**Procedural and Regulatory Barriers to Trade in the SPECA region. Case Study on Trade in Apricots**

Discussion paper

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1. **Introduction**

During the last ten years the Central Asia countries have seen significant developments in their economic relationships. Among other factors, the reduction of trade barriers by entering into free trade agreements and/or joining various economic unions has led to the rapid growth of trade volumes in this region.

The SPECA region countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) are involved in trade both among themselves (see Annex II) and with other countries of the world, where their main trading partners include (in descending order of importance) China, the Russian Federation, Turkey, Germany, France, Italy, Ukraine, India, Pakistan, Iran, UAE, Bangladesh, Indonesia, and Thailand.

At the same time, procedural and legal measures regulating foreign trade in the region remain complex and sometimes impose excessive requirements on traders, thus becoming barriers to trade. Such procedural and regulatory barriers have a greater negative impact on international trade than tariffs. Procedural and regulatory barriers to international trade are the result of excessive, bureaucratic documentary requirements, legal and other non-tariff measures[[1]](#footnote-1), procedures and practices, which go beyond those needed for a rational level of protection for society.

For the purposes of this paper, we looked at regulatory requirements (technical, sanitary, phytosanitary, veterinary, origin of goods, laboratory tests, quality assurance, market surveillance against counterfeit or unsafe goods, etc.), which go beyond the normal scientific requirements for such inspections, or the needs of society for the safety and protection of consumers and producers from disloyal competition and unsafe goods. These can be due to:

1. Diverging standards that are not harmonized with international standards;
2. Standards that are outdated and do not reflect current technologies;
3. Technical regulations that are not proportionate to the risks that they set out to address;
4. Conformity assessment procedures that are unnecessarily restrictive (for example, requirements to have all imports nationally tested/certified);
5. Inadequate or lacking "quality infrastructure" (such as no testing labs, no accredited laboratories, no internationally recognized certification bodies, or
6. Lack of expertise by business and/or the administration.

This report was written by Konstantin Karabanov, an independent consultant, under the guidance of the UNECE Regional Adviser in Trade. The survey underlying this discussion paper was conducted between August and October 2015 with two purposes: first, to analyze regulatory and procedural barriers to trade in the SPECA countries with a focus on the trade in apricots, as an example, and second, to develop some proposals/recommendations for moving forward on the regional elimination of non-tariff barriers for the Governments of these countries to consider.

1. ****Scope, methodology and outline of this discussion paper****

This discussion paper assesses non-tariff barriers to trade in the above-mentioned countries from two perspectives: the first is procedural and regulatory barriers to trade, both inside the region and with countries outside of the region; while the second perspective looks at a concrete example by focusing on the export of apricots (fresh and dried). Apricots were selected for this case study because they are produced in all of the SPECA countries, although the growing conditions and volumes are different, as is their export potential.

The preparation of this paper involved: (a) desk research to review the work undertaken by UNECE, other international organizations, donor agencies, and trade associations on procedural and regulatory barriers to trade in the SPECA region, including apricots, (b) the identification of 27 respondents including 18 companies, involved in export/import, and 9 export promotion organizations, private business associations, foreign countries’ trade representatives and experts in the SPECA region, and other countries active in the region (Russia, Turkey), and (c) telephone and online interviews using two types of questionnaires made up of 5-8 questions. The first questionnaire was focused on general procedural and regulatory barriers to trade; the second dealt specifically with procedural and regulatory barriers to trade in fresh and dried apricots.

The respondents in the survey were as follows:

Afghanistan – 4 (all traders)

Azerbaijan – 2 (1 trader, 1 trade representative)

Kazakhstan – 2 (both experts)

Kyrgyzstan – 7 (6 traders and 1 trade representative)

Tajikistan – -6 (3 traders, 1 business association and 2 experts)

Turkmenistan – 2 (1 trader, 1 trade representative)

Uzbekistan - 2 (1 trader, 1 export support organisation)

Russia – 1 (trader)

Turkey - 1 (trader)

**Total: -27**

Given a limited timeframe, the survey had to focus on a small number of respondents, who were not always willing to respond over the telephone to those questions that they considered to cover sensitive issues. Consequently, this paper does not provide an exhaustive analysis of non-tariff regulatory and procedural barriers in the SPECA region. The findings should be interpreted as indicative, and can be used for discussions on further activities of SPECA, as well as a basis for further work, in the case where the Governments of the SPECA countries decide to request further regional studies on regulatory and procedural barriers to trade or work in support of regional supply chains.

The paper is divided into six chapters. The introduction in Chapter 1 is followed by the scope, methodology and outline in Chapter 2. Chapter 3 looks into general procedural and regulatory barriers to trade in the region. Chapter 4 presents the Apricots Case Study. Chapter 5 analyses the impact of identified procedural and regulatory barriers on supply chains in the region and, finally, Chapter 6 provides conclusions and recommendations.

There are four annexes to this paper. Annex I is a summary table of identified procedural and regulatory barriers to trade in the three SPECA countries where the UNECE has undertaken comprehensive studies. Annex II provides data on trade among the SPECA countries. The questionnaires used for the survey can be found in Annex III.

1. ****Procedural and regulatory barriers to trade in the SPECA region****

3.1  Issues with documentary and other procedures

The World Bank (WB), in its 2015 annual Doing Business report[[2]](#footnote-2), estimated that, to deliver a container to a foreign market, exporters from:

* Azerbaijan need, on average, to provide 9 documents, use 27 days and pay 3,460 USD;
* Afghanistan: 10 documents, 86 days, and 5,045 USD;
* Kazakhstan: 10 documents, 79 days, and 5,285 USD;
* Kyrgyzstan: 9 documents, 63 days, and 4,760 USD;
* Tajikistan: 12 days, 71 documents and 8,650 USD; and
* Uzbekistan: 11 documents, 54 days, and 5,090 USD.

The UNECE studies on regulatory and procedural barriers to trade conducted in three Central Asia countries between 2014 and 2015 (Kazakhstan, Kyrgyzstan and Tajikistan) provide additional details. For example, it was estimated that, after a reduction in documentary requirements, exporters from Kyrgyzstan need instead of 9 just 3 documents for exports (invoice, shipping document and license/permit for export, if required by law).[[3]](#footnote-3) However, the full list of documents containing both the main trade documents and the supporting ones is much longer (up to35). In Kazakhstan, according to the UNECE study on regulatory and procedural barriers to trade, traders say that they submit from 2-3 to 20 documents.[[4]](#footnote-4) Moreover, traders reported that it takes from 7 working days to 4 weeks to obtain trade documents and another issue is discrepancies between the Kazakhstan’s regulations and those implemented in partner countries. In Tajikistan the number of documents ranges from 5 to 10 depending on the type of product and the customs regime in question.[[5]](#footnote-5)

3.2  Issues at the border

Even if more than 70% of those interviewed responded that documentary procedures were “quite easy” and they did not present serious problems for their business, when going deeper into the details, they started sharing information on such issues as lack of coordination among control agencies at the border, which leads to multiple checks and delays, and cumbersome payment procedures (at least three respondents from three different countries identified these procedures as the reason for the existence of “facilitators”). Thorough and prolonged checks of goods, which take too much time, are the primary issue for Afghan traders. A Tajik trader who ships goods both to Russia and to EU countries mentioned that he had to pay “extra” for every Customs receipt (“kvitantsiya”) issued or attached to his goods at the border.

At the borders, inter-agency coordination is often absent; one respondent noted that internal decrees in regulatory agencies are not coordinated with other agencies. The lack of coordination persists even at borders between members of the Eurasian Economic Union (EEU). Since Kyrgyzstan joined the EEU, there has no longer been the need for Customs controls at the border with Kazakhstan. At the same time border guards still operate there, frequently stopping traders, and delaying cargoes for what seem to be arbitrary reasons.

It is “normal” for traders to be required to repeatedly submit the same documents to different state agencies located in different places. No information exchange seems to exist between agencies. Single Window mechanisms for export and import clearance would help. During the last 7 years there have been national Single Window projects supported by the Governments and international development partners in five of the SPECA countries, at the same time, traders do not have the impression that such facilities will be available any time in the near future.

3.3  Regulatory issues

Traders who participated in the survey gave different responses with regard to regulatory issues. For example, Kazakhstan traders reported that procedures for issuing certificates of origin, export permits, veterinary certificates, and ecological insurance policies are complicated and frequently restrictive. As one illustration, according to UNECE’s Report on Regulatory and Procedural Barriers to Trade in Kazakhstan, “importers (as well as exporters) of ozone-depleting substances noted that obtaining import (export) permits requires submitting, in addition to copies of contracts, agreements, certificate of registration and certificates of compliance, a notarized copy of an ecological insurance. Obtaining this insurance policy, issued by the Ministry of Environmental Protection, is a process in itself, which may take up to 5 working days”.[[6]](#footnote-6)

3.3.1   Phytosanitary issues

Three quarters of the interviewed traders from the SPECA countries complained about the region’s under-developed system of food and phytosanitary testing laboratories. In addition, low levels of harmonization of regulations, particularly in the area of safety requirements, and outdated legal frameworks are the problems most often mentioned by traders.

Traders from Kazakhstan who were interviewed for the Needs Assessment for the UNECE study on regulatory and procedural barriers to trade also complained about the lengthy imported food requirements (IFR) procedure for goods that are subject to quarantine. According to this procedure, the trader “has to provide the Ministry of Agriculture with phytosanitary certificates issued by official state organizations dealing with quarantine or plant protection of the exporting country, which takes 1-2 weeks. The Ministry of Agriculture also may request additional documents describing the production process, i.e. where, who and what was processed in the products”.[[7]](#footnote-7)

3.3.2   Conformity assessment and certification

With regard to conformity assessment, traders from Kazakhstan, Kyrgyzstan and Tajikistan tended to point to a common set of issues including: low levels of harmonization of procedures on conformity assessment with international norms and procedures, an outdated legal framework underlying standardization, non-compliance of laboratory accreditation systems with internationally recognized norms and best practices, and the weak institutional and personnel capacities of laboratories. For example, one trader from Tajikistan cited an excessively long procedure for obtaining conformity certificates for manufactured goods (up to two months) due the need for laboratory verification of relevant regulatory requirements.[[8]](#footnote-8)

Two Tajik traders said that Russian authorities did not recognize certificates of quality issued in Tajikistan, resulting in barriers to trade created by the need for Tajik exporters’ products to be tested in laboratories designated by the Russian importer. At the same time, recently three food laboratories in Tajikistan (in Dushanbe, Khujand and Kurgan-Tube) have been accredited by ILAC members according to the standard ISO 17025, and this is expected to solve the problem, at least for food products.

One respondent noted that even if there are agreements among the countries, certificates of compliance issued, for example, by Tajikstandart, are not recognized in the other countries.

3.3.3   Laboratory testing issues and recognition of test results

There is a problem with long distances between traders and testing laboratories. For example, according to Tajik traders, some laboratories which they need to use are located too far away from their places of doing business, resulting in additional expenses. The same problem was mentioned by traders from Afghanistan.

A trader from Kyrgyzstan mentioned that there were laboratories available at the border with Kazakhstan where it was possible (or would be possible soon) to obtain the required documents. This is very convenient for traders and is an example that might be useful to other countries.

One trader from Uzbekistan and one from Tajikistan, who ship fruit and vegetables to both the EU and other countries, noted that European Union countries do not recognize tests carried out in Central Asia, and they require that EU laboratories test food produce samples and issue certificates, in order for the goods to be imported. This implies additional expenses for traders, as the importers, who pay for the tests, subtract the fees for the tests from the price they pay to the exporters. One Tajik trader in dried fruit noted that the EU had very strict requirements for quality. A possible solution was proposed: that development agencies help build laboratories in Central Asia that would comply with EU requirements.

According to a USAID study on procedural barriers to trade in Azerbaijan[[9]](#footnote-9), there is an issue with, “bringing the laboratory accreditation system up to the level of internationally recognized norms and best practices,” and it is recommended, “to develop the accreditation system through training, modern equipment, twinning with laboratories in other countries. In the long term, entering into new mutual recognition agreements (MRAs) with European and other partners should be considered”.

3.4  Issues with financing trade operations

The majority of traders who responded to the survey questions noted that they had difficulties in financing their trade operations. Limited access to finance is one of the top three problems for cross-border trade. The interest rates on loans offered by commercial banks are too high, the amounts that can be borrowed are small, and the application process is time-consuming and difficult. Few banks provide training to entrepreneurs in how to complete the documents correctly or on how to develop a business plan.

Small traders like doing business in cash, in order to avoid paying taxes and to avoid having to deal with difficult and time-consuming administrative issues, at the same time they are more often required to pay bribes. Buyers prefer bank transfers rather than Letters of Credit (L/Cs) partly because of the presumably high cost, limited understanding of the benefits of the financial instrument, and partly because some countries require importers to make 30-40% advance payments to exporters (the remaining amount is paid once the goods are delivered to the importer’s warehouse and checked). In Tajikistan, for example, a deposit should be made by exporters, to allow them to ship certain goods, and the required amount is high. This information from the interviews requires further analysis, beyond the scope of this paper. Traders also use non-bank electronic payment systems in order to pay lower transaction fees as a replacement for bank transfers.

Kazakhstan’s traders complain about the procedure for registering export contracts with the Kazakh bank being too complicated; they have to pay a registration fee and submit various support documents.[[10]](#footnote-10) This complaint was echoed by Uzbekistan’s traders who face a similar situation in their country.

3.5 Transit issues

Even though most respondents did not refer to transit issues as serious barriers to trade, some of the comments made pointed to measures which affect goods in transit and are, effectively, barriers for Central Asian traders. Indicatively, a seasoned Afghan exporter who has been in business since 1969 put transit on the top of his personal “problem list”. He said: “In the past there were no problems in shipping goods using the Soviet railway system. Now you have to deal with each separate country and their authorities”. Due to this increase in administrative complexity and costs, he now delivers only FOB Kabul, and lets importers arrange the logistics to ship abroad. That this is a transit issue is emphasized by the fact that he sees no problem in exporting to a neighbouring country (with only one border to cross), notably to Tajikistan.

The services of well-connected and powerful informal agents help in solving transit issues. Traders believe that these informal agents do their job well. Payments that add 30-40% “on top” of government service tariffs are considered, by the traders, to be worth the cost. Brokers can also provide security services and protect cargo until it reaches the point of sale, especially if is the goods are expensive (widespread cargo theft was specifically mentioned as a problem in Kazakhstan and Afghanistan).

These informal services are undoubtedly valuable to traders who have no alternatives. At the same time, the cost of these services also results, overall, in goods from the region being less competitive on export markets than they otherwise would be.

3.5.1 Transit Barriers in the SPECA Countries

The SPECA countries are participating in the regional cooperation mechanisms and have ratified a number of international UNECE agreements facilitating the procedures of border crossing and transportation of dangerous and specific goods. They are actively involved in a number of donor-funded regional integration initiatives and projects in the field of transport development seeking to link the Central Asian states with global markets.

In practice, however, these agreements and initiatives have not resulted in significantly improved relations and regional cooperation. The development of transit trade is hampered by lengthy procedures, duplication of documents and procedures, inconsistent border policy and rules and a high level of unpredictability, given the frequent changes of administrative procedures and regulatory requirements.

Companies engaged in foreign trade are mostly concerned with the complex documentary requirements imposed by certain transit countries. For example, exporters of food products (such as dried fruit, fruit and vegetables) incur additional costs related to repeated tests, quarantine controls when exporting products to Russia and the EU.

The transit of goods from Tajikistan through Uzbekistan has become more complicated due to the adoption of a new transit declaration form. This creates problems as the declaration form differs substantially from that used by Tajikistan’s Customs Service. Another challenging documentary requirement is a detailed inventory of goods in transit. This requirement was introduced by Kazakhstan within the framework of the Customs Union. If a shipment is large, the company involved in foreign trade has to spend up to five days to prepare the inventory.

Apart from complex documentary requirements, transit is constrained by the lack of proper execution of regional agreements and mutual recognition of standardized documentation. For example, under the TIR Convention trucks are sealed by the customs office at the point of exit and can move across borders to the point of destination without any additional checks. However, the TIR Carnet is not always recognized by the authorities of Uzbekistan.

3.5.2 Problems

The problems listed above can be grouped into seven main blocks.

1. Legal problems

Bilateral and multilateral intergovernmental agreements on international road traffic and transit form the legal basis of the international road transport. Today, bilateral agreements are a constraint to transit. This is primarily due to the different legal regimes, both with regard to taxes and fees and the nature of the current permit issuing schemes, which limit the choice of delivery routes, set quotas, hamper the “freedom of transit” principle (due to the procedures of issuing transit permits and limiting their number). This undermines the transit potential of both the states that have concluded such agreements and the whole region.

1. Customs regulation

Transit procedures are invariably accompanied by customs procedures. In practice, despite the revised Kyoto Convention (1999), customs regulations in the transit countries still vary with regard to the specified requirements and procedures.

There are no integrated information systems to provide cargo information throughout the entire journey. The customs authorities in the transit countries use different information systems.

There is lack of coordination between the customs authorities of neighbouring countries, and the practice of joint customs clearance in the transit countries is not sufficiently used.

Information to all stakeholders participating in international trade transactions on changes of customs regulations is not provided in timely manner, in violation of the provisions of international agreements and conventions.

1. Visa procedures

In order to carry out trade operations across the borders of several states, in some cases, carriers must receive several transit visas.

The visa issuing procedures are often discriminatory: all other things being equal, drivers from certain countries can obtain a visa faster and with fewer formalities than drivers from other countries.

Visa procedures in the transit countries are not harmonized in terms of the list of the required documents, cost and time of registration.

1. Waiting times at the border

Waiting times at the border are another hurdle. This is primarily due to the lack of harmonization in the weight control systems in the transit countries, fragmentary nature of the validity of the CIS weight certificate, unharmonized charges for excess weight and dimensions.

1. Transport control and road safety can also present difficulties
2. Road and supporting infrastructure

Among the major infrastructural problems the most significant are the lack of modern logistics centers, undeveloped supporting road infrastructure, including modern and safe car parks and service areas.

1. Informal payments

3.5.3 Suggested Solutions

Possible solutions to these problems include the following public transport policy measures:

Improvement of regulatory approval systems, which should be recognized as high priority systemic tasks. It is necessary to:

1. Conduct a comprehensive analysis of the conventions and agreements in force in the states providing the transit routes for the SPECA countries;
2. All transit states should accelerate the process of ratifying signed agreements and bringing the national legislation in line with the standards and requirements established therein.

Improvement of customs regulations

1. Intensify the process of harmonizing customs procedures, rules and documents with the international standards in the transit states;
2. Introduce a preliminary cargo customs declaration based on the TIR-EPD system.

Border crossing points

1. Implement procedures for joint cargo and vehicle inspections in cooperation between competent authorities of neighboring States.

Entry and transit visas for drivers

1. In all the countries, expand the practice of issuing long-term multiple-entry visas for professional drivers, increase the duration of stay of transit drivers, especially in the countries where there may be delays in the transit, multimodal transportation.
2. Simplify visa issuing procedures for the drivers whose integrity is confirmed by the previous practice of using visas, and is guaranteed by notes or recommendation letters issued by the respective associations of carriers.

3.6 General issues related to market conditions

Half of the interviewed traders in the SPECA region noted that the procedures for obtaining export documents are often protracted on purpose. Officials seem not to be in a rush, and traders feel that they artificially delay the issuance of documents, which results in many traders looking for “unofficial channels” to accelerate the process, based on paying an extra “facilitation” fee.

Intermediaries are often involved by traders in order to help them overcome documentary and procedural barriers. More than half of the interviewed traders (some of whom had worked, out of dire necessity, with these intermediaries (i.e. unofficial “brokers”)[[11]](#footnote-11) indicated that the unofficial “facilitation” channels were well-organized and performed better than the official institutions.

There is definitely a need to reduce subjective decisions in the official controls of trade and to reduce face-to-face contacts during controls. The introduction of more computer-based procedures and services, and the use of digital signatures in the region would increase transparency and accountability, and greatly reduce personal contacts in the regulatory processes, thus helping to reduce the hurdles created by the need to obtain paper-based documents, signatures and seals.

Some respondents (notably exporters of apricots) also mentioned issues related to the difficulty of newcomers to obtain sales outlets/locations at bazaars (market places) in a target country, even if all the documents are in order, unless they pay unofficially to “special people”. At the same time, this is a local market access issue that goes beyond the scope of this paper.

According to studies by UNOPS[[12]](#footnote-12) and ESCAP[[13]](#footnote-13), since 2004 the foreign trade turnover of Afghanistan with Central Asian countries has been growing, with the exception of 2009 (due to the generalized trade contraction in the aftermath of the global financial crisis). Nevertheless, officially recorded trade between Afghanistan and its Central Asian partners remains very limited. According to UNCTAD’s UNCOMTRADE and UNECE data (see annex II), Afghanistan’s exports to the SPECA countries constituted only 7.40% of Afghanistan’s total exports and imports from the SPECA countries only 8.05% of Afghanistan’s total imports. “Dry ports” (17 in Afghanistan), are connected among themselves and with Central Asia by railroads, and play an important role in trade. Three dry ports connect Afghanistan with Tajikistan, two with Turkmenistan, and one with Uzbekistan; and trade has been increasing between Afghanistan and these three countries since 2007. The long-term plan is to build a railroad across Afghanistan to the Indian Ocean ports. The rye and wheat imported to Afghanistan from Kazakhstan, using this dry-port system, increased by 96.5% in the first quarter of 2015, compared to the same period in 2014.[[14]](#footnote-14)

In the other direction, the yield of crops in Afghanistan depends very much on the climate, while Afghanistan’s water irrigation system was almost destroyed during the civil war.

The current infrastructure also lacks warehouses with chilling equipment and transportation services. One kg of grapes currently costs less than $0.5 in Afghanistan, while in the Gulf countries it reaches $5.0 per kg. Expanding exports to international markets would significantly increase the profits of Afghan agricultural producers.

In April 2015 Afghanistan, Tajikistan and Pakistan reported reaching the final stage of negotiations of a trade agreement which will simplify transit between the countries. Such a “transport corridor” is likely to decrease barriers, help increase the volume of regional trade and enhance foreign investments.

Turkmenistan has maintained a positive trade balance for many years, and its trade surplus has grown since the early 2000s. The country has a very small share in global agricultural trade. Turkmenistan has not yet applied to accede to the WTO, does not belong to any regional trade agreement, and its economy remains relatively isolated. Foreign trade is *de facto* controlled by the State. There is an obligation to register all wholesale and export-import contracts with the State Raw Material and Commodity Exchange. A company representative should be present in person for the registration.

****4. Apricots case study****

As mentioned above, apricots (fresh and dried) were selected for a case study because apricots are produced in all SPECA countries. The weather conditions and volumes of trade are very different. However, cross-border trade in apricots is visible across the region, and a review of trade in apricots can serve the purpose of this paper in highlighting barriers to trade.

We have identified: three countries as key producers of apricots (Tajikistan, Kyrgyzstan and Uzbekistan); two countries (Afghanistan and Azerbaijan) which produce and export less than the first three countries, and we have described separately Kazakhstan, which has become a hub for re-exporting apricots to Russia, and Turkmenistan, where apricots are grown in small quantities, and are mainly imported.

4.1 The key producers

4.1.1 Tajikistan

Tajikistan is one of the main producers of apricots, both fresh and dried, in Central Asia. The city of Isfara located in the north of Tajikistan, close to the borders with Kyrgyzstan and Uzbekistan, has become an informal centre for collecting, processing, packing and exporting dried apricots. As local (Tajikistan) production is not enough, traders import apricots produced and dried by farmers in neighboring Uzbekistan and Kyrgyzstan (practically all of these producers are in the Fergana Valley). Thus a specific cross-border supply chain is formed. Yet even in this simple supply chain, according to two respondents from Tajikistan, cross border trade (the importation of dried apricots from Uzbekistan and Kyrgyzstan) is dominated by smuggling, in part due to the high costs and administrative difficulties for small traders of legally exporting apricots.

Tajik traders actively buy apricots which are grown locally and in the immediate neighbouring countries. Then they sort, pack and export them to a large Russian market. The consolidated Tajik packing and exporting companies are needed because the Russian authorities require much documentation, and larger exporting companies can better deal with these requirements because of their economies of scale. As a consequence, Tajik nationals have created distribution and marketing chains in Russia, Kazakhstan and elsewhere, which dominate the market, and some respondents from the other countries referred to this as a problem for trade.

According to the director of one of the fruit trading companies from Isfara, a company must obtain seven documents to arrange for exports: certificate of conformity, sanitary certificate, phyto quarantine certificate, certificate of origin issued by the Chamber of Commerce and Industry of Tajikistan[[15]](#footnote-15), customs cargo declaration, invoice and packing list.

“Basically, there are no problems in obtaining these documents in terms of the money and time,” the director said. “Problems arise when filling in the customs declarations. The officials often make mistakes with city codes, etc. The clerks are just not very competent, and no one supervises their work. Sometimes they check, sometimes they do not have the time. It is necessary to review carefully what they do. Customs documents are filled in by Customs officials, but it is the owner who is responsible for possible mistakes”. Automated systems allowing this data to be directly entered by traders could, potentially, help to alleviate this problem.

According to a Tajikistan private business association representative, several state export-regulation agencies often require the same lists of documents, and insist that each document should be submitted in its [paper] original. The officially declared time for issuing these documents may not always be kept, and informal payments may be needed, in addition to the formal payments, to speed up the process. There are cases of phytosanitary certificates improperly filled in, which leads to the rejection of goods.

Laboratory tests which are conducted in Central Asia, and recognized in the importing country, help traders to keep their prices at a competitive level. If the destination country’s authorities (e.g. in the EU or UAE) require additional laboratory tests, the costs of obtaining these additional certificates of conformity and meeting the standards of quality are covered by importers and reduced from the payments to Central Asian exporters. This, in turn, reduces the profits for Central Asian traders.

At least two respondents noted that Central Asian countries are not competitive with Turkish exporters of dried apricots on European and other industrialized countries’ markets, because of the higher cost and lower commercial quality (not taste) of the Central Asian products. Yet Central Asian producers are finding a niche market for ecologically clean products, which can attract higher prices on European markets (e.g. Uzbek dried apricots on German and Swiss markets) The consumption of organic food products (including fruit and vegetables) grown in environmentally friendly conditions is becoming more popular in Western European countries. Tajikistan and other Central Asian countries can offer these products, and this is a possible future market niche where higher prices would not be as much of a problem. If exporters can meet the international standards for food safety (HACCP, ISO, Globalgap), and obtain the necessary certificates, opportunities exist, and Central Asian producers and exporters should seek to seize them.

Responding to the questions of an OECD survey, conducted in 2014, Tajik farmers and exporters mentioned about 24 barriers to the export of agricultural produce.[[16]](#footnote-16) The top five factors preventing export included: “too many documents are needed for export”; “it takes too many days to export”; “my product does not have a recognized certification of compliance”; “there is a lack of storage and distribution facilities for exports”; and “Government support for exports is weak”.

Tajikistan is a land-locked country located far from the main markets. Three exporters from Tajikistan reported in their interviews that in order to reach one of its major markets (Russia) goods from Tajikistan cross several borders (the distance between Dushanbe and Moscow is 4,640 km by rail which a train usually requires over four days to cover), and the regimes regulating trade along this route have changed often in the last several years, both because of the establishment and expansion of the Eurasian Economic Union, and because of internal changes in rules and regulations in some transit countries. Reportedly this increases both risks and cargo insurance fees. The insurance policy is arranged for by importers, but exporters pay the bill. In general, obtaining insurance policy is not popular among Tajik exporters. Business associations work with Tajik and Russian insurance companies, and increase the awareness among producers, exporters and transport companies on the benefits from insuring both cargo and the responsibility of transportation companies.

Another issue, outside of the scope of this study, which was mentioned by a number of traders responding to the survey as an obstacle to cross-border trade was the risk created by fluctuations in currency exchange rates.

Tajik traders noted that they have long-established relationships with Russian food distributors. Russian official control agencies often check consignments from Tajikistan for drugs (they consider goods transiting across Tajikistan as higher risk and for compliance with the Russian-imposed sanctions against some food products from the EU, USA and other countries, which have to be destroyed, if found, according to regulations introduced by the Russian authorities in August 2015. At the same time, even though their exports are Central Asian, traders reported that some of their products are affected, most often indirectly as additional checks incur delays.

The director of a consulting company based in Dushanbe gave a few concrete examples describing perceived barriers to trade in fruit and vegetables:

* Russian authorities do not recognize certificates of quality issued by the Tajikistan standards agency Tajikstandard. The requirement for testing Tajik exporters’ products in testing laboratories designated by importers from Russia was considered by the consulting expert as a barrier for exporters from Tajikistan;
* An entrepreneur from Shaartuz region was planning to export grapes, and sent a request for national requirements to the TBT National Information Centers of China, the USA, and the Russian Federation. He received immediate responses from the first two, but no answer from Russia. This is a problem for traders who need this kind of information. It was also the consultant’s view that this lack of timely response also showed a failure to take seriously international standards for the publication and dissemination of information on trade rules (e.g. of the WTO Trade Facilitation Agreement, which Tajikistan has ratified, but has not yet been ratified by Russia, and entry into force is pending – after two thirds of WTO Members ratify it).
* Norms for using sulfur make it difficult to export dried apricots to European countries and, therefore, limit the opportunities for diversification of export markets for Tajik dried apricots. The traders did not point out whether they considered the sulfur content requirements in Europe to be excessive.
* At least in the past, there have been examples of restrictions to trade based that claimed to be for phytosanitary purposes but which had not scientific basis. For example, in 2010, there was an outbreak of polio in Tajikistan. In response, Russia imposed a ban on the importation of dried fruit and nuts from Tajikistan, supposedly to prevent transmission of polio, even though polio is not transmitted through dried fruit. Since both countries were not WTO members at that time, the case was resolved by bilateral agreements. However, the ban affected negatively the exporters of dried fruit and nuts from the Sughd region.

The UNECE study on regulatory and procedural barriers to trade[[17]](#footnote-17) recommends that Tajikistan expand the pool of qualified Customs brokers, develop the country’s warehouse facilities and regional terminals, and equip them with modern facilities. It also recommends the creation of an authorized body for technical regulation; strengthening the national TBT enquiry point; establishing a market surveillance council; developing a national regulation on market surveillance; and strengthening national capacities in the area of developing technical regulation.

While dried apricots exported by Turkey (the predominant exporter on the global market for dried apricots with 82% of the world’s market share[[18]](#footnote-18)) are lighter in colour, and are the product of one variety of apricots, the Central Asian producers raise a broader range of varieties of apricots. A Tajik exporter noted that the UNECE standard for dried apricots should also reflect the type of dried apricots produced by Tajik and other SPECA country producers.

4.1.2 Kyrgyzstan

The UNECE study on regulatory and procedural barriers to trade includes a business process analysis of exports of fresh apricots from Kyrgyzstan. It lists 41 documents that exporters of apricots are required to submit.[[19]](#footnote-19) The export of fresh apricots involves 11 business processes and 13 participants. It takes 9 days to complete the 11 processes associated with exports of apricots from Kyrgyzstan to Russia, which is the destination for 70% of apricot exports. Given that it takes 7-8 days to deliver the apricots by road using 20-ton trucks, which are subject to weight control en route, the total export time can increase to 16-17 days. Consultations with stakeholders revealed that it is possible to significantly speed up the business processes by means of informal payments. For example, a sanitary-epidemiological examination result could be obtained either in one day or, alternatively with no informal payment, in 10-15 days. The formal financial costs for traders add up to around $350 per shipment in average, while informal costs make this even higher.

To export white kidney beans, by comparison, exporters need 35 documents including the main trade documents and the associated support documents. The business processes are complicated by cumbersome documentary requirements. The export of kidney beans involves 10 core business processes and 14 participants, and it takes about 10 days to deliver white kidney beans from Kyrgyzstan to, for example, Serbia.

Recommendations coming out of the UNECE study include combating four obstacles: procedural requirements; data and documentation requirements; non-transparency; and unpredictability. Business processes need improvement in terms of rationalizing, streamlining and standardizing trade-related documentary requirements, developing the existing laboratories and conformity assessment bodies, and accelerating the speed of issuing certificates. Infrastructure development is also needed in the form of improved and increased warehousing facilities, roads and rail networks.[[20]](#footnote-20)

The director (hereinafter – the first director) of an agricultural cooperative firm, which is located in the city of Batken and produces, processes, packs and sells dried apricots, noted that the following documents were needed to conduct an export transaction: certificate of origin, certificate of conformity, sanitary certificate and phytosanitary certificate.

The first director pointed to the introduction of international standards for food safety (HACCP, ISO, Globalgap, etc.) as making his exports more difficult. This was confirmed by another food producing company’s director (hereinafter – the second director) who listed “access to markets, certificates of conformity for dried apricots and international standards” among the principal barriers to export from Kyrgyzstan to other Central Asian countries.

“There are no problems with the paperwork,” the first director noted. “If one has the money, everything will be processed fast. If you refuse to pay bribes, do not expect speed. Now we know how much we should pay, and everything is done in the way we want.” The second director points out that it takes 10-14 days for processing the papers.

Dried apricots are considered to be of a very good quality in the Batken region, where 80% of Kyrgyzstan’s apricots are cultivated. Yet the yield (about 15,000 tons per year) was almost fully bought by intermediaries from Tajikistan, who processed it, and sold it to Russia at higher prices. Two or three years ago, when the first director acquired three fruit processing facilities of his own, he decided to export to Russia directly, but the attempt was unsuccessful. He blames excessive import procedures and the existing predominance of incumbent wholesalers from Tajikistan in the marketplace as unsurmountable impediments to market access for SMEs in the apricot market.

He hopes that Kyrgyzstan’s accession to the Eurasian Economic Union on 12 August 2015 will give him an advantage. A cargo customs declaration is no longer needed. “Customs barriers used to be a big problem, but thank God, they will be gone soon”, he said. The Eurasian Economic Union agreements envisage lowering the procedural and regulatory barriers to trade, but it is not clear how soon they will be implemented, especially at border control offices.

The first director negotiated the sale of dried apricots, received advance payment, and recently dispatched the first two tons of apricots to Russia. The Russians, who used to work through Tajik wholesalers, now want to establish direct connections with producers in Kyrgyzstan. The best option for cooperation, the director thinks, is “to establish joint ventures with Russian distribution companies in Kyrgyzstan”.

Speaking about the problems at the border, the first director said: “There is no way to cross easily. They ask for bribes. The Kazakh border guards take a lot [of informal payments].”

The second director, however, said that “everything is excellent” with transit through Kazakhstan, but his colleagues had reported problems on the borders with Tajikistan and Uzbekistan. He noted that the biggest problem is “to correctly fill in the set of documents.” He did not give details, but divergent rules for document completion and documentary procedures in the region are a barrier to trade reducing the speed of moving goods.

The second director also complained about expensive transportation costs and, again, problems with access to markets. “Each country prefers local food producers, for example, a Kyrgyz company cannot participate in a State procurement tender in Kazakhstan. The restrictions for volumes are applied in Russia and Kazakhstan. Why do we need the quotas [in the Eurasian Economic Union]?”

4.1.3 Uzbekistan

According to the representative of a governmental export-promotion organization in Uzbekistan there are numerous barriers to the export of dried fruit, including to Russia, one of the main markets for this product. Problems arise, beginning at the first stage - the delivery of samples to Russia. Delays in the transportation of goods at the border with Kazakhstan are another problem.

A major Uzbek trader who ships dried and fresh fruit, including apricots, to many countries, including the EU and Russia, confirms that it is increasingly difficult to export to Russia.

Indeed, Russian retail chains and foreign ones operating in Russia are currently under scrutiny by federal authorities with regard to food safety and quality, and they want exporters to meet related standards. This has become one of the binding constraints facing exports from Uzbekistan, despite the good quality and taste of the country’s fruit and vegetables.

The Tajik traders complained that when transporting agricultural produce from Tajikistan to Russia via Uzbekistan, significant transit delays happened (up to 12 days) in Uzbekistan for “testing of goods”, without explanation. The reasons might include implementing a legitimate trade measure for foreign fruit, especially fresh and perishable fruit, but the measures seem to be used to limit the exports of a competitor country. Fortunately, the Tajik traders reported that this practice is less and less often applied by Uzbekistan.

Since 1 September 2015, Uzbekistan’s authorities prohibited local exporters of vegetables, fruit, potatoes, grapes, melons and water melons from using road transport. They allow for transportation only by rail or air. Such export restrictions, according to the government regulation, aim at “streamlining export, ensuring the transparency of border procedures and prohibiting the illegal export of agricultural produce”. However, two weeks later, according to an Uzbek trader of food produce, this decision was abolished. Such fast changes in the trade regime without prior notice or consultations, limit the capacity of traders to react and undertake business.

It is believed that one reason for this restriction was the re-export of Uzbek fruit by Kazakhstan’s traders to Russia. In the middle of 2015, the Uzbek authorities called on the Russian government to ensure the direct delivery of Uzbek foodstuff to Russia, refusing the services of intermediaries from Kazakhstan who benefit from a combination of lower VAT in Kazakhstan (12%) in comparison with Russia (18%), and the abolishment of internal tariffs in the EEU, in order to re-export products originating from Uzbekistan to Russia and Belarus, as if they had been produced in Kazakhstan. Nevertheless, the Uzbek Government’s measure to protect local producers and exporters of fruit in fact introduced a new barrier to exports that increased the transaction costs due to the obligation to use more expensive modes of transport and reduce profits for the domestic producers of fruit and vegetables, as well as for traders, and truck owners.

The Uzbekistan government’s regulation, cited above, also required the compilation of a *de facto* black list, registering exporters who delayed selling to the government 25% of their foreign currency proceeds from the exportation of agricultural produce (at the exchange rate of the Central Bank of Uzbekistan, which is less advantageous than the unofficial rates), as well as of traders who have overdue payments under foreign trade contracts.

In a recent analysis of barriers to trade in fruit and vegetables, an Uzbek researcher argued that barriers in exporting these products have been impacting negatively household incomes and the economy of Uzbekistan as a whole.[[21]](#footnote-21)

4.2 Specific producers

4.2.1 Afghanistan

Fruit and vegetables are Afghanistan’s largest legal export item (opium also being an important export)[[22]](#footnote-22). India, Pakistan and Tajikistan are Afghanistan’s top three trading partners. According to Afghan traders, export destinations for dried fruit also include: Canada, Austria, China, the UAE, and Turkey. Afghanistan produces and exports a special variety of dried apricots demanded in some countries of Western Asia and the Gulf States. As mentioned by one of the traders from Kabul, “since Central Asian countries produce dried apricots themselves, there is no point in shipping to them from Afghanistan”.

According to the survey respondents, exporting dried apricots to the above-mentioned countries, except for Pakistan, is no problem. In trade with Pakistan the problems/barriers include thorough and prolonged checks of the goods at the border; ; security issues; and no guarantee that goods will reach the point of sale. The unstable security situation and poor trading conditions are important contributing reasons, the trader said. No insurance is purchased, though cargo theft happens. Sanitary and hygiene issues at the border were mentioned as well. Like producers and exporters from Kyrgyzstan, Tajikistan and Uzbekistan, entrepreneurs from Afghanistan are searching for niche markets with smaller quantities and more labour-intensive production, and one possibility there is the export of more highly priced organic dried apricots.

On the supply side, the lack of drying and packaging lines for fresh and dried fruit is another problem. The Ministry of Agriculture of Afghanistan announced in June 2015 that it would build a few drying and packaging lines for fresh fruit according to international standards, which will help to increase export volumes of fresh and dried fruit to European markets.

4.2.2 Azerbaijan

According to USAID/Caucasus’ “Non-tariff Barriers Research in Azerbaijan” report, the main export partners for Azerbaijani food producers are Russia and EU countries, followed by the CIS countries, Georgia and Turkey. Their survey of 35 export-import trading companies based in Baku showed that there were no general trade barriers or prohibitions for the import of any type of goods in Azerbaijan and a minimal number of non-trade barriers to international trade.

The fruit and vegetables value chain in Azerbaijan starts with a large number of small private producers. Their produce is collected and stored in warehouses by 4 to5 so-called “Logistic Centres” which supply relatively large volumes to local markets and processors. They have the capacity to export many tons per week to different countries.

The director of one of the Logistic Centres based in Baku, interviewed for this survey, reported that his centre has been exporting fruit and vegetables to three CIS countries (Russia, Kazakhstan and Ukraine) as well as to China and Mongolia since 2008. Russia is the top destination. Usually, the contacts with purchasers are sporadic and short-term, while the director wishes to enter into long-term mutually beneficial relationships with large and reputable buyers, in order to work directly without intermediaries who charge high commission fees, which normally must be paid in cash.

In his opinion, “the number of documents required to launch the export procedure is reasonable, the process is clear and straightforward, and there are no delays”. He noted that his product meets all the requirements for quality. The ST-1 certificates of origin required for exports to Russia, phytosanitary and quarantine certificates are easily obtained. Fruit and vegetables are calibrated, and packed in Euro-cardboard packages and pallets.

However, marking is a serious barrier to trade. One of the Russian distributors required an Azeri seller to have an IPPC certification symbol (stamp) on the pallets. In order to do this, pallets must be treated in accordance with the International Standard for Phytosanitary Measures (ISPM) No.15 developed by the International Plant Protection Convention (IPPC) and adopted in Rome in 2002. The purpose is to prevent the spread of disease and insects through wooden packaging materials when goods are shipped between countries. However, no organization in Azerbaijan can perform this treatment and put such a stamp on pallets.

Making and receiving international payments is no problem. The Logistics Centre works with the International Bank of Azerbaijan, which has a subsidiary and many affiliates in Russia, and services international trade between Azerbaijan and Russia. However, neither L/C, nor bank guarantees are used, although they are offered by Russian and foreign banks. “Russian buyers just do not want to use them”, the director said. The reasons may include too complicated a process for arranging the instrument, extra costs and low levels of staff training to understand the advantages.

If all the documents are in place and are properly completed, there are basically no problems at the border control locations. However, Customs officials take too long to check the documents, which results in queues and delays. “It usually takes two days to cross the border, if you are lucky”. If the goods are sealed at the place of shipment, on the seller’s territory, and the destination is the buyer’s warehouse, the procedure is simplified, provided all the documents are in order.

Probably the largest trade barrier is the terms of payment and financing of trade. The Customs office of Azerbaijan does not permit exporting fruit if they are not paid for in advance by a foreign buyer, at least partially. This is the regulation. On the other hand, the buyer’s terms can include payment within 21 banking days from delivery. As a result, the seller has to use both pre-shipment financing and post-shipment financing, making use of bank credit lines which are difficult to arrange. The Government of Azerbaijan is aware of the problem and is considering finding a solution, according to the company director.

Taking into account the above, the seller usually asks for 30% advance payment, and here another obstacle arises, because partners do not know or trust each other.

Another barrier concerns the financial responsibility of the seller. The Russian buyer pays only for Customs clearance, and if anything goes wrong, the Azeri firm has to pay the fines. The insurance arranged in Azerbaijan covers the risks on the territory of Azerbaijan, but it is not valid in the territory of Russia.

Another issue is bringing the laboratory accreditation system up to the level of internationally recognized norms and best practices and it is recommended to develop the accreditation system (through training, modern equipment, twinning with laboratories in other countries). In the long term, entering into new mutual recognition agreements (MRAs) with European and other partners should be considered.

4.2.3 Kazakhstan

Kazakhstan is the largest country of Central Asia with various climate zones ranging from the harsh north to the hot south. Apricots are grown only in the very south of Kazakhstan, and in comparatively small quantities. Reportedly, many of the apricots available in the markets of Almaty are imported from Uzbekistan and Kyrgyzstan.

Nevertheless, the wholesale trade in apricots is active. Since Kazakhstan was one of the three founding members of both the Customs Union of Belarus, Kazakhstan and the Russian Federation, and the Eurasian Economic Union (EEU), it has had a simplified export-import regime with other EEU members. Kazakh traders do not face Customs duties, and VAT-exemption is applied to exported goods, if export is proven by the relevant documentation. Traders also use the regime’s benefits creatively by re-exporting fruit from Uzbekistan (and until recently, Kyrgyzstan) to other Customs Union countries, mainly Russia. This creates a form of trade deflection and is already causing friction in the region (see for example the comments on measures temporarily introduced in Uzbekistan, in response to this issue). According to the Russian trader interviewed for the survey, VAT in Russia and Kazakhstan is 18% and 12% respectively, and both countries are the members of the Customs Union. Companies incorporated in Kazakhstan have the right to ship goods to Russia paying Russain VAT at 0%, but paying 12% VAT to the budget of Kazakhstan.

According to the OECD study on trade facilitation indicators in Kazakhstan[[23]](#footnote-23), the country needs to improve information availability, the simplification and harmonisation of documents, automation, and the streamlining of procedures. The UNECE study on procedural and regulatory barriers in Kazakhstan[[24]](#footnote-24) recommends, “introducing interface connections between the information systems of the railways and the border agencies (particularly Customs) within the EEU territory”.

4.2.4 Turkmenistan

During the apricot season, the internal market is supplied by local producers. During other times of the year, dried apricots are imported from neighbouring countries, including Uzbekistan and Turkey. “Judging by the availability of apricots on the local markets all year round, there are no real difficulties stopping Turkmen importers”, according to one respondent.

Private sector fruit and vegetable production is low in Turkmenistan for two main reasons: the dry climate, and the competition with State enterprises for fertile land in this arid country.

The large agricultural structures of the Soviet period were transformed into peasant associations consisting of individual leaseholders. Peasant associations have to sell their output and buy their inputs through State channels. This is the case for cotton and crop production (rice, sugar beet, wheat), but less so for the fruit, vegetable and livestock sectors, which operate on a more private basis.

Production, export and import statistics in Turkmenistan are not easily available. From the available sources, e.g. the Terms of Reference for the EU-funded agriculture support project, which will be launched in Turkmenistan in early 2016, Turkmenistan produces about 150,000 tons of fruit annually, compared to 2.2 million tons in Uzbekistan.

Only a small fraction of fruit production is exported. Calculations made on the basis of the data obtained from the official Russian Federal Customs Service’s database show that only 394 tons of fresh fruit were delivered from Turkmenistan to Russia in 2014, as compared to 1,306 tons from Uzbekistan.

According to the trade representative of Russia in Ashgabat, “there are no trade barriers between the two countries, all procedures are clear”. “As for difficulties with the importation of food products, importers comply with Turkmenistan’s legislation which regulates the market by means of excise taxes to protect local producers”, a local importer of food products said.

The lack of facilities to provide proper packaging and marking is one important obstacle to exporting fruit. For example, given the absence of local producers of cardboard containers, Turkmen exporters have packed cucumbers for exports in boxes previously used for bananas. Under normal circumstances, such exports would not pass inspections at the borders of importing countries.

The website of Turkmenistan’s Chamber of Commerce and Industry (CCI)[[25]](#footnote-25) announces that the Chamber offers a wide range of useful services for foreign trade, such as preparation of cargo declarations and accompanying trade documents, issuance of a certificate of origin, various kinds of goods expertise, control of loading and unloading of goods, identification of code numbers according to the Harmonized Commodity Description and Trading System (TN VED) etc. However, according to the head of the CCI’s International Department, there are no exporters among the Chamber’s members.

The review of the agricultural sector produced by FAO in 2012 points out that the Soviet GOST standards system is still in use in the Turkmen agrifood sector, and this has the potential to limit trade. To increase exports to non-CIS countries, FAO recommends moving to more modern standards, compatible with a market economy and the principles of the WTO international trading system. The Turkmenstandartlary (Turkmen Standards organization) should consider participating in International Quality Infrastructure activities, and becoming a part of them through the development of capacity, the adoption of modern systems and operating techniques in the areas of standardization, certification, metrology and accreditation. The adoption of international best practices will help to remove trade barriers, contribute to the economic growth of the country and increase the well-being of its citizens.

****5. Impact of identified procedural and regulatory barriers on supply chains in the region****

The SPECA countries have the potential to export agricultural and textile products on much higher levels than they currently do. Yet in order to do this, they have to create an enabling environment for the development of international supply chains, including for perishable goods, such as fruits and vegetables, which require fast delivery and special transportation conditions. Cross-border supply chains in Central Asia, which encompass a large number of participants from the seller to the buyer, add a great deal of complexity to the process.

The main problem indicated in the survey was the lack of coherence between different national requirements as well as the lack of cooperation and coordination between various actors involved in the supply chains of the region: starting from the producers and traders, and including transporters, regulatory agencies, and trade financing institutions and agents. Traders in apricots noted that they face problems already in establishing contracts and finding their place in the markets of importing countries (issues that are not the focus of this paper, but which constitute an integral part of the supply chains for the goods we are looking at). They do not have serious problems with obtaining certificates and licenses, but face obstacles at the stage of Customs clearance, which indicates a lack of coordination and transparent collaboration among regulatory agencies. In addition, even if exporters of dried apricots may not have serious problems in obtaining certificates at home, these certificates are not recognized in some target countries for export (e.g in Western Europe) thus reducing the possibilities for export diversification.

**Figure 1: The International Supply Chain as defined by the United Nations Centre for Trade Facilitation and Electronic Business UNCEFACT Supply Chain Reference Model**



The information available to the author of this paper identified several measures that limit the expansion of cross-border supply chains. These are limitations both to the efficient interaction between various participants in the process, and to the fast movement of goods.

Partly due to the fragmentation of the regional market after the independence of the SPECA countries, which introduced new borders and multiple new layers of regulations and costs (in particular for goods transit), they have been largely excluded from global and regional value chains. A country can develop when new value chains develop, and they are linked through cross-border supply chains. Countries that manage to integrate into such international supply chains stand much better chances to reap the benefits of modernization, technological development and prosperity. Globalization has offered new opportunities. Transport and communication links crossing Central Asia could positively affect the services sector, as well as local agribusiness, minerals and textile industries, which are traditionally the sectors where many SPECA countries have a competitive advantage.

Becoming a transit region between Europe, South and East Asia, Russia and the Middle East is an obvious opportunity. Yet the challenge is how to integrate the Central Asian economies into international supply chains or create new, regional ones; and how to add value through increased production, provision of services and logistics along these supply chains. These issues can be partly addressed through trade facilitation and regulatory harmonization along supply chains; yet these have to be elements of a concerted effort involving all participants in these supply chains.

Currently, many “intermediaries” make money on the inefficiency of these supply chains by “facilitating” business processes; thus helping businesses, and particularly SMEs to deal with problems due to overly complex procedures. The prolonged time for issuing of documents, delays at the borders (often until perishable goods really perish), requirements to submit the same data or even documents more than once, and requests for additional documents, as indicated by the survey, point to inefficient supply chains. The causes of these inefficiencies may be many: a simple lack of maturity of supply chains, a lack of skilled regulatory agencies’ staff, or a conscious activity aimed at extracting rents from trade. The results are the same: reduced competitiveness and reduced economic diversification.

Expanding already developed channels of exportation, market diversification, and leveraging niche markets for organic, ecological produce by local producers as well as exporting to Europe, the USA and Japan (all discussed by respondents) may become real opportunities, but for this to happen these ideas would need development and the producers and exporters would need to become better integrated into cross-border supply chains.

The result of inefficient supply chains is essentially the same everywhere: transaction costs increase, and traders ask higher prices at the market to recoup them; however, high prices directly affect their competitiveness. This is probably why agricultural produce from China or South America is offered at lower prices in Moscow than produce from Central Asia, despite the distance and logistics. A food embargo introduced in mid-2014 and extended by the Russian government until mid-2016 has created a surprise opportunity for Central Asian producers, but it seems that they are missing this opportunity to increase exports to countries where barriers to trade are lower.

****6. Conclusions and recommendations****

6.1 Conclusions

The results of the survey indicated that issues exist in various aspects of the clearance of goods, yet the respondents noted that a significant portion of the problems, notably in the case study of exports of apricots, are related to the process of Customs clearance, as well as to problems related to the lack of recognition of laboratory testing results in the target countries and/or the use of outdated standardization systems.

Half of the interviewed traders in the SPECA countries claim that public officials delay the issuing of export-related documents artificially, creating additional complexity, and making traders look for “unofficial channels”, i.e. intermediaries who are able to accelerate the process for an extra fee of up to 30-40% of the value of the goods. The widespread use of these “unofficial channels”, which facilitate the movement of goods, indicates that trade and regulatory procedures are both not simple and not properly implemented.

There is a problem with the still high rate of subjective decisions included in regulatory agency controls in Central Asia. One of the possibilities for addressing this issue is to increase the use of electronic procedures and documents which could limit face-to-face contact between traders and officials, and reduce the scope for subjective decisions and potential abuse.

The problems reported by the traders point to the insufficient development of national regulations and procedures, following international rules, and guiding international trade in the region. The SPECA countries are the region that is least integrated in the global rules-based trading system – more than half of the SPECA countries are not yet members of the WTO. Even if, as indicated by the respondents, problems persist in Kazakhstan, Kyrgyzstan and Tajikistan, which are already members of WTO, the EEU, or both, the problems are primarily related to the inefficient implementation of international standards and agreements, while accession to the global trading system and its rules can help improve the situation.

Delays at the borders persist, and there is a multiplicity of reasons, as indicated by the respondents. Even if no more Customs controls are required at borders between members of the Eurasian Economic Union, traders still report border delays caused by those control agencies that are still active at the border. Inter-agency coordination is typically low in the region, and it is “normal” to ask traders to physically submit the same data to different state agencies located in different places.

The problems with delays at the borders, as well as with arbitrary controls (as indicated in the responses) should be dealt with by automation and also by focusing on risk-based selective controls. Judging from the character of problems indicated by traders, risk management systems, regular cooperation among national control agencies, as well as organized cross-border cooperation (e.g. by establishing bilateral committees to oversee the organization of joint controls at border-crossing points) are weak or missing. There is a lack of coordination and cooperation among the participants in supply chains.

There are a number of different issues in the SPECA countries linked to obtaining certificates (phytosanitary, of origin, of conformity etc.), testing of produce and recognition of certificates in the countries to which the goods are exported.

Problems with transit and difficulties in access to trade financing were at the top of the “problem list” of three quarters of the survey respondents. With the accession of Pakistan (from January 2015) and possibly China to the TIR Convention, Central Asia will see an increase in its role as a transit region. The TIR Convention and other instruments facilitating transit will become increasingly important not only for Central Asian exports and imports, but also for trade flows transiting the region. The SPECA countries need to adapt to these changes. Renegotiating the legal basis for transit trade with Pakistan and China may become a priority. Concrete remarks made by respondents indicate that an old tendency of independent local political entities taking independent action in order to extract an excessive rent from transit trade in the region may be coming back, even if this is contrary to the long term interests of the countries and peoples in this crossroad of trade routes. The implementation of international rules and standards regulating and facilitating transit is the way to move forward. These instruments include: the mentioned TIR Convention; the 1982 UNECE International Convention on the Harmonization of Frontier Controls of Goods; the GATT article V; the new WTO Trade Facilitation Agreement; regional and bilateral transit agreements (such as the trilateral agreement on transit trade among Afghanistan, Pakistan and Tajikistan); the ECO transit transport framework agreement; bilateral agreements on harmonizing border-crossing procedures and exchange of information, etc. It is very important that a “spaghetti bowl” of agreements be avoided (as this would hinder rather than facilitate transit), and an overarching solution be sought for the region. The TIR Convention may serve as a good basis, even if other solutions are explored.

Even in such a simple supply chain as the production, drying and export of apricots, basically concentrated in one trans-border region (the Fergana Valley), where exports are concentrated on a large importer (Russia) with some attempts at diversification, one can observe the key problems facing supply chain formation and functioning in the SPECA countries. Dynamic changes in trading and transit regimes – e.g. the establishment of the EEU, different documentary requirements, different levels of taxation in the different countries, and the imposition of some measures by Uzbekistan in response to these changes - may become impediments to trade.

The reduction and gradual elimination of trade barriers, trade and transport facilitation, the harmonization of the regulatory frameworks, and the implementation of common (UNECE) agricultural quality standards would bring trade costs down. At the same time, since these are cross-border, region-wide issues, only joint efforts between the SPECA countries can have a significant impact on achieving these aims.

6.2 Recommendations

6.2.1. Recommendations stemming from the survey

The conclusions of the survey and desk study provided above lead to the following recommendations which the SPECA Member States and Working Group on Trade may wish to consider.

The Governments of the SPECA countries, the SPECA Project Working Group on Trade, supporting international organizations and development partners should collaborate in order to:

1. Support the integration of SPECA countries into the universal rules-based multilateral trading system under the WTO (in compliance with sustainable development goal 17.10), so that the implementation of international rules strengthens the capacity of these countries to increase transparency and trade cooperation. Implementing the WTO Agreements on technical, sanitary and phytosanitary measures and on trade facilitation will significantly improve the business climate in the region. Regional action on these issues has been on the agenda of SPECA for years, and it is important that international development partners support this work.
2. Strengthen regional cooperation in trade facilitation, notably by the development of a regional SPECA trade facilitation strategy, addressing identified procedural barriers to trade; creating and establishing interaction among national mechanisms for trade facilitation, such as national public-private, interagency trade facilitation bodies (in compliance with the WTO Trade Facilitation Agreement and UNECE trade facilitation recommendations 4 and 40) and/or Single Window facilities.
3. Support the public and private sectors in the region in establishing an enabling environment for the development of cross-border supply chains – in particular by helping them to identify regulatory and procedural barriers to trade and possible ways for them to be eliminated. The national trade facilitation bodies mentioned above may also wish to concentrate on overcoming the lack of coordination and cooperation among various actors along the supply chains (for example as indicated in the apricot supply chains case study).
4. Explore the possibilities and demand for a more in-depth regional study on non-tariff barriers to trade.
5. Attract international donors to support the elimination of specific, concrete obstacles. A few examples from the survey on apricots include:
   1. Building high-quality laboratories in the region for tests, the results of which would be recognized in new more lucrative export markets;
   2. Helping producers, traders and experts from the SPECA countries participate in the development of international agricultural quality standards.
6. Assist SPECA countries in the implementation of international trade facilitation and regulatory standards and the harmonization of standards with neighbouring regions, thus contributing to the countries’ integration into international supply chains.
7. Further develop SPECA as a platform for building regional cooperation between the leaders from governments and businesses in the region in a concerted effort to eliminate trade barriers. Political will and support from the private sector for regional cooperation in trade are necessary, and this requires the establishment of increased trust between all parties. Relying on oil and gas for trade-based revenues, as is done by some countries in the region, has its limitations. Central Asian countries are landlocked with long distances to the nearest ports and even longer distances to the main international markets, so the absence of cooperation diminishes even further their chances for development.

6.2.2 Possible follow-up: a broader regional study on procedural and regulatory barriers to trade

This discussion paper on trade barriers in the SPECA region, with special reference to a case study on trade in apricots, may serve as a stepping stone for the development of a broader follow-up study on procedural and regulatory barriers to trade in the region, if this is requested by the Governments of the SPECA countries.

Methodologies and questionnaires prepared and used by UNECE in its national studies on procedural and regulatory barriers to trade, as well as questionnaires available from regional studies on non-tariff barriers to trade in Southeast Europe and other regions could form the basis for such as study. Recommendations for the elimination of identified barriers and for the development of a regional market would naturally stem out of the new study (studies). Information on trade barriers should be organized by various categories.

One technique to develop such a study, in collaboration between the Governments of the SPECA countries and the international community, would be undertake a wider set of surveys of traders in the SPECA countries focusing on their concerns regarding the NTBs in neighbouring countries. A second round of verification queries on the issues identified in the first round could then be carried out with representatives of both the public and private sectors in the relevant countries. The proposed outcome would be a document where the experts leading the survey, in collaboration with relevant national authorities, producers, wholesale exporters and importers, and trade support organizations, analyze existing problems and obstacles to trade in selected sectors, and develop concrete recommendations to Governments, regional trading blocs as well as development partners, on possible solutions. The study should also include consultations with the SPECA countries in order to identify region-level priorities, select one or two areas where action plans should be defined and where key performance indicators should be defined against which progress could be monitored and evaluated.

Such a study may benefit from, but also contribute to the improvement of broader reports such as the World Bank’s Doing Business Trading across Borders ranking of the Central Asian countries, with the aim of improving the business and investment climate in the region.

6.2.3 Recommended measures for building regional supply chains

The formation of efficient cross-border supply chains is a key element in the development of prosperous regions today (for example Europe and East Asia). The lack of maturity of such supply chains in Central Asia is a clear sign of the lack of regional cooperation, and the responses to this survey underline this problem.

There should be a conscious effort on the behalf of Governments and international development partners, including in the framework of SPECA, to provide an enabling environment for the efficient functioning supply chains in the region. In this context:

1. Governments in the region should work towards establishing political and economic cooperation at the regional level, which would make possible cooperation and coordination between the various participants in cross-border supply chains.
2. Facilitating supply chains should be one of the objectives of removing procedural and regulatory barriers to trade in the region, so that the movement of goods is not impeded by excessive measures.
3. The SPECA working groups on trade and transport may collaborate to encourage transport corridors, on the basis of multilateral and bilateral agreements, crossing the region north–south (Russia - Central Asia - Afghanistan - Iran and Pakistan) or east-west (China - Central Asia – the Caucasus or Russia – Europe). Trade facilitation and the harmonization of regulatory standards should become a key component of the work on these corridors.
4. Governments should: build trust, public-private partnerships, and collaboration with the business community, including foreign enterprises involved in cross-border trade: this should include conducting regular meetings and establishing dialogues on issues that impede international trade including; establishing the right conditions for timely and accurate information exchange on changes in trade regimes minimizing the impact of new measures on trade through improved design and procedures for their introduction; giving time for businesses to comment on or suggest changes to draft laws and relevant regulatory documents; giving time to traders to manage changes in business processes that reflect legal amendments; maintaining a stable financial policy; and, in general, simplifying trade procedures and regulations and working to eliminate the need for intermediaries to “facilitate” international trade.
5. Assistance should concentrate on the enhancement of rules as the basis of the trading system in the region. In this sense, SPECA could help countries accede to, or use better, membership in the WTO in order to implement better global rules, standards and best practices for trade. Assistance would also be needed in order to implement regional and sectorial instruments (conventions, agreements, standards and recommendations) in the area of trade facilitation, standardization of certificates, licenses and other trade and transport documents, and related procedures. The countries should further develop the legal basis for regional free trade, and combine their forces in the implementation of WTO agreements, notably the WTO Trade Facilitation Agreement. In 2015 Tajikistan made steps to ratify this Agreement, and Kazakhstan has to ratify it as part of the package for its accession to the WTO. The WTO encourages the Central Asian countries to seize the benefits that the Trade Facilitation Agreement offers, including in the area of “freedom of transit” which is especially important for land-locked countries.
6. Governments of the SPECA countries may wish to implement measures to:
   1. Improve coordination among control agencies at the border, reducing the number of checks and delays. Implementing e-government services; submitting paper documents only once; and a transition to paperless document exchange (without requirements for stamps and submission in person) would help.
   2. Install videocameras around border crossing points, and prohibit control agency staff from accepting cash payments from anyone crossing the border.
   3. Develop and introduce internal, publicly available, standards for control agency staff, stipulating a concrete benchmark time (in hours) for checking vehicles crossing the border. Such a measure can be based on Time Release Studies and business process analyses.
   4. Support the improvement of certain services such as: the guarding of cargo; cheap leasing/donation of second-hand refrigerator trucks to transport companies, training for exporters on how to use L/C, as well as business planning and filling in documents for bank loans upgrading warehouse facilities to respond to the concerns of traders.
   5. Abolish legal requirements, if any, for advance payments for goods to be exported, and leave this to contractual relationships between the seller and the buyer.
7. Invite international development partners to consider technical assistance projects on:
   1. Providing equipment for testing laboratories in the SPECA countries, which would be accredited by relevant international organizations, and located in places convenient for traders. Training of relevant staff and study visits may be included in the package;
   2. Improving relevant legislation for the reduction of regulatory and procedural barriers to trade.
   3. Improving export and import statistics in the region, so that these statistics are as accurate and as broadly available as possible.

Annex I. Table. Procedural and regulatory barriers to trade in Central Asia

(identified in the national studies on regulatory and procedural barriers to trade carried out by UNECE)

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Procedural barriers** | **Regulatory barriers** | **Other barriers** |
| Kazakhstan | * Too many documents to be submitted to the Kazakh bank to register the export contract * Limited use of electronic procedures and documents * Absence of single window facility * Complicated cross-border procedures * Limited coordination between agencies at the border with EEU partners and China | * Complicated and sometimes restrictive procedures for issuing certificates of origin, export permits, veterinary certificates, ecological insurance policy * Limited capacity of enterprises to comply with EEU common technical regulations * Low level of harmonization of regulations, particularly in the area of safety requirements * Absence of independent national standardization body * Outdated legal framework underlying standardization * Low level of harmonization of conformity assessment procedures * Laboratory accreditation system does not comply with internationally recognized norms and best practices * Weak institutional capacities of testing laboratories * Metrological system is unharmonized with international requirements * Low institutional capacities of calibration laboratories | * Limited trust and partnership between Customs and the trading community; limited public-private dialogue * Customs posts for clearance of goods are located far from transport and logistic facilities * Absence of comprehensive cross-border risk management system, especially with EEU partners * Low speed of transport sector’s liberalization * Limited railway capacity at the main Border-Crossing Points with China * Widespread cargo theft * Limited storage facilities in select cities * Low quality and supply of rolling stock and truck fleet * Low capacity of road networks, logistic service providers and traders in logistics management * Limited number of container terminals and low use of containers |
| Kyrgyzstan | * Lack of information from State agencies on procedures, documentary and administrative requirements * Obligation for traders to visit State agencies in person to obtain stamps on trade documents * Low speed of business processes re-engineering in agencies participating in the Single Window; and their low capacity for undertaking this re-engineering * Repetitive submission of documents * Neither electronic documents, nor digital signature technology has been implemented, despite the respective law being approved * Existing risk management system is not consolidated * Physical intrusive pre-shipment inspections | * Low national expertise knowledge and skills in technical regulation and standard setting; * Low institutional capacity in quality control and quality assurance; gaps in the legislation * Under-developed system of food and phytosanitary testing laboratories * Absence of market surveillance strategy | * Limited support from market support institutions (e.g. Chamber of Commerce) * Limited public-private dialogue and consultation * Limited inter-agency coordination at the border and between Kyrgyzstan (KG) and its immediate neighbouring countries * Absence of regional insurance guarantee system for transit cargo (TIR Carnets are not used either) * Complicated cross-border transport procedures and documentation with neighbouring countries; unharmonized Customs control procedures * Poor inland infrastructure facilities at the border crossing points (e.g. between KG and China), delays, queues and congestion * Poor range and quality of rail transport services, outdated truck industry * No multi-modal carrier liability regime |
| Tajikistan | * Inconsistency in existing legislation and lack of transparency (price lists, transport arrangement, informal payments etc.) * Repetitive submission of documents when exporting cotton fibre (in person, to different agencies located in different places) * Excessive documentary requirements at the Chamber of Commerce and Industry (CCI) and its regional offices * Multiple registration of trade documents with the Customs Service * Complicated tax payment procedure (in person, before Customs clearance) * No possibility for issuing electronic documents and making automated payments | * Too long a procedure for obtaining conformity certificates for manufactured goods (up to two months) due to laboratory checks for meeting relevant regulatory requirements | * Advance payment requirement for exports of certain goods (e.g. cotton fibre) * Lack of information on existing legislation and its implementation, as well as abitrary measures * Lack of adequate railway cars and vehicles * Lack of storage facilities for processed cotton fibre |

Annex II: Trade among the SPECA countries

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Afghanistan | | Azerbaijan | | Kazakhstan | | Kyrgyzstan | | Tajikistan | | Turkmenistan | | Uzbekistan | |
|  | Exports | Imports | Exports | Imports | Exports | Imports | Exports | Imports | Exports | Imports | Exports | Imports | Exports | Imports |
| Afghanistan |  | | 277,272,663 |  | 333,538,733 | 1,310,415 | 75,409,396 | 714,878 | 95,444,417 | 42,912,137 |  |  |  |  |
| Azerbaijan |  | 213,120,964 |  | | 220,025,938 | 44,504,947 | 2,407,969 | 8,939,302 | 558,278 | 11,478,814 | 99,593,202 | 129,900,634 | 81,884,414 | 56,050,099 |
| Kazakhstan | 733,432 | 295,376,861 | 59,930,388 | 221,023,940 |  | | 400,754,363 | 510,607,119 | 101,719,775 | 440,217,859 | 260,801,986 | 280,023,112 | 2,783,087,775 | 1,936,741,130 |
| Kyrgyzstan | 587,304 | 53,433,190 | 16,373,159 | 1,702,691 | 704,207,088 | 308,034,760 |  | | 10,495,123 | 18,592,049 | 5,575,521 | 9,803,003 |  |  |
| Tajikistan | 40,873,094 | 57,694,340 | 12,300,240 | 187,963 | 518,974,146 | 95,895,959 | 27,069,876 | 3,226,185 |  | | 164,977,873 | 2,043,793 |  |  |
| Turkmenistan |  |  | 37,536,844 | 13,192,345 | 353,798,908 | 143,251,878 | 9,840,089 | 1,764,703 | 2,404,805 | 97,825,740 |  | |  |  |
| Uzbekistan |  |  | 31,346,370 | 23,611,940 | 1,083,134,647 | 802,522,745 | 391,751,512 | 83,178,269 | 15,782,926 | 79,163,486 |  |  |  | |
| World | 570,534,007 | 7,697,178,170 | 29,400,000,000 | 9,178,597,101 | 78,236,719,754 | 41,212,839,662 | 1,485,530,553 | 5,421,459,650 | 1,158,197,923 | 4,520,000,000 | 17,500,000,000 | 10,300,000,000 | 13,300,000,000 | 13,900,000,000 |
| **Total volume of trade with SPECA** | 42,193,830 | 619,625,355 | 434,759,664 | 259,718,879 | 3,213,679,460 | 1,395,520,704 | 907,233,204 | 608,430,457 | 226,405,323 | 690,190,084 | 530,948,581 | 421,770,542 | 2,864,972,188 | 1,992,791,229 |
| **Total SPECA%** | 7.40 | 8.05 | 1.48 | 2.83 | 4.11 | 3.39 | 61.07 | 11.22 | 19.55 | 15.27 | 3.03 | 4.09 | 21.54 | 14.34 |

*Source:* UnctadStat and UNCOMTRADE databases (data on 2014)

Annex III. Questionnaires

**Questionnaire 1. Questions on general trade barriers in Central Asian countries**

*Please tell us a little bit about your business. Is it a private or state-owned enterprise? Where is it located? When was it established? In which sector does it operate? What does it produce or process? Is it involved in exports? If so, to which countries? Was it a single shipment or regular shipments? Do you export fruit, e.g. fresh or dried apricots (*if you receive a positive response, please use the Questionnaire #2 about exports of apricots).

1. Please tell us about procedural and regulatory trade requirements established in the exporting country which hamper your operations:

- number of documents which are required to start exports

- time and cost of obtaining them

- customs formalities, customs cargo declaration, payments made on top of customs duties, levies, and costs of government services actually rendered

- phytosanitary certificates, availability and remoteness of testing laboratories

- certificates of origin and conformity

- other documents

- recognition of certificates issued in exporting country in the target importing country

- other issues, for example, changing “rules of the game” often, legitimate and illegitimate restrictions from government side, safety of health of people, plants and animals, consumer protection from products which do not meet quality standards etc.

2. What kind of problems do importing countries create? What trade barriers are known to you in other Central Asia countries which restrict exports from your country?

3. Are you aware of any barriers in your country which restrict imports to your country from other Central Asia countries?

4. What trade barriers do you know when transit of goods in Central Asia countries?

5. What problems are related to transportation, logistics, and storage?

6. What problems do you face at the border?

7. About finance. What kind of difficulties do you meet when financing your trade operations, as well as arranging insurance policy? Do you meet any obstacles when receiving international payments, as well as problems with regards to exchange rate volatility?

8. Other issues, bottlenecks, and obstacles to exports, which you would like to share with us. What recommendations would you give with regards to solving the above-mentioned problems? What barriers should be removed first of all?

**Questionnaire 2. Questions on procedural and regulatory barriers to trade in apricots in the SPECA region**

1. **How many documents do you have to provide to complete export procedures?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Export Documentary Requirements for Product (Insert name of the product)*** | | | | | |
| Documentary requirements for  Exports of apricots. Please specify each  document | Number of days needed to obtain the document (from the moment you  start preparations to  obtain the document in question) | If it takes more than  5 days to obtain the document, ask the trader: What are the reasons behind this long waiting period? | Total financial  costs (in local  currency) | Level of difficulty. | Reason the document is  difficult to obtain *(Note: Please probe with follow-up questions as explained in the “General*  *Guidelines”)* |
| Document 1 (name of document provided by trader) |  |  |  |  Difficult   Rather difficult   Rather easy   Easy |  |
| Document 2. |  |  |  |  Difficult   Rather difficult   Rather easy   Easy |  |
| Etc. |  |  |  |  Difficult   Rather difficult   Rather easy   Easy |  |

|  |  |
| --- | --- |
| Specific regulations or procedures | Why problematic? |
|  |  |
|  |  |
|  |  |
|  |  |

1. **Tell us about procedural and regulatory measures imposed by other countries (countries of import or countries of transit) that are most problematic.**

|  |  |  |
| --- | --- | --- |
| 1. Importing countries | Specific regulations or procedures | Why problematic? |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

|  |  |  |
| --- | --- | --- |
| 1. Countries through which the products are transited | Specific regulations or procedures | Why problematic? |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

1. **What problems do you encounter at the border?**

4.1 Lack of coordination among control agencies, which causes delays  Yes  No

If YES, please elaborate:

………………………………………………………………………………………………………………………………………………………………………………………………………………………………

4.2 Lack of coordination between agencies on the two sides of the border  Yes  No

If YES, please elaborate

……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..................

4.3 Do you have to make payments at the border? Yes  No

If the answer is YES, are there any particular problems/issues in making formal payments to State agencies?

……………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. **What problems do you experience with financing your trade operations ?** 
   1. Do you experience any difficulties in obtaining trade financing instruments?(Letters of Credit, Bank Guarantees, Pre and Post shipment finance loan facilities, Buyers and Sellers credit, Bills Acceptance, Structured Finance, Leasing, others)

 Yes  No

If YES, please specify and explain:

……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..................

* 1. Do you experience problems arranging insurance?

 Yes  No

If YES, please elaborate and highlight the additional (time and financial) costs that these difficulties generate.

|  |  |  |
| --- | --- | --- |
| Problem | Cost / time | Financial costs in local currency |
|  |  |  |

* 1. Do you experience problems receiving/making international payments?

 Yes  No

If YES, please elaborate and highlight the additional (time and financial) costs that these difficulties generate.

|  |  |  |
| --- | --- | --- |
| Problem | Costs / time | Financial costs in local currency |
|  |  |  |

1. UNCTAD defines non-tariff measures (NTMs) as “policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both”. Some NTMs such as standards and regulations may expand trade by facilitating production and exchange of information, reducing transaction costs, guaranteeing quality and achieving the provision of public goods. Others, such as quotas or voluntary export restraints, are restrictive by design, which explains why the word “barrier” is used for them, meaning discriminatory non-tariff measures imposed by Governments to favour domestic over foreign suppliers (see Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries, UNCTAD 2013, online: http://unctad.org/en/PublicationsLibrary/ditctab20121\_en.pdf) [↑](#footnote-ref-1)
2. http://www.doingbusiness.org/rankings [↑](#footnote-ref-2)
3. Regulatory and Procedural Barriers to Trade in Kyrgyzstan. Needs Assessment, UNECE, 2015 [↑](#footnote-ref-3)
4. Regulatory and Procedural Barriers to Trade in Kazakhstan. Needs Assessment. UN ECE, 2014 [↑](#footnote-ref-4)
5. Regulatory and Procedural Barriers to Trade in Tajikistan. Needs Assessment, UN ECE, 2014 [↑](#footnote-ref-5)
6. Regulatory and Procedural Barriers to Trade in Kazakhstan, Needs Assessment. UNECE, 2014 [↑](#footnote-ref-6)
7. Ibid. [↑](#footnote-ref-7)
8. Regulatory and Procedural Barriers to Trade in the Republic of Tajikistan. Needs Assessment. UNECE, 2014 [↑](#footnote-ref-8)
9. Non-Tariff Barriers Research in Azerbaijan, USAID/Caucasus, 2014 [↑](#footnote-ref-9)
10. Regulatory and Procedural Barriers to Trade in Kazakhstan. Needs Assessment. UNECE 2014 [↑](#footnote-ref-10)
11. These intermediaries should not be confused with legitimate customs brokers who assist companies in fulfilling their legal obligations by taking care for formalities related to customs clearance. [↑](#footnote-ref-11)
12. Abuse of Legal Trade to Organize Trafficking in Opiates in West and Central Asia, UN ODC report, October 2012 [↑](#footnote-ref-12)
13. Afghanistan and Central Asia: Strengthening trade and economic ties, Economic and Social Commission for Asia and the Pacific, 2014, online: http://www.unescap.org/sites/default/files/Afghanistan%20and%20Central%20Asia-Strengthening%20Trade%20and%20Economic%20Ties.pdf [↑](#footnote-ref-13)
14. www.afghanistan.ru [↑](#footnote-ref-14)
15. These certificates of origin are different, according to the target country for exportation: a so called “form A” is required for imports into the EU, and “form ST-1” for imports into Russia. [↑](#footnote-ref-15)
16. Private Sector Development. Policy Handbook - Increasing Exports in Tajikistan. The Case of Agribusiness, OECD, January 2015 [↑](#footnote-ref-16)
17. http://www.unece.org/fileadmin/DAM/trade/Publications/ECE-TRADE-410E.pdf [↑](#footnote-ref-17)
18. Turkey realizes 82% of the total dried apricot trade of the world. On the average Turkey realizes 22% of the total world fresh apricot production with 600,000.-tons and 94.1% of the total world dried apricot production with 75,000-85,000.- tons. ‘Sorgun Ozbalci’The World Market for Dried Apricots: A Turkish Perspective”, online www.asofood.com/download/DriedApricots.doc [↑](#footnote-ref-18)
19. Regulatory and Procedural Barriers to Trade in Kyrgyzstan, UNECE 2015. http://www.unece.org/fileadmin/DAM/trade/Publications/ECE\_TRADE\_412E-Kyrgyzstan.pdf [↑](#footnote-ref-19)
20. Regulatory and Procedural Barriers to Trade in Kyrgyzstan, UNECE 2015 [↑](#footnote-ref-20)
21. Akmaljon Abdullayev. Comprehensive Security of Central Asia: Barriers on Trade of Fruits and Vegetables. 4th Alumni Conference on Central Asia: Comprehensive Security and Sustainable Development. OSCE Academy in Bishkek. 2-4 October 2015 Bishkek, Kyrgyzstan [↑](#footnote-ref-21)
22. CIA World Factbook - Afghanistan [↑](#footnote-ref-22)
23. http://www.oecd.org/tad/facilitation/Kazakhstan\_OECD-Trade-Facilitation-Indicators.pdf [↑](#footnote-ref-23)
24. Regulatory and Procedural Barriers to Trade in Kazakhstan. Needs Assessment. UNECE 2014 [↑](#footnote-ref-24)
25. http://www.cci.gov.tm/10-information/24-shot-info [↑](#footnote-ref-25)