**UNITED NATIONS SPECIAL PROGRAMME**

**FOR THE ECONOMIES OF CENTRAL ASIA (SPECA)**

SPECA/WG-Trade/2019/EN/7

REPORT

Third High-Level Seminar on Trade in Central Asia,

and thirteenth session of the Working Group on Trade

*Integrating Central Asia into the World Economy through Sustainable Trade and Transport Facilitation*

WTO, Geneva, 4 July 2019

### Recommendations of the Third SPECA High-Level Seminar on Trade and 13th Session of the SPECA Working Group on Trade, WTO, Geneva, 4 July 2019

The third SPECA High-Level seminar and thirteenth session of the Working Group on Trade discussed the following topics: trade facilitation’s challenges and opportunities for sustainable development; policy principles for sustainable and inclusive trade development; non-tariff barriers to trade; and partnerships for trade facilitation and sustainable development in the SPECA subregion.

The participants recommend to the SPECA countries’ Governments to:

1. use the SPECA framework as a platform supporting the growth of intra-regional trade and sustainable development reforms, with a focus on:
   * 1. providing input to policy decisions in SPECA countries to achieve the SDGs;
     2. identification of next steps, in terms of work programmes, cooperation plans, exchange of best practices, and the use of standards and tools for sustainable trade, related to relevant areas such as water management and food security, to achieve the SDGs in the SPECA subregion;
     3. definition of areas, in which subregional projects on sustainable trade would be likely to attract funding for the next steps;
2. strengthen the subregional network of trade policy-makers to consult and cooperate in defining trade policies and negotiating positions, notably in the areas of WTO accession and implementing trade facilitation;
3. further review the SPECA Trade Facilitation Strategy and make comments by 15 September 2019 to the UNECE Secretariat for a final edit and presentation for approval by the SPECA Governing Council on 21 November 2019, in Ashgabat, Turkmenistan;
4. upon adoption of the Strategy, further develop the Roadmap of Activities to Implement the SPECA Trade Facilitation Strategy as a separate document with timelines and responsibilities distributed;
5. upon analysis of the results of the 2019 survey on trade facilitation and paperless trade, further work on: streamlining documentary formalities; border agency cooperation; governance and information availability; enhancing the stability of ICT infrastructure; limitations in financing and human resource capacity. Address these challenges by closer cross-border collaboration through existing sub-regional mechanisms, exchange of best practices, and joint capacity building;
6. strengthen subregional cooperation to support parallel progress in regional trade development and sustainable development; enhance the diversification of production and trade as well as economic, environmental and social innovations related to sustainable development to create more trade opportunities and generate larger-scale efficiency, while creating new “green” jobs;
7. review the draft principles for sustainable trade in the SPECA region (contained in the document “International Trade and Sustainable Development”) for approval by the SPECA Governing Council on 21 November 2019 in Ashgabat. The secretariat should revise and shorten the document to focus on the list of principles, and present it to the SPECA Governments for review by 15 September 2019;
8. consider the suggestion that UNECE prepares a regional study on non-tariff barriers to trade in the SPECA sub-region, given resources are provided, and respond to the UNECE secretariat with their positions by 15 September 2019;
9. undertake activities on strengthening the transit regime in the SPECA subregion, including strengthening the implementation of the TIR Convention in the sub-region to strengthen its position as a transit region at the heart of Eurasia;
10. reinforce collaborative efforts with relevant international organizations and development partners working towards the achievement of trade facilitation and sustainable trade in the sub-region, included but not limited to UNCTAD, IRU, the World Bank, GIZ, USAID, ADB, and others; further collaborate with donor Governments, attract more support from the other SPECA countries in line with the 2018 SPECA Evaluation Report, and from other potential donors; and
11. request the SPECA Governing Council and the Executive Secretaries of UNECE and UNESCAP not to drop project implementation under the SPECA umbrella from the mandate of the SPECA Programme, since this would impair the capacity of the Programme to address challenges that SPECA countries face in achieving SDGs that require cross-border cooperation. Request that UNECE and UNESCAP include projects involving bilateral and multilateral cooperation among SPECA countries in their programme of support for the SPECA Programme as the focus of coherence of activities in the region. SPECA Working Group on Trade will communicate this to the two Executive Secretaries.
12. use the results of this seminar in the preparations for the SPECA 2019 Forum on *Connectivity: Sustainable Transport and Trade Facilitation in the SPECA Region*, scheduled for 20-21 November 2019 in Ashgabat aimed at strengthening the position of the SPECA countries as a trade and transport facilitation region through lowering barriers to trade, transit and transport, consolidating a regional market with stronger cross-border supply chains.

### Opening and organizational matters

The United Nations Economic Commission for Europe (UNECE) organized the third High-Level Seminar on Regional Trade Cooperation and the thirteenth session of the SPECA Working Group on Trade , on 4 July 2019, hosted by the WTO at its headquarters in Geneva during the biannual Aid-for-Trade review.

#### Participants

Representatives from all SPECA countries took part in the meeting: Afghanistan; Azerbaijan; Kazakhstan; Kyrgyzstan; Tajikistan, Turkmenistan, and Uzbekistan; as well as the following organizations: UNECE; the United Nations Conference for Trade and Development (UNCTAD); the United Nations Environment Programme (UNEP); the International Trade Centre (ITC); the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP); the International Road Union (IRU); the World Bank Group; the Regional office for Capacity Building for the World Customs Organization for the Europe Region; The World Trade Organization; the German Agency for International Cooperation (GIZ); and the businesses community. Tajikistan, Turkmenistan and Uzbekistan were represented at the ministerial level, Afghanistan and Kazakhstan were represented by the respective Ambassadors Extraordinary and Plenipotentiary while Azerbaijan’s and Kyrgyzstan’s delegation were composed of technical specialists in international trade.

The first objective of this seminar was to identify key issues and foster dialogue between the SPECA countries and international organizations on achieving Sustainable Development Goals 17.10 and 17.11 in the subregion. The second objective was to advance the work on three deliverables of the SPECA WG on Trade: (1) review the Draft Regional Trade Facilitation Strategy with a view to prepare it for endorsement at the SPECA Governing Council session on 21 November 2019; (2) discuss the possible adoption of Principles of Sustainable Trade in the sub-region, which would go hand-in-hand with fostering dynamic economic development parallel to supporting inclusive trade and economic growth; and (3) discuss the Concept Note on Regional Study on regulatory and procedural barriers to trade. Such a regional study would permit even closer collaboration between SPECA countries to identify possible obstacles to successful achievement of the SDGs. The third objective was to analyse further the opportunities and challenges from participation in the multilateral trading system and to make a brief overview of the status of implementation of the WTO TFA. Further development of SPECA cooperation at bilateral and regional levels is necessary to elaborate a common position in the multilateral international processes and would permit SPECA to become a transit region in the heart of Eurasia.

#### Opening

**Mr. Zavqi Zavqizoda,** First Deputy Minister of Economic Development and Trade of Tajikistan, and Chair of the SPECA Working Group on Trade opened and chaired the meeting. He also led the discussions on the four topics of the WG and papers presented to the Seminar: strengthening the regional network of trade policy-makers to align their negotiating positions of the countries; review of the Regional Trade Facilitation Strategy; review of the suggested Principles of Sustainable Trade; preparation of the Regional Study on regulatory and procedural barriers to trade.

**Ms Maria Ceccarelli,** Director, UNECE Economic Cooperation and Trade Division welcomed the participants and highlighted the importance of Trade as an important factor to build a more equitable world, respective of the environment. SPECA Evaluation 2018 produced a set of recommendations on improving the efficiency of the SPECA Programme by returning to the roots: making the Programme a more country-owned and country-managed policy platform. She stressed that the outcomes of the Working Group on Trade meetings should also be more task-oriented with concrete discussions in order to further strengthen the cooperation of the countries’ policy makers in the formulation of their strategies and aligning the negotiation positions ahead of the 2020 WTO Ministerial meeting in Nur-Sultan.

**Mr. Ezizgeldi Annamuhammedov,** Deputy Minister of Finance and Economy of Turkmenistan outlined the importance of trade and transport facilitation in the modern globalized world, notably following the economic growth of Central Asian States. Turkmenistan is looking forward to continuing its participation in the subregional cooperation initiatives and invites high-level participants from the SPECA countries to the upcoming SPECA Economic Forum and Governing Council session in Ashgabat in November 2019.

**Mr. Mario Apostolov,** UNECE Regional Adviser noted that this Seminar was part of the cooperation process in the SPECA subregion aimed at reducing barriers to trade, transport and transit, so that the countries might be able to develop more efficient cross-border supply chains. The SPECA region is facing serious environmental challenges, and trade can be the driving force of reforms to bring about more decent jobs and sustainable development.

Country delegates then presented their priorities and suggestions on the issues of trade facilitation, sustainable trade development, non-tariff barriers to trade and the overall activities of the Working Group on Trade.

#### Country statements

* 1. **Uzbekistan**, for the first time represented on ministerial level at the SPECA Working Group on Trade, outlined that each month important bilateral and multilateral events are being organized in the region, which are significant platforms for exchange of best practice experiences and for expanding the cooperation. Uzbekistan has taken a proactive stance in trade development during the last years:
* 42 new laws were adopted in 2018 by the Parliament aimed at facilitating trade by simplifying and streamlining the Customs controls and processing, including elimination of more than 10 different Customs documents and introducing new forms for Customs clearance and transit as well as a brand-new declaration procedure.
* innovations in the field of e-commerce, permitting importation of goods and services without requirement of having a contract for the value of up to 2’000 USD.
* risk management modernized through the introduction of yellow, red, blue and green corridors, boosting efficiency of Customs operations, transparency and accountability of state agencies, operating in this area.
* all procedures digitized, and a new risk management ICT system planned to be deployed till the end of 2019, in line with the digitization of regulatory border controls, all this as part of the Single Window system in Uzbekistan.
* single tariff database introduced permitting real-time consultation and definition of the tariff applied on import and export for specific goods.
* 2 AEOs categories (“A” and “B”) introduced in April 2019, reducing certain barriers to trade and diversifying Uzbekistan’s exports by increasing the number of traded items and the number of participants in international trade.

These reforms have already brought positive results, for example, bilateral trade with Tajikistan has doubled in 2018. In 2018, Uzbekistan’s international trade volume was 28 billion USD (11 billion exports and 17 billion imports).

Further integration of the SPECA economies can be achieved by reducing transport costs, which is a challenge not only for Uzbekistan, but for all countries in the region. Uzbekistan is now building reliable transport and transit corridors for foreign trade cargo to reach world markets. In March 2019, a meeting took place in Kabul to discuss the development of Mazar-i-Sharif – Kabul – Peshawar railway. In July 2019, a session of an interparliamentary commission was planned in Tashkent to further expand the scope of business cooperation in the subregion

As the Seminar was held in the WTO, Uzbekistan reported on progress in this domain: in 2018 Uzbekistan renewed its WTO accession negotiations. Following the recommendations of the WTO Director General, Uzbekistan developed a Roadmap for WTO accession. Currently, the accession documents are revised, including the memorandum on the country’s foreign trade regime and other key documents as the foundation of relaunching the accession process.

* 1. **Turkmenistan** noted its interest in further trade and transport development in the region. The SPECA Days in Ashgabat will be an opportunity to promote closer economic ties between the SPECA countries. Turkmenistan is also interested in the WTO. For the Central Asian countries it is important to cooperate in international fora offered by SPECA, CIS, UNECE and others. Key areas for regional cooperation are trade and transport, in terms of infrastructure and process management. Turkmenistan is building national trade and transport facilitation mechanisms and understands the significance of close cooperation between SPECA countries. Turkmenistan cooperates with the Silk Road Initiative and national policy-makers focus on the facilitation of the movement of goods. Priority for policy development is given to streamlining and simplifying Customs procedures to accelerate the cross-border movement of goods, particularly through the automation of Customs clearance. Based on the recent Presidential initiative, a “Green Programme” is being developed with a focus on trade and the modernization and construction of new transport links. These are measures, designed to secure active regional economic and transport integration. Turkmenistan stressed the importance of ensuring efficient trade data exchange for the efficiency of the physical movement of goods. These trends must be considered when developing national and regional trade policies.
  2. **Afghanistan** congratulated Tajikistan on ratifying the TFA and notifying on its readiness to implement TFA measures. Afghanistan and Tajikistan, both WTO members, have ratified the TFA and collaborate on trade facilitation, giving a signal to the world that SPECA regional integration is important. Being a landlocked country, Afghanistan attaches highest importance to regional economic cooperation. Recently, Afghanistan linked itself to the world through Chabahar port via Iran. The first shipment from India reached Afghanistan via Chabahar port in November 2017. Other important link was established by the signing the Lapis Lazuli Route Transport and Transit Agreement on 15 November 2017 (linking Afghanistan via Turkmenistan, Azerbaijan and Georgia to Turkey and Europe). The first shipment of merchandise was dispatched through this corridor in mid-December 2018. Afghanistan joined WTO three years ago in July 2016 as its 164th Member State after nearly twelve years of negotiations. Afghanistan ratified the WTO’s Trade Facilitation Agreement and was appointed to chair the WTO Trade Facilitation Committee. Afghanistan invites all SPECA countries to accelerate their accession to the WTO, if they are not already in.

Afghanistan considers the Regional SPECA Trade Facilitation Strategy most timely and is ready to cooperate on its further elaboration for endorsement at the SPECA Governing Council on 21 November 2019. Regarding the proposed regional study on regulatory and procedural barriers to trade, Afghanistan fully agrees to the methodology, especially the steps to follow, and appreciates UNECE’s approach which is action-oriented and in full coordination with the national stakeholders. Afghanistan suggested to complement the analysis of trade facilitation conditions with a push to secure the political will of the political leaders in the subregion, so that they exit comfort zones and strengthen regional connectivity in the subregion. This will help develop a joint vision to define, evaluate and explore the untapped potential of the subregion, notably in terms of natural resources, market size and human capital. Given the particularities of the subregion it is primordial to have the leaders of the countries on board and have a background paper focusing specifically on the potential of the subregion, exploring how the countries connect among themselves and to the 2.6 billion people in the neighbouring countries. Afghanistan is willing to support such a background paper.

The Ministry of Industry and Commerce of Afghanistan will serve as the national agency to be in touch with the SPECA and UNECE and focal point will be nominated soon. The Regional Trade Facilitation Strategy will surely support the trade facilitation measures and the Principles of Sustainable Trade will mobilize SPECA countries’ decision-makers.

* 1. **Azerbaijan** outlined that its geographical location between two major trade corridors strengthens its support for regional cooperation initiatives in trade and transport facilitation. Azerbaijan’s Customs agency has undertaken structural reforms and is now using an e-declaration system based on advance submission of documents. 99% of Customs documents in Azerbaijan are now in electronic form, which allows advance submission of Customs declarations, their processing using risk analysis, fast decisions and rapid release of goods. A national Single Window system has been established simplifying Customs formalities and document and data processing. From 2020 it is expected to become possible to ship goods from China to Europe and vice versa using a single transport document. Azerbaijan also reported on the pilot eTIR project between Azerbaijan and Iran, based on the TIR Convention and invited other SPECA participants to join this pilot project. Azerbaijan is negotiating its WTO accession. Even though it is not yet a WTO member and has not yet signed the TFA, work has been done in the past several years to implement the provisions of the TFA. Azerbaijan has signed and ratified the UN Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific. An innovation for Azerbaijan and the entire region is the application of the “green corridor” system, launched in February 2019 by Presidential decree. Azerbaijan aims at 100% “green corridor” use for exporter companies and 30% for importer companies. Within this approach, the traders are submitting electronic documents and within one hour the Customs agency responds allowing passage of the goods through the border. From the importer’s perspective, the goods are moved directly to a special Customs store and after receiving the respective clearance from the border agencies the goods are released into free circulation. Azerbaijan hopes that their positive experience in this sphere can be reused by other SPECA countries. Right now, approximately 30% of importers and 50% of exporters are successfully using the “green corridor” to move goods.
  2. **Kazakhstan** expressed strong support for the endorsement of the Regional Trade Facilitation Strategy at the upcoming SPECA Governing Council Session in Ashgabat. This Regional Strategy also includes a roadmap of activities necessary for the implementation of the Strategy. In 2018, Kazakhstan’s economic growth was 4%, and foreign trade increased by almost 20% to become over 90 billion USD (60 billion exports and 32 billion imports). On 1 January 2019, Kazakhstan national economy accounted for more than 100 billion USD of direct foreign investments. In 2017 and 2018 the Ministry of National Economy collaborated with UNCTAD’s ASYCUDA team to develop the ASTANA-1 Customs data processing system, which covers 100% of documentary procedures in electronic form and permits automated treatment of the majority of declaration within one minute without involving human operator. This automated system allowed to reduce administrative costs and time for foreign trade. When joining WTO, Kazakhstan also signed the TFA and is now implementing 70% of the measures listed in the Agreement. As of today, more than one hundred legislative amendments have been introduced into the Kazakhstan’s legislation to reduce the state oversight over the business sphere. The Customs Union with the Russian Federation, Belarus, Armenia and Kyrgyzstan is meant to develop the internal market and show investors the positive opportunities from investing in Kazakhstan. The joint internal market of the Customs Union now encompasses 184 million people which is ten times bigger than Kazakhstan’s national market. Kazakhstan also participates in Central Asian initiatives and provides technical assistance to other SPECA members to facilitate document exchange for trade in goods and services. After its WTO accession three years earlier, the investment in services in Kazakhstan grew by thirty percent, which is very important from the point of diversifying the national economy. Kazakhstan has deregulated its financial and some other service markets after its accession to the WTO, thus fostering the creation of a regional financial hub - Astana International Financial Centre - which uses British law, which permits opening full-fledged branches of foreign financial institutions without having to open a representation office. Another example is the telecommunication sector, where there used to be legislative barriers for foreign investors forcing them to be a part of a joint enterprise with a maximum participation of 49%. Kazakhstan liberalized this sphere by eliminating those quantitative and qualitative restrictions permitting a foreign investor to open a company with 100% foreign participation.
  3. **Kyrgyzstan** as a landlocked developing country stressed the importance of the issues at this Seminar, namely the role of trade facilitation in trade development, and moving forward to sustainable and inclusive trade. The adoption of the TFA was an important step in this direction and Kyrgyzstan believes that successful implementation of the TFA will only lead to more efficient Customs procedures and accelerate the movement of goods across borders. The Kyrgyz Republic had ratified the TFA in November 2015. Following this, a National Council on Trade Facilitation was established to implement activities towards implementing the TFA provisions. In 2017, the National Council on Trade Facilitation approved its 2018-2022 action plan for the implementation of the TFA. There are several challenges yet to be resolved: regional cooperation on trade, transit facilitation, regional sustainable trade and WTO trade negotiations. The Kyrgyz Republic noted that the development of regional cooperation networks should be met with live dialogue enabling exchange of views and experience on trade negotiations. The Kyrgyz Republic attaches high importance to the endorsement of the Regional Trade Facilitation Strategy and of the Principles on Sustainable Trade, as without such reference background documents, many provisions of the TFA might remain on paper. The Kyrgyz Republic also supports the proposal for a Regional Study on Non-Tariff Barriers to trade and expresses its readiness to participate in the elaboration process.
  4. **Tajikistan** noted the high level of attention that its Government attaches to the trade sector and its impact on sustainable development in the country. In the past several years, several strategic documents have been adopted and several accomplishments has been reached:
* Tajikistan joined WTO on 2 March 2013;
* A National Development Strategy until 2030 has been developed and approved;
* A Midterm Development Program of the Republic of Tajikistan for 2016 -2020 has been developed;
* A Program on export support and import substitution of the Republic of Tajikistan for 2016 – 2020 has been developed.

These strategic documents prioritize the improvement of the institutional base for export and import diversification and trade facilitation. For this purpose, Tajikistan established its Coordination Committee on Trade Facilitation that elaborated a roadmap for the implementation of trade facilitation reforms as well as several other strategic documents. The most important was the finalization of the categorization of the TFA measures that have been notified to the WTO Secretariat in the second semester of 2019. With the support of ITC Tajikistan developed a Trade Portal providing entrepreneurs with relevant information on import and export procedures online. All those reforms led to the increase of the share of export in the foreign trade from 20% in 2015 to 25.4% in 2018. In the same period the number of trade partners went from 90 to 110 and the export was diversified and now includes 480 positions instead of 150.

**Ms. Zavqizoda** made a summary of the country statements outlining that the process of trade and transit facilitation is on different levels in the SPECA subregion and that close cooperation between SPECA countries is the only way to exchange experiences and reach long-term sustainable development objectives.

**Session I – Trade Facilitation: Challenges and Opportunities for Sustainable Development**

#### SPECA Regional Strategy for Trade Facilitation

**Mr. Inoyatullo Kasimov** delivered a brief overview of the Regional Trade Facilitation Strategy. He outlined that by the adoption and the implementation of the Trade Facilitation Strategy, SPECA countries should aim not only at implementing national reforms, but also consider the advantages of regional cooperation.

**Mr. Zavqizoda** noted that the Draft of SPECA Trade Facilitation Strategy would be sent by the UNECE Secretariat for comments until 15 September 2019 in order to be presented for adoption to the SPECA Governing Council session on 21 November 2019.

#### Status of the WTO Trade Facilitation Agreement implementation: implications for the subregion

**Ms. Sheri Rosenow** delivered an update of the state of play of implementing the WTO TFA. She started with felicitating His Excellency Mohammad Hadjo for being nominated as head of the WTO TFA Committee. Referring to the most recent session of the WTO Trade Facilitation Committee the following TFA status was reported: from 164 WTO Members, 145 had ratified the TFA, the most recent ratifications had been made by Tajikistan and Egypt. According to the notification schedule, WTO Members had already defined A and B Categories. Developing countries have to finalize the notification of Category B measures before February 2018 and Category C before 22 August 2019. In line with the WTO’s special and differentiated treatment, the LDCs (Afghanistan) still have time for B Category notification till February 2020 and for C Category till February 2021. Ms. Rosenow congratulated Tajikistan with the finalization of the categorization process and is looking forward to receiving the notification in the second semester of 2019. The next meeting of the WTO TFA Committee will take place on 15-16 October 2019: a regular session the first day and a special session dedicated to Technical Assistance and Support for Capacity Building (which is part of the Category C measures from the TFA) the second day.

Ms. Rosenow noted that in another region, the Caribbean and its regional cooperation organization CARICOM, Member States have established a regional committee on trade facilitation with representatives of their national trade facilitation committees and adopted a common regional strategy for the implementation of the TFA and are as well attempting to coordinate donor support. They are harmonizing the national criteria for nomination of AEO thus permitting AEOs to be recognized region-wide. A regional system of laboratories for testing purposes is being developed and the next steps are planned for regional risk management system with risk data exchange between the countries. The World Bank helped CARICOM to draft the Regional Trade Facilitation Strategy, while USAID is participating in its implementation. This testifies that regional integration processes take place globally and the SPECA Programme can benefit from the experience of other regional cooperation initiatives.

#### Building Capacity for Trade Facilitation in the sub-region

**Mr. Mario Apostolov** reported on the latest developments in trade facilitation capacity-building, namely on a seminar in Nur-Sultan, Kazakhstan, on 20-22 May 2019, which concentrated on the following 5 trade facilitation spheres:

* National TF Committees (UN/CEFACT Rec.4 & 40);
* Streamlining formalities and documentary procedures;
* Use of international trade facilitation standards;
* Implementation of Single Window for export, import and transit clearance, and interoperability of SW systems;
* Implementing National Trade and Transport Monitoring Mechanisms using business process analysis (BPA) and time-release studies (TRS) (UN/CEFACT Rec. 42).

#### New UN/CEFACT Tools for Trade Facilitation

**Mr. Lance Thompson** introduced the work of UN/CEFACT concentrated on smart connectivity which is based on 3 pillars:

* Clear, free, openly available and harmonized standards, recommendations, guidance, regulations, conventions to promote seamless information exchange;
* Applying Information and Communication Technologies and innovative processes to improve interactions (between people, companies, governments, economies, objects);
* Bringing together public service needs with private sector innovation and financing capabilities.

UN/CEFACT has three new areas of work, namely Blockchain, Internet of Things and the upcoming revision of Recommendation 33: the Single Window. The next UN/CEFACT Forum is planned for 28 October – 1 November 2019 in London, UK.

#### eTIR pilot project involving Azerbaijan

**Mr. André Sceia** delivered a presentation on eTIR pilot projects currently under development with an objective to computerize the TIR Procedure. All SPECA countries are TIR signatory States. Despite substantial increase in TIR carnets issued in Uzbekistan in the last years, total number of carnets issued in the subregion is still not too high (approximately 60,000). There are many transit systems present in the world, but TIR remains the only global free transit system and with China, Pakistan and India becoming contracting parties in the last years, new transit opportunities become available to SPECA countries.

In 2015, when a Memorandum of Understanding was signed between UNECE and IRU, two countries volunteered to implement an eTIR pilot project - Iran and Turkey. This pilot project was successful, and in 2017 a new eTIR pilot project was launched between Iran and Azerbaijan, with the first transport using eTIR on 18 June 2019. Kazakhstan, Uzbekistan and Tajikistan have stated their interest, and Azerbaijan already participates in the implementation.

The UNECE Transport Division invites SPECA countries that have not yet expressed their interest in computerizing the TIR procedure to address a letter of interest either to UNECE or to IRU in order to launch the process of technical cooperation to deploy eTIR in national economies and improve the level of subregional cooperation in the sphere of transit facilitation.

#### Transit in Central Asia after China, India and Pakistan acceded to the TIR Convention

**Mr. William Petty** introduced the private-sector perspective on trade and transit facilitation in the SPECA subregion. The vast use of road transportation in the subregion can be a driver for development, or it can slow down development. Rapid economic growth in Uzbekistan the last years has led to, first, recruitment of thousands of new truck drivers every year, second, the purchase of new trucks, and, third the necessity to use more complex ICT solutions to manage the increasing number of means of transport. For sustainable development of the road transport, is it primordial that it is as efficient as it can be in order to remain competitive with other means of transport. The two main aspects of this efficiency are the reliability of the routes and the quality of the regulation. IRU supports the initiatives of computerizing the TIR carnets and strongly encourages SPECA countries to participate in those projects. Mr. Petty mentioned one of the grey-zones that challenge road transport – driver visas. He cited an example that occurred in May 2019, when a truck moved from Afghanistan to the UK with several million USD worth of cashmere wool. The exporter had prepared thirteen trucks for dispatch but was unable to proceed because he was unable to get driver visas for all the drivers. This example shows, how State policies can become an insurmountable obstacle for economic growth.

#### World Bank-supported trade facilitation projects in the SPECA region

**Mr. Bill Gain** presented the activities of the World Bank Group related to the trade facilitation: Analysis and Diagnostics, Technical Assistance, Financing of major trade infrastructure and institutional reform projects, Research and data products (LPI/Doing Business), Global advocacy and partnerships. The World Bank Group provides TF advisory assistance through its Trade Facilitation Support Programme (TFSP) to all SPECA countries except Turkmenistan.

**Mr. Zavqizoda** made a summary of the first session, congratulating the country representatives with the progress achieved in implementing the 2030 Agenda on Sustainable Development and outlined that some challenges remain, and they must be approached carefully to improve trade and transit facilitation in the SPECA subregion.

### Session II – Policy Principles for Sustainable and Inclusive Trade Development

#### Makingtrade work for the environment and the 2030 Agenda

**Ms. Anjia von Moltke** delivered a presentation on the correlation between trade development and the current environmental challenges faced by humanity with an overview of impact on future dynamics. The first and the most alarming challenge is climate change. For example, the last four years (2015-2019) show the highest average temperatures since the beginning of the XX century, when people started recording temperatures. Risks derived from temperature volatility should not be underestimated, as they might cause flooding, forest fires and draughts, which, in their turn, negatively impact all areas of human activities. Other challenge is the loss of biodiversity (more than 16000 species are threatened with extinction and the reason for approximately 90% of it is directly or indirectly deriving from human action). Taking into account the present dynamic of human activity on out planet, the total population should reach 9.6 billion people by 2050 with 2/3 of them living in cities, which will increase the global demand for food by 70% and given the fact that the dominant global production/consumption trade system (“take-make-waste”) has quadrupled waste creation since 1970, the environmental risks can’t be separated from economic development. From the sub-regional perspective, there is significant potential for growth in intra-regional and international trade development, SPECA countries are landlocked, very near to three BRICS countries, and in order to stimulate the sustainable economic growth, three key steps are necessary:

* + allow green goods and services to cross borders;
  + streamline trade procedures to improve efficiency and reduce waste;
  + increase connectivity for the sub-region’s green trade transactions.

Ms. von Moltke invited SPECA countries to benefit from UNEP’s Environment and Trade hub, which is a demand-driven mechanism offering capacity-building and policy advice on sustainable trade and investment through a series of activities in:

**Global research & knowledge projects** promoting **b**est practices for sustainable trade, global analysis & assessment, generic tools and methodologies, and other knowledge products;

**Advisory services & capacity building** for national analysis & assessment, targeted advisory services and technical assistance, training and capacity building

**Facilitating Dialogue and Concerted Action** to facilitate development agreements between different actors on sustainable trade, build capacity in environment ministries for trade negotiations, and creation of fora for discussion and exchange of best practices

#### Aligning Regional Trade Development to the 2030 Agenda for Sustainable Development, Boosting Sustainable Growth

**Mr. Mario Apostolov** presented the second background document on the Regional Principle of Sustainable Trade, with a focus on securing long-term growth in the matter of inclusive and sustainable development which is going to be the topic of the upcoming SPECA Economic Forum. A study has been conducted under the auspices of the UNECE that proved that shifting to trade aligned with sustainable development can even be profitable, for example in case of optimisation of use of water resources for agricultural purposes through growing less water dependant cultures thus ensuring food security in those countries. Some areas for further work in the SPECA subregion were identified:

* Increase efficiency and reduce costs and waste to save resources for better use by society;
* Streamline border control procedures to reduce delays, waste of gasoline, pollution from idle trucks, and rejections of goods at the border;
* Streamline documentary procedures to avoid wasted paper and inputs;
* Facilitate trade in environmental goods, services and technology in compliance with the 2030 Agenda for better deployment of renewable energy technologies.

Mr. Mario Apostolov concluded with several recommendations on the use of these Principles for Sustainable Trade which are going to be prepared and sent along with the invitations to the SPECA Working Group on Trade session on 18 November 2019 in Ashgabat, Turkmenistan.

#### Questions and Answers

**The Representative of Afghanistan** raised a question on the positive qualitative environmental impact following trade facilitation.

**Mr. Mario Apostolov** responded with two points: Saving trees: some years ago, a research has been done to define the number of trees that might be saved by transiting to the paperless trade, for only one country (Sweden) implementation of an electronic Customs declaration would save between 100 and 200 trees every year. Reducing CO2 emissions would come through reducing waiting times at border-crossings and reduction in the pollution from exhausts from the waiting and slowly moving trucks.

**The Representative of Kazakhstan** reported on the achievement of trade-related SDGs in Kazakhstan. The Sustainable Development Goals are in line with the Strategic policy documents of Kazakhstan, and many SDGs were integrated in those strategies. Currently, approximately 80% of SDG indicators are already reflected in National plans and strategies for sustainable development. Kazakhstan was expected to make a voluntary national review during the meeting of the High-Level Policy Group in July 2019 in New-York. Kazakhstan is actively promoting close cooperation with other countries in Central Asia and the Eurasian Economic Union. Kazakhstan strongly believes that one of the most useful tools of achieving higher levels of cooperation is establishing free-trade zones as well as conclusion of bilateral and multilateral agreements on liberalizing trade.

**The Representative of Azerbaijan** commented on the Reference part of the Principles of Sustainable Trade, encouraging UNECE Secretariat to also include examples of successful sustainable development initiatives in SPECA countries. He also mentioned, that like Kazakhstan, Azerbaijan will also be presenting a voluntary national review during the upcoming High-Level meeting in New-York. The Representative of Azerbaijan also inquired on the follow-up on the 2018 SPECA Evaluation commissioned by UNESCAP which was oriented on analysis of SPECA subregion’s weaknesses and strengths with regard to SDG implementation, especially for SDGs related to trade.

**Mr. Mario Apostolov** assured that the proposal to link the SPECA projects to the achievement of the SDGs has been accepted and the work within SPECA is concentrating now on facilitating SDG implementation through encouraging a higher level of cross-border cooperation, because most of the SDGs require not only national efforts, but also bilateral and multilateral cooperation. For this reason, UNECE Secretariat has already prepared letters to the UN Resident Coordinators in the SPECA countries inviting them to participate in the upcoming SPECA Days in Ashgabat to explore the possibility that they support the SPECA platform.

**The Representative of Turkmenistan** commented on the presentation of Ms. Anjia von Moltke regarding the “green” trade matters in SPECA subregion. Outside of the SPECA Programme, Turkmenistan is developing trade related projects, namely on reducing the environmental impact of the Caspian Sea ports of Azerbaijan, Kazakhstan and Turkmenistan which was developed in collaboration with EBRD, UNECE and other private sector experts. The new seaport in Turkmenbashi, Turkmenistan, as well as other ports in the Caspian Sea will be meeting the most modern environmental standards available. With regard to the water-management issues in the SPECA sub-region: an initiative was launched to gather agricultural waste water and create a new lake in the Karakum desert within 15 years and the Government has already invested over 550 million USD in this project which will have colossal impact on the improvement of environment in Turkmenistan.

**The Representative of Kyrgyzstan** reported that Kyrgyzstan’s two priority objectives related to sustainable development were the “green” economy and digitalization. The Ministry of Economy has developed and presented a National Sustainable Development Strategy for 2019-2023, and mentioned some of the policy decisions contained in this Strategy: introduction of 0% Customs duties on mobile phones; special attention given to progress in 39 climate change related issues so that they are included in the Governmental Statistical Assessment Methodologies; elaboration of a Roadmap for financing sustainable development. Much is done in the direction of modelling the “green” economy in Kyrgyzstan. His summary focused on the sectors in the Government’s agenda related to sustainable development: green energy, sustainable cities, agriculture and industry; low-carbon and ecology-friendly transport; resilient tourism; and waste management.

**The Representative of Tajikistan** presented the latest progress in the direction of sustainable development, namely the adoption of a medium-term 5-year national programme with a concrete action plan to diversify and increase export and to promote access to the world markets.

# Session III – Non-Tariff Measures and Barriers and Sustainable Development

#### UNECE work on non-tariff measures and barriers

**Mr. Mika Vepsalainen** made an overview of the work of the Steering Committee on Trade Capacity and Standards. The most recent national studies on procedural and regulatory barriers in the SPECA subregion were carried out in Kazakhstan in 2012, Tajikistan in 2014 and Kyrgyzstan in 2015. These studies followed a special methodology developed by the UNECE and were based on the Buy-Ship-Pay supply chain model, which reflects a broader concept of trade facilitation than the one used in the WTO. The focus of the TFA is on Customs and border crossing, while UNECE is concentrating on trade facilitation along the whole supply chain. The latest addition to the UNECE methodology was the analysis of how the SDGs affect some of the issues faced by trade facilitation. The following areas are being examined by the UNECE while conducting such studies:

* State of trade facilitation in the country (Buy-Ship-Pay including the Customs procedures)
* All trade-related legislation (including Customs regulations and potential regulatory issues)
* Standardization – what standards are used and how they are implemented
* Business Process Analysis (BPA) – the most important export products are being identified in cooperation with the Government and then one specific shipment of that good is followed throughout the country along the supply chain (raw materials, manufacture, transportation inside the country, arriving at the border crossing point, border crossing procedures and then the future of the shipment after crossing the border). The goods being analysed in Kazakhstan were confectionary products, flower, pasta and biscuits; in Kyrgyzstan kidney beans and fresh apricots; and cotton in Tajikistan.

The barriers to trade studies are important because in almost all the studies, certain commonalities have been identified:

* Trade Facilitation:
  + Important legacy issues like lead time – for example, during the interviews with the traders it was identified that to have a specific procedure completed it usually takes 7 days, when everyone is providing the same answer, then at the first look this seems perfectly normal. But later, when analysing the overall results of the study, a much broader perspective becomes obvious, as exactly the same procedure in the competitor country takes 20 seconds (one person pressing a button). Analysis of such optimization opportunities is between the most valuable result of an NTM study.
  + Need for licenses and signatures for certain papers – the world moves fast towards e-procedures and with the development of ICT, the need for paper documents diminishes.
  + Single Window – all countries are working in this direction but at their own speed, based on the level of available technologies. The world is not standing still and new technologies are being constantly developed opening brand new functionalities, for example blockchain.
* Regulatory issues:
  + It is sometimes challenging to bring to the attention of policy-makers the role of trade as vehicle for development, which is the following: good, solid, fast, cheap trade procedures are the driving force for development, because it creates jobs and business opportunities.
  + Interlinkages between trade, tax and Customs policies
* Standardization (probably most work to be done in most countries is in this area):
  + There are test laboratories, accreditation and certification systems in place, training personnel, etc. When a technical standard is being applied to the product, it is crucial that its results are acknowledged overseas.
  + Education in standardization and standards – need to prepare experts in specific areas which obviously requires funding as much as the scientific background.

All the studies on regulatory and procedural barriers conducted by the UNECE are published online and are available for free consultation. In conclusion, Mr. Mika Vepsalainen had invited all SPECA countries to express their interest in conducting a regional study in order to define the commonalities and examine the interlinkages between different SPECA countries at the regional and international levels. The Concept note on Study on regulatory and procedural berries to trade in SPECA in Russian and English will be sent to the respective Ministries of SPECA countries for review and comments with an objective to present it to the 14th session of the SPECA WG on Trade in Ashgabat to be prepared for endorsement by the Governing Council on 21 November 2019.

#### UNESCAP work on trade facilitation and non-tariff measures in the SPECA countries

**Mr. Yann Duval** made an overview of UNESCAP’s work on trade facilitation, namely the Global Survey on Trade Facilitation and Paperless Trade, capacity-building, BPAs (for example the BPA jointly done with UNECE on grain exports from Kazakhstan to Azerbaijan, that was presented during the ECE-ESCAP capacity-building seminar in Nur-Sultan in May 2019), trade and transport facilitation monitoring mechanism development, Single Window and Paperless trade implementation. The most recent UN treaty developed by UNESCAP in trade is the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and Pacific and UNESCAP concentrates on the implementation of this Agreement. This Agreement had been signed by 5 UNESCAP economies, the first country that had ratified it in 2018 being a SPECA country, Azerbaijan.

Mr. Yann Duvall continued with an overview of what are the two types of non-tariff measures (SPS and TBT measures) and outlined that often those measures are consistent with the Government obligations to protect economic and social stability of the country or to protect health or environment. From this perspective, UNESCAP has done research to identify the connection between national efforts to achieve SDGs and facing NTMs. The results showed that 41.5% of NTMs globally are directly linked to at least one SDG, while for Asia and Pacific the average is 42.5%. Tajikistan is an example to follow in this aspect, because 73% of its NTMs are linked with achieving the SDGs, and it has developed in collaboration with ITC a state-of-the-art trade portal with all information on State regulations to be followed available in a clear and transparent manner. This example demonstrates that the main issue of NTMs is not their existence per se, but the capacity of the country to implement them efficiently. For example, if a laboratory test is required to obtain a license, then this should be done in a transparent manner, within reasonable delays and for affordable cost.

#### Questions and Answers

Mr. Zavqi Zavqizoda commented on the Concept note, on **behalf of the Government of Tajikistan** confirming the readiness of Tajikistan to participate in the Regional Study of non-tariff measures and encouraged other SPECA countries to express their interest either during the Seminar or later by contacting UNECE Secretariat.

**The Representative of Kazakhstan** welcomed the idea of having such a Regional study, that Kazakhstan considers very timely and confirmed the readiness of Kazakhstan to support this initiative.

**The Representative of Turkmenistan** made a statement about the Regional Study of regulatory and procedural barrier to trade confirming on behalf of the Government of Turkmenistan the interest and support to this Study and inquired about receiving more information on the Methodology being applied for this research. He also encouraged other SPECA countries to nominate a focal point within the relevant Ministry to render full assistance to this upcoming study.

# Session IV – Partnerships for Trade Facilitation and Sustainable Development

#### Trade Facilitation in the Subregion: The private sector perspective

**Dr. Mohammad Saeed** made an overview of the state of export in the SPECA sub-region, with a contribution to global trade being of 0.4% and a 7% share in the intra-regional trade. Some issues can be identified with the low export diversification of the countries as the top three export positions in each country represent more than 60% of total exports. Another issue is the low share of MSMEs engaged in exportation (1-7% in the SPECA countries), in comparison with the developed countries (25%). In accordance with OECD’s Trade Facilitation Indicators, the most challenging sectors for the SPECA subregion are border agency cooperation, simplification of procedures, documents and transparency. ITC’s survey revealed 4 main deficits in relation to the use of standards, TBT and SPS measures and conformity assessment procedures for import/export:

* Information – traders often do not know what the regulatory requirements are;
* Capacity – inadequacy between skills and internal systems to comply with the requirements;
* Infrastructure – lack of access to affordable and timely conformity assessment services for testing, inspection and certification;
* Policy – weak or lack of policy and regulatory frameworks.

In the light of that information, the only way for SPECA subregion to increase competitiveness is through adopting a sector-specific approach to addressing trade barriers, follow the whole of the supply chain in order to remove barriers on both sides of the borders and jointly address the procedural and quality related barriers to trade. The regional approach will be of the highest use from this perspective. Going back to Tajikistan’s Trade Portal, such trade portals should be developed in all SPECA countries with an important synergy perspective being available on the subregional level using the SPECA platform. Equally important is to maintain high level of public-private dialogue with border agencies, which should be inclusive (where all economy sectors and companies of all sizes are represented), comprehensive (with policy formulation, implementation and monitoring) and coordinated (where businesses and border agencies must coordinate amongst themselves).

#### ASYCUDA roll-out in the SPECA countries

**Mr. Renaud Massenet** made an overview of the history of implementation of ASYCUDA components in the SPECA subregion. Currently, ASYCUDA is being integrated into national Customs software in Afghanistan, Kazakhstan and Turkmenistan. In Kazakhstan it is also connected through exchange protocols to the national Single Window system. An important point is that prior to automation of procedures, it is important to carry out relevant business process analysis (BPA) in order to identify potential redundancies of the legacy systems and optimize them. Taking example of ASTANA-1 ecosystem developed using ASYCUDA, the milestone of streamlining submission and information sharing is 100% end-to-end electronic processing of data, establishing automatic exchange of information, balancing trade facilitation with the regulatory needs and developing of better monitoring and supervision mechanisms to minimize fraud and protect the legitimate interests of national stakeholders.

In Afghanistan, UNCTAD assisted in streamlining Customs declaration, e-payments, bio-metric identifications and data exchange.

In Turkmenistan, a pilot transit declarations project has been deployed in May 2019 and the module has already processed 25000 declaration just in two months – May-June 2019.

#### GIZ activities and main opportunities and challenges for Trade Facilitation in Central Asia

**Ms. Asel Uzagalieva** reported on the current GIZ Programme “Trade Facilitation in Central Asia” commissioned by the German Federal Ministry for Economic Cooperation and Development in January 2017 to support trade facilitation processes in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan with a total budget of 7 million EUR. The objectives of the programme in 2017-2019 are to help Customs establish functional risk management systems, to simplify interstate transport and transit procedures in collaboration with IRU and involve the private sector in using trade facilitation. From the GIZ perspective, the Regional Trade Facilitation Strategy Roadmap is an important document and GIZ programmes in SPECA subregion are ready to collaborate with the national governments on its future implementation. When planning activities to implement a trade facilitation strategy, be it regional or national, it is primordial to find the right balance between the national, regional and international interests of the country’s economy from the perspective of that country’s level of development. GIZ is already rendering technical support to the National Trade Facilitation Bodies by organizing capacity-building seminars and workshops to help them define priority objectives and foresee reasonable timeframes for execution. On the matter of assistance to Customs authorities, GIZ promotes the proper use of pre-arrival information and conducting necessary risk analysis prior to crossing the border; introducing the International Weight Certificate (UNECE’s Border Harmonization Convention, Annex 9) for trucks and digitalize the transit procedures to enhance their transparency.

This Programme will end in December 2019. A continuation is negotiated with the same political partners for the next 3 years with the same budget. Taking into account the draft SPECA Regional Trade Facilitation Strategy presented during this Seminar, GIZ Regional team expects to add three new spheres of activities in the new programme, namely harmonization of border crossing procedures, border agency cooperation and information exchange amongst Customs authorities with a use of Green Corridor.

# Feedback from the countries and other participants on the conclusions and recommendations:

**Mr. Zavqi Zavqizoda, on behalf of the Government of Tajikistan,** proposed to add to the recommendations a request to the SPECA Governing Council and the Executive Secretaries of UNECE and UNESCAP not to drop project implementation under the SPECA umbrella from the mandate of the SPECA Programme, since this would impair the capacity of the Programme to address challenges that SPECA countries face in achieving SDGs that require cross-border cooperation. He requested that UNECE and UNESCAP include projects involving bilateral and multilateral cooperation among SPECA countries in their programme of support for the SPECA Programme as the focus of coherence of activities in the region. Tajikistan will communicate this to the two Executive Secretaries.

**Mr. Mario Apostolov** drew the attention of the participants to the upcoming SPECA Days in Ashgabat, Turkmenistan which will include an Economic Forum on *Connectivity: Sustainable Transport and Trade Facilitation in Central Asia*, the annual session of the SPECA Governing Council, and two parallel sessions of the SPECA Working Groups on Trade and on Transport. One of the objectives of the present meeting was to prepare the regional policy documents to be finalized at the next meeting of the SPECA Working Group on Trade and then presented to the Governing Council for endorsement, namely the:

1. SPECA Regional Trade Facilitation Strategy
2. Regional Principles of Sustainable Trade
3. Concept note on Regional Study of regulatory and procedural barriers to trade
4. new Terms of Reference for the SPECA Working Group on Trade

After this Seminar, all those documents will be updated and sent before the end of July 2019 to the national focal points of the SPECA Working Group on Trade for review and commentary (deadline 15 September 2019) accompanied by an invitation letter asking to nominate national delegations to the upcoming 14th meeting of the SPECA Working Group on Trade (18-19 November 2019 in Ashgabat). Based on feedback from the countries, the documents will be updated and finalized at this meeting of the SPECA Working Group on Trade and presented for adoption to the SPECA Governing Council session on 21 November 2019 in Ashgabat.

**Mr. Mario Apostolov** highly appraised the cooperation with GIZ on trade facilitation related subjects during the last several years and is looking forward to continuing this collaboration.

**The Representative of Turkmenistan** commented on the Conclusions noting the fruitful cooperation between SPECA countries in the past and expressed full support for the Recommendations and readiness to participate in the process of finalization of the regional policy documents. He is also looking forward to work with the GIZ Regional Programme to support Trade Facilitation in Central Asia and taking into account the successful cooperation with GIZ on the development of rule of law projects in Turkmenistan is looking forward to welcoming GIZ in Ashgabat in November 2019.

**The Representative of Kyrgyzstan** supported the proposed Conclusions and Recommendation, as well as announced the readiness of the Government of Kyrgyzstan to participate in the Regional Study of regulatory and procedural barriers to trade.

**The Representative of Azerbaijan** asked UNECE to extend its support to help establish Azerbaijan’s National Trade Facilitation Committee and expressed willingness to welcome a capacity-building seminar or another meeting in Baku. Mr. Zavqi Zavqizoda confirmed the readiness of Tajikistan to cooperate with Azerbaijan and share their experience on establishing the National Trade Facilitation Committee. Mr. Apostolov noted that such a seminar had already been organized in Baku in May 2018 in collaboration with the Ministry of Economy of Azerbaijan, following the assessment of the readiness of Azerbaijan to implement the WTO Trade Facilitation Agreement, conducted by UNECE and Azerbaijan, which had shown extremely positive results thanks to the strong and organized Customs service in Azerbaijan. However, a challenge on the way to the establishing a National Trade Facilitation Committee remains the lack of clarity, which agency has the lead. Mr. Mario Apostolov expressed readiness to once again hold a capacity-building seminar and invited Azerbaijan to formulate a request and nominate the responsible focal point. UNECE has extensive experience in supporting establishment of National and Regional Trade Facilitation Committees (UN/CEFACT Recommendation 4 on National Trade Facilitation Bodies and Recommendation 40 on interagency consultation mechanisms). Mr. Mario Apostolov encouraged the SPECA countries to establish cooperation between their National Trade Facilitation Committees which would be extremely beneficial for the trade facilitation regional processes.

**Mr. Eser Çengel on behalf of the WCO Regional Office for Capacity Building Europe Region (ROCB)** reported on the recent activities on capacity-building in Azerbaijan, namely a trade facilitation implementation seminar in January 2019 in Baku and a workshop on electronic data interchange in May 2019 in Ashgabat. He expressed his readiness to provide ROCB’s facilities for the upcoming capacity-building seminar in Baku.