
Joint United Nations Regional Commissions
Trade Facilitation and Paperless Trade
Implementation Survey 2015

*Sub-Regional Notes –
North and Central Asia¹*

Prepared by



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Disclaimers:

This note is a complement to the more elaborate Regional (Asia-Pacific) Report. It should best be read in conjunction with it, as well as the associated Country Notes, which can be found at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

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1. Introduction

It is well understood that reducing trade costs is essential in enabling economies to effectively participate in regional and global value chains and continue to use trade as a main engine of growth and sustainable development. Recent studies suggest that much of the trade cost reductions achieved over the past decade have been through elimination or lowering of tariffs.² Further trade cost reduction therefore, will have to come from 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 – the simplification and harmonization of import, export and transit procedures –, including paperless trade – the use and exchange of electronic data and documents to support the trade transaction process –, has taken increasing importance, as evidenced by the successful conclusion of the negotiations on a WTO Trade Facilitation Agreement in December 2013, and the progress made at ESCAP on developing a complementary regional arrangement for the facilitation of cross-border paperless trade since 2012.

This note is part of a new global effort by all United Nations Regional Commissions (UNRCs), in cooperation with other interested international organizations³, to provide reliable and sufficiently detailed data on the implementation of trade facilitation in general - and single window and paperless trade in particular at the global level. It features the results of the 2015 UNRCs Joint Survey on Trade Facilitation and Paperless Trade implementation for the North and Central Asian (NCA) sub-region, covering Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan and Uzbekistan. **This note is a complement to the more elaborate Regional (Asia-Pacific) Report. It should best be read in conjunction with it, as well as the associated Country Notes.**⁴

The survey was prepared taking into account the final list of provisions included in the WTO Trade Facilitation Agreement (TFA) as well as the content of the draft text of the regional UN treaty on cross-border paperless trade facilitation under negotiation at ESCAP. It covers 38 trade facilitation measures divided into four groups, namely, *General trade facilitation measures*, *Paperless trade*, *Cross-border paperless trade* and *Transit facilitation*.⁵ The *General trade facilitation measures* – as well as *Transit facilitation* measures – are essentially measures featured in the WTO TFA. In contrast, most paperless trade and, in particular, cross-border paperless trade measures, are not specifically featured in the WTO TFA, although their implementation in many cases would support the better implementation of many of the *General trade facilitation measures*. Survey results for the North and Central Asian sub-region are presented below.

² For example, see ESCAP (2011), Asia-Pacific Trade and Investment Report 2011, United Nations.

³ The survey has been conducted in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.

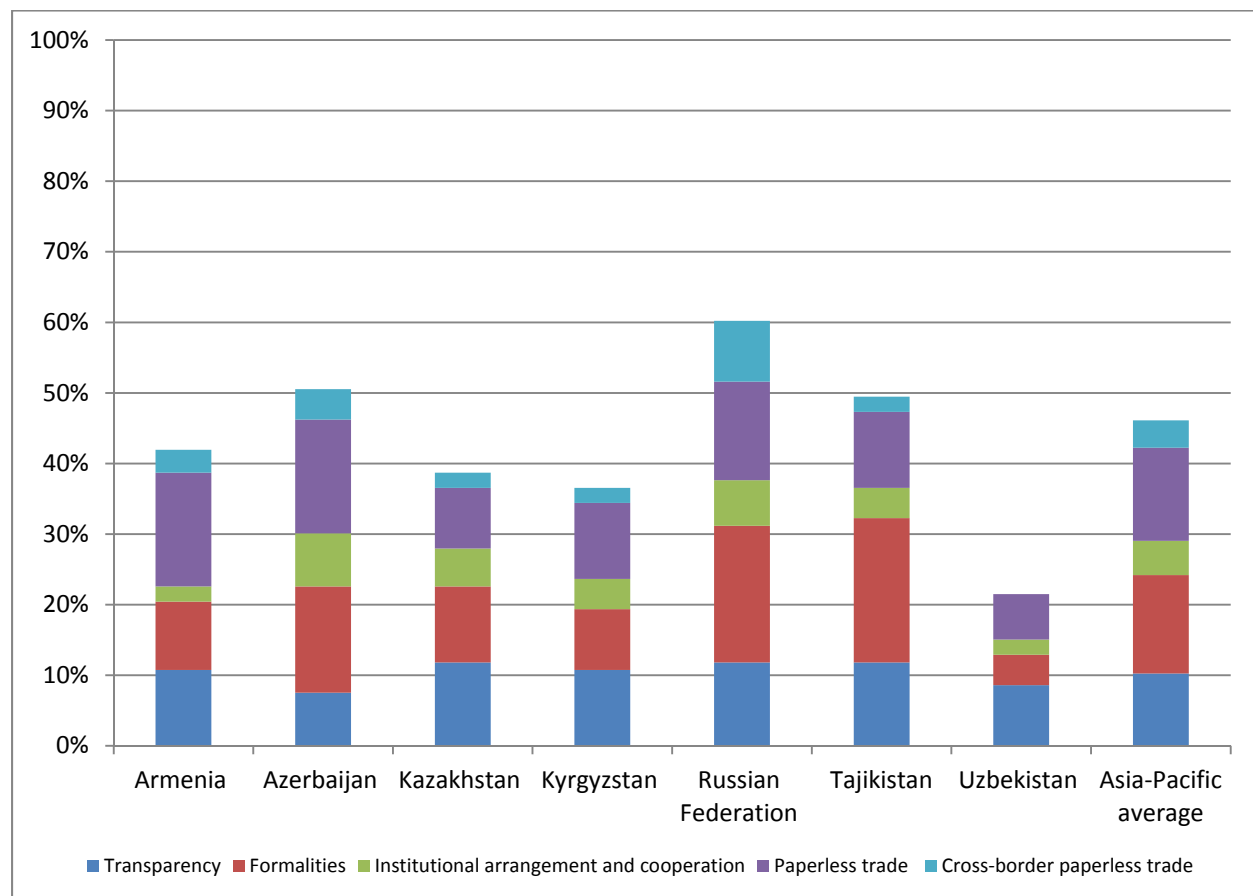
⁴ More information is available in the regional, other sub-regional and national reports at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

⁵ The survey questionnaire is available in full at: <http://unnex.unescap.org/tfforum14-survey.asp>

2. Trade facilitation implementation in North and Central Asia: Overview

Figure 1 shows the overall implementation levels of seven (7) North and Central Asian countries based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁶. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 41.5%, which is below the Asia-Pacific regional average (46.5%). The Russian Federation has the highest implementation rate at 60.2%, and – together with Azerbaijan and Tajikistan – has implementation scores higher than the regional average.

Figure 1: Overall implementation of trade facilitation measures in North and Central Asian countries

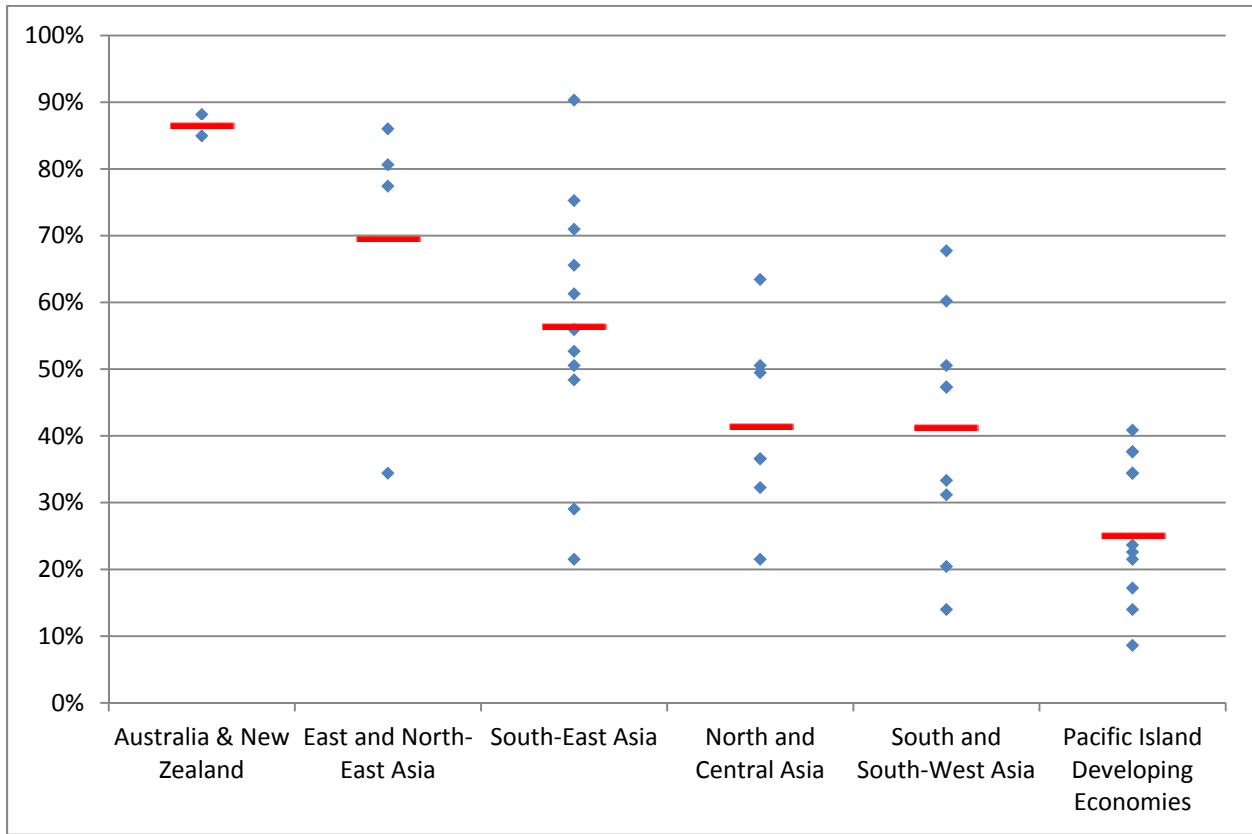


Source: ESCAP, UNRCs TF Survey 2015

⁶ Among 38 trade facilitation measures surveyed, three measures including 20. *Electronic Submission of Sea Cargo Manifests*, 33. *Alignment of working days and hours with neighbouring countries at border crossings*, and 34. *Alignment of formalities and procedures with neighbouring countries at border crossings* are excluded for calculating the overall score as they are not relevant to all countries surveyed. Similarly, four transit facilitation measures are also excluded. The overall score of each country is simply a summation of the scores of implementation (3,2,1 or 0) it receives for each trade facilitation measure. The maximum possible (full) score of a country is 93 and the average score across all 44 countries is 43.3 (or 46.5% in percentage term).

Figure 2 presents an overview of the implementation of trade facilitation measures (measured by percentage) in the different Asia-Pacific sub-regions as well as the average level of implementation of countries within each group. North and Central Asia has the fourth highest average level of implementation (41.5%) after South-East Asia.

Figure 2: Trade facilitation implementation in Asia-Pacific sub-regions

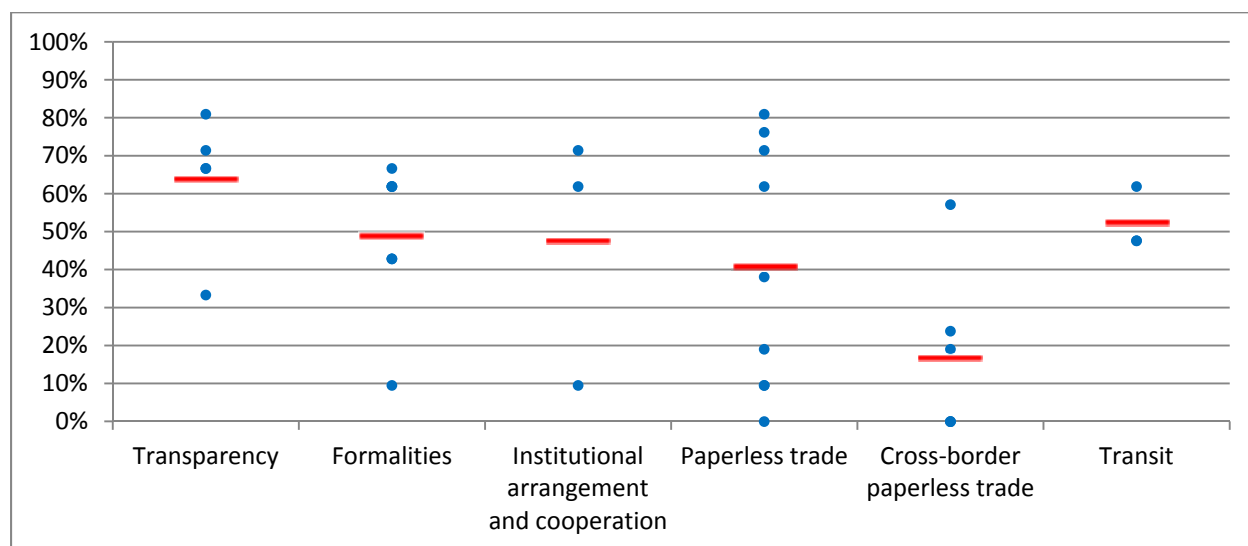


◆ Trade Facilitation Implementation of individual economies (%)
 — Average Trade Facilitation Implementation of the group (%)
 Source: ESCAP, UNRCs TF Survey 2015

2.1 Most and least implemented trade facilitation measures

In North and Central Asia, most trade facilitation measures including *Transparency, Formalities, Institutional arrangement and cooperation, Paperless trade, and Transit* are all relatively better implemented than *Cross-border paperless trade*, which lags behind the rest. Specific measures under each category are discussed in Table 2.

Figure 3: Implementation of different groups of trade facilitation measures: North and Central Asian average



Notes: Blue dots show regional average implementation level of individual measures within each group.
 — Average sub-regional implementation level by groups of measures.

Source: ESCAP, UNRCs TF Survey 2015

Table 1: Most and least implemented measures in North and Central Asia (within each group of trade facilitation measures)

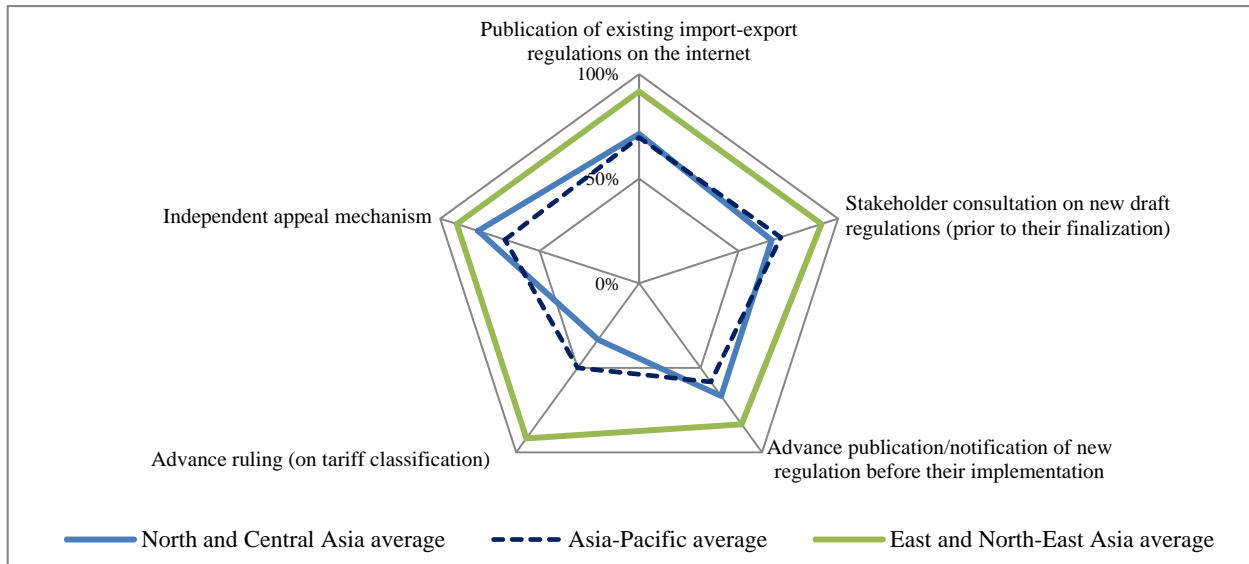
	Most implemented	Least implemented
Transparency	Independent appeal mechanism	Advance ruling (on tariff classification)
Formalities	Separation of Release from final determination of customs duties, taxes, fees and charges	Establishment and publication of average release times
Institutional arrangement and cooperation	Cooperation between agencies on the ground at the national level	Government agencies delegating controls to Customs authorities
Paperless trade	1. Electronic/automated Customs Systems 2. Internet connection available to Customs and other trade control agencies at border-crossings	1. Electronic Application and Issuance of Trade Licenses 2. Electronic Submission of Air Cargo Manifests 3. Electronic Application and Issuance of Preferential Certificate of Origin
Cross-border paperless trade	Laws and regulations for electronic transactions	1. Electronic exchange of Certificate of Origin 2. Electronic exchange of Sanitary & Phyto-Sanitary Certificate 3. Banks and insurers retrieving letters of credit electronically

3. Implementation of trade facilitation measures: A closer look

3.1 “Transparency” measures

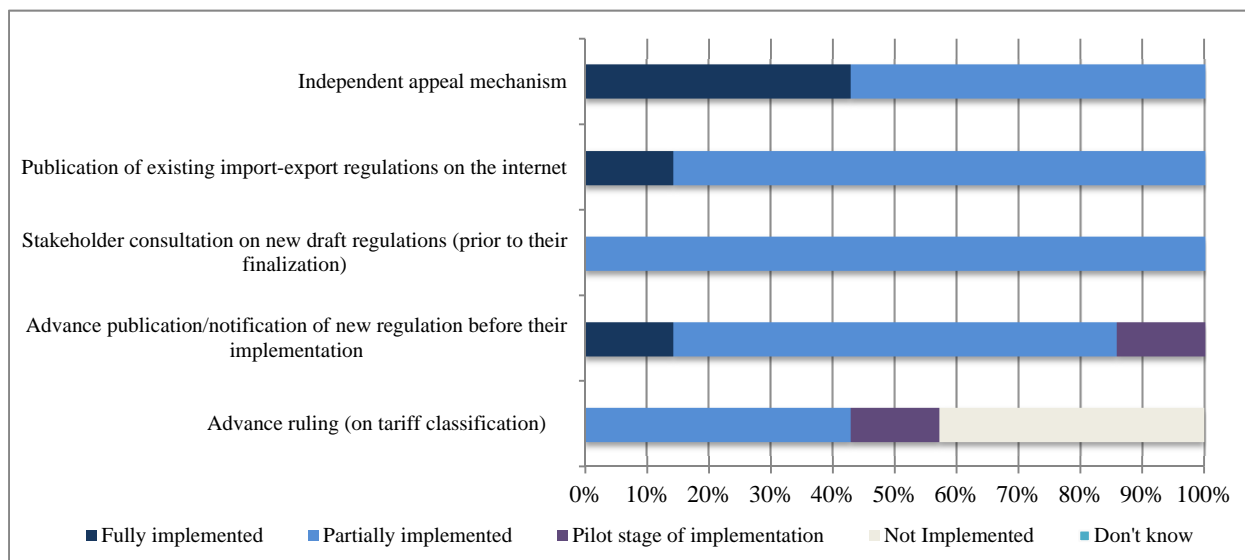
Five trade facilitation measures included in the survey can be categorized as “Transparency” measures. They relate to Articles 1-5 of the WTO TFA and GATT Article X on Publication and Administration of Trade Regulations.

Figure 4: Implementation of “transparency” measures: North and Central Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 5: State of implementation of “transparency” measures for trade facilitation in North and Central Asia (in %)



Source: ESCAP, UNRCs TF Survey 2015

Figure 4 shows the average level of implementation of all five “transparency” measures across the sub-region, compared to the regional ones and taking the best performer among sub-regions, East and North-East Asia, as the benchmark. The average weighted implementation score of all five “transparency” measures across the North and Central Asian sub-region is around 63%, which is at par with the Asia-Pacific regional average, but below the East and North-East Asian sub-regional average.

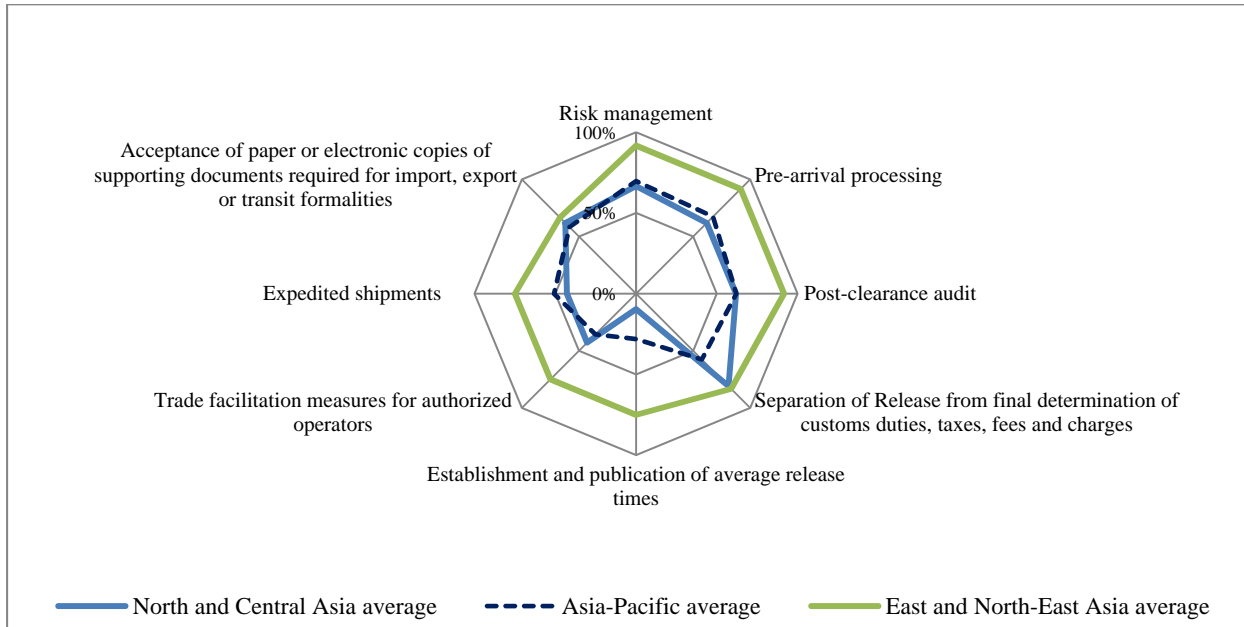
Figure 5 shows that the most implemented measures are *Independent appeal mechanism*; *Publication of existing import-export regulations on the internet*; *Stakeholder consultation on new draft regulations*; and *Advance publication/notification of new regulation before their implementation*. They have been at least partially implemented in all countries in the sub-region, with the exception of *Advance publication*, which is in the pilot stage of implementation in one country (Azerbaijan). *Advance ruling (on tariff classification)* is the least implemented measure, and has been at least partially implemented in around 40% of all countries, and is in the pilot stage of implementation in one country (Armenia).

3.2 “Formalities” facilitation measures

Eight of the general trade facilitation measures included in the survey are categorized as “formalities” facilitation measures, aimed at streamlining and/or expediting regulatory trade procedures. They relate to Articles 6-10 of the WTO TFA and GATT Article VIII on “Fees and Formalities connected with Importation and Exportation”.

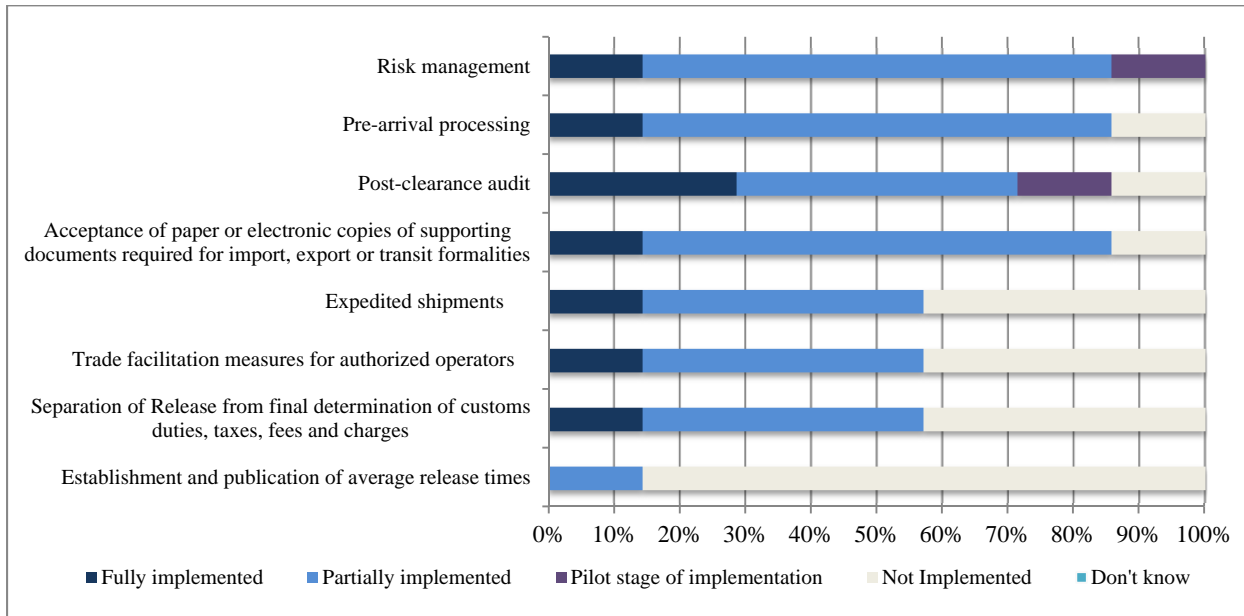
Figure 6 shows that the average weighted implementation score of “formalities” facilitation measures in this sub-region is around 54%, which is at par with the Asia-Pacific regional average, but lower than the East and North-East Asian sub-regional average. The implementation rates of “formalities” measures in the sub-region are presented in Figure 7. *Risk management*, *Pre-arrival processing*, *Post-clearance audit*, and *Acceptance of electronic copies* are the most implemented measures in the sub-region; they have been at least partially implemented in around 70 to 80% of all countries. *Risk management* and *Post-clearance audit* are also both in the pilot stage of implementation in one country (Kazakhstan). The least implemented measure is *Establishment and publication of average release times*, which has been partially implemented in around 15% of all countries.

Figure 6: Implementation of trade “formalities” facilitation measures: North and Central Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 7: State of implementation of trade “formalities” facilitation measures in North and Central Asia (in %)

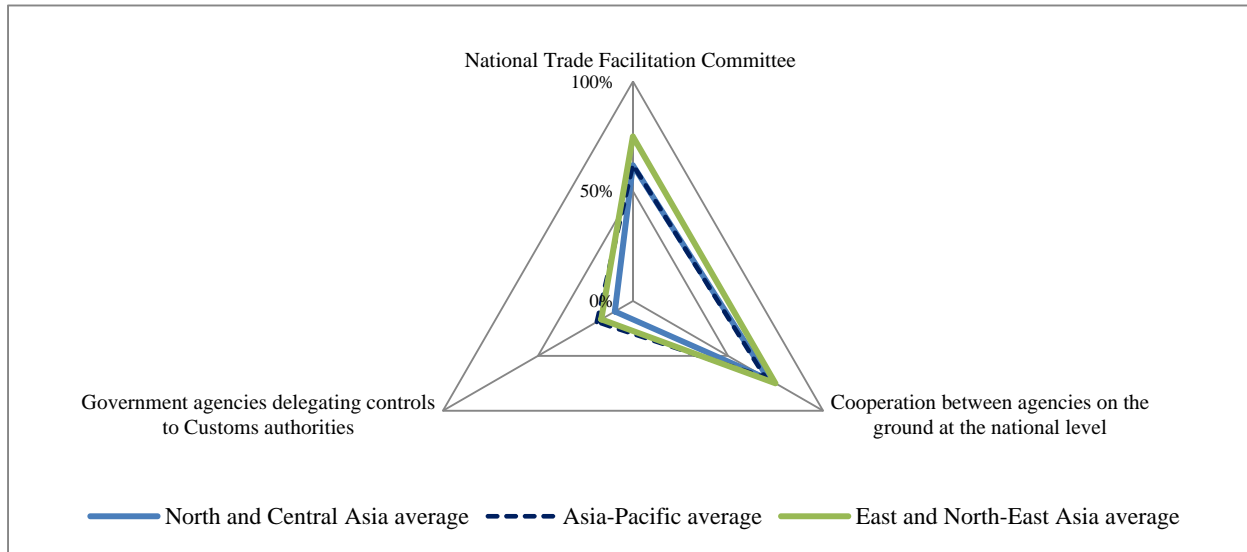


Source: ESCAP, UNRCs TF Survey 2015

3.3 “Institutional arrangement and cooperation” measures

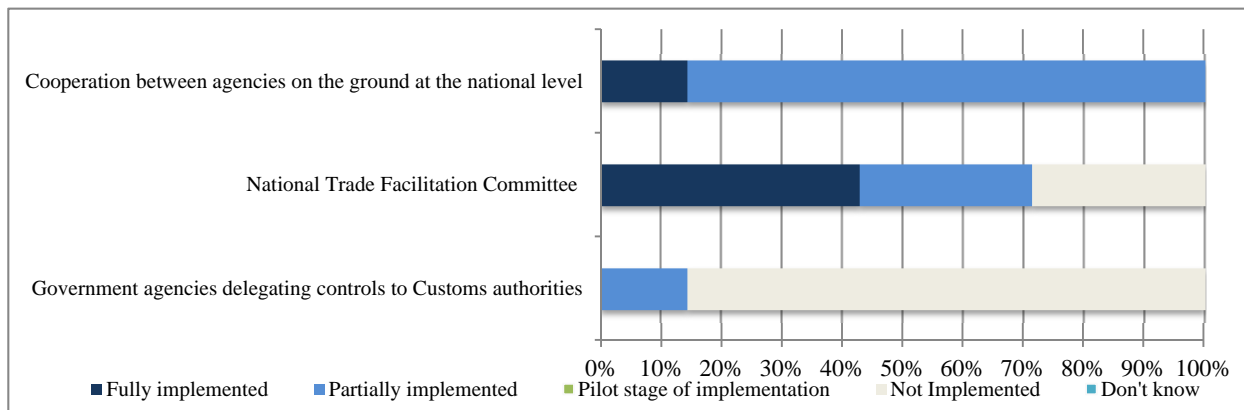
Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. These relate to the long-standing recommendation that a national trade facilitation body and other measures be implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade.⁷ All three measures are also specified in various Articles of the WTO TFA.

Figure 8: Implementation of “institutional arrangement and cooperation” measures: North and Central Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 9: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in North and Central Asia (in %)



Source: ESCAP, UNRCs TF Survey 2015

⁷ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, first issued in 1974.

Figure 8 shows that the average weighted implementation score of the three “institutional arrangement and cooperation” measures in this sub-region is around 48%, which is similar to the situation at both the Asia-Pacific regional level and the East and North-East Asian sub-regional level.

Figure 9 shows that *Cooperation between agencies on the ground at the national level* is the most implemented measure, having been at least partially implemented in all countries. *National trade facilitation committees* is also particularly well implemented, enjoying full implementation in more than 40% of all countries, and being at least partially implemented in almost 30% of all countries. In contrast, only slightly more than 10% of all countries have partially implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

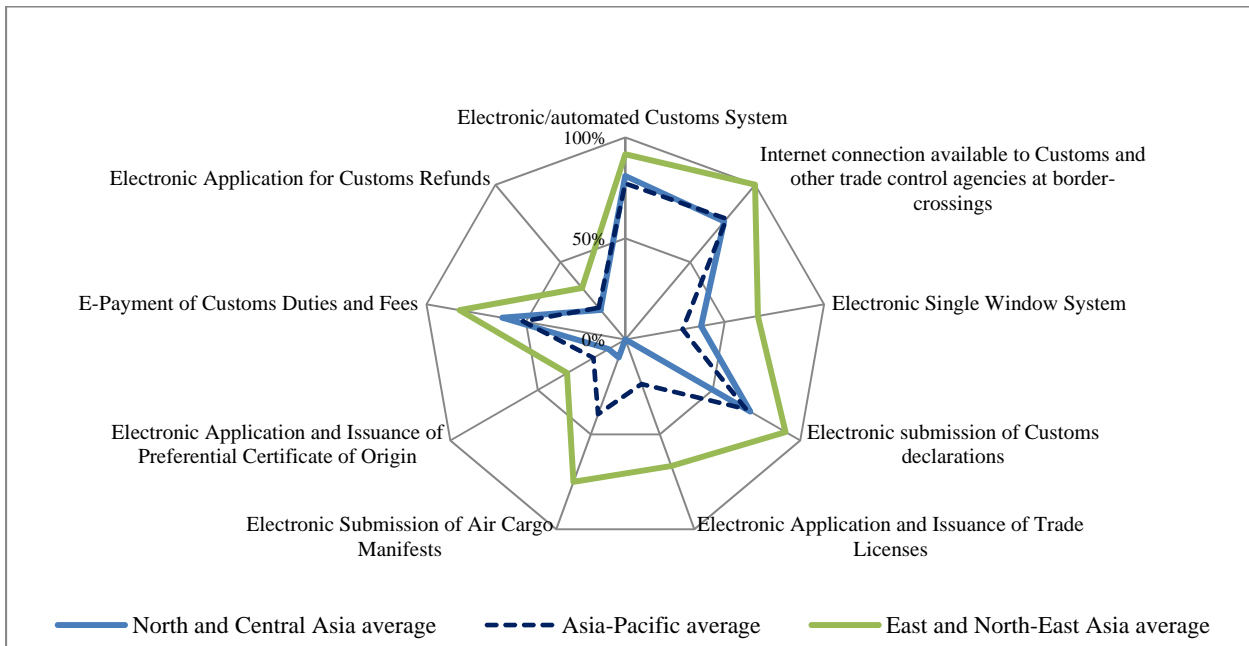
3.4 “Paperless trade” measures

Nine of the trade facilitation measures included in the survey are categorized as “Paperless trade” measures. All these measures involve the use and application of modern information and communications technologies (ICT) to trade “formalities”, starting from the availability of internet connections at border-crossings and customs automation to full-fledged electronic single window facilities. Many of the measures featured here are closely related to those specified in the WTO TFA, although the new WTO agreement typically only encourages economies to work towards implementation of such measures, rather than make them a requirement.⁸

The average weighted implementation level of “paperless” measures in North and Central Asia is around 40% (Figure 10). This level is lower than both the regional Asia-Pacific average and the East and North-East Asian sub-regional average. Figure 11 shows that *Electronic/automated Customs System; Internet connection available to Customs and other trade control agencies at border-crossings;* and *Electronic submission of Customs declarations* are the most implemented measures, having been at least partially implemented in all countries in the sub-region. *Electronic/automated Customs System* is also in the pilot stage of implementation in one country (Kazakhstan). In contrast, the least implemented measure is *Electronic application and issuance of trade licenses*, which has not been implemented in any country.

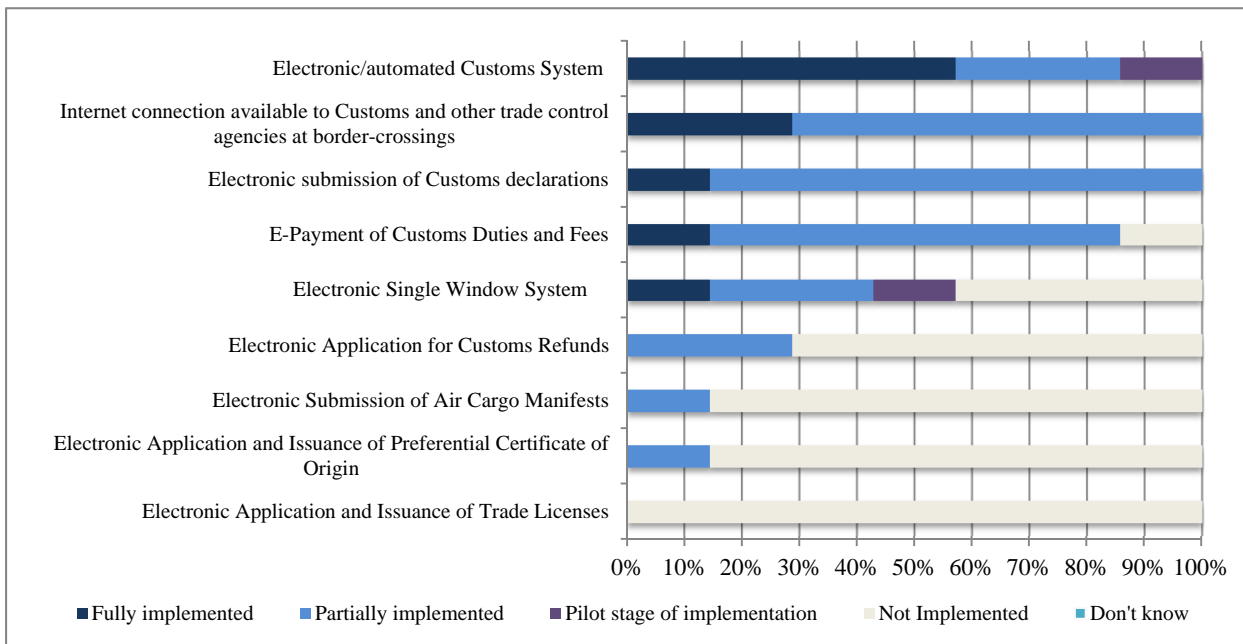
⁸ An example of this is the WTO TFA Article 10.3 on Single Window, which reads as follows: “Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies... Members shall, to the extent possible and practicable, use information technology to support the single window.”

Figure 10: Implementation of “paperless trade” measures: North and Central Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 11: State of implementation of “paperless trade” measures in North and Central Asia (in %)

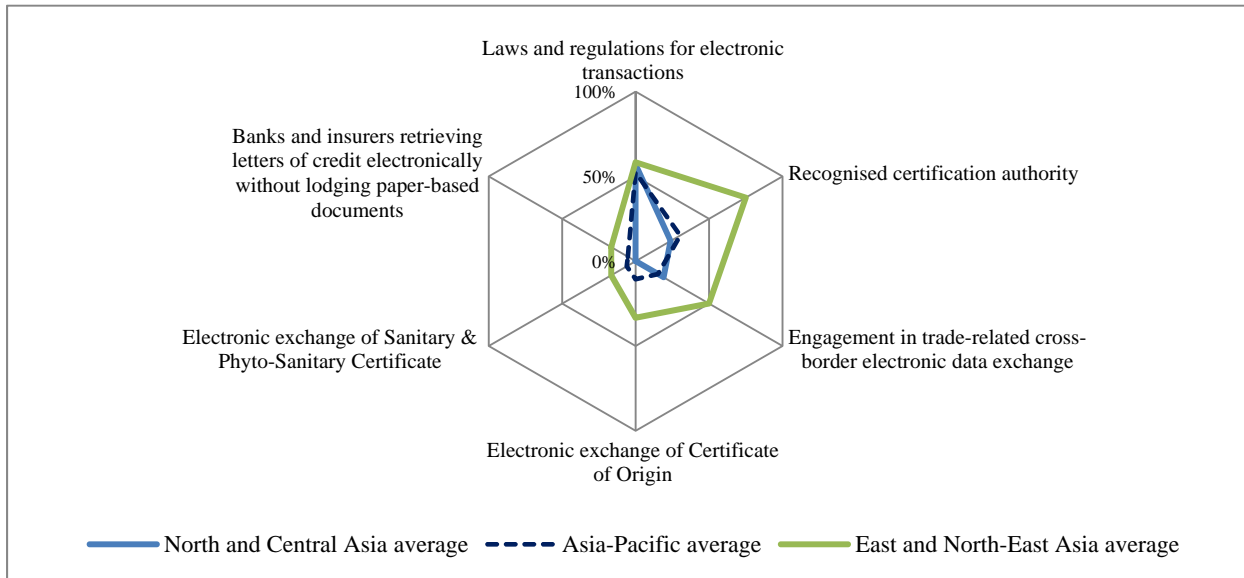


Source: ESCAP, UNRCs TF Survey 2015

3.5 “Cross-border paperless trade” measures

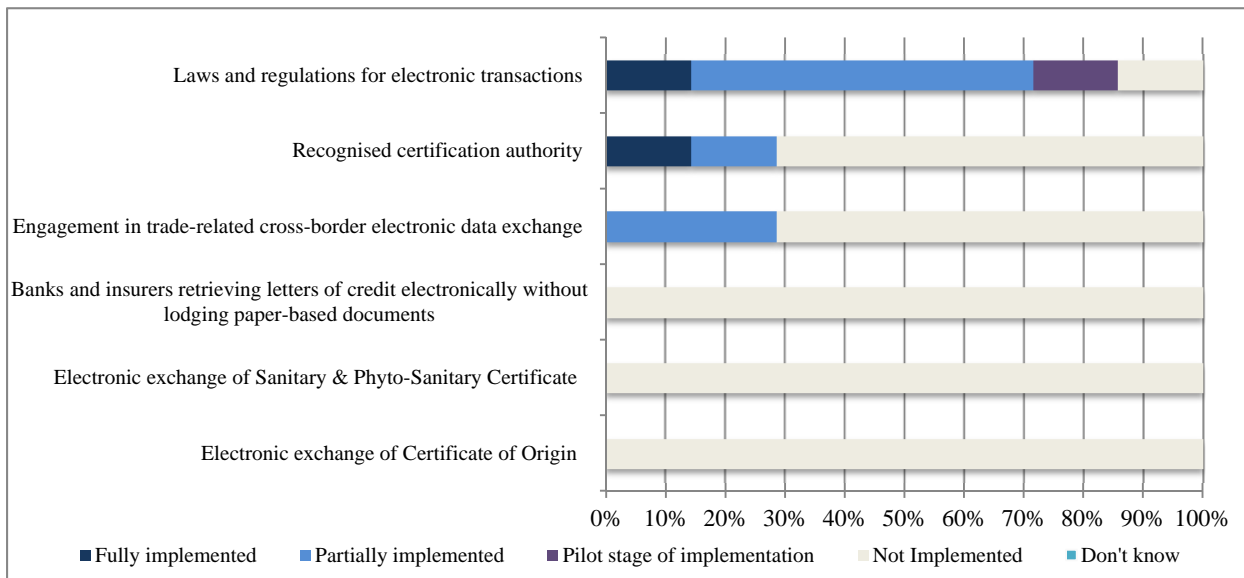
Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 12.

Figure 12: Implementation of “cross-border paperless trade” measures: North and Central Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 13: State of implementation of “cross-border paperless trade” measures in North and Central Asia (in %)



Source: ESCAP, UNRCs TF Survey 2015

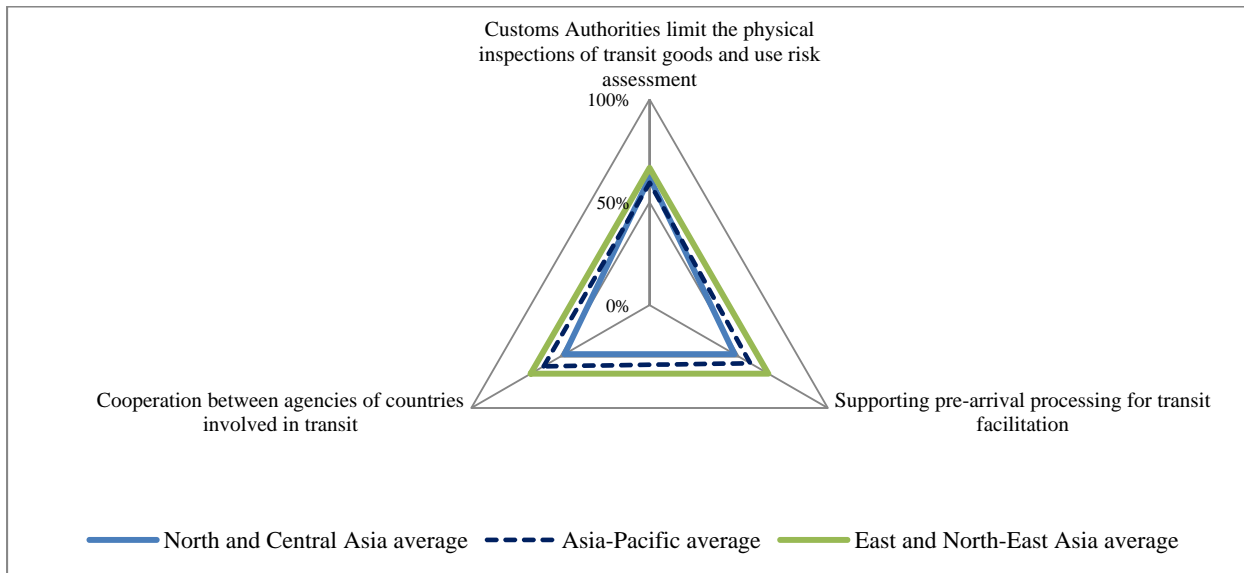
Two of the measures, *Laws and regulations for electronic transactions* and *Recognized certification authority*, are basic building blocks towards enabling the exchange and legal recognition of trade-related data and documents not only among stakeholders within a country, but ultimately also between stakeholders along the entire international supply chain. The other four measures relate to the implementation of systems enabling the actual exchange of trade-related data and documents across borders to remove the need for sending paper documents.

As shown in Figure 12, the average weighted implementation of these measures in North and Central Asia is 17%, which is lower than both the regional Asia-Pacific average and the East and North-East Asian sub-regional average. Figure 13 shows that the most implemented measure is *Laws and regulations for electronic transactions*, which has been at least partially implemented in 70% of countries, and in the pilot stage of implementation in one country (Armenia). The least implemented measures are *Banks and insurers retrieving letters of credit electronically without lodging paper-based documents*; *Electronic exchange of Sanitary & Phyto-Sanitary Certificate*; and *Electronic exchange of Certificate of Origin*, which have not been implemented in any country.

3.6 “Transit facilitation” measures

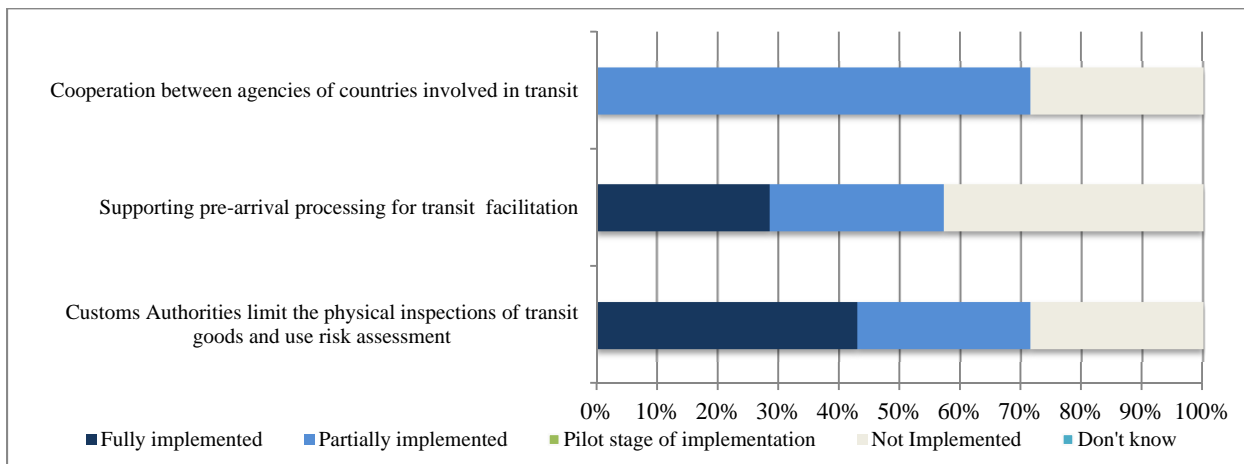
Three trade facilitation measures included in the survey relate specifically to transit facilitation and WTO TFA Article 11 on *Freedom of Transit*. The intent of these measures is to reduce as much as possible all the formalities associated with traffic in transit, allowing goods from one country and destined to another country to be seamlessly transported through one or more other transit countries. These measures are particularly important to landlocked developing countries, whose goods typically need to go through a neighboring country’s territory before reaching a sea port for onward transportation to their final destination.

Figure 14: Implementation of “transit facilitation” measures: North and Central Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 15: State of implementation of “transit facilitation” measures in North and Central Asia (in %)



Source: ESCAP, UNRCs TF Survey 2015

As shown in Figure 14, the average weighted implementation level of “transit facilitation” measures in the sub-region is around 50% across all measures, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average. Figure 15 shows that *Customs Authorities limit the physical inspections of transit goods and use risk assessment* and *Cooperation between agencies of countries involved in transit* are the most implemented measures, having been at least partially implemented in 70% of all countries. In contrast, *Supporting pre-arrival processing for transit facilitation* has been at least partially implemented in around 60% of all countries, making it the least implemented measure in the sub-region.

4. Moving up the trade facilitation ladder towards seamless international supply chains

This note, which is best read in conjunction with the regional (Asia-Pacific) report as well as individual country notes,⁹ presented data on trade facilitation and paperless trade implementation for North and Central Asia. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in NCA is found to be 41.5%, placing it among the middle-ranking sub-regions and indicating ample room for improvement. The assessment confirms that while some countries in NCA have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade, there is still much scope for work on trade facilitation. In particular, the recognition of electronic certificates in cross-border paperless trade transactions is an area that requires more focus and improvement.

Overall implementation of trade facilitation systems in the North and Central Asian sub-region is typically just below the Asia-Pacific regional average. The Russian Federation is pioneering progress in the sub-region, but many landlocked neighbours are still struggling to implement trade facilitation initiatives. Some of the challenges mentioned by NCA, such as lack of coordination between government agencies; lack of political will; lack of a clearly designated lead agency; lack of human and financial resources; and especially high transportation costs in landlocked areas of the sub-region have possibly contributed to the slow implementation of some of these advanced trade facilitation measures.

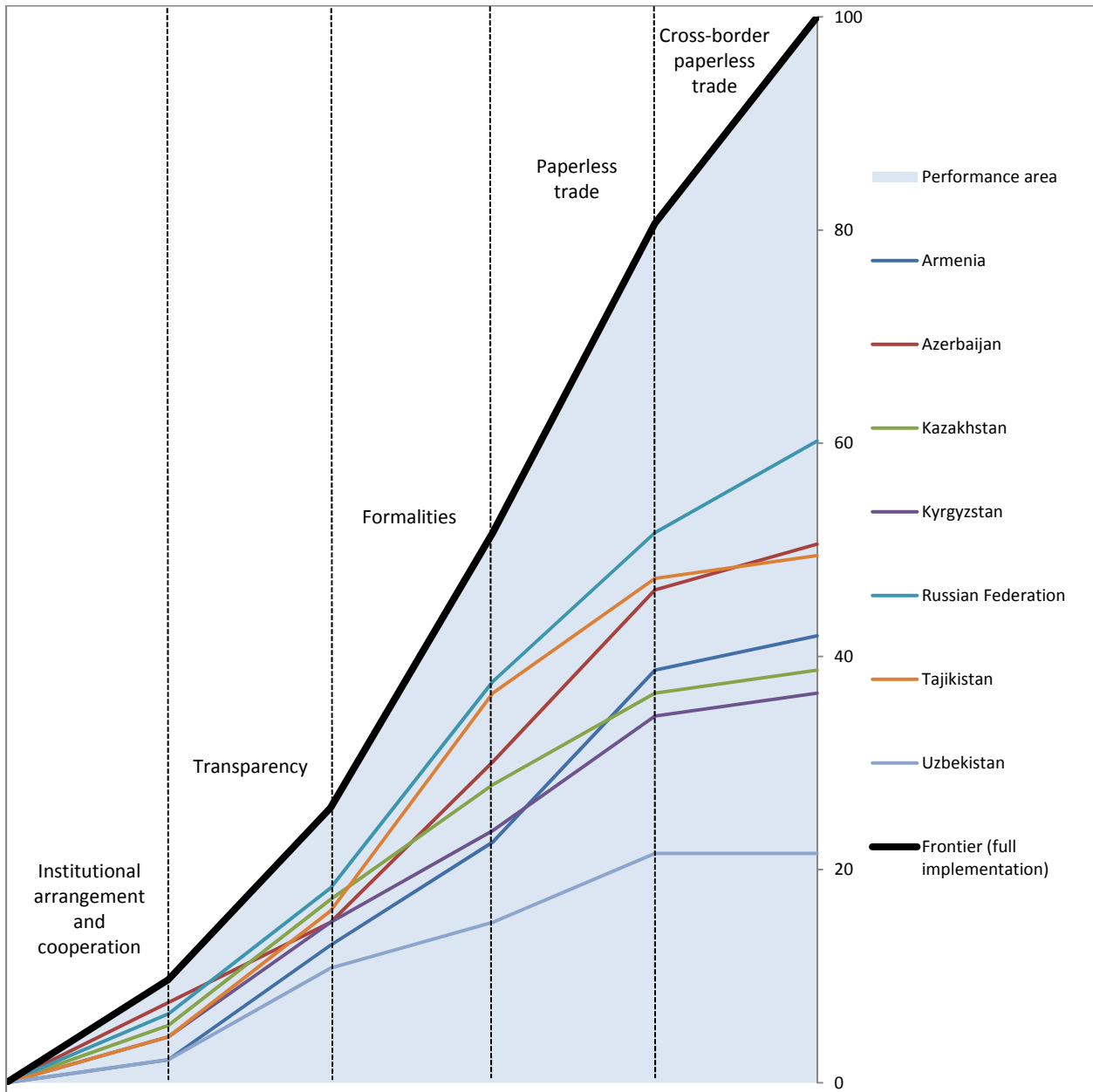
Figure 16 shows implementation of trade facilitation as a step-by step process, based on the five core groups of measures included in this survey. It also shows the cumulative implementation level of trade facilitation measures in each NCA country included in the survey, revealing wide disparities across countries. However, cross-border paperless trade facilitation is the least implemented of all groups of measures, and all countries have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and enhancing inter-agency cooperation.

The results in this note could usefully be complemented by the CAREC Corridor Performance Measurement and Monitoring Reports¹⁰ which record actual travel and border-crossing times, and show how large and variable these times can be in Central Asia.

⁹ Available at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

¹⁰ More details are available at <http://www.adb.org/sites/default/files/publication/148731/carec-cpmm-forward-looking-retrospective.pdf>.

Figure 16: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of North and Central Asia for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

Source: ESCAP, UNRCs TF Survey 2015