



UNITED NATIONS SPECIAL PROGRAMME FOR THE ECONOMIES OF CENTRAL ASIA
(SPECA)

FOURTEENTH SESSION OF THE SPECA GOVERNING COUNCIL

(Ashgabat, Turkmenistan, 19 November 2019)

SPECA TRADE FACILITATION STRATEGY

1. VISION

Trade facilitation – cutting the bureaucratic, procedural barriers to trade - is becoming a key factor for raising the competitiveness and economic development of countries and regions. Trade facilitation has the potential to enhance economic cooperation among countries with different trade policy goals and levels of economic development or belonging to different economic blocs, integrating them with neighbours and the global economy. In addition, the entry into force on 22 February 2017 of the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO) gave an impetus to the implementation of trade facilitation.

The countries participating in the United Nations Special Programme for the Economies of Central Asia (SPECA) - Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan - lag behind in comparison with countries with similar level of economic development. There is a considerable space for improvement in the performance of the economies of the subregion through regional cooperation. Trade facilitation would significantly improve the conditions for creating cross-border supply chains, strengthening the regional market and integrating the countries with the European and Asian economies. A strategic approach, agreed among the countries and grounded on existing instruments such as the UN conventions, standards, best practice recommendations and the UN framework agreement on cross-border paperless trade in Asia and the Pacific, as well as the WTO TFA would make a significant contribution to facilitating trade in the region and its integration with the economies of Europe and Asia. Developing a Trade Facilitation Strategy has been for years on the agenda of SPECA and a priority task for the SPECA Working Group on Trade.

The objective of this Strategy is to help simplify and harmonize international trade procedures and increase the efficiency of border crossing and other trade-related processes in the SPECA region and with its major trading partners against the background of a set of recognized baseline indicators. The strategy should be developed and implemented in a transparent way, involving all countries and national, regional and international public and private stakeholders in a process of trade facilitation reform. The SPECA countries have worked for years with UNECE, ESCAP and other development partners on facilitating trade. The Strategy takes into account the achievements of this work, as well as existing norms and standards for trade facilitation.

2. BASELINE SITUATION

To evaluate the status of the SPECA countries with regard to the implementation of trade facilitation measures, an increasing number of indicators have been made available, including by the OECD, the United Nations and the World Bank.¹

An analysis of the results from the third UN Trade Facilitation and Paperless Trade Implementation Survey for the SPECA countries shows that the countries' performances vary significantly across economies and types of measures (see Attachment I). This is also reflected in SPECA countries commitments under the WTO Trade Facilitation Agreement, with Afghanistan having committed that they had fully implemented 11.3% of the provisions in the Agreement (notified as Category A - immediately implemented); Kazakhstan - 44.5%; Kyrgyzstan - 16.0%, and Tajikistan – 55.9%.² A 2017 self-assessment indicated that Azerbaijan was 70% compliant with the TFA provisions. Afghanistan has notified 31.1% of the measures as category B (the country can deal with the measure on its own and needs more time); and 57.6% as category C (the country needs more time and external support). Kazakhstan notified on 20 August 2019 47.9% of the measures as category B and 7.6% as category C; Kyrgyzstan has notified on 30 August 2019 17.6% of the measures as category B and 66.4% as category C; and Tajikistan has notified 19 August 2019 21.8% of the TFA measures as B and 22.3% of the measures as C category. Azerbaijan's self-assessment has indicated 25% of the measures as category B and 5% as category C.

As a general trend, while good progress has been made in enhancing transparency of trade procedures, performance remains low in the SPECA countries in the area of streamlining documentary formalities. Improvements in this area would draw considerable benefits from decreasing trade costs. To solve the issue, countries may wish to carry out business process analyses to identify repeated or unnecessary document and data requirements; carry out data harmonization across sectors, document forms, and processes; and to identify reforms that would streamline documentary procedures. In this sense, they can strengthen the use of international standards for trade and transport documents and documentary procedures. Efforts for improvement of governance and impartiality, regulatory procedures, and external border agency cooperation can bring about significant benefits in some of the countries. National or regional capacity-building initiatives in the areas of simplifying, harmonizing and standardizing documentary procedures, automation, and diminishing formalities will be particularly useful.

In addition, as indicated in the OECD trade facilitation indicators, SPECA countries can benefit significantly from facilitation in the following areas: shortening delays at border-crossings, better risk management, automation of formalities, more involvement of the trade community, and enhancement of trust between the public and private sectors and among various agencies. Developing and adopting National Trade Facilitation road maps and national trade and transport monitoring and measuring mechanisms³ in the countries will contribute to better planning and use of scarce resources for trade facilitation.

Progress needs to be accelerated in the implementation of Single Window (an advanced instrument for trade facilitation), paperless trade and cross-border paperless trade measures in the SPECA countries.⁴ Azerbaijan, which has developed a Single Window and collaborated with UN/CEFACT

¹ See ESCAP-OECD Handbook of Indicators for Trade Facilitation (2017) at: <https://www.oecd.org/trade/facilitation/Indicators-for-Trade-Facilitation-ESCAP-OECD-Handbook.pdf>

² Other SPECA countries are not members of the WTO. For details, see <https://www.tfadatabase.org/>

³ See UN/CEFACT trade facilitation Recommendation 42 (http://www.unece.org/fileadmin/DAM/trade/Publications/ECE_TRADE_437E_Rec42.pdf)

⁴ See UN Survey Report for SPECA at: <https://unnex.unescap.org/sites/default/files/SPECA%20report%20%28final%29%20updated.pdf>

and various UNECE projects in trade facilitation, has taken up a proactive role in this area and became the first country to ratify the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific, a UN treaty dedicated to building capacity and solutions for electronic exchange of trade-related data and documents among parties, both to facilitate trade and greatly enhance regulatory compliance. Other SPECA countries may consider joining this agreement.⁵ Kazakhstan has finalized its Single Window mechanism in 2019. The countries can carry out joint projects on electronic information exchange. They can get acquainted with international best practices of trade facilitation using cross-border paperless trade and cross-border recognition of electronic data and documents. Attention is required for reviewing and modernizing administrative practices rather than investments in technical skills and facilities. Improvements in this area may affect positively other areas for development.

According to the World Bank Logistics Performance Index (LPI) results, the efficiency of Customs clearance, facilitating the establishment of competitive prices of transportation, and the quality of infrastructure for trade and transport are also key areas for improvement.⁶ Efficient cooperation of border control agencies would help reduce delays at border crossings, improve border-crossing procedures and risk management. Possible remedies include the implementation of UNECE's International Convention on the Harmonization of Frontier Control of Goods from 1982, the Revised Kyoto Convention and other instruments of the WCO, UNECE's Recommendations 4 and 40 on national trade facilitation bodies and all other UN/CEFACT trade facilitation Recommendations on streamlining formalities and documentary procedures; international trade facilitation standards (notably semantic standards for data exchange); and Recommendations 33-37 on the Single Window for export and import clearance, national trade and transport facilitation monitoring mechanisms, and the UN regional framework agreement on cross-border paperless trade.

3. GOALS

The SPECA countries adopt this trade facilitation strategy with the aim to:

1. Support the implementation of trade facilitation measures, and promote trade facilitation reforms,
2. Ensure transparency, reduction and limitation of formalities and documentation requirements, and freedom of transit,
3. Improve the performance of the countries on a list of trade performance indicators, and help countries develop monitoring and measuring mechanisms,
4. Develop, in each country, a strategic approach to trade facilitation, which complements other national and regional development plans,
5. Enhance regional cooperation in trade facilitation and accelerate progress towards cross-border paperless trade to reduce trade costs and enhance regulatory compliance,
6. Increase the use of international trade facilitation instruments and standards, including those developed by UNECE, WCO, and other international organizations.

4. ACTIVITIES

The SPECA countries should agree and periodically review a set of cooperation activities to achieve the goals set out in this Strategy, with a focus on such priority areas as cooperation in implementing international trade facilitation standards, Authorized Economic Operators and Single Window

⁵ More information on this legal instrument is available at: <https://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

⁶ See <https://lpi.worldbank.org/> In 2019, Afghanistan ranked 165th out of 167 surveyed economies; Azerbaijan – 123; Kazakhstan – 77; Kyrgyzstan - 132; Tajikistan – 147; Turkmenistan – 142; and Uzbekistan – 117.

mechanisms, developing national trade facilitation strategies, monitoring mechanisms and information web pages; harmonizing border-crossing procedures; enhancing border agency cooperation; and implementing the WTO Trade Facilitation Agreement. A more detailed roadmap of activities will be developed, attached to this strategy and regularly reviewed and updated.

5. MEASURING PROGRESS

Measuring progress in implementing this strategy will take place in the following formats:

- (i) Assessing and comparing relevant information (e.g. cost and time of exporting/ importing a container) in internationally recognized indexes, notably, the World Bank's Trading across Borders index in the Doing Business Reports (with a new methodology from 2016)⁷ and Logistics Performance Index (LPI)⁸; the Trade Facilitation Indicators of the Organisation for Economic Co-operation and Development (OECD)⁹; data from the report of the regular joint United Nations Regional Commissions Trade Facilitation and Paperless Trade Implementation Surveys, 2019¹⁰. A weighed report of all indices will be taken as a performance indicator for measuring progress in implementing this strategy.
- (ii) Results of time-release studies (TRS) based on the WCO TRS methodology, and/or business process analyses (BPA) using methodologies such as the UNECE and UNESCAP BPA Methodology¹¹, as well as benchmarking against best practices from other countries will also be used. The countries may wish to establish national Trade and Transport Measuring Mechanisms¹² using these methodologies for periodic studies and reviews of indicators.
- (iii) The SPECA countries, in cooperation with interested international organizations, would further develop indicators of achievement to measure progress in the implementation of this Strategy.

6. IMPLEMENTATION AND GOVERNANCE STRUCTURE

Regarding implementation, the SPECA Working Group on Trade, in collaboration with the countries and development partners, will periodically review the implementation of the Strategy by the SPECA participating countries, including the performance of the countries on internationally recognized indexes at the relevant period and progress made on the activities listed above. It will work with development partners and other governments to develop plans of activities and projects for the implementation of this Strategy.

To implement this Strategy, each country shall nominate a focal point responsible for its coordination and monitoring.

⁷ <http://www.doingbusiness.org/reports/global-reports/doing-business-2016>. The methodology of the trading across Borders section has changed significantly, making it impossible to make comparisons with data from previous years. For this Strategy, it may be possible to use the data from the 2016 onwards.

⁸ <http://lpi.worldbank.org/>

⁹ <http://www.oecd.org/trade/facilitation/indicators.htm>

¹⁰ <https://unnex.unescap.org/AP-TFSurvey2017/global.html>

<http://unnex.unescap.org/survey/UNECE%20report%20Europe%20and%20Central%20Asia%20final%20v.2%2020%20Oct%202015.pdf>

¹¹ http://unnex.unescap.org/tools/business_process.asp

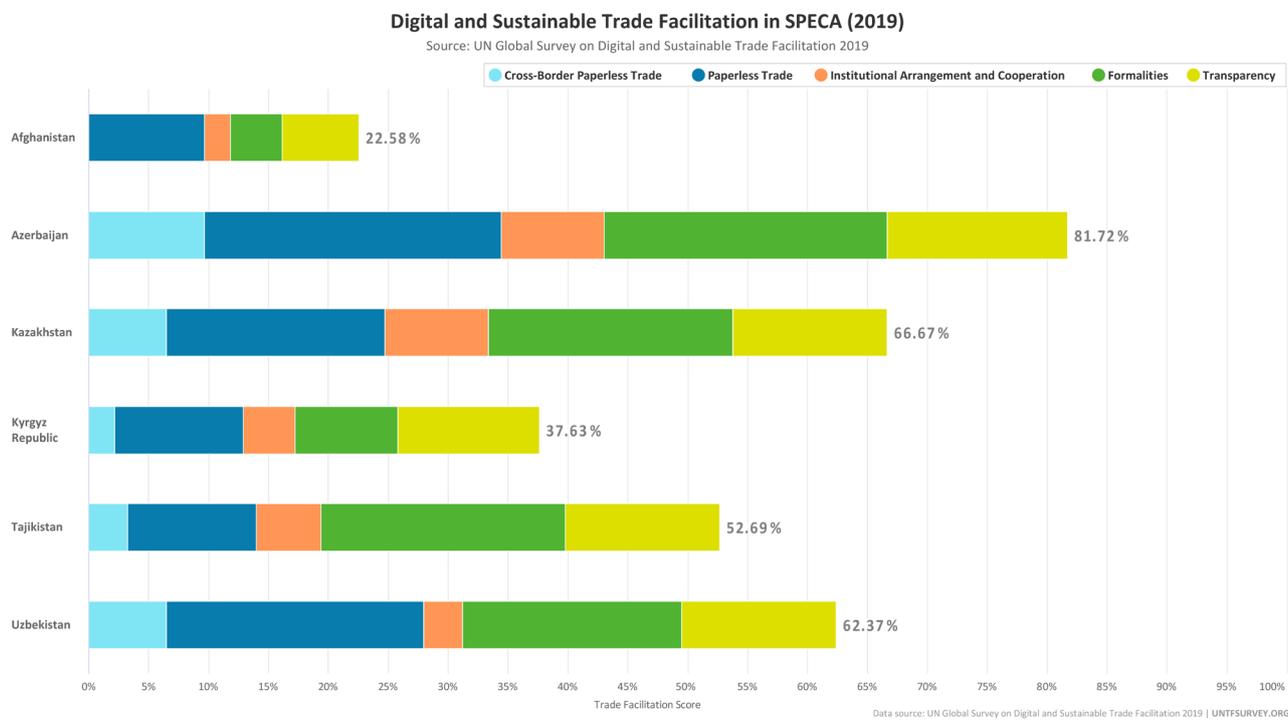
¹² http://www.unece.org/fileadmin/DAM/trade/Publications/ECE_TRADE_437E_Rec42.pdf

Indicators on trade facilitation in the SPECA region

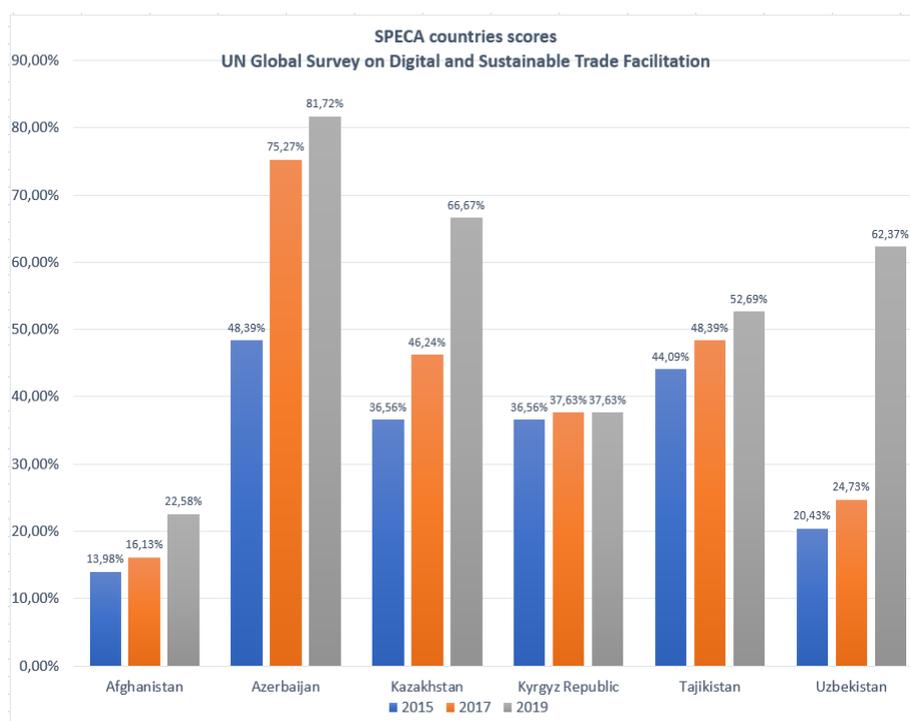
ANNEX I: Results of UN Global Surveys on Digital and Sustainable Trade Facilitation

(<https://untfsurvey.org/>)

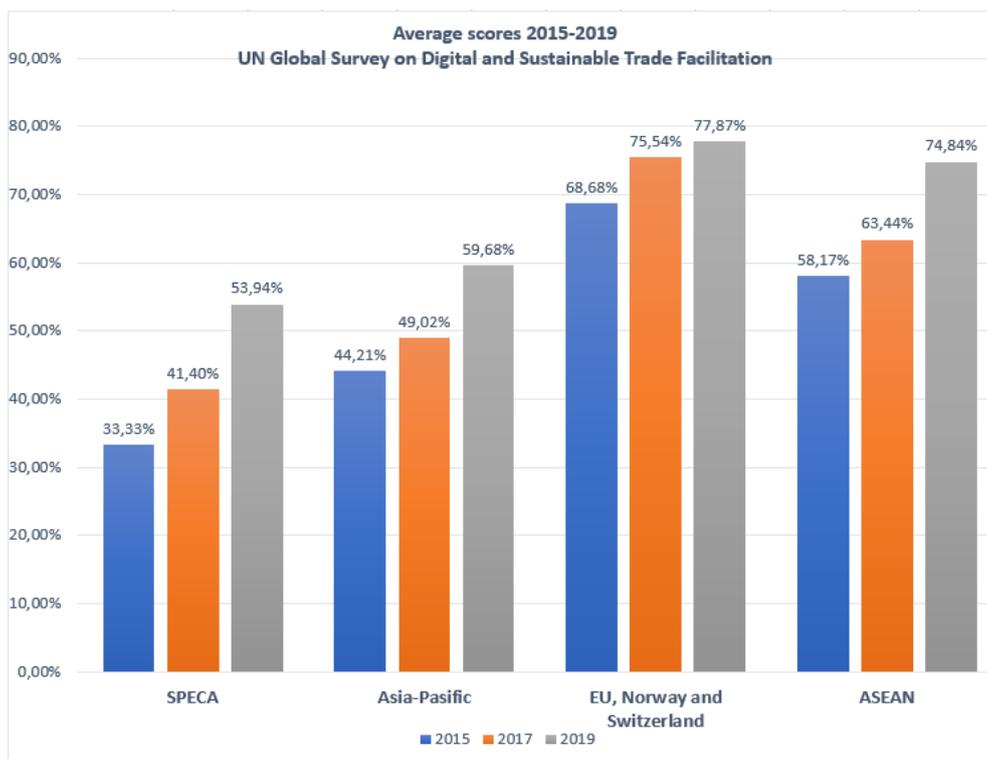
Annex Ia: Results of 2019 UN Global Survey on Digital and Sustainable Trade Facilitation in SPECA countries.



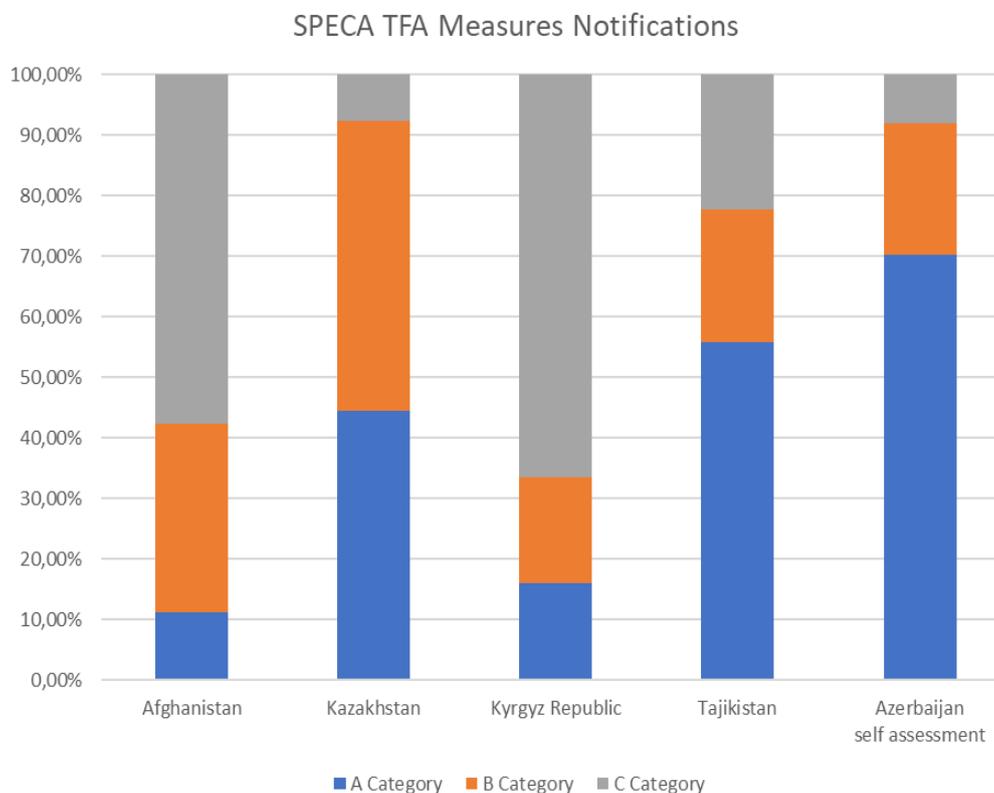
Annex Ib: SPECA countries score development based on UN Global Surveys on Digital and Sustainable Trade Facilitation for 2015-2019.



Annex Ic: Comparative analysis of average score development for 2015-2019 based on UN Global Surveys on Digital and Sustainable Trade Facilitation for SPECA; Asia-Pacific; European Union, Norway and Switzerland; and ASEAN.



Annex Id: Comparative analysis of TFA measures notifications in SPECA region

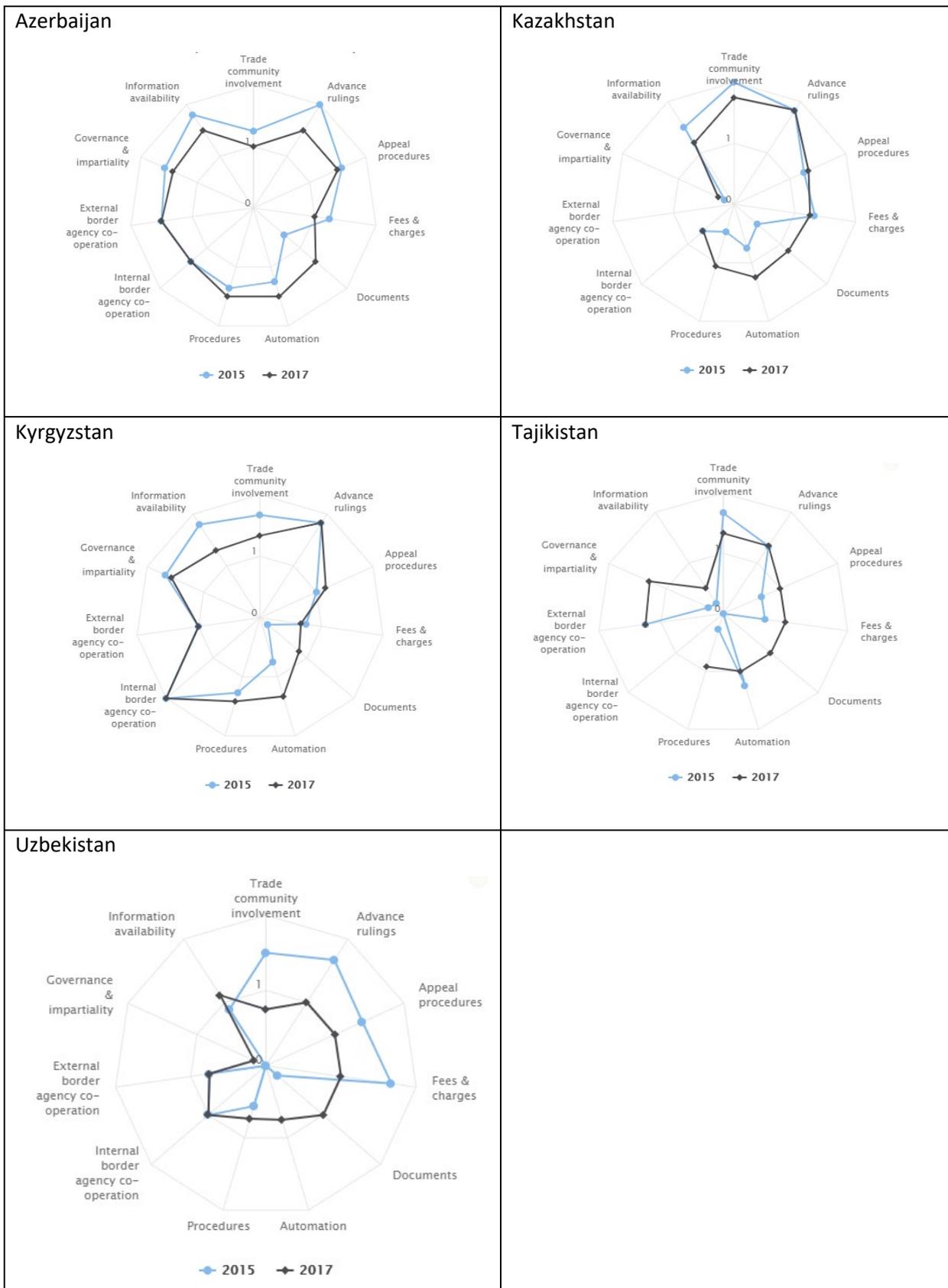


Note: for more details see <https://www.tfadatabase.org/>

Annex II: Trading Across Borders (World Bank) - 2018

Economy / group of countries	Rank	export				import			
		Border procedures		Document procedures		Border procedures		Document procedures	
		Time for export (hours)	Cost of exports (USD)	Time for export (hours)	Cost of exports (USD)	Time for import (hours)	Cost of import (USD)	Time for import (hours)	Cost of import (USD)
Afghanistan	177	48	453	228	344	96	750	324	900
Azerbaijan	84	17	214	33	250	14	300	33	200
Kazakhstan	102	105	470	128	200	2	0	6	0
Kyrgyzstan	70	5	10	21	110	72	512	36	200
Tajikistan	148	51	313	66	330	107	223	126	260
Uzbekistan	165	112	278	96	292	111	278	174	292
East Asia & Pacific	101	54,7	382,2	57,6	109,4	69,2	415,8	57	109,5
Europe & Central Asia	54	22,1	157,5	24,3	97,9	21,1	162,3	24,7	93,9
High-income OECD countries	26	12,5	139,1	2,4	35,2	8,5	100,2	3,4	24,9
Sub-Saharan Africa	139	97,3	605,8	72,8	168,8	126,3	684,3	97,7	283,5

Annex III: (a) OECD Trade Facilitation indicators, country trends 2015-2017, based on components, covered in both years.



(b) OECD Trade Facilitation Indicators 2017

