Improving Border Management to Facilitate Trade in SPECA: Challenges and Prospects
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Improving Border Management to Facilitate Trade in SPECA: Challenges and Prospects

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PREFACE

An efficient and secured border management is vital for conducting cross-border trade in a smooth and cost-effective way. This is particularly true for the landlocked developing countries which are far away from seaports. Their traded goods usually need to cross a number of land borders before reaching seaports. The management of border control in these countries as well as in their neighboring transit countries has a significant impact on cross-border trade.

Many landlocked developing countries face myriad of problems in terms of border management. Unpredictable rules and regulations, cumbersome trade and customs procedures, excessive physical inspections, inadequate infrastructures and facilities, and lack of cooperation among border agencies within a country and between neighboring countries are common problems. They make cross-border trade costly and time-consuming and hinder trade competitiveness.

Border management involves many agencies, such as security, immigration, trade, customs, transport, sanitary and phyto-sanitary agencies. Given the complexity of the issue, the improvement of border management may entail strong political commitment, active involvement of border agencies, sustainable financial and technical inputs, and maximum use of international instruments.

The outcome of the Seminar on Trade Facilitation at the Border in Central Asia under the UN Development Account 5th Tranche Project, this publication attempts to study border management issues in Central Asia. It is composed of four chapters. Chapter one examines the status of border management in Central Asia, with a focus on four Central Asian countries, namely, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan; Chapter two analyzes, from a regional perspective, the challenges and prospects of border management in Central Asia; Chapter three presents major trade facilitation measures for the improvement of border management, and illustrates with boxes some examples of good practices within and outside the region; Chapter four summarizes the key policy lessons.
ACKNOWLEDGEMENTS

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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEO</td>
<td>Authorized Economic Operators</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ACSGD</td>
<td>Automated Control System over Goods Delivery</td>
</tr>
<tr>
<td>AH</td>
<td>Asian Highway</td>
</tr>
<tr>
<td>BCPs</td>
<td>Border Crossing Points</td>
</tr>
<tr>
<td>CAIS</td>
<td>Customs Automated Information System</td>
</tr>
<tr>
<td>CBM</td>
<td>Coordinated Border Management</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
</tr>
<tr>
<td>CIQ</td>
<td>Customs Immigration Quarantine</td>
</tr>
<tr>
<td>CGSB</td>
<td>Committee on Guards of State Border</td>
</tr>
<tr>
<td>CNS</td>
<td>Council of National Security</td>
</tr>
<tr>
<td>ECO</td>
<td>Economic Cooperation Organization</td>
</tr>
<tr>
<td>ESCAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
</tr>
<tr>
<td>EurAsEC</td>
<td>Eurasian Economic Community</td>
</tr>
<tr>
<td>FTAs</td>
<td>Free Trade Arrangements</td>
</tr>
<tr>
<td>IBM</td>
<td>Integrated Border Management</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication Technologies</td>
</tr>
<tr>
<td>IRU</td>
<td>International Road Transport Union</td>
</tr>
<tr>
<td>MFN</td>
<td>Most-Favoured-Nation</td>
</tr>
<tr>
<td>OCAC</td>
<td>Organization of Central Asian Cooperation</td>
</tr>
<tr>
<td>RILO</td>
<td>Regional Intelligence Liaison Office</td>
</tr>
<tr>
<td>RKC</td>
<td>Revised Kyoto Convention</td>
</tr>
<tr>
<td>RM</td>
<td>Risk Management</td>
</tr>
<tr>
<td>SAD</td>
<td>Single Administrative Document</td>
</tr>
<tr>
<td>SCC</td>
<td>State Customs Committee</td>
</tr>
<tr>
<td>SPECA</td>
<td>Special Programme for the Economies of Central Asia</td>
</tr>
<tr>
<td>TIR</td>
<td>Transports Internationaux Routiers</td>
</tr>
<tr>
<td>UAIS</td>
<td>Unified Automated Information Systems</td>
</tr>
<tr>
<td>UNECE</td>
<td>United Nations Economic Commission for Europe</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WCO</td>
<td>World Customs Organization</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
The five independent Central Asian countries, namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan had to undergo a transition period during which they had to develop their own foreign policies including border management, an experience they have not had before the independence. Border management is seen as a means to promoting an open and secure border, allowing for the unimpeded flow of people, goods and means of transport. The unimpeded flow through the border should not, however, compromise border (national) security. Meanwhile, trade is acknowledged as a significant instrument contributing to social and economic development of a country. Thus an efficient border management would have to bring about a balance of ensuring security whilst at the same time facilitating trade.

Border management in these countries is essentially maintained under a “Customs, Immigration and Quarantine” (CIQ) environment. This requires the presence of a number of public agencies at the border crossing points to carry out their responsibilities. Common to all the countries, this included five major bodies namely, the Border Service (Frontier Guard), the Customs Service, Health, Sanitary & Phyto-sanitary, and Transport agencies.

The border management of the four countries do not vary substantially. Each agency looks after its own interests and fulfils their mission based on the governing legislations. There has been no attempt to subsume the functions of agencies at the border points and empower an appropriate organization to take over their tasks. Only Kazakhstan has indicated through a government decision to empower the Customs to function on behalf of the other controlling agencies except the Border Service. However, the law has not been made and the effect of the decision was still not known at the time of this publication.

The Central Asian countries though landlocked are not totally disadvantaged in improving their trade positions. Their unique location in proximity to three major economies of China, India and Russia and the progress of transport corridors within the region constitute an enormous advantage that is still to be exploited. They can act as transit hubs for the movement of goods to and from the three economies to destinations in Asia and beyond.

The improvement of their border management is essential in respect of facilitating trade. One possibility is the adoption of Integrated Border Management (IBM) with the objective of subsuming all the functions of the agencies concerned under a single authority. The establishment of an IBM can be successful if the following conditions are met. First, inter-agency cooperation and coordination exists with the single authority receiving regular training to enable it to take on all the responsibilities of the controlling agencies. Second, the country must operate under a single window environment with respect to its trade declarations and regulatory control. Third, there should be constant feedback of information and intelligence from all agencies concerned. Customs is viewed to be in the best position to hold the reins of the single authority. However, other agencies may also be mandated as the single authority in border management. In Singapore, for example, it was not the Customs

---

1 The World Customs Organization prefers to use the term Coordinated Border Management (CBM) which refers to a coordinated approach by border control agencies, both domestic and international, in the context of seeking greater efficiencies over managing trade and travel flows, while maintaining a balance with compliance requirements. See [http://www.ifcba.org/UserFiles/File/backgroundpaper.pdf](http://www.ifcba.org/UserFiles/File/backgroundpaper.pdf)
which took on the IBM, but the immigration authority despite the fact that Customs owned the single window system.

Apart from building up a sound border management system to preserve national security and facilitate trade, other measures must also be instituted to further enhance trade facilitation. Some of the measures listed include development of a single administrative document (SAD) for trade purposes and regulatory control, establishing single windows, establishing a preferred trader scheme (sometime known as a Gold Card), promotion of the risk management system, advance lodgement of trade declarations and modernization of border posts and provision of adequate technical aids to facilitate clearance.
The independence of five Central Asian countries, i.e., Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan in the early 1990s resulted in fundamental changes of their foreign policies, as well as their border relationship. The Central Asian countries inherited a military-based approach in border management, in which “security” usually takes precedence over “facilitation”. Lack of experience in effectively handling border management, the Central Asian countries have to undergo a transition period to adopt a viable form of border management.

Border management is the means to promoting open and secured border to allow the movement of people and goods. Effective border security is the efficient management of border processes and procedures leading to unimpeded flow of people and goods including means of transportation for the mutual benefit of countries bordering each other. Border management whilst ensuring security must also at the same time facilitate legitimate trade and travel. Recognizing that trade is an important element contributing to the social and economic development of the nation as a whole, the Central Asian countries have been striving to introduce a sound border management system which is able to strike the balance between the encouragement and facilitation of physical movement of persons and goods across the border whilst at the same time ensuring that security is not compromised. At present, the border management system in Central Asia varies from country to country in terms of legal and institutional framework. The form and substance of border management, however, remains largely similar in terms of the control measures utilized.

Border management is essentially maintained under a “Customs, Immigration and Quarantine” (CIQ) environment. Thus a number of public controlling bodies are involved. The government agencies involved in the decision-making processes related to border management differ slightly in each country. Although they are tasked with different responsibilities specific to their mission, the agencies share a common strategic undertaking, which is, safeguarding the national security, wealth, health and well-being of the community at large. Traditionally, the major tasks related to border management for all modes of travel and means of transport seeking entry into or exit from a country includes:

- Protection and prevention of threats to national security through illegal entry of undesirable persons bent on causing mischief and harm to the country;
- Protection and prevention of loss of revenue through smuggling and improper filing of trade documents;
- Protection of the health and well-being of the community through preventing illegal entry of harmful medicinal products and other psychotropic substances;
- Protection of flora and fauna and preventing entry of the same which would be detrimental to the agricultural interests of the country; and
- Prevention of illegal entry and exit of arms, explosives and other materials of like nature.

Public bodies involved in the performing of the border management tasks include, amongst others, the Ministries of Finance/Customs, Trade, Transport, Interior, Defense and Health. Each Ministry’s mission is delegated to the appropriate agencies or organs and includes commonly the Customs Service, the Border Guards Service, and Quarantine Control Services.
In Central Asia, as in most countries, the major task of the Customs Service is the levy and collection of import and export duties and taxes, and including the control over the movement of goods and means of transport to ensure that imports and exports are in compliance to the rules and regulations established by the government. The Border Guards Service caters to immigration control requirements and maintaining a presence at border checkpoints, not unlike a military force responsible for illegal incursions into the country. The tasks of quarantine control are vested in veterinary, phyto-sanitary, sanitary and health services. Their mission includes the prevention from entry of infectious and hazardous organisms constituting a menace to flora, fauna, animal and human health. In addition to the above major agencies, officials of the Ministry of Transport are also present owing to the control over the movement of means of transport and the routes of travel within the country.

As a result of the complex nature of the requirement of many agencies at the border, inter-agency cooperation and coordination is required to ensure a safe and efficient border management. Besides ensuring that border security is not compromised, an effective border management can generate monetary and non-monetary benefits for the business community and result in the furtherance of legitimate trade. The benefits may include but are not limited to the following:

- Saving of compliance costs arising from simplification and harmonization of processes, procedures and formalities (preparation and submission of required documentation);
- Saving of costs for services related to transportation, cargo handling, warehousing and cargo examination;
- Saving of time arising from expeditious border and customs clearance, inspections and other forms of frontier control.

The traditional form of border management resulting in the presence of the numerous agencies at border checkpoints will have to be reassessed in order to reap the benefits stated above. The introduction of an Integrated Border Management (IBM) concept will go a long way towards meeting the national aspiration of ensuring border security and facilitation. The establishment of an IBM will require intra-agency coordination, inter-agency collaboration and international cooperation.

The objective of an effective border management through an IBM should strike the balance between rule-based control and trade facilitation of cross-border traffic, in particular, movement of goods and means of transport. To maintain the balance between the two major requirements at the border, namely, national security and trade facilitation, various enhancements are required as follows:

a) Access to technical aids and inspection equipment such as X-ray machines to facilitate the inspection and examination of goods and means of transport;

b) Competent officials who have undergone intensive training and are committed to their profession;

c) Review and instituting legal reforms;

d) Inter-agency coordination and collaboration;

e) Simplification and harmonization of processes and procedures of trade documentation;

f) Simplification and harmonization of processes and procedures related to means of transportation and/or the drivers;

g) Development of intelligence and effective exchange of information both within and without the agencies concerned;
h) Institutional reforms such as establishment of inter-agency and national facilitation committees to develop border management strategies; and
i) Strengthening and/or modernization of infrastructure capacities at the border checkpoints.

Of equal significance as mentioned above, international cooperation will also be a key factor. This will require close cooperation and coordination between neighbouring border agencies and that from countries not in close proximity to the country concerned. Cooperation and coordination can also come from international organizations, in particular, through the provision of information to assist the agencies responsible for border management in the fulfillment of their intelligence-gathering and analysis capability.

International and regional cooperation are particularly relevant to the Central Asian countries owing to the countries being in landlocked positions. As a result, the development and promotion of trade in these countries and the movement of goods and means of transport from neighbouring countries (including those not within Central Asia) are subjected to reliance on transit movements. There are also instances where the territory of one country, usually an enclave, is sandwiched between the territories of another. In such instances transit is made more acute. An example of this is found in the Republic of Tajikistan and Republic of Uzbekistan.
I. COUNTRY STUDIES ON BORDER MANAGEMENT IN CENTRAL ASIA

Central Asia is a landlocked subregion. Most of the countries in this subregion have a long distance from their territory to the closest seaport. For example, the distance from Kazakhstan to the closest seaport is 3,750 km, the distance from Kyrgyzstan is 3,600 km, the distance from Tajikistan is 3,100 km, while the distance from Uzbekistan is 2,950 km. Their distance to the closest sea port is far beyond the world’s average which is 1,370 km. The landlocked and mountainous nature makes the connectivity between Central Asia and other parts of the world difficult (See Figure 1).

Figure 1: Map of Central Asia


For the countries in Central Asia, the trade transaction costs are extremely high, and the time needed for delivering export and import goods is very long. Taking the four above-mentioned Central Asian countries as example, the World Bank Doing Business/Trading Across Border data show that the cost to import and export in these countries is around 2 times higher than the world’s average, and the time to export and import is 3-4 times longer. In terms of trade facilitation performance, even compared with other landlocked developing countries (LLDCs) in Asia, the countries in Central Asia lag behind noticeably (See Table 1). Costly and time-consuming trade procedures are one of major contributor to the poor trade facilitation performance (See Table 2).
Table 1: Trade Procedures: Central Asia and Other LLDCs

<table>
<thead>
<tr>
<th>Country</th>
<th>Export procedures</th>
<th>Import procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Time to export</td>
<td>Cost to export</td>
</tr>
<tr>
<td></td>
<td>(days)</td>
<td>(US$ per container)</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>89</td>
<td>3,005</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>63</td>
<td>3,000</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>82</td>
<td>3,150</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>71</td>
<td>3,100</td>
</tr>
<tr>
<td>Bhutan</td>
<td>38</td>
<td>1,210</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>50</td>
<td>1,860</td>
</tr>
<tr>
<td>Mongolia</td>
<td>46</td>
<td>2,131</td>
</tr>
<tr>
<td>Nepal</td>
<td>41</td>
<td>1,764</td>
</tr>
<tr>
<td>Average</td>
<td>24</td>
<td>1,309</td>
</tr>
</tbody>
</table>

Source: Doing Business/Trading Across Borders 2010, the World Bank

Table 2: Time and Cost Associated With Specific Trade Procedures in Central Asia

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Kyrgyzstan</th>
<th>Kazakhstan</th>
<th>Tajikistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Duration (days)</td>
<td>US$ Cost</td>
<td>Duration (days)</td>
<td>US$ Cost</td>
</tr>
<tr>
<td>Documents preparation</td>
<td>Export</td>
<td>29</td>
<td>200</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Import</td>
<td>33</td>
<td>200</td>
<td>25</td>
</tr>
<tr>
<td>Customs clearance and technical control</td>
<td>Export</td>
<td>23</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Import</td>
<td>16</td>
<td>250</td>
<td>11</td>
</tr>
<tr>
<td>Ports and terminal handling</td>
<td>Export</td>
<td>11</td>
<td>380</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Import</td>
<td>4</td>
<td>380</td>
<td>3</td>
</tr>
<tr>
<td>Inland transportation and handling</td>
<td>Export</td>
<td>26</td>
<td>2,225</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Import</td>
<td>23</td>
<td>2,225</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Doing Business/Trading Across Borders 2010, the World Bank

The factors leading to the poor trade facilitation performance in Central Asia are complex. UNCTAD found that the landlocked developing countries face seven categories of constraints in conducting transit trade, i.e., “border crossing”, “markets for transport services”, “infrastructure”, “transit regimes and commercial practices”, “customs”, “information and communication technologies” and “commercial risks”. In a general sense, the geographical remoteness is an important disadvantage in international trade. The underdeveloped logistics system is another major impediment in cross-border trade, as shown

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by the World Bank Logistic Performance Index (LPI) rank (See Table 3). The lack of trade facilitation, as a result, affects negatively trade competitiveness and regional integration, and obstructs country’s economic and social development.

### Table 3: LPI Rank in Central Asia, 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>LPI 2010</th>
<th>Customs</th>
<th>Infrastructure</th>
<th>International Shipments</th>
<th>Logistics Quality and Competence</th>
<th>Tracking and Tracing</th>
<th>Timeliness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>62</td>
<td>79</td>
<td>57</td>
<td>29</td>
<td>73</td>
<td>85</td>
<td>86</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>91</td>
<td>71</td>
<td>118</td>
<td>39</td>
<td>107</td>
<td>132</td>
<td>106</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>131</td>
<td>147</td>
<td>128</td>
<td>127</td>
<td>125</td>
<td>141</td>
<td>98</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>114</td>
<td>119</td>
<td>101</td>
<td>137</td>
<td>111</td>
<td>126</td>
<td>65</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>68</td>
<td>107</td>
<td>70</td>
<td>83</td>
<td>89</td>
<td>63</td>
<td>50</td>
</tr>
</tbody>
</table>

*Note: Rank among 155 economies in the World*

*Source: LPI 2010, the World Bank*

This section examines the situation of border management currently practiced in the four Central Asian countries concerned, namely Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. The methodologies and procedures adopted by each government agency are described based on available information.

### A Kazakhstan

Since the early 2000s, Kazakhstan has witnessed a rapid growth both in export and import. Its total export increased from less than US$ 10 billion in 2001 to almost US$ 50 billion in 2007, while the import value jumped from about US$ 5 billion in 2000 to more than US$ 30 billion in 2007. Over the past decade, Kazakhstan recorded an increasing surplus in foreign trade (See Figure 2).

### Figure 2: Export and import trends in Kazakhstan, 1995-2007

*Note: Trade value in USD 1,000, Nomenclature HS 1988/92 used*

*Source: UN Comtrade*
Kazakhstan is rich in natural resources, industrial metals and minerals. This is reflected in its export composition that the top export products are mineral fuels, oils & product, iron and steel, copper, inorganic chemical products, ores (See Figure 3). The country has the world’s largest deposits of chromium, vanadium, bismuth and fluorine, and holds significant amounts of iron, chromium, lead, zinc, tungsten, molybdenum, phosphorite, copper, potassium and cadmium. Oil, gas, coal, metals, uranium and other energy related resources are available in large quantities too. The identified stock of natural resources in Kazakhstan is 3.6 billion tons of oil and 1.9 billion cubic meters of natural gas. Kazakhstan occupies the 9th place in the world in coal stocks. The territory of Kazakhstan also has infinite resources of salt and construction materials. The prospected deposits serve a fine basis for the development of mining, coal-mining, metallurgy, oil-and-gas and chemical industries.

![Figure 3: Largest Exports of Kazakhstan, 2000 - 2007](image)

Source: UN Comtrade

Except China, Kazakhstan’s major export destination is European countries such as Italy, Switzerland, Russian Federation and France. Italy kept the biggest export destination in recent years. China overtook France and Russian Federation and became the third export destination. In terms of import, Russian Federation is Kazakhstan’s first import origin. Other important partners in terms of import include China, Germany, United States and Ukraine.

Kazakhstan’s territorial land space is as large as 2,724,900 square kilometers (i.e. 1,052,083 square miles). In terms of size, it is the second largest among the Commonwealth of Independent States (CIS). In terms of its size, Kazakhstan ranks ninth in the world after Russia, China, USA, Argentina, Brazil, Canada, India and Australia. In fact the territory of Kazakhstan exceeds that of the twelve founding members of the European Union (EU). (See Figure 4).
Figure 4: Top Export Destination and Import Origins of Kazakhstan, 2007

Export Destination

- Italy, 16%
- Switzerland, 16%
- China, 12%
- Russian Federation, 10%
- France, 8%
- Other, 38%

Import Origin

- Russian Federation, 35%
- China, 11%
- Germany, 8%
- Ukraine, 5%
- United States, 5%
- Other, 36%

Source: UN Comtrade

It also borders 1,183 miles (1,894 km) of the Caspian Sea and has a total borders of 7,459 miles (12,012 km). The territory of the Republic stretches from the low reaches of the Volga in the West to the foothills of the Altai mountains in the East - for some 3,000 km (a distance that spans two time zones), from West Siberian lowland in the North to the desert of Kyzylkum and the mountain range of Tien Shan in the South for some 2,000 km (See table 4).

Table 4: Borders of Kazakhstan

<table>
<thead>
<tr>
<th>S/N</th>
<th>Countries</th>
<th>Length of Border Shared (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Russia</td>
<td>6,846</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>1,533</td>
</tr>
<tr>
<td>3</td>
<td>Uzbekistan</td>
<td>2,203</td>
</tr>
<tr>
<td>4</td>
<td>Kyrgyzstan</td>
<td>1,051</td>
</tr>
<tr>
<td>5</td>
<td>Turkmenistan</td>
<td>379</td>
</tr>
</tbody>
</table>

Five controlling agencies are involved in border management in the Republic of Kazakhstan. The agencies responsible are namely, the Frontier Service of the National Security Committee, the Customs Control Committee (CCC), the Ministry of Transport and Communication, the Ministry of Health and the Ministry of Agriculture. In carrying out their mission, the agencies stated above are responsible for close cooperation and interaction in customs control, border control, transport control and quarantine control related to sanitary, health, veterinary and phyto-sanitary control. The responsibilities of the agencies are appended in the following.
1. Frontier Service and Border Control

The National Security Committee is directly accountable and responsible to the President of the Republic of Kazakhstan. It is also the organ responsible for coordinating all activities of the other authorities stationed at the border. The border control on movement of people, goods and means of transport is exercised by the Frontier Service of the National Security Committee. The Frontier Service in safeguarding national security of the Republic of Kazakhstan acts in accordance with the legislation to exercise border control measures as follows:

- Inspecting documents to determine the right of movement into and exit from the territory of the Republic of Kazakhstan and for the purpose of establishing the legality of issue of entry and/or exit permits into and out of the Republic of Kazakhstan in respect of the citizens of the Republic of Kazakhstan, foreigners and stateless persons;
- Screening transport vehicles, cargo and goods; and
- Taking military, security, operative and administrative measures in accordance with the legislation of the Republic of Kazakhstan.

All Kazakh and foreign transport vehicles crossing the state border are subject to screening carried out simultaneously with passport control. Examination of vehicles is carried out by the frontier service together with customs officials. It is obligatory for the driver (owner) of the vehicle to be present when the examination takes place.

Kazakhstan is a contracting party to the Convention on the International Transport of Goods under cover of TIR Carnets, 1975 (commonly termed the TIR Convention). Examination of vehicles and sealed trucks traveling under the TIR regime is carried out by the border authorities supported by drug detector dogs and other special equipment. In normal circumstances and under the provision of the TIR Convention, cargo carried in sealed trucks or sealed containers are not required to be opened for physical examination at the border. However, this provision will not apply if infringements (such as defects in the seals attached to the trucks or containers, improper stamp endorsements) are detected or information had been received on the misuse and abuse of the TIR-carnet regime (for example, information on carriage of contraband or hazardous and prohibited materials). Under such circumstances, the authorities are permitted to break the seals of the trucks and the containers and a complete physical examination will be conducted.

2. Customs Control

Customs Services is tasked with the control of persons, goods and means of transport entering/exiting the territory of Kazakhstan in accordance with the Customs Code of the Republic of Kazakhstan and international agreements to which the country is a contracting member.

Upon arrival of transport vehicles at the border control entry points, the Frontier Service issues a ticket (the tickets are set out in duplicates) as a form of their border control system. The ticket is endorsed by the Frontier Service and serves as an approval permitting the entry of the vehicles. The carrier or person responsible for the goods submits the entry ticket and

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3 TIR Convention was concluded under the auspices of the United Nations Economic Commission for Europe (UNECE).
trade supporting documents for goods and transport vehicle to the Customs official. This signals the registration to Customs for undergoing customs control measures at the border. The Customs officials verify the ticket’s compliance with the listing and inventory of the goods presented. The documents are then handed over to officials of other controlling agencies for verification and endorsement.

For those goods and vehicles which are not cleared by Customs at the border entry points, Customs officials endorse the ticket to indicate this. In such instances, the vehicles are required to be presented at an inland clearance point or “dry port”. In the event that infringements of the appropriate legislation pertaining to the means of transport are detected, the officials of the Ministry of Transport notify the Customs Service at the entry point. Similarly notifications by other controlling agencies of breaches of laws and/or arrangements within international agreements and laws are made and appropriately noted on the tickets and the registration book of transport vehicles. After exercising documentary control, Customs officials are required to organize a combined examination of the means of transport and the goods. A report of the combined examination and the results of the examination are made and submitted to the appropriate officials.

The Customs Service embarked on the development of an automated information system for customs clearance in 2000. This resulted in the implementation of the Customs Automated Information Systems (CAIS). The CAIS was in general developed to address the following:

• Automation of processes related to customs control;
• Collection, collation and analysis of information for decision-making;
• Centralized collection of data on external trade operations and production of statistics;
• Support of information interaction among the CIS customs agencies, including regional groupings.

Within the ambit of CAIS, an Automated Control System over Goods Delivery (ACSGD) was developed. The specific features of the ACSGD include computerized system of registration of transport vehicles and automated identification of numbers on the license plates of trucks, their weight and size, electronic sealing and use of safe-packages. ACSGD was designed to reduce time for customs inspection and increase flow capacity at entry points, intensify control and prevent the entry of vehicles exceeding standard size and axis load. The system was also designed to monitor location of transit goods and vehicles using CAIS data. With the use of ACSGD, no customs escort and other forms of customs guarantees are needed. ACSGD system was introduced at entry points of Zhana-Zhol, Korday, Aul, Zhaysan and Karakoga.

Entry points not functioning with the ACSGD system require the application of customs escort. Normally, the measure of customs escort is organized to take place once or twice daily. The customs escort measure thus require the drivers of means of transport and their goods to assemble and await the availability of customs escort even though they had undergone control procedures. The use of the TIR regime, which is envisaged to increase the smooth flow of road transport of goods, is also subject to customs escort.

Priority in customs clearance is accorded to the goods imported into the country for humanitarian purposes in the event of natural disasters or other national calamities. Similar priority is also given to clearance of perishable goods, live animals, radioactive materials, explosives, express goods, humanitarian aid and technical support, information and materials
for the purposes of mass information. Customs clearance is facilitated through submission of applications and supporting documents regarded as temporary customs declaration to the customs body subject to further submission of complete cargo declaration to customs body.

Customs declarations provisionally submitted are required to contain the appropriate information such as data on consigner and consignee, country of origin, country of destination, description, quantity, gross weight and cost of goods etc. The application of the appropriate Customs regime such as the disposal for local sales, customs warehousing, temporary importation and customs transit, is required. The Customs declarant making a provisional declaration is also required to commit on the submission of a full cargo declaration, trade supporting documents and data (if necessary), at a stated time. Complete cargo declaration is required to be submitted to the customs body not later than thirty calendar days from the date of conditional release of goods. Customs declarations which are submitted under the appropriate customs regime subject to payment of customs duties and taxes will require the payment of the duties and taxes before release of the consignment.

As part of a national e-Government programme, Kazakhstan Customs is working to establish a modern system, including the introduction of e-License, e-Customs’ Web-declaration and Single Window (See Box1).

**Box 1: Customs Modernization in Kazakhstan**

With the aim to improve the quality and accessibility of government services, minimise bureaucracy, introduce uniform standards of services and upgrade the effectiveness of administration, in 2005, Kazakhstan launched the e-Government Development Program, which covers a wide range of areas, including the e-Licensing Project. The project which should be accomplished by 2012, will simplify the issue of permits and licences through electronic application via Internet. Being supported by the Kazakhstan Law on Electronic Document and Electronic Digital Signature which ensures the equivalence of electronic digital signature and handwritten signature, it covers 18 government agencies engaged in licensing of 106 types and 213 sub-types of activities. Currently, the e-Licensing Project is at pilot stage.

In 2009, the Kazakhstan Customs initiated the introduction of Single Window system. In cooperation with 20 government agencies, the Customs Control Committee (CCC) is conducting business processes analysis to identify export and import bottlenecks. The CCC will establish the Centre of Operative Management to enable interactive electronic data exchange among the government agencies. The CCC is also required by the Kazakhstan Union of International Trade Participants to modernize e-Customs’ Web-declarant component, so that the import and export goods are declared in an electronic way.

*Source: Sholpan Dossymkhanova (2009), at the Asia-Pacific Trade Facilitation Forum 2009: Setting the Regional Agenda*

3. Veterinary Control

Kazakhstan’s veterinary control measures are based on assessment of risks to human and animal life or health. Products and raw materials of animal origin and food for animals are allowed to be transported by rail from territories not exposed to infectious diseases of animals. The above mentioned goods are transported by rail in accordance with rules of transportation of perishable goods, while the transportation of animals is carried out in
accordance with rules of transportation of animals. The Veterinary Services exercise the responsibility of veterinary control at the border.

Goods subject to veterinary control are received for transportation by rail only if veterinary supporting documents for each wagon/container are available. The documents required include veterinary certificates and veterinary licenses. Goods subject to veterinary control exported from the Republic of Kazakhstan to non-member countries of the CIS, results in veterinary certificates being issued at border veterinary points instead of veterinary license issued at the point of loading. Goods subject to veterinary control imported into the territory of the Republic of Kazakhstan from non-member countries of the CIS, require veterinary licenses issued at border veterinary points regardless of the availability of foreign veterinary certificates. Export and import of goods subject to veterinary control is conducted only through stations which have border veterinary control points. The frontier station initially sighting/clearance of the goods informs the border veterinary point on arrival of such kind of goods.

The consignor of the goods is required to inform the local territorial body of the Veterinary Service of the expected shipment of goods subject to veterinary control not later than 12 hours before moving the shipment of goods. Rail wagons for carrying meat and meat products, products and raw materials of animal origin are subjects to veterinary and sanitary treatment. The category of veterinary and sanitary treatment of wagons is specified by the representative of state veterinary service who issues veterinary requirements for each wagon. Veterinary and sanitary treatment of wagons is carried out at the expense of consignees.

4. Phyto-sanitary Control

Transportation of imported vegetables subject to quarantine is allowed only if phyto-sanitary certificate, issued by a competent public body related to plant quarantine of exporting country, is presented. Transshipment of goods subject to quarantine is allowed only with permission of state inspectors on plant quarantine. If samples of goods subject to quarantine should be selected for examination and laboratory analysis or testing by state inspectors of border points on plant quarantine, the state inspectors are required to prepare a request statement, in duplicate, in the presence of a representative of border transmitting station or the Customs Service. One copy of the request statement is attached to the transmission documents and the other is kept in files of the station where sampling was made.

In the event that other goods have been found to at the entry points to have been contaminated by products subjected to quarantine, the state inspector on plant quarantine establishes, if required, obligatory quarantine measures of the contaminated goods.

Receipt of goods, subject to quarantine, for transportation without transshipment at border transmitting stations at entry points at the state border, is allowed provided that the consignor has quarantine licenses of importing states and a phyto-sanitary certificate issued by the competent authority on plant quarantine at points of shipping in respect of each wagon, container, or each shipment of goods subject to quarantine if there are several shipments in one wagon/container.

When receiving goods subject to quarantine for transportation with transshipment of wagons at border transmitting stations, sea and river ports at entry points at the state border, the consignor is required to produce a quarantine certificate.
If goods subject to quarantine are exported, phyto-sanitary (quarantine) certificates are attached or enclosed by the consignor to the rail bills of lading (B/L) indicating the number and date of their issuance in the column “Documents enclosed by consignor”.

5. Transport Control

Kazakhstan has 88,400km of roads, mainly of Class III standards\(^4\). The volume transported through road is about 6 times more than those by rail. The yearly volume has increased at an average annual growth rate of 8% for the period 2000 to 2007 (See Figure 5 and 6).

![Figure 5: Freight Volume Transported by Road, 2000-2007](image)

Source: Ministry of Transport and Communications

![Figure 6: Cargo Turnover by Road, 2000-2007](image)

Source: Ministry of Transport and Communications

Road plays an important role in the country. The high usage is due to greater flexibility compared to rail transport. Transport control on the entry and exit of vehicles into and from the territory of the Republic of Kazakhstan is based on the provision of an entry/exit permit.

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\(^4\) Roads with two lanes and double bituminous treatment
In respect of transit of foreign vehicles carrying passengers and/or goods through Kazakhstan, the control is also based on the use of a permit or recognized transit documents for the movement of foreign carriers from another country to another passing through or from the territory of Kazakhstan to the territory of third countries.

Foreign transporters in general are required to obtain a permit to gain entry or transit for their vehicles. The permits are usually issued by government agencies based on bilateral agreement which accords reciprocal treatment of number of vehicles entering each other’s territory free of charge. A shortage of permits will result in the foreign transporters purchasing non-reciprocal permits at a substantial cost.

In Kazakhstan, the permissible dimensions for road transportation range from a length of 12 meters onwards, a width of 2.6m and a height of 4 meters. This measurement includes the cargo and the towhead. The highest load allowed is 38 tons. Vehicles require a special permit when transporting oversized cargoes, which by definition is longer, wider or taller than the specifications provided in Tables 5 and 6 (which illustrates the permissible length, weight and height of vehicles). The permit fees depend on distance and the load. In addition to the entry (and transit) fees, additional charges may be levied, for example, for road tax and an excess axle load charge.

<table>
<thead>
<tr>
<th>Table 5: Permissible Dimension Parameters of Transport Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(1)</em> Permissible length of Vehicle Type: Meters</td>
</tr>
<tr>
<td>Truck                                                        12</td>
</tr>
<tr>
<td>Bus                                                          12</td>
</tr>
<tr>
<td>Trailer                                                      12</td>
</tr>
<tr>
<td>Joint transport vehicle                                       20</td>
</tr>
<tr>
<td>Joint bus                                                    18</td>
</tr>
<tr>
<td>Truck and trailer                                            20</td>
</tr>
<tr>
<td><em>(2)</em> Permissible length of Vehicle Type:</td>
</tr>
<tr>
<td>All transport vehicles                                       2.55</td>
</tr>
<tr>
<td>Refrigerated body of transport vehicle                       2.6</td>
</tr>
<tr>
<td><em>(3)</em> Permissible Height of Vehicle Type:</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

Table 6: Permissible Weight of Transport Vehicles

<table>
<thead>
<tr>
<th>(1) Trucks</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four-wheel motor vehicle</td>
<td>18</td>
</tr>
<tr>
<td>Six-wheel motor vehicle</td>
<td>24</td>
</tr>
<tr>
<td>Six-wheel motor vehicle with driving axle consisting of two pairs of wheels and has air or equivalent suspension</td>
<td>25</td>
</tr>
<tr>
<td>Eight-wheel motor vehicle with two driving axles each of which consists of two pairs of wheels and has air or equivalent suspension</td>
<td>32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(2) Motor vehicles that are parts of joint vehicles</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Four-wheel trailer</td>
<td>18</td>
</tr>
<tr>
<td>Six-wheel trailer</td>
<td>24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(3) Joint motor vehicles</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Saddle-type truck and trailer</td>
<td></td>
</tr>
<tr>
<td>Four-wheel tractor with four-wheel semi trailer with distance between axles of semi trailer from 1,3 to 1,8 meters</td>
<td>36</td>
</tr>
<tr>
<td>Four-wheel tractor with four-wheel semi trailer with distance between axles of semi trailer exceeding 1,8 meters (in case this truck and trailer consists of 18 tons truck and 20 tons semi trailer and driving axle consists of coupled wheels and equipped with air or equivalent suspension, permissible weight can be increased by 2 tons)</td>
<td>38</td>
</tr>
<tr>
<td>Four-wheel tractor with six-wheel semi trailer</td>
<td>38</td>
</tr>
<tr>
<td>Six-wheel tractor with four-wheel semi trailer</td>
<td>38</td>
</tr>
<tr>
<td>Six-wheel tractor with six-wheel semi trailer</td>
<td>38</td>
</tr>
<tr>
<td>Truck and trailers with trailers: four-wheel truck with four-wheel trailer</td>
<td>36</td>
</tr>
<tr>
<td>Four-wheel truck with six-wheel trailer</td>
<td>42</td>
</tr>
<tr>
<td>Six-wheel truck with four-wheel trailer</td>
<td>42</td>
</tr>
<tr>
<td>Six-wheel truck with six-wheel trailer</td>
<td>44</td>
</tr>
<tr>
<td>Six-wheel truck with eight-wheel trailer</td>
<td>44</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(4) Buses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Four-wheel</td>
<td>18</td>
</tr>
<tr>
<td>Six-wheel</td>
<td>24</td>
</tr>
<tr>
<td>Six-wheel-hinged</td>
<td>28</td>
</tr>
<tr>
<td>Eight-wheel-hinged</td>
<td>28</td>
</tr>
</tbody>
</table>

*Note: In determining weight and dimension parameters of transport vehicles, permissible errors of measuring equipment must be taken into account. Error is interpreted in favor of a carrier.*
*Source: Resolution of the Government of the Republic of Kazakhstan, N 62 of January 19, 2002, with amendments made on December 12, 2008*
1). Transportation of Goods by Motor Vehicle

Transport control over passage of motor vehicles through the territory of the Republic of Kazakhstan is exercised at entry points at the border points and at posts of transport control in the territory of the Republic of Kazakhstan. The control measures adopted at the border checkpoints is based on examination of:

- Availability of licensing documents for passage of vehicles through the territory of the Republic of Kazakhstan;
- Availability of special permits for movement by motor ways of the Republic of Kazakhstan of lengthy and heavy-laden vehicles;
- Ensuring compliance by the drivers of the vehicle on the use of designated routes established by the authorities for movement of the vehicles;
- Availability of tickets registering entry into the territory of the Republic of Kazakhstan of vehicles registered in states with which license-free system is introduced;
- Availability of tickets issued by the Frontier Service at entry points where the vehicles first entered into the territory of the Republic of Kazakhstan.

Transport control over passage of lengthy and heavy-laden vehicles is carried out through physical examination and determination of the actual weight and length provided under the country’s regulation. Technical aids such as on-site weighing platforms located at border checkpoints and measuring equipment are used.

2). Transportation of Goods by Rail

Kazakhstan railways play an important role in transporting goods over long distances, typically 1,000km or more. The volume using this mode of transport has been growing steadily with an average annual growth rate of over 6%. The country has an approximate rail network of 14,205 km with the bulk of this network being inherited from the former Soviet Union. About 30% of railways (4,143km) are electrified tracks. The country has over 5,000 locomotives and nearly 60,000 rail wagons. The rail transport mode is usually used for movement of heavy machineries and bulky commodities (high volume and low value). In comparison to the Central Asian neighbours, Kazakhstan has superior rail infrastructure. The tracks are better maintained owing to availability of funds.

Transportation of goods by rail entering into, exiting from or on transit through the Republic of Kazakhstan is done in accordance with the legislation of the Republic of Kazakhstan and other international agreements, for example, the TIR Convention.

B Kyrgyzstan

The Kyrgyz Republic adopts an open economy policy and takes an active attitude in promoting trade liberalization. Over the past decade, Kyrgyzstan had a slow but steady growth in export. Significant development took place in import. The import of Kyrgyzstan increased from merely US$ 0.5 billion in 2001 to almost US$ 2.5 billion in 2007. Given the large trade deficit, promoting export became a predominant issue in Kyrgyzstan.

Kyrgyzstan is rich in mineral and hydraulic resources. It has substantial deposits of coal, gold, uranium, antimony and other valuable metals. Metallurgy and agriculture are two most
important sectors in the economy. The major export products in Kyrgyzstan include gold ore, non-metal mineral manufacture, vegetables and fruits, petroleum and products, apparel and clothing (See Figure 8). Fuel, natural gas, iron, machinery and food products are major import goods. (See Figure 7).

**Figure 7: Export and Import Trends in Kyrgyzstan, 1995 - 2007**

![Graph showing export and import trends from 1995 to 2007.](image)

*Note: data from 1997 is not available, Nomenclature SITC 3 used*

**Figure 8: Largest Exports of Kyrgyzstan, 2000 - 2007**

![Bar chart showing the share of total export by type of good from 2000 to 2007.](image)

*Source: UN Comtrade*
In recent years, more than half of Kyrgyzstan’s export went to Russian Federation and Switzerland. Other important export destinations include Kazakhstan, China and Turkey. Russian Federation, China, Kazakhstan are also top three suppliers for Kyrgyzstan, followed by Uzbekistan and United States. There are three neighboring countries, i.e., China, Kazakhstan, Uzbekistan, among Kyrgyzstan’s five top trade partners. This demonstrates that Kyrgyzstan has a close trade relationship with the neighboring countries (See Figure 9).

Figure 9: Top Export Destination and Import Origin of Kyrgyzstan, 2007

Source: UN Comtrade

Kyrgyzstan is a landlocked country located at the west of China and borders with Kazakhstan, Tajikistan and Uzbekistan. The country consists of a number of valleys divided by mountainous ranges, with a majority exceeding 4,000 meters. The Kyrgyz Republic has in total territorial borders of 4,599 km. The territorial length of the border with her neighbours is shown in Table 7 below.

Table 7: Borders of Kyrgyzstan

<table>
<thead>
<tr>
<th>S/N</th>
<th>Countries</th>
<th>Length of Border Shared (km.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kazakhstan</td>
<td>1,228</td>
</tr>
<tr>
<td>2</td>
<td>Tajikistan</td>
<td>991</td>
</tr>
<tr>
<td>3</td>
<td>Uzbekistan</td>
<td>1,308</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>1,072</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>4,599</td>
</tr>
</tbody>
</table>

Source: http://kyrgyzstan.biz.ua/

The Law on State Border of the Kyrgyz Republic was adopted in 1999. It determines the rules for establishing and marking state border line, border procedure, rights and obligations of the state border authorities, etc. Like the institutional framework in Kazakhstan, several similar agencies responsible for border management are located at the borders. Their responsibilities are enumerated below.
1. Border Service

The Border Service of the Kyrgyz Republic formulates and implements the state border policy in the area of border protection and defense. The Border Service is entrusted with the following responsibilities:

- Guarding and protecting the State border of the Kyrgyz Republic, its territorial integrity and economic interests including repelling military incursions into her territory;
- Carrying out border controls at crossing points on the State border of the Kyrgyz Republic such as authorizing entry/exit of persons, goods and vehicles with proper and accepted documentation through the border of the Kyrgyz Republic at designated crossing points;
- Assisting other law enforcement and environmental agencies of the Kyrgyz Republic to maintain security and well being of the community in border regions; and
- Gathering intelligence, conducting counter-intelligence services, investigation and search operations.

The frontier troops conduct border control of the movement of persons, goods and means of transport at designated border crossing points (BCPs) of the Kyrgyz Republic. The Regulation on border crossing points was adopted in a Decree No. 739 of the Government of the Kyrgyz Republic in 2004. The Decree details general provisions on border crossing points, their classification, procedure of establishing, opening and closing of a check-point, activity arrangement, and coordination with other controlling agencies located at the BCP. In accordance with the Regulation, BCPs are established by the Border Service in consultation and agreement with other controlling agencies involved in border management, by taking into account the interests of neighboring states.

2. State Customs Committee

After gaining independence, the Kyrgyz Republic faced challenges to reshape foreign policies, protect national economy and improve fiscal balances. The Customs Service of the Kyrgyz Republic which was established by the Decree of the President of the Kyrgyz Republic of 31 December, 1991 consists of a head office of the State Customs Committee (SCC), 15 customs house, 2 regional customs offices, 38 inland customs clearance points and 50 border crossing customs posts. Some border crossing posts are located in as high as an altitude of 4,200 m.

In April 2004 a new Customs Code was adopted and entered into force on January 1, 2005. The new Code was compliant with WTO requirements and most international standards. The new Code took into consideration the standards provided in the Revised Kyoto Convention (RKC), that is, the “International Convention on Simplification and Harmonization of Customs Procedures”. The Convention was first established in 1974 and revised during the years 1996 to 1999 to take into account key changes in the global environment. The revised version came into force in 2005. The Customs Code of the Kyrgyz Republic included procedures for speeding up customs inspections and creating favorable conditions for legitimate trading.

Based on the Law on Customs Tariff 2008, the following trade regimes and preferences schemes on the collection of import customs duties are applied as follows:
• MFN – most favored nation treatment, granted to the WTO members and states which concluded bilateral agreements with the Kyrgyz Republic on MFN.
• Preferential treatment granted to the states which are signatory to the free trade arrangements (FTAs) such as the members of the CIS, EurAsEC and to least developed countries subject to rules and other provisions contained in the FTAs such as “drop shipment and direct purchase”.

A maximum tariff rate of 35% ad valorem is applied to goods produced in the states which do not enjoy MFN or preferential treatment and to goods upon which the country of origin cannot be determined.

The Customs legislation also provides for facilitation of traders by way of simplified customs procedures. However, this is applied only to “fair business entities” (termed as “authorized persons” in the Revised Kyoto Convention) upon application to the SCC. The selected entities are accorded the privilege of undergoing customs clearance of goods at their warehouses located inland in the territory of the republic and does not have to run the hassle and long wait of clearance at the border crossing points. The goods are delivered under customs escort to their inland destination. The application and grant of this form of clearance is subject to business entities fulfilling such conditions as (a) the business entities have been engaged in foreign economic activity for not less than 3 years; (b) has maintained a clean Customs record and have no Customs or tax violations history; and (c) and have a sound financial accounting in place. The selection of the business entities to be granted simplified customs procedures is decided by a Customs Service commission with representatives drawn from the main departments of the SCC.

The SCC is also responsible for the issue of licenses for the following activities:
• Customs warehouse
• Temporary warehouse
• Customs broker
• Duty free shop
• Customs carrier

The Border Service along with the SCC is responsible for preventing the illegal entry and exit of prohibited items such as arms, ammunition, narcotic drugs and psychotropic substances, radioactive material and weapons of mass destruction. The officials of the Border Service and the Customs Service have not initiated joint examinations of goods and transport vehicles which would eliminate the duplication of functions at the border. It is also noteworthy to mention that training program for border guards on the method of examination of transport vehicles (automobile, aircraft, cargo transport and rail transport) requires the need to take into account special characteristics of different transport vehicles. International development organizations hold such form of training (for example, US Export Control Program) from time to time. At the same time there should be a similar requirement to develop training programs for Customs officers on a regular basis which is currently not in place.

The Kyrgyz Republic and Tajikistan were granted a loan by the Asian Development Bank (ADB) for the development of a unified automated information system (UAIS) for the Customs Service. The loan included a segment for the infrastructure development and modernization of customs posts. The UAIS is envisaged to provide a Customs Single Window system to simplify and harmonize customs processes and the use of electronic processing of documents. The procurement for the development of the system is under
process. Currently there is no electronic declaration system in operation although this is catered for in the Customs Code. Other measures such as provisional or periodic declaration systems are not currently in use although these are contained in the Customs legislation.

3. Ministry of Health

The Department of Sanitary and Epidemiological Control under the Ministry of Health executes control and issues Sanitary and Epidemiological Certificate. The department is responsible for the regulatory procedure of the conduct of sanitary and epidemiological examination of a product to ensure the use of such does not have adverse effect on human health. Import into the territory of Kyrgyz Republic of goods subject to sanitary and epidemiological examination is not allowed unless the Sanitary and Epidemiological Certificate is available.

The Department of Sanitary and Epidemiological Control of Ministry of Health is also responsible for conducting radiation control measures. The list of goods subject to obligatory radiation control is specified in accordance with the regulation on procedure of executing radiation control over goods, cargo and luggage. All food products and food raw materials are subject to satisfying the authorities that they do not exceed radiation control obligations harmful to health.

4. Ministry of Agriculture, Water Resources and Processing Industry

The import of goods subject to quarantine into the territory of the Kyrgyz Republic or the transit of such goods through the territory of the Kyrgyz Republic can be conducted under a mutual recognition arrangement (MRA) with other states. The import is allowed if the phytosanitary certificate, issued by the authorized foreign authorities on plant quarantine of the exporting country, and the import quarantine license are available. The phytosanitary measures of other states are accepted if they correspond to appropriate level of phytosanitary protection applied in the Kyrgyz Republic. By the same token, the export of goods subject to quarantine from the territory of the republic and the quarantine zone is also allowed if local phytosanitary certificate is available. The validity of phytosanitary certificate issued for export of goods subject to quarantine is 15 days from the date of issuance and 7 days in case of transportation within the territory of the republic. In accordance with the legislation, veterinary certificates and licenses are issued by the Department of State Veterinary Service of the Ministry of Agriculture and its branches in regions and towns and frontier veterinary border crossing points.

The frontier veterinary service at border crossing points issue veterinary certificates based on veterinary licenses, which should be obtained by traders prior to the issue of the certificates, and include the following forms:

- Veterinary License Form No. 1 for all species of animals, including birds, fur-producing animals, laboratory, zoo and domestic animals, sea animals, bees, fish, embryo and semen of animals, milts, eggs for incubation,
- Veterinary License Form No. 2 for food and raw materials of animal origin, including meat, meat products, milk and milk products, fish, eggs (food), apiculture products
- Veterinary License Form No. 3 for technical raw and feed, including fell, wool, furs, fluffy hair, feather, endocrine and intestinal inputs, blood, bones, food for animals, apiculture products (excepting honey)
For export of goods subject to quarantine, the importance of obtaining relevant signatures and stamps from the Department of State Veterinary Service and a letter of guarantee on epizootic situation in the region of export or in the country is emphasized.

5. Ministry of Transport and Communications

Transport control is a main concern of border management as a large number of transport vehicles (motor, rail and air transport) cross the state boundaries daily. This poses a potential threat to the national security, including economic security of the state, caused by smuggling, drug trafficking, corruption and ecological disturbance.

The Ministry of Transport and Communications is the central body, regulating road and other transportation activity. The regulation and implementation of transport management and control is carried out by three subsidiary organizations, namely the Kyrgyz Transport Inspectorate (KTI), the Department of International Road Transportation “Kyrgyzintrans” and the Main Road Department (MRD). The Department of Civil Aviation is responsible for civil aviation management.

In accordance with Regulation on State Transport Inspectorate under the Ministry of Transport and Communications, Kyrgyz Transport Inspectorate (KTI) is responsible for the following activities at the border crossing points:

- Check adherence to the schedule of movement of international and local bus routes of international significance;
- Control over maintenance of transport discipline by drivers and carriers, fulfillment of licensing conditions, implementation of contracts on route maintenance and observance of rules of passenger traffic and freight transport;
- Perform inspections in accordance with legislation of the republic;
- Take appropriate measures in respect of drivers of vehicles for freight and passenger transportation

The Department of International Road Transportation “Kyrgyzintrans” undertakes the following activities at the border crossing points:

- Keeps operation records on entry and exit of Kyrgyz and foreign vehicles in/from the territory of the Kyrgyz Republic;
- Ensures observance of legislation of the republic and international agreements related to road transport;
- Check availability of foreign carriers’ licenses for entry, exit and transit passage through the territory of the Kyrgyz Republic.

The Main Road Department (MRD) exercises control over weight and dimensions of transport vehicles crossing the border. In this connection a net of posts for weight control (PWC) were established at border crossing points and equipped with weighing platform machines. In case of overweight, excess of real axial load over accepted road constructions, over dimension of transport vehicle at PWC, foreign carriers are required to pay fees which are posted into the road fund of the republic. The Table 8 illustrates the permissible parameters of trucks in Kyrgyzstan.
In general, transport and transit problems are related to the (a) geographical location of the country, in particular, in a landlocked location and (b) administrative non-tariff barriers (NTBs) at border crossing points for entry into and transit to the third countries.

Table 8: Permissible Parameters of Trucks

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Weights and Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximal length of automobile</td>
<td>12 m</td>
</tr>
<tr>
<td>Maximal length of two-axle vehicle</td>
<td>8 m</td>
</tr>
<tr>
<td>Maximal length of three-axle vehicle</td>
<td>24 m</td>
</tr>
<tr>
<td>Maximal length of four-axle vehicle</td>
<td>32 m</td>
</tr>
<tr>
<td>Maximal height</td>
<td>4 m</td>
</tr>
<tr>
<td>Maximal width</td>
<td>2.55 m</td>
</tr>
<tr>
<td>Maximal axial load</td>
<td>10 tons</td>
</tr>
<tr>
<td>For binary axles, trailers or semi trailers with dual-slope wheels, the sum of axle masses shall not exceed the following allowed parameters with the distance between the axles as follows:</td>
<td></td>
</tr>
<tr>
<td>From 0.5 meter to 1 meter</td>
<td>12.5 ton</td>
</tr>
<tr>
<td>From 1 meter to 1.3 meter</td>
<td>15.0 ton</td>
</tr>
<tr>
<td>From 1.3 meter to 1.8 meter</td>
<td>16.5 ton</td>
</tr>
<tr>
<td>Equal or more than 1.8 meter</td>
<td>18.0 ton</td>
</tr>
</tbody>
</table>

Source: CIS Agreement Concerning Dimensions and Weights of Vehicles Involved in International Road Transportation

The NTBs at the border crossing points, inadequate infrastructure, relatively high tariffs for transportation of goods and poor condition of available motorways result in complication and increased costs towards the use of vehicular and rail transport. Table 9 is an illustration of the economic costs for vehicular transportation departing from Bishkek, the capital of Kazakhstan, to a destination in Tyumen, located in the Russian Federation. The distance between the two cities is about 4,000 km and the laden weight is based on an estimate of 20 to 22 tons. An analysis of the data shows that unofficial charges can comprise one-third of the total cost and have a direct impact on the competitiveness of goods carried by motor transport.
Table 9: Transport and Transit Costs for Export of Onion from Kyrgyzstan to Russia (Chui oblast – Tyumen oblast)

<table>
<thead>
<tr>
<th>Expense item</th>
<th>Cost (USD)</th>
<th>% of Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of delivery</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td>Grant of Permit</td>
<td>50</td>
<td>0.7</td>
</tr>
<tr>
<td>Unofficial charges, including fees at border crossing points</td>
<td>up to 2,000</td>
<td>28.5</td>
</tr>
<tr>
<td>Income of carrier company, including payment for driver and his per diem expenses</td>
<td>3,050</td>
<td>43.5</td>
</tr>
<tr>
<td>Transit costs related to purchase of TIR carnet and license for transit</td>
<td>300</td>
<td>4.3</td>
</tr>
<tr>
<td>Fuel</td>
<td>1,600</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Study on Simplification of Import-Export Operations, GTZ, 2007

The other problems faced by carriers include inadequate equipment at the border crossing points without weighing platform machine, malfunctioning of equipments if these are available and inaccuracy of indicators. For example, only 4 out of 37 border crossing points are equipped with weighing platform equipment. The 4 posts are Ak-Zhol, Torugart, Irkeshtam and Chaldovar. The insufficient provision of technical aids or their lack of maintenance result in time wasted and loss of revenue to the carriers and their clients through congestion and vehicles being held up at the border.

6. State Agency on Environmental Protection and Forestry

In addition to the above-mentioned state organs, another state agency which has some involvement in border management is the State Agency on Environmental Protection and Forestry. One of the main tasks of the agency is “prevention of illegal import, export and transit of ecologically hazardous goods (products), objects of fauna, raw material resources damaging the environment”. The agency normally functions at established posts of ecological control within 50 meters from border crossing points. The officials of the posts collect payment for pollution of atmosphere by foreign vehicles.
Box 2: Trade Facilitation and Border Management Initiatives in Kyrgyzstan

The Government of Kyrgyzstan attaches great attention to trade facilitation. In 2007, Kyrgyzstan adopted the Decree of President (No.464) on Development of State Policy in the Field of Foreign Trade and Measures for Improvement of Export-Import Procedures, which gave political support to trade facilitation reforms. Kyrgyzstan has undertaken the following measures to facilitate trade at the border, as well as behind the border:

1. Simplification of trade procedures and documents
Kyrgyzstan enacted some normative legal acts with the aim to reduce procedures and documents and expedite the issuance of export/import related certificates and permits, such as the Decree of Government on Introduction of Amendments and Supplements to Some Decisions of Government of the Kyrgyz Republic (2008, No.72), Resolution of Presidium of Chamber of Commerce (2008, No. 15).

2. Establish national trade facilitation coordination mechanism to enhance public-private partnership (PPP)
The Government of the Kyrgyz Republic has established in 2008 the National Council on Trade and Transport Facilitation, headed by the Prime Minister. The members are heads of key ministries and agencies involved in trade and transport.

3. Optimization of control procedures and customs clearance at check points
According to the Government Decree on Measures of Streamlining Functions of Check Points through the State Border Assigned for International Automobile, Air and Railroad Communication, and Internal Stationary Posts in Automobile Roads (2007, No. 556), Kyrgyzstan will create the list of check points where a comprehensive primary control should be conducted, and the flow chart of interaction of government controlling bodies (customs, border service, sanitary service, quarantine service, standards and quality service). A Government Decree on Equipping Automobile Check Points with Information and Technical Facilities was also enacted (2007, No.587).

4. Establish “Single Window” environment
In 2008, the Government decided to introduce “Single Window” to boost foreign trade. Currently, Kyrgyzstan is conducting the feasibility study of “Single Window” Project. It’s expected that the launch of Single Window with the integration into customs information systems will take place in 2 years.

5. Implementation of risk management
The Instruction on Application of Special Simplified Procedures of Customs Clearance and Customs Control was endorsed by the ministries and agencies, and will be approved by the Government Resolution. According to the Instruction, simplified customs procedures will be applied in respect of agents of foreign economic activity with the lowest “risk”. The criteria of rating risks are developed by Department of Post Customs Control of SCC.

The introduction of SAD was approved by the SCC Order on Approval of Schedule to Record Declaration Forms Similar to Single Administrative Document (2008, #5-4/380).

Source: Anarkan Rahmanova(2009), at the Asia-Pacific Trade Facilitation Forum 2009: Setting the Regional Agenda
C Tajikistan

The trade volume of Tajikistan is relatively small. Like other Central Asian countries, trade in Tajikistan has experienced a continuous growth over the past decade. Having a similar situation with Kyrgyzstan, Tajikistan had also a large trade deficit, with its import growing faster than export. In 2007, the total import of Tajikistan reached more than US$2 billion, four times of that in the beginning of 2000s, which was below US$0.5 billion. During the same period, the export has doubled and exceeded US$1 billion (See Figure 10).

Figure 10: Export and Import Trends in Tajikistan, 1995 - 2007

Imports play a very important role in Tajikistan economy as most consumer goods and industrial products are imported from other countries. Tajikistan used to be highly dependant on the imports of electricity which represented 20% of the total imports in 1995 and have dropped to below 4% in 2006. The imports of natural gas followed also a decreasing trend while the imports of petroleum products remained more or less stable as well as grain and flour. The non traditional imports comprising of consumer goods rose from US$ 478 million in 1995 to US$ 1.35 billion in 2006, accounting for approximately 80% of the total imports.

Tajikistan has rich hydraulic resources and minerals deposits including gold and silver in its mountainous areas. The intense river network in Tajikistan supplies the Central Asian region with more than 60% of hydro resources. The plains in the south-west part of the country are the main cotton-producing areas. The top export products in Tajikistan are aluminium and articles, cotton, edible fruit and nuts, apparel & clothing (See Figure 11).
Europe is the most important market for Tajikistan’s export products. In recent years, Norway, Russian Federation, Turkey, Italy, Czech Republic, United States have turned into major export destinations. The import goods of Tajikistan mainly come from its surrounding countries such as Russian Federation, China, Kazakhstan, and Azerbaijan. Turkey, Algeria and Iran are also important trade partners (See Figure 12).

**Figure 12: Top Export Destination and Import Origin of Tajikistan, 2007**

Export Destination

- **Norway**, 17%
- Russian Federation, 15%
- Italy, 10%
- Turkey, 13%
- Czech Republic, 7%
- Other, 37%

Import Origin

- **Russian Federation**, 29%
- China, 25%
- Other, 23%
- Turkey, 6%
- Kazakhstan, 14%
- Algeria, 3%

Source: UN Comtrade
Tajikistan is a mountainous country with mountain systems occupying 93% of its territory. In the north is situated the Ferghana Valley, in the south-west and in the central part Turkestan, Zarafshan, Hissar and Alay mountain ridges, in the south-east the Pamir, in the south-eastern part is Vakhs, Hissar and other valleys. The land area of Tajikistan is 143,100 sq km, with the length from west to east 700 km and from north to south 350 km. Having territorial borders of 3,000 km in total, Tajikistan is contiguous with four countries, namely, Afghanistan in the south, China in the east, Kyrgyzstan in the north, Uzbekistan in the north and west. The territorial length of the border with the neighbours is shown in Table 10 below.

Table 10: Borders of Tajikistan

<table>
<thead>
<tr>
<th>S/N</th>
<th>Countries</th>
<th>Length of Border Shared (km.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Afghanistan</td>
<td>1,030</td>
</tr>
<tr>
<td>2</td>
<td>Uzbekistan</td>
<td>910</td>
</tr>
<tr>
<td>3</td>
<td>Kyrgyzstan</td>
<td>630</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>430</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>3,000</td>
</tr>
</tbody>
</table>

The Law on State Border of the Republic of Tajikistan No. 481 adopted on 1 August, 1997 is the basic document, which specifies and secures the legal foundations of fixing, crossing and protecting the state border as well as the mandate of state authorities, local governments, the armed services, other forces and military units with regard to border issues in Tajikistan. Article 11 of this law establishes the procedure of border control (examination of documents for right of entry into the Republic of Tajikistan, examination of transport vehicles with a view to detecting violators of the rules of crossing the state border) and, as regards movement of goods, procedures of customs, sanitary and quarantine, veterinary, phyto-sanitary and other forms of control.

Based on this law, the Ministry of Justice and the Customs Department under the Government of the Republic of Tajikistan (CD, RT) specify content, methods and procedures of exercising control at the border. These are endorsed by relevant state agencies such as the Ministry of Health and other government agencies concerned, to ensure the safety of life and health of human, animals and plants.

1. Border Control

Control at entry points is exercised by the frontier troops of the State Committee for National Security, together with the customs and other authorized state bodies of the Republic of Tajikistan. The control of the border crossing and imposition of border control is laid out and described in the legislation as being “for the purpose of prevention and suppression of violations of the state border regime, frontier regime and regime at entry points at the state border to examine required documents of persons and documents for transport vehicles, conduct inspection of transport vehicles and goods carried by them”.

Application of national legislations on the exercise of frontier control over goods and transport vehicles crossing the state border at entry/exit border points governs the border management of the country. The application of border control is also bound by applicable
requirements and provisions contained in international, inter-governmental, bilateral and multilateral agreements, to which the Republic of Tajikistan is a signatory member.

2. Customs Department under the Government of the Republic of Tajikistan (CD, RT)

The Customs Department underwent several changes since its inception after the independence. From the State Committee of Customs, the Customs Department became one of two agencies, the other being the Tax Department, placed under the Ministry of State Revenue and Duties (MSRD). The MSRD was disbanded in 2007 and the two departments parted ways and became separate entities. In its present form, the organization of Customs is known as the Customs Department under the Government of the Republic of Tajikistan (CD, RT).

As a law enforcement agency, CD, RT undertakes the effective control of imports and exports for the protection of revenue to prevent and suppress evasion of duties and taxes. CD, RT also performs an equally important task of assisting in the promotion of the community’s well-being by preventing the smuggling of controlled, prohibited and restricted goods such as illicit narcotic drugs, firearms, national treasures and strategic goods.

The CD, RT is governed by two legislations namely, the Customs Code and the Law of the Republic of Tajikistan on Customs Tariff. The Customs Code governs the actions required to accomplish the customs clearance process. The Customs Code contains 7 Sections, 62 Clauses and 508 Articles, for example, the Sections of “General Considerations Related to Customs Regimes”, “Customs Broker”, and “Information and Information Technology in Customs Matters”. The Law on Customs Tariff governs the rate of customs duties to which the goods are subjected. The Tax Code of Tajikistan is also applicable to CD, RT in respect of definitions contained therein and actions as are required for excisable goods.

CD, RT is organized with a Central Office and 5 Regional Offices operating in the regions of Dushanbe, Khujand, Khatlon, Badakhshon and Tursunzade. Each Regional Office has within its purview the control of Customs offices and stations (normally inland freight premises) and frontier posts, which are located along the land-locked frontiers and contiguous with the designated entry/exit points of Tajikistan's neighbours, i.e. Uzbekistan, Kyrgyzstan, China and Afghanistan.

Goods crossing through border-posts are directed to Customs clearance offices and stations for examination and clearance. These offices consist of Road, Rail and Air Terminals. All imports and exports are required to be proceeded at the nearest Customs office and stations, or to a site chosen by the importer (or his representative) and with the consent of CD, RT. Customs clearance is not completed at the frontier posts although the CD, RT is represented at the borders. Clearance is normally for the travelers passing through the border checkpoints. Seals are usually placed on the cargo to ensure they are intact when directed to Customs offices and stations. Customs escorts are also used.

The CD, RT was also a beneficiary of the ADB loan for the modernization of the department and the establishment of a Unified Automated Information System (UAIS). To date, there is no progress report available on the progress of the development of the UAIS. However, tenders for the rehabilitation and/or construction of border posts and the purchase of generators to support the inadvertent shortage of electrical power were made. The development of the UAIS will further enhance the modernization of the department.
3. Ministry of Health

The Center of State Sanitary and Epidemiological Control of Ministry of Health of the Republic of Tajikistan exercises control and issues sanitary and epidemiological decisions. This is set down in a document certifying compliance (or indicating non-compliance) with sanitary and hygienic rules pertaining to the environmental health. Such decisions are required for all economic activity, products, works and services, including construction projects.

Imported goods intended for the use and/or consumption are required to be in compliance with sanitary standards and rules established by the Centre. International standards applied for ensuring the safety and health of the community is also similarly adopted by the Centre.

The government also compiles a list of category of goods which may be imported for the first time into the country. Goods contained in the list are subject to state registration prior to their import.

Hazardous materials and goods are not allowed to be imported in the territory of the Republic of Tajikistan if they are prescribed under prohibition laws. If the sanitary and epidemiological control concludes that the importation of goods and materials is likely to constitute a threat possibly leading to the spread of infectious diseases, such goods will not be allowed to be imported. Poisons are also restricted from entry into the country.

4. Ministry of Agriculture

At present, veterinary certificates and veterinary licenses in the Republic of Tajikistan are issued by the State Veterinary Control Service of Ministry of Agriculture of the Republic of Tajikistan and its departments in regions and cities as well as frontier veterinary check points at the border.

Veterinary control over goods subject to such control is exercised in line with the Law of the Republic of Tajikistan on Veterinary Service, the Regulations made on 22 October, 1998 on the procedures related to issuance of supporting documents for goods subject to state veterinary control, and the uniform rules of state veterinary control in international and interstate transportation of livestock goods.

The import, export and transit of animals, products and raw materials of animal origin and other goods and entry of transport vehicles subject to obligatory state veterinary control is allowed provided that the documents required by intergovernmental agreements are available and veterinary requirements are fulfilled. Sales of products and raw materials of animal origin and food for animal are allowed only a veterinary examination has been conducted.

Regional services of veterinary control are established at the state border. The veterinary control service has also established mobile teams which operate for the purpose of preventing entry of harmful and death-threatening diseases carried by animals and humans.

5 State veterinary control – complex of organizational and legal measures aimed at observance of the veterinary legislation by physical and legal persons.
Animals, products of animal origin, finished food products, raw materials of animal origin, animal food and phygenous food, food additives, boles of microorganisms, veterinary medicine and other products controlled by the Veterinary service are allowed to be moved across the customs border of the Republic of Tajikistan only after conducting an obligatory veterinary control. Customs clearance of goods can be performed only after the veterinary control which is exercised by experts of the State Veterinary Control has been undertaken. The workplace for state veterinary control service must also be located in a common customs zone.

The activity of the Service of state inspectorate for phyto-sanitary service and plant quarantine is carried out and regulated by the law of the Republic of Tajikistan on plant quarantine established on May 12, 2001 and the Regulation of the Government of the Republic of Tajikistan of August 1, 2008 No. 372.

Based on the legislation on plant quarantine, import of seeds, plants and phygenous products into the Republic of Tajikistan from foreign states and the CIS states is allowed if the following is available:

- Import quarantine license<sup>6</sup> issued by the Service of state inspectorate for phyto-sanitary service and plant quarantine of Ministry of agriculture of the Republic of Tajikistan;
- Phyto-sanitary certificate<sup>7</sup> issued by the state authority for plant quarantine of an exporting country.

Existing legislation of the Republic of Tajikistan also stipulates that each shipment of exported seeds, plants and phygenous products must be accompanied by phyto-sanitary certificate.

5. Agency on Standardization, Metrology, Certification and Trade Inspection (TAJIKSTANDARD)

The agency of the Republic of Tajikistan responsible for the certification of products in conformity with national standards laid down is entrusted to the Agency on Standardization, Metrology, Certification and Trade inspection (TAJIKSTANDARD). The agency acts according to the Law of the Republic of Tajikistan on Certification of Goods and Services and other normative acts adopted for regulating conformity to established standards.

The procedure of “certification of foodstuffs and other goods imported in the territory of the Republic of Tajikistan and exported from its territory” adopted by the Regulation of the Government of the Republic of Tajikistan of March 16, 1999 No. 97 stipulates that goods imported or exported are subject to obligatory certification. Certification is in the form of the issue of a Certificate of Conformance<sup>8</sup> under commodity nomenclature specified by the Government of the Republic of Tajikistan.

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<sup>6</sup> Import quarantine license – document certifying compliance of products subject to quarantine and imported in the territory of the Republic of Tajikistan with rules and standards of ensuring plant quarantine.

<sup>7</sup> Phyto-sanitary certificate – document certifying compliance of quarantine objects with rules and standards of ensuring plant quarantine.

<sup>8</sup> Certificate of Conformance (hereinafter – certificate) is a document issued in accordance with the rules of certification system to certify compliance of a certified product with requirements stipulated by normative acts.
The Certificate of Conformance is submitted to the Customs together with Cargo Declaration and it is a necessary document to obtain license for import and export of products into and out of the territory of the Republic of Tajikistan.

6. Ministry of Transport and Communications

Based on the legislation of 2006, the Ministry of Transport and Communications exercises the following authority:

- Arranges and exercises the state control over observance of the legislation of the Republic of Tajikistan and international agreements of the Republic of Tajikistan related to transport issues by citizens and organizations engaged in international transportation of goods and passengers at stationary and mobile check points located at entry points at the state border of the Republic of Tajikistan in accordance with the established procedure;
- Establishes operating conditions at entry points of transport vehicles at the state border of the Republic of Tajikistan in the manner stipulated by the Law on State Border of the Republic of Tajikistan;
- Submits proposals with the concurrence of the State Committee for National Security of the Republic of Tajikistan to the Government of the Republic of Tajikistan concerning establishment of entry points of transport vehicles at the state border of the Republic of Tajikistan.

7. Drug Control Agency under the President of the Republic of Tajikistan

Tajikistan is on the frontline of illegal transit and trafficking of narcotic drugs produced within the Golden Crescent, an area which overlaps Iran, Pakistan and Afghanistan. Like her Central Asian neighbours, Tajikistan faces the problem of being used as a transit route for the movement of illicit drugs to Russia and into Europe. Being adjacent to the three countries in the Golden Crescent, Tajikistan plays an important role in the interdiction of illicit drugs transiting and entering the country. The tasks for interdiction and prevention of the illegal entry of illicit drugs are entrusted to the Agency for Drug Control.

The Agency for Drug Control is authorized to fulfill its functions within the zone of frontier and customs control with the concurrence of the State Committee for National Security of the Republic of Tajikistan and the Customs Service under the Government of the Republic of Tajikistan. In addition, Agency for Drug Control has the right to unseal sealed carriages, vehicles, other rooms of transport vehicles and goods carried by them in the presence and with participation of customs officials.

Moreover, the Agency in conjunction and cooperation with the Frontier troops conducts investigation and search activities for the purpose of identification, suppression and disclosure of crimes related to drug smuggling in the frontier regions of the Republic of Tajikistan as well on territory of the neighboring states. It is also tasked with taking measures to carrying out controlled delivery of narcotic drugs within its competence.
Box 3: Single Window Initiative in Tajikistan

The Concept on Establishing Single Window was approved by the Government in 2008 (Decree No. 659). The program of establishing Single Window for export, import and transit in Tajikistan was developed by an interagency working group composed of experts from the Ministry of Economic Development and Trade and the Customs Service.

The objective of establishing Single Window system in Tajikistan is to further unleash export, import and transit potentials and enhance investment competitiveness through simplification and harmonization of trade and customs procedures, and increase of efficiency of regulatory enforcement. Single Window is regarded as an effective way to reduce time and cost for processing documents, increasing transparency and quality of services with support of information and communication technologies.

The implementation of Single Window in Tajikistan will be undertaken in three phases. The Phase I covers a period from 2009 to 2010. The activities include interagency coordination, development and approval of SW organizational structure, preparation of technical specifications, tendering and purchase of hardware and software. The Phase II, from 2010 to 2011, will ensure and monitor the operation of Single Window including the introduction of electronic payment system. The Phase III, from 2012 to 2015, will integrate Tajikistan Single Window system with similar systems in other Central Asian countries, and optimize Single Window functions.

Source: Babadzhanova Nigina (2009), at the Asia-Pacific Trade Facilitation Forum 2009: Setting the Regional Agenda
Uzbekistan is one of the only two double landlocked countries in the world, which are surrounded by other landlocked countries. The export and import goods of Uzbekistan should cross at least two international borders before reaching seaports. This unique geographical location, in addition to various “physical” and “red tape” barriers, makes trade between Uzbekistan and other countries very difficult.

Over the past decade, Uzbekistan has experienced a fluctuation in foreign trade. The import had a small peak in 1996 reaching about US$ 4 billion, followed by a continuous downturn until 2002 at around US$ 2 billion. Afterwards, the import had a swift increase and reached around US$ 6.5 billion in 2007. The evolution of export had the similar track (See Figure 13).

In recent years, over 60% of exports of Uzbekistan consisted of cotton, mineral fuels, oils & product of distill, vehicles, copper and articles, inorganic chemical products. Cotton accounted for the highest share in total exports. But its importance in the exports had a significant decrease from 2000 to 2007 (See Figure 14).
Russian Federation is top trade partner for Uzbekistan, both in export and import. During the period 2005-2007, more than 1/5 of Uzbekistan’s exports were destined towards Russia, and 1/4 of its imports originated from Russia. Other important export destinations included Poland, Turkey, Ukraine, Kazakhstan, China, and Bangladesh. Aside from Russia, Kazakhstan, China, Korea and Germany are also major suppliers of Uzbekistan (See Figure 15).

Figure 15: Top Export Destination and Import Origin of Uzbekistan, 2007

Source: UN Comtrade

Uzbekistan has an area of 447,400 square kilometers and common land frontier of 6,221 km. The country shares borders with five neighbouring states, namely Kazakhstan, Turkmenistan,
Kyrgyzstan, Tajikistan and Afghanistan (See Table 11). There are also three Uzbek enclaves geographically located on the territory of neighboring countries, consisting of two on the territory of Kyrgyzstan and one on the territory of Tajikistan.

Table 11: Borders of Uzbekistan

<table>
<thead>
<tr>
<th>S/N</th>
<th>Countries</th>
<th>Length of Border Shared (km.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Republic of Kazakhstan</td>
<td>2,203</td>
</tr>
<tr>
<td>2</td>
<td>Republic of Tajikistan</td>
<td>1,161</td>
</tr>
<tr>
<td>3</td>
<td>Republic of Kyrgyzstan</td>
<td>1,099</td>
</tr>
<tr>
<td>4</td>
<td>Turkmenistan</td>
<td>1,621</td>
</tr>
<tr>
<td>5</td>
<td>Afghanistan</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td><strong>6,221</strong></td>
</tr>
</tbody>
</table>

The republic was for many centuries a focal point for commerce and trade utilizing the Silk Road. With a young population in excess of 28 million, the country enjoys a vibrant and growing economy. Agriculture forms the most important sector of the economy with other major export earners being trade in gold, natural gas, minerals and fertilizers.

The establishment of and operations at the borders is governed under the Constitution of the Republic of Uzbekistan and other legislation made for that purpose. Uzbekistan acceded to a number of international agreements on border issues. Rules and provisions contained in international agreements take precedence if such rules and provisions are in conflict with national legislation.

The Law on “State Border of the Republic of Uzbekistan” provides the definition of the state border of the Republic of Uzbekistan to be “… line and vertical area, passing by this line, which define limits of the state territory (land, water, subsurface and air space) of the Republic of Uzbekistan”. Establishment and modification of the state border is subject to the approval of the Majilis (Parliament) subject to governing international agreements.

The delineation of state border is fixed in accordance with the Regulation “On Procedure of the Demarcation of the State Border Line with Neighboring States”. This was established by the decision of the Cabinet Council of the Republic of Uzbekistan No. 530 of November 24, 2003 (as amended by paragraph 14 of Attachment to the Regulation of the Cabinet Council of the Republic of Uzbekistan No. 359 of July 26, 2004). Pursuant to the Regulation, the delineation of the state border is fixed based on international agreements and demarcated on the terrain through system of border marks, including primarily the placement of frontier posts and additionally by placement of barbed wires, buoys, leading beacon and other separation tools and construction.

The law also provides for the establishment of “border zone” a territorial divide adjacent to the state border where the border crossing regime is applicable. Border zones can be set up within the territorial limits of a region, city, village, or kishlak (rural settlements) adjacent to the state border. Border zones demarcation includes inland waterways, lakes and islands located within the area of these waters.
Pursuant to Article 21 of the regulations, buffer zones may be established with the territory where grazing and holding of cattle is forbidden. These form a preventive zone serving to protect the country against risk of the spread of hazardous infectious diseases.

The law on state border provides detailed description of powers of Cabinet Council of the Republic of Uzbekistan, Council of National Security, Ministries of Foreign Affairs, Defense, and Internal Affairs, State Customs Committee and agencies performing sanitary and quarantine, veterinary, phyto-sanitary and other kinds of control exercising control at the state border. There is also provision for the powers of local governments and participation of autonomous bodies of citizens, enterprises, agencies and organizations in carrying out guard and defense of the state border.

Border control measures at the crossing points are coordinated under the Committee on Guards of State Border (CGSB), an agency of the Council of National Security (CNS). Detachments of frontier troops under the CGSB police the crossing points. Similar to other border management measures adopted by the other countries, movement of travelers, goods and means of transport are subject to frontier, customs and quarantine controls. Frontier and customs control may be exercised jointly or separately.

The myriad number of agencies present within the border management environment is plagued by a substantial number of subordinate regulations adopted by various agencies which may, from time to time, not have been sanctioned and approved. Such regulations are required to be registered with the Ministry of Justice. Whilst awaiting the sanction and approval, the agencies will use the regulations based on their own numbers and effective dates (contained in their “unapproved” documents). Thus subsequently, the approved regulations may contain different numbers and dates registered and sanctioned by the Ministry of Justice. Instances of applying divergent regulations can arise.

1. Border Control

Application of border control by the CGSB and Customs is governed by the Resolution of the Cabinet Council on “Organization of Border and Customs Control at Crossing Points at the State Border of the Republic of Uzbekistan” No. 268-65 of May 25, 1999 and the Joint Instruction of SCC and NSC No. 0101/063 of June 21, 1999.

The Frontier Troops of the CGSB undertaking the mission of safeguarding national security carries out:

- Inspection of documents with regard to the right to cross the state border;
- Control over individuals who are forbidden to enter or leave the Republic of Uzbekistan;
- Examination of transport vehicles and goods;
- Supervision over transport vehicles and, if required, their convoy;
- Other actions stipulated by the legislation.

The work by the Frontier Troops is carried out by separate units as follows:

- Frontier Detail “SG” (sentry of gate): responsible for control over passage of transport vehicles across the state border and over entry in the crossing point or the

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9 Crossing points mean territory of frontier railway and vehicle stations, sea and river ports, airports and airdromes open for international communications (international flights) and other specially equipped places where border, customs and other kinds of control are exercised and passage of people, transport vehicles, goods and other effects and materials is carried out.
border zone and with assistance of static or portable instruments ensuring radiation control measures are satisfactorily met;

- Frontier Detail “STV” (supervision over transport vehicles): responsible for exercising supervision over transport vehicles and adjacent area;
- Frontier Detail “ETG” (examination of transport vehicles and goods): responsible for examining transport vehicles coming from overseas and goods carried by them;
- Frontier Detail “ID” (inspection of documents): responsible for inspection of validity of documents of persons crossing the state border;
- Frontier Detail “OO” (orderly officer of subdivision of border control).

The Frontier Troops are lawfully permitted to detain offenders for up to 3 hours to draw up a report or up to 3 days if the identity of the offender or the circumstances of his detention requires clarification. The public prosecutor must be informed, in writing, within 24 hours of the detention. An offender without identification documents can be detained up to 10 days with the public prosecutor’s sanction. The Frontier Troops are also permitted to conduct bodily search of the detainee and examine and/or seize his belongings.

2. Customs Control

Customs control is administered by the State Customs Committee (SCC), comprising the Central Office (HQ) and regional departments. Customs posts are maintained at the crossing points and customs offices/stations are also located inland. There are 116 Customs posts and 28 offices. Customs control includes:

- Checking of data and documents;
- Conducting Interviews of business entities;
- Customs clearance;
- Customs identification of transport vehicles and cargo;
- Control over compliance of customs requirements on the passage of materials, products and items of cultural values entering and leaving the country;
- Registration of transport vehicles and cargo being moved across the state border;
- Check of a reporting system and reports of business entities;
- Examination of area, premises and other places where goods or transport vehicles subject to customs control are situated.

Customs control is regulated by the Customs Code adopted on June 18, 1995 (amended in August 20, 2000) and the Law on State Customs Service adopted on August 16, 1995. The Customs Code prescribes the exercise of customs control at the border entry/exit points (crossing points) pertaining to travelers, transport vehicles and goods. The Customs mission is largely to safeguard economic security, ensure compliance with national customs requirements and implement relevant international agreements. In practice, the deluge of substantial subsidiary regulations of orders, instructions, etc form the basis of customs action, which could result in confusions and difficulties for their application.

On-site customs clearance of travelers, goods and means of transport is provided at the checkpoints and offices/stations by officers working in shifts. The customs also carries out joint departmental operations consisting of various units to ensure the integrity of the trade at the borders or in inland locations.
3. Control Procedures for Transport Vehicles and Travelers at Border Crossing Points

The arrival of a transport vehicle at the frontier crossing is required to be presented to the Frontier Detail “SG” (see above section on the border control). The frontier detail “SG” examines and verifies traveler documents of the driver. A report is made to the supervising inspector who directs the “SG” to present the vehicle at a designated control point. Further supervision over the transport vehicle and driver is executed by the frontier detail “ETG”. Border control including the examination by quarantine officials (sanitary and phyto-sanitary, etc) is carried out simultaneously.

Travelers in the vehicles are required to disembark with their luggage at the checkpoint and directed by the frontier detail “SG” to a registration room. In the registration room, the travelers together with their luggage undergo:

- sanitary and phyto-sanitary control,
- passport control of persons,
- customs clearance,
- Veterinary and phyto-sanitary control.

On being cleared for entry, travelers are required to wait for their transport vehicle in a designated place and to re-board their vehicle for onward journey.

If the transport vehicles are carrying goods, customs control clearance is required. The required customs declaration and supporting documents to be submitted to customs officials are required for customs clearance. Customs will examine, and once the legality of the entry of goods identified, will allow the transport vehicle, goods and the driver to enter the country. The vehicle, by following a designated route, moves towards the exit of the crossing point to pick up the travelers. The frontier detail “SG” will subsequently verify the correct number of travelers with the data received by means of communication from the frontier detail “ID”. This concludes the clearance process and the vehicle and travelers are allowed to proceed into the country.

4. Logistics

Although Uzbekistan air and rail transport is considered one of the best in Central Asia, freight logistics remain weak. The road carrier industry is also small. International traffic by road is also lacking owing to high logistics costs. For example, over 88% of domestic passenger and cargo traffic compared with 12% of international traffic is transported by road. Although the road transportation is significant to the neighbouring countries for transit purposes, transporters face a heavy price using this form of transportation. This is exacerbated by the obstacles of delays caused to movement of transport vehicles. The country also mandates customs convoy and escort if vehicles are carrying cargo to a point more than 300 km from the border. Long wait is a result of the assembly of convoys.

The high logistics cost faced by vehicle transporters is illustrated in the Table 12 below. The table is an extract of the “Fees to the Republican Funds under the Ministry of Uzbekistan for Entrance and Transit by Transport Vehicles of Foreign and Neighboring Countries across the Territory of the Republic of Uzbekistan” set down in the Resolution of the President of the Republic of Uzbekistan of 29.12.2008 N ПП-1024.
Table 12: Cost for Entrance and Transit of Vehicles from Neighboring Countries to/through Uzbekistan

<table>
<thead>
<tr>
<th>No.</th>
<th>Fees and charges</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fees for entry of foreign transport vehicles into the territory of the Republic</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>of Uzbekistan and transit, for entry of one road carrier</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Fees for entry and transit from each truck and bus of the Republic of Tajikistan</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>across the territory of the Republic of Uzbekistan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- one truck and bus;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- per each day stay of truck and bus on the territory of the Republic of Uzbekistan</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>more than 8 days;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- for transit passage of trucks and buses across the territory of the Republic</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>of Uzbekistan to third countries (except CIS states)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Fees for entry and exit of trucks of the Republic of Kazakhstan in/out of the</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>territory of the Republic of Uzbekistan, except transit, for entry and exit of one truck</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Fees for entry and transit of trucks and buses of the Kyrgyz Republic across the</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>territory of the Republic of Uzbekistan</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Fees for entry and transit of trucks of the Republic of Turkmenistan across the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>territory of the Republic of Uzbekistan based on kinds of transport vehicles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- trucks with carrying capacity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Up to 10 tons</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>From 10 to 20 tons</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>More than 20 tons</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>- buses with the following number of seats:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>less than 12 seats</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>from 13 to 30 seats</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>more than 30 seats</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>- motorcars following transit</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>- motorcycles following transit</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Attachment N22 to the Resolution of the President of the Republic of Uzbekistan, of 29.12.2008 N ПП-1024

An analysis of the above high rates imposed for entry and transit through the territory of the Republic of Uzbekistan to/from neighbouring countries seem to imply restricting movement and as a result impede development of regional trade. Another form of the effects of high costs also applies to travelers. Travelers from neighbouring countries do not usually cross to the Uzbek border in foreign registered vehicles. By mode of pedestrian movement, the traveler would cross the border and subsequently sought the use of local Uzbek carriers such as taxis and minibuses.
Box 4: Improve Customs Administration and Border Control in Uzbekistan: Issues to Consider

In its report “Uzbekistan: Trade Facilitation and Logistics Development Strategy Report” (2009), the Asian Development Bank (ADB) indicated that Uzbekistan faced a number of challenges in the areas of trade and finance, customs administration and border control, and transport and logistics. In terms of Customs administration and border control, the attention should be paid to the following issues:

a) Lack of transparency and uniformity in the interpretation of customs laws and regulations;
b) Protracted customs examination process;
c) Requirement for customs convoys;
d) Sporadic border closures, and
e) Unsynchronized operating hours in border crossing points.

In this regard, the Report provided the following recommendations in order to improve Customs administration and border control in Uzbekistan:

a) Simplify Customs laws and regulations;
b) Increase transparency in the formulation of rules and regulations, and ensure transparency and uniformity in their enforcement;
c) Promote the harmonization of border crossing procedures;
d) Formulate and implement a customs risk management system;
e) Maximize cooperation among all the agencies involved in border control;
f) Establish joint border crossing facilities with its neighbors;
g) Ensure the consistency of the opening hours of its border crossing points (BCPs) with traffic flows and the synchronization of the same with those of its neighbors’ BCPs;
h) Automate procedures of border control agencies to improve control and facilitate data exchange;
i) Reduce entry burden on importers and exporters;
j) Exchange cross border information with neighboring countries;
k) Institute Single Window processing;
l) Provide the trader with a choice of clearance facilities to clear imported goods;
m) Minimize the required use of convoys; and
n) Create public/private stakeholders groups to facilitate import and export.

Source: ADB (2009), Uzbekistan: Trade Facilitation and Logistics Development Strategy Report
II. BORDER MANAGEMENT IN CENTRAL ASIA: CHALLENGES & PROSPECTS

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

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

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

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

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

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

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

The Central Asian countries, in the main, are characterized by their economic and geographical isolation within Eurasia resulting from their remoteness and difficult access to maritime transportation. Kazakhstan, for example, being the most developed and prosperous of the countries resort to the use of air transportation if necessary, and relatively developed rail system. On the whole, the access to sea transportation far outweighs the use of rail and road (and air transport which caters for high value goods) transportation. The advantages of maritime transportation are the significantly higher freight-load capacity and substantially
lower fuel costs. Uzbekistan, one of the doubly landlocked countries (i.e. a landlocked country surrounded by other landlocked country) is disadvantaged in its reach for access to maritime transport. For the traders in Uzbekistan to have maritime access, their goods are required to transit through at least two countries. Tajikistan, on the other hand, with 93% mountainous regions and only 3% arable, the transport of their goods requires movement in high altitude regions or through neighbouring countries by road and rail. The nature of transportation thus results in substantial costs being incurred.

A Challenges to Trade Facilitation

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

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

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

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

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

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10 Anarkan Rahmanova(2009), at the Asia-Pacific Trade Facilitation Forum 2009: Setting the Regional Agenda
11 This paper takes trade facilitation in its broad sense, so physical infrastructure is included in the discussions.
Improvements are necessary, not least of all, the improvements of border posts, road and rail infrastructures and supply of adequate equipment. However, although physical infrastructures can be taken care of in time, for example the construction of a US-funded bridge at Nizhniy Pyandzri linking Tajikistan to Afghanistan – which also included a modern Customs Border Post, the immediate remedies available include establishing inter-agency coordination. Too often, the simplification and harmonization of customs procedures is isolated from taking fully into account the fulfillment of the mission of the other agencies. Insular improvement of one agency without taking into account the needs of another often lead to in-fighting and misunderstanding and non-cooperation among the agencies. Thus inter-agency collaboration is also required. Both requirements of inter-agency coordination and inter-agency collaboration will foster a need to share and exchange information.

B Inter-agency Coordination and Collaboration

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

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

- Staff members of the permanent representations of firms and companies accredited in Ministry of Foreign Economic Relations;
- Staff members of foreign banks or other financial organizations registered in the Republic of Uzbekistan;
- Staff members of joint ventures and enterprises with 100% of foreign investment, employees of foreign firms registered and accredited in the Republic of Uzbekistan.
Good inter-agency coordination is essential to effective border management. For example, if the frontier and customs services operate at the border crossings on a daily basis (24/7), the other agencies must also do likewise. Lack of such coordination and juxtaposition of working hours will be detrimental and can lead to doling up border clearance and may add substantially to the costs of the importer/exporter.

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

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

**Box 5: Concept of Integrated Border Management (IBM)**

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

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

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


IBM, from the Central Asian countries; standpoint should be looked at currently under a national integration of the various controlling agencies within one country. This can progressively be expanded into an international integration between the neighbouring states (an example is the EU itself). At this juncture, although the four countries are members of
several larger regional arrangements, the expansion into an international integration of the varied border control agencies, with a central single control system is not viable. The state of economic development and progress of each country does not as yet support such an idea. Secondly, the countries still face border conflicts regarding the demarcation of their borders. There are signs that efforts are being made to resolve these issues. Tajikistan and Uzbekistan have taken steps to negotiate the drawing up of “disputed” areas. Thus it does not mean that international integration of border management cannot bear fruit. It will be only a matter of time.

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

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

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

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

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

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

Normally, it is the Customs agency which comes to the forefront as the main agency best positioned to develop integrated procedures for the clearance of goods and people. However, the lead agency may vary with different country in accordance to its specific situation.
A case study regarding the establishment of a national integrated border management (IBM) is illustrated in Box 7 showing the experience in Singapore.

### Box 6: Integrated Border Management in Singapore

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

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

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

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

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

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

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

About 1,000 officers from the Singapore Customs were transferred to the new organization. Singapore Customs retained its Cargo Clearance Systems (CCS) which was used by the ICA.
officers for the border control on goods and means of transport from then on. The CCS also contained Customs decisions for subsequent Customs inspection and examination of incoming/outgoing goods. The ICA officials clearing such cargo would place seals on the containers or trucks and allow their movement inland to authorize Customs clearance points.

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

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

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

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

C Procedures and Documentation for Transportation of Goods Across the Borders

Cumbersome procedures on documentation to be presented to the controlling agencies are one of the impediments towards facilitating trade. An example could be the customs service acting strictly based on their legislation and requirement. The Customs service will not clear, for example, a consignment which requires the production and verification of documents made by another government agency which has no physical presence there. This would require the consignee to obtain the paper document. An alternative could have been to require the consignee to send the document at a stipulated time. In Kyrgyzstan, the State Agency for Environmental Protection and Forestry is responsible for regulating the import and export of ozone-depleting substances and/or products containing ozone-depleting substances. The list of goods subject to import license is large and includes refrigerators; freezing chambers; ice-producing machines; hair dryers; air conditioners and thermal pumps; equipment for liquefaction of air gas; air conditioners for vehicles and trucks; products in
spray cans (perfumery, dyes, etc); fire extinguishers; and organic solvents. The customs clearance officials are required to sign an endorsed license that the product does not contain ozone-depleting substances. To obtain the license, the consignee is forced to leave his goods at the border or at temporary warehouse, travels to Bishkek and receives his license (with a fee being levied) from the controlling agency without physical inspection of the goods. The license will be granted based on the trade supporting documents. The consignee then returns to the border or temporary warehouse to show the license to customs officials. The cargo is then released. Release of the goods subject to the production of the license at a stipulated time could also have been instituted. Alternatively, it could have been possible for the customs to be trained by the controlling agency to identify the fulfillment of the legislative requirement through a study of trade supporting documents.

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

To reduce and harmonize procedures and documents relating to transport of goods across the borders, it’s advisable for Central Asian countries to consider acceding to major international transport facilitation conventions. The following table illustrates the status of Central Asian countries of joining UNECE conventions on border crossing facilitation:
Table 13: Accession to UNECE Transport Agreements/Conventions by Central Asian Countries

<table>
<thead>
<tr>
<th>Agreements/Conventions</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Azerbaijan</td>
</tr>
<tr>
<td>Touring Facilities, 1954</td>
<td>X</td>
</tr>
<tr>
<td>Protocol Touring Facilities, 1954</td>
<td>X</td>
</tr>
<tr>
<td>TIR Convention, 1959</td>
<td>X</td>
</tr>
<tr>
<td>TIR Convention, 1975</td>
<td>X</td>
</tr>
<tr>
<td>Temp. Import. Aircraft &amp; Boats, 1956</td>
<td>X</td>
</tr>
<tr>
<td>Spare Parts Europ Wagons, 1958</td>
<td>X</td>
</tr>
<tr>
<td>Customs Container Convention, 1956</td>
<td>X</td>
</tr>
<tr>
<td>Customs Container Convention, 1972</td>
<td>X</td>
</tr>
<tr>
<td>Customs Treatment Pallets, 1960</td>
<td>X</td>
</tr>
<tr>
<td>Harmoniz. Frontier Controls Goods, 1982</td>
<td>X</td>
</tr>
<tr>
<td>Customs Pool Containers, 1994</td>
<td>X</td>
</tr>
</tbody>
</table>

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

D Transit Cooperation

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

Special permits for transit movement are required. However, the four Central Asian countries are members of the TIR Convention. The majority of transit movement is thus based on the use of the TIR carnets. The use of the TIR carnet is by far more common owing to it being a less costly alternative. For example, a two way TIR carnet in Kazakhstan can be purchased for US$95 from the road transporters’ association, KazATO. KazATO is the de facto
representation of all road transportation companies in Kazakhstan, serving as the National Association for administration of TIR. A non-member of KazATO will need to put a deposit of US$8,000 for a single transport journey across the borders. TIR is generally working smoothly and simplifies cross border movement. However, this does not dismiss the incidents involving unnecessary inspections still occurring in the neighbouring countries and vice versa in Kazakhstan. Such practices which are not in the spirit of the convention only lead to high costs to the trading community.

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

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

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

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12 CAREC is a partnership of eight countries and six multilateral institutions working to promote development through cooperation, leading to accelerated economic growth and poverty reduction. The eight CAREC countries are Afghanistan, Azerbaijan, the People’s Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. The six multilateral partners are the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Islamic Development Bank (IsDB), United Nations Development Programme (UNDP), and the World Bank. ADB serves as the CAREC Secretariat.
Box 7: Transit Cooperation in ASEAN

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

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

With the involvement of some Central Asian countries, the Eurasian Economic Community (EurAsEC) members are developing a Customs Union, which would create a regional transit system and make significant impact on border management in the region.
Box 8: Customs Cooperation under EurAsEC

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

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

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

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

The improvement of border management alone does not lead to enhancing trade facilitation. This has to be accompanied and supplemented by implementing best practices which are consistent with the RKC. Some of the measures have been implemented by the countries concerned. Other measures are listed in the following paragraphs for consideration.

A. Using Single Administrative Document

The promotion of a Single Administrative Document (SAD) for the purposes of submission of a trade declaration document which is applicable to customs and all others controlling agencies. A SAD is a standard format document containing columns for the entry of trade data to service the purposes of all agencies. This negates the requirement to submit different sets of the same data to obtain the approval of different controlling agencies. SAD can be categorized into different sub-sets with each sub-set being used for the application of a different customs regime. SAD contains exhaustive information about goods, way of its transportation, consignor and consignee of goods, banking data and tax data. The Russian Federation introduced single administrative document on 1 January, 2007.

SAD should adopt the format of the UN Lay-Out Key. The SAD will also facilitate the development of the single window and submission of trade data. Each of the data element set down can also be standardized to comply with international standards.

The ASEAN single administrative document (SAD) takes the form of an ASEAN Customs Declaration Document (ACDD). The ACDD adopted the format of the UN Layout Key for Trade Documents and takes into account the WCO guidelines on single window data harmonization. The ACDD was implemented in June 2006 and the document contains 48 data parameters. The majority of ASEAN member states have adopted the ACDD.

As mentioned in the previous chapter, the EurAsEC has decided to adopt the SAD. The SAD of the European Union (EU) will serve as the model for the SAD in the EurAsEC Customs Union.

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13 The EurAsEC includes four SPECA countries, i.e., Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan
Box 9: European Commission Description of the Single Administrative Document (SAD)

The implementation of the single administrative document (SAD) had the following essential characteristics:

1. **To ensure openness in national administrative requirements.** This openness constitutes the basis for any progress and simplification.

2. **Rationalization of and reduction in administrative documentation** (of a statistical, tax, transport, exchange-control, etc. nature) which have resulted from the introduction of the SAD and which, formerly, required the use of different administrative forms, and the limitation of the administrative documents which may be required in support of the SAD. That is why this is not exclusively a customs document but a single administrative document. The only cases where additional or different documents may continue to be required in types of trade for which the SAD applies. That covers in particular:
   - The documents expressly created by EU acts or provided for by such acts or for the implementation of specific regulations, the application of which cannot be implemented solely by the use of the single document. (For example: additional documents intended for the payment of export refunds).
   - The documents required under the terms of international conventions compatible with the treaty (For example: document 302 for the transport of goods for NATO).
   - The documents required from operators to enable them to qualify at their request, for an advantage or specific facility.

3. **To reduce the amount of information and standardize the required data.** The legislation on the SAD establishes, procedure by procedure, the maximum list of information which can be required of operators. In this system, boxes called "optional boxes for the Member States" enable these to collect information from areas which are not yet completely harmonized at EU level. The EU Customs provisions also provide for, procedure by procedure, the minimum list of the boxes which have to be completed.

4. **The harmonization of the data** likely to be transmitted from one Member State to another, together with the establishment of common codes, constitutes a language understandable in all the Member States and avoids linguistic problems for the documents which are drawn up in other countries. The SAD therefore fits within this framework and provides the basis for coordinated development of computerized systems.

B. Establishing Single Window Environment

Customs administrations world-wide are adopting ICT to simplify their procedures and processes and to enhance compliance management. The promotion of ICT is also one of key elements that are contained in the Revised Kyoto Convention (RKC). Use of ICT also promotes consistency and transparency. Among the Central Asia countries, Kazakhstan is by far the most advanced in this field. Uzbekistan Customs also has its own UAIS. The Uzbek government is looking towards adopting a Single Window environment for the trade as well. In a Decision of 20th January 2009, an Inter-Departmental Working Group was established to study and develop the Single Window Concept. The Interdepartmental Working Group is coordinated by the Ministry of External Economic Relations, Investment and Trade with representatives from the Uzbek SCC, the Ministry of Economy, and members of the
Chambers of Commerce, Tax Department and other Ministries concerned in the border management issues. It has also been mentioned that UAIS was also planned for Tajikistan and Kyrgyzstan. But no further progress has been reported.

A single window is a facility that allows government bodies and the private sector players involved in international trade and transport to lodge standardized information and documents with a single entry point to fulfill all trade declaration and regulatory requirements. When information is submitted in electronic form, individual data elements are only submitted once.

The introduction of SEW is also considered a significant factor in the development of an integrated border management arrangement. One of the country which has successfully implemented the SEW is Ghana, a good example for developing and low-income countries to promote trade through trade facilitation measures. The SEW was built based on the Singapore Customs TRADENET system. The experience of Ghana is illustrated below in Box 10.
Box 10: Ghana Customs – Experience on the Implementation of Single Window

The Ghana Community Network (GCNet) was established in November 2000. The Ghana TradeNet and Ghana Customs Management System (GCMS) were rolled out in 2002.

GCNet services include:
- Submission and distribution of Cargo Manifests
- Submission and distribution of Customs Declaration
- Confirmation of duty and tax payments at commercial banks
- Issuing and transfer of Customs release approval
- Provides a Risk Management Module that Effectively Profiles Consignments
- Into Risk categories
- Issuing and Transfer of Delivery orders
- Web Portal with trade-related information, some in real-time
- Direct access to government agencies and ministries

The TradeNet system together with the GCMS was introduced to:
- Facilitate legitimate Trade and Clearance of Goods through Customs in a secured manner
- Enhanced Mobilization of Trade-Related Revenue for Government
- Reduce malpractices Associated with Import and Export Trade
- Reduce Transactions Costs and Delays Trade Operators encounter in clearing consignments from the ports

The systems are used as effective monitoring tools with audit trails to check Customs officers’ performance and Compliance by Declarants. The TradeNet system also provides for building a Transaction Value Database. In addition the Tradenet system facilitates post clearance to account for all consignments and proper closure of transactions. All the Customs regimes are included in the system. The system architecture is shown below.

Electronic data interchange under a single window environment serves the purpose of a single submission of data and Information, a single and synchronous processing of data and information, with a single decision-making for release and clearance of goods. The trading
community benefits from submitting the data once only and receives a decision on the clearance status.

The design of the single window also takes into account the ability to send and receive from abroad using current technology. The architecture of the single window also contains risk management tools which support customs and/or other agencies switch from a total physical examination and controlled system to trade facilitation leading to intervention by exceptions.

C. Priority (Preferred) Traders’ Scheme

Kyrgyzstan has in place a “fair business entity” scheme which provides for the completion of customs control at the traders’ premises or inland authorized place. The consignee does not have to undergo a possibly long wait at the border. Such a scheme is supported under the transitional standard provided in the General Annex of the RKC. The term used in the RKC is “authorized persons”. Other countries which have similar scheme as a form of trade facilitation include Republic of Vietnam, Malaysia, Singapore, Thailand and Australia.

The Australian Customs also apply a scheme known as the Accredited Client Scheme. The Accredited Client Scheme is designed to simplify the reporting requirements for Australian importers and exporters with a history of satisfactory compliance. The Scheme provides benefits for both clients (in terms of business process savings) and Customs (through improved compliance by traders with Government requirements); and cost savings and higher productivity for Customs. Under this arrangement Customs enters into a legally binding contract with the client to provide an alternative import and export cargo reporting system for specified goods. The client agrees to meet specified performance standards and to undertake regular reviews of business processes to demonstrate standards being met. Within ASEAN, the Malaysian Customs refer to their scheme as the Golden Client Scheme whilst the Thai Customs uses the Golden Card System. See Box 10 for the eligibility criteria that are established in Malaysia. A requirement which the Malaysian Customs place on their clients to be eligible for the scheme is that the clients must agree to pay Customs duties and taxes via electronic fund transfers (EFT). (See Box 11)
Box 11: Malaysian Customs Golden Client Scheme

Objective

The objectives of the Customs Golden Client Scheme are:
1.1 To improve the competitiveness of the Malaysian manufacturer and trader.
1.2 To minimize business costs in matters of importation, movement and exportation.
1.3 To facilitate customs procedures and bureaucracy to make it easier, clearer and more transparent.
1.4 To standardize the customs system and procedures by benchmarking against the best in the world.
1.5 To create an environment where movement of goods could be managed faster through minimum documentation process.

Facilities

Facilities that could be expected by the Customs Golden Client are:
2.1 Dealing with the proper Client Manager.
2.2 Clearance of importation, exportation and movement of goods through Green Lane with minimal data.
2.3 Using the Self Accounting System to process the movement of goods to licensed manufacturing warehouse and public and private licensing warehouse.
2.4 Drawback facility is based on Self Accounting with the condition that a periodic auditing mechanism is created.
2.5 Local sale is made using Self System Accounting.
2.6 Submitting complete information on importation, exportation and movement of goods periodically through a consolidated statement according to a definite time frame.
2.7 Allowed deferred payment on duties / taxes within a certain period and using an agreed mode.
2.8 Other facilities which has been approved by the Panel.

Criteria

Company must fulfill the annual sales turnover required, that is:
3.1 Operational Procurement Centres (IPCs) and Regional Distribution Centres (RDCs) that have more than RM50 million annual sales turnover.
3.2 Licensed manufacturing warehouse that achieved a RM25 million annual sales turnover.
3.3 Corporations which are running import/export activities with more than RM50 million annual sales turnover.

This CGC scheme does not include critically listed goods.

Eligibility

4.1 Audited and ratified by the Post Import Division that the company practice an accounting system which follows the generally accepted accounting principles with an audit trail that satisfies the Department’s criterion.
4.2 Signing a Memorandum of Understanding.
4.3 Submitting a General Bond.
4.4 Filtered and certified clean by the Investigation Branch.
4.5 Company is willing to pay taxes / duties via the Electronic Fund Transfer (EFT).

D. Voluntary Disclosure Scheme

To encourage voluntary compliance, several customs administrations have instituted voluntary disclosure schemes which allows for traders to inform customs of errors made
leading to short-payment of duties and taxes. Such a scheme can only be used if customs had not yet instituted any investigations against the traders. The scheme facilitates the traders who may not have to pay any penalties for shortages disclose or may pay a smaller percentage of penalties. An example of the operation of the scheme is shown below in Box 12.

**Box 12: Singapore Customs Voluntary Disclosure Program (VDP)**

Voluntary Disclosure Program is for individuals or companies who voluntarily come forward in good faith to disclose errors and omissions in exchange for reduced or no penalty quantum.

**Eligibility Criteria for VDP Benefits**

- a. Disclosure must be voluntary;
- b. Disclosure must be complete;
- c. Disclosure is made before notice or commencement of audit checks and investigations.

**Process Disclosure Format**

- a. Any written application in form of letter, fax or email OR
- b. VDP form

**Disclosure Period/Volume**

- a. No fixed period/volume.

**Document Submission**

- a. Documents may be required for submission to support the VDP application.

(A public consultation exercise on Singapore Customs’ Voluntary Disclosure Programme (VDP) was held from 17 Mar – 30 Apr 05 to obtain feedback and comments on the approach of the programme.)

The US customs has similar scheme though the term used is “prior disclosure”. The US scheme is shown at Box 13.
Box 13: Extract of US Customs and Border Protection Notes on Prior Disclosure

Who may submit a prior disclosure to U.S. Customs and Border Protection?

Answer: ANY party involved in the business of importing into the United States. This includes, but is not limited to, importers, accounts, Customs brokers, exporters, shippers, foreign suppliers/ manufacturers, etc.

What is a prior disclosure?

Answer: A valid prior disclosure reveals the circumstances of a violation of 19 U.S.C. 1592. This section of law permits U.S. Customs and Border Protection to assess monetary penalties against parties who make material false statements, acts or omissions in connection with their importations. The material false statements, acts or omissions must result from the parties’ negligence, gross negligence or fraudulent conduct. Some typical examples of such violations include undervaluation, misdescription of merchandise, overvaluation, antidumping / countervailing duty order evasion, improper country of origin declarations or markings, or improper claims for preference under a free trade agreement or other duty preference program.

This same section of law (19 U.S.C. 1592) also provides for prior disclosure (19 U.S.C. 1592(c)(4)). Parties are not required to make a prior disclosure. They ELECT to submit the disclosure. If a party elects to make a complete disclosure of such a violation, before or without knowledge of a formal Custom investigation of the violation, the party receives reduced penalties. The penalty is zero if the importations involve unliquidated (i.e., open) Customs entries and no fraud is involved. If the entries are liquidated (i.e., closed or finalized) and no fraud is involved, the penalty is the interest on the loss of duties. If a fraudulent violation is disclosed, the penalty is reduced from the normal assessment of the domestic value of the goods to 1 times the duty loss, or if the violation involves no duty loss, the penalty is reduced to 10 per cent of the dutiable value of the merchandise.

Of course, in all cases involving liquidated entries and duty loss violations, you must tender this duty loss to CBP (see WHEN below regarding the timing of this tender). CBP will notify you later about the validity of your disclosure.

The specific rules governing the prior disclosure provision are set forth in the Customs Regulations at 19 CFR 162.74. These regulatory provisions are provided below for your information. By following these rules carefully, you can avoid common mistakes if you elect to submit a prior disclosure.

E. Use of Risk Management Techniques

The use of risk management techniques is another key element in the RKC. Risk Management System must be realized by all controlling bodies represented at the border: Introduction of Risk Management System facilitates the controlling agencies focus on high-risk goods while providing free movement for low-risk goods.

WCO Framework of Standards to Secure and Facilitate Global Trade (Standard 4) states that “Customs administration must create risk management system to reveal potentially hazardous cargo and automate such system. The system must include mechanism of risk validation and decisions on tracing the cargo as well as determining the most effective methods of work”.
The risk management process is usually based on a cycle which starts with assessing the environment. Risks are then identified, followed by assessment and prioritization, analyzed, determined and strategies developed to tackle the risks. Throughout the process, the monitoring and evaluation takes place. A typical depiction of the risk management process is shown below in Figure below.

**Figure 17: Risk Management Process**

F. Optimization of Documents for Customs Clearance

State bodies of Central Asian states involved in border management have already started the process of optimization of number of documents required during movement of goods and transport vehicles. For example, the Kyrgyz Republic adopted a number of normative and legal acts aimed at simplification and improvement of customs clearance procedures. Other state bodies such as the Ministry of Economic Development and Trade and the Chamber of Commerce and Industry of the republic have done likewise. The reduction of the requirements for documents should also be made known to the trading community.

G. Advance Lodgment of Goods Declaration

The RKC provides for lodging of Customs declarations before the arrival of the goods into the country. Extending this facility to the trade is beneficial to the trade and the controlling agencies. Advance lodgment of declaration allows the revenue due to be collected. For the trader, he avoids delays at the border and can plan his storage without incurring additional costs for unplanned delays for storage space book beforehand. Costs can vary depending on the volume of the goods to be stored.

Advance lodgment of declarations prior to their import is provided in all the countries Customs Codes. However, in practice this does not apply since the clearance officers will require sighting of actual documents including supporting documents. The introduction of electronic processing will likely result in the application of this facility. However, the controlling authorities should consider implementing this facility now.
H. Payment of Customs Fees at Places of Customs Clearance

Payment of customs fees is usually made at places far from border crossing points. Therefore, entrepreneurs are left with little choice but to leave their cargo at the border, pay all relevant fees and return with receipts to customs office where clearance is made. Only then can they have their goods back. This procedure is very burdensome; therefore coordination between customs services and banks receiving payment at places of clearance is of great significance. Many banks in the region have started to use cashless payment, and application of cash dispensers, plastic cards, etc. to pay customs fees at places of customs clearance. These facilities will not only benefit agents of foreign economic activity (FEA) but also promote development of banking sector.

I. Facilities and Equipment at Border Crossing Points

Facilities and equipment at border crossings should be adequately maintained and provided. The lack of basic infrastructure and equipment at border crossing points, including communication infrastructure needs to be addressed. This will support the establishment of an integrated border management environment. Some of the equipment which should be provided includes basic tools for the identification of falsified documents (magnifier, individual U.V lamps and retro-check box). Weigh platform machinery should also be provided at crossing points which impose control on movement of means of transport. For example, it is superfluous to require the imposition of transport control when no equipment is available to satisfy such controls. For example, this applies to two border crossing points, “Ak-Zhol” BCP, and “Torugart” BCP.

Additionally, the facilities at crossings should introduce the red and green channel system for clearance of travelers. The lack of a two-channel clearance facility results in single file queuing system leading to time wasted for travelers who have nothing to declare in the same stream of traffic of persons who have goods to declare.

One of the underlying principles of the WCO Framework of Standards to Secure and Facilitate Global Trade (Standard 3) is application of state-of-the-art technology of examination using non-intrusive x-ray machines to eliminate the need for physical examination. To facilitate clearance, and ensure effective control and smooth flow of goods and vehicles across BCP, customs services must use modern technology to examine goods. These technical tools include large-size X-ray and gamma therapy units as well as radiation detectors. The use of these tools upholds the integrity of the trade and prevents malpractices by smugglers. To assist administrations, the WCO maintains data bank on state-of-the-art technologies and have prepared detailed Guidelines on purchase and exploitation of equipment to scan containers.

J. Implementation of Joint Customs Control

The use of joint customs control (JCC) has been piloted in Central Asian countries, notably between Kazakhstan and Kyrgyz (“Korday”- “Akjol”). JCC provides a practical way to eliminate duplication of controls. One method is to establish a common border post for two countries which straddles the border. Each country will maintain separate office accommodations to house their officers. Examination can still take place at the same time. The approach reduces costs for both countries and the trading community. This approach also
facilitates exchange of trade documentation, reduces submission of fraudulent trade documents and reduces clearance time.

Another approach is the establishment of a common control area where customs clearance will take place. Office accommodations of the officer can be within their own territorial borders. The common control will lie equidistant from each other’s border.

A third form of JCC can be the exchange of officers, each going to the other’s territory to conduct clearance. The offices are again located within their own territories.

JCC is one effective method of Customs control under Single Stop Inspection (SSI) in the Greater Mekong Sector (GMS) Cross Border Transport Agreement (CBTA) Initiative. Currently, several JCCs were established in GMS. One was between Vietnam and Laos PDR (“Lao Bao – Dansavahn). The JCC adopted the establishment of a common control approach. The joint control was carried out in stages, initially starting off with joint Customs inspection and which have expanded to joint Customs and Quarantine processing and clearance and immigration clearance.

The use of JCC is dependent on the agreements that are established. The success of JCC is much dependent on the relationship with the neighbouring countries. The viability of JCCs has been proven in the GMS. The Central Asian countries have also embarked on JCCs with countries outside the region, for example, Kazakhstan and PRC.

**Box 14: Single Stop Inspection (SSI) in GMS**

Single stop inspection is included in the GMS CBTA (Article 4, Annex IV.), Multilateral agreement that covers all aspects of cross border movement of goods, vehicles and people, Makes reference and in conformity with international conventions: Conventions on Road traffic; Road Signs and Signals, TIR; Temporary Importation of Commercial Road Vehicles; Containers; Harmonization of Frontier Control of Goods, Comprises of one framework agreements+20 annexes and protocols

- The objective of SSI is to reduce duplicate inspections by countries sharing a land border
- Single stop inspections are carried out by both customs services at the border on a site that is located in the territory of either country, or straddling the border
- Border processing and inspection is carried out once at the border for imported and exported goods and vehicles.
- Commercial vehicles, drivers and crew undergo export and import processing at the same time, jointly and simultaneously by inspection agencies from both countries.
- Vehicles only stop once at the border

Two basic methods of Customs control under SSI:
1. “Delegated authority/mutual recognition”
   Customs of one country delegates inspection authority to the Customs of another jurisdiction.
2. “Joint Customs control/operating in foreign territory”
   Customs of both jurisdictions carry out joint, simultaneous/ or near simultaneous inspection in the other’s territory.

*Source: Ruth Banomyong (2009), Single Stop Inspection Cooperation in the Greater Mekong Subregion,*
CONCLUSION

The four Central Asian countries have achieved different levels in border management. One common feature is that controlling agencies which can empower others to take on behalf their responsibilities have not done so. This applies to controlling agencies whose responsibilities can be paper-based without physical tests being carried out. Only Kazakhstan is looking towards reducing the number of controlling agencies to be housed at the border checkpoints. This could lead to efficiency and a development of a more effective clearance system.

The establishment of an Integrated Border Management methodology is a good concept which can be applied to the border management of the four countries. The countries are already involved in building up single windows, in particular, the Customs. Capacity building of officers to be empowered to take on additional responsibilities should not pose any obstacle. With a single window system in place, the gathering and analysis of information and intelligence could be speeded up.

The countries should look at implementing some of the measures listed for improving the facilitation of trade. Trade will remain one of the major elements for social and economic development. Potentially, the major transport corridors located within the territories of the four countries will present unique opportunities to be exploited. Thus the objectives of the countries should be to reassess their positions and revise their management approach at the border crossings.

Lastly, the existence of out-dated, ill-equipped facilities and lack of proper technical aids to facilitate examination at the borders should be seriously studied. The inadequacies should be remedied as a matter of priority.