

# Business Process Analysis of Trade Procedures in Selected Central Asian Countries

September 2015



# Business process analysis of trade procedures in selected Central Asian countries

Copyright ©ESCAP and IRTI 2015

All rights reserved

## Disclaimers

All rights reserved. The opinions, figures and estimates set forth in this publication are the responsibility of the authors and should not be considered as reflecting the views of carrying the endorsement of the United Nations or the Islamic Development Bank. Any errors are the responsibility of the authors.

Mention of firms' names and commercial products does not imply the endorsement of the United Nations or the Islamic Development Bank.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or the Islamic Development Bank concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. Where the designation "country" or "area" appears, it covers countries, territories, cities or areas.

References to dollars (\$) are to United States dollars unless otherwise stated.

Bibliographical and other references have, wherever possible, been verified. The United Nations and the Islamic Development Bank bear no responsibility for the availability or functioning of URLs.

All the material in this publication may be freely quoted or reprinted, but acknowledgement is required, and a copy of the publication containing the quotation of reprint should be sent to the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Publications Office.

The use of this publication for any commercial purposes, including resale, is prohibited unless permission is first obtained from ESCAP and the Islamic Development Bank. Requests for permission should state the purpose and the extent of reproduction.

This publication has been issued without formal editing.

## Preface

Countries in Central Asia often face high trade costs due to their lack of territorial access to the sea and remoteness and isolation from world markets. Among other measures which tackle this problem, trade facilitation has become a crucial area of focus for these countries to reduce trade costs and shorten transit time.

The studies included in this report are aimed at analysing “as is” trade processes and procedures in a few selected countries in Central Asia (Kyrgyzstan, Kazakhstan and Azerbaijan), identify the bottlenecks in trade facilitation, and provide recommendations to streamline trade process and procedures. To this end, Business Process Analysis (BPA) of Trade Procedures<sup>1</sup> is the selected tool to support the analysis.

These studies were jointly supported by ESCAP and the Islamic Research and Training Institute, Islamic Development Bank (IRTI-IDB). Both organizations have mandates to work with their member States in Central Asia to reduce trade costs and better integrate those countries within the region and with the global market.

This report is a product of the efforts by ESCAP and IRTI-IDB, together with the participating Governments, national and international experts and the key informants of the study, for the past two years<sup>2</sup>. The project started with two BPA training workshops held in Bishkek, Kyrgyzstan in June and November 2013. Two national consultants from Kyrgyzstan and Kazakhstan undertook the tasks of data collection and drafting study reports in 2014 under the guidance and financial support of ESCAP and IRTI-IDB. The key results were presented and validated at the United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT) Workshop on “Trade Facilitation and Paperless Systems for Agrifood Products”, held in Almaty, Kazakhstan from 4 to 6 May 2015.<sup>3</sup>

It is hoped that the information in this report on trade processes and procedures of the important products in selected Central Asian countries will assist evidence-based policy-making and reforms to further simplify and streamline trade procedures in these countries.

---

<sup>1</sup> More information is available at [http://unnex.unescap.org/tools/business\\_process.asp](http://unnex.unescap.org/tools/business_process.asp).

<sup>2</sup> The report is part of the outputs of a United Nations Development Account project titled “Deepening Regional Connectivity: Strengthening Capacities of Asian Developing Countries to Increase Intra-regional Trade by Implementing Paperless Trade and Transport Facilitation Systems”.

<sup>3</sup> More details are available at [www.unescap.org/events/unnex-workshop-trade-facilitation-and-paperless-systems-agrifood-products](http://www.unescap.org/events/unnex-workshop-trade-facilitation-and-paperless-systems-agrifood-products).



## Executive summary

Most countries in Central Asia face high trade costs due to their lack of territorial access to the sea, remoteness and isolation from world markets and high transit costs. Reducing trade costs and shortening transit time is a fundamental step towards integrating these countries into the global market. While it is well recognized that transport and logistics infrastructure play key roles in this regard, there is a growing consensus that trade facilitation is also crucial to reducing trade costs through streamlining of the trade process.

Moving goods across borders necessitates meeting a vast number of commercial, transport, and regulatory requirements, which typically entail complex procedures and, often, many documents. While most actors and regulators along the international supply chain are aware of the need to streamline import and export procedures, few, if any, have a complete understanding of the entire trade transaction process. This makes it difficult to identify the bottlenecks and prioritize reforms.

Business Process Analysis (BPA) of Trade Procedures, developed under UNNEXt<sup>4</sup>, has proved to be an effective tool for providing a detailed understanding of international trade transactions, and is regarded as the first step that needs to be taken before undertaking other trade facilitation measures.

The BPA methodology is employed to analyse the following trade processes of specific products in Central Asia:<sup>5</sup>

- a) Imports of processed fruits by Kyrgyzstan from Kazakhstan;
- b) Exports of cereal products from Kazakhstan to Azerbaijan;
- c) Imports of fabric by Kyrgyzstan from China.

Each of the three BPA studies in this report assesses and maps the trade processes and procedures, identifies bottlenecks for trade processes and provides recommendations for further streamlining of such processes. The report highlights common bottlenecks and the importance of key trade facilitation measures that are important to trade involving one or more landlocked countries, including mutual recognition of documents, regulations and standards, the elimination of redundant or duplicative processes, electronic data exchange, and the creation or further use of a National Single Window System.

Corresponding to the common bottlenecks identified in each of the studies, a series of common recommendations for improving each process were also identified. First, the countries studied need to work towards: (a) harmonization of regulations and standards, including recognition of common documents between multiple countries or government agencies; (b) the development of unified software among government agencies; (c) the adoption of a Single Window system. Second, technological improvements, such as the establishment of a National Single Window, the development of trade-related software, and use of paperless technologies should be embraced by the countries. Finally, the countries also need to eliminate duplicative and redundant processes through the pooling of certain steps in one location or through the elimination of such steps altogether.

---

<sup>4</sup> More information is available at [http://unnex.unescap.org/tools/business\\_process.asp](http://unnex.unescap.org/tools/business_process.asp).

<sup>5</sup> China is included in the study mainly because it is one of the key trading partners of Kyrgyzstan.

This report concludes that, in the long term, each of the countries studied needs to be in the driving seat for monitoring trade facilitation performance. As a fundamental step, every country needs to establish a continuous, affordable and sustainable monitoring mechanism. In this regard, the countries may take advantage of the existing work carried out by ESCAP and ADB on a sustainable and integrated approach to monitoring trade facilitation.<sup>6</sup>

---

<sup>6</sup> [www.unescap.org/resources/towards-national-integrated-and-sustainable-trade-and-transport-facilitation-monitoring](http://www.unescap.org/resources/towards-national-integrated-and-sustainable-trade-and-transport-facilitation-monitoring).

## Acknowledgements

The underlying project of the report was jointly supported by ESCAP and IRTI-IDB. The ESCAP team was led by Tengfei Wang, Economic Affairs Officer, under the guidance of Yann Duval, Chief, Trade Facilitation Unit, Trade and Investment Division. John Teems, Gyubeen Gwon, Dimitra Tsoulou Malakoudi, Nucharat Tuntiwigit, Faraz Mahmood and Anna Ivanova provided useful inputs to the report.

The IRTI-IDB team was led by Abdelkader Chachi, Senior Training Specialist and Economist Researcher. Mahmoud Sami Nabi and Salim Refas, both former IDB staff members, together with Ayhan Karaca of ITFC-IDB, contributed substantially to the report.

National consultants Yelena Vassilevskaya from Kazakhstan and Urmat Takirov from Kyrgyzstan conducted interviews with the key stakeholders and informants, collected data, carried out research and provided substantive inputs to the report (especially chapters I, II and III). The outcome of the report was presented and validated at the “UNNExT workshop on Trade Facilitation and Paperless Systems for Agrifood Products” held in Almaty, Kazakhstan from 4 to 6 May 2015.<sup>7</sup> The critical reviews and comments from the participants of the workshop need to be acknowledged.

Tengfei Wang and Abdelkader Chachi finalized the study report.

---

<sup>7</sup> More details are available at [www.unescap.org/events/unnext-workshop-trade-facilitation-and-paperless-systems-agrifood-products](http://www.unescap.org/events/unnext-workshop-trade-facilitation-and-paperless-systems-agrifood-products).

## Contents

PREFACE.....	III
EXECUTIVE SUMMARY .....	IV
ACKNOWLEDGEMENTS.....	VI
BOXES .....	IX
FIGURES .....	IX
TABLES.....	X
ABBREVIATIONS .....	XI
<b>1. INTRODUCTION .....</b>	<b>1</b>
1.1 Background and objective .....	1
1.2 Methodology: Business Process Analysis .....	3
1.3 Scope of the studies .....	5
1.4 Structure of the Report .....	5
<b>2. TRADE PROCESS ANALYSIS OF PROCESSED FRUITS EXPORTED FROM KYRGYZSTAN TO KAZAKHSTAN.....</b>	<b>7</b>
2.1 Overview of the Supply Chain .....	7
2.2 Use-Case Diagram.....	8
2.3 Activity Diagrams.....	10
Process area 1: Buy .....	10
1.1 Conclude sales contract and trade terms .....	10
Process area 2: Ship .....	12
2.1 Apply for Sanitary and Epidemiological Conclusion.....	12
2.2 Apply for Certificate of Conformity (voluntary).....	15
2.3 Registration of Declaration of Conformity.....	17
2.4 Apply for Certificate of Origin.....	21
2.5 Arrange transport .....	23
2.6 Pass phytosanitary inspection of vehicle .....	25
2.7 Apply for export customs declaration and clearance .....	27
2.8 Pass border-crossing control .....	29
2.9 Preliminary custom information .....	30
2.10 Border- crossing procedures.....	32
2.11 Payment of customs fees and taxes .....	36
2.12 Import Customs Clearance .....	38
Process area 3: Pay .....	40
3.1 Payment order .....	40
2.4 Time-Procedure Chart and Cost-Procedure Chart.....	42
2.5 Diagnosis of bottlenecks and recommendations for streamlining trade processes .....	44
2.6 Summary.....	51
<b>3. TRADE PROCESS ANALYSIS OF CEREAL PRODUCTS FROM KAZAKHSTAN TO AZERBAIJAN .....</b>	<b>53</b>
3.1 Overview of the Supply Chain .....	53
3.2 Use-Case Diagram.....	55
3.3 Activity Diagrams.....	56
Scope of business process 1: Buy.....	56
1.1 Contract conclusion .....	56
Scope of business process 2: Ship .....	57
2.1 Obtain import permit in Azerbaijan.....	57
2.2 Obtain a phytosanitary certificate .....	59
2.3 Confirmation of compliance with obligations to supply grain to the state resources.....	61

2.4 Obtain Certificate of Conformity .....	63
2.5 Arrange transport .....	66
2.6 Loading of rail car and customs clearance formalities.....	69
2.7 Cross border-crossing to enter Russia .....	71
2.8 Cross border-crossing to enter Azerbaijan .....	73
2.9 Unloading cargo and customs declaration .....	75
Scope of business process 3: Pay .....	77
3.1 Establish payment guarantee .....	77
3.2 Claim payment for goods.....	79
3.4 Time-Procedure Chart and Cost-Procedure Chart.....	81
3.5 Diagnosis of bottlenecks and recommendations for streamlining trade processes .....	82
3.6 Summary.....	88
<b>4. TRADE PROCESS ANALYSIS OF FABRIC PRODUCT FROM CHINA TO KYRGYZSTAN .....</b>	<b>89</b>
4.1 Overview of the Supply Chain .....	89
4.2 Use-Case Diagram.....	90
4.3 Activity Diagrams.....	91
The Buy process .....	91
1.1 Place an order and agree the terms of manufacturing.....	91
The Ship process .....	93
2.1 Organize transport from Southern China to Urumqi and Tuopa Daoban .....	93
2.2 Organize transport from Urumqi to Tuopa Daoban .....	95
2.3 Obtain a permit for vehicle to carry out international transport .....	96
2.4 Pass weight control at the terminal of the State Customs Service of Kyrgyzstan in Naryn .....	97
2.5 Pass the border control checkpoint (BCC) Torugart to China .....	99
2.6 Pass the border control checkpoint of China (Torugart) .....	101
2.7 Pass quarantine, weight and passport controls at the entrance into Tuopa Daoban .....	102
2.8 Conduct customs clearance and control in Tuopa.....	104
2.9 Pass passport control and make payment for road use .....	105
2.10 Pass the border control checkpoint in China (Torugart).....	106
2.11 Pass the border control checkpoint in Torugart .....	107
2.12 Pass phytosanitary and customs controls.....	109
2.13 Conduct axial weight control in At-Bashi.....	110
2.14 Conduct registration at the customs terminal in Naryn .....	112
2.15 Conduct axial weight control in Kemin .....	113
2.16 Conduct the registration of goods which arrived at the Bishkek customs clearance place .....	115
2.17 Prepare for customs declaration .....	117
2.18 Conduct conditional release of goods .....	118
2.19 Make payment for transport services and obtain goods.....	121
2.20 Conduct Sanitary and Epidemiological Inspection Controls .....	123
2.21 Apply for complete customs clearance.....	125
The Pay process.....	127
3.1 Make payment to purchase the order .....	127
4.4 Time-Procedure Chart and Cost-Procedure Chart.....	128
4.5 Diagnosis of bottlenecks and recommendations for streamlining trade processes .....	130
4.6 Summary.....	139
<b>5. CONCLUSION .....</b>	<b>140</b>
5.1 Key findings from the existing studies.....	140
5.2 An international comparison .....	141
5.3 Limitations and way forward.....	142



## Boxes

Box 1. 1 An International Supply Chain Model .....	6
Box 5. 1 Towards a national integrated and sustainable Trade and Transport Facilitation Monitoring Mechanism. .....	144

## Figures

Figure 1. 1 Step-by-step approach for implementing trade facilitation measures .....	3
Figure 1. 2 Examples of Use Case and Activity Diagrams .....	4
Figure 2. 1 Main delivery routes of fruits from Kyrgyzstan to Kazakhstan .....	7
Figure 2. 2 Use-Case Diagram of Export Processed Fruit from Kyrgyzstan to Kazakhstan .....	9
Figure 2. 3 Activity Diagram of Business Process 1.1 “Conclude sales contract and trade terms” .....	10
Figure 2. 4 Activity diagram of trade procedure 2.1 “Apply for Sanitary and Epidemiological Conclusion” .....	12
Figure 2. 5 Activity diagram of trade procedure 2.2 “Apply for Certificate of Conformity (voluntary)” .....	15
Figure 2. 6 Activity diagram of trade procedure 2.3 “Registration of Declaration of Conformity” .....	18
Figure 2. 7 Activity diagram of trade procedure 2.4 “Apply for Certificate of Origin” .....	21
Figure 2. 8 Activity diagram of trade procedure 2.5 “Arrange transport” .....	23
Figure 2. 9 Activity diagram of trade procedure 2.6 “Pass phytosanitary inspection of vehicle” .....	25
Figure 2. 10 Activity diagram of trade procedure 2.7 “Apply for export customs declaration and clearance” .....	27
Figure 2. 11 Activity diagram of trade procedure 2.8 “Pass border-crossing control” .....	29
Figure 2. 12 Activity diagram of trade procedure 2.8 “Preliminary customs information” .....	30
Figure 2. 13 Activity diagram of trade procedure 2.10 “Border-crossing procedures” .....	33
Figure 2. 14 Activity diagram of trade procedure 2.11. “Payment of customs fees and taxes” .....	36
Figure 2. 15 Activity diagram of trade procedure 2.12 “Import Customs Clearance” .....	38
Figure 2. 16 Activity diagram of trade procedure 2.12 “Payment order” .....	41
Figure 2. 17 Time-procedure chart for export of processed fruits from Kyrgyzstan to Kazakhstan .....	43
Figure 2. 18 Cost-procedure chart for export of processed fruits from Kyrgyzstan to Kazakhstan .....	43
Figure 2. 19 Proposal to remove regulatory obstacles to exporters of processed fruits .....	51
Figure 3. 1 Main delivery routes of export of cereal from Kazakhstan to Azerbaijan .....	54
Figure 3. 2 Use case diagram of cereal products export .....	55
Figure 3. 3 Activity diagram “Conclude sales contract and trade terms” .....	56
Figure 3. 4 Activity diagram “Obtain import permit in Azerbaijan” .....	58
Figure 3. 5 Activity diagram “Obtain a phytosanitary certificate in Azerbaijan” .....	60
Figure 3. 6 Activity diagram “Confirmation of compliance with obligations to supply grain to the state resources” .....	62
Figure 3. 7 Activity diagram “Obtain Certificate of Conformity” .....	64
Figure 3. 8 Activity diagram “Arrange transport” .....	67
Figure 3. 9 Activity diagram “Loading of rail car and customs clearance formalities” .....	70
Figure 3. 10 Activity diagram “Cross border-crossing to enter Russia” .....	71
Figure 3. 11 Activity diagram “Cross border-crossing to enter Azerbaijan” .....	73
Figure 3. 12 Activity diagram “Unloading cargo and Customs declaration” .....	75
Figure 3. 13 Activity diagram “Establish payment guarantee” .....	77
Figure 3. 14 Activity diagram “Claim payment for goods” .....	79
Figure 3. 15 Time-procedure chart for cereal export from Kazakhstan to Azerbaijan .....	81

Figure 3. 16 Cost-procedure chart for cereal export from Kazakhstan to Azerbaijan .....	82
Figure 4. 1 Use case diagram– import of fabric from China to Kyrgyzstan .....	90
Figure 4. 2 Diagram of Business Process 1.1. “Place an order and agree the terms of manufacturing” .....	91
Figure 4. 3 Diagram of Business Process 2.1. “Arrange transport from Southern China to Urumqi” .....	93
Figure 4. 4 Diagram of Business Process 2.2. “Arrange transport from Urumqi to Tuopa Daoban” .....	95
Figure 4. 5 Diagram of Business Process 2.3. “Obtain a permit for vehicle to carry out international transport” .....	96
Figure 4. 6 Diagram of Business Process 2.4 “Pass weight control at the terminal of the State Customs Service of Kyrgyzstan in Naryn” .....	97
Figure 4. 7 Diagram of Business Process 2.5. “Pass the border control checkpoint Torugart to China” .....	99
Figure 4. 8 Diagram of Business Process 2.6. “Pass the border control checkpoint of China (Torugart)” .....	101
Figure 4. 9 Diagram of Business Process 2.7. “Pass quarantine, transport and passport controls at the entrance into Tuopa Daoban” .....	102
Figure 4. 10 Diagram of Business Process 2.8. “Conduct customs clearance and control in Tuopa” .....	104
Figure 4. 11 Diagram of Business Process 2.9. “Pass the passport control and make payment for road use” .....	105
Figure 4. 12 Diagram of Business Process 2.10. “Pass the border control checkpoint in China (Torugart)” .....	106
Figure 4. 13 Diagram of Business Process 2.11. “Pass the border control checkpoint in Torugart” .....	107
Figure 4. 14 Diagram of Business Process 2.12. “Pass phytosanitary and customs controls” .....	109
Figure 4. 15 Diagram of Business Process 2.13. “Conduct axial weight control in At-Bashi” .....	110
Figure 4. 16 Diagram of Business Process 2.14. “Conduct registration at the customs terminal in Naryn” .....	112
Figure 4. 17 Diagram of Business Process 2.15. “Conduct axial weight control in Kemin” .....	113
Figure 4. 18 Diagram of Business Process 2.16. “Conduct the registration of goods which arrived at the Bishkek customs clearance place” .....	115
Figure 4. 19 Diagram of Business Process 2.17. “Prepare for customs declaration” .....	117
Figure 4. 20 Diagram of Business Process 2.18. “Conduct conditional release of goods” .....	118
Figure 4. 21 Diagram of Business Process 2.19 “Make payment for transport services and obtain goods” .....	121
Figure 4. 22 Diagram of Business Process 2.20. “Conduct Sanitary and Epidemiological Inspection Controls” .....	123
Figure 4. 23 Diagram of Business Process 2.21 “Apply for complete customs clearance” .....	125
Figure 4. 24 Diagram of Business Process 3.1. “Make payment to purchase the order” .....	127
Figure 4. 25 Time-procedure chart for synthetic fabric export from China to Kyrgyzstan .....	128
Figure 4. 26 Cost-procedure chart for synthetic fabric export from China to Kyrgyzstan .....	129

## Tables

Table 1. 1 Intra- and extra-regional comprehensive trade costs in the Asia-Pacific region .....	2
Table 2. 1 Summary of bottlenecks for processed fruits export supply chain .....	44
Table 2. 2 Action Plan for simplification trade processes for processed fruits export from Kyrgyzstan to Kazakhstan .....	49
Table 3. 1 Time and cost estimates for carriage of goods from Kazakhstan to Azerbaijan .....	66
Table 3. 2 Diagnosis of bottlenecks and recommendations for streamlining trade processes .....	83
Table 4. 1 Summary of bottlenecks of the fabric product import supply chain .....	130
Table 4. 2 Action Plan for the simplification of import trade processes .....	135
Table 5. 1 Actors, time, costs and documents involved in trade process .....	142

## Abbreviations

AR	Azerbaijan Democratic Republic
BCC	Border Crossing Checkpoint
BPA	Business Process Analysis
CCC	Customs Control Committee of the Republic of Kazakhstan
CCD	Cargo Customs Declaration
CIF	Cost, Insurance, Freight
CIS	Common wealth of Independent States
CU	Customs Union of Belarus, Kazakhstan and Russia
DAT	Delivered At Terminal (Incoterms – 2010)
DCD	Delivery Control Document
FOB	Free on the Board
GDP	Gross Domestic Product
IDB	Islamic Development Bank
IRTI	Islamic Research and Training Institute
ITFC	Interantional Islamic Trade Finance Corporation
KAZMEMST	The Committee of Technical Regulation and Metrology of the Ministry of Industry and Trade of the Republic of Kazakhstan
KR	Kyrgyz Republic
MA	Ministry of Agriculture of the Republic of Kazakhstan
MPH	The Ministry Public Heals of Republic of Kazakhstan
MTC	Ministry of Transport and Communications of the Republic of Kazakhstan
RK	Republic of Kazakhstan
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
WTO	World Trade Organization
USD	United States Dollar

### Currencies and exchange rates used in this report:

AZN	Azerbaijani Manat
KGS	Kyrgyzstani Som
KZT	Kazakhstani Tenge

1 USD = 181,2 KZT

1 AZN = 231 KZT

1 USD = 53.9 KGS

1 USD = 6.075 CNY

## 1. Introduction

### 1.1 Background and objective

It is clearly understood that the reduction of trade costs is essential to enabling economies to effectively participate in regional and global value chains as well as continue to use trade as a main engine of growth and sustainable development. According to the latest data from the ESCAP-World Bank International Trade Cost Database, the overall cost of trading goods among the three largest European Union economies is equivalent to a 43 per cent average tariff on the value of goods traded (table 1.1). China, the Republic of Korea and Japan (East Asia-3) come closest to matching the low intra-European Union trade costs, with average trade costs among themselves amounting to a 51 per cent tariff-equivalent, followed by the middle-income members of the Association of Southeast Asian Nations (ASEAN), whose intra-regional trade costs stand at 76 per cent tariff-equivalent. The intra-regional trade costs of the four countries included in this study (Kyrgyzstan, Kazakhstan, Azerbaijan and China) amount to 120 per cent tariff-equivalent, higher than the selected countries in other sub-regions in Asia except the Pacific island developing economies.

Recent studies suggest that much of the trade cost reductions achieved during the past decade have been through the elimination or lowering of tariffs.<sup>8</sup> Therefore, further trade cost reductions will have to come from not only tackling non-tariff sources of trade costs, such as inefficient transport and logistics infrastructure and services, but also cumbersome regulatory procedures and documentation. Indeed, trade facilitation i.e. the simplification and harmonization of import, export and transit procedures that include paperless trade (the use and exchange of electronic data and documents to support the trade transaction process), has taken on increasing importance. This fact is evidenced by the successful conclusion of the negotiations on a WTO Trade Facilitation Agreement in December 2013 as well as the progress made at ESCAP on developing a complementary regional arrangement for the facilitation of cross-border paperless trade since 2012.

Trade facilitation has become a crucial area of focus for countries seeking continuous growth and development through trade. During the past two decades, import tariffs have decreased significantly while non-tariff measures aimed at further reducing international trade costs have gained more importance in promoting trade across countries.

Moving goods across borders requires meeting a vast number of commercial, transport, and regulatory requirements, which typically entail complex procedures and often a large number of documents. While most actors and regulators along the international supply chain are aware of the need to streamline import and export procedures, few (if any) have a complete understanding of the entire trade transaction process, making it difficult to identify the bottlenecks and prioritize reforms.

---

<sup>8</sup> For example, see ESCAP, 2011, Asia-Pacific Trade and Investment Report 2011.

**Table 1. 1: Intra- and extra-regional comprehensive trade costs in the Asia-Pacific region  
(excluding tariff costs), 2008-2013**

(Unit: Per cent)

	ASEAN-4	East Asia-3	North and Central Asia 3 + China	Developing Pacific Economies	SAARC-4	AUS-NZL	EU-3
<b>ASEAN-4</b>	76 (8.7)	75 (5.3)	365 (19.4)	175 (-11.5)	128 (1.8)	101 (3.9)	108 (1.9)
<b>East Asia-3</b>	75 (5.3)	51 (-4.8)	198 (-3.8)	174 (-8.5)	125 (-0.3)	89 (-3.3)	85 (-3.9)
<b>Central Asia 3 + China</b>	365 (19.4)	198 (-3.8)	120 (1.3)	167 (-13.2)	248 (-7.6)	289 (-9.7)	146 (-8.3)
<b>Pacific Islands Developing economies</b>	175 (-11.5)	174 (-8.5)	167 (-13.2)	133 (-10.0)	317 (1.7)	73 (-21.5)	211 (-6.2)
<b>SAARC-4</b>	128 (1.8)	125 (-0.3)	248 (-7.6)	317 (1.7)	114 (9.7)	142 (-1.5)	114 (2.8)
<b>AUS-NZL</b>	101 (3.9)	89 (-3.3)	289 (-9.7)	73 (-21.5)	142 (-1.5)	54 (0.7)	109 (0.1)
<b>European Union-3</b>	108 (1.9)	85 (-3.9)	146 (-8.3)	211 (-6.2)	114 (2.8)	109 (0.1)	43 (-4.2)
<b>United States of America</b>	85 (11.2)	63 (-0.3)	180 (10.1)	163 (-10.5)	109 (5.7)	100 (4.5)	67 (0.1)

Source: ESCAP-World Bank Trade Cost Database (June 2015 update). Available at: [www.unescap.org/tid/artnet/trade-costs.asp](http://www.unescap.org/tid/artnet/trade-costs.asp).

Notes: Trade costs may be interpreted as tariff equivalents. Percentage changes in trade costs between 2002-2007 and 2008-2013 are given in parentheses. ASEAN-4: Indonesia, Malaysia, Philippines and Thailand; East Asia-3: China, Japan and Republic of Korea; North and Central Asia-4: Georgia, Kazakhstan, Kyrgyzstan and Russian Federation; Pacific islands-2: Fiji and Papua New Guinea; SAARC-4: Bangladesh, India, Pakistan and Sri Lanka; AU-NZ: Australia and New-Zealand; EU-3: Germany, France and United Kingdom; US: United States of America.

Business Process Analysis (BPA) of Trade Procedures, developed by UNNExT<sup>9</sup> has proved to be an effective tool for providing a detailed understanding of international trade transactions, and is regarded as the first step before undertaking other trade facilitation measures. More than 50 import and export processes in Asia and other regions of the world have been studied since 2009 using BPA.<sup>10</sup>

The objectives of this report is to provide insightful information on trade processes and procedures for important products in selected Central Asian countries as well as to assist evidence-based policy-making and reforms for further simplification and streamlining of trade procedures in those countries.

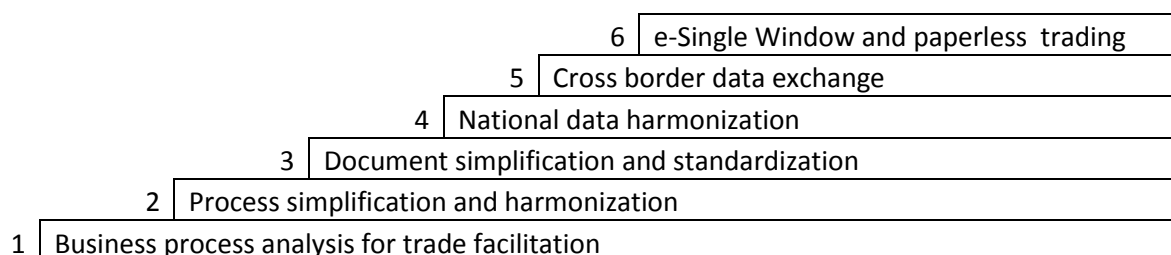
<sup>9</sup> More information is available at [http://unnex.unescap.org/tools/business\\_process.asp](http://unnex.unescap.org/tools/business_process.asp).

<sup>10</sup> A summary of the existing studies is available at <http://unnex.unescap.org/pub/brief11.pdf>.

## 1.2 Methodology: Business process analysis

The successful implementation of trade facilitation measures requires an in-depth understanding of existing business processes. According to UN/CEFACT's step-by-step approach towards a Single Window paperless environment (figure 1. 1), a business process analysis is recommended as the first step before undertaking other trade facilitation measures related to the simplification, harmonization and automation of trade procedures and documents.<sup>11</sup>

**Figure 1. 1: Step-by-step approach to implementing trade facilitation measures**



*Source:* UNECE, 2006, Background Paper for UN/CEFACT Symposium on Single Window Common Standards and Interoperability.

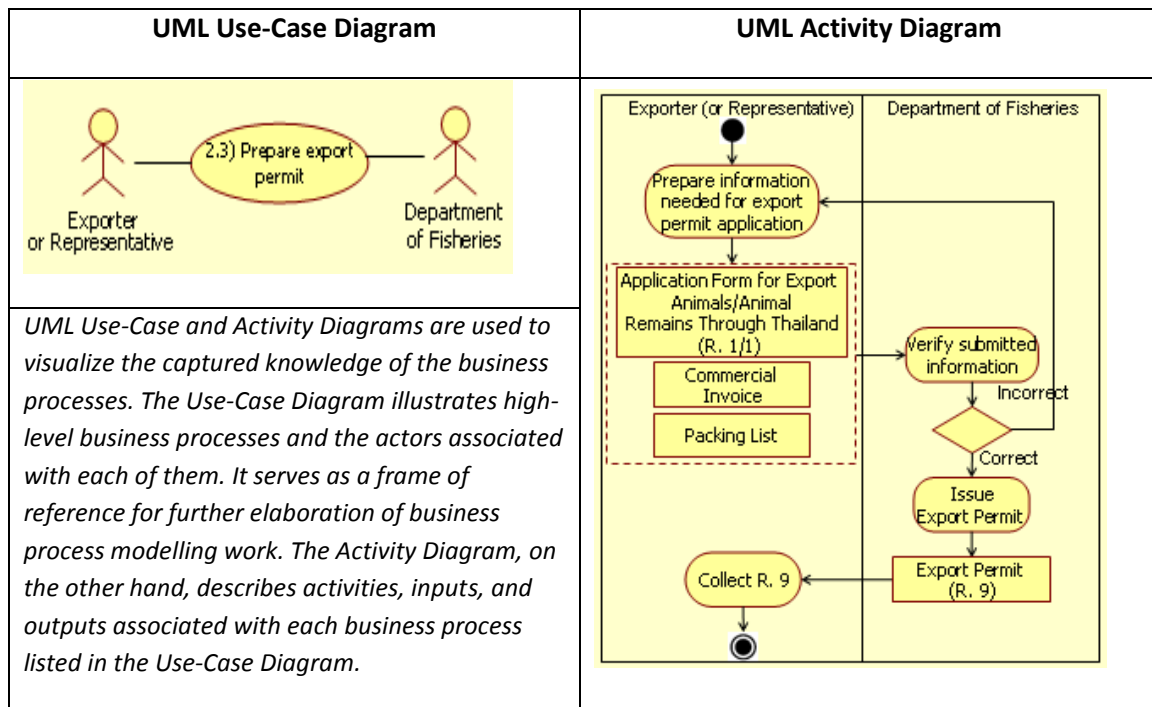
One of the key features of the UNNExT Business Process Analysis Guide to Simplify Trade Procedures is the introduction of the Unified Modelling Language (UML) as a standard way to graphically represent the various procedures involved in the trade process (figure 1. 2). Use of this common standard is essential to providing a systematic description and common language of a procedure that can be understood by all stakeholders involved in international trade transactions, both domestic and foreign.

---

<sup>11</sup> United Nations Economic Commission for Europe (UNECE), 2006, Background Paper for UN/CEFACT Symposium on Single Window Common Standards and Interoperability.



**Figure 1. 1: Examples of Use- Case and Activity Diagrams**



Source: <http://unnex.unescap.org/pub/tipub2558new.asp>

Since 2009, more than 50 import and export processes have been studied using BPA by international organizations such as ESCAP, ECE, ADB and their member States. In order to record existing and future studies on trade processes and procedures in a systematic manner and further support evidence-based policy making, a Trade Process Analysis Database (TPAD)<sup>12</sup> has been developed by ESCAP. This database enables users to search for information on a particular trade procedure in which they have an interest.

As of August 2015, TPAD featured 19 BPA studies conducted between 2010 and 2014 by ESCAP, ECE, ADB and their member States, encompassing 56 product-specific import and export processes in 13 developing Asian countries. Essential details from these studies such as the number of involved steps/procedures, number and type of documents, time and cost of procedures, activity diagrams and time-procedure charts are included in TPAD.

Most of the BPA studies focused on agricultural products, followed by textile products, both of which are crucial to inclusive and sustainable development of the region. Typical procedures for imports and exports include customs clearance, arranging transport, concluding contracts and preparing for import/ export documents. Overall, the database contains information on a total of 50 unique export procedures and 32 unique import procedures.

<sup>12</sup> More details are available at <http://unnex.unescap.org/pub/brief11.pdf>.

### **1.3 Scope of the studies**

The report analyses the business processes of the following products in the selected Central Asian countries. The selected products are important to imports or exports by Kyrgyzstan and Kazakhstan. They were identified as strategically important products for their respective countries by the participants of the BPA training workshop held in Bishkek, Kyrgyzstan in June 2013, including government officials overseeing trade facilitation, private sector and industry representatives from Kyrgyzstan and one expert from Kazakhstan.

- Imports of processed fruits by Kyrgyzstan from Kazakhstan;
- Exports of cereal products from Kazakhstan to Azerbaijan;
- Imports of fabric by Kyrgyzstan from China.

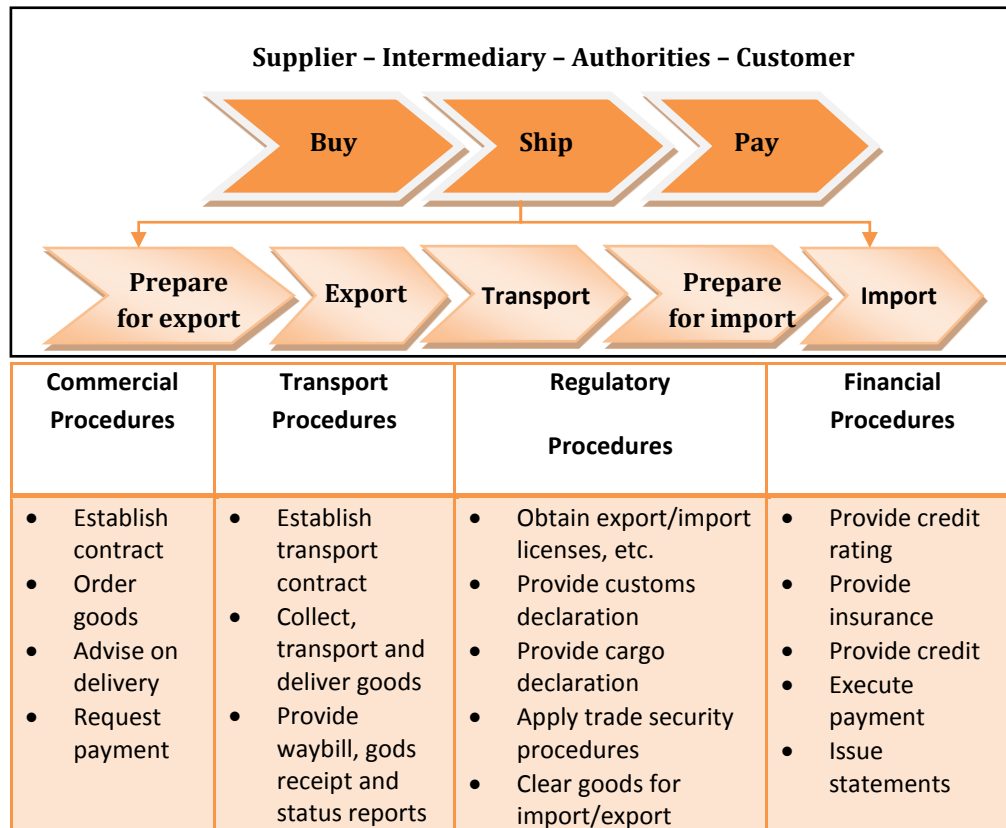
The scope of the trade process analysed in this study includes all procedures involving the exporter (seller) or its representatives directly, from signature of contract between buyer and seller to the transportation of the goods and receiving payment. Therefore, this study generally covers the entire Buy-Ship-Pay process (Box 1. 1).

### **1.4 Structure of the report**

The report is divided into four chapters. Chapters I to III review the import of processed fruits by Kazakhstan to Kyrgyzstan, the export of cereal products by Kazakhstan to Azerbaijan and the import of fabric from China by Kyrgyzstan, respectively, using BPA analysis. Chapter IV summarizes the discussion and highlights the key findings.

### Box 1. 1: An international supply chain model

UN/CEFACT Recommendation No. 18 illustrates a simplified view of the international supply chain in the Buy-Ship-Pay model (as illustrated by the figure in this box). The model not only suggests all activities related to the establishment of commercial contracts (commercial procedures), the arrangement of inland and cross-border transportation of goods (transport procedures), the export and import formalities to meet regulatory requirements (regulatory procedures) and the payment for purchased goods (financial procedures) that are carried out throughout the international trade transaction. It also defines different types of actors that are associated with them. Key actors in the international supply chain are authorities, intermediaries, suppliers and customers.



Source: [www.unece.org/fileadmin/DAM/cefact/recommendations/rec18/Rec18\\_pub\\_2002\\_ecetr271.pdf](http://www.unece.org/fileadmin/DAM/cefact/recommendations/rec18/Rec18_pub_2002_ecetr271.pdf).

## 2. Trade process analysis of processed fruits exported from Kyrgyzstan to Kazakhstan

### 2.1 Overview of the supply chain

Fruit producers in Kyrgyzstan often buy raw materials directly from the farms or from wholesalers. In some cases, the producers may purchase fruits from the markets. Kazakh importers buy products from processing fruits plants or from Kyrgyz exporters.

The goods from Kyrgyzstan to Kazakhstan can be delivered either by trucks or by railway. Key border crossing points include Aysha Bibi, Sipatay Batyr, Korday, Karasu, Sartobe, Aukhatti and Kulan. Fruits are mainly delivered by trucks. Sometimes, in case of large deliveries (over 40 tons) or deliveries from the areas adjacent to the rail networks, railway transport is used.

**Figure 2. 1: Main delivery routes of fruits from Kyrgyzstan to Kazakhstan**



*Source:* The map was developed by the Association of National Freight Forwarders of Kazakhstan

Processed fruit may be packed in boxes, stacked up one above the other, in jars on pallets, in bags (plastic, paper or linen), etc. In rare cases, some fruits such as apples may be transported in bulk. Large volumes of Kyrgyzstan's cargo, including fruits, are exported through the Karasu Cross Border checking point (close to Ak-Telek). Usually customs clearance and procedures at border crossings take at least 3 hours. In the case that the truck is escorted up to the customs office, the truck waits with the other vehicles for the escort to be arranged. In case of a shipment by railway, goods are either delivered

through Merke border station (Zhambilskaya oblast), or from the South of Kyrgyzstan through the territory of Uzbekistan.

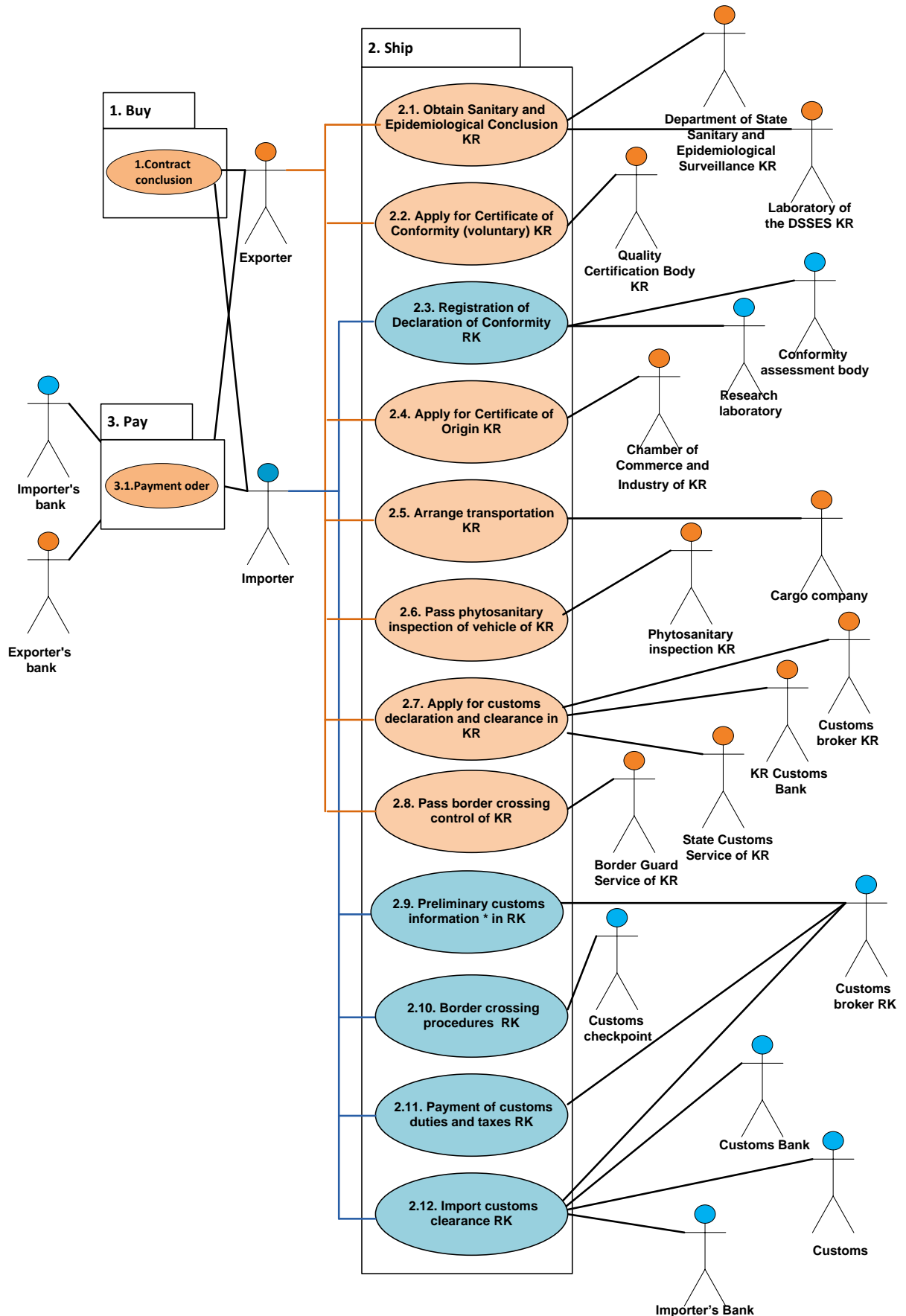
The exporter from Kyrgyzstan of this study is a small company which was established in 1993. Today, the number of its employees is around 20-60 depending on the seasons and workloads. Annual capacity of production is 80 tons of dried fruits and vegetables, 1000 tons of compotes and kvass. The company's office is located in Bishkek. Suppliers of the company are from different regions of Kyrgyzstan, with some of them from Uzbekistan. The key markets of the company include Russia and Kazakhstan (90% combined) and the Kyrgyz domestic market (10%).

## 2.2 Use-Case diagram

Figure 2.2 shows the Use-Case diagram of the export of processed fruit from Kyrgyzstan to Kazakhstan. It reports the key trade procedures and the parties involved in trade process, under the following scenario:

- Exporter from Kyrgyzstan arranges fruit export by road under DAT terms;
- Exporter from Kyrgyzstan applies for a phyto-sanitary certificate, certificate of origin and other permits in Kyrgyzstan;
- Payment is made upon delivery of fruits to the consignee's facility;
- Customs clearance formalities are performed by a customs broker.

Figure 2. 2: Use-Case diagram of export processed fruit from Kyrgyzstan to Kazakhstan





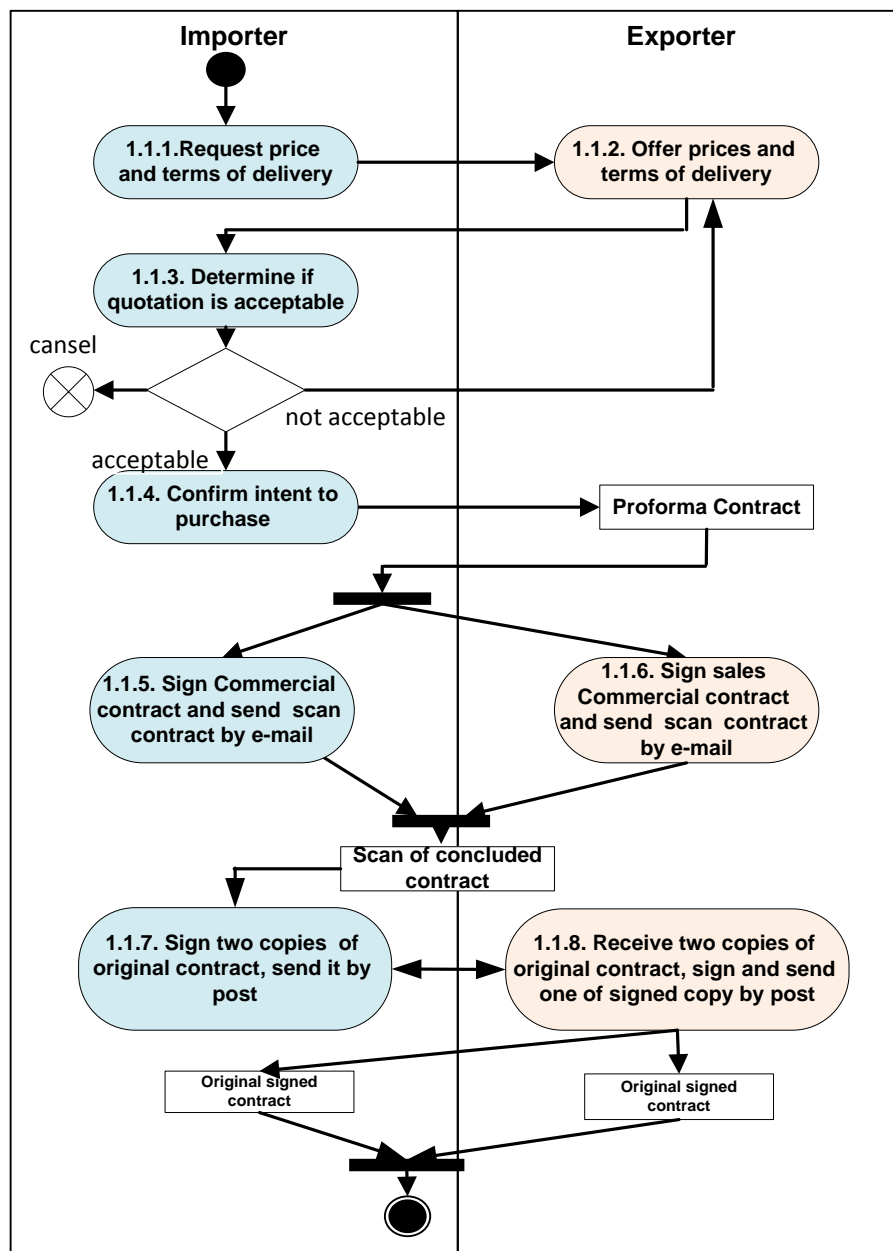
## 2.3 Activity diagrams

### Process Area 1: Buy

“Conclude Commercial contract and trade terms” is the only core business process under “Buy” process area, as shown in Figure 2.3.

#### 1.1: Conclude Sales Contract and Trade Terms

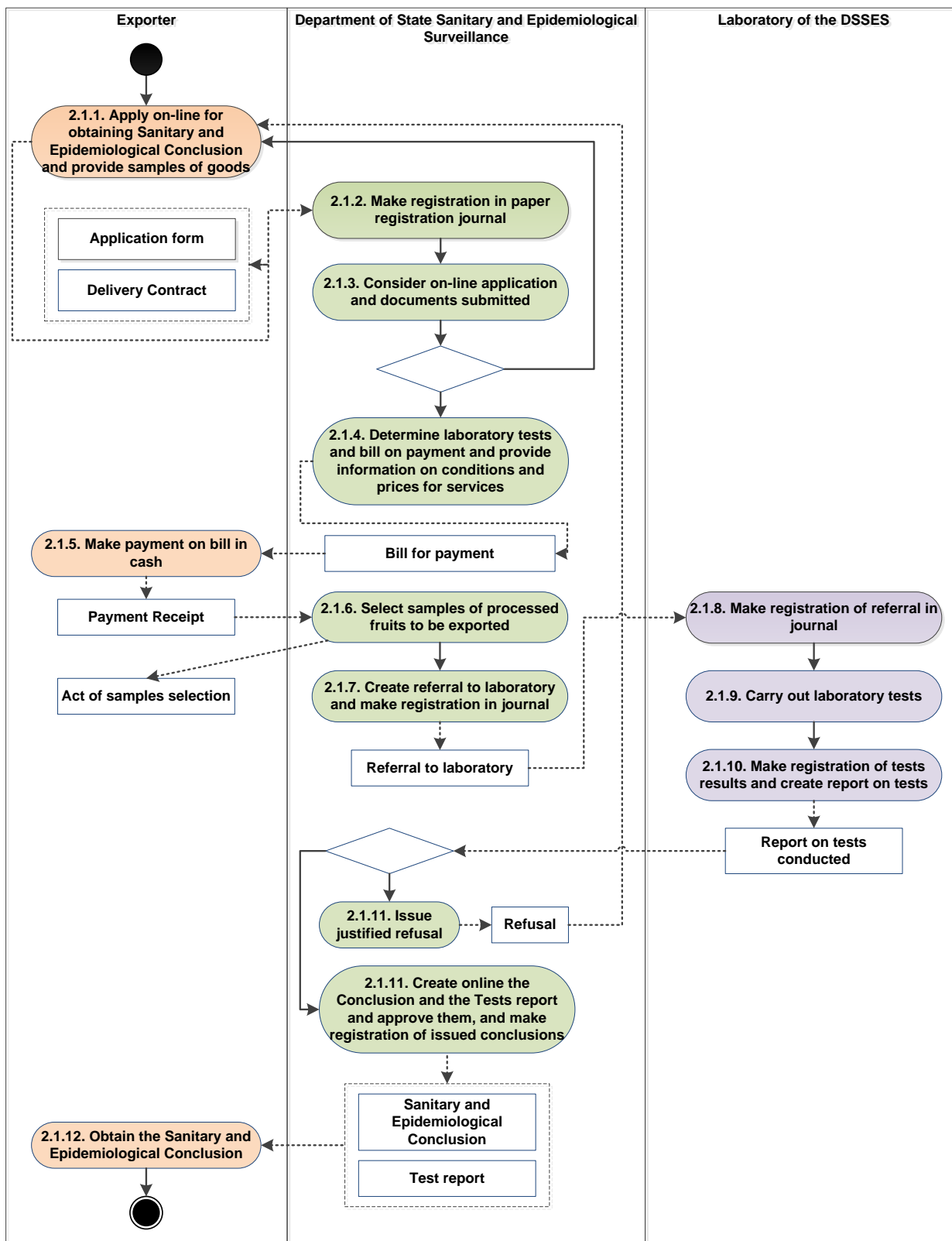
Figure 2. 3: Activity Diagram of Business Process 1.1 “Conclude Sales Contract and Trade Terms”



<b>The name of a process area which this particular business process belongs to</b>	<b>1. Buy</b>
<b>The name of a business process</b>	<b>1.1. Conclude sales contract and trade terms</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Incoterms 2000</li> <li>▪ Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> <li>▪ Export and import monetary control requirements in the Republic of Kazakhstan, export and import registration numbers issued to residents (resolution of RK National Bank' executive board № 42 dated 24.02.2012)</li> <li>▪ Customs Code of the Customs Union of Belarus, Republic Kazakhstan and Russian Federation</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Exporter</li> <li>▪ Importer</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Quality of exporting goods meets the requirements of the CU.</li> <li>▪ Importer has a demand on juices produced by exporter.</li> <li>▪ Both sides are exchanged with each other of legal requisites (Identical Number of Taxpayer, Act of Registration, legal address, copy of chart, banking account statement)</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>1.1.1. Importer requests price and terms of delivery of import fruits from Exporter</p> <p>1.1.2. Exporter receives inquiry from importer (by e-mail or fax) specifying product type and delivery terms (a contract can be also initiated by exporter offering a price offer to importer)</p> <p>1.1.3. Importer receives price offer from exporter, evaluates exporter's price offer in terms of product's cost, quality, quantity and delivery terms.</p> <p>1.1.4. In case of consensus between both parties, importer confirms intent to purchase, importer (or exporter) drafts Commercial Contract.</p> <p>1.1.5. Importer signs the Contract and e-mails a scanned copy to Exporter</p> <p>1.1.6. Exporter signs the Contract and e-mails a scanned copy to Importer</p> <p>1.1.7. The two originals signed by Importer are posted to Exporter</p> <p>1.1.8. Exporter signs both originals with one to be posted to Importer</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ The contract is signed by both sides.</li> <li>▪ Exporter prepared the shipment based on delivery schedule.</li> <li>▪ Importer received a pro forma of invoice.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 10 days</p> <p>7 - 14 days</p>

'Ship' process is composed of 12 business procedures, as detailed below.

**Figure 2. 4: Activity diagram of trade procedure 2.1 “Apply for Sanitary and Epidemiological Conclusion”**

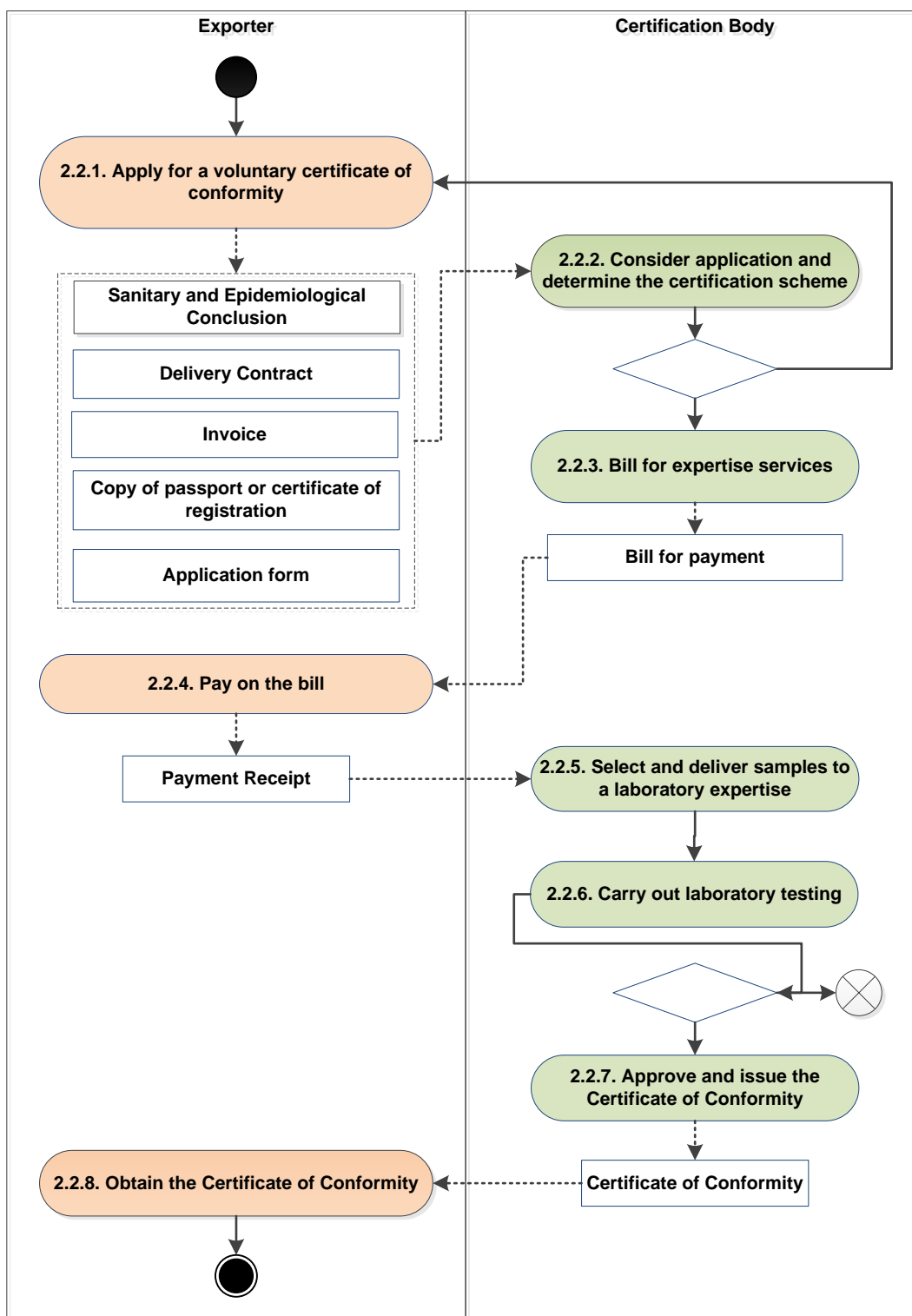


<b>The name of a process area which this particular business process belongs to</b>	<b>2. Ship</b>
<b>The name of a business process</b>	<b>2.1. Apply for Sanitary and Epidemiological Conclusion</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Decree of the Government of the Kyrgyz Republic dated February 25, 2004 № 103 "On approval of the Register permits issued by the executive authorities and their structural divisions"</li> <li>▪ Decree of the Government of the Kyrgyz Republic dated June 6, 2003 № 329 "On Sanitary and Epidemiological Control on sanitary-epidemiological surveillance agencies and institutions of sanitary-epidemiological service of the Kyrgyz Republic"</li> <li>▪ Law of the Kyrgyz Republic dated July 24, 2009 № 248 "On Public Health"</li> <li>▪ Law of the Kyrgyz Republic dated January 9, 2005 № 6 "On health protection in the Kyrgyz Republic"</li> <li>▪ Provision on the Department of State Sanitary and Epidemiological Surveillance, Ministry of Health of the Kyrgyz Republic (approved by the Decree of the Government KR on May 28, 1997 № 299)</li> <li>▪ Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Department of State Sanitary and Epidemiological Surveillance under the Ministry of Health of KR (DSSSES)</li> <li>▪ Laboratory of the DSSSES of KR</li> <li>▪ Exporter</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter has a signed Contract (1.1.)</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.1.1. Exporter submits online application-declaration and prepares samples for a sanitary-epidemiological conclusion on the export of products from the territory of the Kyrgyz Republic. This document is required to confirm compliance exporting products to safety for human health.</p> <p>2.1.2. Officer of the DSSSES receives an online-application with scanned copies of required documents and makes registration in paper-based journal of registration.</p> <p>2.1.3. After the registration officer of the DSSSES considers the submitted application and documents, and transfers them to an expert of the DSSSES who is responsible for the technical decision making.</p> <p>2.1.4. Expert of the DSSSES determines laboratory studies, tests, and measurements to be provided or prepares justified refusal to grant sanitary-epidemiologic conclusion. Thereafter, the DSSSES informs on the procedure and conditions of the sanitary-epidemiological expertise and control of products, as well as bill on payment according to official Price List for services.</p> <p>2.1.5. Exporter pays the invoice for payment in cash desk of the DSSSES.</p> <p>2.1.6. Expert of the DSSSES carries out sampling of products to be exported in accordance with applicable standards of sampling for conformity assessment and prepares two copies of Act of Sampling, one copy shall be issued to Exporter, and the second copy should be stored in the DSSSES archive.</p> <p>2.1.7. Expert of the DSSSES creates Referral for sending samples to laboratory for testing in accordance with a specific list of safety indicators and registers it in paper-based journal.</p> <p>2.1.8. Laboratory of the DSSSES makes registration in paper-based journal for referrals and tests.</p> <p>2.1.9. Laboratory of the DSSSES carries out assigned laboratory tests.</p> <p>2.1.10. When tests results are known, laboratory's expert makes registration of</p>

	<p>the results in paper-based journal of referrals and tests, and creates the Report on tests.</p> <p>2.1.11. If laboratory results are negative, a reasoned refusal is issued by the DSSES. In case of absence of inconsistencies expert of the DSSES creates online the Sanitary and Epidemiologic Conclusion and Tests report, approves it and then the Conclusion is issued to Exporter.</p> <p>2.1.12. Exporter obtains the Sanitary and Epidemiological Conclusion.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter obtained the Sanitary and Epidemiological Conclusion at the DSSES.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 12 days</p> <p>10 - 15 days</p>

## 2.2: Apply for Certificate of Conformity (voluntary)

Figure 2.5: Activity Diagram of Trade Procedure 2.2 “Apply for Certificate of Conformity (voluntary)”





<b>The name of a process area which this particular business process belongs to</b>	<b>2. Ship</b>
<b>The name of a business process</b>	<b>2.2. Apply for Certificate of Conformity (voluntary)</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Decree of the Government of the Kyrgyz Republic dated 30 December 2005 № 639 "On obligatory confirmation of conformity"</li> <li>▪ Law of the Kyrgyz Republic dated May 22, 2004 № 67 "On the basis of technical regulation in the Kyrgyz Republic"</li> <li>▪ Decree of the Government of the Kyrgyz Republic dated March 25, 2010 № 178 "On approval of new blank forms for certificate of conformity and declaration of conformity"</li> <li>▪ Decree of the Government of the Kyrgyz Republic dated October 23, 2007 № 512 "On obligatory confirmation of conformity of products in the form of the declaration of conformity"</li> <li>▪ Decree of the Government of the Kyrgyz Republic dated June 2, 2008 № 267 "On Approval of the Procedure of the Unified State Register of issued certificates of conformity and declarations of conformity for the product, passed the mandatory conformity assessment"</li> <li>▪ Decree of the Government of the Kyrgyz Republic dated February 12, 2010 № 91 "About the Center for Standardization and Metrology of the Ministry of Economic Regulation of the Kyrgyz Republic"</li> <li>▪ Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Quality Certification Body</li> <li>▪ Exporter</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Quality Certification Body is accredited by the Kyrgyz Accreditation Centre under the Ministry of Economy of KR</li> <li>▪ Exporter has a signed Contract (1.1.)</li> <li>▪ Exporter has an Sanitary and Epidemiological Conclusion issued with Test Report by the DSSES</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.2.1. Exporter submits the paper application for obtaining a voluntary certificate of conformity with the Sanitary and Epidemiological Conclusion with Test Report issued by the DSSES, a copy of Delivery Contract, Invoice for exporting batch of goods, and a copy of passport or certificate of registration. The Bishkek Center Testing and Certification at the Center for Standardization and Metrology (BCTC) requires original documents when considering the application and gets to keep a copy.</p> <p>2.2.2. An expert of Quality Certification Body considers the application and submitted documents; and then determines a certification scheme. There are 11 certification schemes in the BCTC. It is also to be noted that depending on the type of package the certification body may require certification of compliance for packaging in accordance with relevant state standards.</p> <p>2.2.3. If the documents are in order, expert issues an invoice on payment according to the price list for services and certain certification scheme. If one type of product is certified, the certification costs 815 KGS. If sampling is required, an average cost of one type of product 3000 – 3500 KGS.</p> <p>2.2.4. Exporter pays the invoice for payment in cash desk of the Quality Certification Body.</p> <p>2.2.5. Expert of Quality Certification Body travels for sampling and delivery to the laboratory. Exporter must provide expert's travel at own expense.</p> <p>2.2.6. Quality Certification Body conducts laboratory tests. Laboratory tests take approximately 2 - 3 days depending on the type of testing.</p> <p>2.2.7. After receiving the test results Quality Certification Body approves issue a Certificate of Conformity.</p>

	2.2.8. Exporter obtains the Certificate of Conformity.
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter obtained the Certificate of Conformity.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 4 days</p> <p>3 – 5 days</p>

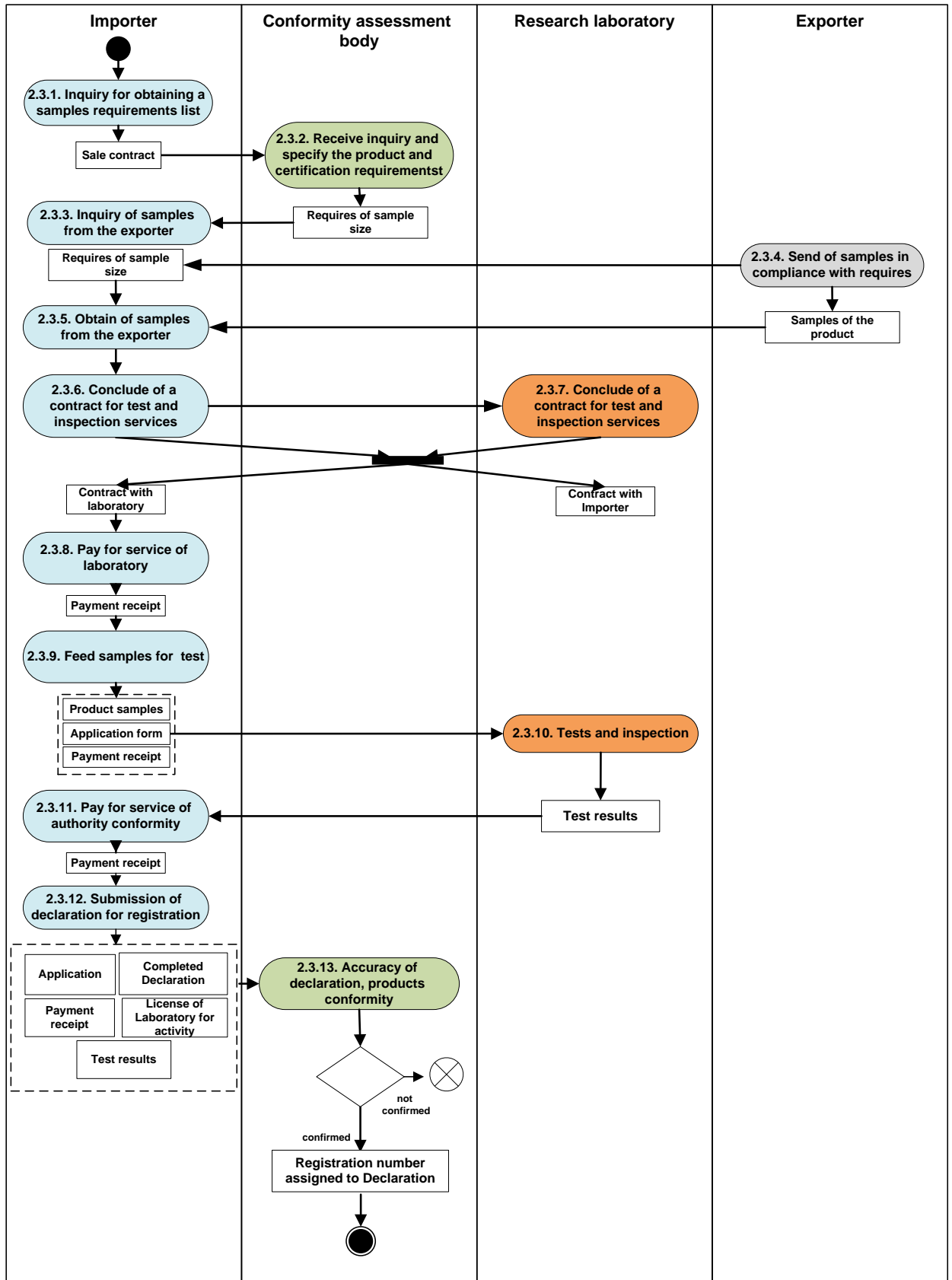
### *2.3: Registration of Declaration of Conformity*

The Declaration of Conformity is normally issued by relevant certifying agencies and accredited test laboratories. Certification of products' conformity can be made in different ways, with the reference to existing legislative norms and standards. Some kinds of processed fruits require a Declaration of Conformity to be issued for either specific consignment or mass production.

Certification by accredited laboratory is mandatory for all cases. As a first option, an Importer simply provides a product sample to the dedicated laboratory, while as a second option an importer is in charge for arranging a visit of Kazakhstan's laboratory experts to production unit in Kyrgyzstan at his own expense. The scope of required tests and analysis is determined by a certifying agency.

The prices related to laboratory tests and confirmations of compliance are determined by certifying agencies in accordance with their own pricelists without any control from the government. According to importers, the lab's prices are negotiable with up to a 50 USD discount possibility. Time limits for laboratory tests normally cannot be fixed, depending on current workload and usually last for a week or more. The importer's application and test results can be provided within 3 working days.

Figure 2. 6: Activity Diagram of Trade Procedure 2.3 “Registration of Declaration of Conformity”

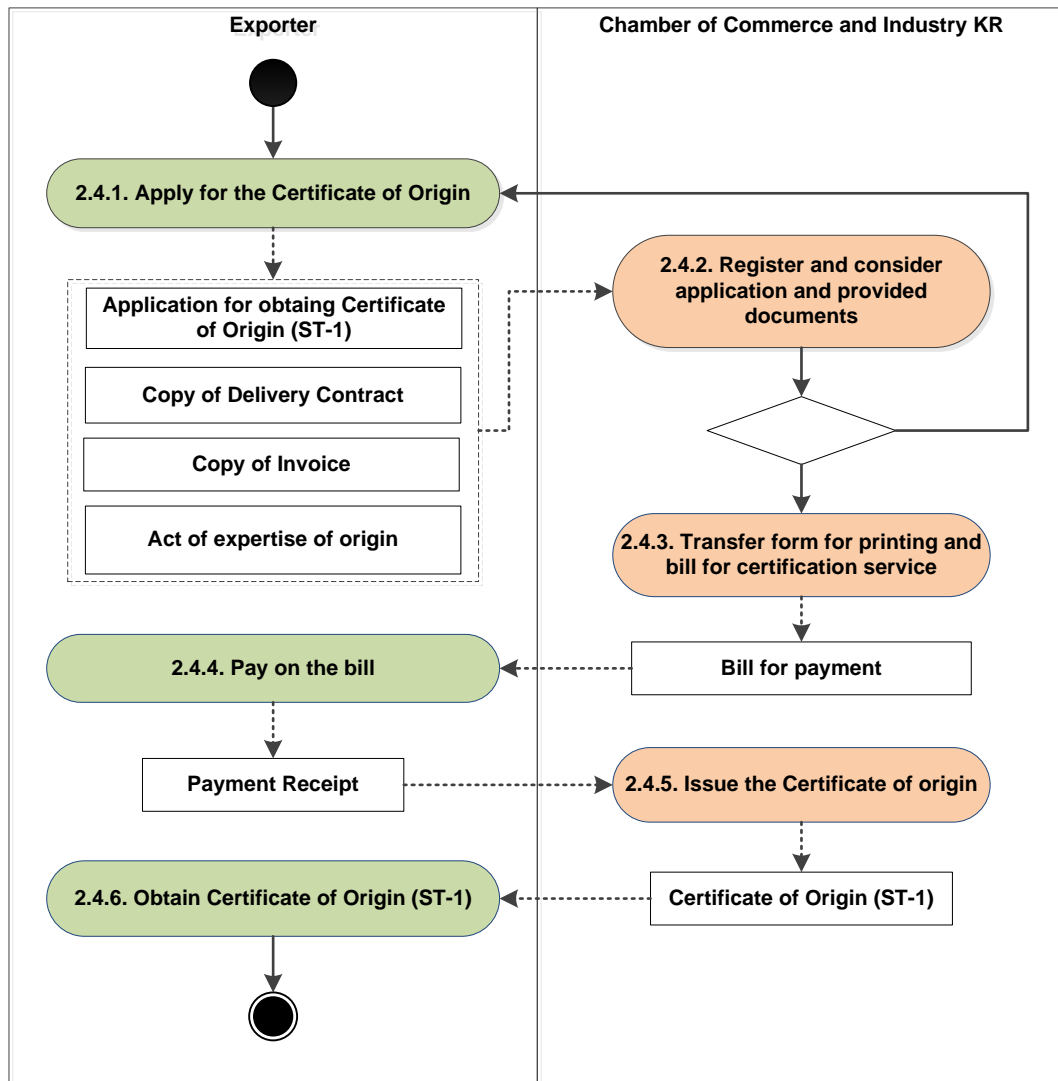


<b>The name of a process area which this particular business process belongs to</b>	<b>2. Ship</b>
<b>The name of a business process</b>	<b>2.3. Registration of Declaration of Conformity</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Law of the Republic of Kazakhstan on Technical Control № 603-II dated 9.11.2004;</li> <li>▪ «Technical requirements for compliance certification» № 90 dated 04.02.2008;</li> <li>▪ Unified list of products for mandatory compliance certification within the Customs Union for the purpose of issue of unified documents (Resolution № 620 dated 07.04.2011.);</li> <li>▪ «Mandatory compliance certification of goods in the Republic of Kazakhstan» № 367 dated 20.04.2005 (modified as per decree № 447 dated 02.05.13).</li> <li>▪ Technical requirement of Customs Union for fruit and vegetable juice products 023/2011. (Resolution № 822 dated 9.12.2011).</li> <li>▪ Technical requirement of Customs Union 021/2011 on food safety (Resolution № 882 dated from 9.11. 2011 № 882)</li> <li>▪ Technical requirement of Customs Union TPTC 015/2011 on cereals safety (Resolution KTC No 874 dated from 9.12.2011)</li> <li>▪ List of HS codes for those products, which require the customs declarations supported by Personal Health Safety Certificate under Technical Requirements of the Customs Union (Annex to the Resolution of Eurasian Economic Committee № 79 dated from 13.07.2012).</li> <li>▪ Decree N 90 dated 4.02.2008 «Technical regulations for quality certification procedures»</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Importer</li> <li>▪ Conformity assessment body of specific product (CAB)</li> <li>▪ Accredited laboratory</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Certifying agency accredited by RK Technical Regulation and Metrology Committee</li> <li>▪ Testing laboratory accredited by RK Technical Regulation and Metrology Committee</li> <li>▪ Commercial Contract</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.3.1. An Importer officially applies to a Conformity assessment body (CAB) for obtaining a products sample list and certification requirements.</p> <p>2.3.2. With the reference to Commercial Contract, CAB produces a products sample list and certification requirements (processed fruits require a Declaration of Conformity)</p> <p>2.3.3. Importer requests product samples from exporter in quantities listed by Commercial Contract</p> <p>2.3.4. Exporter sends a required samples by courier (or importer takes them himself from the exporter's company)</p> <p>2.3.5. Importer receives (or bring) the required samples to confirm the conformity of products</p> <p>2.3.6. Importer and laboratory sign the contract to conduct laboratory tests of all samples and provide test results.</p> <p>2.3.6. Importer pays for the services laboratory in accordance with its pricelist</p> <p>2.3.7. The importer submits the application to the laboratory for product testing and provides:</p> <ul style="list-style-type: none"> <li>▪ Product samples;</li> <li>▪ Application</li> <li>▪ Payment receipt</li> </ul> <p>2.3.8. The laboratory tests the product and provides a conclusion on the</p>

	<p>results of the test</p> <p>2.3.9. Importer pays for the services of Conformity assessment body (CAB)</p> <p>2.3.10. Importer arranges documents for registration of declaration, fills in a standard declaration form, submits laboratory test results and the Test Laboratory's License on the right to review the product, and pays CAB service fees.</p> <p>2.3.11. CAB checks accuracy of the declaration together with laboratory tests results and finally decides to register the declaration by issuing a special registration and identity number.</p>
<b>Output and criteria to exit the business process</b>	Importer certifies compliance of products with existing technical requirements, obtains a declaration's registration number and get a right to import his goods to the territory of Customs Union.
<b>The average time required to complete the process and/or durations for each involved transaction</b>	7-10 days

## 2.4: Apply for Certificate of Origin

Figure 2. 7: Activity Diagram of Trade Procedure 2.4 “Apply for Certificate of Origin”

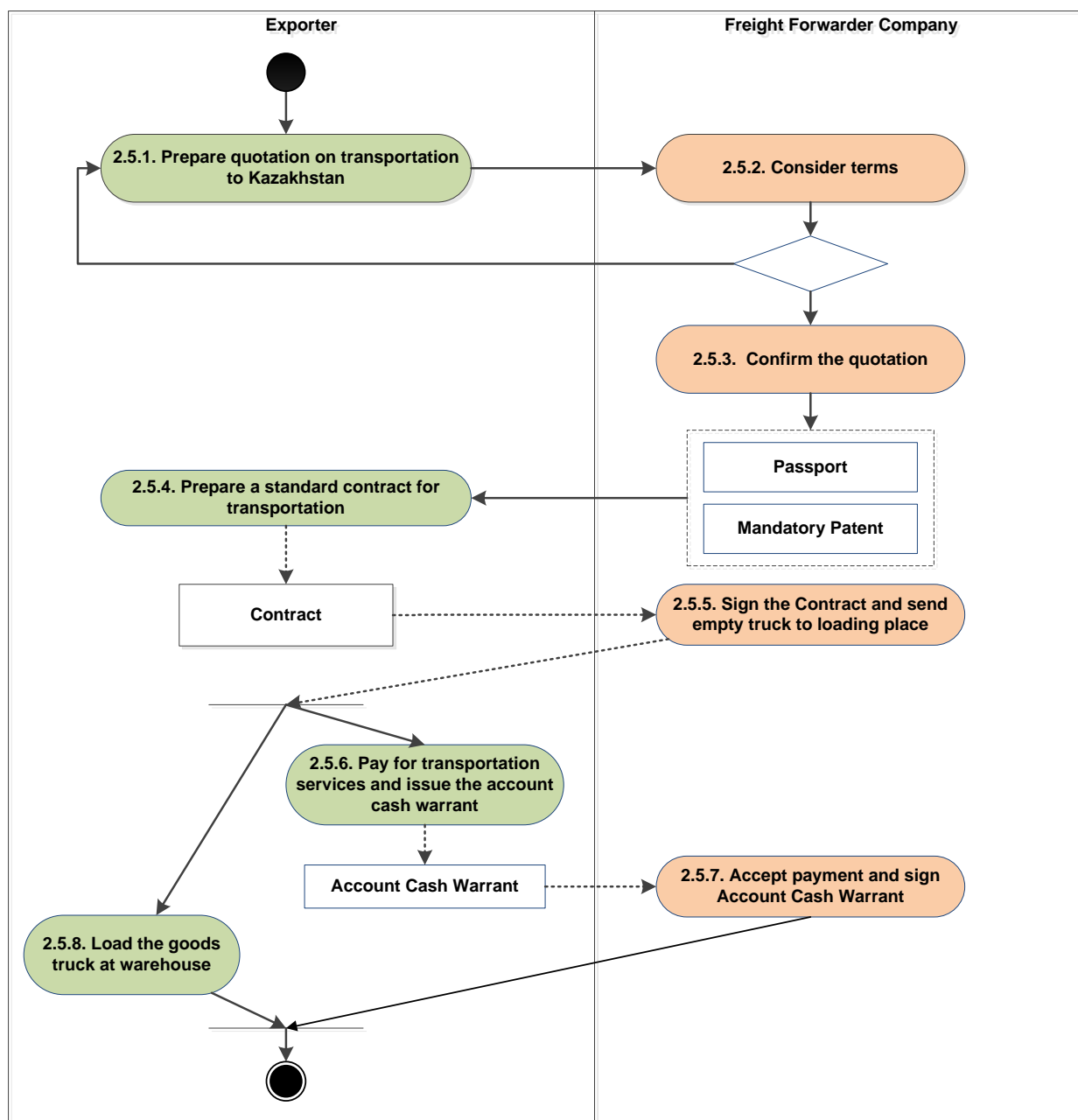


The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.4. Apply for Certificate of Origin
Related rules and regulations	<ul style="list-style-type: none"> <li>Resolution of the Council of Heads of Government of the Commonwealth Independent States (CIS) 20 November 2009 on the rules of origin of goods, developed in accordance with the Agreement on the establishment of a free trade zone on April 15, 1994 (the Agreement)</li> <li>Decree of the Government of the Kyrgyz Republic dated March 27, 2001 № 134 "On Approval of the Decision of the Council of CIS Heads of Governments of the Rules of origin of goods".</li> <li>"Regulations on the procedure of registration, certification and issuance of certificates of origin in the Kyrgyz Republic", approved by the Resolution of the Presidium of Chamber of Commerce and Industry KR number 2 on 05.02.2010</li> </ul>

	<ul style="list-style-type: none"> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>Exporter</li> <li>Chamber of Commerce and Industry of KR (CCI)</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>Exporter has a signed Delivery Contract (1.1.)</li> <li>Exporting goods has origin of Kyrgyz Republic</li> <li>Exporter has a valid Act of Expertise which is issued by the Chamber of Commerce and Industry and confirms the conditions of export products production.</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>Obtaining a certificate of origin Form ST-1 is necessary for utilization of tariff in the recipient country of the CIS.</p> <p>2.4.1. Exporter applies for a Certificate of Origin.</p> <p>2.4.2. Expert of the CCI registers Application and expert goes for examination of the goods.</p> <p>2.4.3. According to results of examination of goods and the availability of all shipping documents, form of a Certificate of Origin is transferred to printing bureau of CCI. Simultaneously, authorized person issues an invoice for payment. Officially, Certificate of Origin costs 350-1350 KGS, but informal cost is over than 1600 KGS.</p> <p>2.4.4. Exporter pays on invoice for payment. Cash office is at the same place where the certificate is issued. In regional offices of the CCI payment is received directly by an authorized person who issues the Certificate of Origin.</p> <p>2.4.5. Authorized person of the CCI puts stamp and signs Certificate of Origin and issues to exporter.</p> <p>2.4.6. Exporter obtains the Certificate of Origin.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>Exporter obtained the Certificate of Origin.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 3 hours</p> <p>2 – 4 hours</p>

## 2.5: Arrange transport

Figure 2. 8: Activity Diagram of Trade Procedure 2.5 “Arrange Transport”



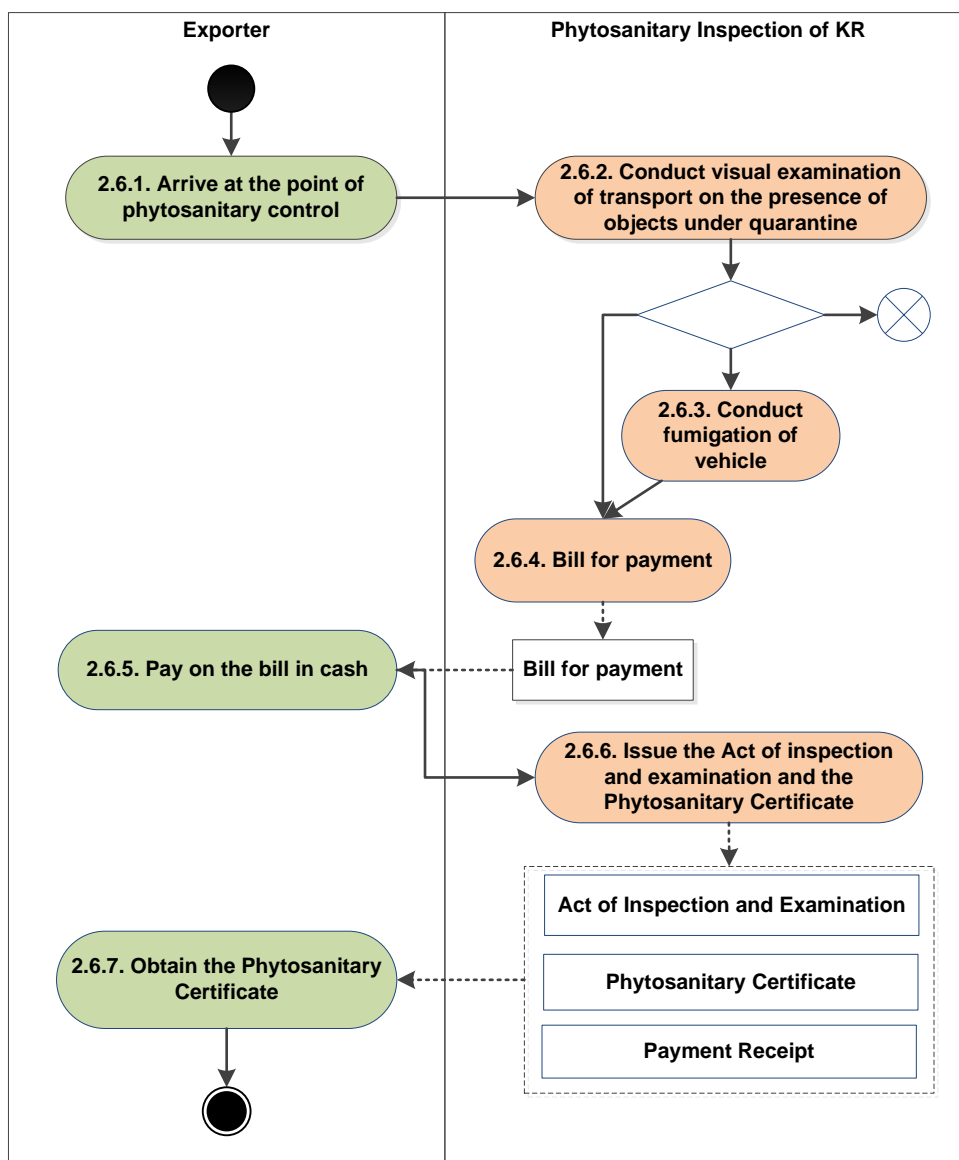
The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.5. Arrange transport
Related rules and regulations	<ul style="list-style-type: none"> <li>Intergovernmental Agreement of CIS countries relating international traffic</li> <li>Tax Code of Kyrgyz Republic dated 17 October, 2008 (with amendments)</li> <li>Agreement between Government of Kyrgyz Republic and Government of Republic Kazakhstan on International Road Traffic dated on 25 December 2003</li> </ul>



	<p>(approved by Decree of Government of Kyrgyz Republic № 100 on 25 February 2004)</p> <ul style="list-style-type: none"> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>Exporter</li> <li>Freight forwarder company</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>Contract is signed by importer and exporter.</li> <li>Exporter prepared the shipment based on delivery schedule.</li> <li>Freight forwarder company representative has documents necessary for carrying delivery to Kazakhstan: <ul style="list-style-type: none"> <li>TIR Carnet;</li> <li>Patent of Individual Entrepreneur issued by Kyrgyz Taxation Service for transporting services.</li> </ul> </li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.5.1. Exporter makes request to freight forwarder company by verbal quotation on transportation to Kazakhstan including all terms.</p> <p>2.5.2. Freight forwarder (FF) company considers terms of transportation and if it is not acceptable FF discusses with exporter until achieving consensus.</p> <p>2.5.3. If terms of transportation is acceptable, freight forwarder company confirms the quotation and provides documents of representative (passport and patent). Based on bilateral agreement on international road traffic between Kazakhstan and Kyrgyz Republic there is no requirement of having the permit for crossing territory of both countries by road transport.</p> <p>2.5.4. Exporter prepares a standard contract for transportation including terms discussed with freight forwarder company.</p> <p>2.5.5. Freight forwarder company representative signs Contract and sends empty normal vehicle to exporter's warehouse.</p> <p>2.5.6. Exporter pays full sum of contract and issues of the account cash warrant.</p> <p>2.5.7. Freight forwarder company accepts payment and signs account cash warrant.</p> <p>2.5.8. Exporter loads vehicle at warehouse.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>Contract on transportation is signed by both sides.</li> <li>Payment received by carrier.</li> <li>Cargo is ready to be transported to Kazakhstan.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 1.5 days</p> <p>1 – 2 days</p>

## 2.6: Pass phytosanitary inspection of vehicle

Figure 2. 9: Activity Diagram of Trade Procedure 2.6 “Pass phytosanitary Inspection of Vehicle”

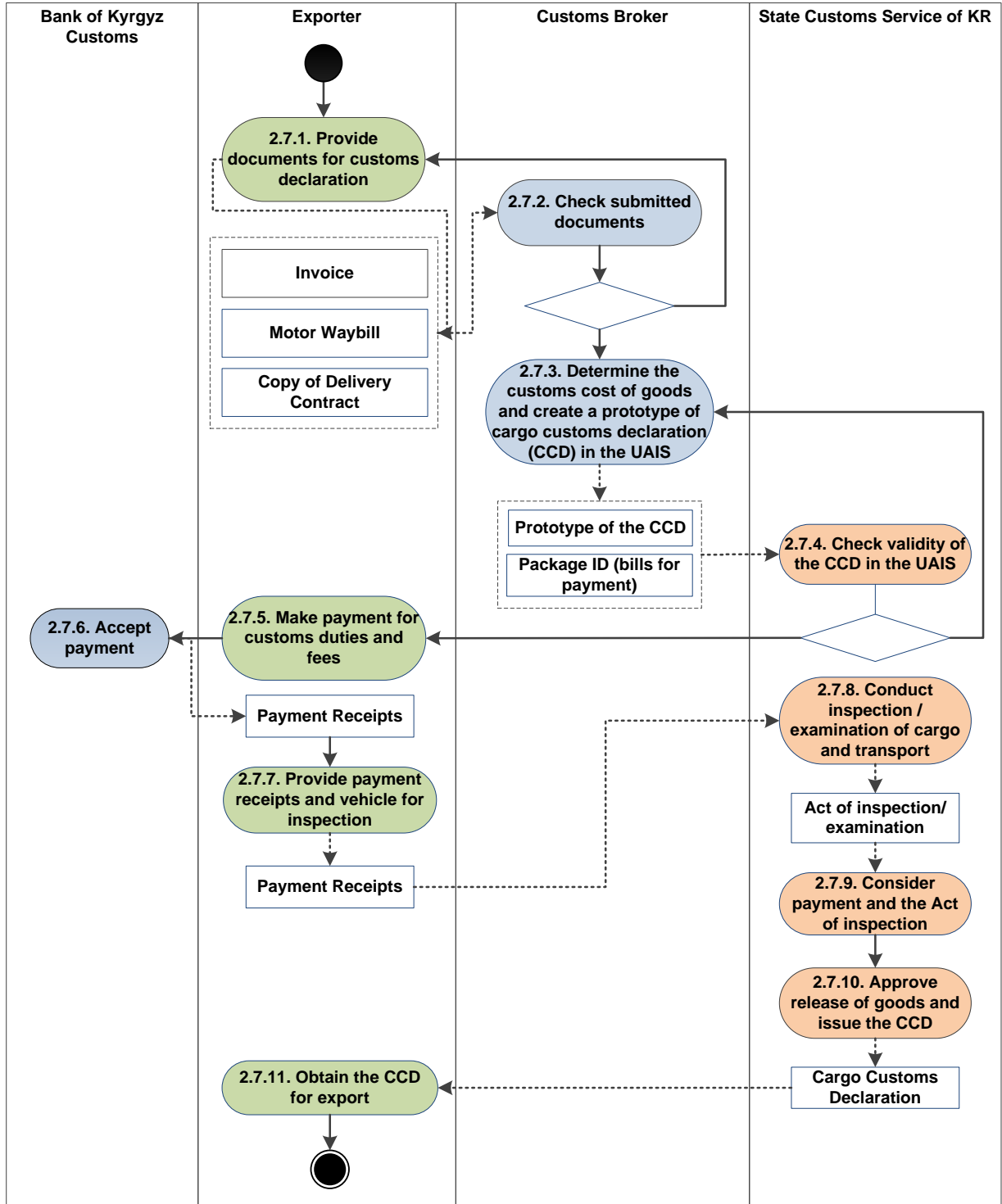


The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.6. Pass phytosanitary inspection of vehicle
Related rules and regulations	<ul style="list-style-type: none"> <li>Law "On Plant Quarantine" dated 27 June, 1996 N 26.</li> <li>Decree of the Government of Kyrgyz Republic dated 30 May 2008 N 251 "On approval of the Rules work organization on issuing phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of the Kyrgyz Republic."</li> <li>Rules of work organization on issuing phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant</li> </ul>

	<p>Quarantine under the Ministry of Agriculture, Water Resources and Processing</p> <ul style="list-style-type: none"> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>Exporter (representative)</li> <li>State Inspection on Veterinary and Phytosanitary Safety</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>Transport is loaded with the cargo and ready to inspections</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.6.1. According to legislation only fresh fruits and vegetables as well as transport are subjects of phytosanitary inspection, but not processed fruits and vegetables. Exporter (representative) arrives at the point of phytosanitary control with loaded vehicle.</p> <p>2.6.2. Inspector of Phytosanitary Inspection of KR conducts visual inspection of transport.</p> <p>2.6.3. If there are no under quarantine objects in the transport, then inspector bills for payment for issuance of Act of Inspection and Phytosanitary Certificate.</p> <p>2.6.4. If Phytosanitary Inspection of KR detects objects under quarantine, vehicle should be sent to fumigation. After fumigation vehicle bills on payment for fumigation and inspection services.</p> <p>2.6.5. Exporter pays on a bill.</p> <p>2.6.6. Inspector of vehicle forms Act of Inspection and Examination, Phytosanitary Certificate and Payment Receipt.</p> <p>2.6.7. Exporter obtains Phytosanitary Certificate.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>Vehicle passed phytosanitary control and exporter's representative obtained Phytosanitary Certificate.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 1.5 hours</p> <p>From 20 minutes to 2-3 hours</p>

## 2.7: Apply for Export Customs Declaration and Clearance

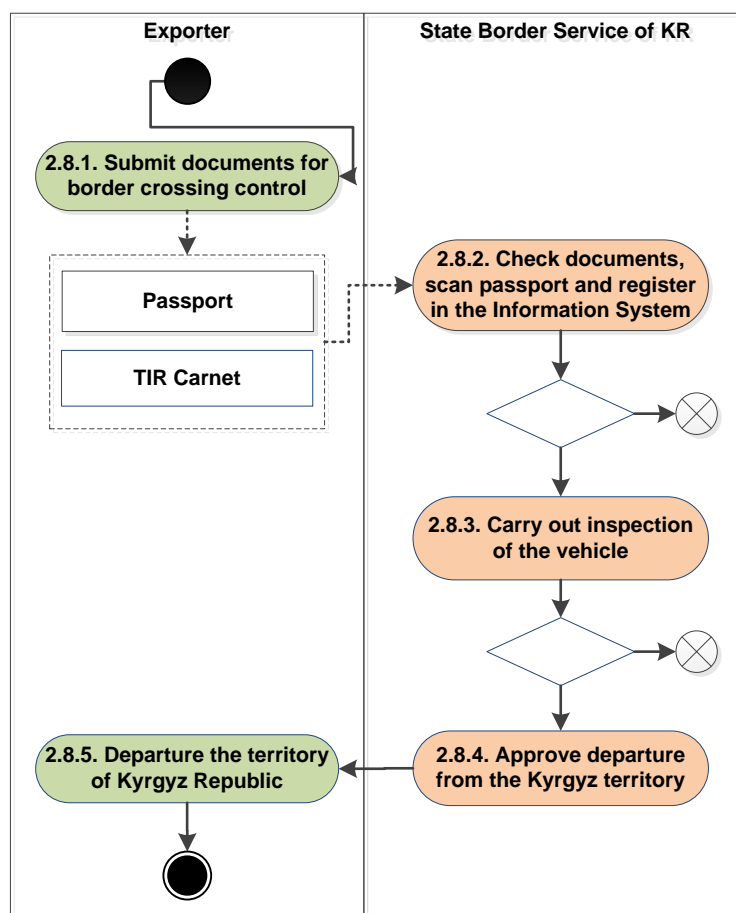
Figure 2. 10: Activity Diagram of Trade Procedure 2.7 “Apply for Export Customs Declaration and Clearance”



<b>The name of a process area which this particular business process belongs to</b>	<b>2. Ship</b>
<b>The name of a business process</b>	<b>2.7. Apply for customs declaration and clearance</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Customs Code of the Kyrgyz Republic.</li> <li>▪ Regulation on customs broker, approved by Decree of the Government of the Kyrgyz Republic dated December 28, 2004 N 961</li> <li>▪ Law N 81 dated March 29, 2006 "On the Customs Tariff of the Kyrgyz Republic" (amendments dated May 8, 2008 N 79, with amendments dated October 17, 2008 N 219, July 16, 2009 N 221, May 19, 2011 N 27)</li> <li>▪ Instruction for customs clearance and customs control of goods and vehicles crossing the customs border of the Kyrgyz Republic, approved by Decree of the Government of the Kyrgyz Republic dated December 28, 2004 N 961</li> <li>▪ Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Exporter</li> <li>▪ State Customs Service of KR</li> <li>▪ Customs Broker</li> <li>▪ Bank of Kyrgyz Customs</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter obtained and prepared all shipping documents which necessary for customs clearance and arrived at the border crossing control.</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.7.1. Exporter submits shipping documents to customs broker.</p> <p>2.7.2. Customs broker identifies declarant and checks documents provided by exporter.</p> <p>2.7.3. Customs broker determines the customs cost of goods to be declared and creates a prototype of Cargo Customs Declaration in the Unified Automated Information System of Customs with packet identifier (bills of payment).</p> <p>2.7.4. Chief customs inspector of State Customs Service of KR verifies correctness of Customs Declaration and completeness documents for customs clearance. If Cargo Customs Declaration (CCD) prototype designed correctly and invoices on payment are set correctly, then he or she assigns Customs Inspector of State Customs Service of KR for examination / inspection of cargoes and gives packet identifier for payment to exporter. Otherwise, he or she returns documents to customs broker for refining.</p> <p>2.7.5. Customs Inspector of State Customs Service of KR conducts inspection / examination of cargo and develops the Act of Inspection / Examination.</p> <p>2.7.6. Exporter pays on bills at the Bank of Kyrgyz Customs.</p> <p>2.7.7. Bank of Kyrgyz Customs accepts payment and issues payment receipts.</p> <p>2.7.8. Chief customs inspector of State Customs Service of KR checks payment and approves Act of Inspection / Examination.</p> <p>2.7.9. Chief Customs Inspector approves CCD and permits release of cargo.</p> <p>2.7.10. Exporter obtains the CCD with release for export.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Customs clearance process is finished.</li> <li>▪ Exporter paid all customs duties, and obtained Cargo Customs Declaration with stamp "released".</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<p>Average time 6 hours</p> <p>4 – 8 hours</p>

## 2.8: Pass Border Crossing Control

Figure 2. 11: Activity Diagram of Trade Procedure 2.8 “Pass Border Crossing Control”

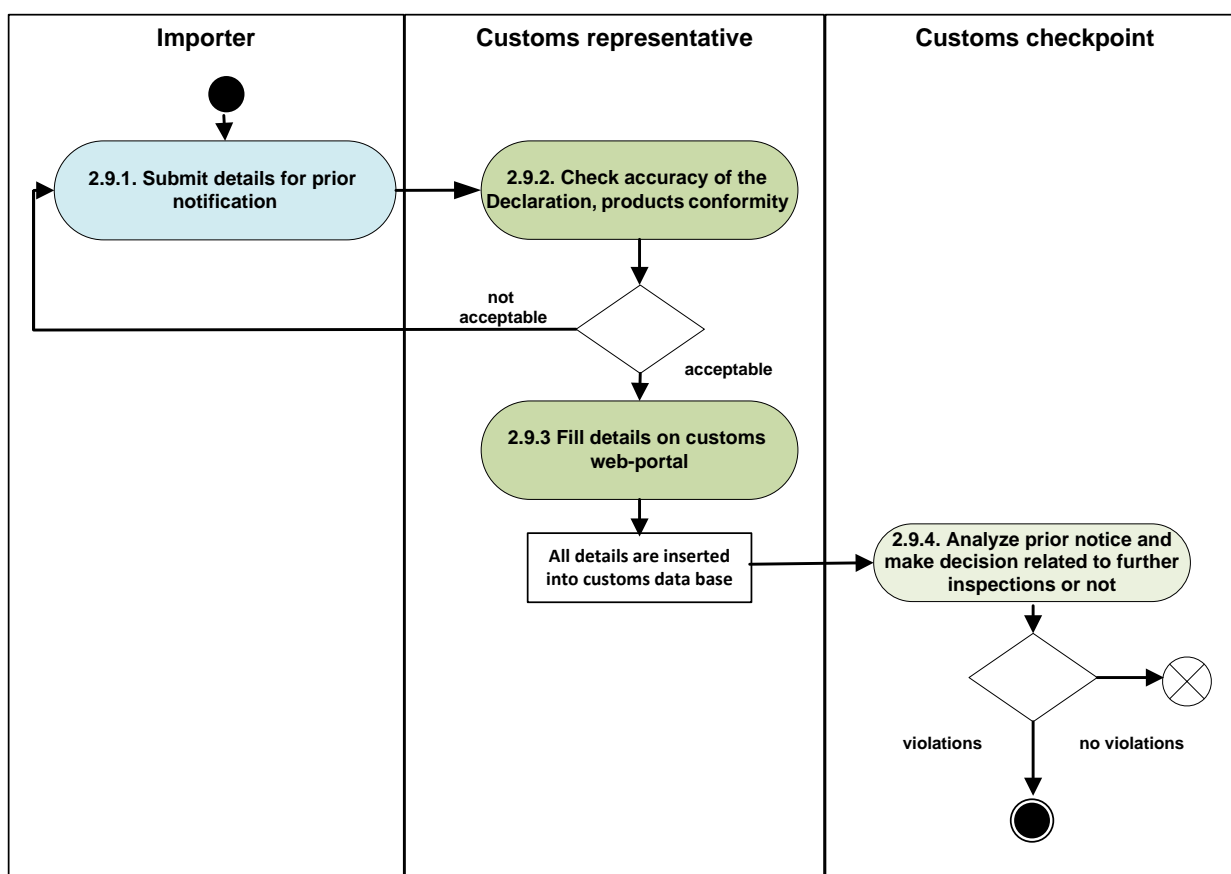


The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.8. Pass border crossing control
Related rules and regulations	<ul style="list-style-type: none"> <li>Law N 27 dated March 19, 1999 "About State Borders of the Kyrgyz Republic."</li> <li>Order of the Border Guard Service of Kyrgyz Republic dated April 18, 2003 N 66 "On approval of the Instruction on the rights and responsibilities of citizens of the Kyrgyz Republic, as well as foreign citizens and persons without citizenship are on territory of the Kyrgyz Republic under the regime of the state border"</li> <li>Rules of adherence at road, rail and pedestrian crossing checkpoints of the state border of the Kyrgyz Republic (approved by the Decree of the Government on February 7, 2009 N 80)</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>Border Guard Service of KR</li> <li>Exporter</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>Customs clearance procedures are finished, vehicle is at the border crossing checkpoint, exporter's representative has a passport and TIR Carnet</li> </ul>
Procedures and associated documentary requirements	2.8.1. Exporter (representative) submits passport and TIR Carnet to officer of Border Guard Service of KR.

to complete the process	<p>2.8.2. Officer of Border Guard Service of KR checks passport and TIR Carnet. If passport or TIR Carnet is not valid, or there is other violation of passport control regime, exporter's representative will be rejected to departure from the territory of Kyrgyz Republic.</p> <p>2.8.3. Officer of Border Guard Service of KR conducts inspection of vehicle. If there is a violation of legislation relating with crossing state border of Kyrgyz Republic, vehicle may be detained until circumstances are clarified.</p> <p>2.8.4. Officer of Border Guard Service of KR permits departure from the territory of Kyrgyz Republic.</p> <p>2.8.5. Exporter (representative) leaves the territory of Kyrgyz Republic.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>Exporter (representative) passed border crossing control and has all necessary shipping documents.</li> </ul>
The average time required to complete the process and/or durations for each involved transaction	Average time 1 hour

## 2.9: Preliminary Custom Information

Figure 2. 12: Activity Diagram of Trade Procedure 2.8 "Preliminary Customs Information"



The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.9. Preliminary notification to customs
Related rules and	<ul style="list-style-type: none"> <li>Customs Code of the Republic of Kazakhstan № 296-IV dated 30.06.2010;</li> </ul>

<b>regulations</b>	<ul style="list-style-type: none"> <li>Decree of the Customs Union Committee № 899 dated 9.12. 2011 on mandatory prior notification to customs with regards to goods imported to the Customs Union by road transport.</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>Importer</li> <li>Customs broker</li> <li>Customs authorities (web-portal, customs area)</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	Customs broker holds a relevant license, customs service contract with importer and copies of the following documents: Commercial Contract, Contract of Shipment, Invoice and technical certificate of transport vehicle (or state registration number).
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.9.1. Importer supplies a customs broker with all details for the customs data base and prior notification formalities</p> <p>2.9.2 Customs broker checks all data and papers for accuracy and informs an importer in case of any mistakes.</p> <p>2.9.3 In case all papers are accurate, a customs broker inserts the data into the customs data base on <a href="http://pi.customs.kz">http://pi.customs.kz</a> web-portal, minimum 2 hours prior to vehicle's arrival to the border.</p> <p>2.9.4. Customs authorities check all data and authorize customs inspection of goods on the base of risk management system.</p>
<b>Output and criteria to exit the business process</b>	Importer, freight forwarder and customs broker ensure compliance with prior notification legal requirements
<b>The average time required to complete the process and/or durations for each involved transaction</b>	Up to 30 minutes, depending on range and quantities of goods to be carried

As this research considers the case of the delivery terms DAT INCOTERMS, the customs clearance of imported goods was entrusted to the Importer. As per decree of Customs Union Committee № 899 (dated by 9.12.2011), any products imported by road into the territory of the Customs Union are subject to prior notifications to the customs authorities. With reference to the above decree, any carrier, including customs carriers, customs representatives (brokers, agents), exporters and importers are obliged to notify the authorities minimum 2 hours prior to the importation of goods by road transport into the territory of Kazakhstan (Customs Union). The information must be submitted through <http://pi.customs.kz> customs web portal.

In case of import to Kazakhstan, the following documents are mandatory for submission:

- State registration of transport vehicle for international carriages;
- Name and legal address of carrier;
- Departure and destination countries;
- Name and legal address of consigner and consignee of goods;
- Name and legal address of supplier and consignee of goods, as per official commercial documents;
- Dimension of potential consignment, labelling and packing details;
- Types and customs codes of products, as per Harmonized Commodity Description and Coding System or Harmonized System (HS) of tariff nomenclature of Customs Union with first 4 digits as a minimum;
- Consignment's gross weight (in kilos) and dimensions (in cubic meters ), with the exception for large-size goods;
- Details of goods, if any, forbidden or restricted for import to the Customs Union territory;



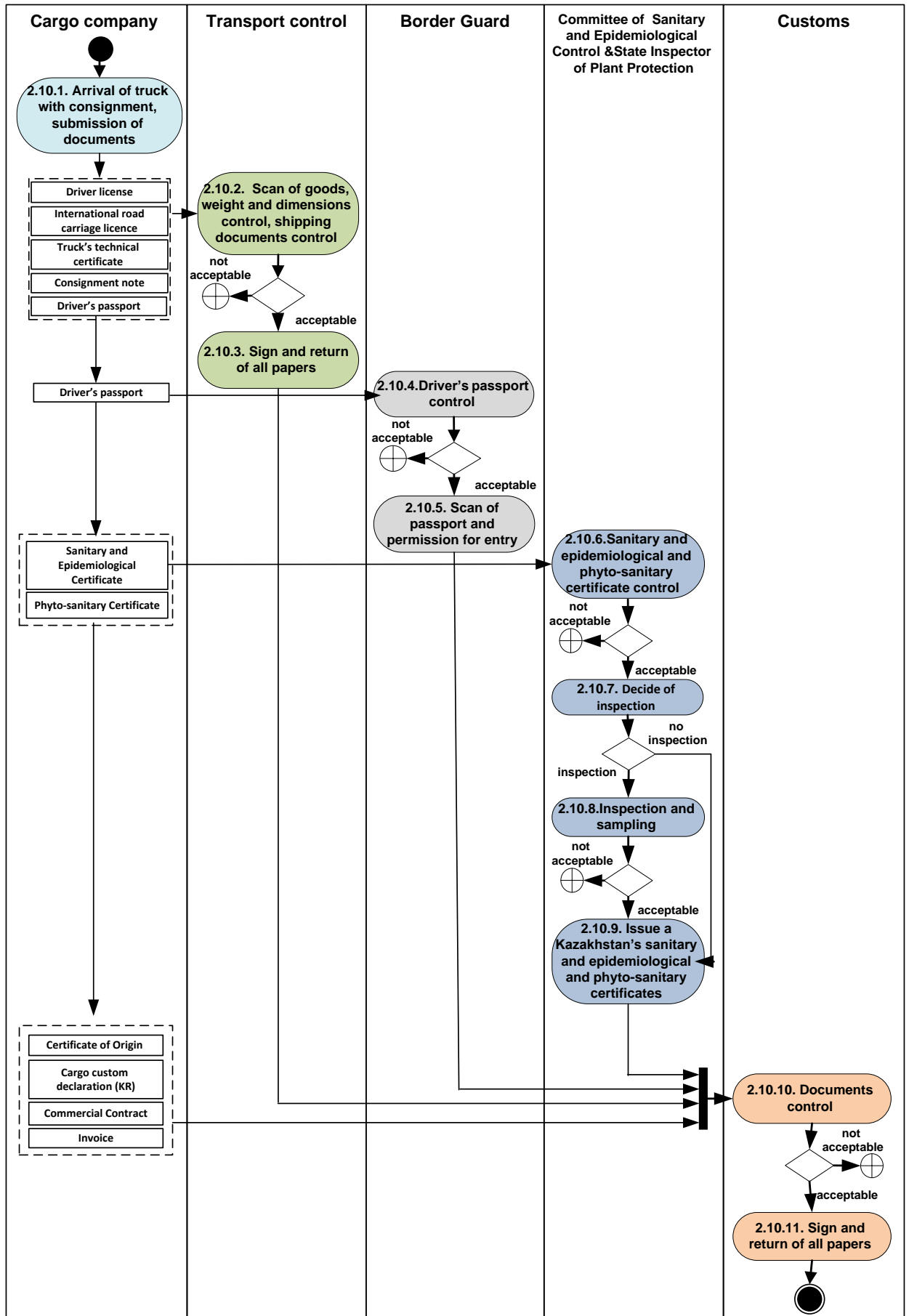
- Country and date of international consignment note;
- Delivery time and destination of goods within the Customs Union territory.

The customs authority enables the customs officers to inspect goods and the transport vehicle within 2 hours after receipt and verification of all above requirements, based on a risk management system. However, the risk management also has the following disadvantages:

- Freight forwarders, importers or exporters find it difficult to enter above details in a correct and acceptable manner;
- The system could not get the information about status of prior notification. The traders notice, that performing all the requirements on pre-informing, at the time of arrival at the border, the customs officials cannot find this information;
- Holders of properly completed documents are forced to wait in queue along with those having incorrect papers.

### *2.10: Border-Crossing Procedures*

Figure 2. 13: Activity Diagram of Trade Procedure 2.10 “Border Crossing Procedures”



The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.10. Border- crossing formalities
Related rules and regulations	<ul style="list-style-type: none"> <li>▪ RK Government Decree № 1358 dated 8.09.2000 on common monitoring system for road carriages within the territory of Kazakhstan (amended by RK Government Decree № 238 dated 27.02.04)</li> <li>▪ RK Law on state border of the Republic of Kazakhstan № 70-V dated 16.01.2013 (with amendments on 04.07.2013)</li> <li>▪ RK Law on road transport № 476-II dated 4.07.2003</li> <li>▪ Road Cargo Transport Rules № 826 dated 18.07.2011.</li> <li>▪ Customs Code of the Republic of Kazakhstan № 296-IV dated 30.06.2010;</li> <li>▪ Code of the Republic of Kazakhstan «Human Health Protection System» № 193-IV H RK dated from 18.09.2009 (amended on 04.07.2013);</li> <li>▪ Sanitary Agreement of the Customs Union (as per Protocol of Amendments to the Sanitary Agreement of the Republic of Kazakhstan dated 11.12.2009, ratified by Resolution № 39 of Eurasian Economic Committee dated 21.05.2010);</li> <li>▪ Unified sanitary, epidemiological and hygienic requirements for goods under mandatory sanitary and epidemiological control and Unified List of goods under mandatory sanitary and epidemiological control at the Customs Union customs border (Resolution № 299 dated 28.05.2010);</li> <li>▪ Agreement of the Customs Union on safety of plants (refer to the Protocol of Amendments to the Customs Union Sanitary Agreement dated from 11.12.2009, ratified by Resolution 39 of Eurasian Economic Committee on 21.05.2010);</li> <li>▪ Phyto-sanitary and phyto-safety control at the Customs Union customs border (refer to resolution of Customs Union Committee № 528 dated from 28.01.2011, and № 894 dated 09.12.2011);</li> <li>▪ List of products under safety control № 1170 dated from 14.10.2011 № 1170 Plants Safety Code of the Republic of Kazakhstan № 344-I dated from 11.02.1999 (amended on 03.07.2013).</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>▪ Freight forwarder (representing exporter or importer)</li> <li>▪ Customs inspectors (also checking weight and dimensions of consignment), through a single window also Sanitary and epidemiology control authorities , plant protection inspector and</li> </ul>
Input and criteria to enter/begin the business process	<p>Freight forwarder holds the following documents:</p> <ul style="list-style-type: none"> <li>▪ <u>Control of vehicle and consignment's weight and dimensions</u>: international road carriage license, driving license, vehicle's technical certificate, consignment note</li> <li>▪ <u>Border crossing control</u>: driver's and representative's passports</li> <li>▪ <u>Sanitary and epidemiology control</u>: sanitary and epidemiological certificate (from Kyrgyzstan)</li> <li>▪ <u>Quarantine inspection</u>: phyto-sanitary certificate (from Kyrgyzstan);</li> <li>▪ <u>Customs inspection: commercial contract, invoice</u> (and packing list), consignment note, as well as phyto-sanitary and sanitary and epidemiological certificates issued by Kazakhstan's relevant authorities, Cargo custom declaration of KR</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>2.10.1. Freight forwarder arrives to border-crossing area with a set of documents listed above.</p> <p>2.10.2. The truck drives through goods scanning and monitoring equipment, including weights and dimensions control. A driver pays huge penalties in case of an excess of existing weight limits.</p> <p>2.10.3. In case all documents are correct and existing weight limits are not</p>

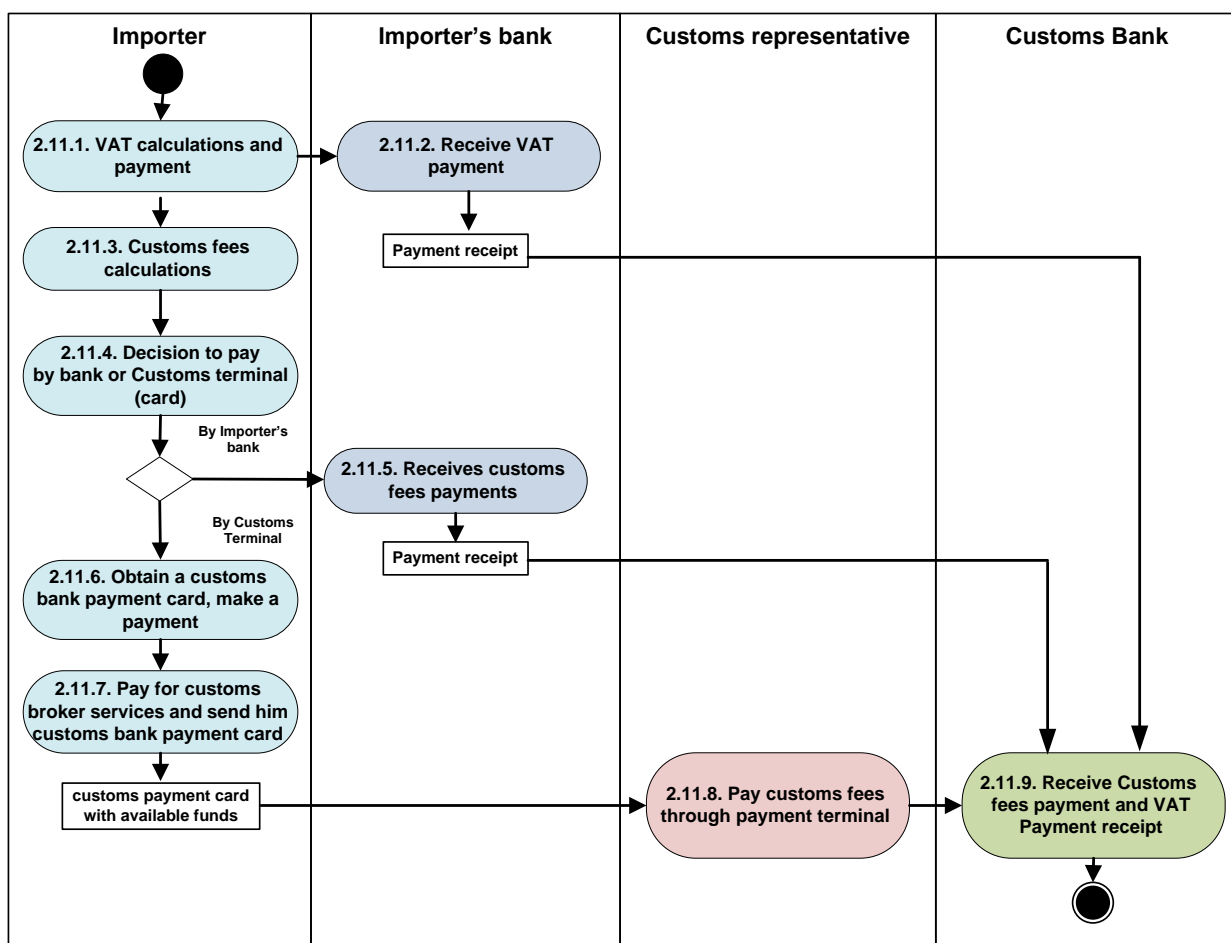
	<p>exceeded, the driver gets back all papers with a special sign on consignment note.</p> <p>2.10.4. The driver submits his passport for the purpose of passing through routine border crossing formalities.</p> <p>2.10.5. The driver receives a temporary residence permit to avoid registration formalities within 5 days period upon the entrance to Kazakhstan's territory. Temporary residence permit is not required in case the driver holds a local residency.</p> <p>2.10.6. The driver submits all paper to a single customer service office checking the document and authorizing the vehicle for crossing the border. The list of inspection authorities primarily includes sanitary, epidemiological and phyto-sanitary inspectors, checking the paper within the short period of time, as per perishable goods inspection requirements, as well as existing bilateral agreements related to Kyrgyzstan's certificates.</p> <p>2.10.7. Sanitary, epidemiological and phyto-sanitary inspectors check the sanitary, epidemiological and phyto-sanitary certificates issued in Kyrgyzstan.</p> <p>2.10.8. In case of any doubts with regards to certificates, authorities may inspect the consignment, take samples or prohibit the import to the territory of Kazakhstan.</p> <p>2.10.9. In case of no doubts with regards to certificates, the authorities issue Kazakhstan's sanitary, epidemiological and phyto-sanitary certificates.</p> <p>2.10.10. The papers are then sent to customs inspector checking the accuracy of scanner and weigh details in Commercial Contract and invoice, availability of all necessary documents.</p> <p>2.10.11. In case of no discrepancies, the documents are properly signed and given back to the freight forwarder (exporter's/importer's representative) for further customs formalities.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Border crossing formalities</li> <li>▪ Obtaining of all necessary sign and stamps for further customs formalities.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	0.5 -1.5 days (including waiting time in queue)

As per RK Government Decree № 1358, dated 8.09.2000, on common monitoring system for road carriages within the territory of Kazakhstan (with amendments № 238 dated from 27.02.04), all border crossing formalities are preformed through the common border crossing areas. All the relevant authorities can interact through a single window system. Border crossing areas are currently equipped with scanning equipment used for checking dimensions and the total weight of the consignment. After scanning and determining the weight and dimensions of the truck, the vehicle is placed in special car parking. The driver passes the border control, and then provides all documents to be checked to a Customs Committee Officer through "Customer service window". The Customer Service Officer makes the decision on the types of inspections that should be carried out.

Although the driver is a representative of the exporter who organizes the delivery as well as engages and interacts with regulatory authorities, the importer specified in the contract is responsible for customs clearance of goods.

## 2.11: Payment of Customs Fees and Taxes

Figure 2. 14: Activity Diagram of Trade Procedure 2.11. “Payment of Customs Fees and Taxes”



The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.11. Payment of customs fees and taxes
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Code of the Republic of Kazakhstan</li> <li>Decree of the Government of the Republic of Kazakhstan 13№ 24 dated 21.01.2011 «Customs rates and fees in the Republic of Kazakhstan»;</li> <li>Decree of the Government of the Republic of Kazakhstan № 520 dated from 7 June 2010 «Customs rates and fees in the Republic of Kazakhstan».</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>Importer</li> <li>Bank of Importer (in case the importer pays through the bank)</li> <li>Customs representative (broker), in case the payment is made by card through the payment terminal at the border crossing area.</li> <li>Customs bank</li> </ul>
Input and criteria to enter/begin the business	Importer holds: sufficient funds, commercial contract, bank account (for customs fees payments through the bank), bank details of the customs office potentially

<sup>13</sup> Decree of the Government of the Republic of Kazakhstan

<b>process</b>	processing the relevant consignment (Karasu border crossing office or any other customs authority).
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.11.1. On the basis of value of Commercial Contract, an Importer pays 12% VAT to tax authorities, as per address of his legal entity.</p> <p>2.11.2. As result of the bank transfer, an importer receives a document certifying VAT payment</p> <p>2.11.3. Importer calculates his customs fees: 60 Euro for customs declaration plus 25 Euro for each extra list (for consignment comprising more than 3 types of goods).</p> <p>2.11.4. Importer decides on customs fees payment through one of two methods:</p> <ul style="list-style-type: none"> <li>▪ payment terminal at the border crossing area</li> <li>▪ or bank transfer to the relevant customs office (customs, border crossing office or any other).</li> </ul> <p>2.11.5. In case of Importer's bank transfers, an importer needs to specify the bank details of the relevant customs authority potentially dealing with consignment.</p> <p>2.11.6. In case of paying through the terminal, an importer pays his money to a customs bank card.</p> <p>2.11.7. Importer pays to his customs broker, who is in charge for customs clearance formalities and send him customs bank payment card with available found to pay customs fees through the terminal.</p> <p>2.11.8. Customs broker receives a payment card, pay customs fees through the payment terminal and get payment receipt of customs fees</p> <p>2.11.9. Customs bank receives a customs fees. Also Importer has the payment documents confirming payment of the VAT. This documents Importer provides for customs to customs clearance.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Border crossing formalities</li> <li>▪ Obtaining of all signs and stamps for further customs clearance formalities</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	0.2 day

Customs formalities for processed fruits imported from Kyrgyzstan require the following payments:

- Customs formalities fee: 60 Euro for main declaration (covering 3 types of goods) plus 25 Euro for each extra list<sup>14</sup> (for consignments comprised of more than 3 types of goods).
- 12% Value Added Tax paid to customs office dealing with the customs formalities and based on value of consignment (as per the invoice or counted up to the market value).

Customs fees are paid through banks to the customs office processing the consignment prior to or at the time of submission of the customs declaration. Customs payment orders should specify bank details of the relevant customs office.

Kyrgyzstan's imports are exempted from any import taxes, as per the CIS Free Trade Zone Agreement (Saint-Petersburg, 18.11.2011).

All customs fees are paid prior to or at the time of consignment's arrival to the border. The payment can be made by bank cards through dedicated payment terminals. No cash can be accepted. In case the importer lacks the bank card and did not pay the fees prior to arrival to the border, the

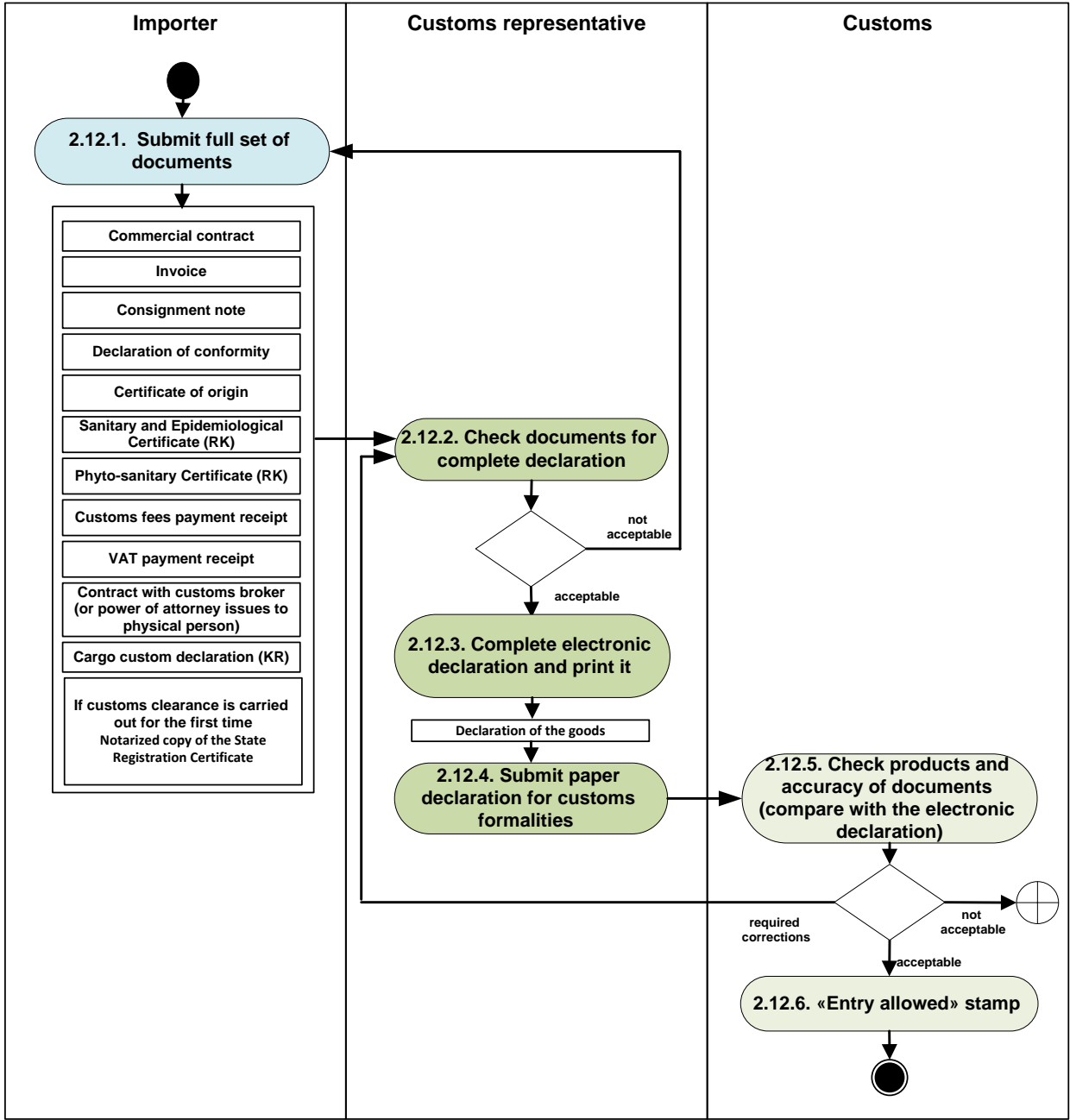
<sup>14</sup> Government Decree № 24 dated 21.01.2011 on customs rates and fees collected by customs authorities.

payment can be made through the nearest bank office, which is actually quite far from the border crossing area.

As a normal practice, an importer gives the bank card to its customs broker arranging for the customs clearance formalities and paying all customs fees through the payment terminals at the border.

2.12: Import Customs Clearance

Figure 2. 15: Activity diagram of trade procedure 2.12 “Import Customs Clearance”



The name of a process area which this particular business process belongs to	<b>2. Ship</b>
The name of a business process	<b>2.12. Customs Clearance</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>▪ Civil Code of the Republic of Kazakhstan</li> <li>▪ Customs Code of the Republic of Kazakhstan № 296-IV dated 30.06.2010;</li> <li>▪ Customs Code of the Republic of Kazakhstan № 296-IV dated 30.06.2010;</li> <li>▪ «Instructions on how to complete the declaration of goods" (resolution of the Eurasian Economic Committee No 39 dated 26.04. 2012.);</li> <li>▪ Decree of the Government of the Republic of Kazakhstan № 24 dated 21.01.2011 «Customs rates and fees in the Republic of Kazakhstan»;</li> <li>▪ CIS Free Trade Zone Agreement (dated 18.11.2011, Saint-Petersburg)</li> <li>▪ «Unified goods range within external economic activity and unified customs tariff of Customs Union (resolution of the Eurasian Economic Committee № 54 dated 16.07.2012, see last amended).</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>▪ Importer</li> <li>▪ Customs broker</li> <li>▪ Customs authority</li> </ul>
Input and criteria to enter/begin the business process	<p>Importer has:</p> <ul style="list-style-type: none"> <li>▪ Commercial Contract</li> <li>▪ Invoice (and Packing List in case the consignment comprises diverse types of goods)</li> <li>▪ Consignment Note</li> <li>▪ Declaration of Conformity</li> <li>▪ Certificate of Origin</li> <li>▪ Phytosanitary certificate (Kazakhstan)</li> <li>▪ Sanitary and epidemiological Certificate (Kazakhstan)</li> <li>▪ Customs fees payment receipt</li> <li>▪ VAT payment receipt</li> <li>▪ Contract with customs broker (or power of attorney issued to physical person) arranging for customs clearance formalities on behalf of importer</li> <li>▪ When applying first time - notarized copy of State Registration Certificate (ID for physical persons) and bank account details sent by e-mail.</li> </ul> <p>Customs broker:</p> <ul style="list-style-type: none"> <li>▪ License to operate a customs broker</li> <li>▪ Software for filling in the electronic version of custom declaration</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>Import Customs Clearance can be performed directly at the border or in the warehouse of the importer (<i>see the explanation in Section "Security for the payment of customs duties" on page 16.</i></p> <p>2.12.1. Importer submits all above listed documents to his broker;</p> <p>2.12.2. Customs broker checks all documents for accuracy and requires missing details, if any, from importer for complete of declaration</p> <p>2.12.3. In case of no discrepancies, customs broker starts customs declaration formalities in electronic format and then print it</p> <p>2.12.4. On behalf of importer, customs broker submits the paper customs declaration (also electronic version on flash) supported by copies of relevant documents</p> <p>2.12.5. Customs inspector checks products, all documents and declaration (compares with the electronic version), notifies the customs broker in case of any mistakes or discrepancies. Customs broker in cooperation with importer makes necessary corrections and resends to inspector.</p> <p>2.12.6. In case of no discrepancies, customs inspector stamps the declaration with releasing stamp and finalizes the customs arrangements.</p>
Output and criteria to exit	Importer completes the customs formalities.



the business process	
The average time required to complete the process and/or durations for each involved transaction	0.1-0.2 days

As mentioned in the relevant section of this study, customs clearance formalities require a Customs Declaration for imported goods made in compliance with existing legal norms and standards and submitted in soft or hard copy to customs authorities. An importer normally uses his customs broker for completion of all customs formalities. The Custom Declaration lists all details related to potential consignment and supported by copies of relevant documents. The Customs inspector may also require original documents.

If an importer makes a Customs Declaration for the first time, the importer needs to be registered within the customs database by providing notarized copy of State Registration Certificate (ID for physical persons), his/her bank account details, an authorization letter issued to any physical person acting on behalf of importer, as well as a contract with a broker.

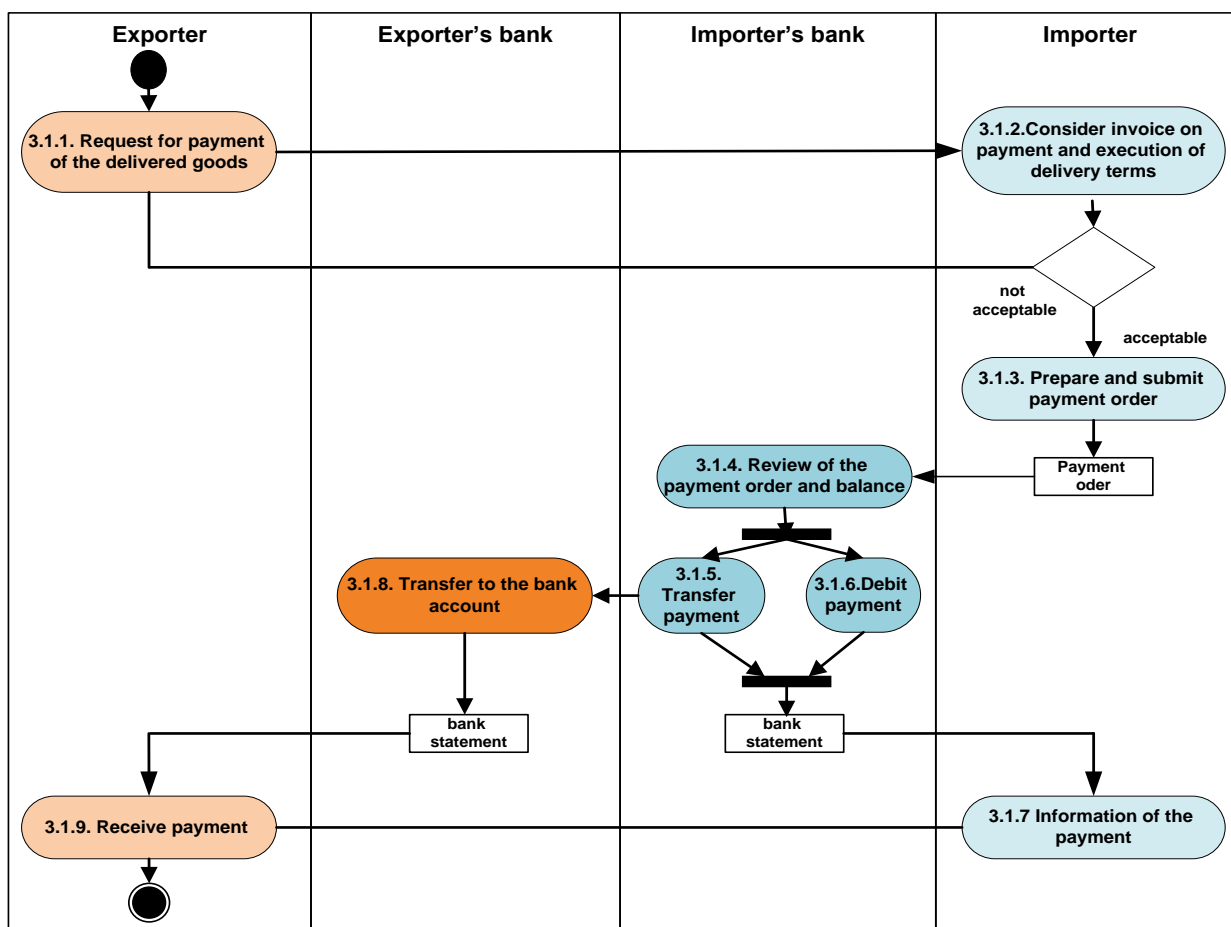
The importer may decide to assign his/her customs broker to the task of completing the customs declaration by paying a minimum of 100 USD, as customs brokers have necessary skills and operate relevant software associated with completion of customs declarations and submission of all necessary details, as required by customs regulations and standards. As an example, all goods on pallets require customs formalities and papers both for goods and pallets.

### Process Area 3: Pay

#### *3.1: Payment Order*

“Payment Order” is the only core business process under “Payment contract” process area.

Figure 2. 16: Activity Diagram of Trade Procedure 2.12 “Payment Order”



The name of a process area which this particular business process belongs to	3. Pay
The name of a business process	3.1. Payment Order
Related rules and regulations	<ul style="list-style-type: none"> <li>INCOTERMS</li> <li>Law of the Republic of Kazakhstan № 2444 dated 31 August 1995 on banks and bank transactions in Kazakhstan (as of 15.01.2014)</li> <li>Law on Banks and Banking Activity in the Kyrgyz Republic dated 29 July 1997</li> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyz Republic"</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>Exporter</li> <li>Importer</li> <li>Exporter's bank</li> <li>Importer's bank</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>Commercial Contract</li> <li>Invoice (and Packing List in case the consignment comprises diverse types of goods)</li> <li>Exporter delivered goods in accordance with terms of contract and delivery schedule.</li> <li>Importer received goods delivered and carried out all procedures necessary for release.</li> <li>Importer has account balance allowing payment on order.</li> </ul>

<b>Procedures and associated documentary requirements to complete the process</b>	3.1.1. Exporter after delivering goods requests payment for delivered goods in accordance with an Invoice for payment. 3.1.2. Importer considers Invoice on payment and execution of delivery terms by exporter. 3.1.3. If there is no discrepancy in delivered goods and sum requested by exporter and other violations of contract terms reflecting payment, then importer prepare and submit Payment Order to bank. 3.1.4. Banking officer reviews Payment Order and account balance of Importer. 3.1.5. If there is no limits to execution the Payment Order, representative of importer's bank carries out operation of payment transferring. 3.1.6. Simultaneously representative of the bank debits the importer's account for sum of payment and transferring charges. Bank on regular basis informs their clients by sending Bank Statement which contains information of account operations. 3.1.7. Importer informs his partner on the payment transfer. 3.1.8. Exporter's Bank accepts transfer made by importer's bank and transfers the payment on banking account of exporter. Exporter's bank acknowledges the client about payment receipt by sending regular Bank Statement. 3.1.9. Exporter receives payment
<b>Output and criteria to exit the business process</b>	Exporter received the payment in accordance with billed Invoice for payment.
<b>The average time required to complete the process and/or durations for each involved transaction</b>	3-5 days

## 2.4 Time-procedure chart and cost-procedure chart

Figures 2.17 shows the average time associated with all business processes related to import of processed fruits from Kyrgyzstan to Kazakhstan. The time required to process documents and deliver fruit is 45 days. As some of the processes may be executed in the meantime, the time required for processing papers and delivery is about 30 days. The traders spend significant time processing contracts (22 per cent), obtaining a phytosanitary certificate (27 per cent) and obtaining a declaration of conformity (21 per cent). Much less time is spent on the payment of the contract (9 per cent).

Figures 2.17 shows average costs associated with all business processes related to the import of processed fruits from Kyrgyzstan to Kazakhstan. The total cost for trade process amounts to \$ 1,714. Payment of customs duties (\$ 800) and transport (\$ 500) account for the largest proportions of the total cost (76 per cent). The most time consuming trade procedures, such as obtaining a phytosanitary certificate (\$ 30) and obtaining a declaration of conformity (\$ 70), are not too costly.

Figure 2. 17: Time-procedure chart for export of processed fruits from Kyrgyzstan to Kazakhstan

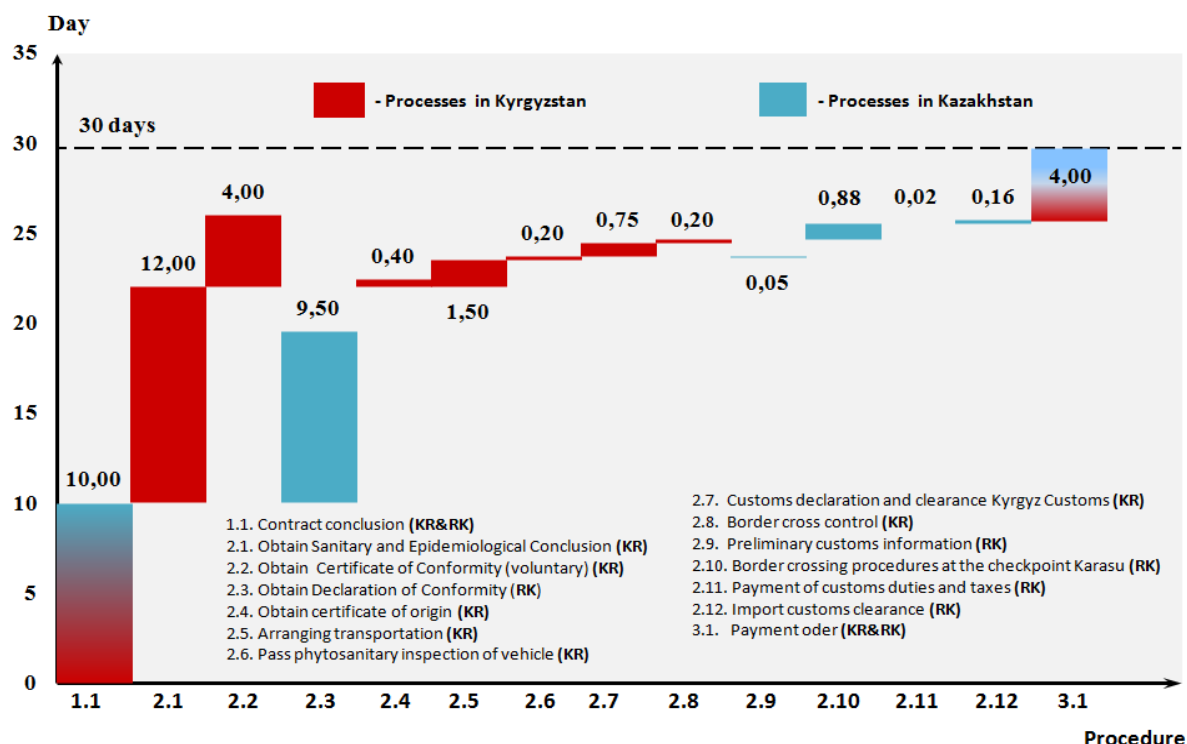
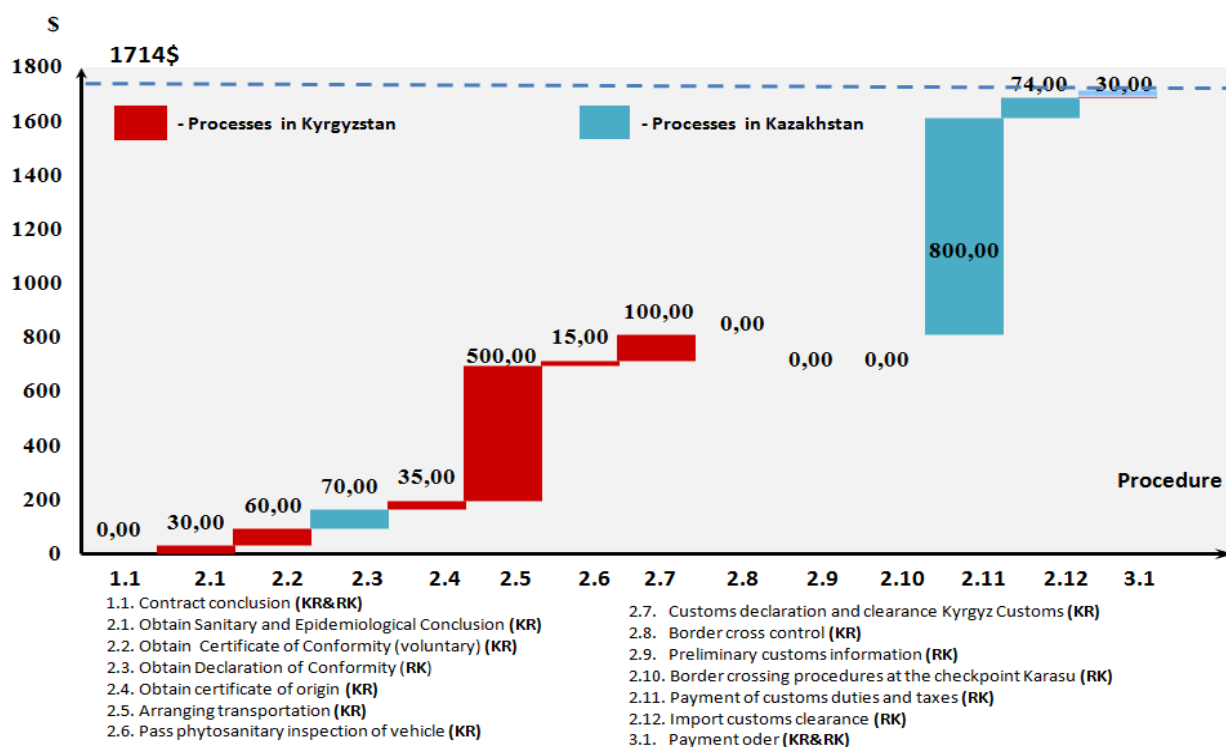


Figure 2. 18: Cost-procedure chart for export of processed fruits from Kyrgyzstan to Kazakhstan



## 2.5 Diagnosis of bottlenecks and recommendations for streamlining trade processes

Table 2.1 provides a diagnosis of bottlenecks (related to procedural requirements, data and documentary requirements, transparency or predictability) and recommendations for improvement.

**Table 2. 1: Summary of bottlenecks for processed fruits export supply chain**

Core business processes	Observations			Recommendations
	Procedural requirements	Data and documentary requirements	Transparency / predictability	
1. Buy				
1.1: Conclude sales contract and trade terms	The contracting procedure is relatively easy. Prior to a contract, the Parties negotiate all details and further sign a contract electronically, by scanning and using e-mails. A scanned copy of the contract is sufficient for the relevant bank transactions. Originals of the contract can be later posted or delivered in person for financial records. The contract lists all documents to be supplied by the exporter for the purpose of customs clearance formalities in Kazakhstan.	A contract specifies all details of both parties: full name of legal entity, legal and actual address, bank details including bank account number, Business Identifier Code (BIC or SWIFT code) and Individual Identifier Code (IIC) for self-employed entrepreneurs.	The procedure is transparent.	
2. Ship				
2.1: Obtaining sanitary and epidemiological		Despite the introduction of Single Window Information Systems for obtaining Sanitary and Epidemiological Conclusion, there are	Usually it takes from 1 to 2 days to process the application and issue the conclusion. It usually takes 1 – 14 days for laboratory tests. According to point	The Ministry of Economy should carry out the work on the harmonization of technical regulations and standards related to the import of food products to

conclusion		<p>still following duplicative activities:</p> <ul style="list-style-type: none"> <li>• four paper-based activities of registration with the submitted applications and the conclusions issued;</li> <li>• four paper-based internal activities within the DSES related to data transferring between laboratory and expert.</li> </ul> <p>Laboratory activities are not included in the Single Window Information System because there is a duplication of entering of data in creating internal Test Reports as an annex of the Sanitary and Epidemiological Conclusion.</p>	<p>12 of the Regulation on the Order of Sanitary and Epidemiological Examination of products for human health and safety indicators process time varies from 10 to 15 days depending on workload of laboratory.</p> <p>There is no predictable system of notification or information for the clients on status of their application related with the Conclusion issuance. It is a result of absence of integration laboratory activities into the whole process of conducting Sanitary and Epidemiological Inspection.</p> <p>Personnel contact takes place between exporter and the expert who reflects on process results. Unofficial fees may be requested for speeding up the process.</p>	<p>the CU countries.</p> <p>Reforms on laboratory accreditation KR and conformity assessment bodies under Regulation of the CU.</p> <p>Conduct analysis and re-engineering of business process of Sanitary and Epidemic Inspection, as well as integration of laboratory testing activities into Single Window Information System.</p>
<b>2.2: Obtaining Certificate of Conformity (voluntary)</b>	<p>According to Decree No512 of Government of the Kyrgyz Republic on mandatory demonstration of product compliance in the form of a declaration of compliance dated 23 October 2007, there is a possibility of providing a declaration of quality compliance with the technical requirements without procedure of certification. There is still a requirement to provide evidence based on test reports, which are carried out by the Department of State Sanitary and</p>	<p>Document requirements are ambiguous; for example, in addition to an application form, passport or act of registration, contract and invoice, the Bishkek Centre of Measurement and Testing requires a Phytosanitary Certificate (which is given mostly at the border crossing checkpoint), Sanitary and Epidemiological Conclusion and Certification of Origin.</p> <p>On the other hand, private certification bodies do not require the above certificates.</p>	<p>Time of the process varies from 1 day to 10 days.</p> <p>Private certification bodies issue certificates in 1-2 days, but State Certification Center takes 5-10 days.</p>	<p>The Ministry of Economy should harmonize procedures of voluntary certification in order to reduce redundancies that occur in a practice.</p> <p>The Ministry of Economy should carry out work on the harmonization of technical regulations and standards related to the import of food products to the Customs Union countries.</p> <p>Reforms on laboratory accreditation KR and conformity assessment bodies under Regulation TC.</p> <p>A more detailed analysis and re-</p>

	<p>Epidemiological Surveillance under the Ministry of Health (DSSES).</p> <p>Thus this procedure is fully redundant, and the exporter can declare his/her products quality by himself/herself with registration of the Declaration of Conformity at the DSSES.</p>			engineering of business processes for optimized and client-oriented of public services.
<b>2.3: Registration of Declaration of Conformity</b>	<p>Mandatory certification of food product safety should be made in accordance with the following requirement:</p> <ul style="list-style-type: none"> <li>• RK Government Decree N 90 dated 4.02.2008 with technical requirements for products conformity certification.</li> </ul> <p>The following documents specify product technical requirements:</p> <ul style="list-style-type: none"> <li>• Technical requirement of Customs Union for fruit and vegetable juice products 023/2011. (Resolution № 822 dated 9.12. 2011);</li> <li>• Technical requirement of the Customs Union 021/2011 on food safety (Resolution № 882 dated from 9.11. 2011 № 882).</li> </ul>	<p>Product technical requirements and document list for registration of Declaration of Conformity are specified by the relevant Government Decrees. Importer completes a standard declaration, submits a written application with enclosed documents certifying the products conformity (plus lab test results).</p> <p>Conformity certification and tests are made by accredited laboratories. The set of documents must include accreditation certificates of laboratory.</p>	<p>Despite existing requirements, Importer has a difficulty in terms of following necessary steps. The importer needs to apply to QCA with each specific consignment for further tests and analysis. As per existing norms and requirements, QCA studies the importer's application within a three-day period. Certification cost is negotiable.</p> <p>Certification period depends on the laboratory's workload.</p>	<p>The following specifics and seasonal limits of perishable goods, certification period must be minimized to possible extend using the following recommendations:</p> <ul style="list-style-type: none"> <li>• Produce well-defined certification deadlines;</li> <li>• Give an opportunity to importer for independent identification of products to be certified;</li> <li>• Instruct QCA to use electronic system for on-line submission of all declarations;</li> <li>• As an ideal option, to sign an agreement between Customs Union countries and Kyrgyzstan for acceptance of declarations registered in Kyrgyzstan.</li> </ul>
<b>2.4: Obtaining certificate of</b>	.	Certificate of Origin has to be printed on blank of strict reporting with protected elements (typographic	Regulation of "Kyrgyz expertise" Department of the CCI regarding certification of origin requires to	Under the reform in the Customs Union of Certification of Origin they propose the use of electronic certification. At the

<b>origin</b>		<p>form).</p> <p>There is no system for transferring the e-Certificate of Origin issued in the Kyrgyz Republic to the Customs Committee of Kazakhstan.</p>	<p>conduct examination of exporter's production conditions. Typically an expert decides independently whether or not to provide examination of production places, which makes the process non-transparent.</p> <p>There is no alternative organization that issues Certifications of Origin.</p>	<p>same time, SWIS allows CCI applying for and issuing Certification of Origin electronically with further transferring into the UAIS of Customs Service.</p>
<b>2.5: Arranging transport</b>			<p>The Road Patrol Service under the Ministry of Internal Affairs of Kyrgyz Republic rarely requests an inspection of shipping documents; they have no right to do this anyways.</p>	<p>Widespread information of carriers regarding their rights and responsibility of state bodies.</p>
<b>2.6: Phytosanitary inspection of vehicle</b>			<p>Fees paid by the exporter are above the official price and the inspector does not provide a receipt of payment.</p> <p>There is no adequate equipment at the border-crossing checkpoints (i.e., fumigation equipment, express analysis testers, etc.).</p>	<p>Comprehensive reforms in the field of phytosanitary and veterinary risk protection.</p>
<b>2.9: Preliminary custom information</b>	<p>Prior notification to customs authorities is required by existing law and needs to be made through the customs web-portal.</p> <p>This system was launched to ease border crossing formalities and minimize possible risks.</p>	<p>Users of web-portal are required to insert details specified by Customs Union Committee, resolution № 899 dated 9 December 2011 on mandatory prior notifications with regard to products imported into the Customs Union by road transportation (refer to relevant section of this report).</p>	<p>Prior notifications must be submitted minimum two hours prior to a consignment's arrival.</p> <p>The system is not actually usable, and all details are normally submitted upon consignment's arrival to border. Even in case the notice is sent prior to consignment's arrival, the importer lacks any feedback from customs authorities. At the time the truck arrives at the border, authorities may raise unexpected complains with regards to the accuracy of the notice</p>	<p>List of requirements:</p> <ul style="list-style-type: none"> <li>• Upgrade existing notification system (importer and his agent require a usable tracking option);</li> <li>• Ensure efficient monitoring of prior notification formalities.</li> </ul>



			or any other technical subjects. At the end, all trucks are obliged to wait in queue, delaying border crossing formalities.	
<b>2.10: Border-crossing procedures</b>	<p>Border-crossing formalities involve:</p> <ul style="list-style-type: none"> <li>• Transport control;</li> <li>• Border crossing control;</li> <li>• Phyto-sanitary control;</li> <li>• Quarantine control;</li> <li>• Customs control.</li> </ul> <p>Each of the above controls is regulated under a specific law and performed through a single service office.</p>	<p>Minimum requirements list:</p> <ul style="list-style-type: none"> <li>▪ <u>Truck and consignment weight control</u> – international road carriage licence, driving licence, vehicle's technical certificate, consignment note;</li> <li>▪ <u>Border control</u> – driver's and agent's passports;</li> <li>▪ <u>Sanitary and epidemiological control</u> - Sanitary and epidemiological certificate issued in Kyrgyzstan;</li> <li>▪ <u>Quarantine control</u>: phytosanitary certificate issued in Kyrgyzstan;</li> <li>▪ <u>Customs control</u>: commercial contract, invoice (plus packing list), consignment note, phytosanitary and sanitary and epidemiological certificate issued in Kazakhstan.</li> </ul>	Despite existing deadlines for border crossing formalities, trucks stand idle in queues waiting for paper processing.	<ul style="list-style-type: none"> <li>• Reduce waiting time for trucks (ensure efficient prior notification system, sort vehicles based on type of consignments, develop capacity of border crossing offices by evaluating the level of services, capacity of infrastructure and equipment, existing human resources);</li> <li>• Ensure prior electronic exchange of details with authorities in Kyrgyzstan (phytosanitary, quarantine, customs authorities) by signing a contract for the sake of mutual acceptance of documents and certificates.</li> </ul>
<b>2.11: Payment of customs duties and taxes</b>		Tax payments are measured on the basis of invoice, including Euro 60 paid as a customs fee plus Euro 25 paid for each extra list.	Customs fees are paid prior or upon submission of the declaration through the bank or payment terminal.	<ul style="list-style-type: none"> <li>• Customs offices should be able to receive cash payments.</li> </ul>
<b>2.12: Import customs clearance</b>	As per existing legislation, a declaration is submitted in soft or hard copy format. Electronic or soft copies can be managed independently by the importer through the dedicated customs web-portal by specifying the importer's customs registration number and using specific and costly software. Alternatively, an	<p>The declaration copy needs to be supported by the following documents:</p> <ul style="list-style-type: none"> <li>▪ Commercial contract;</li> <li>▪ Invoice (and packing list if case the consignment comprises more than one type of goods);</li> <li>▪ Consignment note;</li> <li>▪ Declaration of Conformity;</li> <li>▪ Certificate of Origin;</li> </ul>	Importers are forced to recruit a customs broker due to the lack of efficiency of electronic declaration system and the high cost of dedicated software.	<p>List of requirements:</p> <ul style="list-style-type: none"> <li>• Ensure efficiency of web declarant portal by developing a friendly and easy usable system with FAQ options;</li> <li>• Ensure declaration formalities options immediately in border-crossing offices equipped with computer and terminal systems.</li> </ul>

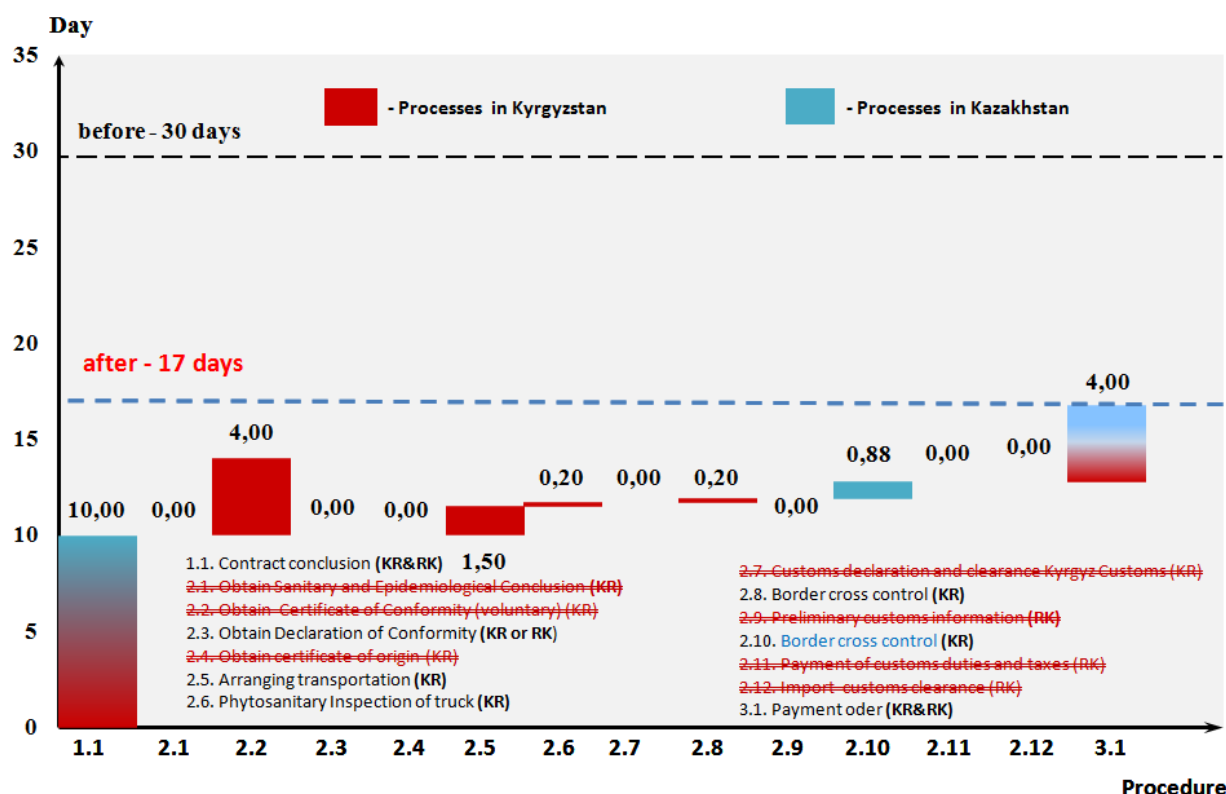
	Importer may recruit a customs broker operating relevant software.	<ul style="list-style-type: none"> <li>▪ Phytosanitary certificate issued in Kyrgyzstan;</li> <li>▪ Sanitary and epidemiological certificate issued in Kazakhstan;</li> <li>▪ Customs fees payment receipt</li> <li>▪ VAT payment receipt;</li> <li>▪ Contract with a customs broker or power of attorney issued to an individual dealing with customs formalities on behalf of importer;</li> <li>▪ For first time applications: notarized copy of State Registration Certificate (ID for physical persons) and bank account details sent by e-mail.</li> </ul>		
<b>3. Pay</b>				
<b>3.1: Payment of contract</b>		A copy of the contract (sometimes banks requires original contract) and invoice.	The procedure is transparent.	

**Table 2. 2: Action plan for simplification trade processes for processed fruits export from Kyrgyzstan to Kazakhstan**

	Objective	Indicators	Responsible party
1	Implement activities on the accession of the Kyrgyz Republic to the Customs Union in accordance with the plan of action ("roadmap")	Share of adopted legislations	According to plan of action ("roadmap") on accession to the Customs Union
	<b>Activity</b>	<b>Expected results</b>	<b>Responsible Party</b>
1.1.	Provide accession to Customs Code of the Customs Union	Relevant legislation is adopted	According to plan of action ("roadmap") on accession to the Customs Union
1.2.	Provide integration of the UAIS with customs information systems of the Customs Union members	Data exchange is conducted in accordance with regulation of the Customs Union	According to plan of action ("roadmap") on accession to the Customs Union
1.3.	Provide modernization of external border control checkpoints to the regulation of the Customs Union	Border crossing checkpoints comply with regulation of the Customs Union	According to plan of action ("roadmap") on accession to the Customs Union

1.4.	Provide accession to the Customs Union Agreement on transport control at the external border of the Customs Union.	Transport (road) control at the external border complies with the Customs Union regulation	According to plan of action (“roadmap”) on accession to the Customs Union
1.5.	Provide accession to the Customs Union Agreement: <ul style="list-style-type: none"> <li>▪ On unified principles and rules of technical regulation;</li> <li>▪ On the movement of goods liable to mandatory conformity compliance in the territory of the Customs Union;</li> <li>▪ On mutual acceptance of accreditation of certification bodies and testing laboratories executing conformity compliance performance;</li> <li>▪ Sanitary measures;</li> <li>▪ Veterinary measures;</li> <li>▪ On plant quarantine;</li> <li>▪ On rules of origin.</li> </ul>	Harmonization of legislations related with simplification of access to the market.	Ministry of Economy; Ministry of Health; State Inspection on Veterinary and Phytosanitary Safety; Chamber of Commerce and Industry of KR.
	<b>Objective</b>	<b>Indicators</b>	<b>Responsible party</b>
2	Reduce time and cost of export transactions.	Time and cost of export transactions are reduced.	Ministry of Economy
	<b>Activity</b>	<b>Expected results</b>	<b>Responsible party</b>
2.1.	Introduce a centralized system on foreign trade related documents issuance and services’ payment through a Single Window mechanism in all regions of the Kyrgyz Republic.	Single Window services are accessible in all regions of the country.	Ministry of Economy; Single Window Centre for Foreign Trade; Regulating bodies involved in the SWIS.
2.2.	Conduct analysis and re-engineering of business process of foreign trade regulating agencies and bodies, and conduct unification and automation business processes.	Foreign trade related documents issuance procedures are simplified, unified, and automated.	Ministry of Economy; Single Window Centre for Foreign Trade; Regulating bodies involved in the SWIS.
2.3.	Conduct standardization and unification of requested documents and data for foreign trade processes.	Number of requested documents and data for foreign trade processes is reduced.	Ministry of Economy; Single Window Centre for Foreign Trade; Regulating bodies involved in the SWIS.

Figure 2. 19: Proposal to remove regulatory obstacles to exporters of processed fruits



Implementation of activities with regard to the accession by the Kyrgyz Republic to the Customs Union of Belarus, Kazakhstan and the Russian Federation will allow Kyrgyzstan exporters to exclude multiple duplicative procedures when exporting to those countries. Despite a very simplified model for eliminating regulatory obstacles, benefits appear evident.

## 2.6 Summary

The BPA analysis in this chapter reveals that the trade process for the export of processed fruit from Kyrgyzstan to Kazakhstan involves 14 core procedures. Based on the analysis, it is recommended that the Governments of Kazakhstan and Kyrgyzstan:

- Mutually recognize the phytosanitary certificates issued by another country. Currently, the certificates need to be re-issued on the Kazakhstan side (referring to activity diagram 2.1. KR - Obtain Sanitary and Epidemiological Conclusion).
- Avoid duplication of functions (for example, business processes 2.6. Phytosanitary Inspection of truck (KR) and 2.10 Border crossing procedures at the checkpoint Karasu (RK)).
- Mutually recognize the certificate and declaration of conformity issued by another country.

To implement these recommendations, the Governments should develop appropriate regulations and standards for certification bodies, laboratories and inspections, as well as intergovernmental agreements.

It will be necessary to improve paperless technologies and equipment to ensure the exchange of information between the regulatory agencies of the two countries

To implement these actions, it will be necessary for the two countries to monitor border checkpoints. After monitoring, it will be necessary to develop and implement action plans to reduce the barriers on the border through the use of new technology and equipment. The implementation of these actions may reduce the time spent at the border to two hours (a similar experience has been recorded in Belorussia and some European countries).

During border-crossings a significant amount of time is often spent checking the conformity of vehicles' weight and dimensions to required national standards. Despite the fact that Kazakhstan and Kyrgyzstan have joined the relevant international conventions, the agreement requirements are still not being implemented.

It will also be necessary to monitor of compliance with the requirements of international agreements on recognition of weight certification and to facilitate the discussion at governmental bilateral meetings of Kazakhstan and Kyrgyzstan.

Once Kyrgyzstan joins the Customs Union, exports of goods from Kyrgyzstan to Kazakhstan will be carried out without customs clearance and the following seven business procedures will be eliminated. This will reduce the time involved in delivering processed fruit by 13 days and save \$ 1,200:

- 2.1. Obtain Sanitary and Epidemiological Conclusion (KR);
- 2.2. Obtain Certificate of Conformity (voluntary) (KR);
- 2.4. Obtain certificate of origin (KR);
- 2.7. Customs declaration and clearance Kyrgyz Customs (KR);
- 2.9. Preliminary customs information (RK);
- 2.11. Payment of customs duties and taxes (RK);
- 2.12. Import customs clearance (RK).

### 3. Trade process analysis of cereal products from Kazakhstan to Azerbaijan

#### 3.1 Overview of the supply chain

The grain is grown mainly in the northern regions of Kazakhstan. Favourable weather conditions in the region make it possible to obtain high and stable yields of cereals. Three areas of the region (Akmolinskaya, Kostanaiyskaya and northern Kazakhstan) account for about 80% of wheat acreage and 85% of the total harvest.

More than a half of the cereal volume comes from the large agricultural enterprises covering more than 10,000 hectares (ha) of arable land. Medium-sized enterprises (5,000-20,000 ha) are managed using machinery and cereal storage facilities. Larger enterprises (more than 20,000 ha) maintain direct contact with overseas partners and are managed by so-called agricultural holdings. The latter include enterprises owning production and processing units, elevators and, in some instances, port terminals.

Cereal elevators and flour mills are usually located 100-150 km from the farms. The largest portion of cereals goes to licensed elevators. The owners of licensed elevators issue for local traders the receipts for cereals (grain), confirming the quantity and occurrence of cereal/grain and property rights. They can also combine small portions of cereal into larger batches to match the elevators' normal capacity. In some cases, traders purchase cereal directly from the 'origin' (from threshing-floor or combine harvester).

Kazakhstan exports cereal to Azerbaijan by railway and by trucks (rare), or through the Caspian Sea. If the cargo is delivered by rail, the goods pass through the checkpoint at Aksaraiskaya station on the border with Russia. To supply cereals from Kazakhstan to Azerbaijan, the companies usually use multimodal transport. Cargo to the Port of Aktau is delivered by railway or trucks, and further by sea to the port of Baku, then by surface transport to its destination. Shipping from the port of Aktau to Baku port usually takes 24 hours. The navigation period in Caspian Sea is 12 months.

**Figure 3. 1: Main delivery routes of export of cereal from Kazakhstan to Azerbaijan**



Source: Map was developed by the Association of National Freight Forwarders of Kazakhstan

The cereal export business process analysis was based on the following:

- Cereals are exported from Kazakhstan to Azerbaijan;
- Cereals are delivered from grain elevators<sup>15</sup>, as per phytosanitary and other requirements;
- Cereals are delivered by railway through the Russian Federation territory (with no customs formalities due to the Customs Union membership of Kazakhstan);
- Exporter arranges for delivery under DAT terms (INCOTERMS 2010);
- Payment by Letter of Credit;
- A customs agent (broker) is not required for customs formalities;
- Shipment costs within Kazakhstan are paid by exporter; costs of onward shipment through the Russian Federation territory by a Russian freight forwarder are paid by consignee in Azerbaijan;
- Contract total not exceeding US \$ 50,000;
- The exporter has a digital signature (EDS), which gives him/her the opportunity to receive some types of government services for obtaining permits through the government website "Electronic Government of the Republic of Kazakhstan" - <http://egov.kz>;
- Prior to export, an exporter is required to obtain a Certificate of Conformity (Quality Certificate) for cereals to be exported, including phytosanitary, quarantine and, in some cases, veterinary certificates. However, this type of products was not considered in this report. A Certificate of Origin is not required if the product is completely manufactured in Kazakhstan;
- In accordance with the existing customs law, cereals exports are exempted from all customs fees. In accordance with the tax legislation of Kazakhstan the exporter is also exempted from VAT;

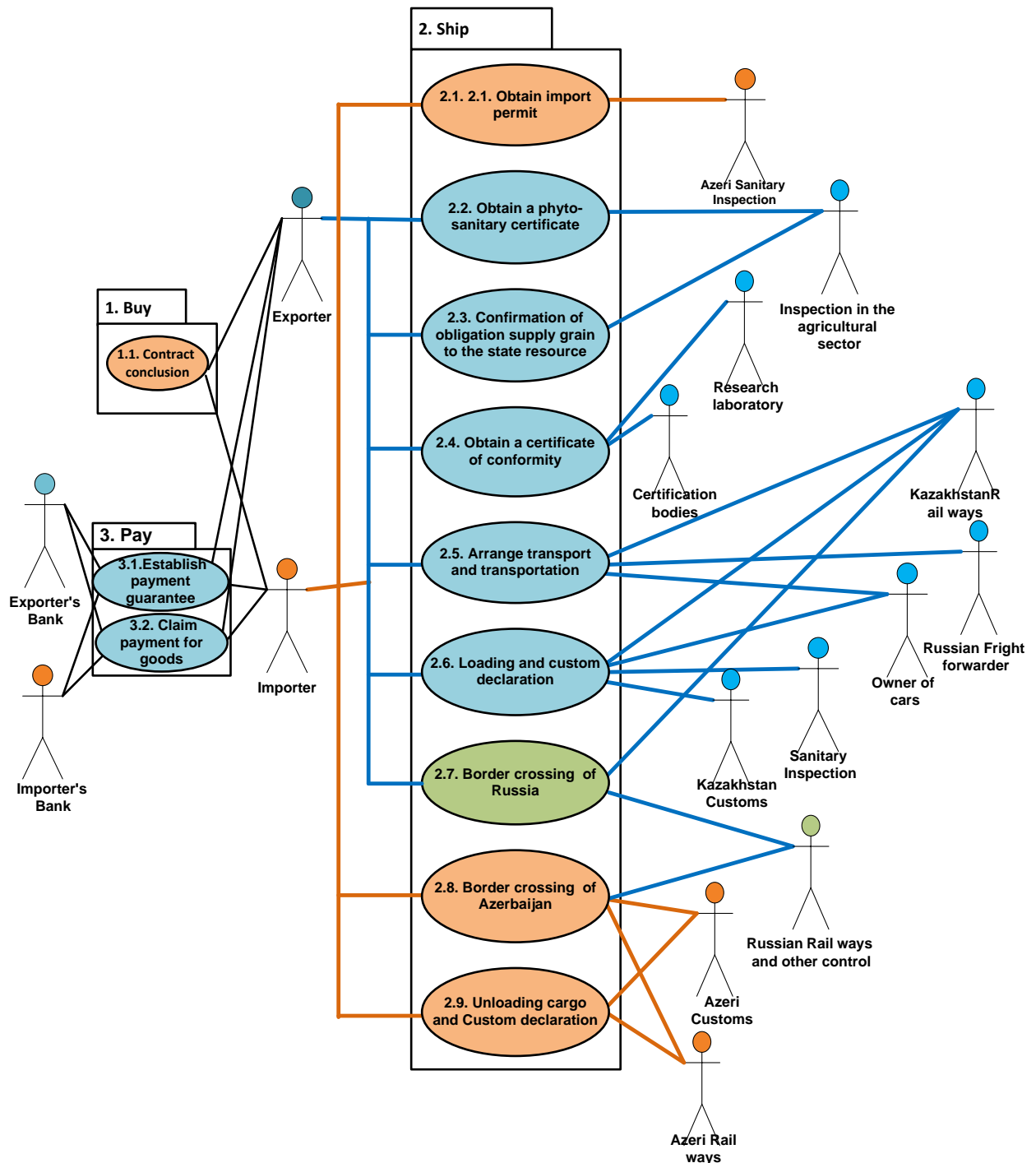
<sup>15</sup> A grain elevator is storage facilities for large quantities of grain and bring it to the conditioned state. The Grain elevator is a highly mechanized grain storage silos

- In accordance with the CIS Agreement, cereals are exempted from import taxes in Azerbaijan.

### 3.2 Use-Case diagram

There are 12 core business processes and 16 parties involved in the cereal export from Kazakhstan to Azerbaijan. These core business processes are categorized into 3 process areas, i.e., Buy, Ship, and Pay, as highlighted in the UN/CEFACT International Supply Chain Model.

Figure 3. 2: Use-Case diagram of cereal products export





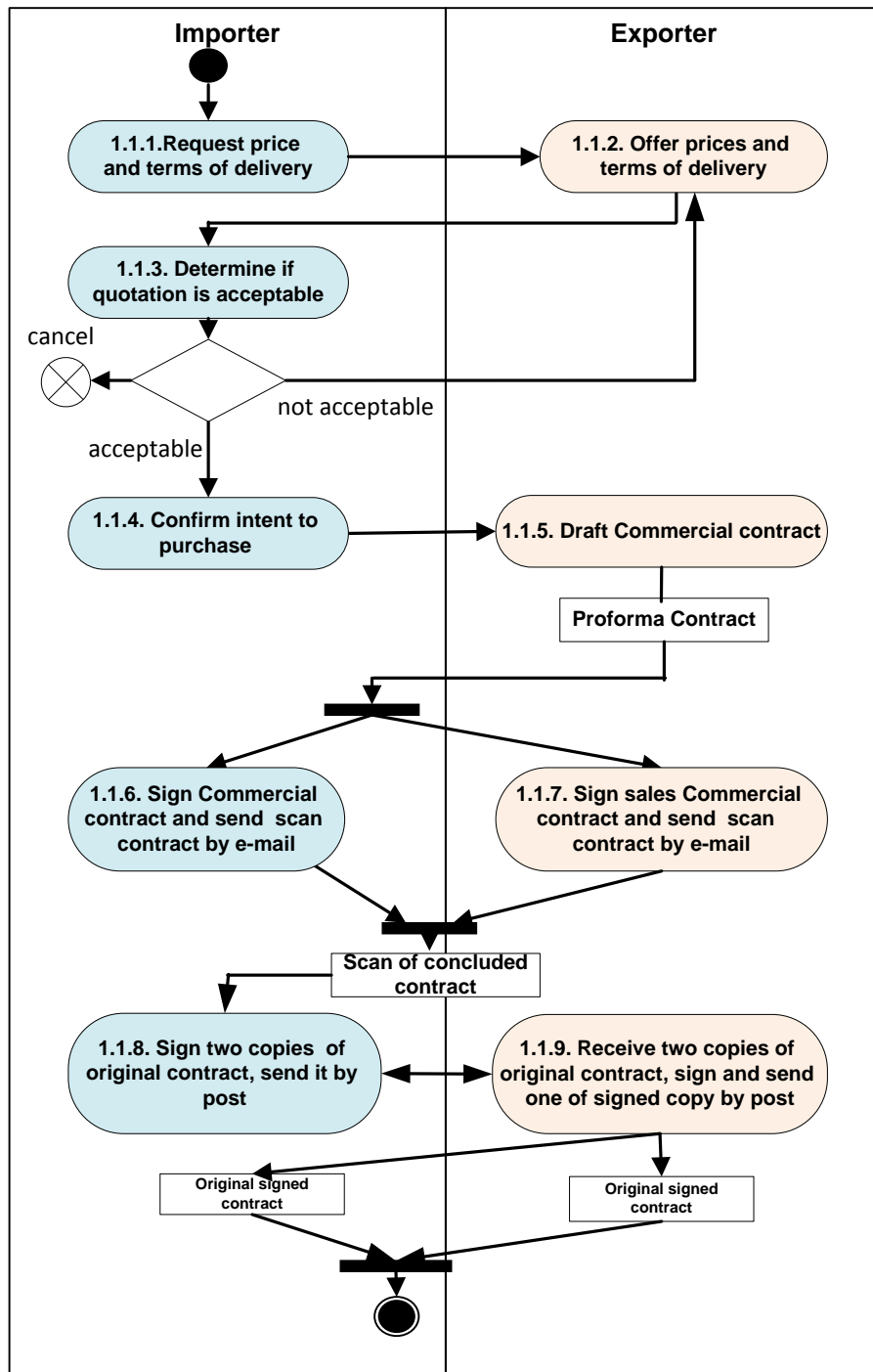
### 3.3 Activity diagrams

#### Scope of business process 1: buy

##### 1.1: Contract conclusion

"Commercial Contract and trade terminology" is a sole business process covered under "Buy" segment.

Figure 3. 3: Activity diagram "Conclude sales contract and trade terms"



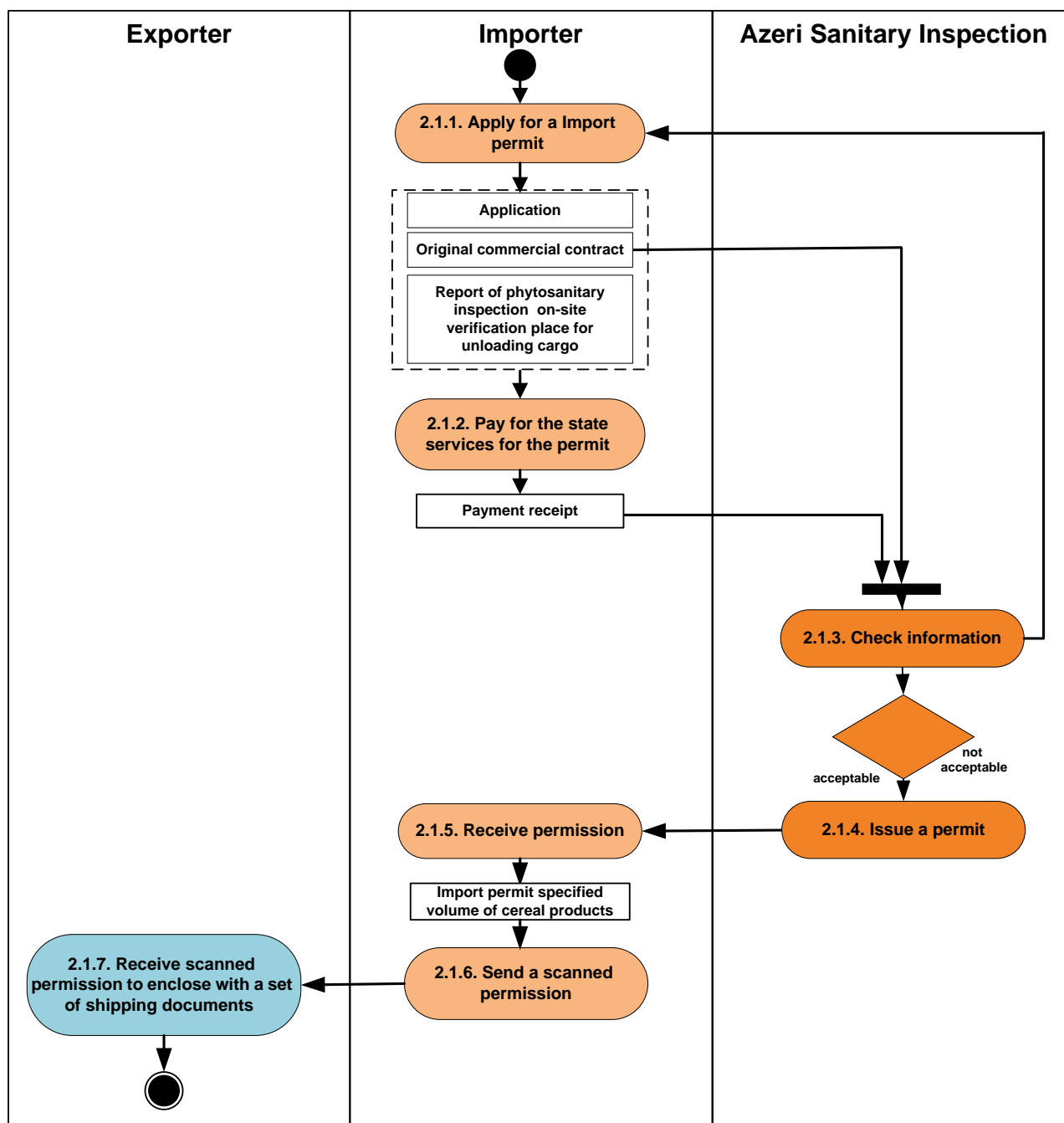
<b>The name of a process area which this particular business process belongs to</b>	<b>1. Buy</b>
<b>The name of a business process</b>	<b>1.1. Conclude sales contract and trade terms</b>
<b>Related rules and regulations</b>	Export and Import foreign exchange regulations in the Republic of Kazakhstan and issue of export and import contract registration numbers to residents (resolution of National Bank Board of Directors № 42, dated 24.02.2012).
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Importer</li> <li>▪ Exporter</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Importer specifies product quality and quantity</li> <li>▪ Exporter holds products complying with specified quality and quantity</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>1.3.1. Exporter receives inquiry from importer (by e-mail or fax) specifying product type and delivery terms (a contract can be also initiated by exporter offering a price offer to importer)</p> <p>1.3.2. Importer receives price offer from exporter</p> <p>1.3.3. Importer evaluates exporter's price offer in terms of product's cost, quality, quantity and delivery terms.</p> <p>1.3.4. In case of consensus between both parties, importer sends a purchase order for cereals,</p> <p>1.3.5. Exporter (or importer, usually exporter) drafts Commercial Contract (pro-forma contract)</p> <p>1.3.6. Importer signs the Contract and e-mails a scanned copy to Exporter</p> <p>1.3.7. Exporter signs the Contract and e-mails a scanned copy to Importer</p> <p>1.3.8. The two originals signed by Importer are posted to Exporter</p> <p>1.3.9. Exporter signs both originals with one to be posted to Importer</p>
<b>Output and criteria to exit the business process</b>	Importer and exporter have agreed contract terms and shipment date. Following the purchase order, the importer may require 70% advance payment.
<b>The average time required to complete the process and/or durations for each involved transaction</b>	5 days including postal delivery

## Scope of business process 2: ship

### *2.1: Obtain import permit in Azerbaijan*

According to the relevant rules in Azerbaijan, all importers need to obtain their import permits prior to the import of quarantined products. The standard permits have three months validity period, which can be extended with regards to specific products.

Figure 3. 4: Activity diagram “Obtain import permit in Azerbaijan”



The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.1. Obtain import permit
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Code of Azerbaijan ratified by AR law №164 dated 24.06.2011</li> <li>Resolution of AR Cabinet of Ministers № 228 dated 15.10.2012 «Issue of customs permits associated with various customs formalities and procedures»</li> <li>Phytosanitary law of the Republic of Azerbaijan dated from 26.05.2012</li> <li>Resolution of AR Cabinet of Ministers № 280 dated 29.12.2006</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>Importer</li> <li>Phytosanitary Inspection of Azerbaijan</li> </ul>

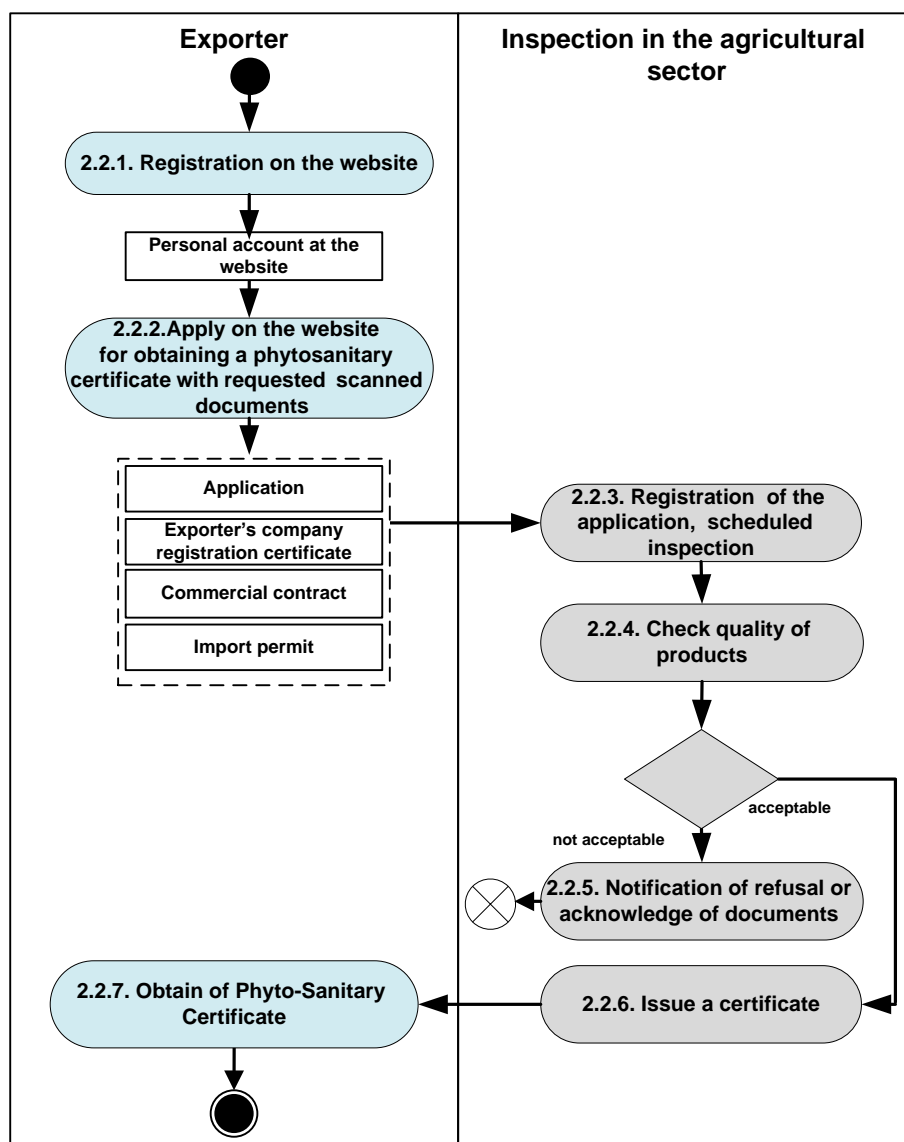
	<ul style="list-style-type: none"> <li>▪ Exporter</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter and importer hold a signed Commercial contract with delivery terms</li> <li>▪ Importer holds a phytosanitary inspection act</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.1.1. Importer applies to state phytosanitary inspection with the following documents to be enclosed with the application:</p> <ul style="list-style-type: none"> <li>▪ Copy of Commercial Contract (with original copy enclosed)</li> <li>▪ Phytosanitary inspection act</li> </ul> <p>2.1.2. Importer pays 20 AZN (or 16 \$) for phytosanitary certificate</p> <p>2.1.3. State phytosanitary inspection checks all documents to analyse possible risks associated with cereals import into the country</p> <p>2.1.4. In case of zero phytosanitary risks, a state inspection issues an import permit or authorises additional phytosanitary measures. In case of high risks (depending on goods type or country of origin), an import permit may be rejected.</p> <p>2.1.5. Importer receives a phytosanitary import permit.</p> <p>2.1.6. Importer sends a scanned copy of certificate to exporter.</p> <p>2.1.7. Exporter receives an import permit to be enclosed with a set of shipping documents to accompany the cereals to be imported.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Importer holds a phytosanitary import permit for smooth trans-border formalities</li> <li>▪ Importer holds a copy of phytosanitary import permit to supply a carriage with full set of shipping documents</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	1 day

## *2.2: Obtain a phyto-sanitary certificate*

Obtaining Phytosanitary Certificate involves two parties in Kazakhstan: the exporter and the plants quarantine inspector. In 2014, Kazakhstan adopted and implemented standards of rendering the services on the issuing of the phytosanitary certificates partially through the website "Electronic government of the Republic of Kazakhstan» ([www.egov.kz](http://www.egov.kz)). With the ability to provide a digital signature, the exporter may submit online application for quarantine and phytosanitary certificate and post all necessary documents, as well as check the status of the implementation of the issuance of certificates. Certificate is provided in hard copy at the Committee of the State Inspection under the Ministry of Agriculture of the Republic of Kazakhstan. Government standards and regulations for issuing phytosanitary certificate can be found on the website of the Ministry of Agriculture - <http://mgov.kz>.

The state inspectorate carries out the inspection on plant quarantine and phytosanitary conditions at the facilities. Based on the bilateral agreement between Kazakhstan and Azerbaijan, and between Kazakhstan and Russia, the Phytosanitary Certificate issued in Kazakhstan is recognized in Azerbaijan and Russia.

Figure 3. 5: Activity diagram “Obtain a phytosanitary certificate in Azerbaijan”



The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.2. Obtain phytosanitary certificate
Related rules and regulations	<ul style="list-style-type: none"> <li>Law of Republic of Kazakhstan on plant quarantine № 344 dated 11.02.1999 (with amendments as of 29.09.2014);</li> <li>Quarantine phytosanitary procedures and requirements on customs border of Customs Union ratified by Customs Union Committee's resolution № 318 dated from 18 June 2010 (see Annex);</li> <li>Agreement of the Customs Union on safety of plants (refer to the Protocol of Amendments to the Customs Union Sanitary Agreement dated from 11.12.2009, ratified by Resolution 39 of Eurasian Economic Committee on 21.05.2010);</li> <li>Phytosanitary and phyto-safety control at the Customs Union customs border (refer to resolution of Customs Union Committee № 528 dated from 28.01.2011, and № 894 dated 09.12.2011);</li> <li>List of products under safety control № 1170 dated from 14.10.2011 № 1170 Plants Safety Code of the Republic of Kazakhstan № 344-I dated from</li> </ul>

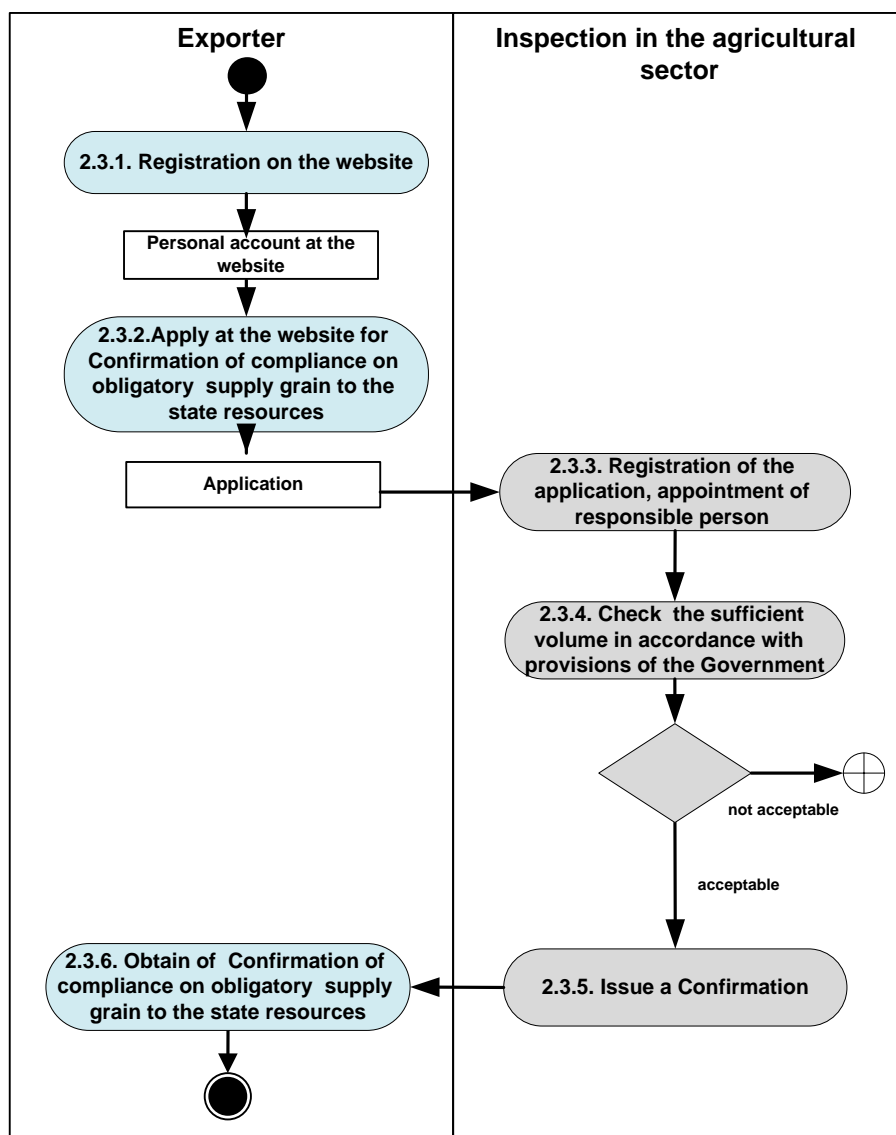
	<p>11.02.1999 (amended on 03.07.2013).</p> <ul style="list-style-type: none"> <li>Standard of state service "Issue of phyto-sanitary certificate for export of quarantine products from the Republic of Kazakhstan"</li> <li>Rules of Procedure state service "Issuing phyto-sanitary certificate for export of quarantine products from the Republic of Kazakhstan"</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>Exporter</li> <li>State Inspection Committee in agriculture industry under the Ministry of Agriculture of the Republic of Kazakhstan</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>Exporter and Importer already hold signed Commercial Contract and terms</li> <li>Exporter owns electronic signature</li> <li>Importer received a cereals import permit and submitted to Exporter, or has quarantine requirements associated with specific country of import.</li> <li>Exporter received fumigation certificates from the elevator</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.2.1. Exporter (applicant) is registered on <a href="http://www.egov.kz">www.egov.kz</a> web-site</p> <p>2.2.2. Exporter applies for phyto-sanitary certificate through his personal "electronic cabinet" (personal account) on the website <a href="http://www.egov.kz">www.egov.kz</a>, specifying products type, quantities, destination country, scheduled export date, border-crossing point, country of import, importer's address, etc. Dully filled in application is checked automatically by the website CMS (Content management system). The Exporter checks his application status in the personal cabinet on the website.</p> <p>Exporter also submits scanned documents in addition to the application:</p> <ul style="list-style-type: none"> <li>Commercial Contract;</li> <li>Import permit for Azerbaijan received from importer;</li> <li>Fumigation certificates from the elevator;</li> <li>Company registration documents;</li> </ul> <p>2.2.3. Quarantine inspection receives an application and appoints the person to check the quality of products (usually the inspectors have the assignments associated with the place of manufacture of cereals, to the every large elevator).</p> <p>2.2.4. Inspector checks the products</p> <p>2.2.5. If the product contains a quarantine hazard, the Inspector informs the exporter about the refusal of the application or determines the measures on elimination of the hazard (e.g. fumigation);</p> <p>2.2.6. If the product is safe, the Inspector prepares a certificate on hard copy and the exporter could see online the information about the completion or readiness of the certificate.</p> <p>2.2.7. Exporter receives a certificate in hard copy</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>Exporter receives a phyto-sanitary certificate.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	5 days

### *2.3: Confirmation of compliance with obligations to supply grain to the state resources*

In 2014 Kazakhstan adopted and implemented the "Standards of rendering the services on the issuing of the Confirmation of compliance with obligations to supply grain to the state resources ". The issuing of the document is partially automated through the website "Electronic government of the Republic of Kazakhstan" ([www.egov.kz](http://www.egov.kz)).

With the availability of a digital signature, the exporter may submit an online application for Confirmation of Compliance with obligations to supply grain to the state resources and post all necessary documents, as well as check the status of the implementation of the issuance of document. The Confirmation is provided in hard copy by the Committee of the State Inspection under the Ministry of Agriculture in Kazakhstan.

**Figure 3. 6: Activity diagram “Confirmation of compliance with obligations to supply grain to the state resources”**



The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.3. Confirmation of compliance with obligations to supply grain to the state resources
Related rules and regulations	<ul style="list-style-type: none"> <li>Government Degree of the Republic of Kazakhstan from 28. 03. 2001 № 394 "Approved rules on formation, storage, renovation, transfer and resource use of public resources grain" (amended on 14.09.2010)</li> <li>Standard of state service "Issue grain exporters confirmation of compliance with obligations to supply grain to the state resources"</li> </ul>

<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Exporter</li> <li>▪ The Committee of state inspection in agriculture industry under the Ministry of Agriculture of RK (Inspection)</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ The exporter has the electronic signature</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.3.1. Exporter (applicant) is registered on the site <a href="http://www.egov.kz">www.egov.kz</a> and accesses to his/her personal account (cabinet).</p> <p>2.3.2. The exporter applies for confirmation of compliance with obligations to supply grain to the state resources through its personal account on the site <a href="http://www.egov.kz">www.egov.kz</a> . The application indicates the volume of exported grain and the amount of grain delivered to state resources. Exporter monitors the status of its application in the personal account (cabinet).</p> <p>2.3.3. Inspection state body receives a request and appoints a responsible person</p> <p>2.3.4. Responsible person checks the sufficient quantities of cereal was delivered to the state resource (in accordance with the provisions of the Government)</p> <p>2.3.5. If the cereal was delivered in requested volume, the Inspectorate shall issue confirmation of compliance with obligations to supply grain to the state resources, if is not delivered in requested volume the Inspectorate declines in confirmation</p> <p>2.3.6 The exporter receives a confirmation form in hard copy at Inspectorate.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ The exporter receives the confirmation of compliance with obligations to supply grain to the state resources</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	3 days

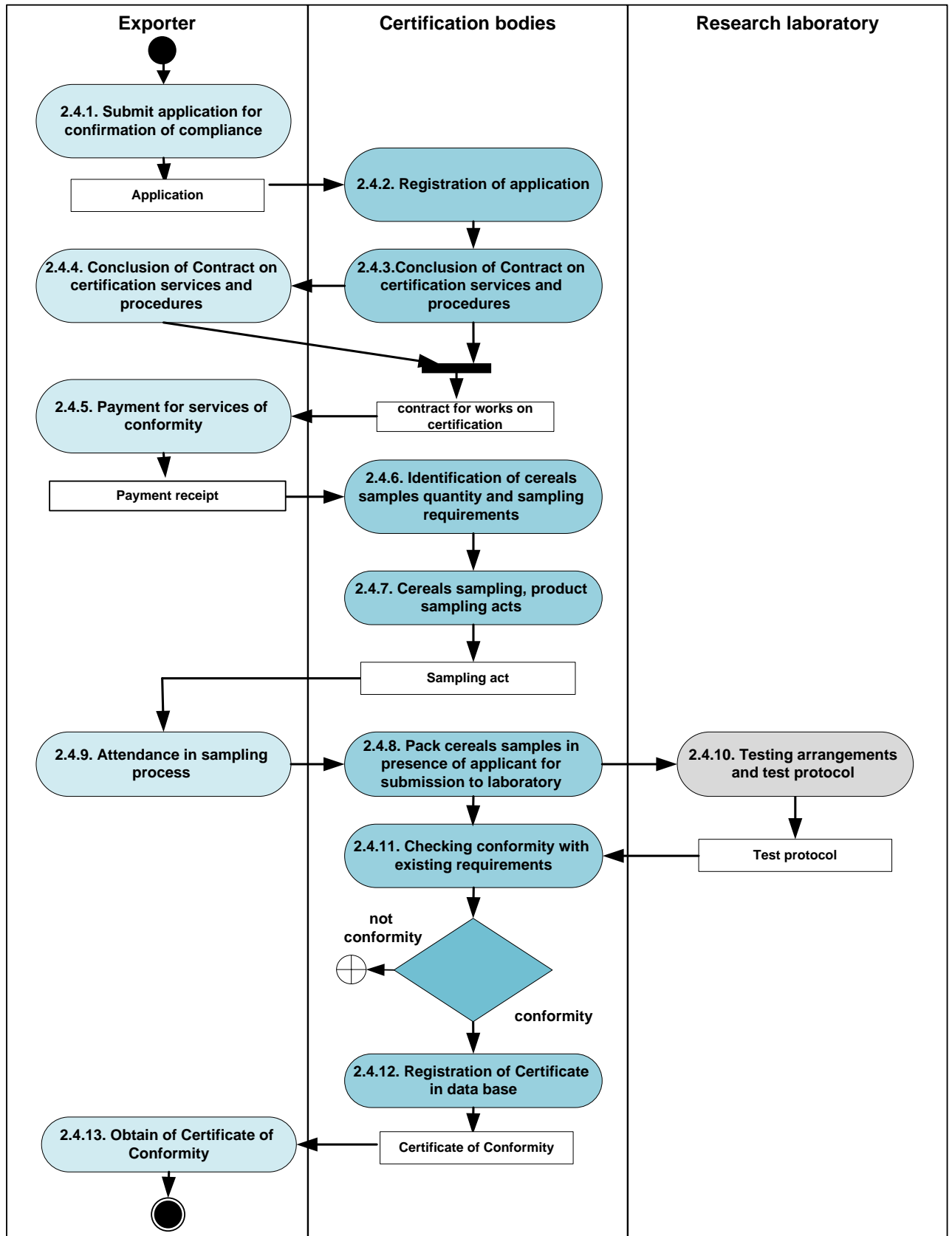
#### *2.4: Obtain Certificate of Conformity*

According to the "Cereals Safety Technical Requirements", adopted by RK Government Decree No.337 dated from 8.04.2008, cereal products are subject to mandatory certification. Certification of Conformity is based on Scheme 7, approved by Technical Requirements of the Republic of Kazakhstan.

Certification of Conformity is made by a relevant accredited certification agency listed on the website of Technical Control and Metrology Committee by the Ministry of Industry and New Technologies of the Republic of Kazakhstan (<http://www.memst.kz>).



Figure 3. 7: Activity diagram “Obtain Certificate of Conformity”



<b>The name of a process area which this particular business process belongs to</b>	<b>2. Shipment</b>
<b>The name of a business process</b>	<b>2.4. Obtaining Certificate of Conformity</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Technical Requirements Law of the Republic of Kazakhstan № 603-II dated 29.09.2014;</li> <li>▪ RK Government Decree on ratification of technical requirements «Conformity Certification Procedures» № 90 dated 04.02.2008 (amended as of 21.01.2013);</li> <li>▪ Unified list of products, which are subject to mandatory certification within the Customs Union by issue of unified documents (CUC resolution № 620 dated 07.04.2011) (amended as of 13.05.2014);</li> <li>▪ RK Government Decree on mandatory certification of goods within Republic of Kazakhstan № 367 dated 20.04.2005;</li> <li>▪ Technical Requirements of Customs Union 015/2011 on cereals safety (CUC resolution №874 dated 9.12 2011)</li> <li>▪ Unified form of conformity certificate within the Customs Union and certification procedures (resolution of UEC № 293 dated 25.12. 2012)</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Exporter (Applicant)</li> <li>▪ Certifying agency (Agency)</li> <li>▪ Testing laboratory</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Certification agency accredited by Technical Control and Metrology Committee.</li> <li>▪ Testing laboratory by Technical Control and Metrology Committee.</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.4.1. Exporter submits a standard application to an accredited agency for certification of the cereal products.</p> <p>2.4.2. The agency reviews the application document.</p> <p>2.4.3. and 2.4.4. Exporter accepts certification procedures and signs a contract for certification services.</p> <p>2.4.5. Exporter pays for certification services.</p> <p>2.4.6. The agency lists quantity of cereals samples and sampling procedures, as per existing certification, sampling and testing requirements.</p> <p>2.4.7. Agency collects samples and issues relevant sampling act.</p> <p>2.4.8. Cereals samples are packed in witness of applicant, supplied with sampling act and sent to laboratory for testing.</p> <p>2.4.9. Applicant or his representative is required to witness the sampling procedures.</p> <p>2.4.10. Laboratory tests the samples based on relevant certification requirements and issues a protocol and passes it to the certification agency.</p> <p>2.4.11. The agency checks the protocol and cereals for compliance with existing requirements. An expert issues cereals conformity protocol used as a basis for issue of Certificate of Conformity.</p> <p>2.3.12 Agency issues standard Certificate of Conformity to be registered within the state register of technical control. Test protocols are normally enclosed with Certificate of Conformity.</p> <p>In case of negative testing results for cereals samples, the agency sends a formal rejection to applicant and responsible technical control authority.</p> <p>2.3.13. Applicant (exporter) receives the Certificate of Conformity.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Importer holds Certificate of Conformity and copies of test protocols for his cereal products.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	<ul style="list-style-type: none"> <li>▪ In accordance to the legislation the certification period may last for 15 working days According to exporters, the certification period does not exceed 5 working days.</li> </ul>

## 2.5: Arrange transport

Export of cereals from the North of Kazakhstan to Azerbaijan can be shipped by road, railway or multimodal transport (by railway to Aktau Port and further by Caspian Sea to Baku Port). In this multimodal case, the cereals are discharged from rail wagons in Aktau Port terminal and further loaded on a dry cargo vessel. Road transport is costly, so cereals are normally carried by railways through Russian territory or shipped through the Caspian Sea.

Cereal export to Azerbaijan via the Caspian Sea is seldom a preferred choice due to poor business contacts between traders/transport operators and the sole private owner of Aktau Port. Also the poor service of national railways and regular delays increase the logistics costs and often cause delays.

Cereals carriage by rails is often lack of flexibility in terms of transport arrangement: a consigner or freight forwarder is expected to notify a rail administration 15 days prior to potential carriage. In case of any delays with applications, a consigner may pay for unplanned carriages at a rate of \$3 per ton. In rare cases, railways reject unplanned carriages.

Following recent reforms in railway sector, state wagons in Kazakhstan were transferred to a private company, with some new private companies owning the wagons. As a result, prior to potential carriage, a consigner is expected to negotiate the best price and sign a contract with a wagons owner.

As per existing legislation, transit of goods through Russian territory (and any other OSJD member) can be made only by country residents. A freight forwarder is expected either to contract a Russian freight forwarder or maintain own branch office. This kind of formality is also mandatory for any contract arrangements between Kazakhstan Railways and any freight forwarders.

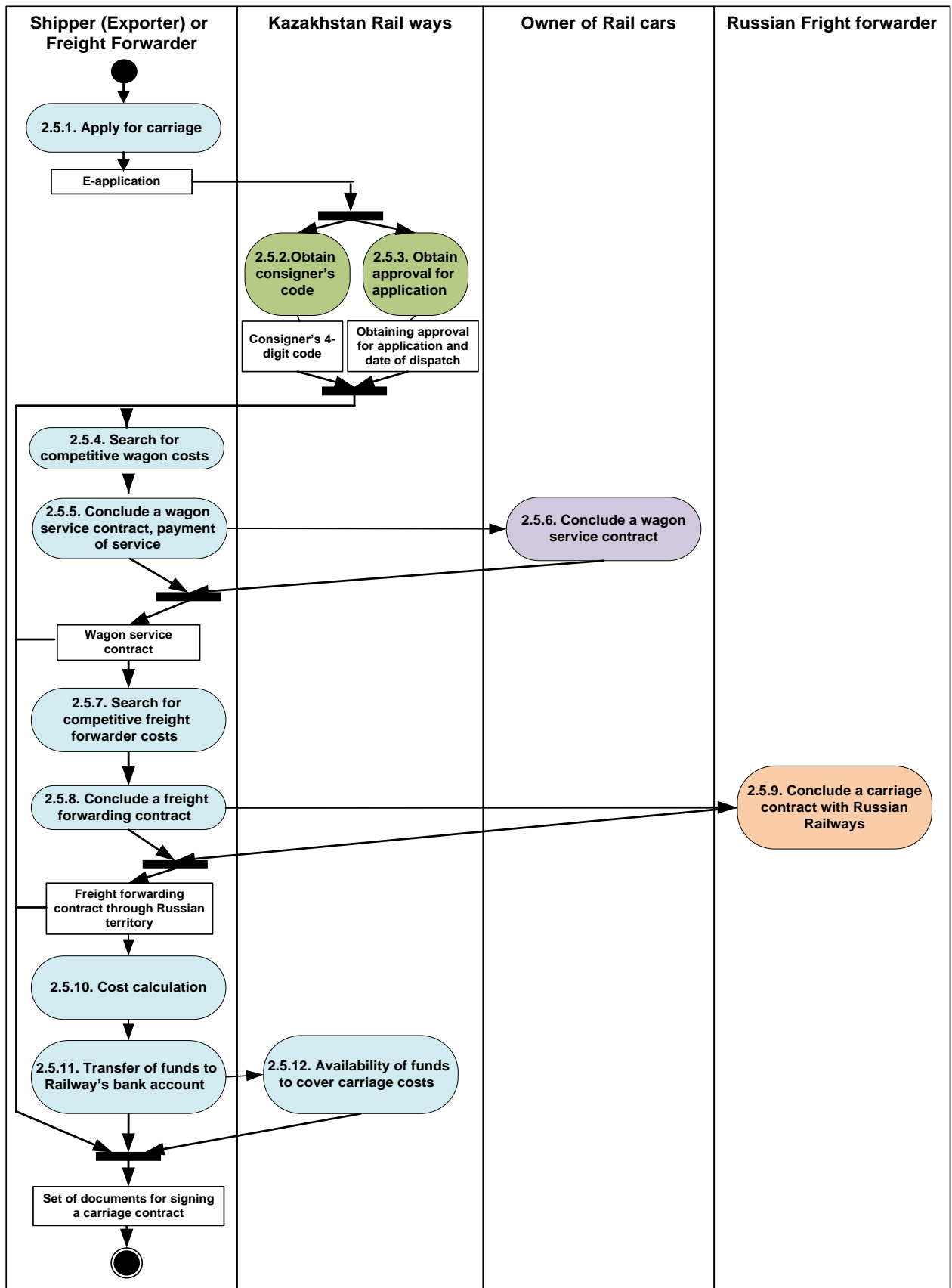
Prior to any carriage contract, the consigner is expected to transfer sufficient funds to the account of Kazakhstan Railways. On behalf of consigner, a freight forwarder makes a contract with Russian Railways and pays a transit costs through Russian territory totaling to 5% of carriage cost.

Despite the above constraints, rail transport carriage is probably still the most preferable way of transport due to fixed costs and schedules. Table 3.1 shows time and cost estimates for carriage of goods from Kustanay (Kazakhstan) to Baku (Azerbaijan).

**Table 3. 1: Time and cost estimates for carriage of goods from Kazakhstan to Azerbaijan**

Route			Distance in km	Cost in \$	Transit time, days	
Country	Country of origin	Destination			Average	Actual
Kazakhstan	Kustanay	D. Nurpeisov	1558	906	8	6
Russia	Kigash	Samur	748	1780	4	2
Azerbaijan	Yalama	Baku-Tovarnaya	205	820	2	1
<b>Total:</b>				<b>3526</b>	<b>14</b>	<b>9</b>
<b>Wagon cost</b>						
<i>operation</i>				670		
<i>rent</i>				1650		
<b>Total for carriage</b>						
<b>Operator's wagons</b>				<b>4196</b>		
<b>Rented wagons</b>				<b>5176</b>		

Figure 3. 8: Activity diagram “Arrange transport”

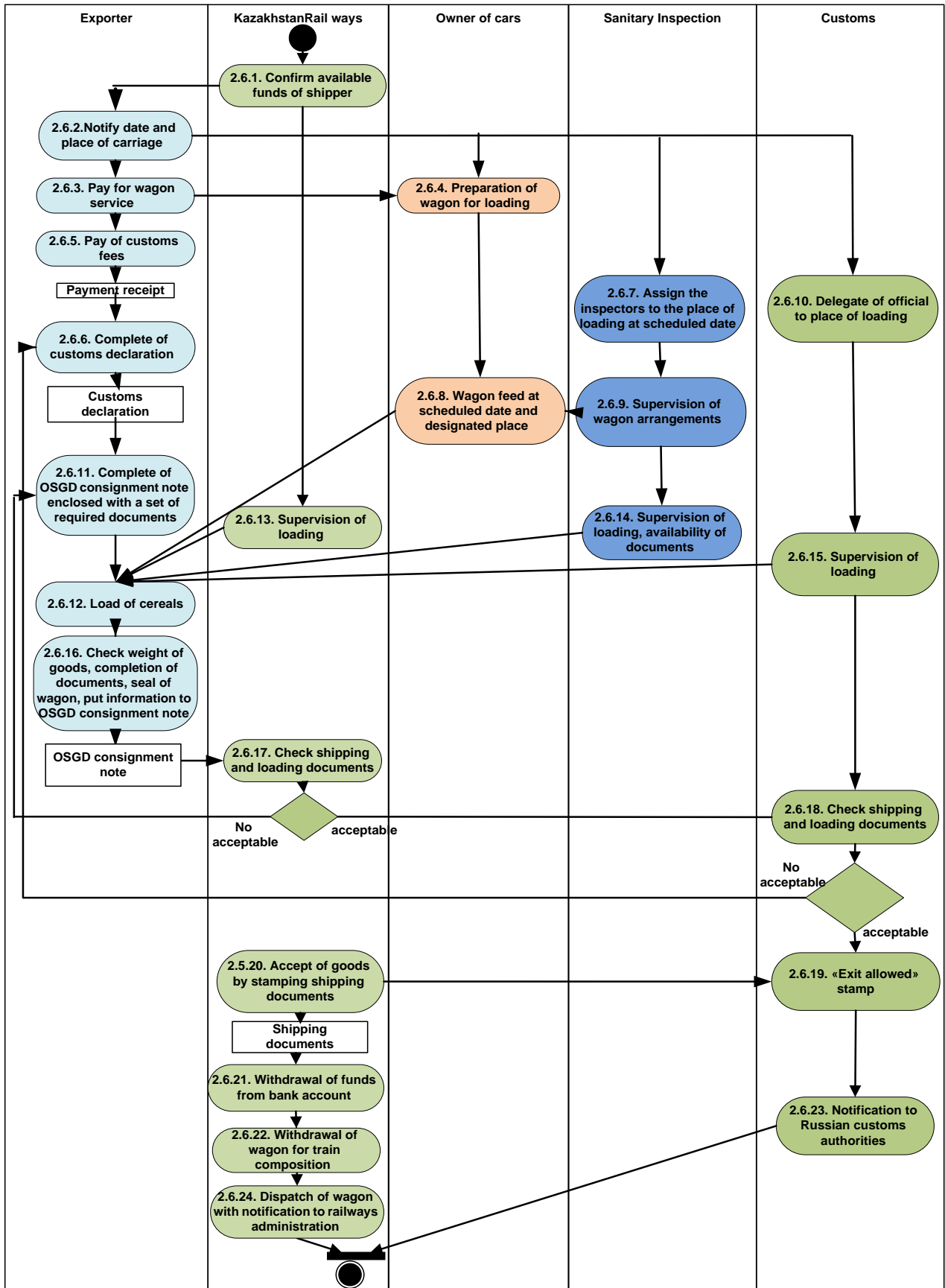


<b>The name of a process area which this particular business process belongs to</b>	<b>2. Ship</b>
<b>The name of a business process</b>	<b>2.5. Arrange transport</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Agreement on International Cargo Transportations(AICT) (Multilateral Agreement between national rail administrations of 27 countries, effective from 01 November 1951, last amended on 01.07. 2013);</li> <li>▪ Rail Transport Low of the Republic of Kazakhstan №266-II dated 08 December 2001 (last amended on 04.07 2013);</li> <li>▪ International Rail Transit Tariff (ITT) with Annex (ratified by OSJD Committee with amendments and additions as of 01.01.2012);</li> <li>▪ Unified Transit Tariff Agreement(UTT) with Annex (ratified by OSJD Committee with amendments and additions as of 01 January 2012);</li> <li>▪ Regulations of Cargo Transportation by Rail №682 dated 21 June 2011;</li> <li>▪ Planning of cargo transportation, transport chain management, shipment operations, official paper formalities, special tests and expertise requirements (Decree of the Ministry of Transport and Communications of RK № 726 dated 10 November 2011);</li> <li>▪ Guide lines for CIM/AICT(Annex 22 to AICT) (ratified by OSJD Committee)</li> <li>▪ Others</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Exporter</li> <li>▪ Kazakhstan Railways</li> <li>▪ Owner of rail cars</li> <li>▪ Russian Freight forwarder</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter and importer hold a signed Commercial Contract with delivery terms</li> <li>▪ Wagons owner has his wagons registered in a State Register and contract with railways.</li> <li>▪ Russian freight forwarders have a contract with Russian Railways</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.5.1. Consigner (or freight forwarder paying on behalf of Consigner) applies electronically to railways using electronic signature and specifying scheduled date of potential carriage.</p> <p>2.5.2. Railways supply a consigner with a four digits number to be shown on all carriage documents.</p> <p>2.5.3. Railway administration schedules the carriage and e-mails confirmation to consigner with fixed date of carriage.</p> <p>2.5.4. In case Consigner lacks own wagons or long-term contract with a wagon owner, competitive price from wagon owners may be requested. Wagons may be taken for rent (with the consigner shown as a wagon owner in all carriage documents) or used through wagon operator (wagon owner deals with railways and any wagon maintenance during the carriage).</p> <p>2.5.5. Consigner signs a rent contract or contract with wagon operator specifying the loading date and access rails details.</p> <p>2.5.6. Wagon owner signs a rent contract or contract with wagon operator and receives his payment.</p> <p>2.5.7. Consigner search for a most competitive and reliable Russian freight forwarder for transit of goods through Russian territory.</p> <p>2.5.8. Consigner contracts a long-term Russian freight forwarding partner based on post-carriage payment option (freight forwarding services plus carriage costs).</p> <p>2.5.9. Russian freight forwarder signs a contract with consigner and transfers funds to Russian Railway's bank account prior to potential carriage.</p> <p>2.5.10. Consigner estimates his carriage costs for transfer of sufficient funds to Kazakhstan Railway's bank account. Cost estimates are made through specific software (tariff rates for each specific type of goods go through regular online updates) by paying annual user fee.</p>

	<p>2.5.11. Consigner transfers sufficient funds to Kazakhstan Railway's bank account prior to the carriage and based on his carriage volumes.</p> <p>2.5.12. Kazakhstan Railway receives the funds based on potential carriage volumes, with final payment arrangement made upon the carriage through the territory of Kazakhstan.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter (consigner) holds whole set of documents associated with the carriage</li> <li>▪ Consigner holds sufficient funds on Kazakhstan Railway's bank account</li> <li>▪ Consigner holds wagons</li> <li>▪ Consigner contracts a Russian freight forwarder and pays for goods transit through Russian territory</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	1 week

## *2.6: Loading of rail car and customs clearance formalities*

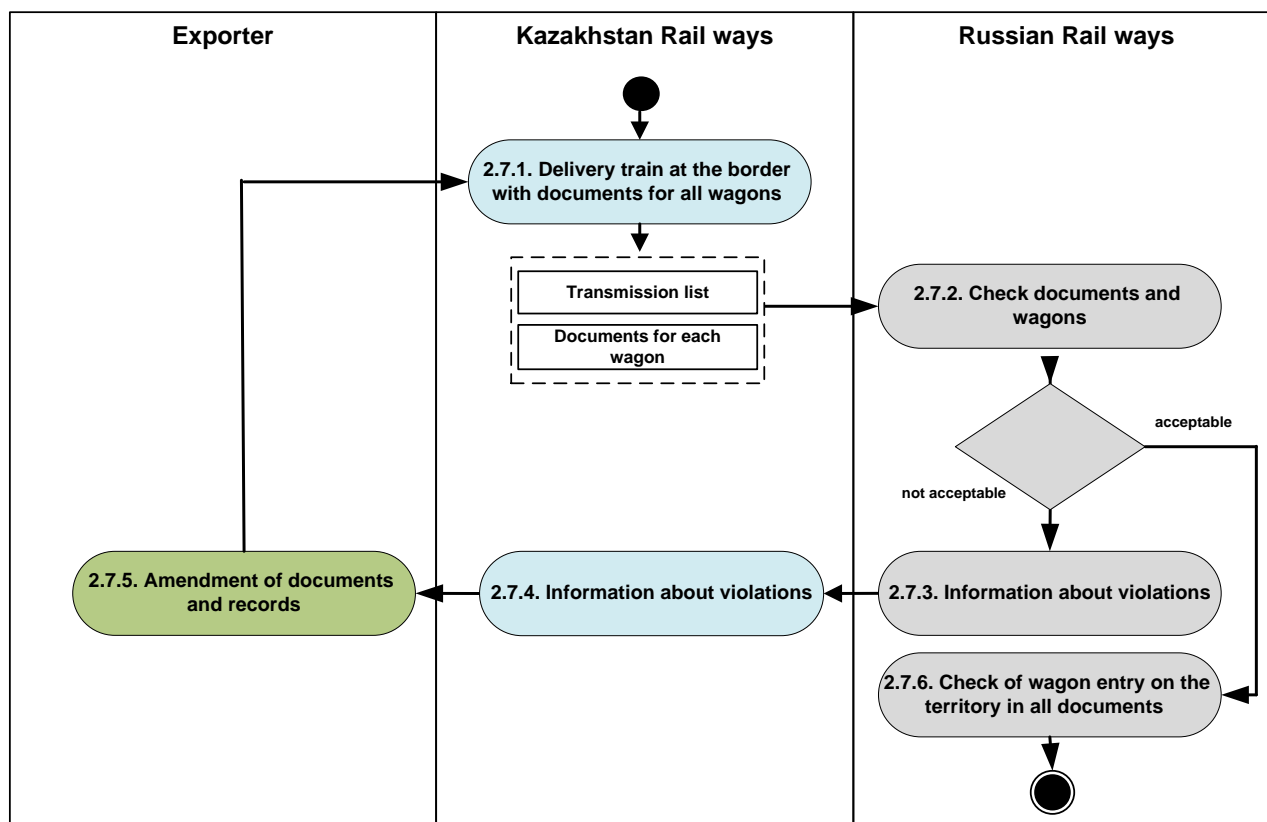
Figure 3. 9: Activity diagram “Loading of rail car and customs clearance formalities”



## 2.7: Cross border-crossing to enter Russia

The Customs Union eliminated customs formalities between Kazakhstan and Russia. Wagons are normally checked by Russian Railways and border-crossing administrations without additional burdens to trans-border procedures.

Figure 3. 10: Activity diagram “Cross border- crossing to enter Russia”



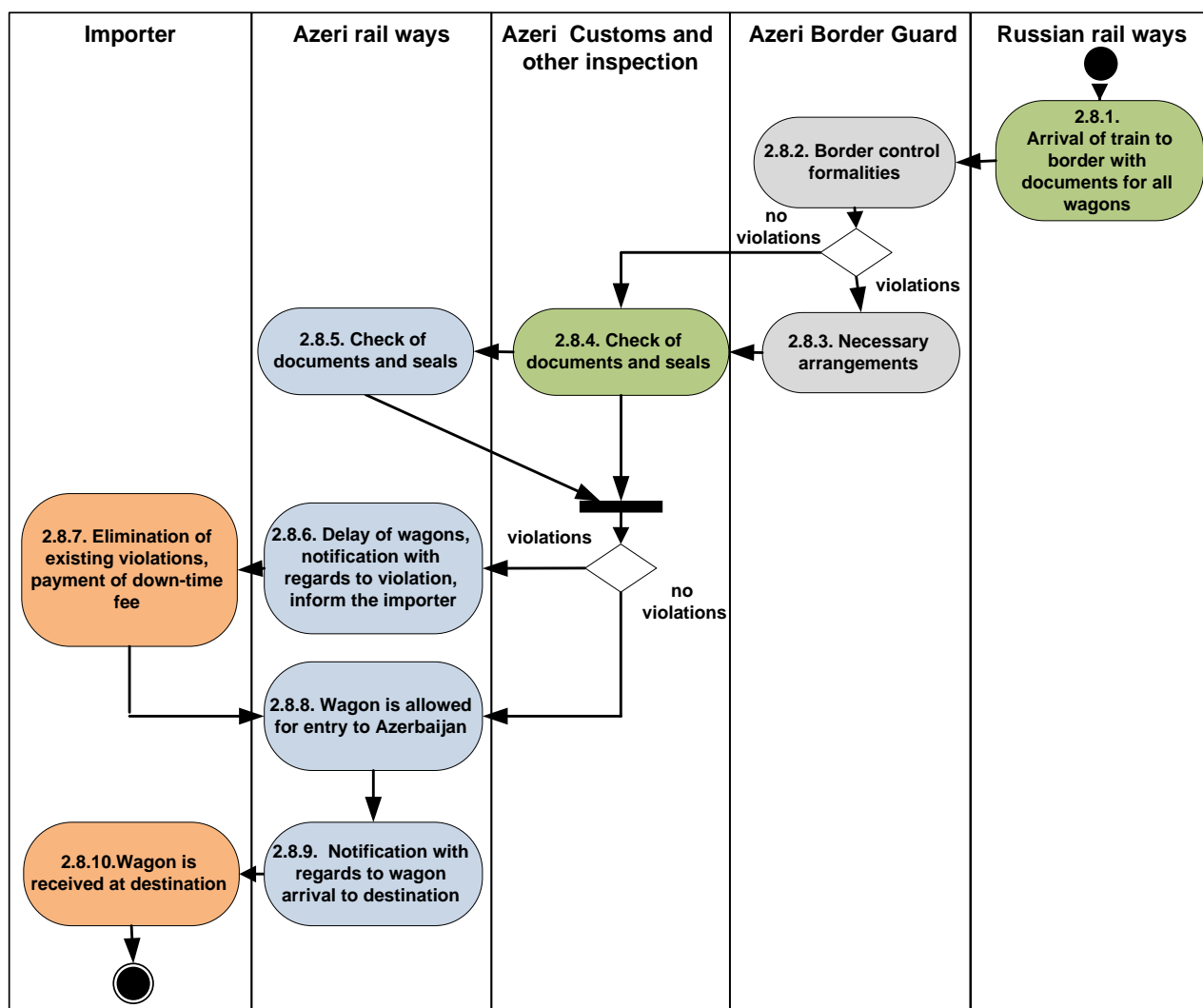
The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.7. Border- crossing of Russia
Related rules and regulations	<ul style="list-style-type: none"> <li>▪ Customs Code of Customs Union</li> <li>▪ Agreement on International Cargo Transportations (AICT) (Multilateral Agreement between national rail administrations of 27 countries, effective from 1 November 1951, last amended on 01.07.2013);</li> <li>▪ Regulations of Cargo Transportation by Rail №682 dated 21.06.2011;</li> <li>▪ Sanitary Agreement of the Customs Union (as per Protocol of Amendments to the Sanitary Agreement of the Republic of Kazakhstan dated 11.12. 2009, ratified by Resolution № 39 of Eurasian Economic Committee dated 21.05.2010);</li> </ul>
The name of responsible parties	<ul style="list-style-type: none"> <li>▪ Exporter (consignor)</li> <li>▪ Kazakhstan Railways</li> <li>▪ Russian Railways</li> </ul>
Input and criteria to enter/begin the business	<ul style="list-style-type: none"> <li>▪ Kazakhstan Railways accepted goods for carriage</li> <li>▪ Kazakhstan Railways dispatched the whole train including particular wagon to the</li> </ul>



<b>process</b>	<p>Russian border</p> <ul style="list-style-type: none"> <li>▪ Exporter or importer hold a set of documents associated with carriage and customs formalities in a destination country (Azerbaijan)</li> <li>▪ Exporter paid for carriage through Russian territory</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.7.1. Kazakhstan Railways dispatches a wagon, completes handover form for the whole train and submits to Russian Railways.</p> <p>2.7.2. Russian Railways checks the following:</p> <ul style="list-style-type: none"> <li>▪ Operational conditions of wagons</li> <li>▪ Seals on all wagons and other goods safety requirements</li> <li>▪ Documents associated with border crossing formalities between Russia and Azerbaijan, payment for carriage of goods through Russian territory.</li> </ul> <p>2.7.3. In case of wagon delay at the Russian border the Russia Railways informs Kazakhstan railway If the wagon was detained on the route (which happens very rare), the Russian railway shall inform the Russian freight forwarders that have separate agreement with Kazakh cargo shipper.</p> <p>2.7.4. Kazakhstan railway notifies the consigner with regards to reasons for wagon delays on the Russian Border</p> <p>2.7.5. Exporter (consigner) eliminates possible shortcomings and covers down-time fees in case of an excess of existing time limits</p> <p>2.7.6. In case all documents and formalities are correct, the wagon is allowed to enter Russian territory.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Kazakhstan railway transferred a wagon to Russian railway.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	1 day

## 2.8: Cross border crossing to enter Azerbaijan

Figure 3. 11: Activity diagram “Cross border-crossing to enter Azerbaijan”

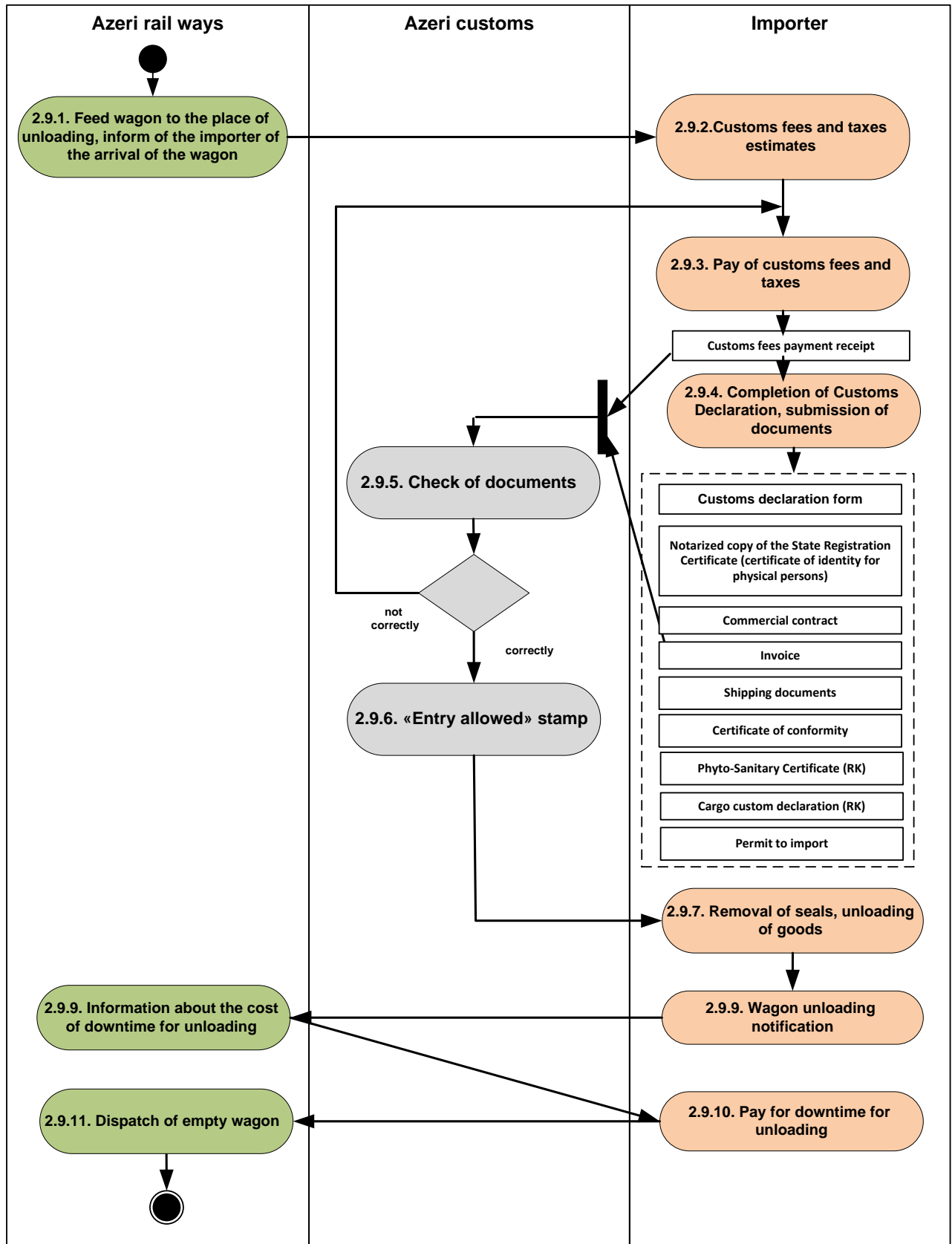


The name of a process area which this particular business process belongs to	2. Ship
The name of a business process	2.8. Border-Crossing of Azerbaijan
Related rules and regulations	<ul style="list-style-type: none"> <li>Agreement on International Cargo Transportations (AICT) (Multilateral Agreement between national rail administrations of 27 countries, effective from 1 November 1951, last amended on 01.07.2013);</li> <li>Customs Code of Azerbaijan Republic</li> <li>AR Cabinet of Ministers decree № 207 dated 20.11.2000 on transportation of dangerous goods by railway transport (as of 07.10.2009)</li> <li>Completion of freight customs declarations ratified by State Customs Committee of Azerbaijan Republic</li> <li>AR Cabinet of Ministers decree № 96 dated 07.05. 2012 on customs and Value Added Tax (VAT) debt estimates.</li> <li>AR Presidential Decree №12 dated 11.11.08 on single window services</li> </ul>

<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Russian Railway</li> <li>▪ Azerbaijan Railway</li> <li>▪ Azerbaijan customs and other authorities (single window services)</li> <li>▪ Importer</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Russian Railway dispatched a wagon to Azerbaijan's border</li> <li>▪ Importer and exporter hold a full set of documents required for carriage of goods and customs formalities in Azerbaijan</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.8.1. Russian railway dispatched a wagon with full set of required documents to Azerbaijan's border.</p> <p>2.8.2. Border crossing authorities of Azerbaijan inspect a train.</p> <p>2.8.3. Elimination of possible violations, if any.</p> <p>2.8.4. A set of documents is submitted to a single wagon for further review by customs, phyto-sanitary and Azerbaijan railway authorities.</p> <p>2.8.5 Shipping documents are reviewed by Azerbaijan Railway.</p> <p>2.8.6. In case of any discrepancies or violations, a wagon is not allowed for entry to Azerbaijan's territory by notifying the relevant Importer.</p> <p>2.8.7. Importer (consignee) eliminates existing violations and covers down-time fees in case of an excess of existing time limits.</p> <p>2.8.8. In case all documents and formalities are correct, the wagon is allowed to enter Azerbaijan and dispatched to destination.</p> <p>2.8.9. Importer (consignee) is notified upon arrival of his wagon to the destination.</p> <p>2.8.10. Importer receives his wagon with goods on access rails, as listed in Commercial Contract.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Importer (consignee) receives his wagon with goods</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	Crossing a border - 1 day, (delivery of goods from Kazakhstan is 13 days)

## 2.9: Unloading cargo and customs declaration

Figure 3. 12: Activity diagram “Unloading cargo and customs declaration”



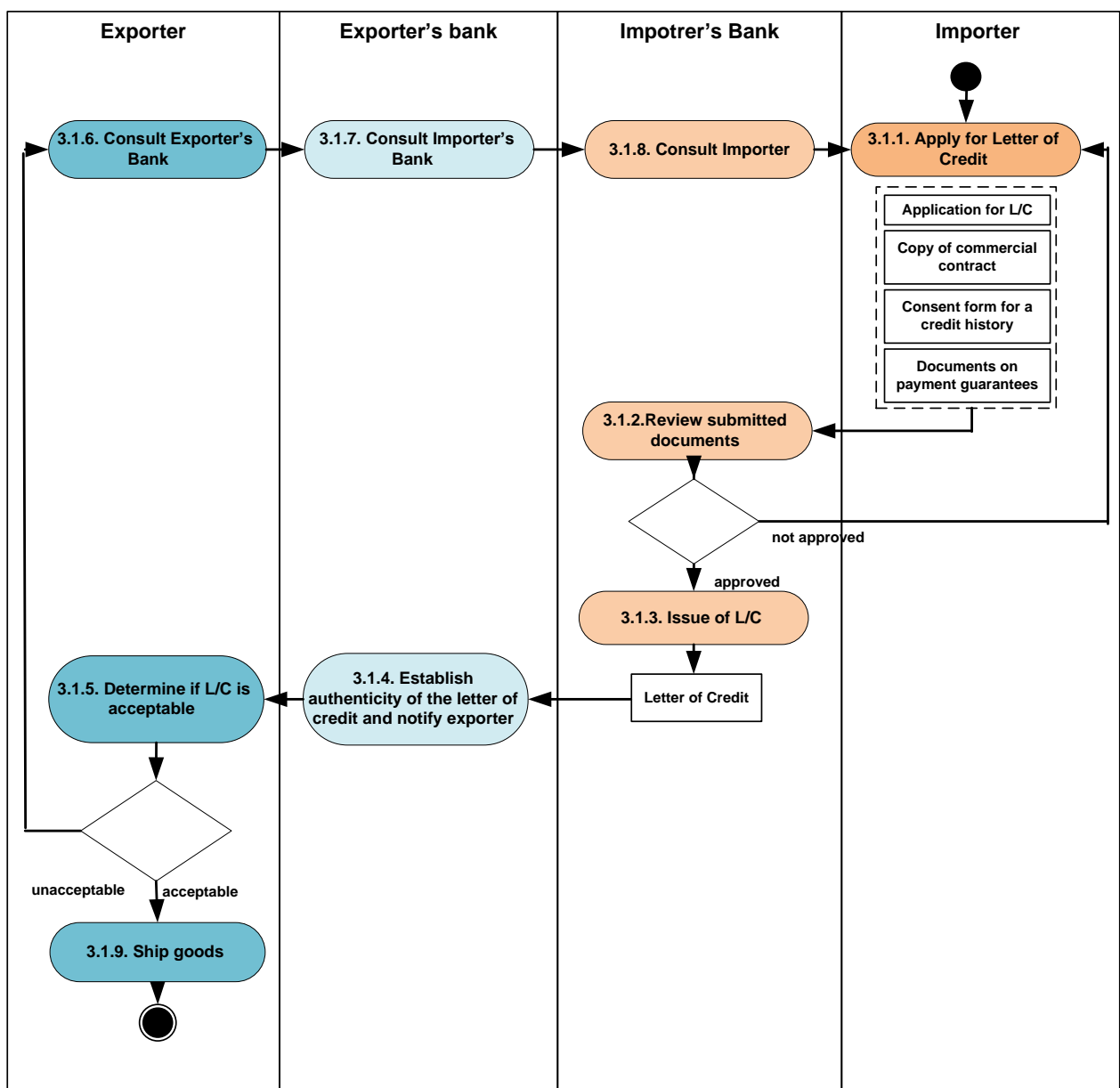
<b>The name of a process area which this particular business process belongs to</b>	<b>2. Shipment</b>
<b>The name of a business process</b>	<b>2.9. Unloading and Customs Declaration</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ Customs Code of Azerbaijan Republic</li> <li>▪ AR Cabinet of Ministers decree № 207 dated 20.11.2000 on transportation of dangerous goods by railway transport (as of 07.10.2009)</li> <li>▪ Completion of freight customs declarations ratified by State Customs Committee of Azerbaijan Republic</li> <li>▪ AR Cabinet of Ministers decree № 96 dated 07.05. 2012 on customs and Value Added Tax (VAT) debt estimates.</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Importer (consignee)</li> <li>▪ Azerbaijan Railway</li> <li>▪ Azerbaijan customs authorities</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Azerbaijan Railway delivered a wagon with goods to destination access rails (Temporary Storage Facility - TSF) for importer (consignee)</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>2.9.1. Azerbaijan Railway delivers goods to the station of destination</p> <p>2.9.2. Importer estimates customs fees and taxes</p> <p>2.9.3. Importer pays customs fees and taxes (18% VAT plus declaration costs totaling to 550 AZN or 700\$ per wagon).</p> <p>2.9.4. Importer fills a customs declaration to be enclosed with a full set of required documents including:</p> <ul style="list-style-type: none"> <li>▪ Customs Declaration Form</li> <li>▪ Notarized copy of the State Registration Certificate (certificate of identity for physical persons)</li> <li>▪ Commercial contract</li> <li>▪ Invoice</li> <li>▪ Shipping documents</li> <li>▪ Certificate of Conformity</li> <li>▪ Sanitary Certificate (RK)</li> <li>▪ Freight Customs Declaration (RK)</li> <li>▪ Import Permit (AR)</li> </ul> <p>2.9.5. Customs Inspector checks all taxes based on goods value and transport costs, reviews the documents. In case of any errors, consignee amends or supplies missing papers.</p> <p>2.9.6. In case the documents are correct, Customs Inspector puts "entry allowed" stamp on shipping documents and customs declaration.</p> <p>2.9.7. Importer (consignee) unseals and unloads his wagon.</p> <p>2.9.8. Importer (consignee) notifies a railway administration with regards to wagon unloading (may be attended by railway official).</p> <p>2.9.9. Railways withdraw an empty wagon to be further dispatched to the wagon owner.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Importer (consignee) completed customs and unloading formalities</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	1 day

## Scope of business process 3: pay

### 3.1: Establish payment guarantee

Payment can be made in different ways, such as: pre-payment, payment credit, or Letter of Credit. Payment terms are an integral part of the Commercial Contract. In case of payment credit, the full payment is made upon the dispatch of cereals by railway (with railway and customs stamps on all shipping documents) and receipt of all scanned copies by the importer. The Letter of Credit is a type of payment guarantee made through a bank and involving two main business processes. The given study focuses on the Letter of Credit payment method, including the LC application to the bank and receipt of payment through the LC.

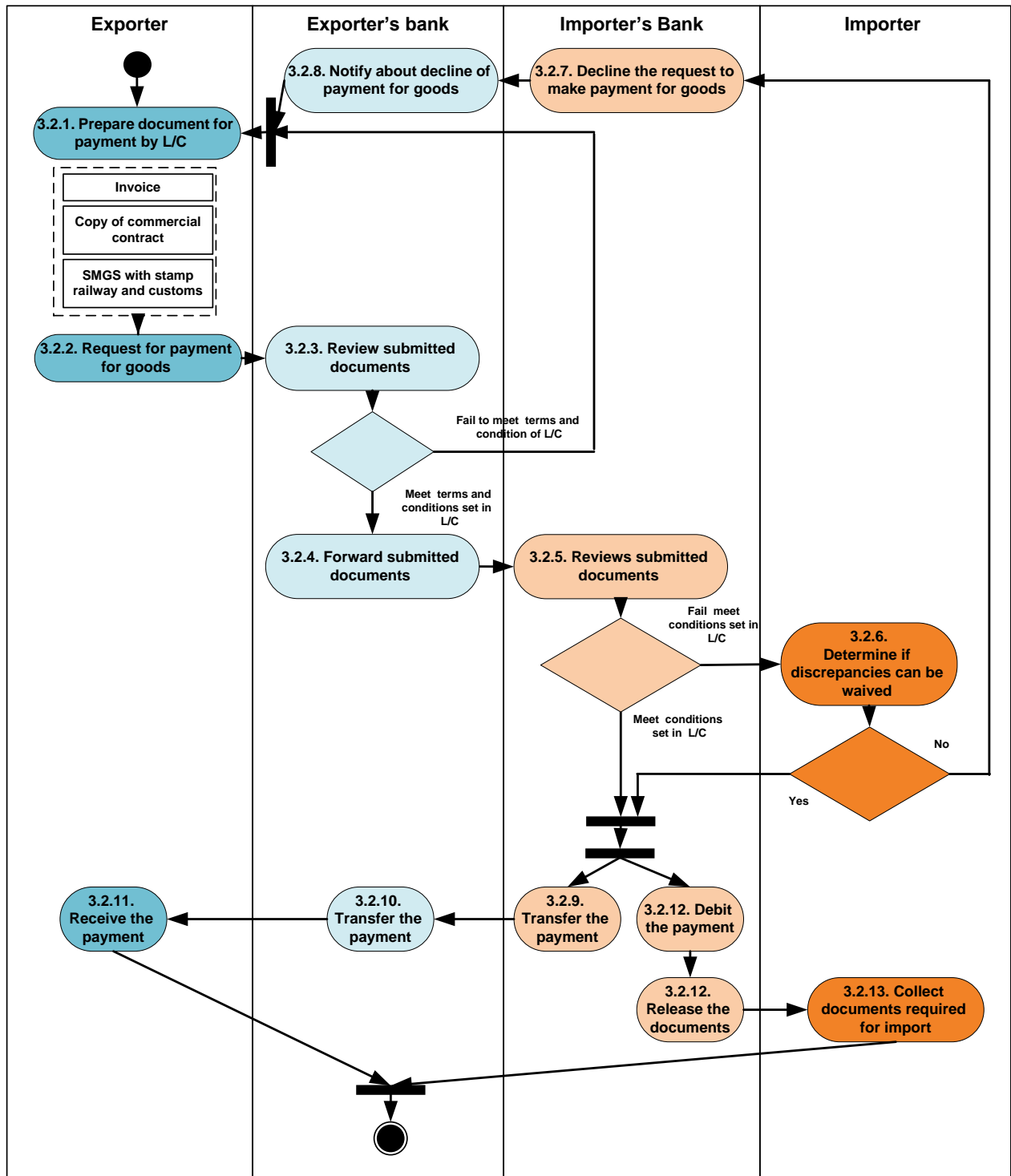
Figure 3. 13: Activity diagram “Establish payment guarantee”



Type of process area associated with particular business process	<b>3. Pay</b>
Type of business process	<b>3.1. Establish payment guarantee</b>
Relevant rules and requirements	<ul style="list-style-type: none"> <li>▪ The law of Republic of Kazakhstan On banks and bank's activities</li> <li>▪ The law of the Republic of Kazakhstan About Payments and bank transfers</li> <li>▪ Letter of Credit regulations of the Republic of Kazakhstan (Resolution of the National Bank's Board of Directors № 178 )</li> <li>▪ Unified rules and regulations for Letters of Credit (UCP N 500)</li> </ul>
Parties involved	<ul style="list-style-type: none"> <li>▪ Importer</li> <li>▪ Importer's bank</li> <li>▪ Exporter</li> <li>▪ Exporter's bank</li> </ul>
Input and criteria to enter/launch a business process	Exporter and importer have already concluded trade contract and terms.
Procedures and associated paper requirements to complete the process	<p>3.1.1. The Importer submits to the bank:</p> <ul style="list-style-type: none"> <li>▪ Application for irrevocable Letter of Credit</li> <li>▪ Copy of Commercial Contract</li> <li>▪ Consent form for a credit history to be checked by a bank</li> <li>▪ Payment guarantee documents (100% coverage on Importer's bank account plus bank interest, loan or mortgages).</li> </ul> <p>3.1.2. Importer's bank reviews the documents and checks Importer's credit history.</p> <p>3.1.3. In case the importer's credit is in good standing, Importer's bank issues a Letter of Credit and forwards to Exporter's bank by e-mail.</p> <p>3.1.4. Exporter's bank establishes authenticity of the Letter of Credit and notifies the exporter.</p> <p>3.1.5. Exporter receives the Letter of Credit and checks for compliance with terms and conditions of Commercial Contract.</p> <p>3.1.6. In case the Letter of Credit is not acceptable, Exporter consults with his bank.</p> <p>3.1.7. Exporter's bank consults with Importer's bank</p> <p>3.1.8. Importer's bank negotiates changes and amendments to the Letter of Credit with Importer.</p> <p>3.1.9. In case the Letter of Credit acceptance, Exporter makes necessary arrangements for the delivery of goods.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>▪ Exporter approved Letter of Credit</li> <li>▪ Exporter started arrangements associated with delivery of cereal products to importer.</li> </ul>
The average time required to complete the process and/or durations for each involved transaction	2 days

### 3.2: Claim Payment for Goods

Figure 3. 14: Activity diagram “Claim payment for goods”





<b>The name of a process area which this particular business process belongs to</b>	<b>3. Pay</b>
<b>The name of a business process</b>	<b>3.2. Claim payment for goods</b>
<b>Related rules and regulations</b>	<ul style="list-style-type: none"> <li>▪ The law of Republic of Kazakhstan On banks and bank's activities</li> <li>▪ The law of the Republic of Kazakhstan About Payments and bank transfers</li> <li>▪ Letter of Credit regulations of the Republic of Kazakhstan (Resolution of the National Bank's Board of Directors № 178 )</li> <li>▪ Unified rules and regulations for Letters of Credit (UCP N 500)</li> </ul>
<b>The name of responsible parties</b>	<ul style="list-style-type: none"> <li>▪ Importer</li> <li>▪ Importer's bank</li> <li>▪ Exporter</li> <li>▪ Exporter's bank</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter has completed his contract arrangements associated with the Purchase Order</li> </ul>
<b>Procedures and associated documentary requirements to complete the process</b>	<p>3.2.1. Exporter prepares all documents associated with the Letter of Credit. These documents ordinarily include:</p> <ul style="list-style-type: none"> <li>▪ Copy of Commercial Contract</li> <li>▪ Commercial Invoice,</li> <li>▪ Contract of carriage (SMGS) stamped by railway and customs authorities</li> </ul> <p>3.2.2. Exporter's bank reviews the documents and checks for compliance with the terms and conditions of Letter of Credit. In case of any discrepancies with the Letter of Credit, exporter's bank instructs the Exporter for necessary amendments.</p> <p>3.2.3. In case of no discrepancies with the Letter of Credit, exporter's bank forwards the documents to importer's bank.</p> <p>3.2.4. Importer's bank reviews the documents and checks for compliance with the Letter of Credit. In case of any discrepancies with the Letter of Credit, Importer's bank notifies the Importer.</p> <p>3.2.5. Importer checks if discrepancies can be accepted.</p> <p>3.2.6. In case the Importer rejects the discrepancies, Importer's bank in its turn rejects the payment.</p> <p>3.2.7. Exporter's bank notifies the Exporter about rejection and instructs for necessary amendments to the Letter of Credit.</p> <p>3.2.9. In case of no discrepancies with the Letter of Credit, Importer's bank transfers the payment to Exporter's bank.</p> <p>3.2.10. Exporter's bank transfers the payment for goods to exporter.</p> <p>3.2.11. Exporter receives the payment.</p> <p>3.2.12. Importer's bank debits the payment from Importer's bank account.</p> <p>3.2.13. Importer's bank releases documents collected from exporter.</p> <p>3.2.14. Importer collects all documents required for import.</p>
<b>Output and criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>▪ Exporter receives the payment for goods.</li> <li>▪ Importer receives the documents required for import formalities.</li> </ul>
<b>The average time required to complete the process and/or durations for each involved transaction</b>	2 days

### 3.4 Time-procedure chart and cost-procedure chart

The time-procedure chart (Figure 3.15) shows that the total time required to perform the procedures for the export of cereal from Kazakhstan to Azerbaijan is 36 days. The most time consuming procedures are related to the arrangement of transport or transportation, itself, accounting for seven days and 12 days respectively. In addition obtaining a Certificate of Conformity takes 10 days.

**Figure 3. 15: Time-procedure chart for cereal export from Kazakhstan to Azerbaijan**

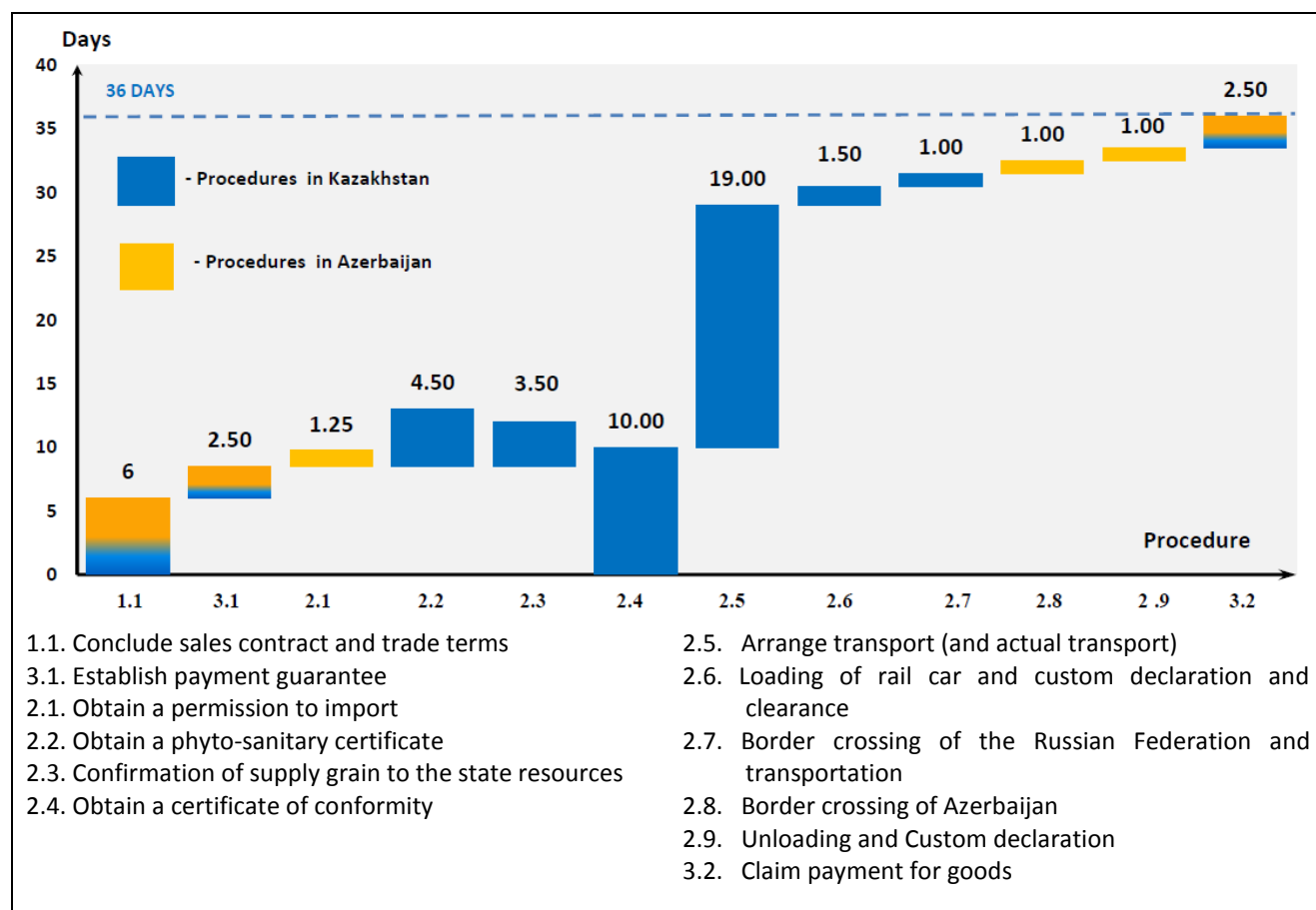
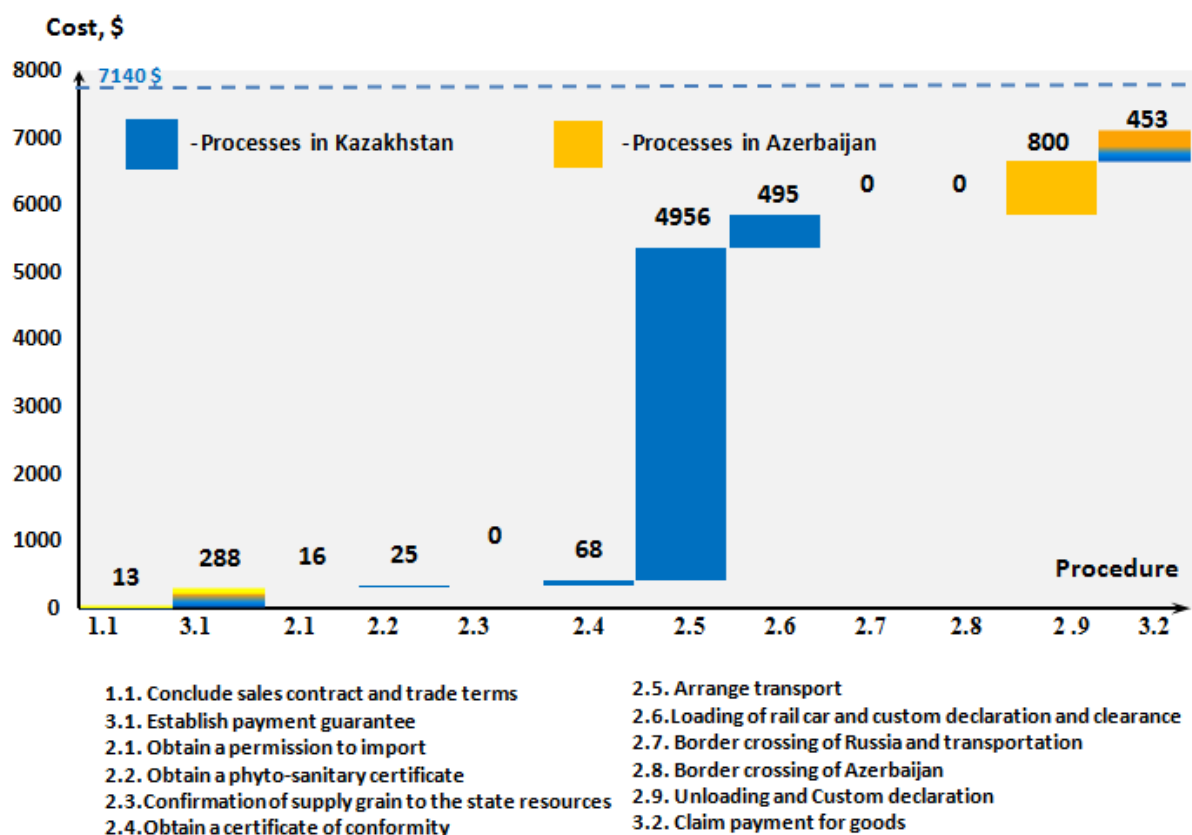


Figure 3.16 shows that the total expenditure for one wagon and export procedure for 60 tons of cereal is US\$ 7,140, including contracting, obtaining permits, bank fees and transportation. Per ton, the cost amounts to US\$ 119. Kazakh exporters pay about 80 per cent of the total expenditure and Azerbaijani importers pay about 20 per cent of total expenditure as the commodities pass through territories of Kazakhstan and Azerbaijan. About 70 per cent of all expenditure is for the cost of rail transportation. This part of the cost has increased significantly in recent years, as a result of the privatization of railway wagons. All wagons are owned by private companies. The shipper needs to pay for wagon use, including deadheading.

Banking services for arranging letters of credit are also expensive and traders usually avoid this type of payment. In recent years, more transactions have been carried out under prepayment terms. In this case, the payment is made at the time that the goods are accepted by railway officials; the exporter then sends the scanned shipping documents bearing the stamps of the railway authorities to the importer.

The cost of transportation and processing of grain exports is high, which is one of the main obstacles to increasing the volume of exports.

**Figure 3. 16: Cost-procedure chart for cereal export from Kazakhstan to Azerbaijan**



### 3.5 Diagnosis of bottlenecks and recommendations for streamlining trade processes

Table 3.2 provides a diagnosis of bottlenecks (procedural requirements, data and documentary requirements, transparency or predictability) and recommendations for improvement

**Table 3. 2: Diagnosis of bottlenecks and recommendations for streamlining trade processes**

Core business processes	Observations			Recommendations
	Procedural requirements	Data and documentary Requirements	Transparency / predictability	
1. Purchase				
1.1. Signing commercial contract with contract terms	The contracting procedure is relatively easy. A scanned copy of contract is signed, although some documents require original contract to be further posted to both parties. Posting by express mail services normally takes 7 days minimum.	A contract specifies all details of both parties: full name of legal entity, legal and actual address, bank details <i>including bank account number, Business Identifier Code (BIC or SWIFT code) and Individual Identifier Code (IIC) for self-employed entrepreneurs.</i>  A contract specifies delivery terms and lists all documents required by each party for customs and other formalities.	The procedure is transparent.	Using electronic signatures for signing a contract to be recognized as authentic original.
2. Shipment				
2.1. Obtaining import permit	Imports of cereals to Azerbaijan require obtaining of import permit for each individual consignment.  Import permit requirements were not made available in the course of this study.	Obtaining an import permit requires original of commercial contract	In fact, the import permit is never checked, so this requirement is not clear.	Eliminate import permit requirements. Kazakhstan used to maintain the same import permit requirements, which were cancelled two years ago and simplified import procedures without any negative impacts.
2.2. Obtaining a phytosanitary certificate	Exports of cereals require a phyto-sanitary certificate to be issued through e-government portal using electronic signatures.	Obtaining a phytosanitary certificate requires the following documents: <ul style="list-style-type: none"><li>▪ Commercial contract;</li><li>▪ Import permit for Azerbaijan received from importer;</li><li>▪ Fumigation certificates from the grain elevator;</li><li>▪ Company registration documents.</li></ul>	Legal requirements associated with this certificate are complicated, although on-line procedures related to certificate are easy and predictable.	No improvements required.

<b>2.3. Confirmation of supply grain to state resources</b>	The exports of cereals from Kazakhstan require the confirmation of compliance with the obligation to deliver grain to the state resources. It can be obtained through e-government using e-signature	Confirmation of compliance with obligations to deliver grain to state resources requires: <ul style="list-style-type: none"> <li>▪ Electronic signature;</li> <li>▪ Submit the applications on the website "e-government";</li> <li>▪ Company registration documents.</li> </ul>	The procedure is transparent.	Improvement is not required.
<b>2.4. Obtaining Certificate of Conformity</b>	Existing technical requirements make Certificate of Conformity mandatory for import of cereals.	Obtaining a Certificate of Conformity requires the following documents: <ul style="list-style-type: none"> <li>• Contract with certifying agency;</li> <li>• Payment for certificate-related services;</li> <li>• Sampling Act based on sampling arrangements attended by exporter;</li> <li>• Test Report based on test results.</li> </ul>	<p>This business process is transparent and based on existing legal requirements.</p> <p>Certifying agencies and laboratories are private enterprises mainlining own price lists. Electronic applications are not available, so the details are recorded in several documents.</p> <p>Exporter is required to arrange for several visits to certifying agency: <ul style="list-style-type: none"> <li>• To apply and sign a contract;</li> <li>• For sampling upon payment;</li> <li>• To receive a Test Protocol.</li> </ul> </p>	<p>Optimize certifying practices by on-line applications and signing contracts, as well as payments and receipt of protocols (certificates).</p> <p>Develop unified software to be used by all certifying agencies, based on relevant legal requirements.</p>
<b>2.5. Transportation arrangements</b>	<p>Transportation arrangements are complicated based on a huge number of complex legal acts.</p> <p>Following private ownership of all wagons, exporters are expected to search a wagon for their goods.</p> <p>Exporter is also expected to pay for carriage of his goods through Russian territory by</p>	<p>Exporters are expected to apply for carriage of goods before 15<sup>th</sup> of each month preceding carriage.</p> <p>List of required contracts include:</p> <ul style="list-style-type: none"> <li>▪ Wagon service contract;</li> <li>▪ Contract with Russian freight forwarder for carriage of goods through Russian Federation territory</li> <li>▪ Access rails contract;</li> <li>▪ Loading and unloading contract;</li> <li>▪ Wagon tracking service contract.</li> </ul>	<p>Exporter is expected to have relevant skills to enable arranging carriage arrangements.</p> <p>In some cases, particularly in the case of first carriage experience, Exporter employs Kazakhstan freight forwarder searching a wagon, Russian freight forwarding company, consulting and assisting with paper formalities, etc., adding 5 per cent to the total carriage cost paid by exporter.</p>	<p>List of requirements:</p> <ul style="list-style-type: none"> <li>• Exporter's Guideline listing all carriage arrangements in railway transport sector, possibly in interactive online form.</li> <li>• Reduce carriage application deadlines following marketing studies in the area of international carriages.</li> <li>• Improve existing legal acts and definition.</li> <li>• Optimize wagon fleet operation system in CIS countries to avoid empty wagon travel practices and</li> </ul>

	<p>signing a contract with Russian freight forwarding company.</p> <p>Application can be made electronically through railway administration's web portal. Exporter receives electronic approval for his carriage to be scheduled before 15<sup>th</sup> of each month preceding the carriage (in case the carriage is scheduled for 15<sup>th</sup> March, the application deadline is 15<sup>th</sup> February).</p>		<p>The main contains are generated by following aspects:</p> <p>Most of exporters have a difficulty in terms of scheduling their carriages well in advance. Unscheduled carriages add 180-200\$ in extra to the total carriage cost (based on wagon weight).</p> <p>Following ongoing reforms in railway transport sector and Customs Union, existing legal acts require changes and go through regular amendments.</p> <p>Following private ownership of all wagons in Kazakhstan, wagon costs are hardly predictable. Extra travel time of empty wagon adds to total cost of carriage.</p> <p>Despite existing deadlines for all the railways involved in a carriage, wagon transit time is not predictable. In some cases exporters pay a wagon tracking service cost adding to total cost of the carriage.</p>	<p>reduce carriage net costs.</p> <ul style="list-style-type: none"> <li>• Reduce carriage costs in railway transport sector</li> </ul>
<p><b>2.6. Loading of rail car, customs declaration and customs clearance formalities</b></p>	<p>Carriage arrangements are complicated and based on a number of complex legal acts in the areas of railway transport, customs formalities, phyto-sanitary control, etc.</p>	<p>This business process is associated with the following requirements:</p> <ul style="list-style-type: none"> <li>▪ Carriage: Exporter is expected to complete SMGS consignment note (on five pages) with the use of dedicated software package.</li> <li>▪ Customs formalities: exporter completes soft and hard copies of customs declaration.</li> <li>▪ A set of shipping documents</li> </ul>	<p>Exporter is expected to have relevant skills to enable carriage arrangements.</p> <p>Despite filling of electronic forms through dedicated software, railway administrations tend to accept exclusively hard copies.</p> <p>In case of exporting large quantities (full train), electronic copies of all</p>	<p>List of requirements:</p> <ul style="list-style-type: none"> <li>• Issue Exporter's manual for carriage arrangements by railway transport, possibly in interactive online form.</li> <li>• Use electronic signatures on all shipping documents for all exporters.</li> <li>• Upgrade customs web-portal for online completion of declarations by all exporters.</li> </ul>

		should include all permits and certificates	documents can be accepted.  Electronic customs declaration practices require specific and expensive software. In addition, online submission of declaration is not accepted, but must be submitted on electronic devices. Customs web-site has online submission option, which is unusable due to internal server error.	<ul style="list-style-type: none"> <li>• Issue Exporter's manual for online completion of customs declarations.</li> <li>• Develop easy and accessible link to list all requirements and paper formalities for exporters, similar to <a href="http://www.exporthelp.europa.eu/thdapp/faq.htm?languageId=RU">http://www.exporthelp.europa.eu/thdapp/faq.htm?languageId=RU</a></li> </ul>
<b>2.7. Crossing the Russian Federation border</b>	According to customs and railway transport regulations, Exporter and Importer are not involved in this process. Customs formalities are not required due to Kazakhstan and Russia's membership in Customs Union.	<p>Wagon transfer act is the main document used to exchange wagons between railways.</p> <p>Russian railway verifies a set of documents required for crossing borders between Russia and Azerbaijan. Incomplete set of documents leads to blocked access to the Russian territory.</p>	<p>The process is transparent.</p> <p>Kazakhstan and Russian customs authorities exchange the data to ease dispatch of goods from Customs Union.</p>	Develop software and instructions for online exchange of wagon transfer act between railways.
<b>2.8. Crossing of Azerbaijan border</b>	<p>Exporter and Importer are out of this process, based on legal requirements in customs and railway transport sectors in both countries.</p> <p>All types of inspection, including customs, is mandatory.</p> <p>As per existing legislation, «Single Window» service is available at border crossing check point.</p>	<p>Wagon transfer act is the main document used to transfer wagons between railways.</p> <p>Full set of shipping documents is required for customs formalities.</p>	Russian and Azerbaijan customs authorities lack exchange of data generating delays to border crossing formalities.	<p>List of requirements:</p> <ul style="list-style-type: none"> <li>• Develop software and instructions for online exchange of wagon transfer act between railways.</li> <li>• Preliminary notification system for early review of all documents elimination of delays.</li> <li>• Joint inspections on the border of all state bodies from both sides. It will save time for crossing border traders</li> </ul>
<b>2.9. Unloading and</b>	The process is based on legal requirements of Azerbaijan in	Importer is expected to own or contract access rail owner for	The process is transparent and predictable, though complicated.	Cancellation of VAT

<b>Customs declaration formalities</b>	customs and railway transport sectors	<p>unloading his goods from a wagon.</p> <p>List of documents for customs formalities:</p> <ul style="list-style-type: none"> <li>▪ Customs declaration form</li> <li>▪ Notarized copy of the State Registration Certificate (certificate of identity for physical persons)</li> <li>▪ Commercial contract</li> <li>▪ Invoice</li> <li>▪ Shipping documents</li> <li>▪ Certificate of conformity</li> <li>▪ Sanitary Certificate (RK)</li> <li>▪ Cargo custom declaration (RK)</li> <li>▪ Permit to import (AR)</li> </ul>	Importer may submit his declaration through customs web-portal, but actually the importers do not use it and prefer to use hard copies	
<b>3. Payment</b>				
<b>3.1. Establish payment guarantee</b>	Based on banking law in Azerbaijan and Kazakhstan.	<p>List of documents submitted by Importer to bank:</p> <ul style="list-style-type: none"> <li>▪ Application for irrevocable Letter of Credit</li> <li>▪ Copy of Commercial Contract</li> <li>▪ Consent form for a credit history to be checked by a bank</li> <li>▪ Payment guarantee documents (100 per cent coverage on Importer's bank account plus bank interest, loan or mortgages).</li> </ul>	<p>Azerbaijan importers tend to avoid Letter of Credits due to high cost.</p> <p>Letters of credit are costly.</p>	Check banking system in Azerbaijan, Letters of credit are costly in Azerbaijan.
<b>3.2. Payment claim</b>	Based on banking law in Azerbaijan and Kazakhstan.	<p>Exporter prepares all documents associated with the Letter of Credit, including:</p> <ul style="list-style-type: none"> <li>▪ Copy of Commercial contract</li> <li>▪ Commercial invoice,</li> <li>▪ Contract of carriage (SMGS) stamped by railway and customs authorities</li> </ul>	The process is transparent and predictable. Most of the banks maintain online banking procedures.	Not required



### 3.6 Summary

The BPA analysis in this chapter shows that exports of cereals from Kazakhstan to Azerbaijan involves 12 key trade procedures. Although public services for issuing permits were standardized and partially automated in 2014, the bottlenecks in export procedures still persist. The following recommendations are given in order to further streamline trade process.

- a) The cancellation of import permits in Azerbaijan (2.1. Obtain a permission to import) will reduce the delivery time for traders by 1-2 days as it is an excessive formality;
- b) The elimination or scaling-down of duties in Azerbaijan will reduce the costs of import of strategic goods by 10% (taxes). (Previously this type of goods VAT was not used);
- c) Recognition of phyto-sanitary and other certificates issued in Kazakhstan by Azerbaijan state bodies (Business process 2.2. Obtain a phyto-sanitary certificate) will also save time for businesses. Currently, all certificates are reissued at the border with Azerbaijani. It is also necessary to ensure recognition by Russian and Azerbaijani state bodies of the inspection results on phyto-sanitary, quarantine and customs control of Kazakhstan state bodies on the border. The adoption of this recommendation will avoid the duplication of functions of state bodies and will reduce the time of crossing borders by one to two days. For the implementation of these measures, the Governments should develop appropriate regulations for certification bodies, laboratories, and inspections as well as intergovernmental agreements for all countries in order to harmonize of all procedures;
- d) The implementation of electronic data exchange between the railways of the three countries will significantly reduce the time spent on the border. These actions could be implemented through the support of the Organization for Co-operation between Railways (OSJD)<sup>16</sup>;
- e) The development of a system for optimization of rolling stock usage of the CIS by the railway administrations of the three countries will allow the cost reduction of at least 30% on transportation of goods on the rail. This system could also solve the problem of empty wagons.

---

<sup>16</sup>OSJD is an international organization established on 28 June 1956 at the Railway Ministers Conference in Sofia, Republic of Bulgaria, by the ministers, responsible for railway transport. OSJD activities are undertaken according to the OSJD Statute, which is of an international treaty nature. Twenty-eight countries take part in activities of OSJD as an intergovernmental organization, including Azerbaijan, Kazakhstan and the Russian Federation.

## 4. Trade process analysis of fabric product from China to Kyrgyzstan

### 4.1 Overview of the supply chain

Kyrgyzstan's clothing industry has a high socio-economic importance and is one of the strategic economic sectors in the national economy. The sector employs a workforce of about 300,000 persons (or 12 per cent of the employed population<sup>17</sup>). It comprises small enterprises (60 per cent), medium-sized enterprises (30 per cent) and large enterprises (10 per cent). Most registered clothing enterprises (approximately 67 per cent) are located in the Bishkek, Chui and Djalal-Abad regions<sup>18</sup>.

The production volume of all types of fabric products in Kyrgyzstan has declined sharply since the early 1990s. Today, most fabric products are imported from China. To facilitate the import process, a "simplified" import scheme that measures many types of goods by weight, including fabric products, has been introduced in Kyrgyzstan. For example, the customs duty levied on fabric is US\$ 0.35 per kg. Another important measure to facilitate trade is that the import of fabric is not subjected to licensing.

Typically, fabric is imported to Kyrgyzstan via Urumqi<sup>19</sup> in Xinjiang<sup>20</sup> in China. This is mainly due to the fact that some Chinese citizens of Xinjiang are ethnically 'Uighurs' who can speak both the Chinese and Kyrgyz languages. This has greatly facilitated trade between the two countries.

Imports of fabric products by Kyrgyzstan are subject to a sanitary and epidemiological inspection that is carried out by the Department of Sanitary and Epidemiological Surveillance under the Ministry of Health of Kyrgyzstan. The State Inspection for Veterinary and Phytosanitary Safety under the Government of Kyrgyzstan carries out phytosanitary inspections of vehicles entering the territory, according to the Law of Kyrgyzstan on Plant Quarantine.

In the context of this study, an importer is an individual entrepreneur and owner of a small enterprise who has a trading space at the Madina (a wholesale market) in Bishkek. The frequency of import transactions depends on the volume of orders collected from clients, (clothing companies involved in the production of value-added final products). Usually, the turnover time for the average trader is equal to one month with the possibility of slight seasonal fluctuations. Most of the imported fabric products are fully synthetic or synthetic with less than 15% of natural fabric content.

The study does not contain the process of obtaining the licence for international freight transportation, which is issued by the State Agency of Automobile and Water Transport under the Kyrgyz Ministry of Transport and Communication. The licence is necessary for international transport and for obtaining a Permit for Passage Vehicles in International transport. This process is a part of the freight forwarder companies business and takes place at the beginning of the year. The official price of this licence is KGS 354 and it is valid for a period of one year.

There is one more process that is necessary for carrying out fabric shipments from China: obtaining a 'Visa C' at the Chinese Embassy in Kyrgyzstan. The entrance and stay of foreign citizens in Chinese territory is regulated by the Administrative Regulations of China on Entry and Exit of Foreigners. This regulation requires having the Visa C (for people working in international transport). However, this process was not included into this study of fabric import BPA because it is not a core business process related to fabric imports. The Visa C is valid for 6 to 12 months and costs about US\$ 200-300, depending on the urgency of issuance.

---

<sup>17</sup> Textile and Apparel Cluster in Kyrgyzstan. Harvard Kennedy School, Harvard Business School, May 2012

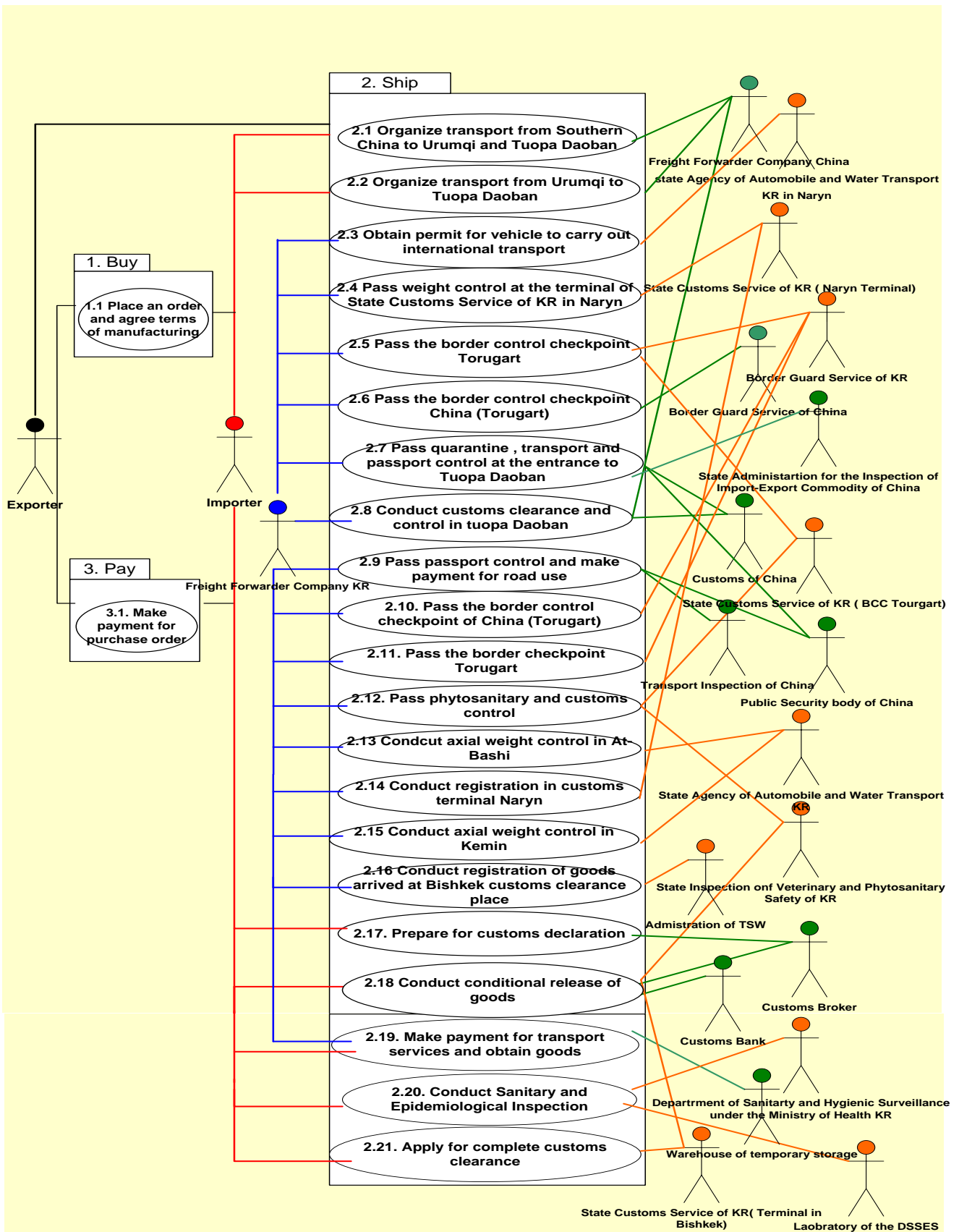
<sup>18</sup> Industry of Kyrgyzstan 2008-2012. National Statistics Committee, 2013.

<sup>19</sup> Urumqi is the capital of Xinjiang Uyghur Autonomous Region of China, in the northwest of the country

<sup>20</sup> Xinjiang is the unofficial name of the Xinjiang Uyghur Autonomous Region of China

## 4.2 Use-Case diagram

Figure 4. 1: Use-Case diagram– import of fabric from China to Kyrgyzstan

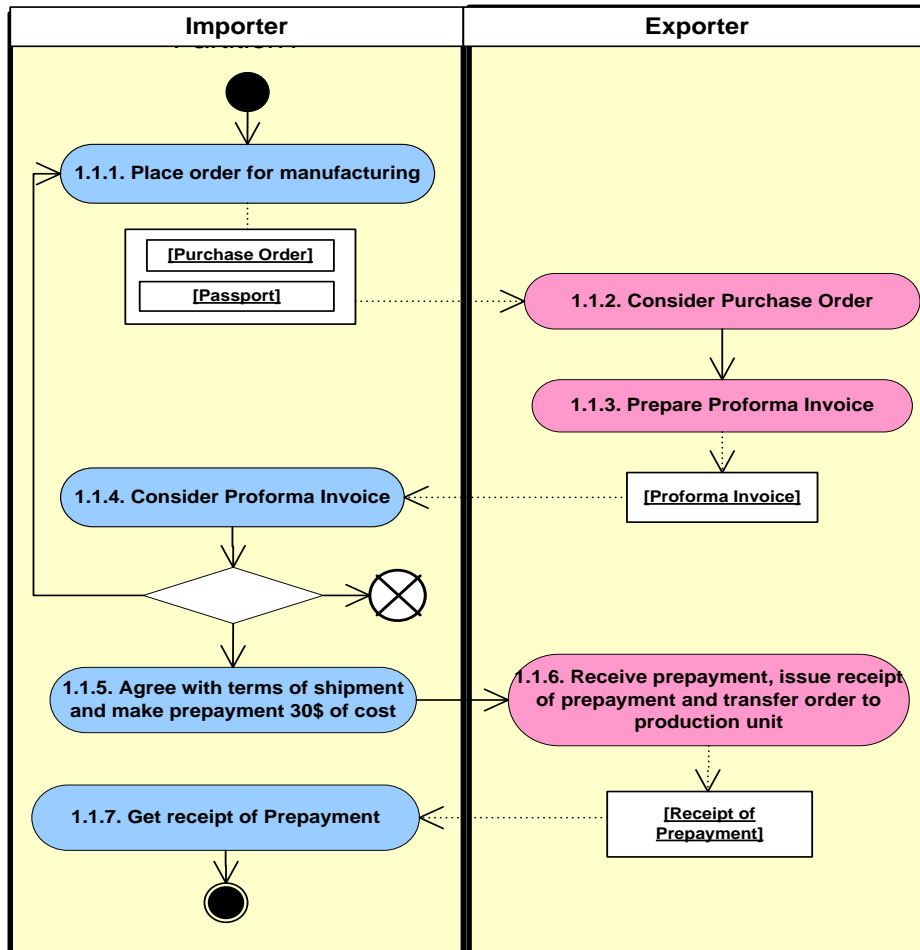


## 4.3 Activity diagrams

### The buy process

#### 1.1. Place an order and agree the terms of manufacturing

Figure 4. 2: Diagram of business process 1.1. “Place an order and agree the terms of manufacturing”

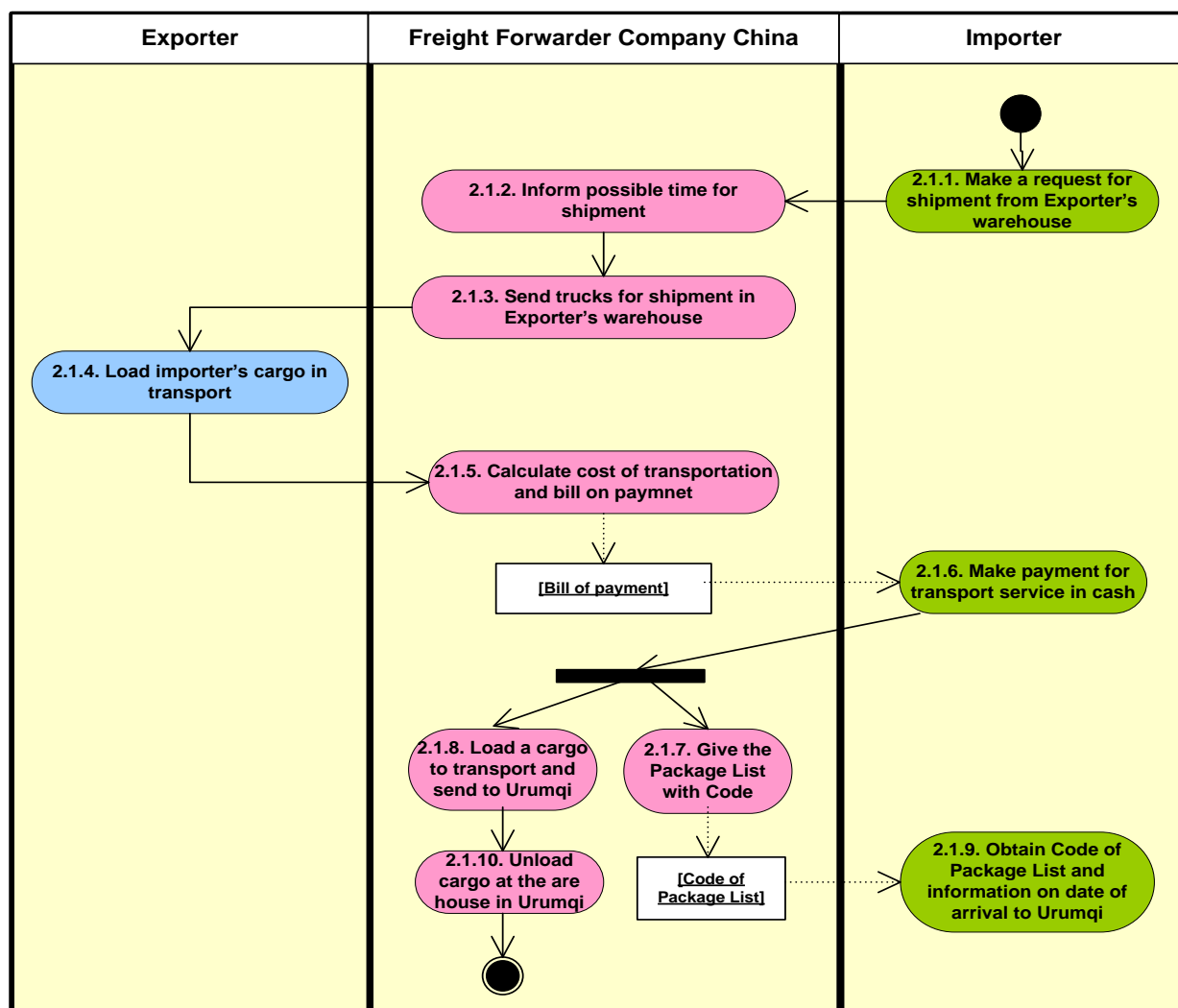


The name of the process area	<b>1. Buy</b>
The name of the business process	<b>1.1. Place an order and agree the terms of manufacturing</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Importer</li> <li>Exporter</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The importer has a list of orders for fabric</li> <li>The importer has an Identical Number of Taxpayer issued by the State Taxation Service of Kyrgyzstan</li> <li>The importer has a Patent of Individual Entrepreneur issued by the Kyrgyz Taxation Service for Trading Activity</li> </ul>
Procedures and associated documentary requirements to complete the process	1.3.10. The importer places an order for fabric. 1.3.11. The exporter considers the request and the possibility of the order execution. 1.3.12. After considering, the exporter prepares a Proforma Invoice (price, quantity of production and shipment date).

	<p>1.3.13. The importer considers the Proforma Invoice and can make some changes in the order parameters (quantity and type of fabric purchased).</p> <p>1.3.14. After consideration, the importer confirms the Proforma Invoice and makes a 30% prepayment in cash.</p> <p>1.3.15. The exporter receives the prepayment, gives a receipt on prepayment, and transfers the order to production unit.</p> <p>1.3.16. The importer receives the acceptance on the bill of prepayment from the exporter and obtains information on the shipment date.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The importer and the exporter agreed the terms of the placed order (Proforma Invoice) and the date of shipment.</li> <li>• The exporter obtained 30% of the cost of order, and transferred the order to the production unit.</li> <li>• Based on shipment information, the importer can plan the payment of the remaining 70% of the order cost.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 1.5 days</li> <li>➤ 1 – 2 days</li> </ul>

## 2.1. Organize transport from Southern China to Urumqi and Tuopa Daoban

Figure 4. 3: Diagram of business process 2.1. "Arrange transport from Southern China to Urumqi"

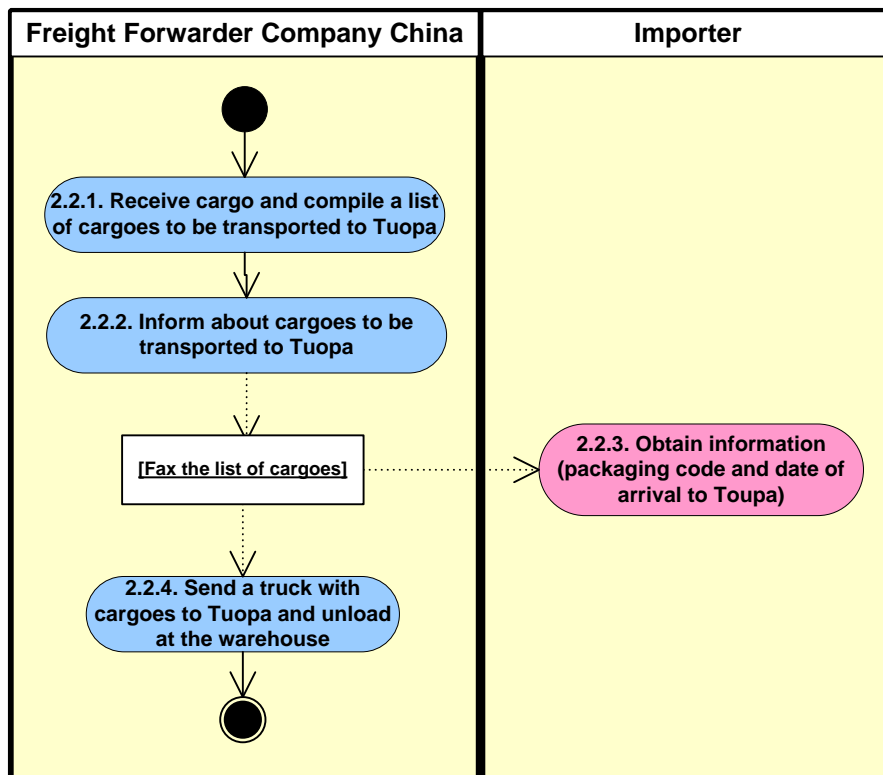


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.1. Organize transport from Southern China to Urumqi</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Importer</li> <li>Exporter</li> <li>Freight forwarder company in China (Southern China-Urumqi)</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The importer places the order</li> <li>The exporter prepares the order for shipment</li> <li>The Freight Forwarder Company in China has the approval documents for cargo transportation through the Chinese territory</li> </ul>
Procedures and associated documentary requirements to	<p>3.1.1. After notification of the order's readiness for shipment, the importer refers to the Chinese freight forwarder company and requests the fabric shipment from the exporter's warehouse and further transportation to Urumqi.</p> <p>3.1.2. The Chinese freight forwarder company clarifies the address of the exporter, the volume of</p>

complete the process	<p>export order/production and informs the importer of the shipment time.</p> <p>3.1.3. The Chinese freight forwarder company sends a vehicle to collect the shipment at the exporter's warehouse.</p> <p>3.1.4. The exporter ships the importer's order to the Chinese freight forwarder company.</p> <p>3.1.5. The Chinese freight forwarder company unloads products, weighs the batch size, determines the number of places to be taken in transport and calculates the cost of services, and then sends the invoice for payment to the importer.</p> <p>3.1.6. The importer makes the payment for transport services.</p> <p>3.1.7. The Chinese freight forwarder company issues the Package List to trace the receipt of goods.</p> <p>3.1.8. The Chinese freight forwarder company fills the vehicle with different cargoes and sends it to Urumqi. Usually, the time of filling the transport takes 1 to 3 days.</p> <p>3.1.9. The importer receives the Package List and is informed on the date of arrival to Urumqi.</p> <p>3.1.10. The Chinese freight forwarder company unloads cargoes in a warehouse in Urumqi.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The importer paid transportation services from China to Tuopa Daoban through Urumqi, got the code of package and the approximate date of arrival in Bishkek.</li> <li>• The Chinese freight forwarder company informed the Kyrgyz freight forwarder company about the number of cargoes to be sent to Bishkek and the date of readiness to load at Tuopa Daoban (Xinjiang, China).</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<p>➤ Average time: 14 days</p> <p>➤ 12 – 16 days</p> <p>The length of the route "Hangzhou – Urumqi" is about 4,900 kms. The duration of transport of goods by railway is from 9 to 10 days.</p> <p>The loading procedures and waiting time take 3 to 6 days.</p>

## 2.2. Organize transport from Urumqi to Tuopa Daoban

Figure 4. 4: Diagram of business process 2.2. “Arrange transport from Urumqi to Tuopa Daoban”



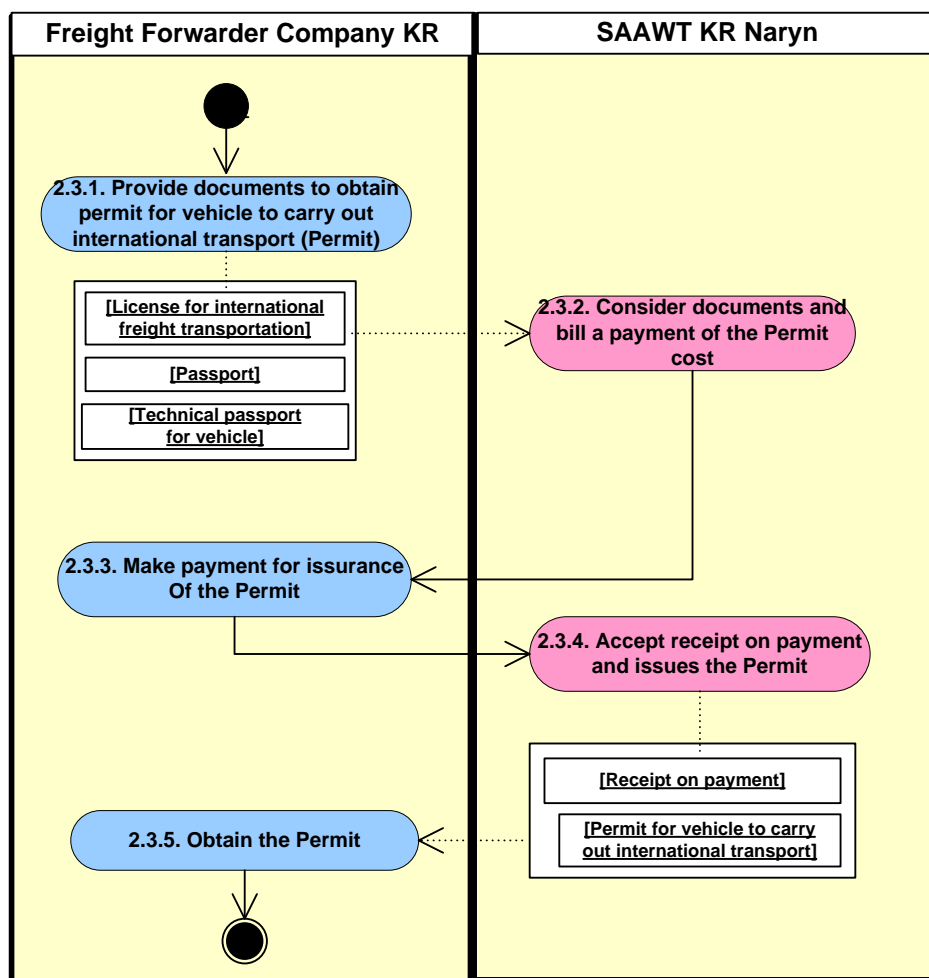
The name of the process area	2. <b>Ship</b>
The name of the business process	3.2. <b>Arrange transport from Urumqi to Tuopa Daoban</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• Importer</li> <li>• Chinese freight forwarder company</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The importer paid transportation services from within China to Toupa Daoban through Urumqi, obtained the code of package and the approximate date of arrival in Bishkek.</li> <li>• The Chinese freight forwarder company is ready to take the goods from the warehouse in Urumqi to Tuopa Daoban.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>3.2.1. The Chinese freight forwarder company accepts the cargoes and compiles a list of cargoes to be transported in different directions, including Tuopa Daoban.</p> <p>3.2.2. The Chinese freight forwarder company writes the list of cargoes to Tuopa Daoban and informs by fax the importer about the goods to be transported to Bishkek through Tuopa Daoban.</p> <p>3.2.3. The importer receives the Package list and is informed about the date of arrival in Tuopa Daoban.</p> <p>3.2.4. The Chinese freight forwarder company sends goods to Tuopa Daoban by road and unloads at the warehouse. The time of transportation with expectation and loading takes about 1 to 2 days.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The Chinese freight forwarder company carried out the transportation of goods to a warehouse in Tuopa Daoban.</li> </ul>



	<ul style="list-style-type: none"> <li>The importer is informed on the date of arrival of cargoes in Tuopa Daoban.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>Average time: 2 days</li> <li>1 – 3 days</li> </ul> <p>The length of the route “Urumqi – Tuopa Daoban” is about 1500 kms. The time of transporting is about 1 day.</p> <p>The loading procedures and waiting time take 1 to 2 days.</p>

### 2.3. Obtain a permit for vehicle to carry out international transport

Figure 4. 5: Diagram of business process 2.3. “Obtain a permit for vehicle to carry out international transport”



Note: SAAWT Kyrgyzstan Naryn means the Office of the State Agency of Automobile and Water Transport under the Ministry of Transport and Communication of Kyrgyzstan in Naryn<sup>21</sup>.

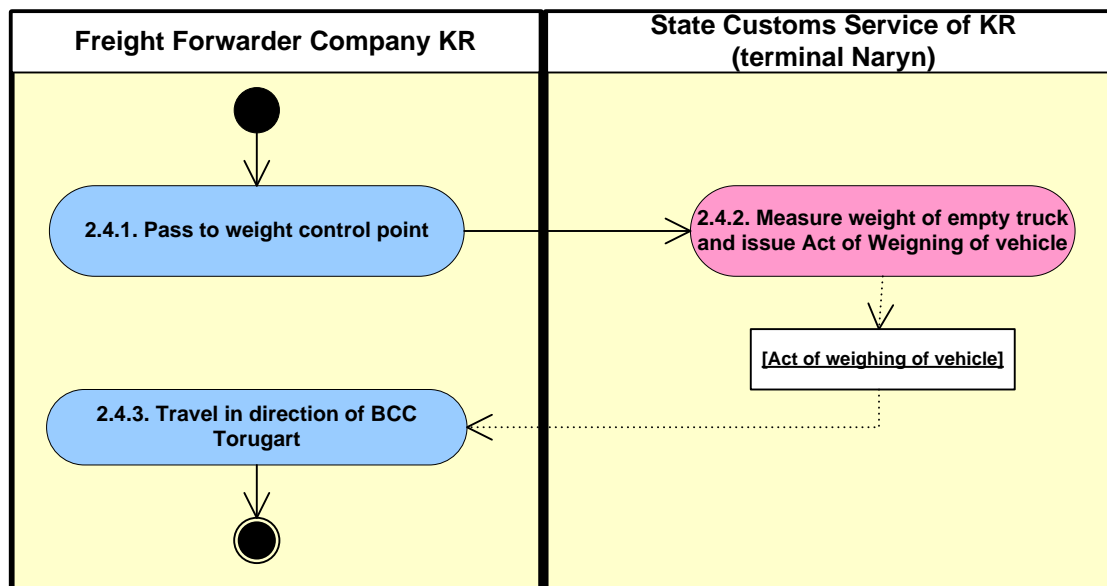
The name of the process area	2. Ship
The name of the business process	2.3. Obtain a permit for vehicle to carry out international transport
Related rules and regulations	<ul style="list-style-type: none"> <li>Instruction on accounting, storage of permit forms, registration and issuance of Permits for passage of vehicles in international transport.</li> </ul>

<sup>21</sup> Naryn is a city of Kyrgyzstan and the regional center of Naryn region.

	<ul style="list-style-type: none"> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• Freight forwarder company of Kyrgyzstan (Kyrgyzstan)</li> <li>• SAAWT Kyrgyzstan Naryn</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan has the following documents: a license for international freight transport, the technical passport of the vehicle, the passport, the driving license, the visa C of China.</li> <li>• The freight forwarder company of Kyrgyzstan received a message from the importer about the date of goods' arrival in order to transport them in Bishkek and decides to send an empty vehicle to transport cargoes from Tuopa Daoban.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani freight forwarder company submits an application to obtain a Permit for Passage of Vehicle in International Traffic and provides relevant documents.</li> <li>• SAAWT Kyrgyzstan in Naryn considers the validity of submitted documents and requests to pay the cost of the Permit.</li> <li>• The freight forwarder company of Kyrgyzstan makes payment to cover the Permit cost (approximately US\$ 30-40).</li> <li>• SAAWT Kyrgyzstan Naryn issues a receipt on payment and the Permit.</li> <li>• The Kyrgyzstani freight forwarder company obtains the Permit.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani freight forwarder company receives the Permit.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.3 days</li> <li>➤ 6 – 8 hours</li> </ul> <p>The time of travelling from Bishkek to Naryn is about 5 to 6 hours.</p>

#### 2.4. Pass weight control at the terminal of the State Customs Service of Kyrgyzstan in Naryn

Figure 4. 6: Diagram of business process 2.4 "Pass weight control at the terminal of the state customs service of Kyrgyzstan in Naryn"

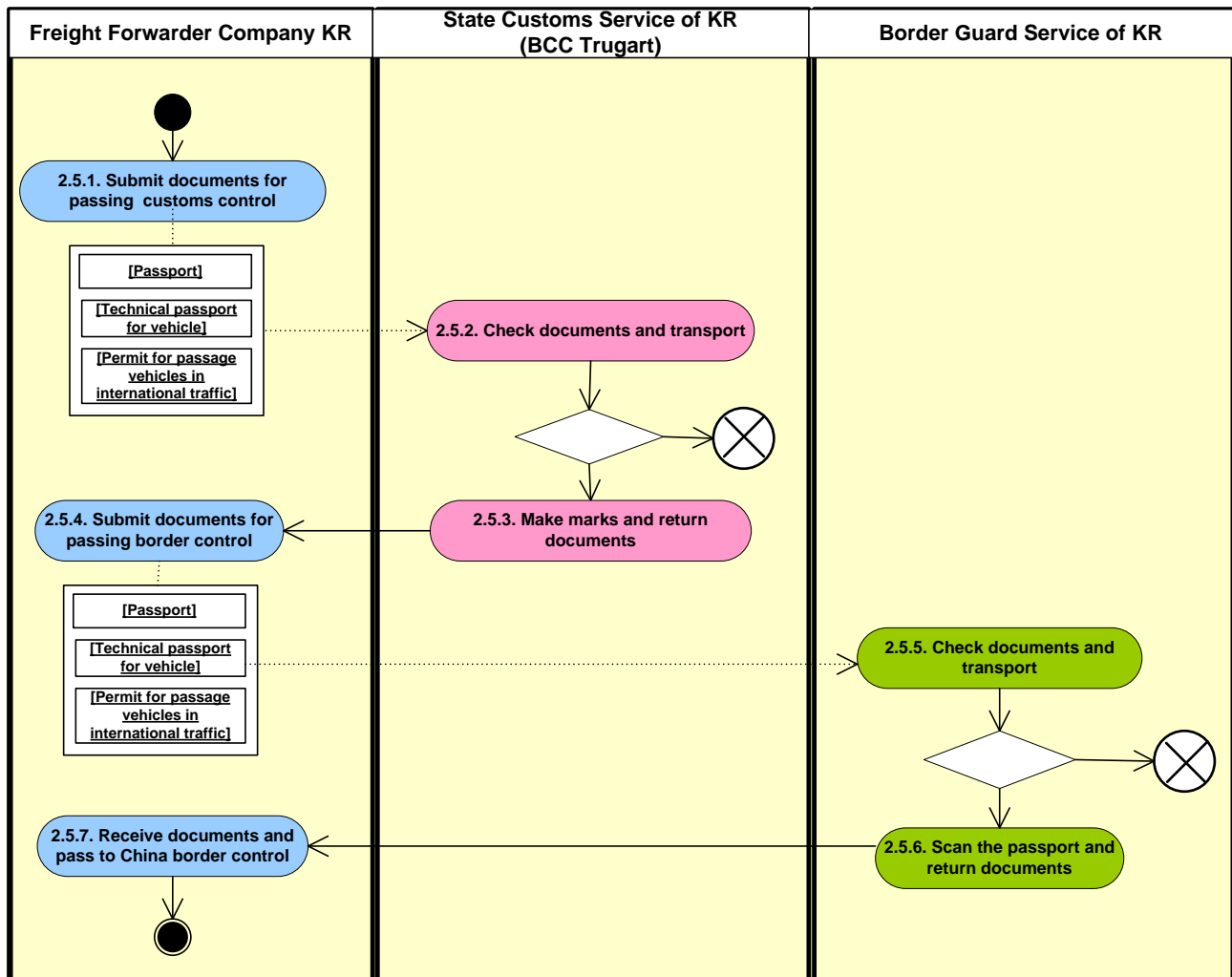


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.4. Pass weight control at the terminal of the State Customs Service of Kyrgyzstan in Naryn</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Customs Code of Kyrgyzstan.</li> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in</li> </ul>

	Kyrgyzstan"
Responsible parties	<ul style="list-style-type: none"> <li>• Kyrgyzstani freight forwarder company</li> <li>• State Customs Service of Kyrgyzstan (terminal Naryn)</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• A representative of the freight forwarder company has the following documents: a license for international freight transport, the technical passport of the vehicle, the passport, the driving license, the visa C of China.</li> <li>• The Kyrgyzstani freight forwarder company received a message from the importer about goods arriving in Urumqi and to be transported to Bishkek, and decided to send an empty vehicle to transport the cargoes from Tuopa Daoban.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan sends the vehicle to the terminal Naryn of the State Customs Service of Kyrgyzstan in order to pass the weight control.</li> <li>• The State Customs Service of Kyrgyzstan (terminal Naryn) measures the weight of the empty vehicle and issues the Act of Weighing of Vehicle.</li> <li>• The Kyrgyzstani freight forwarder company travels in the direction of the BCC of Torugart.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The State Customs Service of Kyrgyzstan (terminal Naryn) registered in the Unified Automated Information System of Customs the weight of the empty vehicle of the freight forwarder company of Kyrgyzstan.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.1 days</li> <li>➤ 1 – 3 hours</li> </ul> <p>The waiting time is around 1 to 2 hours.</p>

## 2.5. Pass the border control checkpoint (BCC) Torugart to China

Figure 4. 7: Diagram of business process 2.5. “Pass the border control checkpoint Torugart to China”

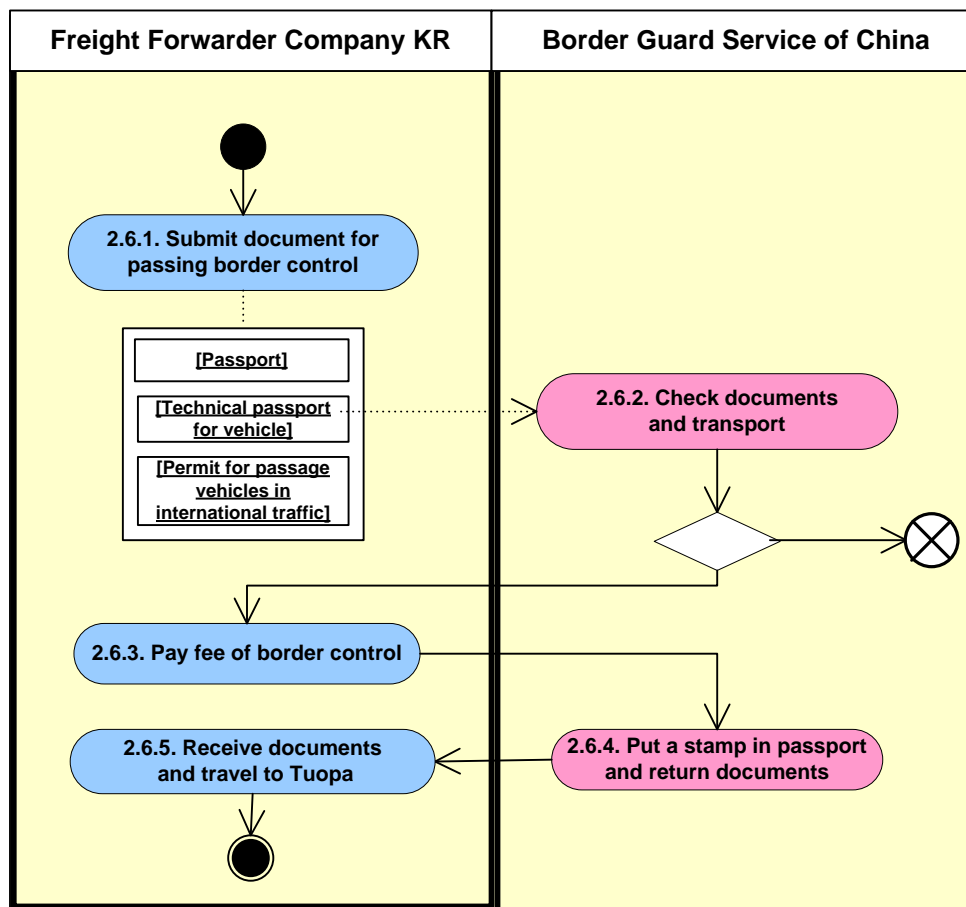


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.5. Pass the Border Control Checkpoint Torugart</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Law N 27 dated March 19, 1999 "About State Borders of Kyrgyzstan."</li> <li>• Order of the Border Guard Service of Kyrgyzstan dated April 18, 2003 № 66 "On approval of the Instruction on the rights and responsibilities of citizens of Kyrgyzstan, as well as foreign citizens and persons without citizenship are on territory of Kyrgyzstan under the regime of the state border"</li> <li>• Customs Code of Kyrgyzstan.</li> <li>• Law "On Plant Quarantine" dated 27 June, 1996 N 26.</li> <li>• Decree of the Government of Kyrgyzstan dated 30 May 2008 № 251 "On approval of the Rules work organization on issuing Phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of Kyrgyzstan."</li> <li>• Rules of work organization on issuing Phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of Kyrgyzstan (approved by the Government Decree on 30 May 2008 N 251).</li> <li>• Decree of the Government of Kyrgyzstan dated 07 October 2004 № 739 "On</li> </ul>

	<p>approval of Regulation of border crossing checkpoints of the state border of Kyrgyzstan”</p> <ul style="list-style-type: none"> <li>• Decree of the Government of Kyrgyzstan dated 07 February 2009 № 80 “On approval of Rules of compliance with regime at road, pedestrian and railway border crossing checkpoints of the state border of Kyrgyzstan”</li> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• State Customs Service of Kyrgyzstan (BCC Torugart)</li> <li>• Border Guard Service of Kyrgyzstan</li> <li>• Freight forwarder company of Kyrgyzstan</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan has the following documents: a license for international freight transport, the technical passport of the vehicle, the passport, the driving license, the visa C of the PRC, the CMR and the permit.</li> <li>• The freight forwarder company of Kyrgyzstan arrives at the border crossing checkpoint of Torugart.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan applies for the passage through the customs control at the BCC Torugart. A queue of vehicles is regularly formed at the checkpoint, and the time of passage may take 1 or 2 days.</li> <li>• The State Customs Service of Kyrgyzstan (BCC Torugart) checks the documents and the transport.</li> <li>• After its decision on the permission of going out of the customs territory of Kyrgyzstan, the State Customs Service of Kyrgyzstan makes a mark and returns the documents.</li> <li>• The freight forwarder company of Kyrgyzstan submits the documents for the border control.</li> <li>• The Border Guard Service of Kyrgyzstan checks the documents and the vehicle.</li> <li>• If the documents and transport are valid and that there are no other violations, the Border Guard Service of Kyrgyzstan scans the passport and returns the documents.</li> <li>• The freight forwarder company of Kyrgyzstan receives the documents back. After crossing the BCC on the Kyrgyz side, there is a queue before the Chinese BCC. The time of entering and departure from the Chinese territory is limited and has the following order: the entering is from 9-00 to 14-00, and the departure is from 14-00 until the evening.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan passed the border controls of Kyrgyzstan received all documents with appropriate notes and goes to the border control on the Chinese side.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<p>➤ Average: time 2 days</p> <p>The Travelling time from Naryn to Torugart is about 10 to 11 hours.</p> <p>The waiting time in the queue is about 1 to 2 days. There is also 20 minutes of proceeding at the BCC Torugart.</p>

## 2.6. Pass the border control checkpoint of China (Torugart)

Figure 4. 8: Diagram of business process 2.6. “Pass the border control checkpoint of China (Torugart)”

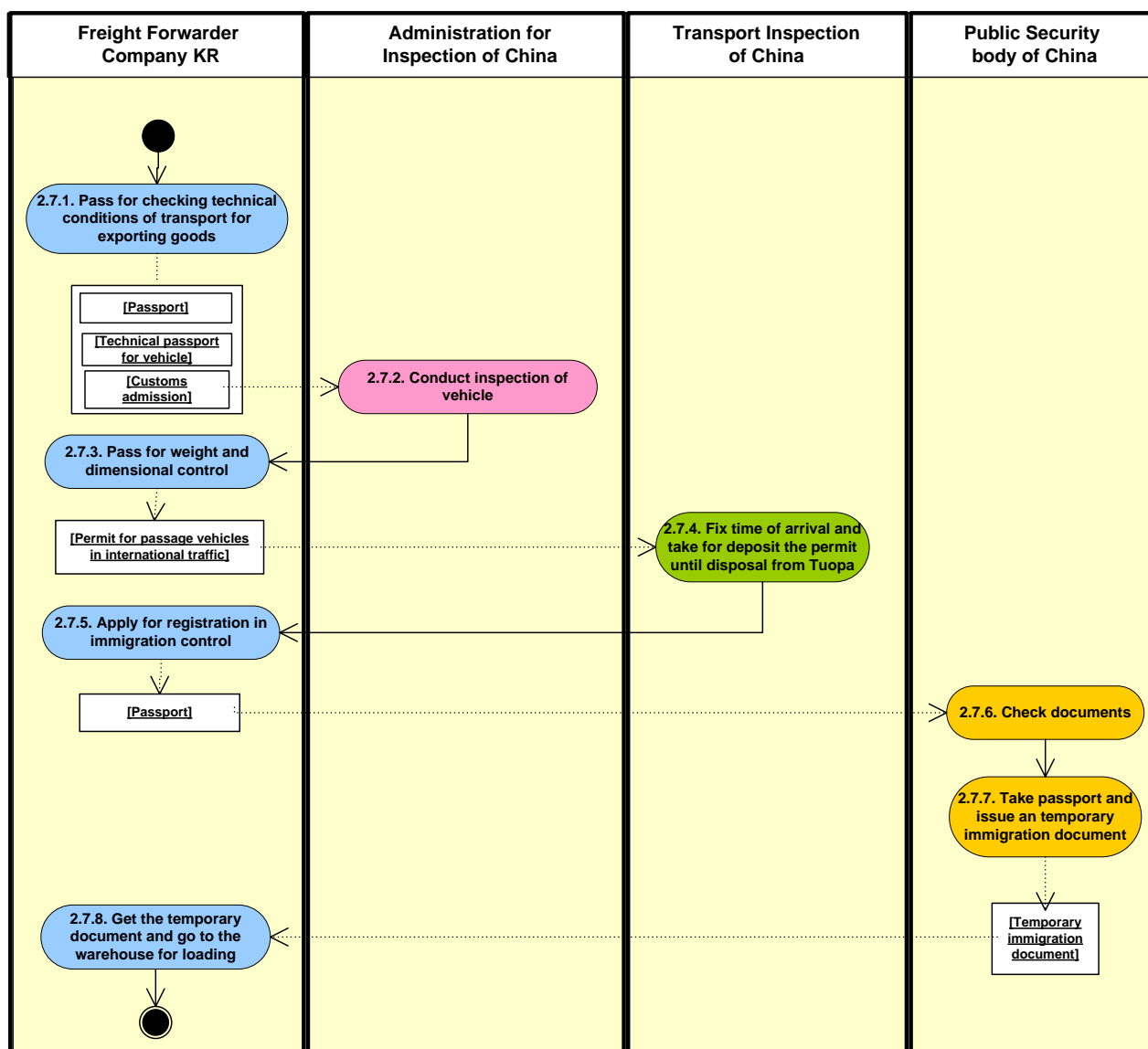


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.6. Pass the border control checkpoint of China (Torugart)</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Customs Law of China - 1987.</li> <li>• Administrative Regulations of China on Entry and Exit of Foreigners.</li> <li>• The Foreign Trade Law of China.</li> <li>• Agreement between Uzbekistan, China and Kyrgyzstan on International Road Transport dated on 19 February 1998.</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• Freight forwarder company of Kyrgyzstan</li> <li>• Border Guard Service of China</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan has the following documents: the License for International Freight Transportation, the Technical passport of vehicle, the Passport with the Visa C of China, the Driving license, and the Permit.</li> <li>• The Kyrgyzstani freight forwarder company passed the border control on the Kyrgyz side.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan submits the document to the Border Guard Service of China in order to cross the border control.</li> <li>• The Border Guard Service of China checks the documents and the vehicle.</li> <li>• If there are no violations, the representative of the Kyrgyzstani freight forwarder company pays the cost of border controls (10 CNY).</li> <li>• The Border Guard Service of China stamps on the passport and returns documents.</li> <li>• The Kyrgyzstani freight forwarder company receives the documents and</li> </ul>

	travels in the direction of Tuopa Daoban, which is more than 100 km away from the Torugart border checkpoint.
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Kyrgyzstani freight forwarder company passed Chinese border controls and received all documents with appropriate notes.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<p>➤ Average time: 0.25 days</p> <p>There are 3 to 5 hours of proceeding time and about 1 to 3 hours of waiting time.</p>

## 2.7. Pass quarantine, weight and passport controls at the entrance into Tuopa Daoban

Figure 4. 9: Diagram of business process 2.7. “Pass quarantine, transport and passport controls at the entrance into Tuopa Daoban”



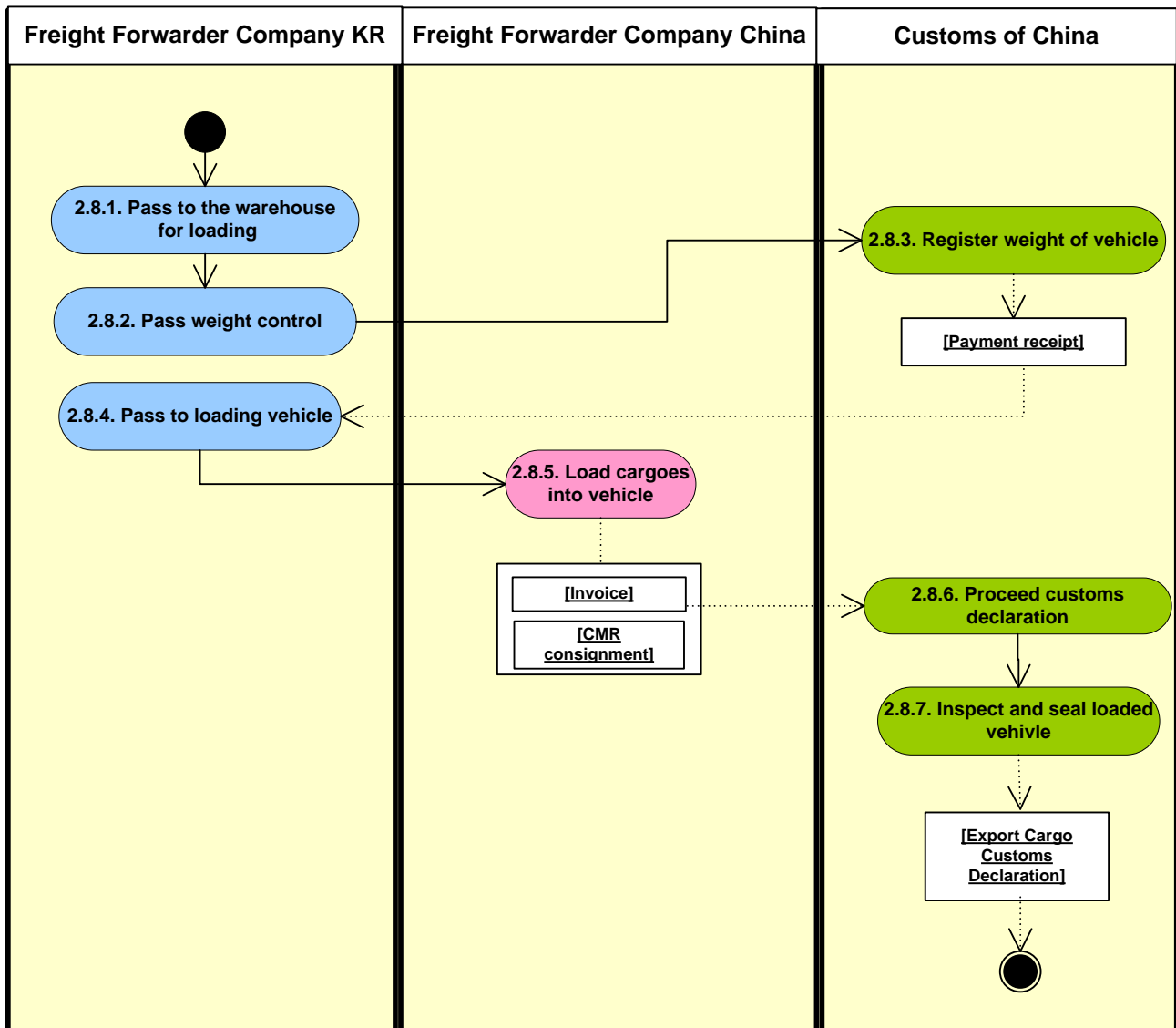
The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.7. Pass quarantine, transport and passport controls at the entrance into Tuopa Daoban</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Law of China - 1987.</li> <li>Administrative Regulations of China on Entry and Exit of Foreigners.</li> <li>The Foreign Trade Law of China.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Law of China on Import and Export Commodity Inspection.</li> <li>• Detailed Implementing Rules to the Regulations on the Inspection of Import and Export Commodities of China (1984).</li> <li>• Agreement between Uzbekistan, China and Kyrgyzstan on International Road Transport dated on 19 February 1998.</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan</li> <li>• The State Administration for the Inspection of Import &amp; Export Commodity of China (Administration for Inspection of China)</li> <li>• The Transport Inspection of China</li> <li>• The Public Security body of China</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The freight forwarder company of Kyrgyzstan has the following documents: the License for International Freight Transportation, the Technical passport of the vehicle, the Passport with the Visa C of China, the Driving license, and the Permit.</li> <li>• The Kyrgyzstani freight forwarder company arrived in Tuopa Daoban in China.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.3.1. The Kyrgyzstani freight forwarder company submits the documents to the Administration for Inspection of China for an inspection on technical conditions of the vehicle. The cost of the inspection is 91 CNY.</p> <p>1.3.2. The Administration for Inspection of China conducts the inspection of the vehicle for compliance with technical conditions for the carriage of exported goods.</p> <p>1.3.3. The Kyrgyzstani freight forwarder company passes weight and dimensional controls and submits the permit to the Customs of China which takes it for storage. If the vehicle does not go through the weight control before the end of day, he is forced to stay in a parking zone (the cost of parking is 20 CNY a day, plus the hotel cost which is 30 CNY a day). If the freight forwarder company of Kyrgyzstan does not go through a weight control on the last day of the working week, the wasted time includes 2 days of weekend.</p> <p>1.3.4. The Transport Inspection of China records the time of arrival in China and takes the Permit for deposit until the disposal from Tuopa Daoban.</p> <p>1.3.5. The Kyrgyzstani freight forwarder company passes the passport and visa registrations at the Service Immigration Control of the Public Security Body of China.</p> <p>1.3.6. The Public Security Body of China considers the validity of documents.</p> <p>1.3.7. The Public Security Body of China takes the Kyrgyzstani freight forwarder company's passport for deposit and issues a Temporary Immigration Document. The lunch break in all government agencies in Tuopa Daoban lasts 3 hours. This leads to long queues, even during the preparation of the Temporary Immigration Document.</p> <p>1.3.8. The Kyrgyzstani freight forwarder company gets the Temporary Immigration Document and goes for loading at the warehouse.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani freight forwarder company passed the quarantine control, gave the Permit to the Transport Inspection of China, passed the weight control and drove to the warehouse for loading, passed the passport and visa registrations and received a Temporary Immigration Document.</li> <li>• The Transport Inspection keeps the Permit until the freight forwarder company of Kyrgyzstan leaves the Chinese territory.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 1 day</li> <li>➤ 2 hours (min) – 2 day (max)</li> </ul>



## 2.8. Conduct customs clearance and control in Tuopa

Figure 4. 10: Diagram of business process 2.8. “Conduct customs clearance and control in Tuopa”

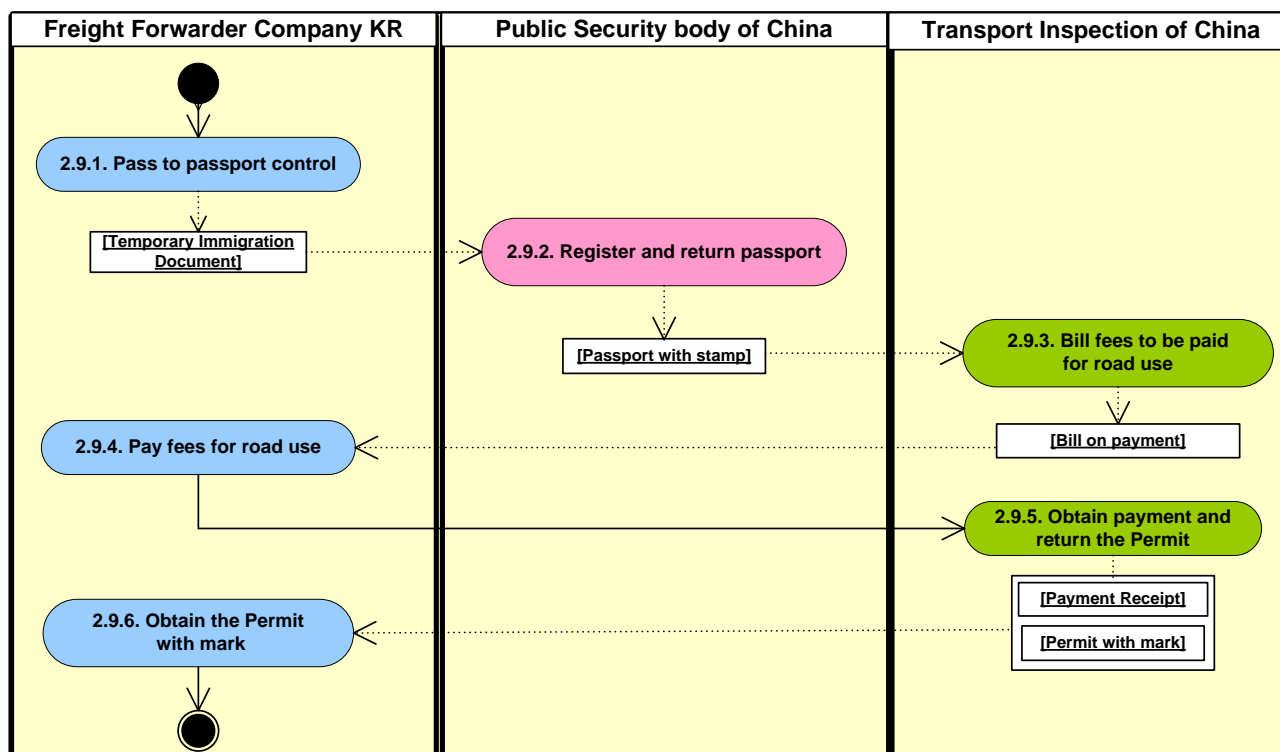


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.8. Conduct customs clearance and control in Tuopa</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Law of China - 1987.</li> <li>Administrative Regulations of China on Entry and Exit of Foreigners.</li> <li>The Foreign Trade Law of the China.</li> <li>The Law of the China on Import and Export Commodity Inspection.</li> <li>Detailed Implementing Rules to the Regulations on the Inspection of Import and Export Commodities of the China (1984).</li> <li>Agreement between Government of Republic Uzbekistan, Government of People's Republic China, and Government of Kyrgyzstan on International Road Traffic dated on 19 February 1998.</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Kyrgyzstani freight forwarder company</li> <li>Chinese freight forwarder company</li> <li>Customs of China</li> </ul>
Input and criteria to enter/begin the business	<ul style="list-style-type: none"> <li>The freight forwarder company of Kyrgyzstan makes an order for the cargoes transportation from Tuopa Daoban to Bishkek.</li> </ul>

process	<ul style="list-style-type: none"> <li>The Chinese freight forwarder company has to send the cargoes from Tuopa Daoban to Bishkek with all related documents.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.6.1. The freight forwarder company of Kyrgyzstan passes the weight control and pays 70 CNY.</p> <p>1.6.2. The Customs of China records the vehicle weight, issues a receipt on payment and makes a mark in the CMR consignment.</p> <p>1.6.3. After the weight registration, the Kyrgyzstani freight forwarder company goes to a warehouse for loading.</p> <p>1.6.4. After loading, the freight forwarder company gets an invoice for cargo and passes the customs clearance. If the vehicle does not have time to load up before the end of day, he is forced to remain in a warehouse (plus an extra day in a hotel which costs 30 CNY per day). If a vehicle drives into the last day of the working week and has no time to load up, the wasted time includes 2 days of weekend.</p> <p>1.6.5. After loading and receiving the invoice, the cargoes go through customs clearance under the Customs Law of China, and the Kyrgyzstani freight forwarder company gets a customs declaration.</p> <p>1.6.6. After the customs declaration, the freight forwarder company of Kyrgyzstan goes through the process of customs control and of sealing vehicle.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Kyrgyzstani freight forwarder company received the goods and all documents with appropriate notes.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<p>➤ Average time: 1.25 days</p> <p>➤ 0.5 day to 2 days</p> <p>The time of clearance depends on the schedule of working days and unforeseen circumstances.</p>

## 2.9. Pass passport control and make payment for road use

Figure 4. 11: Diagram of business process 2.9. “Pass the passport control and make payment for road use”

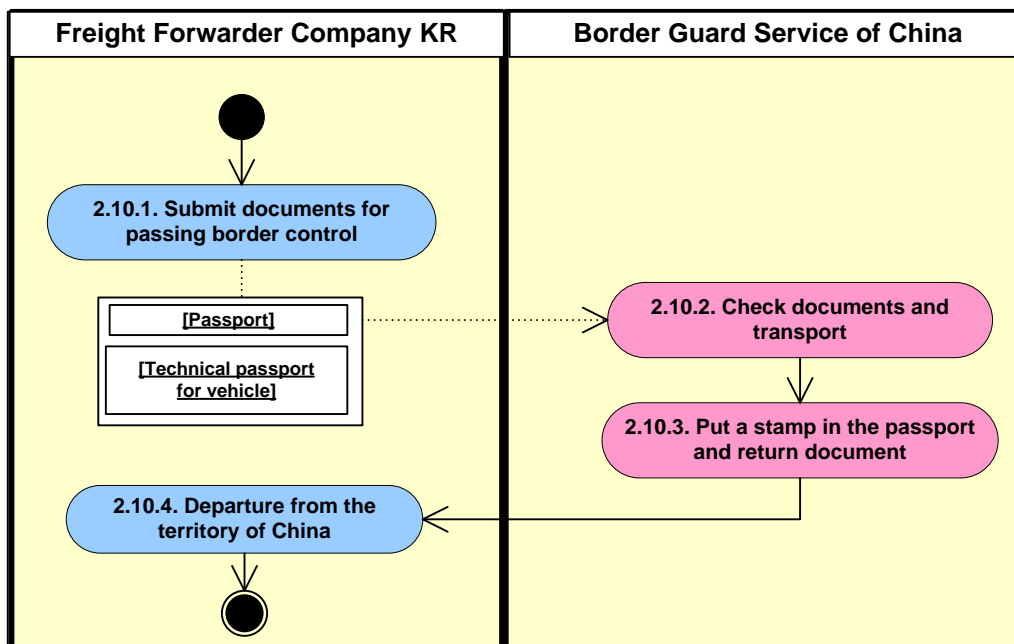


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.9. Pass the passport control and make payment for road use</b>

Related rules and regulations	<ul style="list-style-type: none"> <li>Administrative Regulations of China on Entry and Exit of Foreigners.</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Freight forwarder company of Kyrgyzstan</li> <li>Public Security Body of China</li> <li>Transport Inspection of China</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The freight forwarder company of Kyrgyzstan received goods, passed the customs clearance and received all necessary documents.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.9.1. The freight forwarder company of Kyrgyzstan must pass the immigration control of the Public Security Body of China.</p> <p>1.9.2. The Public Security Body of China makes a mark in the Kyrgyzstani freight forwarder company's passport and returns it in return of the Temporary Immigration Document.</p> <p>1.9.3. The Transport Inspection of China bills fees for the use of roads for the duration of stay in China (25 CNY/day).</p> <p>1.9.4. The Kyrgyzstani freight forwarder company pays the bill of payment.</p> <p>1.9.5. The Transport Inspection of China obtains the payment and issues the Permit for Passage of Vehicle in International Traffic with a mark.</p> <p>1.9.6. The Kyrgyzstani freight forwarder company obtains the Permit and the payment receipt.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Kyrgyzstani freight forwarder company received the goods and all documents with appropriate notes.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>Average time: 0.125 days</li> <li>2 – 4 hours</li> </ul>

## 2.10. Pass the border control checkpoint in China (Torugart)

Figure 4. 12: Diagram of business process 2.10. "Pass the border control checkpoint in China (Torugart)"

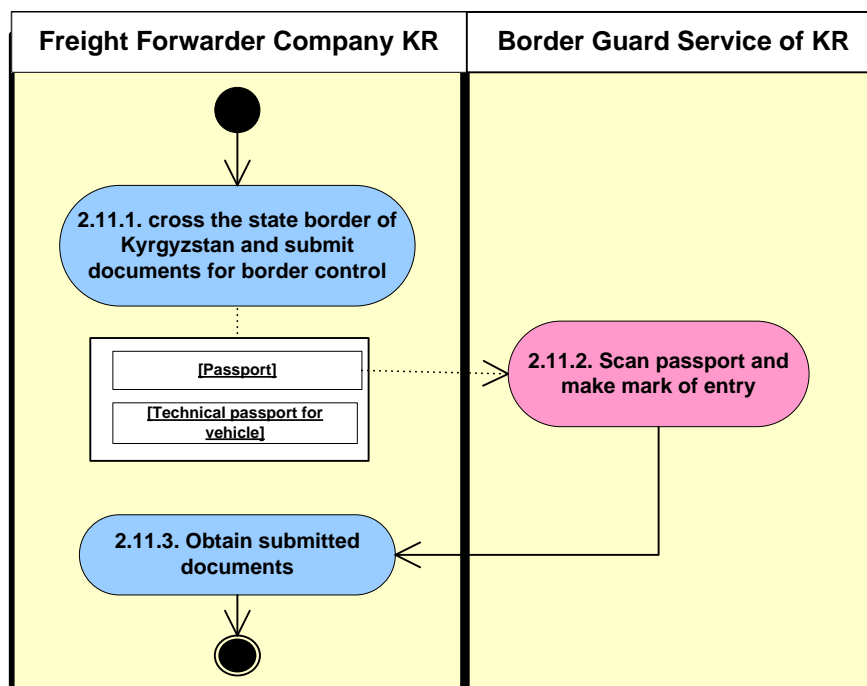


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.10. Pass the border control checkpoint in China (Torugart)</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Administrative Regulations of China on Entry and Exit of Foreigners.</li> <li>Agreement between Government of Republic Uzbekistan, Government of</li> </ul>

	People's Republic China, and Government of Kyrgyzstan on International Road Traffic dated on 19 February 1998.
Responsible parties	<ul style="list-style-type: none"> <li>• Kyrgyzstani freight forwarder company</li> <li>• Border Guard Service of China</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani freight forwarder company received the goods and all documents with appropriate notes.</li> </ul>
Procedures and associated documentary requirements to complete the process	1.12.1. The freight forwarder company of Kyrgyzstan passes the passport control at the Chinese Border Guard Service. 1.12.2. The Border Guard Service of China checks the documents and the vehicle. 1.12.3. The Border Guard Service of China puts a stamp in the passport and returns documents. 1.12.4. The Freight Forwarder Company of Kyrgyzstan leaves the Chinese territory
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani Freight Forwarder Company received the goods and all documents with appropriate notes and left the Chinese territory.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➢ Average time 0.16 days</li> <li>➢ 3 – 5 hours</li> </ul>

### 2.11. Pass the border control checkpoint in Torugart

Figure 4. 13: Diagram of business process 2.11. "Pass the border control checkpoint in Torugart"

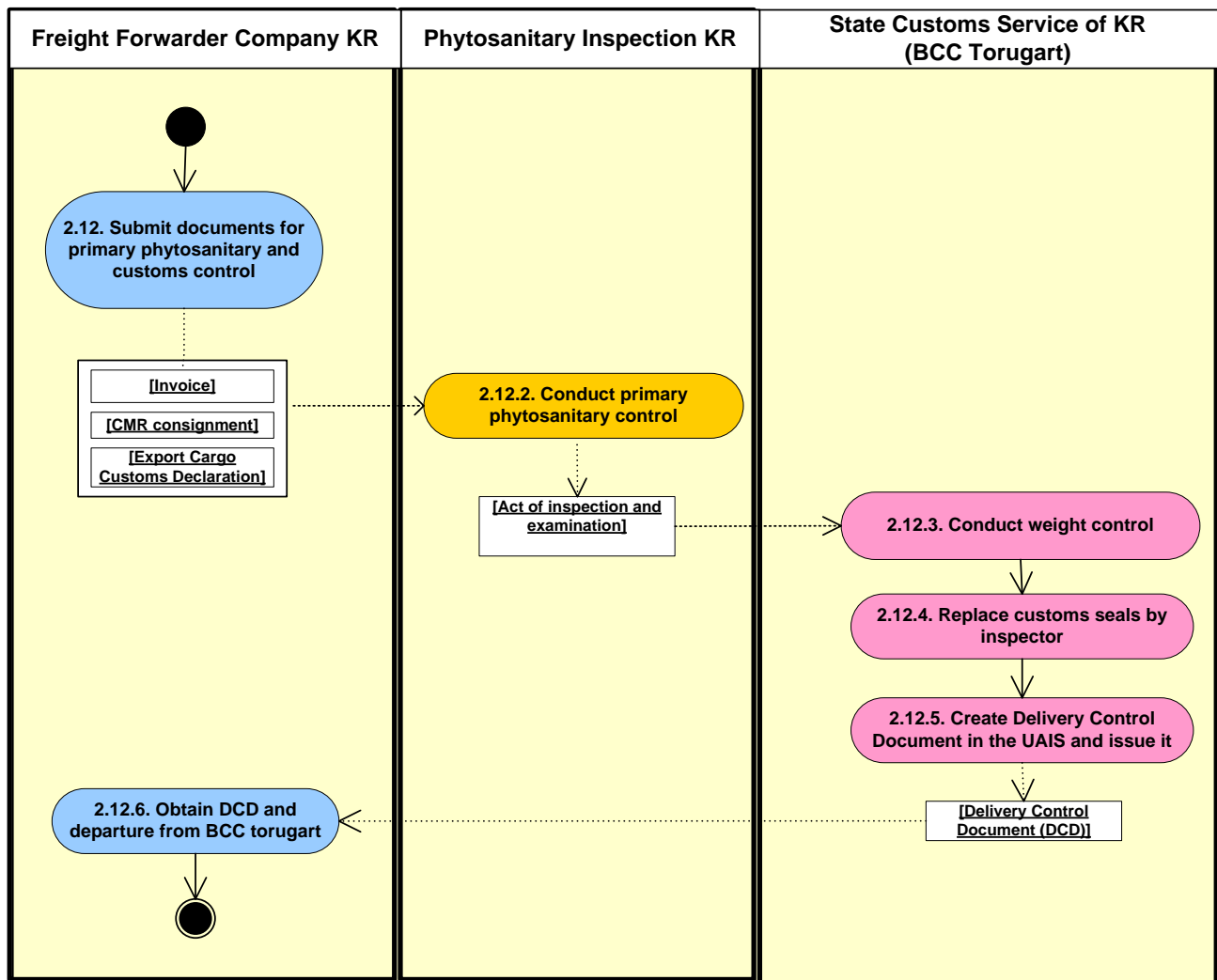


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.11. Pass the border control checkpoint in Torugart</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Law N 27 dated March 19, 1999 "About State Borders of the Kyrgyzstan."</li> <li>• Order of the Border Guard Service of Kyrgyzstan dated April 18, 2003 N 66 "On approval of the Instruction on the rights and responsibilities of citizens of Kyrgyzstan, as well as foreign citizens and persons without citizenship are on territory of Kyrgyzstan under the regime of the state border"</li> <li>• Agreement between Government of the Republic of Uzbekistan, Government of People's Republic China, and Government of Kyrgyzstan on International</li> </ul>

	<p>Road Traffic dated on 19 February 1998.</p> <ul style="list-style-type: none"> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• Freight Forwarder Company of Kyrgyzstan</li> <li>• Border Guard Service of Kyrgyzstan</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani Freight Forwarder Company carries cargoes from Tuopa Daoban to Bishkek and crossed the Chinese border.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.13.1. The Freight Forwarder Company of Kyrgyzstan passes the border control at the BCC of Torugart. The border crossing control is carried out 24 hours a day by the Border Guard Service of Kyrgyzstan.</p> <p>1.13.2. The Border Guard Service of Kyrgyzstan checks the documents and the vehicle.</p> <p>1.13.3. The officer scans the passport and returns the documents.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani Freight Forwarder Company passed the border control.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.125 days</li> <li>➤ 2 – 4 hours</li> </ul>

## 2.12. Pass phytosanitary and customs controls

Figure 4. 14: Diagram of business process 2.12. "Pass phytosanitary and customs controls"



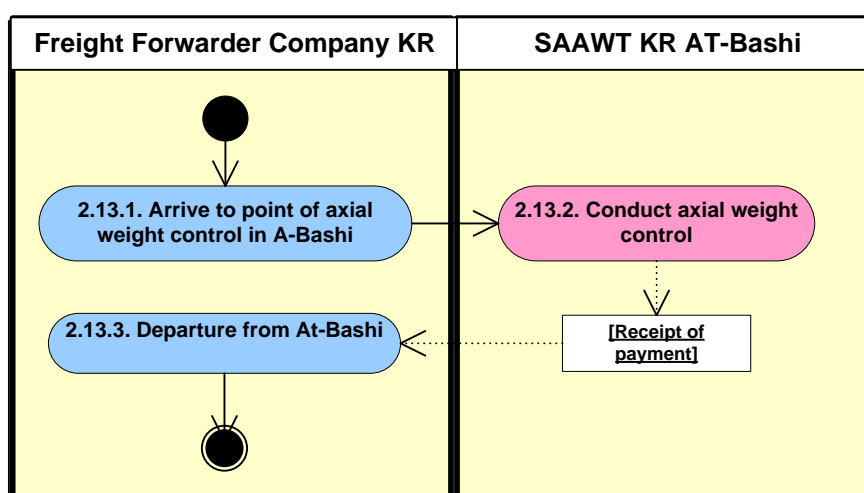
Note: DCD means Delivery Control Document used by the State Customs Service to control the purposes of cargoes before customs clearance.

The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.12. Pass phytosanitary and customs controls</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Code of the Kyrgyzstan.</li> <li>Law "On Plant Quarantine" dated 27 June, 1996 N 26.</li> <li>Decree of the Government of Kyrgyzstan dated 30 May 2008 N 251 "On approval of the Rules work organization on issuing phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of the Kyrgyzstan."</li> <li>Rules of work organization on issuing phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of the Kyrgyzstan (approved by the Governmental Decree on 30 May 2008 N 251).</li> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in</li> </ul>

	Kyrgyzstan"
Responsible parties	<ul style="list-style-type: none"> <li>Freight Forwarder Company of Kyrgyzstan</li> <li>Phytosanitary Inspection of Kyrgyzstan</li> <li>State Customs Service of Kyrgyzstan at the Border Crossing Control in Torugart (BCC Torugart)</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The Freight Forwarder Company of Kyrgyzstan carries cargoes from Tuopa Daoban to Bishkek and crossed the Kyrgyzstan border.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.14.1. The Freight Forwarder Company of Kyrgyzstan arrives at the entry point of phytosanitary and customs controls and submits the necessary documents.</p> <p>1.14.2. The Phytosanitary Inspection of Kyrgyzstan conducts a visual inspection of the vehicle, and issues the Act of Examination with prescription to pass an obligatory phytosanitary control at the place of customs clearance. The procedure costs 50 KGS.</p> <p>1.14.3. The State Customs Service of Kyrgyzstan (BCC Torugart) conducts a weight control of the vehicle and the weight information is entered in the Delivery Control Document (paper-based).</p> <p>1.14.4. After passing the weight control, the State Customs Service of Kyrgyzstan (BCC Torugart) conducts a procedure to replace Chinese seals by Kyrgyz ones. The cost of procedure is 100 KGS.</p> <p>1.14.5. The State Customs Service of Kyrgyzstan (BCC Torugart) prepares the Delivery Control Document (DCD), and records the time of departure of the vehicle from the BCC.</p> <p>1.14.6. The Freight Forwarder Company of Kyrgyzstan obtains the DCD (in paper) and departs from Torugart.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Freight Forwarder Company of Kyrgyzstan passed the phytosanitary and customs controls.</li> <li>The State Customs Service of Kyrgyzstan (BCC Torugart) indicated on the DCD the vehicle weight and the time of arrival, and replaced seals.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.25 days</li> <li>➤ 5 – 6 hours</li> </ul>

### 2.13. Conduct axial weight control in At-Bashi

Figure 4. 15: Diagram of business process 2.13. "Conduct axial weight control in At-Bashi"



*Note:* SAAWT Kyrgyzstan At-Bashi means Post of weight control in At-Bashi<sup>22</sup> of the State Agency of Automobile and Water Transport under the Ministry of Transport and Communication of Kyrgyzstan.

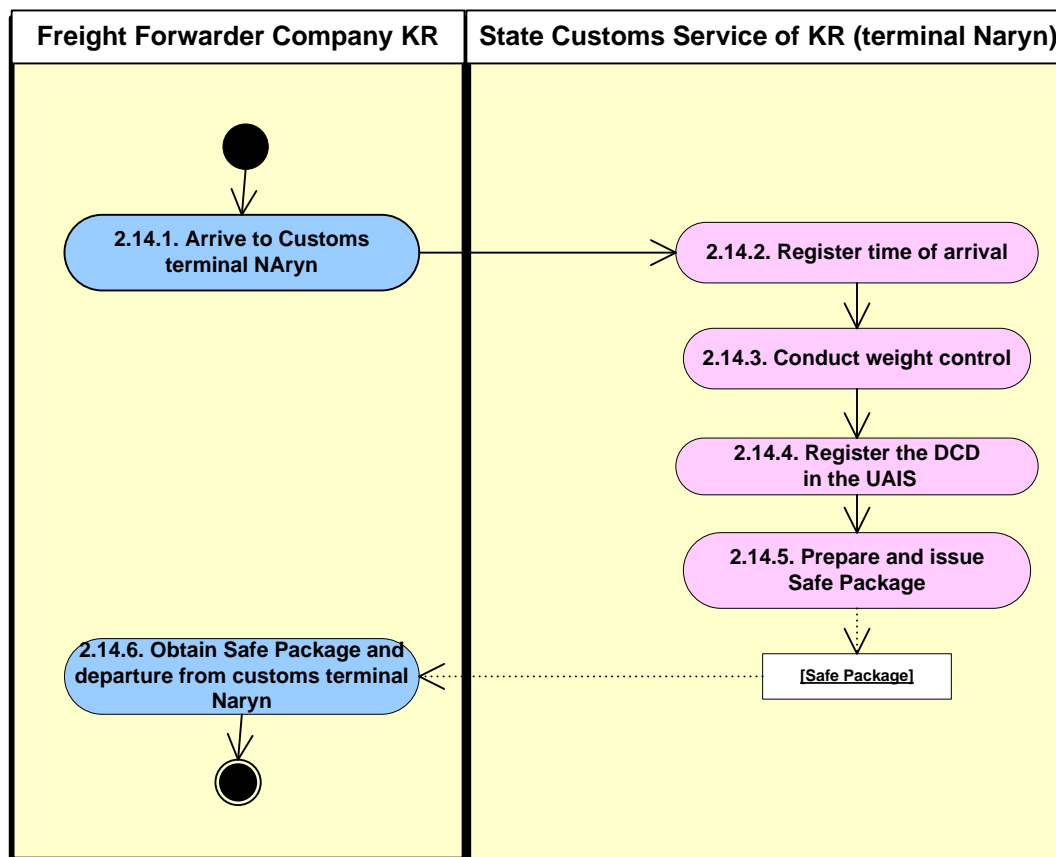
The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.13. Conduct axial weight control in At-Bashi</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Decree of the Government of Kyrgyzstan on August 8, 2011 N 454 "On approval the Order of crossing vehicles on public roads of the Kyrgyzstan and the charging fees for weighing and measuring the total weight, the axle loads, sizes, and other linear parameters of vehicle and the Order crossing and charging fees on vehicles with special and indivisible cargo on public roads of Kyrgyzstan".</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Freight forwarder Company of Kyrgyzstan</li> <li>SAAWT Kyrgyzstan At-Bashi</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The Freight Forwarder Company of Kyrgyzstan carries cargoes from Tuopa Daoban to Bishkek and passed the control procedures at the BCC Torugart.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.15.1. The Freight Forwarder Company of Kyrgyzstan arrives in At-Bashi to pass the axial weight control.</p> <p>1.15.2. SAAWT of Kyrgyzstan in At-Bashi conducts the axial weight control. The payment is made in cash and a receipt is issued. The procedure costs 200 KGS.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Freight Forwarder Company of Kyrgyzstan passes a weight control in At-Bashi.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 3 hours</li> <li>➤ 2 – 4 hours</li> </ul> <p>The travelling time from Torugart to At-Bashi is about 3 hours.</p>

<sup>22</sup> At-Bashi is a village of the Naryn region of Kyrgyzstan and is situated on a road between Bishkek and Torugart.



## 2.14. Conduct registration at the customs terminal in Naryn

Figure 4. 16: Diagram of business process 2.14. "Conduct registration at the customs terminal in Naryn"



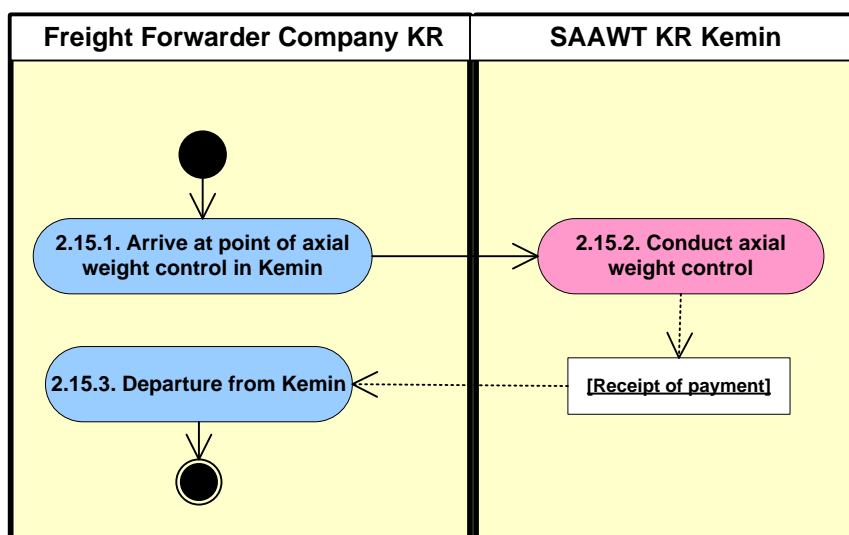
*Note:* DCD means Delivery Control Document used by the State Customs Service for control purposes of cargoes before customs clearance.

The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.14. Registration at the Customs terminal in Naryn</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Code of Kyrgyzstan.</li> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Freight Forwarder company of Kyrgyzstan</li> <li>State Customs Service of Kyrgyzstan (terminal Naryn)</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The Freight Forwarder Company of Kyrgyzstan carries cargoes from Tuopa Daoban to Bishkek and crossed the Kyrgyzstani border.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>1.16.1. The Freight Forwarder Company of Kyrgyzstan arrives at the Customs terminal in Naryn (a warehouse of temporary storage).</p> <p>1.16.2. The Kyrgyzstani Freight Forwarder Company transfers the shipping documents to the State Customs Service of Kyrgyzstan. The State Customs Service of Kyrgyzstan records the time of arrival on the DCD through the Unified Automated Informational System of Customs (UAIS).</p> <p>1.16.3. The State Customs Service of Kyrgyzstan conducts a weight control. Usually, freight forwarders arrive at the customs terminal in night-time, and that is why they need to stay there about 5 hours.</p> <p>1.16.4. The State Customs Service of Kyrgyzstan conducts re-registration of the DCD and creates a new DCD record with the list of shipping documents and the fixation of the time departure from the terminal Naryn.</p>

	<p>1.16.5. The State Customs Service of Kyrgyzstan prepares a Safe Package and puts there all shipping documents and a paper copy of the DCD.</p> <p>1.16.6. The Freight Forwarder Company obtains the Safe Package and leaves from the customs terminal.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Freight Forwarder Company of Kyrgyzstan carries cargoes from Tuopa Daoban to Bishkek.</li> <li>The Freight Forwarder Company of Kyrgyzstan is registered by entering the Delivery Control Document in the UAIS of the Kyrgyzstani State Customs Service.</li> <li>The Kyrgyzstani Freight Forwarder Company obtained a Safe Package with all shipping documents.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<p>➤ Average time: 0.6 days</p> <p>➤ 5 hours – 1 day</p> <p>The travelling time from At-Bashi to Naryn is about 2 hours.</p>

### 2.15. Conduct axial weight control in Kemin<sup>23</sup>

Figure 4. 17: Diagram of business process 2.15. “Conduct axial weight control in Kemin”



*Note:* SAAWT Kyrgyzstan Kemin means Post of weight control in Kemin of the State Agency of Automobile and Water Transport under the Ministry of Transport and Communication of Kyrgyzstan.

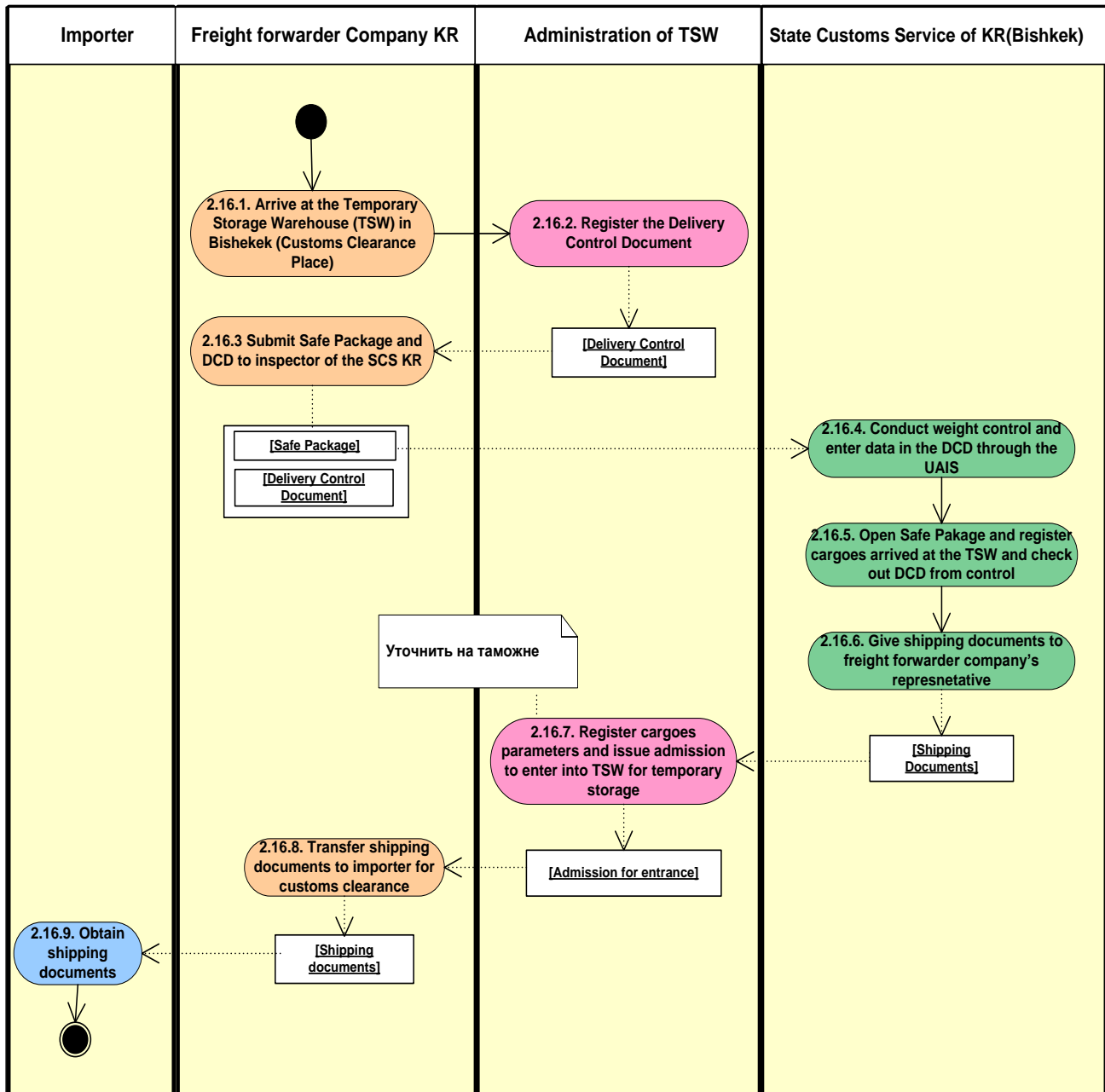
The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.15. Conduct axial weight control in Kemin</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Decree of the Government of Kyrgyzstan on August 8, 2011 N 454 "On approval the Order of crossing vehicles on public roads of Kyrgyzstan and the charging fees for weighing and measuring the total weight, the axle loads, sizes, and other linear parameters of vehicle and the Order crossing and charging fees on vehicles with special and indivisible cargo on public roads of Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Freight Forwarder Company of Kyrgyzstan</li> <li>State Agency for Automobile and Water Transport of Kyrgyzstan (SAAWT Kyrgyzstan) in Kemin</li> </ul>
Input and criteria to enter/begin the business	<ul style="list-style-type: none"> <li>The Kyrgyzstani Freight Forwarder Company carries cargoes from Tuopa Daoban to Bishkek.</li> </ul>

<sup>23</sup> Kemin is a village of the Chui region in Kyrgyzstan and situated on the road between Bishkek and Torugart.

process	
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The Kyrgyzstani Freight Forwarder Company arrives at the point of axial weight control in Kemin village.</li> <li>• The SAAWT of Kyrgyzstan in Kemin conducts the axial weight control. The payment is made in cash and usually, the receipt is not issued. The procedure costs 200 KGS.</li> <li>• The Freight Forwarder Company of Kyrgyzstan then departs from Kemin.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The Freight Forwarder Company of Kyrgyzstan went through the control procedures before arriving to the Customs Clearance Place in Bishkek.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average: 0.2 days</li> <li>➤ 1 – 2 hours proceeding time</li> </ul> <p>The travelling time is about 3 hours.</p>

## 2.16. Conduct the registration of goods which arrived at the Bishkek customs clearance place

Figure 4. 18: Diagram of business process 2.16. "Conduct the registration of goods which arrived at the Bishkek customs clearance place"



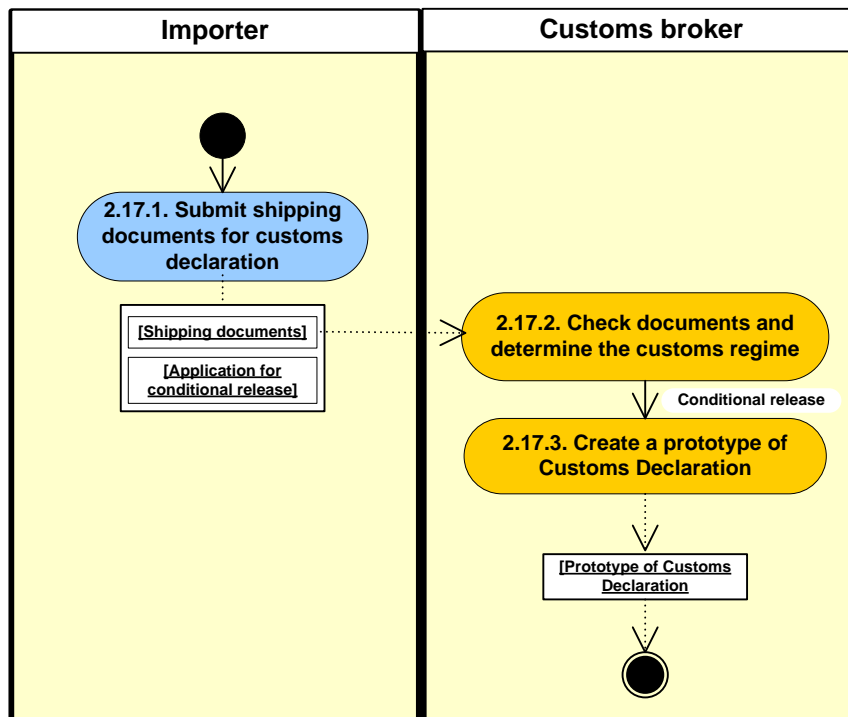
Note: TSW refers to the Temporary Storage Warehouse; DCD refers to the Delivery Control Document.

The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.16. Register the goods which arrived at the Bishkek customs clearance place</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Code of Kyrgyzstan.</li> <li>Instruction for customs clearance and customs control of goods and vehicles crossing the customs border of the Kyrgyzstan, approved by Decree of the Government of Kyrgyzstan dated December 28, 2004 N 961</li> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>

Responsible parties	<ul style="list-style-type: none"> <li>• Freight Forwarder Company of Kyrgyzstan</li> <li>• Administration of TSW</li> <li>• State Customs Service of Kyrgyzstan (Bishkek)</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The Kyrgyz Freight Forwarder Company carries cargoes to the temporary storage warehouse (TSW) in Bishkek</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The Freight Forwarder Company of Kyrgyzstan arrives at the TSW in Bishkek.</li> <li>• The Administration of the TSW records the time of arrival of the vehicle and makes a note of the Delivery Control Document (DCD) number.</li> <li>• The Freight Forwarder Company of Kyrgyzstan transfers the Safe Package with the Shipping Documents and the DCD to the State Customs Service of Kyrgyzstan.</li> <li>• The State Customs Service of Kyrgyzstan conducts a weight control and makes a note on the DCD.</li> <li>• The State Customs Service of Kyrgyzstan records in the Unified Automated Information System of Customs (UAIS) that goods arrived at the TSW and checks out the DCD.</li> <li>• The State Customs Service of Kyrgyzstan opens up the Safe Package and provides the shipping documents to the Freight Forwarder Company of Kyrgyzstan.</li> <li>• The TSW Administration registers cargoes parameters and issues an admission to enter the TSW for temporary storage.</li> <li>• The Freight Forwarder Company of Kyrgyzstan sends the shipping documents to the importer for customs clearance.</li> <li>• The importer receives the shipping documents.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• Cargoes are at the Temporary Storage Warehouse and ready for inspection.</li> <li>• The State Customs Service of Kyrgyzstan checked out the Delivery Control Document in the UAIS.</li> <li>• The importer received the shipping documents.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.25 days</li> <li>➤ 2 – 4 hours</li> </ul> <p>The travelling time from Kemin to Bishkek is 4 hours.</p>

## 2.17. Prepare for customs declaration

Figure 4. 19: Diagram of business process 2.17. "Prepare for customs declaration"



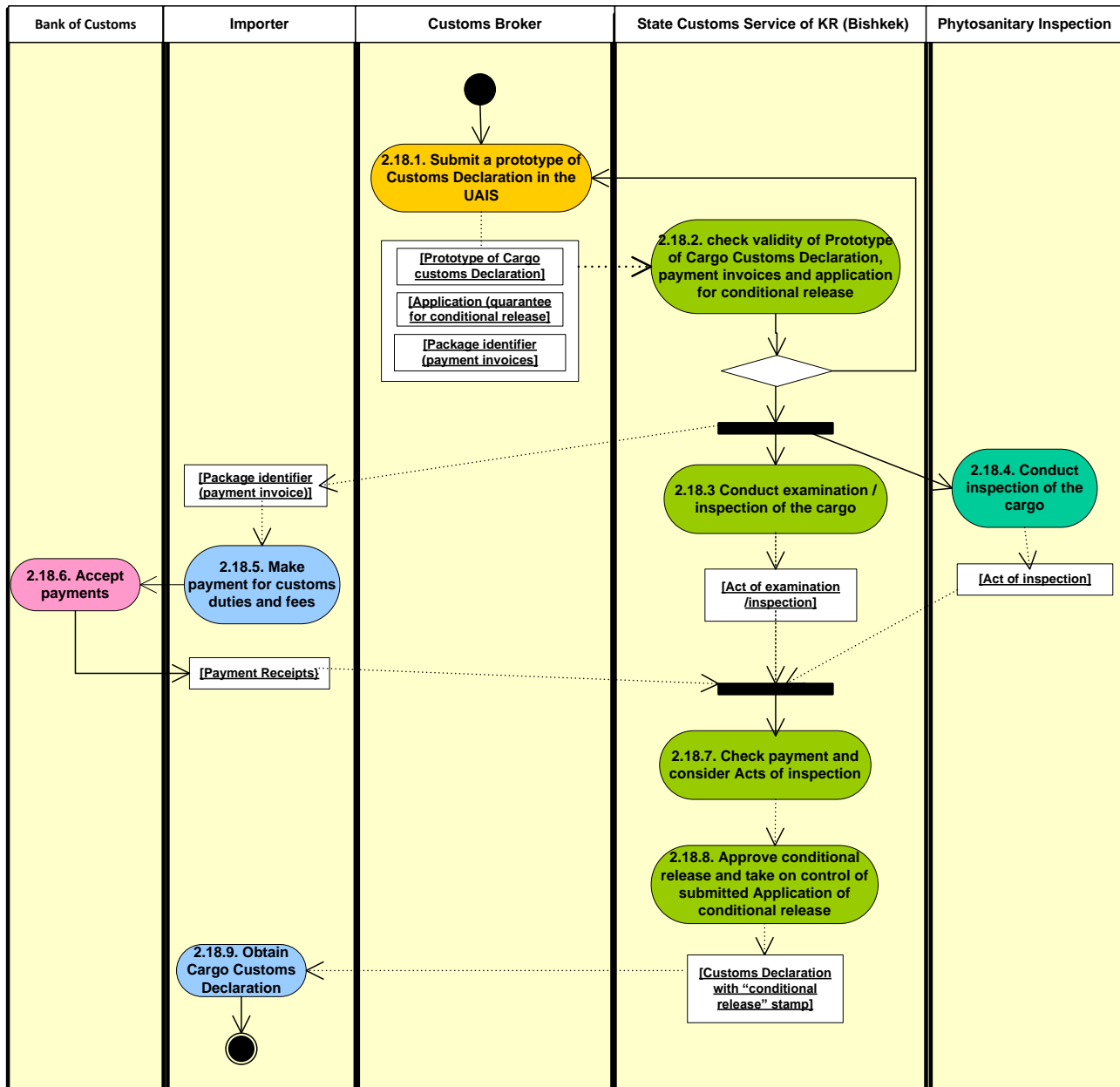
The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.17. Prepare for customs declaration</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Customs Code of Kyrgyzstan.</li> <li>Regulation on customs broker, approved by Decree of the Government of Kyrgyzstan dated December 28, 2004 N 961</li> <li>Instruction for customs clearance and customs control of goods and vehicles crossing the customs border of the Kyrgyzstan, approved by Decree of the Government of Kyrgyzstan dated December 28, 2004 N 961</li> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Customs Broker</li> <li>Importer</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The importer obtained the shipping documents.</li> <li>The importer applies for conditional release and makes guarantee to bring the Sanitary Epidemiological Conclusion for imported goods.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>The importer transfers the shipping documents and the Application for Conditional Release to the Customs Broker.</li> <li>The Customs Broker checks the completeness of documents and agrees with the importer the customs regime of cargo clearance.</li> <li>The Customs Broker creates a prototype of Customs Declaration in the module "Automated Working Place" of the Unified Automated Informational System of Customs (UAIS).</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>The Customs Broker created a prototype of Customs Declaration.</li> <li>The prototype of Customs Declaration is available to the Inspector of the State Customs Service of Kyrgyzstan through the UAIS.</li> <li>The importer applied for conditional release with the term to postpone a submission of the Sanitary and Epidemiological Conclusion in the Department of State Sanitary and Epidemiological Surveillance under the Ministry of Health of Kyrgyzstan.</li> </ul>

The average time required to complete the process and/or duration for each involved transaction

- Average time: 0.25 days
- 1 – 3 working hours

## 2.18. Conduct conditional release of goods

Figure 4. 20: Diagram of business process 2.18. “Conduct conditional release of goods”



The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.18. Conduct conditional release of goods<sup>24</sup></b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Customs Code of Kyrgyzstan.</li> <li>• Regulation on customs broker, approved by Decree of the Government of Kyrgyzstan dated December 28, 2004 N 961</li> <li>• Instruction for customs clearance and customs control of goods and vehicles crossing the customs border of the Kyrgyzstan, approved by Decree of the Government of Kyrgyzstan dated December 28, 2004 N 961</li> <li>• Law N 81 dated March 29, 2006 "On the Customs Tariff of Kyrgyzstan" (amendments dated May 8, 2008 N 79, with amendments dated October 17, 2008 N 219, July 16, 2009 N 221, May 19, 2011 N 27)</li> <li>• Law "On Plant Quarantine" dated 27 June, 1996 N 26.</li> <li>• Decree of the Government of Kyrgyzstan dated 30 May 2008 N 251 "On approval of the Rules work organization on issuing phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of Kyrgyzstan."</li> <li>• Rules of work organization on issuing phytosanitary documents for import and export of quarantine products issued by the State inspection on Plant Quarantine under the Ministry of Agriculture, Water Resources and Processing Industry of Kyrgyzstan (approved by the Governmental Decree on 30 May 2008 N 251).</li> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• The State Inspection on Veterinary and Phytosanitary Safety under the Government of Kyrgyzstan (Phytosanitary Inspection)</li> <li>• State Customs Service of Kyrgyzstan (Bishkek)</li> <li>• Customs Broker</li> <li>• Bank of Customs</li> <li>• Importer</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The Customs Broker proceeded to the design of a prototype of Customs Declaration.</li> <li>• The Customs Broker prepared the Package Identifier through the Automated Working Place of the Unified Automated Information System of Customs (AWP UAIS).</li> <li>• The importer applied for conditional release with the term to postpone a submission of the Sanitary and Epidemiological Conclusion in the Department of State Sanitary and Epidemiological Surveillance under the Ministry of Health of Kyrgyzstan</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The Customs Broker completes the customs declaration prototype, a package identifier (invoice on payments for customs fees, duties and value added tax) and the Application for Conditional Release of goods. The Application for conditional release refers to the guarantee of the importer to carry out formal procedures (i.e. providing documents related to non-tariff measures) required for the customs clearance, excluding payment of customs duties and fees. The Customs Declaration prototype is accepted by the Chief Customs Inspector.</li> <li>• The Chief Customs Inspector of the State Customs Service of Kyrgyzstan verifies the correctness of the Customs Declaration and the completeness of documents for customs clearance. If the Customs Declaration prototype is designed correctly and if invoices on payment are set correctly, then he or</li> </ul>

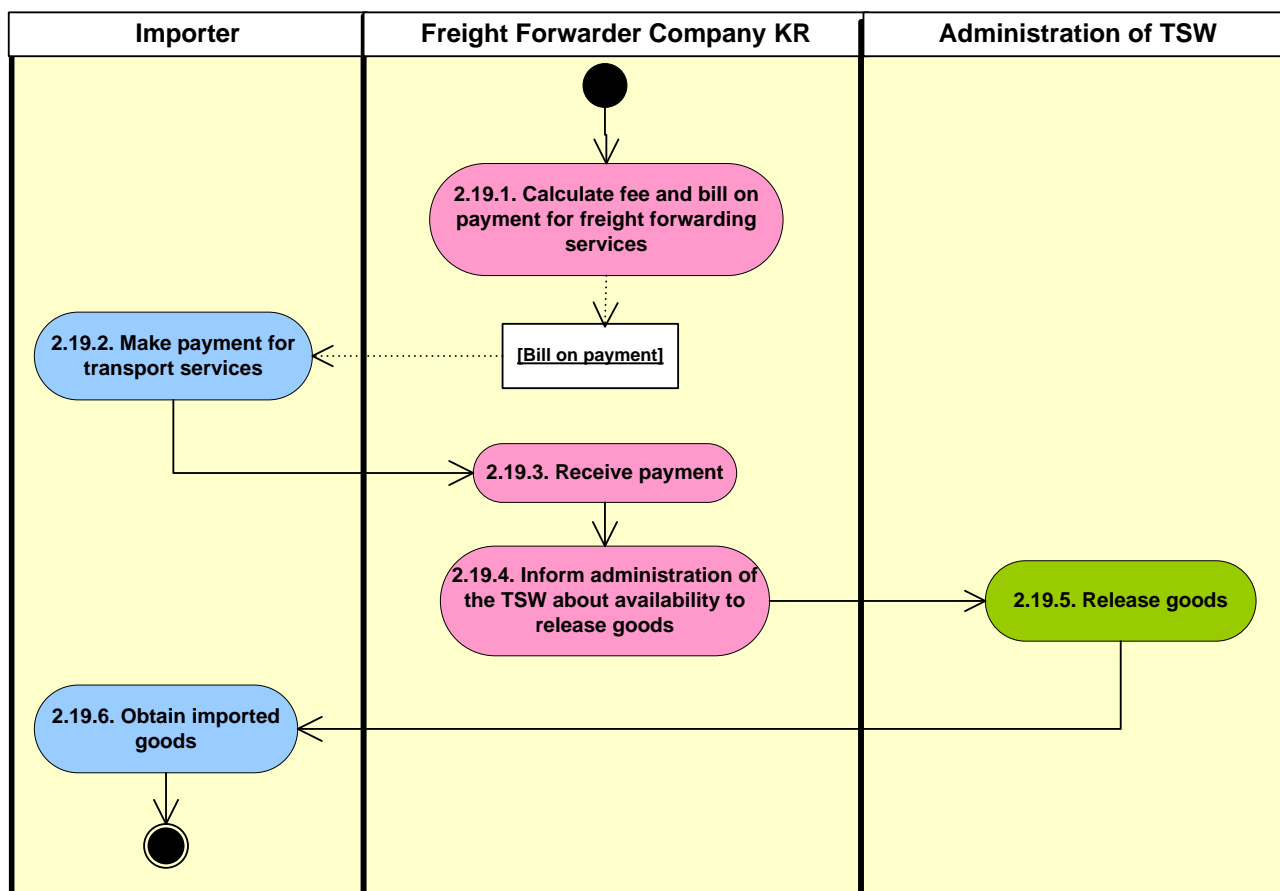
<sup>24</sup> According to the article 299 of Customs Code of the Kyrgyzstan, release of goods could be available before finalizing all procedures of customs clearance on the following conditions: 1) the declarant provides a commercial or another document containing data needed for the identification of goods; 2) all required payments are carried out or secured; 3) the declarant provides the liability (guarantee) to carry out all other required procedures necessary for customs clearance.



	<p>she assigns the Customs Inspector for examination / inspection of the cargo. Otherwise, he or she returns the documents to the Customs Broker.</p> <ul style="list-style-type: none"> <li>• The assigned Customs Inspector of the State Customs Service of Kyrgyzstan together with the Inspector of Phytosanitary Inspection conducts examination / inspection of the cargo and prepares an Act of examination / inspection.</li> <li>• The Phytosanitary Inspector together with the Customs Inspector conducts examination / inspection of the cargo and prepares a Certificate of examination / inspection.</li> <li>• The importer pays the invoices in accordance with the Package Identifier.</li> <li>• The Bank of Customs, usually at the same place that the customs clearance (chamber of the RSK Bank), accepts the payments.</li> <li>• The Chief Customs Inspector of the State Customs Service of Kyrgyzstan checks the payment and the Act of examination / inspection.</li> <li>• The Chief Customs Inspector approves the conditional release by stamping the Cargo Customs Declaration and controls the execution of the conditions under which goods were released.</li> <li>• The importer obtains the Cargo Customs Declaration form with the stamp "conditional release".</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The conditional release of goods is completed.</li> <li>• The importer can move the goods to his/her own warehouse but cannot sell them.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.25 days</li> <li>➤ 1 – 3 working hours</li> </ul>

## 2.19. Make payment for transport services and obtain goods

Figure 4. 21: Diagram of business process 2.19 “Make payment for transport services and obtain goods”

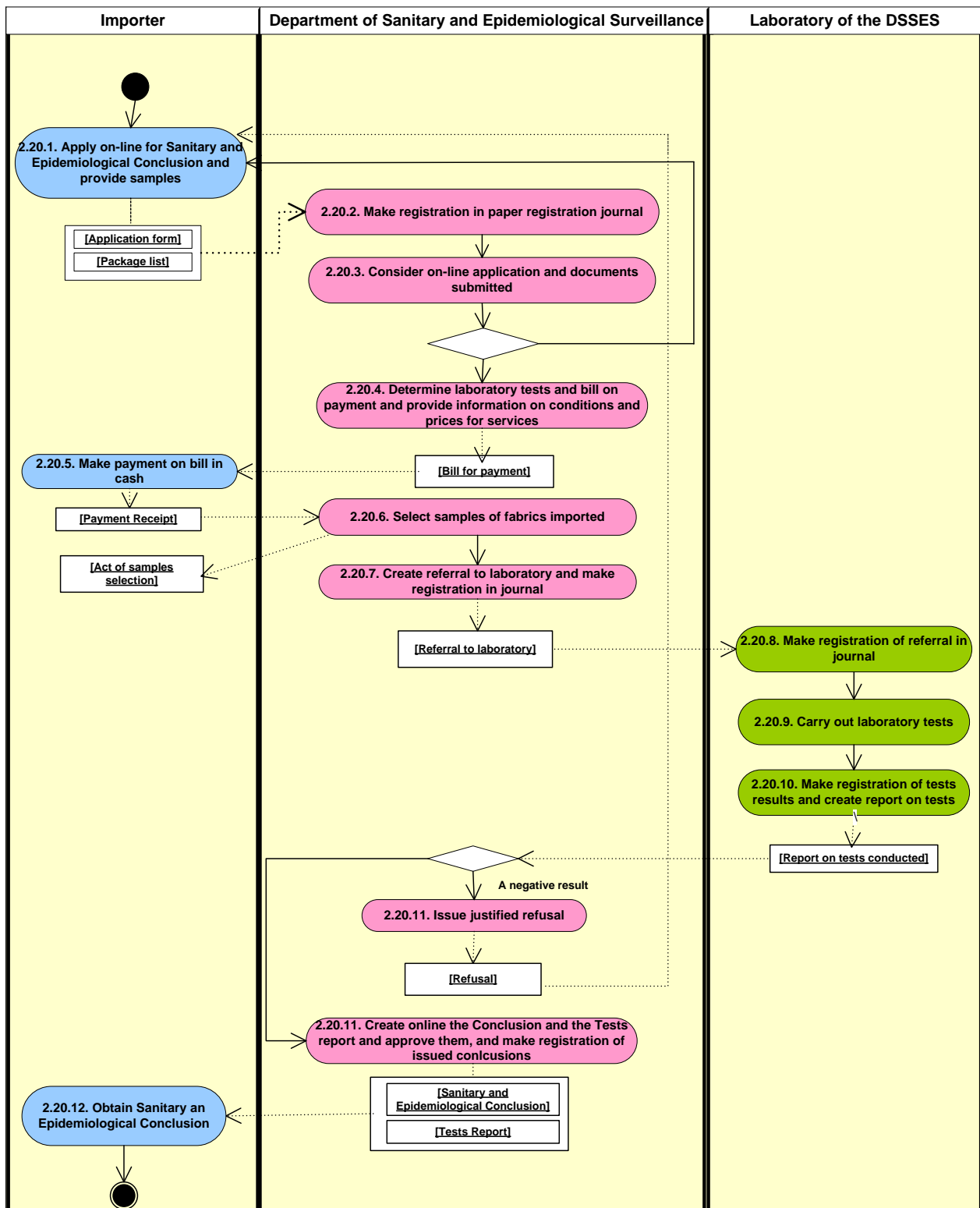


Note: TSW refers to the Temporary Storage Warehouse.

The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.19. Make payment for transport services and obtain goods</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• Freight Forwarder Company of Kyrgyzstan</li> <li>• Importer</li> <li>• Administration of TSW</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• Customs clearance with the conditional release term is completed as well as the permission for conditional release of goods.</li> <li>• The fabric is placed in the Temporary Storage Warehouse.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The Freight Forwarder Company of Kyrgyzstan calculates the fees for its services and informs the importer on the amount of payment.</li> <li>• The importer pays for transport services in cash.</li> <li>• The Freight Forwarder Company of Kyrgyzstan receives the payment from the importer.</li> <li>• After receiving the payment, the Freight Forwarder Company of Kyrgyzstan informs the Administration of the TSW about the ability to release the goods.</li> <li>• The Administration of the TSW then releases goods in accordance with the request from the importer.</li> <li>• The importer obtains the imported fabric.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The importer paid for the Kyrgyzstani Freight Forwarder Company's services and obtained the imported goods.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.75 days</li> <li>➤ 0.5 – 1 days</li> </ul>

## 2.20. Conduct sanitary and epidemiological inspection controls

Figure 4. 22: Diagram of business process 2.20. “Conduct sanitary and epidemiological inspection controls”

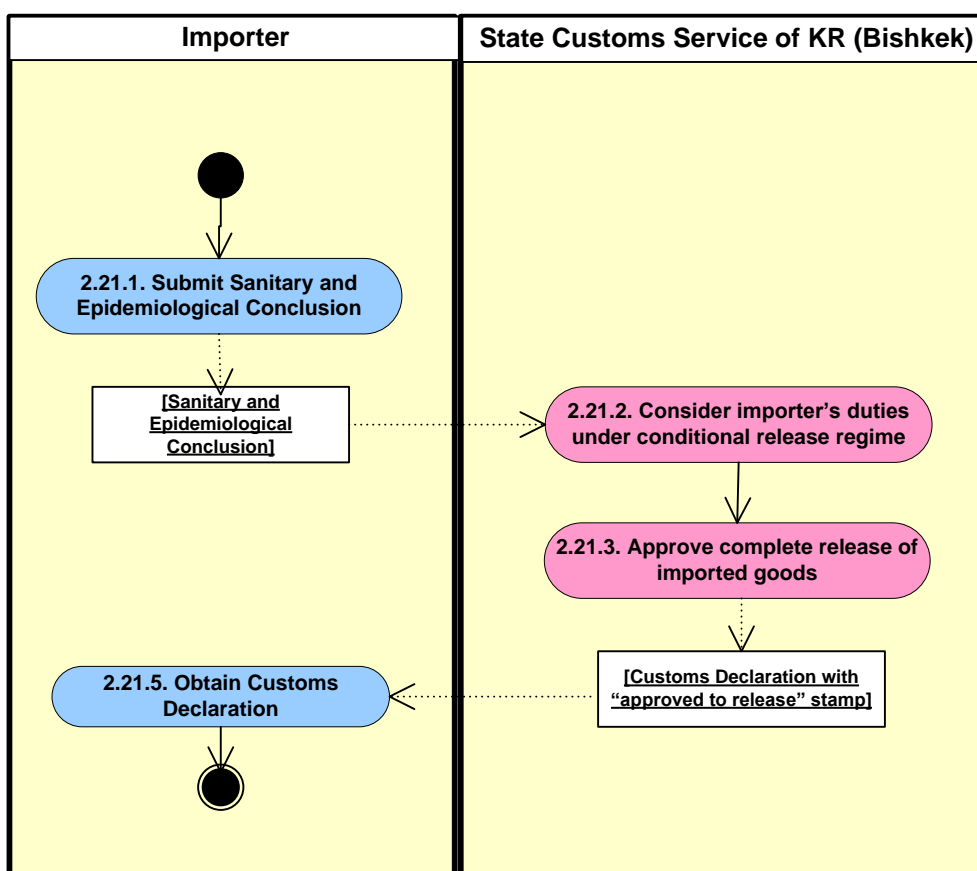


The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.20. Conduct Sanitary and Epidemiological Inspection Controls</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Decree of the Government of Kyrgyzstan dated February 25, 2004 № 103 "On approval of the Register permits issued by the executive authorities and their structural divisions"</li> <li>• Decree of the Government of Kyrgyzstan dated June 6, 2003 № 329 "On Sanitary and Epidemiological Control on sanitary-epidemiological surveillance agencies and institutions of sanitary-epidemiological service of Kyrgyzstan"</li> <li>• Law of Kyrgyzstan dated July 24, 2009 № 248 "On Public Health"</li> <li>• Law of Kyrgyzstan dated January 9, 2005 № 6 "On health protection in Kyrgyzstan"</li> <li>• Provision on the Department of State Sanitary and Epidemiological Surveillance, Ministry of Health of Kyrgyzstan (approved by the Decree of the Government of Kyrgyzstan on May 28, 1997 № 299)</li> <li>• Decree of the Government of Kyrgyzstan dated 1 April 2009.</li> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>• Department of State Sanitary and Epidemiological Surveillance under the Ministry of Health of Kyrgyzstan (DSES)</li> <li>• Importer</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The importer has a packing list with the parameters of imported goods.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The importer submits an online-application and prepares samples for a Sanitary-Epidemiological Conclusion on the fabric imported to the Kyrgyzstani territory. The Conclusion is required to confirm the compliance of imported products regarding to safety for human health. The Section of Toxicology of the DSES conducts tests with formaldehydes. It is also possible to submit a paper application rather than an online application.</li> <li>• The officer of the DSES receives an online-application with scan copies of the required documents and makes registration in a paper-based registration book.</li> <li>• After the registration, the Officer of the DSES considers the provided application and documents, he or she transfers them to an expert of the DSES who is responsible for the expertise.</li> <li>• The Expert of the DSES decides of laboratory studies, tests, and measurements to be provided or prepares a justified refusal to grant the sanitary-epidemiologic conclusion. Thereafter, the DSES informs on the procedure and conditions of the sanitary-epidemiological expertise and control of products, as well as the bill on payment according to the official Price List for services.</li> <li>• The importer pays the invoice for payment of the DSES at the cash desk.</li> <li>• The Expert of the DSES carries out the sampling of products in accordance with the applicable standards of sampling for conformity assessment, and prepares two copies of Act of Sampling. One copy shall be issued to the importer, and the second one should be stored in the DSES archives.</li> <li>• The Expert of the DSES creates a Referral to send samples to the laboratory for testing in accordance with a specific list of safety indicators and registers it in a paper based registration book.</li> <li>• The laboratory of the DSES makes a registration in a paper-based registration book for referrals and tests.</li> <li>• The laboratory of the DSES carries out assigned laboratory tests.</li> <li>• When tests results are known, the laboratory's expert registers the results in the paper-based registration book of referrals and tests, and creates the Report on tests.</li> <li>• If the laboratory results are negative, a reasoned refusal is issued by the</li> </ul>

	<p>DSSSES. In case of the absence of inconsistencies, the expert of the DSSSES creates (online) the Sanitary and Epidemiologic Conclusion and Tests report, approves it and then the Conclusion is issued to the importer.</p> <ul style="list-style-type: none"> <li>• The importer obtains the Sanitary and Epidemiological Conclusion.</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The importer obtained the Sanitary and Epidemiological Conclusion at the DSSSES.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 8.5 days</li> <li>➤ 1 – 16 days including: <ul style="list-style-type: none"> <li>- Expertise and processing application, issuance of the Conclusion: 0.5 – 2 days</li> <li>- Laboratory tests: 0.5 – 14 days.</li> </ul> </li> </ul>

## 2.21. Apply for complete customs clearance

Figure 4. 23: Diagram of business process 2.21 “Apply for complete customs clearance”



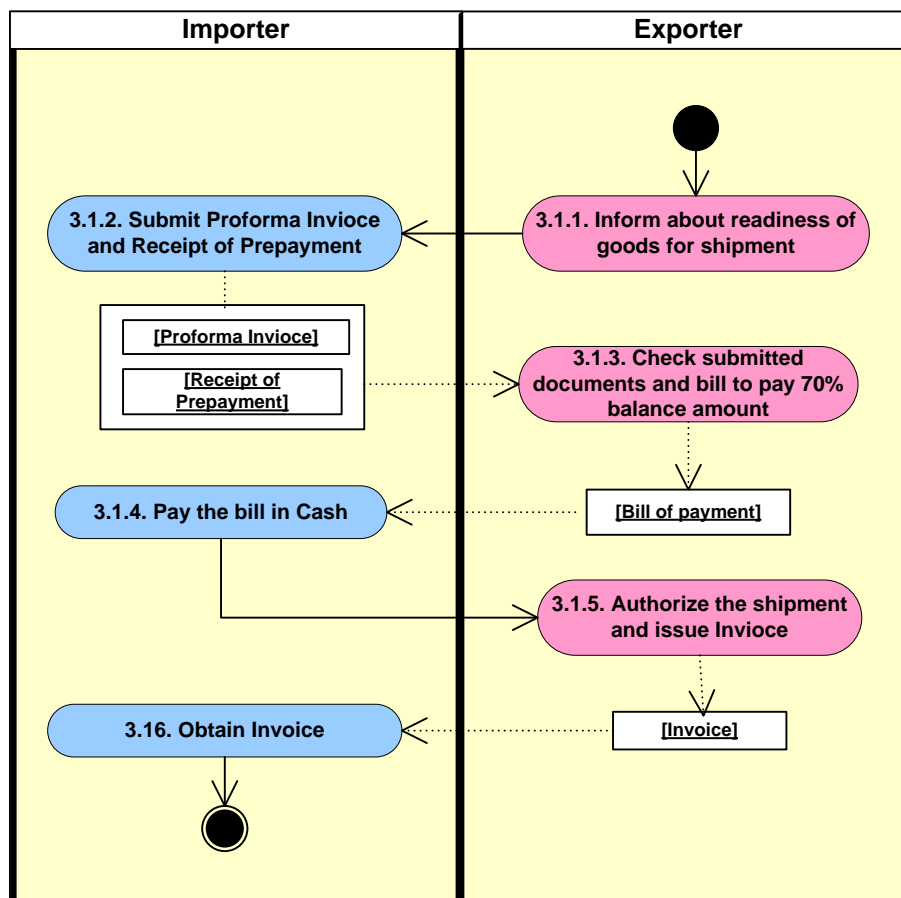
The name of the process area	<b>2. Ship</b>
The name of the business process	<b>2.21. Apply for complete customs clearance</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>• Customs Code of Kyrgyzstan.</li> <li>• Instruction for customs clearance and customs control of goods and vehicles crossing the customs border of Kyrgyzstan, approved by Decree of the Government of Kyrgyzstan dated December 28, 2004 N 961</li> <li>• The Law of Kyrgyzstan On Customs Tariff of Kyrgyzstan (Law of Kyrgyzstan dated May 8, 2008 N 79, with amendments dated October 17, 2008 N 219, July 16, 2009 N 221, May 19, 2011 N 27)</li> <li>• Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in</li> </ul>

	Kyrgyzstan"
Responsible parties	<ul style="list-style-type: none"> <li>• Importer</li> <li>• State Customs Service of Kyrgyzstan</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>• The importer obtained the Sanitary and Epidemiological Conclusion at the DSSES.</li> <li>• The customs clearance with the conditional release term is completed as well as the permission for conditional release of goods.</li> </ul>
Procedures and associated documentary requirements to complete the process	<ul style="list-style-type: none"> <li>• The importer submits the Sanitary and Epidemiological Conclusion to the State Customs Service of Kyrgyzstan.</li> <li>• The Inspector verifies the correctness of the Customs declaration and the completeness of documents for customs clearance.</li> <li>• Finalizing a prototype of Customs Declaration.</li> <li>• The Chief Customs Inspector completes the process of customs clearance and allows the release of the goods for free circulation.</li> <li>• The importer obtains the Customs Declaration with the stamp "approved to release".</li> </ul>
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The customs clearance process is finalized.</li> <li>• The importer obtained the permission to release goods for free circulation and to sell imported goods.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<ul style="list-style-type: none"> <li>➤ Average time: 0.25 days</li> <li>➤ 1 – 3 working hours</li> </ul>

## The pay process

### 3.1. Make payment to purchase the order

Figure 4. 24: Diagram of business process 3.1. "Make payment to purchase the order"



The name of the process area	<b>3. Pay</b>
The name of the business process	<b>3.1. Make payment to purchase the order</b>
Related rules and regulations	<ul style="list-style-type: none"> <li>Law N 41 dated July 2, 1997 "About State Regulation of Foreign Trade in Kyrgyzstan"</li> </ul>
Responsible parties	<ul style="list-style-type: none"> <li>Importer's representative</li> <li>Exporter</li> </ul>
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> <li>The exporter had agreed a purchase order for the production of fabric and produced goods in accordance with the importer's order.</li> <li>The importer paid 30% of the goods price and obtained the Proforma invoice and a receipt of prepayment.</li> <li>The importer has got a representative in South China who is eligible to carry out transactions.</li> </ul>
Procedures and associated documentary requirements to complete the process	<p>2.1.1. The exporter informs the importer's representative of the readiness for the shipment.</p> <p>2.1.2. The importer's representative goes to the exporter and provides the Purchase Order approving 30% of prepayment.</p> <p>2.1.3. The exporter bills an invoice for 70% of the rest of the order cost after the arrival of the importer's representative.</p> <p>2.1.4. The importer's representative pays the bill in cash at the exporter's cashier.</p> <p>2.1.5. The exporter issues a receipt of payment and releases a note for shipment in the form of a bill of lading.</p>

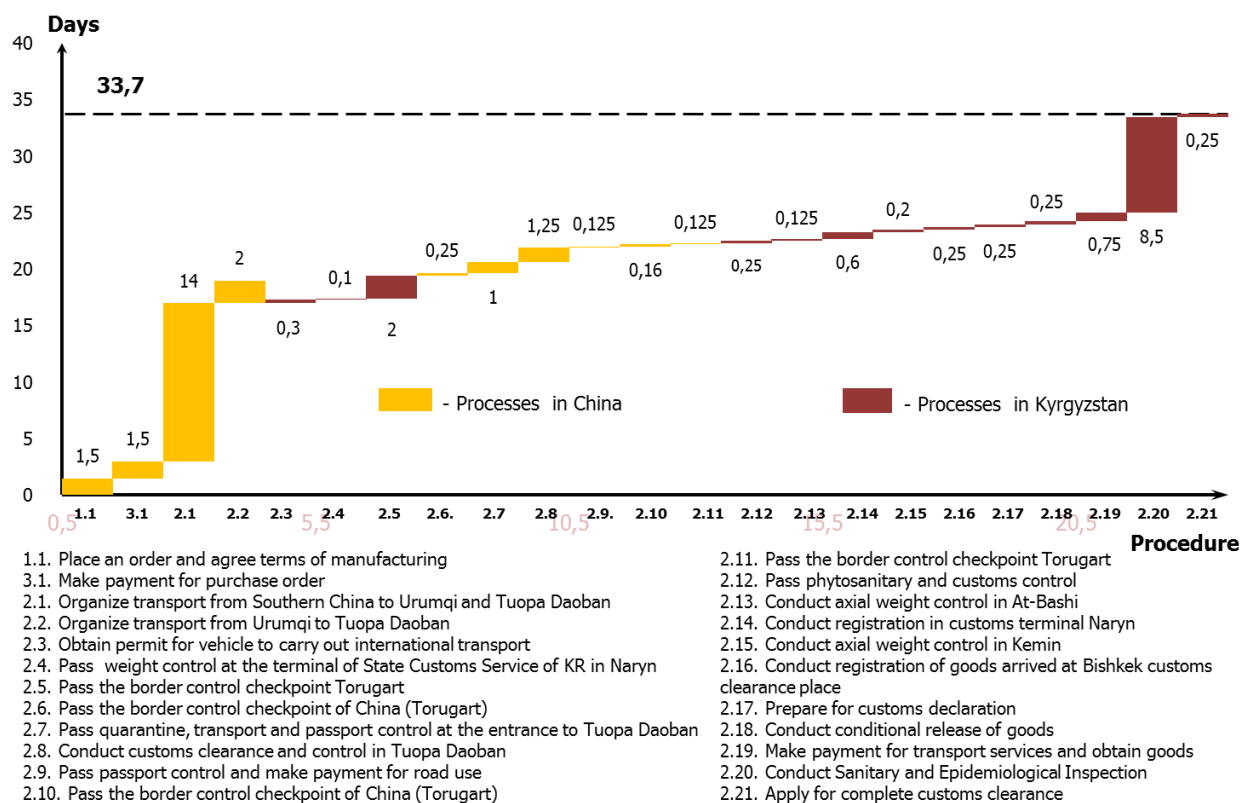


	2.1.6. The importer's representative receives the bill of lading and can perform the shipment of fabric.
Output and criteria to exit the business process	<ul style="list-style-type: none"> <li>• The exporter obtains the entire payment of the shipment order.</li> <li>• The manufactured order is transferred to the warehouse of the exporter.</li> <li>• The importer's representative obtains the bill of lading.</li> </ul>
The average time required to complete the process and/or duration for each involved transaction	<p>➤ Average time: 1.5 days</p> <p>➤ 1 – 2 days</p> <p>The time of fabric production is not included in the process.</p>

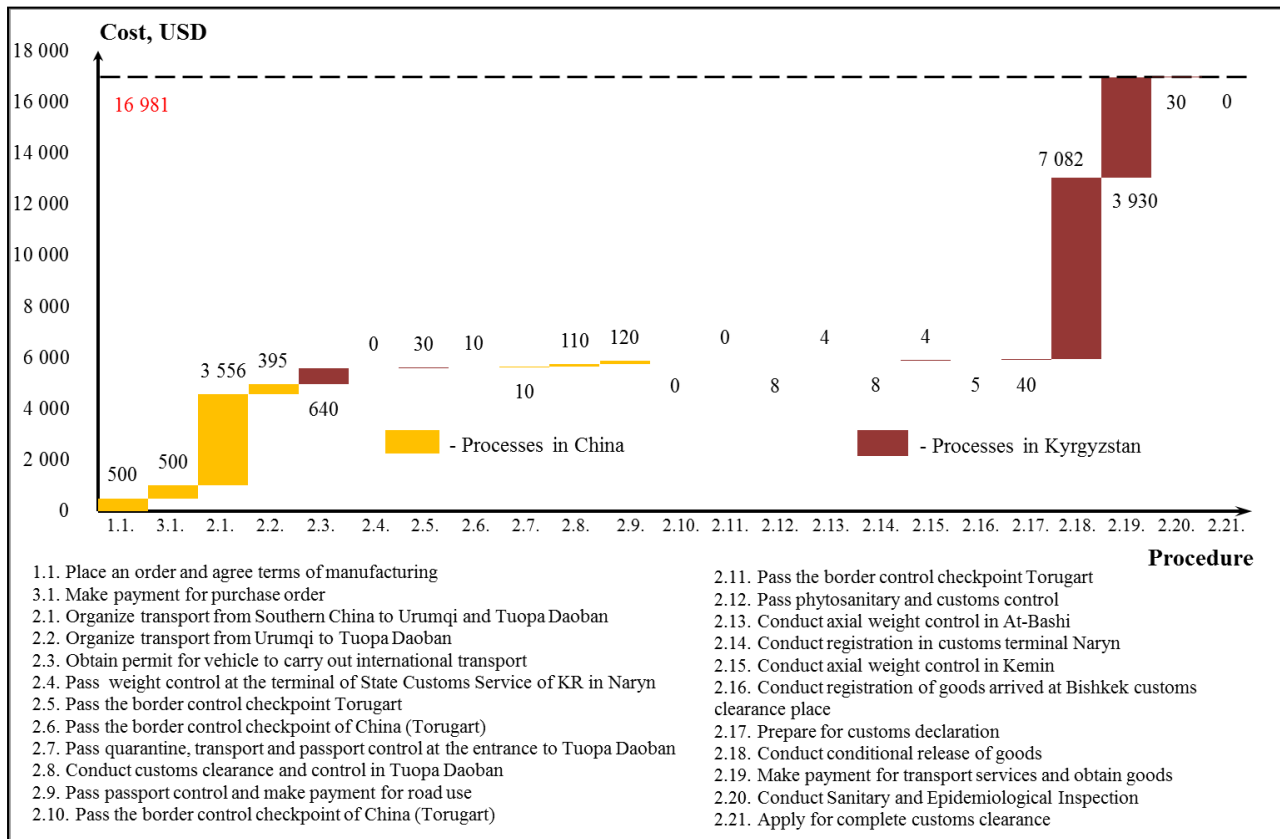
#### 4.4 Time-procedure chart and cost-procedure chart

The time-procedure chart presented in figure 4.25 illustrates the average time required to conduct each business process of the fabric import supply chain. Figure 4.26 presents the cash-flow distribution along the supply chain and the costs to the stakeholders. The costs estimates are applicable to 20 tons of fabric loaded into one vehicle.

**Figure 4. 25: Time-procedure chart for synthetic fabric export from China to Kyrgyzstan**



**Figure 4. 26: Cost-procedure chart for synthetic fabric export from China to Kyrgyzstan**



#### 4.5 Diagnosis of bottlenecks and recommendations for streamlining trade processes

Table 4. 1 provides a diagnosis of bottlenecks (procedural requirements, data and documentary requirements, transparency or predictability) and improvement recommendations based on the diagnosis. All recommendations are structured in the Action Plan (table 4.2).

**Table 4. 1: Summary of bottlenecks of the fabric product import supply chain**

Core business processes	Observations			Recommendations
	<i>Procedural requirements</i>	<i>Data and documentary requirements</i>	<i>Transparency / predictability</i>	
1. Buy				
1.1. Place an order and agree the terms of manufacturing			Sometimes the quality of the fabrics produced for export in Central Asian countries is poor (with defects) because of the small volume and the inability of importers to return goods.	<p>Trade support institutions of Kyrgyzstan should develop guidelines for doing business with China. Such guidelines should build the capacity and awareness of importers regarding activities such as contracting, quality inspection during goods shipment from factories, procedures of reclamation for low-quality goods etc.</p> <p>The Ministry of Economy should develop a mechanism for replacement of low-quality imported goods from any country, under the rules and provisions of the World Trade Organization (i.e., WTO Trade Facilitation Agreement).</p>

2. Ship				
2.3. Obtain a permit for vehicle to carry out international transport			<p>According to the regulation, five documents are required when applying for the permit. The cost of the permit to China dimensions equals US\$ 30. However, in some cases it is possible to obtain the permit without the valid licence for international freight transportation issued by the SAAWT of Kyrgyzstan.</p> <p>Actually, even in the absence of licences, or with expired licences, the permit could be issued for more than US\$ 40. Cash receipts are not given to freight forwarders.</p>	<p>In order to make the process of obtaining a permit more transparent, and to reduce sources of corruption, the Government should encourage the SAAWT of Kyrgyzstan to use the Single Window Information System (SWIS) for the issuance of permits. SWIS provides options to apply for a permit by the freight forwarder, using the broker, or directly to the operator of the SAAWT of Kyrgyzstan. SWIS generates reports to monitor the transparency of issuance processes and will control the issuance to licensed freight forwarders.</p>
2.4. Pass weight control at the terminal of the State Customs Service of Kyrgyzstan in Naryn	<p>A weight registration of the empty vehicle is made by the State Customs Service of Kyrgyzstan at the terminal in Naryn after passing weight control.</p> <p>The process of weight control is duplicative because the State Customs Service of Kyrgyzstan carries out two weight control procedures, one in Naryn and one in Torugart. For control purposes, it is enough to weigh the truck one time by using appropriate weighing equipment and entering data into the Unified Automated Information System of the Customs.</p>			<p>Eliminate this process and replace it with joint control at the BCC of Torugart.</p>
2.5. Pass the border control checkpoint at Torugart			<p>There are no official fees charged by the controlling persons, but the supply chain stakeholders have indicated that there is an unofficial cost of KGS 700 (US\$ 14).</p> <p>The queue of vehicles before the Kyrgyz BCC</p>	<p>Improvements of the border crossing point Torugart should be made. An infrastructure of territory should be created in accordance with international standards.</p>

			<p>is long because the time of entering into and departing from the Chinese territory is limited, and has the following order: from 09.00 to 14.00 for entry and from 14.00 until evening for departure.</p> <p>The waiting time in the queue varies between one and two days.</p> <p>There is also an unofficial service to move forward in the queue, which costs about KGS 1,000 (US\$ 20). Such practices have led to many conflicts among drivers.</p>	
2.6. Pass the border control checkpoint in China (Torugart)			<p>The working time of the Chinese Border Guard Service is short. The border is opened from 09.00 until lunch time (three hours). So drivers should enter Chinese territory between 09.00 and 12.00. After lunch, the border is closed.</p> <p>The working hours of the Kyrgyz and Chinese border control agencies are not the same, which leads to long queues.</p> <p>The rules and the order of the Chinese Border Guard Service are very strict, and in cases of violation, freight forwarders can be penalized.</p>	<p>Kyrgyz and Chinese border control agencies should harmonize their schedule of operations taking into account the flow dimensions.</p> <p>The trade support institutions of Kyrgyzstan (e.g., State Customs Service, Ministry of Economy) should develop guidelines for doing business with China, with advices on friendly behaviour and an ethical code at the border.</p> <p>The border control checkpoint in Torugart should be modernized with the necessary equipment in order to reduce chaotic movements of transport and long border queues.</p>

2.12. Pass phytosanitary and customs controls			The primary phytosanitary control is only carried out formally at the border checkpoint. Usually, quarantine inspection and examination certification is not issued. There is no stationary or mobile fumigation equipment at the border. The fees charged for inspection are collected without any receipts. There is no scanning equipment to identify risky objects in crossing vehicles.	Improve the primary phytosanitary control at the BCC in Torugart.
2.13. Conduct axial weight control in At-Bashi			It is one of the duplicative control processes of the Kyrgyzstan SAAWT for the internal transit of goods from Torugart to Bishkek.	Eliminate this process and replace it by a joint control at the BCC in Torugart which will ensure the compliance with the national axial weight requirements.
2.14. Conduct registration at the customs terminal in Naryn	The importer's representative must pass an axial weight control test, re-register it in the DCD and get the safe package clearance at customs clearance's point in Naryn.		This is a duplication of the customs procedures at the Torugart BCC.	Eliminate this process and replace it by a joint control at the BCC in Torugart.
2.15. Conduct axial weight control in Kemin			It is one of the duplicative control processes of the Kyrgyzstani SAAWT in the internal transit of goods from Torugart to Bishkek.	Eliminate this process and replace it by a joint control at the BCC in Torugart, which will ensure the compliance with national axial weight requirements.
2.17. Prepare for customs declaration			Article n.292 of the Kyrgyzstani Customs Code refers to a pre-arrival declaration. However, there is no mechanism that ensures the practical application of this article and traders are not able to carry out the pre-arrival customs declaration.	Develop and introduce into practice the pre-arrival declaration. Re-engineer the customs declaration and clearance processes and develop solutions in the UAIS.

2.18. Conduct conditional release of goods			Data and documents are processed electronically through the Unified Automated Information System (UAIS). However, UAIS does not allow control of the execution of required conditions by the importer. In particular, UAIS does not use the e-documents generated in the Single Window Information System.	Conduct re-engineering of the business processes of conditional release of goods, and develop improved solutions in UAIS in order to achieve the State Customs Service's goals.
2.20. Conduct sanitary and epidemiological inspection controls		<p>Despite the introduction of the Single Window Information System for obtaining the Sanitary and Epidemiological Conclusion, there are still the following duplicative activities:</p> <ul style="list-style-type: none"> <li>• four paper-based activities for the registration of the submitted applications and the issued conclusions;</li> <li>• four paper-based internal activities within the DSSES related to data transfers between the laboratory and experts.</li> </ul> <p>The laboratory activities are not included in the Single Window Information System. That is why there is duplication between the internal tests report and the Test Report as an annex of the Sanitary and Epidemiologic Conclusion.</p>	<p>Usually, it takes from one to two days to process an application and to issue the conclusion, and 1-14 days for laboratory tests. According to item 12 of the Regulation on the Order of Sanitary and Epidemiological Examination of Products, with regard to human health and safety indicators, the process time varies from 10 to 15 days depending on the laboratory workload.</p> <p>There is no predictable system that informs the clients on the status of their application for the Conclusion issuance. This is a result of the absence of integration of the laboratory activities into the whole process of the sanitary and epidemiological inspection.</p>	Conduct an analysis and re-engineering the of business process of the Sanitary and Epidemic Inspection as well as the integration of laboratory test activities into the Single Window Information System.
2.21. Apply for complete customs clearance		Most customs clearance procedures are carried out electronically, but the customs clearance procedure under conditional release terms requires		Improve UAIS functionality.

		the submission of certifications, conclusion, etc. only on paper. The electronic Sanitary Epidemiologic Conclusion (created in SWIS) is available in UAIS only for customs brokers and cannot be used by the State Customs Service officer who is responsible for monitoring the conditional release.		
--	--	--	--	--

**Table 4. 2. Action plan for the simplification of import trade processes**

	<b>Objective 1</b>	<b>Indicators</b>	<b>Responsible party</b>
1.	Reduce the number of control procedures along the supply chain route of Torugart-Bishkek and improve the management of foreign trade regulating agencies.	Eliminated three points of control for international freight forwarders.  Implemented joint management at the border crossing control point in Torugart.	Government of Kyrgyzstan
	<b>Activities</b>	<b>Expected results</b>	<b>Responsible parties</b>
1.1.	Ban repetitive weight control procedures (specifically in At-Bashi and Kemin) for international freight forwarders who travel from Torugart to Bishkek, and place a single weight control point at the BCC in Torugart by the SAAWT Kyrgyzstan with the appropriate equipment.	Two weight control points of the SAAWT of Kyrgyzstan are restricted in controlling international freight forwarders.  The SAAWT Kyrgyzstan conducts the weight control at the BCC in Torugart.	Ministry of Transport and Communication of Kyrgyzstan



1.2.	<p>Modernize the infrastructure and equipment of the Kyrgyzstani State Customs Service at the BCC in Torugart, including the following procedures:</p> <ul style="list-style-type: none"> <li>▪ Radioactive control;</li> <li>▪ Weight and dimensional controls of empty/full vehicles at the departure/entry of the Kyrgyz territory;</li> <li>▪ Registration of vehicles with goods in the UAIS (creation of a Delivery Control Document, issue of Safe Package);</li> <li>▪ Scanning and sealing vehicles, containers etc.</li> </ul> <p>Harmonize the schedule and working hours with the Chinese BCC schedule and improve border control agencies' operations.</p>	<p>Excluded intermediate customs control procedures at the terminal in Naryn.</p> <p>The schedule of the State Customs Service of Kyrgyzstan is synchronized with the working time of Chinese Customs.</p> <p>The throughput capacity of the BCC in Torugart is increased.</p> <p>Reduced queues at the border-crossing point.</p>	State Customs Service of Kyrgyzstan
1.3.	Provide the Kyrgyzstani Phytosanitary and Veterinary Inspection with the appropriate equipment to execute necessary preliminary control procedures (i.e., fumigation, express analysis etc.) and use the Single Window Information System to create e-documents and for further delivery of these documents.	The phytosanitary and veterinary inspection is conducted in accordance with the national legal framework.	Phytosanitary and Veterinary Inspection of Kyrgyzstan
1.4.	Introduce a one-stop shop mechanism at the BCC Torugart and provide the phytosanitary, veterinary, sanitary and transport control bodies with relevant access to enter data in UAIS of the State Customs Service and the Single Window Information System.	Phytosanitary, veterinary, sanitary and transport control bodies are in one place and cooperate with the State Customs Service of Kyrgyzstan.	State Customs Service of Kyrgyzstan and other relevant agencies.
1.5.	Encourage the use of the Single Window Information System for the issuance of the permit for vehicles to carry out international transport.	The SAAWT office in Naryn fully uses the Single Window Information System to register and control the issuance of permits.	<p>Ministry of Transport and Communication of Kyrgyzstan;</p> <p>The State Enterprise of the Single Window Centre for Foreign Trade.</p>

	Objective 2	Indicators	Responsible Party
2.	Develop and harmonize the national legal framework for trade facilitation.	A comprehensive legal framework is developed in accordance with international standards, best practices and technologic solutions.	Government of Kyrgyzstan
	Activities	Expected Results	Responsible Parties
2.1.	Access by Kyrgyzstan to the WTO Trade Facilitation Agreement.	Legitimated intention to develop trade facilitation policy.	Parliament of Kyrgyzstan; Ministry of Economy.

2.2.	Access by Kyrgyzstan to the Kyoto Convention revised of the World Customs Organization (1999).	Legitimated intention to use international customs standards.	Parliament of Kyrgyzstan; Ministry of Economy; State Customs Service of Kyrgyzstan.
2.3.	Access by Kyrgyzstan to the United Nations Convention on the Use of Electronic Communications in International Contracts (2005).	Legitimated intention to develop cross-border paperless trade.	Parliament of Kyrgyzstan; Ministry of Economy.
2.4.	Access by Kyrgyzstan to the Agreement on Facilitation of Cross-border Paperless Trade for the Asia – Pacific Region of ESCAP.	Legitimated intention to develop and cooperate in cross-border paperless trade in Asia region.	Ministry of Economy
2.5.	Develop a national Law on Electronic Commerce in accordance with the UNCITRAL Model Law.	Developed and adopted Law on Electronic Commerce	Parliament of Kyrgyzstan; Ministry of Economy
2.6.	Harmonization of national legal framework, especially subordinate legislation of foreign trade-regulating agencies and internal regulations, with the Law on Electronic Document and Electronic Digital Signature and the Law on Electronic Communication.	Legislation regulating the foreign trade is set in accordance with the national legislation (Law on Electronic Document and Electronic Digital Signature, Law on Electronic Communication).	Parliament of Kyrgyzstan; Ministry of Economy; Other relevant agencies.

	<b>Objective 3</b>	<b>Indicators</b>	<b>Responsible party</b>
3.	Improve pre-customs, customs declaration and customs clearance procedures.	<p>Customs clearance time is reduced.</p> <p>The number of physical contacts of the importer with customs servants is reduced.</p> <p>A pre-arrival customs declaration is developed and introduced.</p>	Government of Kyrgyzstan
	<b>Activities</b>	<b>Expected results</b>	<b>Responsible parties</b>
3.1.	Conduct re-engineering of business processes of customs declaration and clearance, and develop solutions in UAIS.	The Customs declaration and clearance procedures are changed in the light of the business processes analysis.	State Customs Service of Kyrgyzstan
3.2.	Improve the functionality of UAIS: <ul style="list-style-type: none"> <li>- Create a pre-arrival customs declaration module;</li> <li>- Allow customs servants to use pre-arrival information for purposes of risk management, and to identify traders with good reputation;</li> <li>- Allow the use of data from the SWIS after the “conditional release” (recognition of e-documents, ability to change the status of the Customs Declaration document into “complete release”);</li> <li>- Develop the integration of the UAIS with the Information System of the</li> </ul>	<p>Introduced the pre-arrival declaration procedure in the UAIS.</p> <p>Elimination of the procedures requiring physical contact between importers and customs officers during the executing terms of conditional release.</p>	State Customs Service of Kyrgyzstan; Single Window Centre for Foreign Trade.

	State Taxes Service (for official recognition of the e-Customs Declaration in order to exclude a double charge of the Value Added Tax).		
3.3.	Conduct analysis and re-engineering of the business process of the sanitary and epidemic inspection.	<p>The internal processes of the DSES related to the issuance of the Sanitary Epidemiologic Conclusion are streamlined.</p> <p>The processes of the DSES laboratory are optimized and automated.</p>	<p>Ministry of Economy;</p> <p>Ministry of Health;</p> <p>Single Window Centre for Foreign Trade.</p>
3.4.	Develop a fair and transparent system for the issuance of Permits for Passage of Vehicle in International Traffic among freight forwarders; and encourage the SAAWT to intensively use the SWIS.	Permits are issued on actual requests through the SWIS.	<p>Ministry of Transport and Communication of Kyrgyzstan;</p> <p>Single Window Centre for Foreign Trade.</p>

	<b>Objective 4</b>	<b>Indicators</b>	<b>Responsible party</b>
4.	Improve the awareness of business society regarding doing business with the main import supplying countries.	The number of traders who benefitted from the campaign on increasing doing business awareness.	Ministry of Economy
	<b>Activities</b>	<b>Expected Results</b>	<b>Responsible Parties</b>
4.1.	Develop and disseminate the Guidelines of Doing Business in traditional trading partner-countries (China, the Russian Federation, Kazakhstan, Turkey etc.).	The guidelines are disseminated to business society.	Ministry of Economy
4.2.	Sign the Agreements of Cooperation with the Trade Support Institutions (TSIs) of traditional trading partner-countries.	The network of TSIs partnership is created.	Ministry of Economy
4.3.	Arrange study tours in partner-countries in order to raise the awareness of doing business with Kyrgyz traders.	Study tours are arranged.	TSIs

## 4.6 Summary

The BPA analysis in this chapter shows that export of fabrics by Kyrgyzstan to China under the “Ship” category involves 21 key trade procedures. . The following recommendations are aimed at further streamlining this trade process.

- Reduce the number of internal documents that are created manually by the Department of the State Sanitary and Epidemiological Surveillance (DSSES);
- Automate the activities of re-entering and transferring data between the administration of DSSES and its laboratory by re-engineering the business processes and by automating the Single Window Information System;
- Reduce the number of registration operations, processing documents and the transfers to stakeholders;
- Provide the utilization of an e-document for the Sanitary and Epidemiological Conclusion during the customs clearance process;
- Provide feedback to the importer on the status of his or her application.

Following this simplification, 10 documents and registration books can be processed automatically – three internal registration books, the bill for payment, the referral to laboratory, the report on tests and the e-document of the conclusion or refusal. Thus, the number of physical actions will be reduced by seven, which will become automated.

The Single Window Information System generates an internal number of 10 digits for the e-document. This number can be used in the customs clearance processes.

As a consequence of the simplification of the sanitary and epidemiological inspection process, it will be possible to easily and quickly provide the e-document of the Sanitary and Epidemiological Conclusion. An importer will be able to provide the 10-digit internal number directly to the customs officer who is responsible for monitoring the execution of the importer’s duties under conditional release. The customs officer enters the 10-digit internal number into the Unified Automated Information System of the State Customs Service. The system then accepts the necessary e-document requirements in field No44 of the Cargo Customs Declaration. Thus, the importer can execute his/her duties without further personal contact. The only problem is the need to put a stamp on the Cargo Customs Declaration for purposes of taxation, but this will be the subject of further research.

This chapter also proposes the introduction of an effective joint management system operated by different agencies at the Torugart border crossing. If this system is introduced, the following trade procedures will become redundant and can be eliminated:

- a) Passing through the weight control at the terminal of the State Customs Service of Kyrgyzstan in Naryn;
- b) Conducting the axial weight control in At-Bashi (for international freight forwarders);
- c) Registration at the customs terminal in Naryn;
- d) Carrying out the axial weight control in Kemin (for international freight forwarders).

## 5. Conclusion

### 5.1 Key findings from the existing studies

Under the UN/CEFACT Buy-Ship-Pay framework, the Business Process Analyses methodology was employed to analyse the trade processes of the following products in the selected Central Asian countries.

- a) Exports of processed fruits from Kazakhstan to Kyrgyzstan
- b) Exports of cereal products from Kazakhstan to Azerbaijan
- c) Imports of fabrics from China by Kyrgyzstan

The three studies in this report, which correspond to the above three business processes, analysed and evaluated “as-is” business processes and procedures, their rationale, the time required to complete them, and the associated costs for the export and import of selected products. Furthermore, by analysing the import/export processes of these specific industries, this report is able to identify common bottlenecks and recommend actions to reduce the time and costs of in exporting these products.

Multiple common bottlenecks are identified by these studies. Among the common bottlenecks in trading is the lack of mutual recognition of trade documents. In the case of processed fruit exports from Kyrgyzstan to Kazakhstan, the phytosanitary certificate issued in Kyrgyzstan has to be reissued inside the Kazakhstan border, creating a longer and costlier process. Recognition by Kazakhstan must also extend to the Certificate of Conformity issued by Kyrgyzstan. In the case of cereal exports from Kazakhstan to Azerbaijan, the lack of recognition of phytosanitary and other certificates issued in Kazakhstan by Azerbaijan state bodies adds time to completing businesses.

Repetitive or redundant procedures as well as technological inefficiencies or the need for an electronic exchange of information also form common bottlenecks. In the case of processed fruit imports, the process of applying for a Certificate of Conformity is redundant. Similarly, several duplicative procedures throughout the shipping process regarding weight control are found in the process of fabric imports of fabrics from China by Kyrgyzstan.

Bottlenecks related to technology and electronic data exchanges were found to be prevalent by all three studies. In many cases, the trade documents need to be submitted in hard copy to multiple agencies, which substantially delays the trading process.

Corresponding to the above-mentioned bottlenecks, the first recommendation is the harmonization of regulations and standards surrounding imports and exports, including recognition of common documentation between multiple countries or government agencies. Such recognition could play a key role in facilitating exports of cereal products from Kazakhstan to Azerbaijan. Recognition by Azerbaijan state bodies of phytosanitary and other certificates issued in Kazakhstan would save a significant amount of time. Ensuring recognition by Russian and Azerbaijani state bodies of the inspection results from phytosanitary, quarantine and customs control by Kazakhstan state bodies on the border.

Technological improvements and development of trade related software are also identified as common recommendations to improving efficiency of all three trade processes. Regarding the export of processed fruits from Kazakhstan to Kyrgyzstan, it is found that by upgrading the currently unusable web portal, used to submit preliminary customs information, and by using paperless technologies and equipment to support inspections, time spent at the border could potentially be reduced to two hours from its current time of at least 1-2 days. Regarding the export of cereal products from Kazakhstan to Azerbaijan, the development of a system for electronic data exchange between the three countries involved, Kazakhstan, the Russian Federation, and Azerbaijan, could also significantly reduce time spent at the border. In the case of fabric imports from China to Kyrgyzstan, Kyrgyzstan should integrate laboratory tests, which can take up to 14 days to complete, into the Single Window Information System. Also, in order to make the process of obtaining a permit for international transport more transparent and to reduce corruption, it is recommended that SAAWT of Kyrgyzstan should use the Single Window Information System for issuing permits.

A final common recommendation among all three business studies is the elimination of duplicative and redundant processes. The first recommendation for reducing time is the elimination of all controlling steps by pooling them in one single place at the border crossing checkpoint in Torugart, Kyrgyzstan. This would reduce the export of fabrics from China to Kyrgyzstan by four processes and five days. In the case of exporting cereals from Kazakhstan to Azerbaijan, the process of obtaining an import permit in Azerbaijan is an excessive formality; eliminating this procedure would reduce the delivery time for traders by 1-2 days. In the case of processed fruit exports by Kyrgyzstan to Kazakhstan, the accession of Kyrgyzstan to the Customs Union would eliminate seven business processes as they would no longer need to be performed during customs clearance; this would reduce the delivery time by 13 days and save \$ 1,200.

## 5.2 An international comparison

To put the findings of this report in an international context, Table 5.1 compares actors, time, costs and documents involved in trade process. Certainly, caution needs to be exerted for such a comparison as the quantity, nature and transport of products may vary. Nevertheless, Table 5.1 indicates that in most cases, trade processes of the countries under study are often associated with much higher costs, much higher delivery time and moderately higher numbers of actors than other countries in Asia, implying significant room for improvement in advancing trade facilitation in these countries.

**Table 5. 1: Actors, time, costs and documents involved in trade process**

Exporting country	Importing country/region	Product	Days (No.)	Actors involved (No.)	Procedures (No.)	Documents required (No.)	Cost (\$)
Bangladesh	Japan	Frozen shrimp	37	14	12	24	500
Bangladesh	India	Jute bags	10	15	12	24	236
Bangladesh	Bhutan	Fruit juice	18	7	9	9	225
Bhutan	Bangladesh	Oranges	12	14	18	14	444
Cambodia	European Union	Rice	32	14	12	24	1,029
Cambodia	China	Maize	20	15	13	22	1,250
Lao PDR	Thailand	Maize	16	11	8	21	735
Myanmar	West Africa	Rice	20	20	10	25	425
Nepal	India	Cardamom	13	11	9	14	1,213
Nepal	Bangladesh	Lentils	13	14	18	18	613
Thailand	Bangladesh	Sugar	13	13	13	31	1,128
Thailand	United States	Jasmine rice	16	16	15	n.a.	n.a.
Kyrgyzstan	Kazakhstan	Processed fruit	30	21	9	27	1,714
Kazakhstan	Azerbaijan	Wheat	36	16	11	19	7,140
China	Kyrgyzstan	Fabrics	34	22	23	23	16,981
<b>Average</b>			<b>21</b>	<b>15</b>	<b>13</b>	<b>21</b>	

*Source:* Derived from the ESCAP Trade Process Analysis Database ([http://unnex.unescap.org/tools/business\\_process.asp](http://unnex.unescap.org/tools/business_process.asp)).

*Note:* While the studies were conducted on the basis of the UNNExT BPA Guide, the scope and context of each study differs. Therefore, the results should not be used for cross-country benchmarking purposes.

### 5.3 Limitations and way forward

A few limitations of the studies need to be pointed out. First, the findings are based on a limited number of product/corridor-specific case studies. The trade process and procedures, as well as the associated time and costs, may vary significantly depending on the product, origin, destination and corridor considered. It may, therefore, be premature to generalize these findings as reflecting all import and export procedures in the countries studied.

Second, the various business process analyses that form the basis of the study are dependent on the quality of input provided by the people interviewed such as traders, customs officers, logistics operators and related border agencies. These informants have not always been required to complete or updated information. Some evidence gathered may be anecdotal. Measures were taken by the research team to overcome these

weaknesses. For example, secondary data were collected to cross-check the accuracy of data gathered. The key results were presented and validated at the “UNNExT Workshop on Trade Facilitation and Paperless Systems for Agrifood Products” held in Almaty, Kazakhstan from 4 to 6 May 2015.<sup>25</sup> Despite this, the data and information presented in this report may still not totally reflect actual practice.

Third, this study provides a “snapshot” of trade processes and procedures. Implementation of trade facilitation measures in a country is a non-stop process, and a new policy may have significant impacts on trade process and procedures (e.g., as discussed in this report, trade procedures will be dramatically simplified if Kyrgyzstan joins the Customs Union). Therefore, it is essential that data on trade facilitation are collected and analysed on a continuous basis.

To overcome these limitations and, in a broad sense, further enhance trade facilitation, the countries studied need to be in the driving seat when monitoring trade facilitation performance and taking action to streamline the trade process. Indeed, few countries in the region have put an effective mechanism in place to (a) monitor the actual effectiveness of their trade facilitation reforms, and (b) identify the trade and transportation processes and procedures that should be prioritized for simplification or streamlining. The global trade facilitation performance surveys and databases now available are useful benchmarking and awareness-raising tools, but they do not provide sufficient detailed information to enable the development or updating of national trade facilitation action plans. In addition, while trade and transport facilitation assessments ranging in scope are often conducted in least developed or landlocked developing countries, such assessments are typically ad hoc in nature, with little coordination among development partners and limited buy-in by the governmental agencies concerned.

In order to regularly monitor progress in trade facilitation and prioritize measures to advance trade facilitation, all the countries need to establish a continuous, affordable and sustainable monitoring mechanism. It is recommended that the national trade facilitation body should be the executive agency for such a mechanism, and monitoring trade facilitation should be regarded as one of its functions. It is also recommended that national human resources should be used to conduct assessment studies and exercises in order to reduce the costs and maintain the sustainability of such a mechanism.

In this regard, countries in the region may take advantage of the existing work carried out by ESCAP and ADB on formulating a sustainable and integrated approach to monitoring trade facilitation (Box 5.1).

---

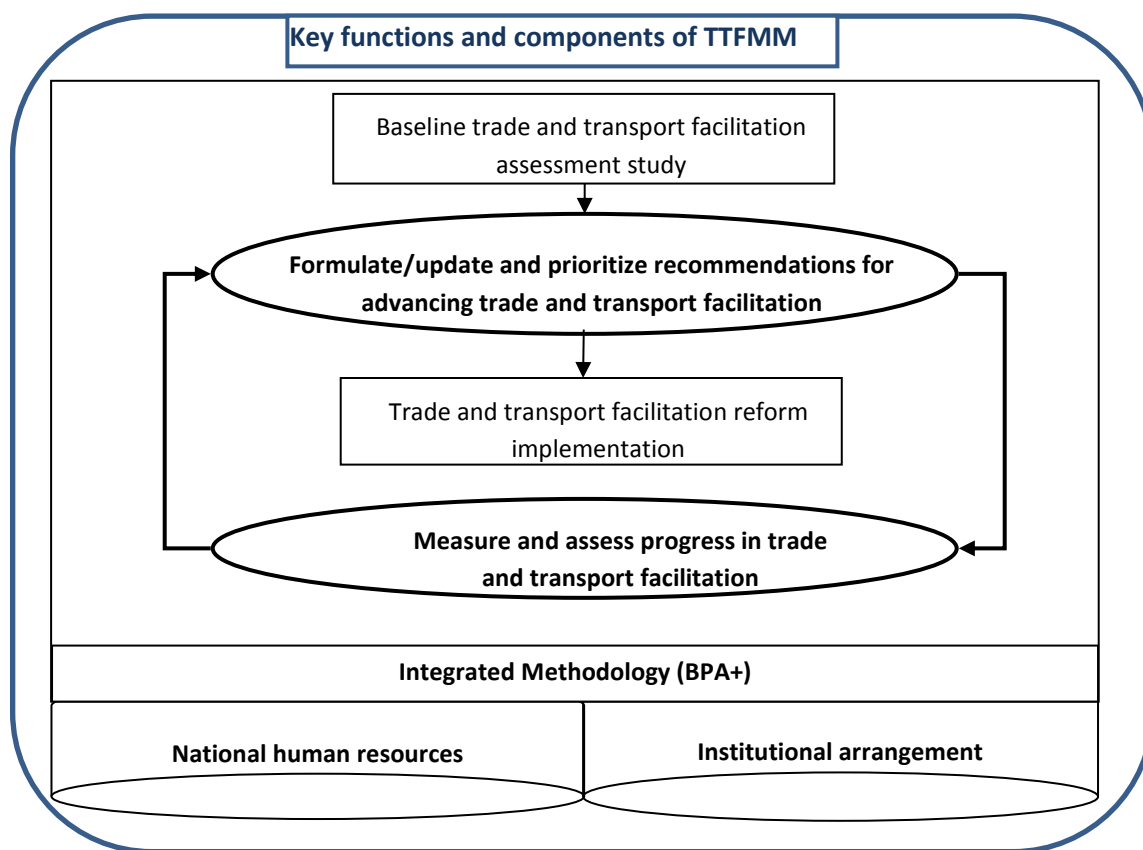
<sup>25</sup> More details are available at <http://www.unescap.org/events/unnex-workshop-trade-facilitation-and-paperless-systems-agrifood-products>.



**Box 5. 1: Towards a national integrated and sustainable trade and transport facilitation monitoring mechanism.**

Despite the efforts made by many developing countries to facilitate trade and transport, few have effective mechanisms in place to (a) monitor the actual effectiveness of their trade and transport facilitation reforms, and (b) identify the trade and transport process and procedures that should be prioritized for simplification or streamlining. To bridge this gap, ESCAP and ADB have jointly developed a guide on establishing a national integrated and sustainable Trade and Transport Facilitation Monitoring Mechanism (TTFMM) to enable the countries to monitor progress in trade facilitation and adapt their strategies to the changing national, regional and global environments.

The key functions of the TTFMM are two-fold: (a) to formulate/update and prioritize recommendations for advancing trade facilitation; and (b) to measure and assess progress in trade facilitation. It is emphasized that TTFMM should be anchored within a national trade and transport facilitation committee (or an equivalent institution) and rely upon national resources to make it sustainable and affordable. Underpinning TTFMM is the methodology called Business Process Analysis Plus (BPA+) which is built on the Business Process Analysis methodology, supplemented by Time Release Studies (TRS) and Time-Cost-Distance (TCD) methodologies.



Source: <http://www.unescap.org/resources/towards-national-integrated-and-sustainable-trade-and-transport-facilitation-monitoring>