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| **Project Title** | **Developing the strategy for facilitation of foreign trade procedures and improving the system of customs regulation** | |
| **Outcome** | Effective system of customs regulation and foreign trade procedures | |
| **Indicative Funding Requirements** | Total estimated budget: | $ 99 000 |
| **Potential Sources of Funding** | [Donor(s)]:  [Development Bank(s)]:  Other Resources: | NA  NA |
| **Expected start date** | June 2011 | |
| **Expected Duration** | 1,5 years | |
| **Implementing Organisation(s)** | Center for Economic Research | |
| **Country/Countries** | Uzbekistan | |
| **Submitted by** | Center for Economic Research Center for Economic Research  Contact person: Senior Research Coordinator Nishanbay Sirajiddinov [info@cer.uz](mailto:info@cer.uz) | |

# Background

During recent years increasing exports were one of the key factors in maintaining high economic development rates in the Republic of Uzbekistan: Average annual growth in exports during 2004–2008 was 25.3 percent, while GDP grew on average at 8.1 percent per annum. This fact indicates, that trade policy could become an important factor in achieving sustainable long-term economic growth. In particular, the improvement of the country’s trade regime could become one of the factors stimulating non-commodity exports with high value addition and contributing to the economic growth.

The ultimate goal of developing and implementing the strategy of the trade regime is to ensure a more efficient distribution and utilization of resources in order to achieve sustainable economic growth and improvements in the nation’s welfare. As illustrated by the results of an opinion poll of entities participating in foreign economic activities and an analysis of the current regulatory and legal base, an entity involved in foreign trade in Uzbekistan has to go through a lengthy and complicated process, while in the process of carrying out foreign economic activities, exporters bear high transactional costs.

# Justification

According to the World Bank, the average time for exporting procedures in Uzbekistan is 44 days, which is high, particularly in comparison with foreign practices: for instance, in Denmark and Estonia, export procedures take only five days, while in Belgium, Canada, Germany and Switzerland, it is seven days. The total average time for compulsory procedures related to items imported into Uzbekistan is 92 days, a figure which is one of the highest in global practice. The presence of considerable and costly barriers for importers means a high cost of import transactions, resulting in inflated prices for imported goods in Uzbekistan, and also increased smuggling and corruption in state bodies. To reduce the total time spent on foreign trade operations in Uzbekistan, the foreign trade procedures should be simplified, the number of bureaucratic procedures needs to be reduced, and the system of customs regulation has to be improved.

# Expected Output(s)

To implement the set tasks, efforts need to be focused on major directions in simplifying foreign trade procedures and upgrading the customs system. Therefore, the planned outputs include the following:

1. The concept of implementing a ‘One Window’ mechanism.

This mechanism would allow the parties participating in trading and shipping operations to present standardized information and documents using a single channel to complete all regulatory requirements concerning imports, exports and transit;

2. The concept of automatization of customs regulation and implementing the mechanism of preliminary and electronic declaration. This measure would allow to reduce the transaction costs. Introduction of preliminary and electronic declaration would allow for the documentary audit of information presented in CCD’s prior to actual presentation of the goods to the customs body;

3. The concept of harmonization of declaration forms with international standards, which primarily aims to improve the procedure for declaring goods moved through a customs border and to unify customs documents. This would allow harmonizing customs formalities with those of the European Union, simplifying customs procedures and accelerating customs clearance.

# Proposed Approach & Strategy, including Capacity Development Response

Realization of the concepts mentioned above and implementation of the mechanisms being considered will lead to the transition to the new system of organizing customs control and customs formalities. This, in turn, will enable an optimal correlation between the time spent on customs control and its efficiency, and will ensure the swift completion of customs declaration of goods and vehicles, transported through the borders.

This will become a key element in improving customs administration system. The procedures and conditions of customs formalities and customs control will become as clear and ‘transparent’ as possible, and have a common information space, and efficient information, technical, and legal support. As a result, improving the current customs administration will be an important factor in creating favourable conditions for foreign economic activities, and, hence, establishing a favourable business climate in the Republic of Uzbekistan.

# Annual Work Plan

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| **PLANNED ACTIVITIES**  *List activity results and associated actions* | | | | | | | | **Timeframe** | | | | **Planned Budget** |
| Q1 | Q2 | Q3 | Q4 | Amount |
| 1. Activity  Setting the project by the coordinators | | | | | | | | X |  |  |  | 30 000 USD |
| 2. Activity  The survey on identification of the effective ways of implementing the project is conducted | | | | | | | | X |  |  |  | 25 000 USD |
| 2. Activity  Conducting analytical studies and preparing the analytical documents by the groups of experts on each of the conceopts | | | | | | | | X |  |  |  | 40 000 USD |
| 4. Activity  The round table on the main results of the research is carried out | | | | | | | |  |  | X |  | 3000 USD |
| 5. Activity  Development of presentation of the prepared concept notes. | | | | | | | |  |  |  | X | 1000 USD |
| TOTAL |  |  |  |  |  |  |  |  | | | | 99 000 USD |