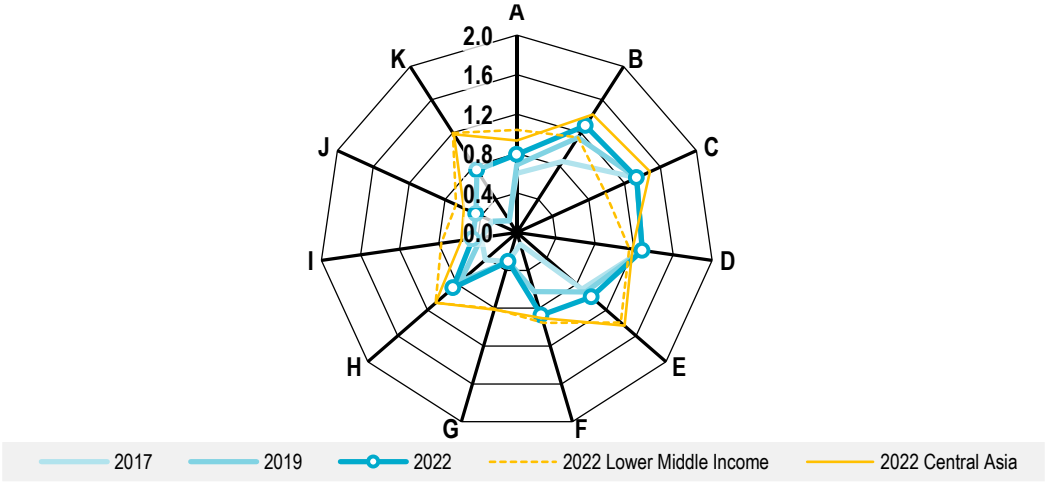
7 Uzbekistan

This chapter assesses recent achievements trade facilitation reforms in Uzbekistan, while also considering the remaining challenges. It highlights the progress made in establishing the Single Window, reducing tariffs, streamlining trade-related documentation, implementing automation procedures, and creating stakeholder engagement and feedback mechanisms. Subsequently, the outstanding issues in procedural streamlining, process automation, and agency co-operation are assessed. Finally, the chapter addresses the importance of drawing inspiration from, and collaborating with, neighbouring peers to further progress in trade facilitation performance.

Uzbekistan's trade facilitation has markedly improved, but could still benefit from better agency co-operation and trade process automation

Uzbekistan has made the greatest relative improvement since 2019, but as it has progressed from a low base it still lags its regional peers in average Trade Facilitation (TFI) performance. During this period, it has made strides in simplifying and streamlining trade-related documentation and improving its governance and impartiality as well as trade community inclusion. Though Uzbekistan's progress is commendable, and it performs relatively well on appeal procedures, private sector consultations, and streamlining of procedures and processes, it trails other countries in Central Asia on most other indicators

Figure 7.1. Uzbekistan's trade facilitation performance since 2017



Note: 2 is the maximum score. Central Asia includes information for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.
Legend: A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.
Source: OECD TFIs database.

Box 7.1. Trade snapshot

Foreign trade turnover equalled 72% of GDP in 2022. The top exports were gold, cotton yarn, copper and gas, with the largest export markets being Switzerland, China, the UK and Russia. Imports were mainly composed of medicaments, vehicles and cars, as well as refined petroleum. Main import partners were China, Russia, Kazakhstan, Korea and Türkiye. In the first ten months of 2023, the country's foreign trade turnover reached almost 51 bn USD, which represents a 25% increase on the same period in 2022. The country registered a foreign trade deficit of 10 bn USD, with imports reaching 30.5 bn USD and exports 20.5 bn USD.

Source: (Observatory of Economic Complexity, 2023[1]), (Statistics Agency under the President of the Republic of Uzbekistan, 2023[2]), (World Bank, 2023[3])

Since 2017, Uzbekistan has improved trade conditions for firms by easing financial pressure. For instance, it unified the exchange rate in 2017, devalued the som, and further liberalised the currency controls in 2019 by introducing a floating exchange rate (OECD, 2023[4]). This accompanied an easing of

the foreign exchange restrictions with the abolition of the requirement for firms to surrender foreign exchange earnings. At the same time, import tariffs were reduced for some 8,000 of the 10,800 subjected goods and discriminatory excise taxes have nearly been totally removed. As outlined in the *Development Strategy of New Uzbekistan for 2022-2026*, the government aims to make further progress in this area to reduce the cost of trade and develop a more comprehensive regulatory framework, in part due to its renewed interest in joining the World Trade Organisation (WTO) (OECD, 2023[4]).

The government has also enhanced its stakeholder engagement and feedback mechanisms. It has developed guidelines and procedures on public consultation processes, created a framework for notice-and-comment procedures, and increased the number of stakeholders involved in consultation processes. The country has also made progress in its advance rulings system and procedural rules for appeals. It has taken important steps in establishing an Authorised Operators (AO) programme, simplifying post-clearance audits as well as the treatment of perishable goods (separating release from clearance), pre-shipment inspections, the use of customs brokers, and temporary admission of goods. The electronic payment of duties has improved and the government has introduced automated risk management along with accepting copies rather than originals of documents. Uzbekistan has established a Single Window (see Box 7.2) to lower the barriers to trade and it is increasingly aligning with international standards, further simplifying trade-related documentation requirements.

Box 7.2. Uzbekistan's Single Window

In 2015, Uzbekistan started to digitalise public authority services. In 2018, the State Customs Committee of Uzbekistan developed the Unified Customs Single Window Information System, a centralised platform for the processing of certificates and permits by competent authorities hosted on http://singlewindow.uz/. The system has gradually incorporated several institutions with responsibilities in cross-border trade, allowing Uzbekistan to increase the comprehensiveness of the system. By now, the Single Window provides a unified list of templates of required administrative documents and guides on how to complete them, information about the potential risks as well as a tool the verify online the authenticity of certificates. There are links towards external but related websites, such as those of the different controlling authorities, customs registries, and logistics companies, as well as a dedicated portal for trade – Uzbekistan Trade Info – available in Uzbek, Russian and English at https://uztradeinfo.uz/.

The State Customs Committee has also developed mechanisms to secure integrating systems of other agencies feeding information into the Single Window. To increase the extent of trade transactions covered, there are plans to include additional institutions such as the Ministry of Internal Affairs, the Ministry of Culture and Sports, or the State Tax Committee. This will also require further work to map the different regulatory and documentary requirements that need to be incorporated into the system. Developments have also been taken towards enhancing the system's electronic data exchange capability and in harmonising data requirements in the Single Window with internationally accepted data standards, such as those provided by the World Customs Organization (WCO).

Source: OECD TFIs background data repository. (State Customs Committee of the Republic of Uzbekistan, 2019[5]; Ministry of Investment, Industry and Trade of the Republic of Uzbekistan, 2023[6])

Automation of border-related processes, and streamlining and harmonisation of procedures, are among the most significant shortcomings in Uzbekistan's trade facilitation environment. Though establishing a trade facilitation portal through the Ready4Trade programme is an important endeavour in this area, more can be done to make trade information available increasingly comprehensive and available online. Additional efforts are required to make the data requirements and Single Window design and work

plans compatible with the different border management and user platforms in the country. Further efforts are also needed to make private sector feedback mechanisms more operational. For instance, Uzbekistan launched a modernisation project of its border infrastructure and processes in Yallama. It streamlined procedures, such as distinguishing between passenger and cargo vehicles, automating and digitalising processes through a one-stop shop, and a Single Window system enabling the submission of all regulatory documents. In the first quarter of 2020, it introduced automated inspections that reduced the average border crossing time for goods from 11.4 to 4.4 hours by the end of 2021 (Development Asia, 2022[7]). The improvements achieved in recent years in the streamlining of processes require equal improvements in the areas of trade-related documentary requirements and automation. In addition, the advances in the implementation of regulatory frameworks for streamlining border processes need to be complemented by subsequent progress in operational practice, though it has made progress.

Co-operation, co-ordination, exchange of information and mutual assistance now involve domestic agencies taking part in the management of cross-border trade, but Uzbekistan's agency collaboration remains largely *ad hoc* rather than systematised. There are regular meetings between involved public agencies, while informal and *ad hoc* coordination is taking place between agencies to address contingencies at the border. Domestic agencies involved in the management of cross-border trade share infrastructure and equipment more frequently. In addition, national legislation now allows for cross-border co-operation, co-ordination, exchange of information and mutual assistance with border authorities in neighbouring economies, providing a foundation for further progress, including road permit standardisation. Uzbekistan connected its national customs systems to the e-TIR road permit system together with Azerbaijan and Georgia in 2022, and the following year it trialled the first BSEC e-Permit project together with Türkiye that combines the e-CMR and BSEC e-Permit systems (BSEC-URTA, 2023[8]; UNECE, 2023[9]).

The government could further streamline trade facilitation by putting an emphasis on improving its digitalisation

Uzbekistan should look to publish more comprehensive and up-to-date information online and establish a dedicated interactive page for professional users. This would not only improve transparency but would also help to build a more predictable trade environment. It could include appeal procedures, examples of customs classification, penalty provisions, and judicial decisions on trade-related issues, as well as all fees and charges on its Single Window and relevant websites. It can consider better integration of non-customs agencies as well as improving site functionalities, such as fixing broken links, in its Single Window. Like other countries in Central Asia, Uzbekistan should ensure that fees and charges are assessed periodically and adapted to changed circumstances and include sufficient time between the adoption of new or amended fees and charges and their entry into force. Similarly, notice-and-comment procedures should include trade and border issues and regulations as well as drafts of new or updated trade-related regulations before entry into force, also enabling stakeholder comments. Finally, Uzbekistan could pay more attention to adapting the enquiry points to commercial needs and improve their timeliness.

Uzbekistan remains behind its regional peers on harmonisation, digitalisation, and automation of import/export procedures, so it can draw on best practices from them to facilitate trade processes. In particular, it could look at how Kyrgyzstan continues to develop its Single Window (see Chapter 4 on Kyrgyzstan). In the short term, streamlining can be achieved by expanding the number of documents for which copies instead of originals are accepted, while documentation requirements should be frequently reviewed and updated. Finalising the introduction of an automated risk management system for all relevant border agencies, developing the pre-arrival processing for all import transactions, separating the release from clearance for all goods, developing post-clearance audits and improving the physical inspections and storage conditions of perishable goods would streamline operations and increase Uzbekistan's competitiveness. As these actions require close co-ordination and co-operation among agencies, the

government could consider how Croatia created inter-departmental and -ministerial groups to improve cross-cutting border management processes (Box 7.3).

Public entities could increase the share of import and export procedures and declarations that can be processed electronically. Moreover, Uzbekistan can expand the duties, taxes, fees, and charges that can be digitally collected upon in advance. Domestic agencies involved in the management of cross-border trade should improve their interconnected or shared computer systems and real-time availability of pertinent data among themselves.

Box 7.3. Croatia's Strategy for Integrated Border Management

Croatia set up its strategy for improving domestic border agency co-operation in 2005, which was implemented by the Ministry of Internal Affairs, the Customs Administration of the Ministry of Finance, the Ministry of Agriculture, Fisheries and Rural Development, the Ministry of Health and Welfare, and the State Inspectorate. The strategy gradually incorporated additional agencies, including the state authorities in charge of sea traffic and infrastructure, foreign affairs and European integration, defence, justice, economy, labour and entrepreneurship, environment, physical planning and construction, culture, and mining. It set up two teams:

- **Inter-departmental Working Group** (IWG) was set up to ensure and improve the co-ordination and co-operation between agencies involved in border management to avoid duplication of procedures, reduce the time necessary to complete border processes, better align the work of all departments at the border, and increase synergies between all central government bodies. The tasks of the IWG were to analyse the border procedures of individual agencies, implement processes for faster border crossing and more effective border protection; enhance inland waterways co-operation with central and local government bodies and other agencies; address disagreements between the agencies; supervise the implementation of Croatia's Agreement on Co-operation in Integrated Border Management; and co-ordinate the construction, maintenance and equipping of border crossings and other infrastructure required. The IWG meets regularly on all matters relevant to border management decisions and can also meet on extraordinary matters, keeping records of all its meetings.
- **Inter-ministerial professional work** (IMPW) teams to address legal issues, organisation and management, and infrastructure, equipment and information technology. Depending on the topic, IMPW teams integrate other entities such as plant health, animal health, or environmental protection. They address specific areas of border agency co-operation, such as monitoring and adjusting the national legal and regulatory framework with legal standards and best practices of the European Union; developing an overview of border and other procedures to suggest improvements, developing common standard operating procedures, analyse data received from all the agencies involved, develop joint risk analysis, organise and implement joint actions proposed, develop joint manuals, organise joint training and exercises, and develop joint plans for the use of infrastructure facilities, technical equipment and information technology; revising as needed the strategy and action plan of domestic border agency co-operation; preparing reports on their implementation which, after approval by the IWG are sent to the Croatian Government for adoption; monitoring and analysing the operational implementation of Croatia's Agreement on Co-operation in Integrated Border Management.

Source: OECD TFIs background data repository based on (WCO, 2016[10]).

Way forward

Short term

- Pursue the publication of more comprehensive and up-to-date information online
- Establish a dedicated interactive page for professional users
- Assess fees and charges periodically
- Expand the number of documents for which copies, and not originals, are accepted

Long term

- Digitalise the procedures and declarations that can be collected electronically, such as duties, taxes, fees, and charges

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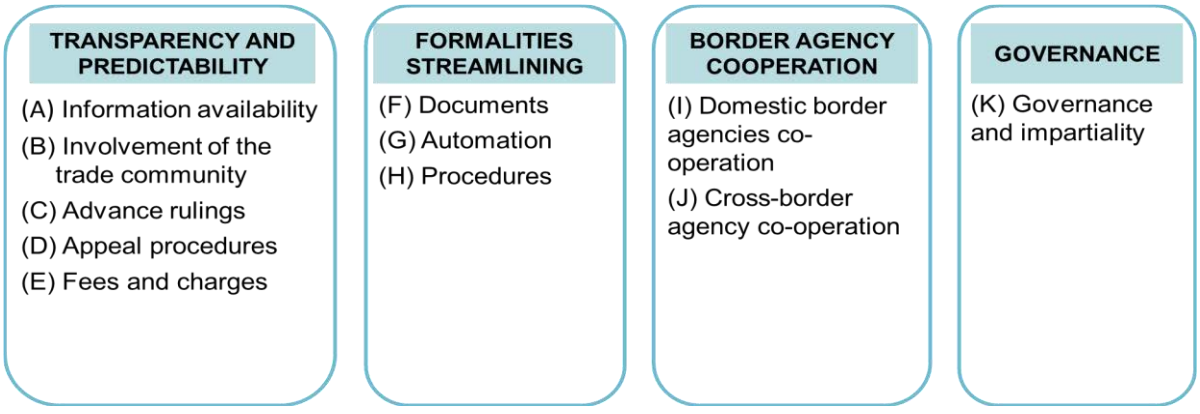
Annex A. TFI Methodology

OECD Trade Facilitation Indicators: Overall structure

The OECD Trade Facilitation Indicators (TFIs) provide a structured overview of the trade facilitation policy environment in over 160 individual economies. The indicators follow closely the policy areas covered by the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA). The families of measures covered in the WTO TFA have been re-organised, to consider similarities between measures, underlying shared components, as well as areas where further distinctions were warranted. An additional OECD indicator going beyond the scope of the TFA was added to capture elements of good governance and impartiality of border administrations.

The 11 TFIs (information availability; involvement of trade community; advance rulings; appeal procedures; fees and charges; documents; automation; procedures; internal border agency cooperation; external border agency co-operation; governance and impartiality) (Figure A A.1) are each composed of several specific, precise, and fact-based variables related to existing administrative processes at the border and their implementation in practice (for example, the average time between publication and entry into force of new or adjusted trade-related regulations, the proportion of trade transactions that can be processed in advance to the arrival of goods at the border, or the coverage of certified trader programmes). The TFIs measure the actual extent to which countries have both introduced and implemented trade facilitation measures in absolute terms, but also their performance relative to others.

Figure A A.1. Overview of the OECD Trade Facilitation Indicators (TFIs)



Source: OECD

The TFIs are tools, not rules: they are not designed to assess country compliance with specific TFA provisions, but rather to help policy makers in developed and developing countries alike to assess the state of their trade facilitation efforts, pinpoint challenges, and identify opportunities for progress.

The TFIs take values from 0 to 2, where 2 designates the best performance that can be achieved. The variables in the TFI dataset are coded with 0, 1, or 2. Where variables depend on numerical answers,

these are broken down on thresholds to which 0/1/2 scores are applied. A scoring system that assigns discrete numerical values according to some metric of performance requires determining thresholds for what is best, worst or in between. In the cases where no natural thresholds can be identified, if the variable is numerical in nature, the score can be determined by

deviation from the sample mean or by its percentile rank across all economies covered by the dataset. There are no hierarchies between variables; within one indicator, variables are assigned equal weights.

Data collection

The TFI database covers overall 163 countries, including economies at all income levels – 28 low-income countries, 42 lower middle-income countries, 38 upper middle-income countries, 17 high-income economies outside the OECD area, and 38 OECD countries – as well as all geographic regions (namely, Asia-Pacific, Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa and Sub-Saharan Africa). The TFIs are based on a detailed questionnaire, with the aim of ensuring factual information that is geographically comparable and consistent over time.

Data collection rests on several layers of publicly available information, direct co-operation with countries, and checking of discrepancies. Insights draw on a comprehensive review of all publicly available information, including country official sources, such as websites of Customs and other border agencies, trade information portals, trade Single Windows portals, and trade-related legislation. Two key cross-checks of information are undertaken relative to the World Trade Organization TFA Database and information compiled through the United Nations Regional Economic Commissions (UN RECs) Global Survey on Digital and Sustainable Trade Facilitation. Data collection also includes a comprehensive review of information available from other international and regional organisations, such as the World Customs Organization reports and case studies; the World Bank Logistics Performance Indicators and World Bank trade facilitation case studies; UNCTAD analysis of National Trade Facilitation Committees; Global Alliance for Trade Facilitation case studies; and reports from inter-governmental fora (e.g. ASEAN, APEC). It also includes a review of available private sector survey information, such as the Global Express Association Customs Capabilities Report and the World Economic Forum (WEF) Global Competitiveness Report (GCR). The process also benefits from consultations with WCO, UNCTAD and UN RECs, as well as from regular participation in the WTO Committee on Trade Facilitation.

Policy areas covered and main sub-components

The TFIs cover four main policy areas: transparency and predictability, automating and streamlining procedures, border agency co-operation, and governance and impartiality. Each of these are divided into further dimensions.

1. Transparency and predictability:

TFI (A) Information availability: this area covers publication of customs and trade-related regulations and information, feedback mechanisms, and specific functions for businesses. Key policy measures include:

- Webpage and user-friendliness, information on import and export procedures;
- Documentation easily accessible for downloading;
- Possibility to provide online feedback;
- Publication of rate of duties;
- Enquiry points and timeliness;

- Information on procedures published in advance;
- Publication of agreements, information on procedural rules for appeal, judicial decisions on Customs matters;
- Publication of decisions and examples of Customs classification, necessary information on advance rulings;
- Applicable legislation published on Internet; and
- Interactive page for professional users/companies, user manuals available online.

TFI (B) Involvement of the trade community – this area covers structures, guidelines, and frameworks for consultations with stakeholders. Key policy measures include:

- Public consultations between traders and other interested parties and government;
- General notice-and-comment framework procedures in place, applicable to trade and border issues;
- Guidelines and procedures in place governing the public consultation process;
- Targeted stakeholders;
- Frequency of public consultations; and
- Drafts published prior to entry into force, public comments taken into account.

TFI (C) Advance rulings – this area covers the rules and processes applying to prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods. Key policy measures include:

- Issuance of binding advance rulings;
- Number of advance ruling requests;
- Length of time for which the advance ruling is valid (duration);
- Maximum time by which the advance ruling will be issued;
- Percentage of advance rulings issued within the maximum issuance time;
- Information on advance rulings of significant general interest published;
- Possibility to request a review of an advance ruling or its revocation / modification; and
- Refusal to issue or the revocation of advance rulings is motivated.

TFI (D) Appeal procedures – this area refers to the possibility and modalities to appeal administrative decisions by border agencies. Key policy measures include:

- Information on procedural rules for appeal publicly available;
- Higher level administrative and/or judicial appeal procedures available for customs decision;
- Timeliness of the appeal mechanism – time available for lodging and appeal;
- Timeliness of the appeal mechanism – avoidance of undue delays; and
- Information available on the motives of the administration's decisions; and
- Average percent of appeals.

TFI (E) Fees and charges – this area covers disciplines on the fees and charges imposed on imports and exports. Key policy measures include:

- Information published on fees and charges;
- Evaluation of fees and charges;
- Fees for answering enquiries and providing required forms and documents;
- Fees and charges periodically reviewed to ensure they are still appropriate and relevant;
- An adequate time period granted between the publication of new or amended fees and charges and their entry into force;

- Fees for Customs services during normal working hours;
- Implementation of penalty disciplines – transparency and proportionality; and
- Diversity of fees and charges.

2. Automating and streamlining procedures:

TFI (F) Documents – this area covers harmonisation and simplification of trade-related documents, in accordance with international standards. Key policy measures include:

- Acceptance of copies of documents;
- International Standards compliance;
- Number of documents;
- Periodic review of documentation requirements; and
- Time to prepare documents.

TFI (G) Automation – this area covers aspects such as the electronic exchange of data and use of automated risk management. Key policy measures include:

- Percent of import and export declarations cleared electronically;
- Percent of import and export procedures that allow for electronic processing;
- Pre-arrival processing supported by the possibility to lodge documents in advance in electronic format;
- Electronic payment of duties, taxes, fees and charges; integration with the automated declaration/cargo processing systems;
- Risk Management operating in an automated environment;
- IT systems capable of accepting and exchanging data electronically;
- Automated processing system include functions allowing for the release of goods subject to conditions (i.e. guarantee);
- Digital certificates and signatures in place; and
- Automated processing for Customs declarations available full-time.

TFI (H) Procedures – this area covers aspects such as the streamlining of border control (inspections, clearance), implementation of trade Single Windows, or certified trader programmes. Key policy measures include:

- Pre-arrival processing (implementation and transactions covered);
- Pre-shipment inspections;
- Physical inspections;
- Separation of release from clearance (implementation and transactions covered);
- Release times;
- Risk management: Customs and other border agencies;
- Single Window;
- Authorised Operators (AOs), coverage of AOs programmes;
- Perishable goods: inspections, storage, separation of release from clearance; and
- Expedited shipments.

3. Border agency co-operation:

TFI (I) Internal border agency co-operation – this area covers institutional frameworks, mechanisms, and IT systems for domestic co-operation between various border agencies. Key policy measures include:

- Institutionalised mechanism to support inter-agency coordination;
- Regular meetings to develop strategy and oversee implementation of border agency co-operation;
- Domestic coordination / harmonisation of data requirements and documentary controls;
- Interconnected or shared computer systems and real time availability of pertinent data;
- Domestic coordination of inspections, shared results of inspections and controls;
- Control delegation at the national level;
- Coordinated / shared risk management mechanisms;
- Authorised Operators programmes; and
- Coordinated / shared infrastructure and equipment use.

TFI (J) External border agency co-operation – this area covers institutional frameworks, mechanisms, and IT systems for co-operation between various border agencies with neighbouring economies and other trading partners. Key policy measures include:

- Alignment of working days and hours, procedures and formalities;
- Cross-border coordination / harmonisation of data requirements and documentary controls;
- Cross-border coordination / harmonisation of the different computer systems;
- Risk management co-operation, systematic sharing of control results;
- Development and sharing of common facilities;
- Joint controls;
- Mutual Recognition Agreements/Arrangements on Authorised Operators (AOs);
- Exchange of staff and training programmes; and
- Governance and impartiality.

4. Governance and impartiality:

TFI (K) Governance and impartiality – this area covers transparency of customs structures and functions, as well as accountability and ethics policies. Key policy measures include:

- Transparent structures and functions in the border agencies clearly established;
- Ethics policy applied to border agencies;
- Code of Conduct established in border agencies;
- Efficient internal communication about policies and procedures of agencies involved in the border process;
- Internal audit mechanism established in the various agencies involved in the border process;
- Clear provisions for the financing of the Customs administration; and
- Publication of an annual Customs Report.

Trade Facilitation in Central Asia

Central Asia's trade performance has displayed remarkable resilience to recent economic shocks. Nevertheless, the region's dependence on a limited number of export commodities and a narrow range of trading partners exposes it to significant risks. Central Asian governments are therefore prioritising improved connectivity to integrate better into global value chains, reduce geographical disadvantages, and increase imports and exports. Trade facilitation plays a pivotal role in achieving these goals by reducing trade costs and fostering integration. However, Central Asia still faces substantial challenges, and, despite significant improvements in recent years, it falls behind most of the regions covered by the OECD's Trade Facilitation Indicators (TFI). This report takes stock of TFI progress in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, presents preliminary results for Turkmenistan for the first time, and showcases areas of TFI improvement. It also evaluates remaining trade barriers and provides recommendations to for trade facilitation reforms, including the need to prioritise trade community feedback to streamline procedures, digitalise and harmonise standards, and implement systemic border agency co-operation mechanisms. A co-ordinated approach to improving trade facilitation across the region could reduce trade costs substantially, lifting both trade turnover and growth.

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