
United Nations Trade Facilitation and Paperless Trade Implementation Survey 2017

Sub-Regional Notes – North and Central Asia

Prepared by



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Disclaimers:

This note is a complement to the more elaborate Regional (Asia-Pacific) Report. It should best be read in conjunction with it, as well as the associated Country Notes, which can be found at: <http://unnex.unescap.org/UNTFSurvey2017.asp>

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1. Introduction

It is well understood that reducing trade costs is essential in enabling economies to effectively participate in regional and global value chains and continue to use trade as a main engine of growth and sustainable development. Recent studies suggest that much of the trade cost reductions achieved over the past decade have been through elimination or lowering of tariffs.¹ Further trade cost reduction therefore, will have to come from tackling non-tariff sources of trade costs, such as inefficient transport and logistics infrastructure and services, but also cumbersome regulatory procedures and documentation. Indeed, trade facilitation – the simplification and harmonization of import, export and transit procedures –, including paperless trade – the use and exchange of electronic data and documents to support the trade transaction process –, has taken increasing importance, as evidenced by the entry into force of the WTO Trade Facilitation Agreement (TFA) in February 2017, as well as the adoption of a new Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (FA-CPT) at ESCAP in 2016.²

This note is part of a new global effort by all United Nations Regional Commissions (UNRCs), in cooperation with other international organizations³, to provide reliable and sufficiently detailed data on the implementation of trade facilitation in general - and single window and paperless trade in particular at the global level. It features the results of the 2017 UN Global Survey on Trade Facilitation and Paperless Trade implementation for the North and Central Asian (NCA) sub-region, covering Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan and Uzbekistan. **This note is a complement to the more elaborate Global and Regional (Asia-Pacific) Reports. It should best be read in conjunction with them, as well as the associated Country Notes.**⁴

The instrument of Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 was prepared according to the final list of commitments included in the WTO TFA and the text and implementation roadmap of the FA-CPT. The survey covers 47 main trade facilitation measures which are categorized into seven main groups, namely: General trade facilitation measures, Paperless trade, Cross-border paperless trade, Transit facilitation, Trade facilitation for SMEs, Trade facilitation for agricultural trade and Participation of women in trade facilitation. Measures featured in the WTO TFA are essentially included in the General trade facilitation and Transit facilitation groups. However, most paperless trade and, in particular, cross-border paperless trade measures, are not specifically featured in the WTO TFA, although their implementation in many cases would support the better and digital implementation of TFA. Survey results for the North and Central Asian sub-region are presented below.

¹ For example, see ESCAP (2011), Asia-Pacific Trade and Investment Report 2011, United Nations.

² For details, see <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

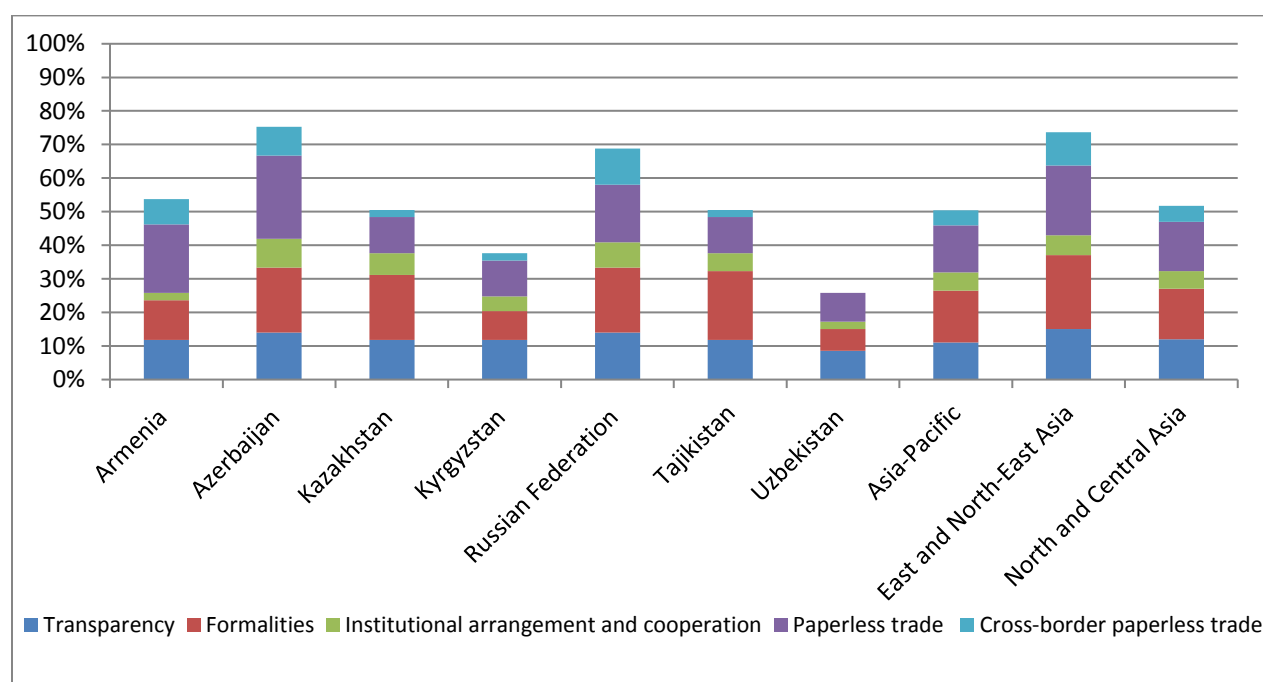
³ The survey was conducted in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.

⁴ All Survey reports are available at: <https://unnex.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

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

Figure 1 shows the overall implementation levels of seven North and Central Asian countries based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁵. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 51.8%, which is slightly above the Asia-Pacific regional average (50.4%). Azerbaijan has the highest implementation rate at 75.3%, and together with the Russian Federation and Armenia – has implementation scores higher than the regional average.

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

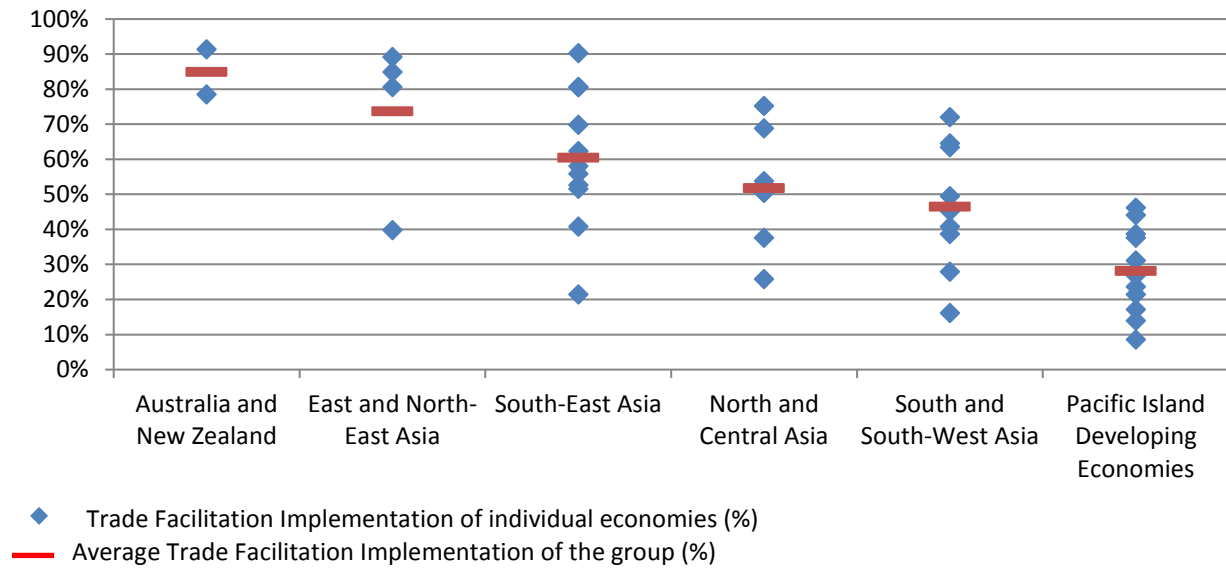


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 2 presents an overview of the implementation of trade facilitation measures (measured by percentage) in the different Asia-Pacific sub-regions as well as the average level of implementation of countries within each group. North and Central Asia has the fourth highest average level of implementation (51.8%) after South-East Asia.

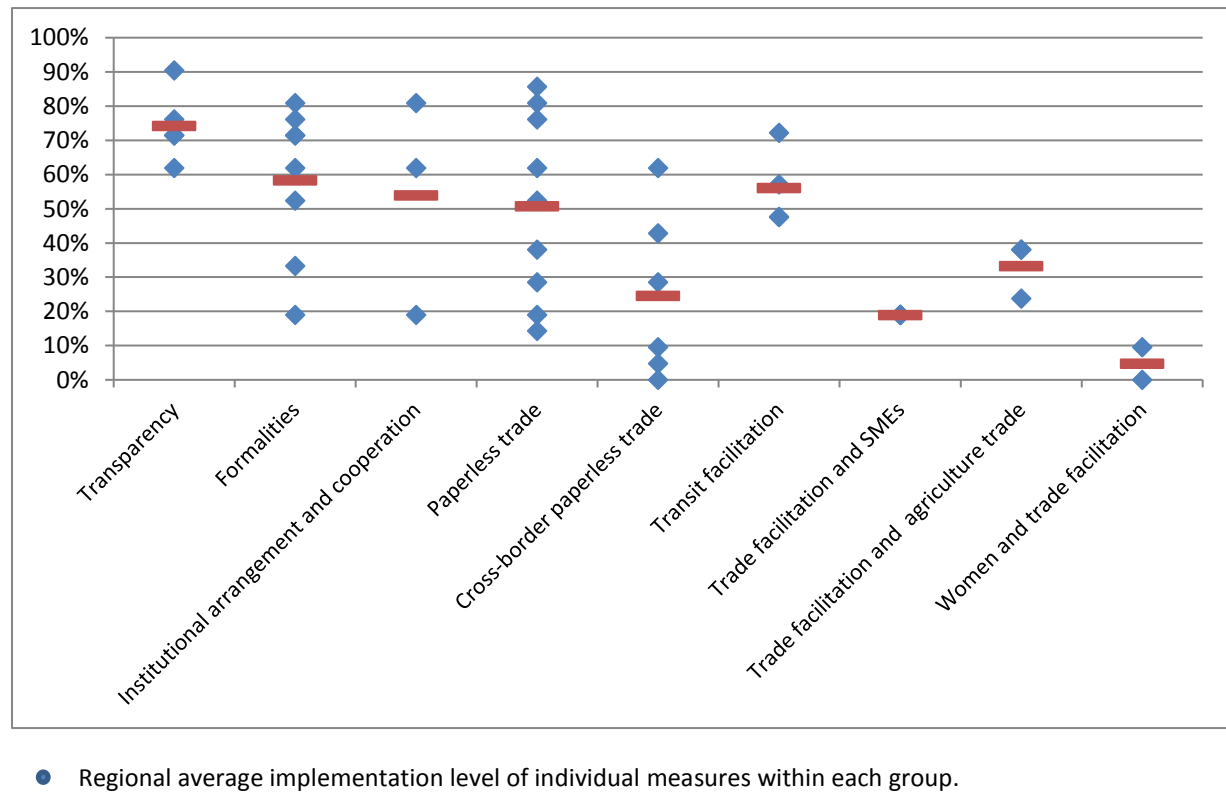
⁵ Among 38 trade facilitation measures surveyed, three measures including 20. *Electronic Submission of Sea Cargo Manifests*, 33. *Alignment of working days and hours with neighbouring countries at border crossings*, and 34. *Alignment of formalities and procedures with neighbouring countries at border crossings* are excluded for calculating the overall score as they are not relevant to all countries surveyed. Similarly, four transit facilitation measures are also excluded. The overall score of each country is simply a summation of the scores of implementation (3,2,1 or 0) it receives for each trade facilitation measure. The maximum possible (full) score of a country is 93 and the average score across all 44 countries is 43.3 (or 46.5% in percentage term).

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



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

North Central Asia countries have well implemented trade facilitation measures related to transparency, formalities, institutional arrangement and cooperation, paperless trade and transit measures: implementation rates of all these measures exceed 50%. Challenges, however, remain for implementing cross-border paperless trade⁶. Implementation rate of cross-border paperless trade remains just above 20% (see Figure 3). Despite this, it is important to recognize that North Central Asia countries have been actively working on cross-border paperless trade implementation.

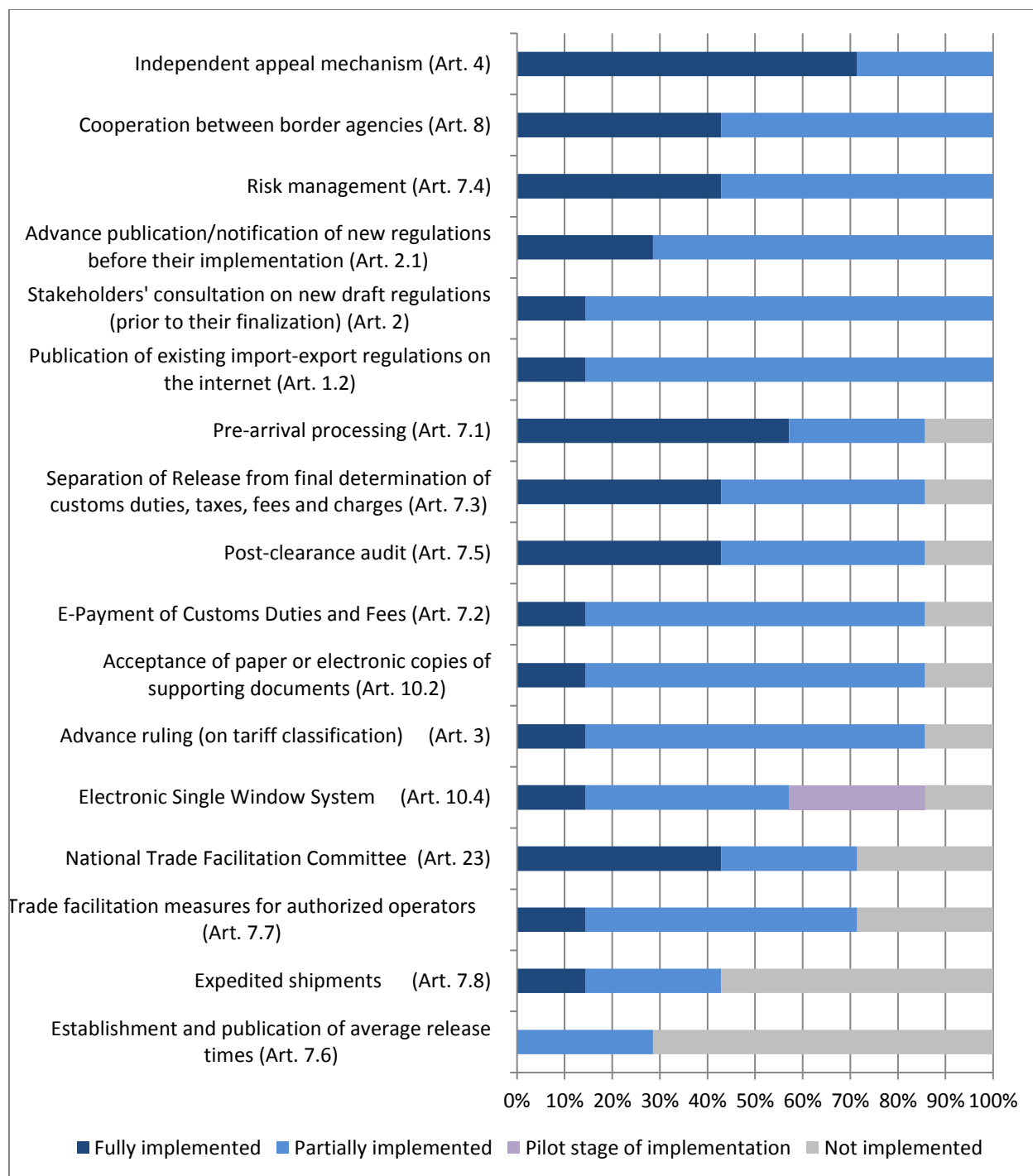
In the context of 2030 Agenda for sustainable development, challenges also remain for North Central Asian countries to make trade facilitation better serve SMEs, agricultural sector and women. Implementation of the specific trade facilitation measures for SMEs, agricultural sector and women are 20%, 33% and 6%, respectively, indicating significant room for improvement in these areas. (see Figure 3)

2.1 Most and least implemented trade facilitation measures by North Central Asian countries

Figure 4 shows the level of implementation of the WTO-TFA articles related. The most implemented measures in North Central Asian countries is *Independent appeal mechanism (Art. 4)*, which has been fully implemented by 72% of all countries and partially implemented by all countries in the sub-region. The least implemented measure is *Establishment and publication of average release times (Article 7.6)*. Figure 4 is further supplemented by Table 1, which provides information on the most and least implemented trade facilitation measures under each category of trade facilitation measures.

⁶ Cross-border paperless trade means trade in goods, including their import, export, transit and related services, taking place on the basis of electronic communications, including exchange of trade-related data and documents in electronic form.

Figure 4: level of implementation of WTO-TFA related measures (excluding transit measures) by North Central Asian members



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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

Category	Most implemented (% of countries)		Least implemented (% of countries)	
	Measure	At least pilot stage implemented / Full implementation	Measure	At least pilot stage implemented / Full implementation
Transparency	Independent appeal mechanism	100.0 / 71.4	Advance ruling (on tariff classification)	85.7 / 14.3
Formalities	Risk management	100.0 / 42.9	Establishment and publication of average release times	28.6 / 0.0
Institutional arrangement and cooperation	National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other	100.0 / 42.9	Government agencies delegating controls to Customs authorities	28.6 / 0.0
Paperless trade	Internet connection available to Customs and other trade control agencies at border-crossings	100.0 / 57.1	Electronic Submission of Air Cargo Manifests	28.6 / 0.0
Cross-border paperless trade	Laws and regulations for electronic transactions	85.7 / 14.3	Traders in your country apply for letters of credit electronically from banks or insurers without lodging paper-based documents	0.0 / 0.0
Transit facilitation	Transit facilitation agreement(s) with neighbouring country(ies)	85.7 / 14.3	Customs Authorities limit the physical inspections of transit goods and use risk assessment	57.1 / 28.6
Trade facilitation and SMEs	Government has developed specific measures that enable SMEs to more easily benefit from the AEO scheme	28.6 / 14.3	Government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade related information Government has taken actions to make the single windows more easily accessible to SMEs (e.g., by providing technical consultation and training services to SMEs on registering and using the facility.) Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)	28.6 / 0.0
Trade facilitation and agricultural trade	National standards and accreditation bodies are established for the purpose of compliance with SPS standards in your country Testing and laboratory facilities are equipped for compliance with sanitary and phytosanitary (SPS) standards in your country	42.9 / 28.6	Application, verification and issuance of SPS certificates is automated	42.9 / 0.0
Women in trade facilitation	Government has introduced trade facilitation measures to benefit women involved in trade	14.3 / 0.0	The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade	0.0 / 0.0

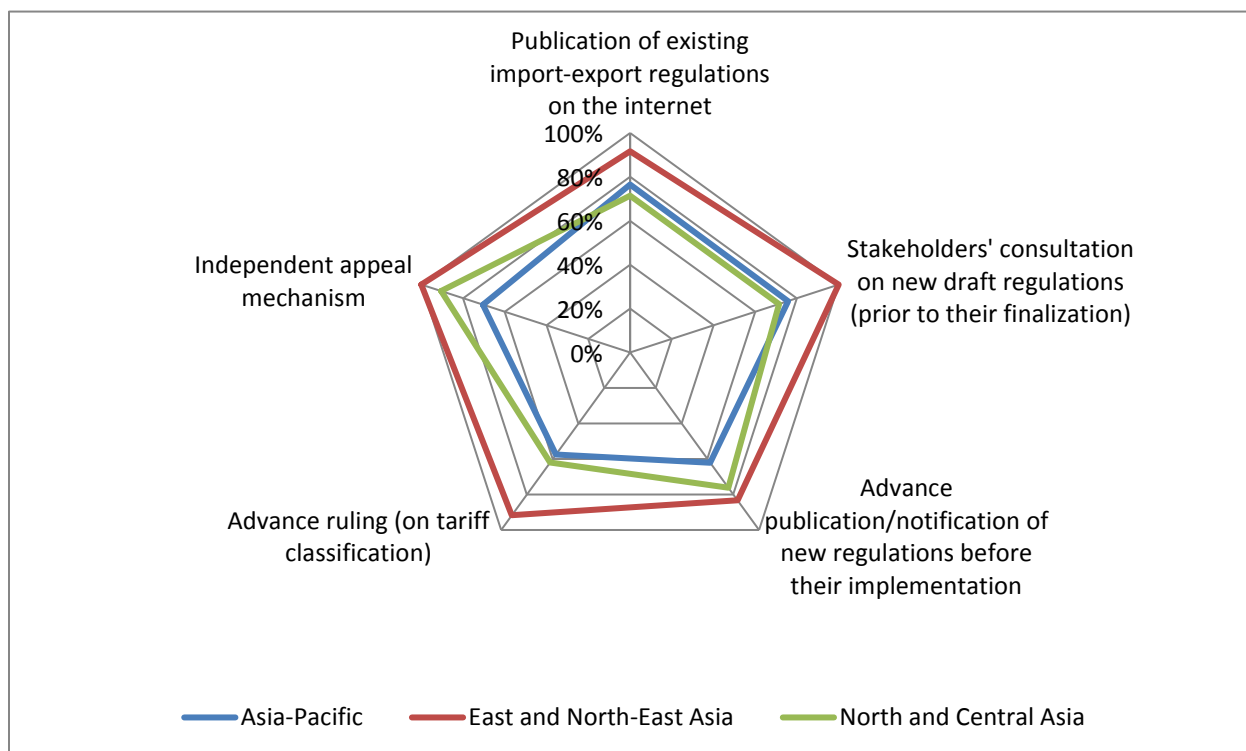
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3. Implementation of trade facilitation measures: A closer look

3.1 “Transparency” measures

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

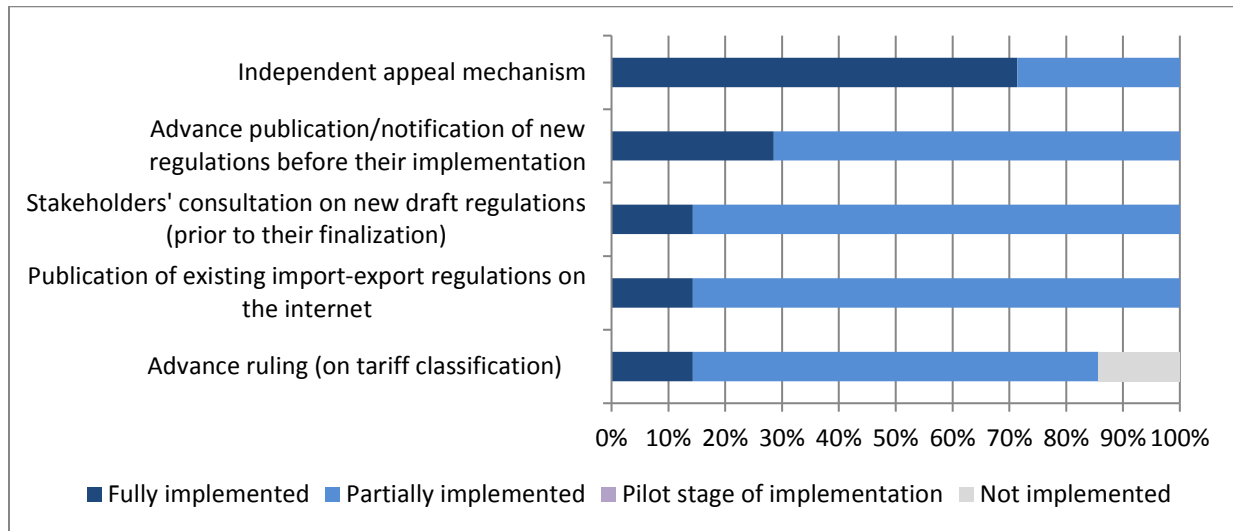
Figure 5: Implementation of “transparency” measures: North and Central Asian average



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 5 shows the average level of implementation of all five “transparency” measures across the sub-region, compared to the regional ones and taking the best performer among sub-regions, East and North-East Asia, as the benchmark. The average weighted implementation score of all five “transparency” measures across the North and Central Asian sub-region is around 74%, which is at par with above the Asia-Pacific regional average, but below the East and North-East Asian sub-regional average.

Figure 6: State of implementation of “transparency” measures for trade facilitation in North and Central Asia (in %)



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

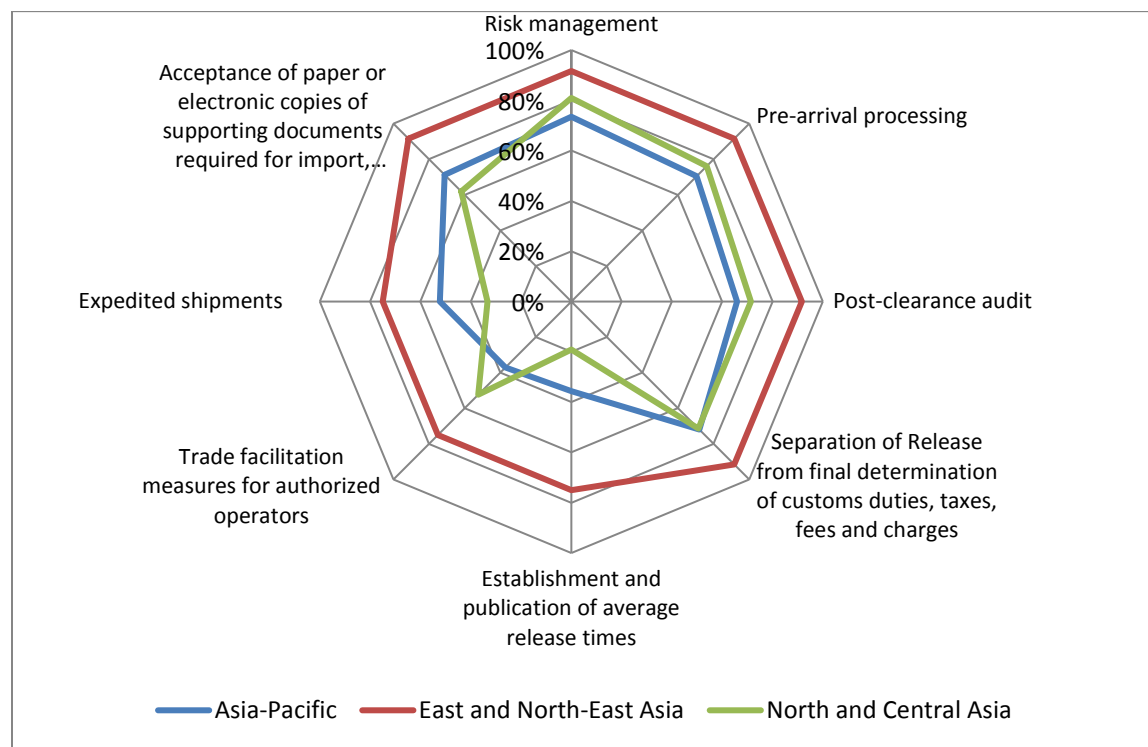
Figure 6 shows that the most implemented measures are *Independent appeal mechanism*; *Advance publication/notification of new regulation before their implementation*, *Stakeholder consultation on new draft regulations* and *Publication of existing import-export regulations on the internet*. They have been at least partially implemented in all countries in the sub-region. *Advance ruling (on tariff classification)* is the least implemented measure, and has been at least partially implemented in around 85% of all countries.

3.2 “Formalities” facilitation measures

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

Figure 7 shows that the average weighted implementation score of “formalities” facilitation measures in this sub-region is around 58%, which is at par with the Asia-Pacific regional average, but lower than the East and North-East Asian sub-regional average.

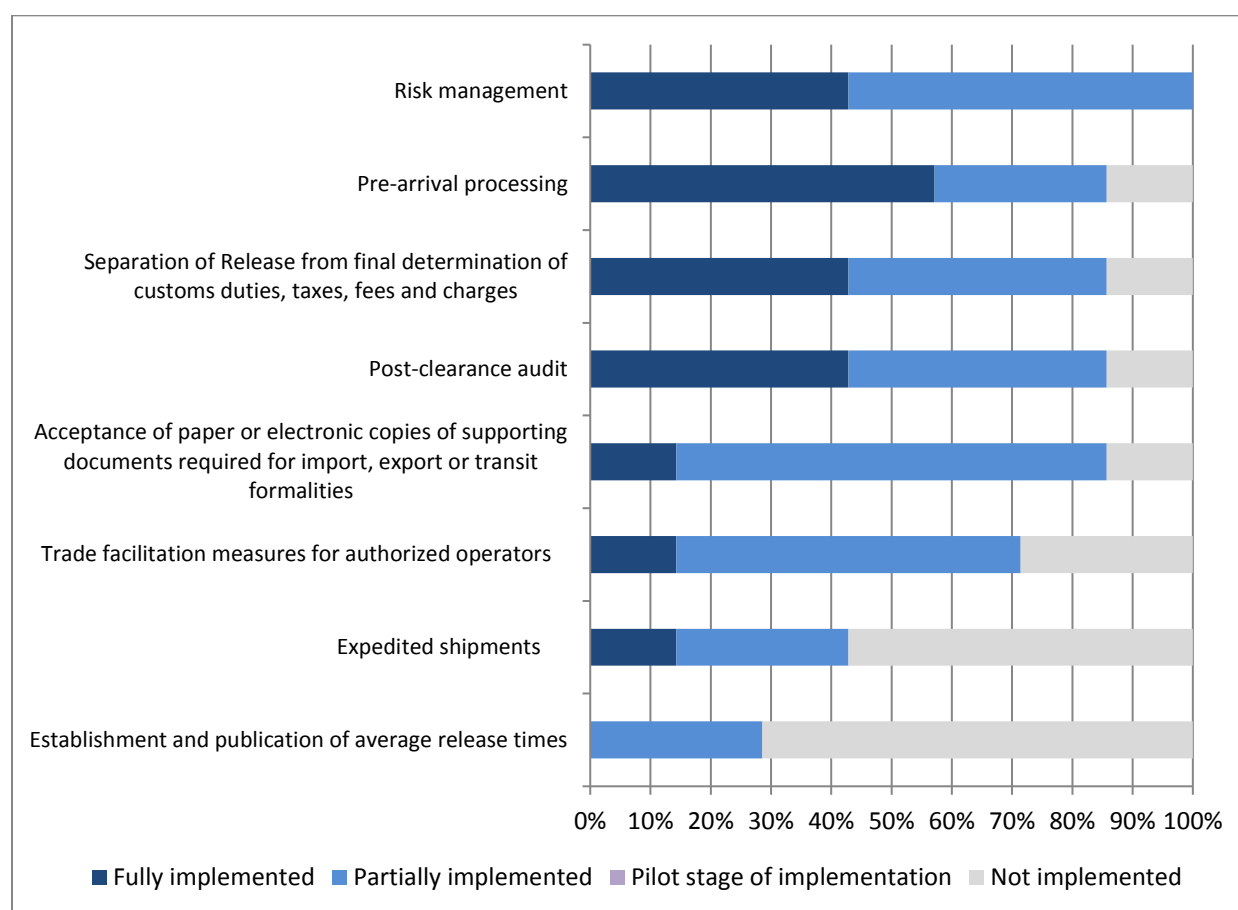
Figure 7: Implementation of trade “formalities” facilitation measures: North and Central Asian average



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

The implementation rates of “formalities” measures in the sub-region are presented in Figure 8. Risk management, Pre-arrival processing, Separation of Release from final determination of customs duties, taxes, fees and charges, Post-clearance audit, and Acceptance of electronic copies are the most implemented measures in the sub-region; they have been at least partially implemented in around 85% of all countries. The least implemented measure is Establishment and publication of average release times, which has been partially implemented in around 30% of all countries.

Figure 8: State of implementation of trade “formalities” facilitation measures in North and Central Asia (in %)

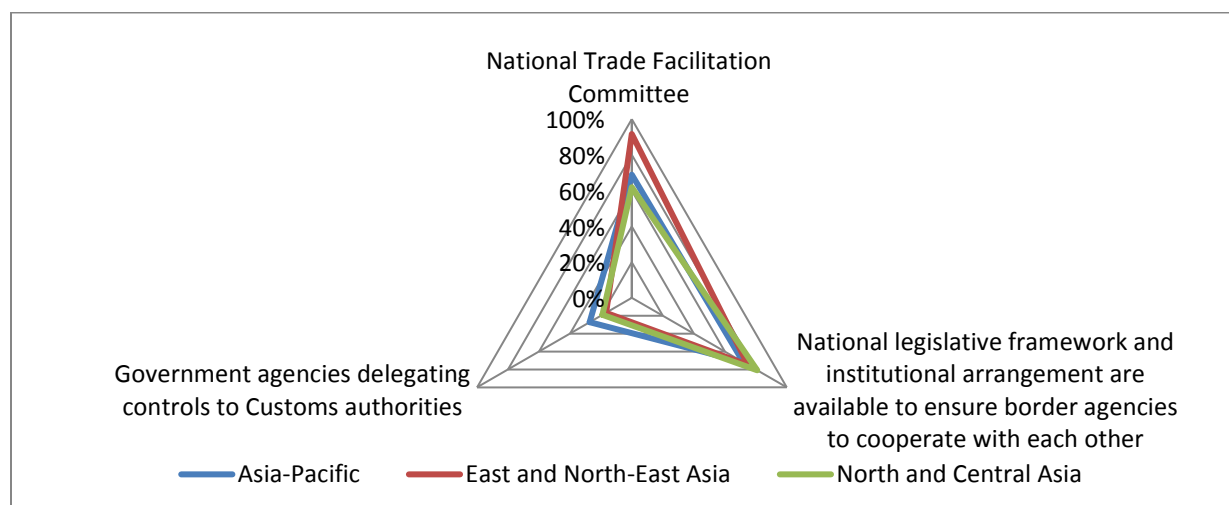


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.3 “Institutional arrangement and cooperation” measures

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

Figure 9: Implementation of “institutional arrangement and cooperation” measures: North and Central Asian average

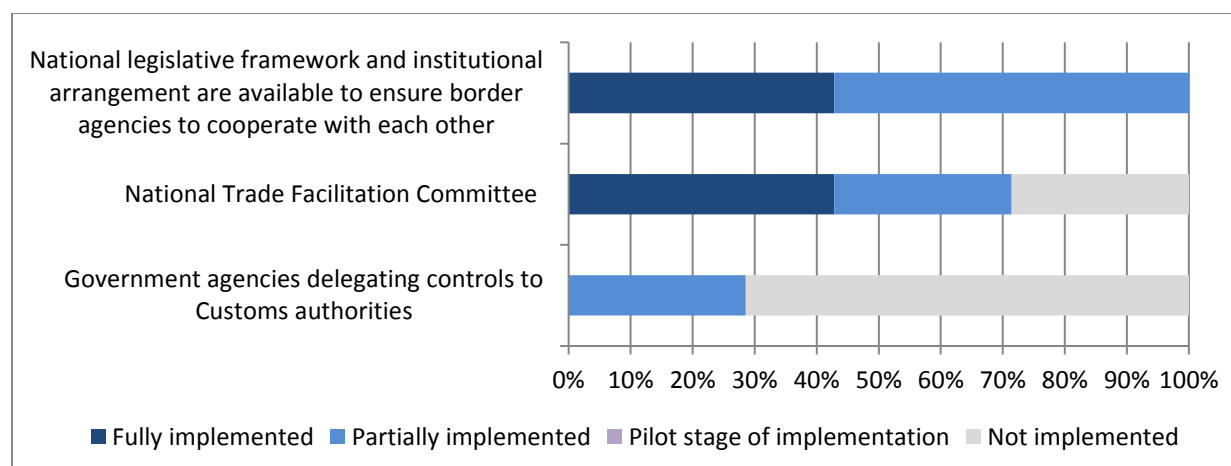


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 9 shows that the average weighted implementation score of the three “institutional arrangement and cooperation” measures in this sub-region is around 54%, which is similar to the situation at both the Asia-Pacific regional level and the East and North-East Asian sub-regional level.

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

Figure 10: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in North and Central Asia (in %)



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 10 shows that National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other is the most implemented measure, having been at least partially implemented in all countries. National trade facilitation committees are also particularly well implemented, enjoying full implementation in more than 40% of all countries, and being at least partially implemented in almost 70% of all countries. In contrast, only slightly less than 30% of all countries have partially implemented Government agencies delegating controls to Customs authorities, making it the least implemented measure of this group.

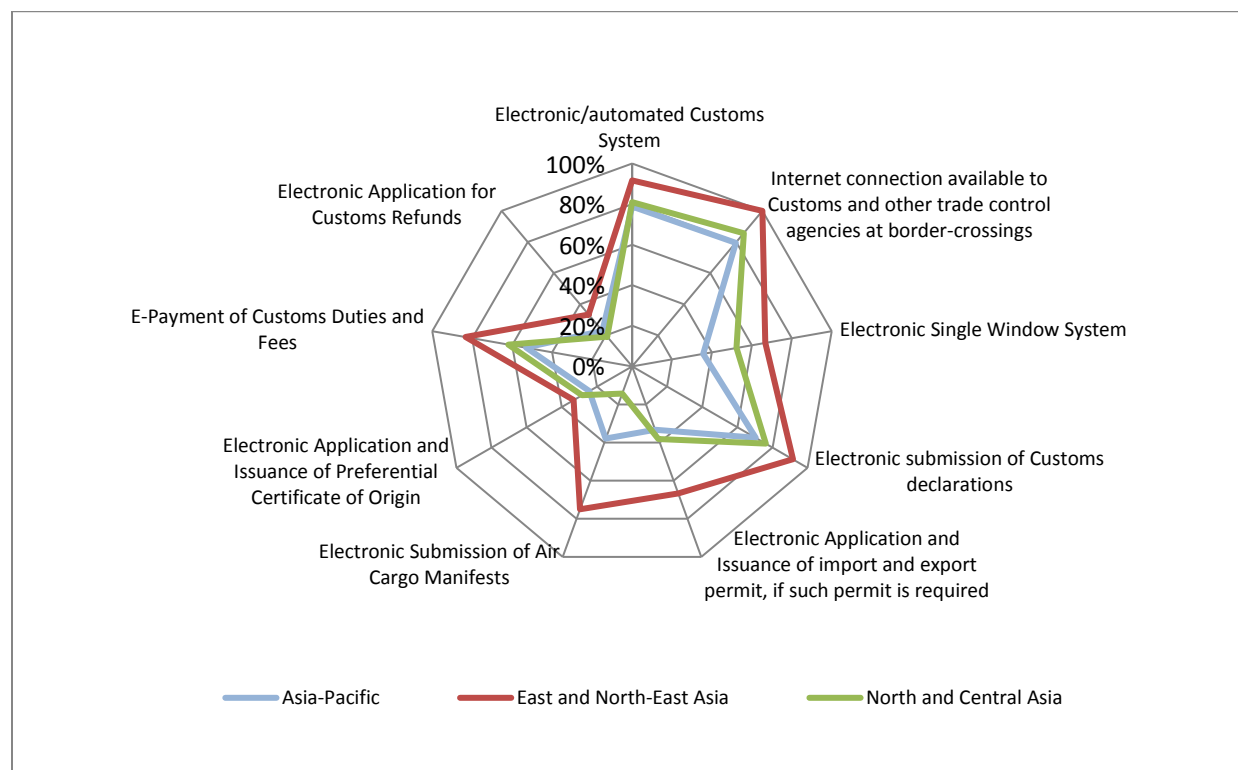
3.4 “Paperless trade” measures

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

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

The average weighted implementation level of “paperless” measures in North and Central Asia is around 51% (Figure 11). This level is higher than the regional Asia-Pacific average and lower than the East and North-East Asian sub-regional average.

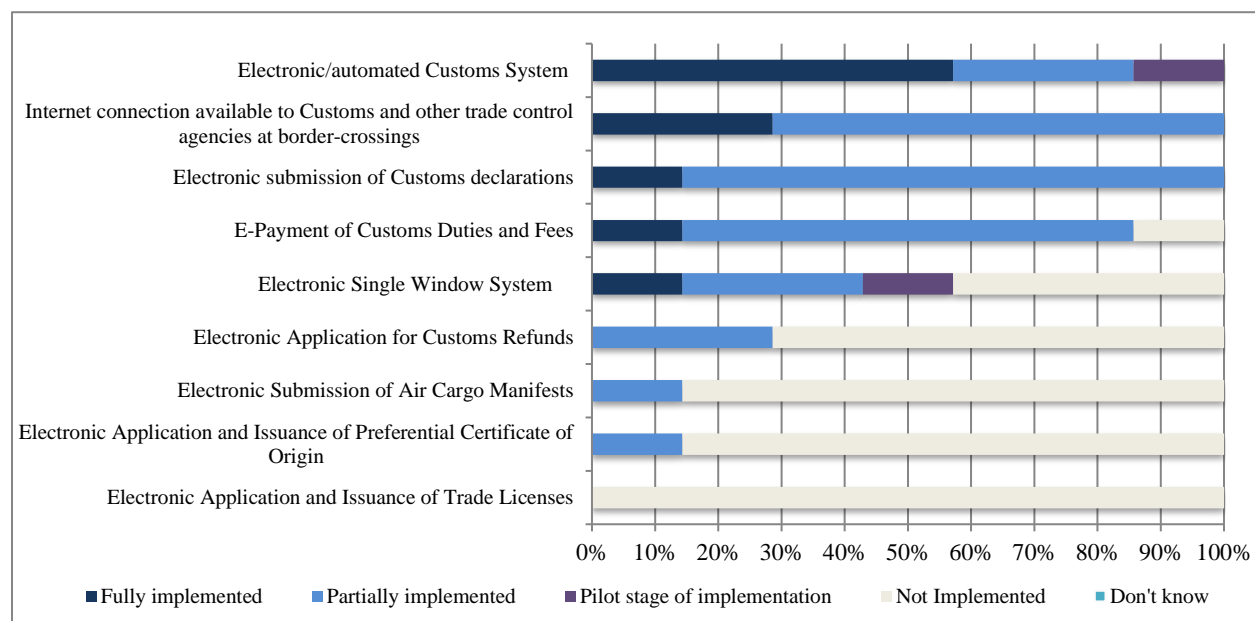
Figure 11: Implementation of “paperless trade” measures: North and Central Asian average



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 12 shows that *Electronic/automated Customs System*; *Internet connection available to Customs and other trade control agencies at border-crossings*; and *Electronic submission of Customs declarations* are the most implemented measures, having been at least partially implemented in all countries in the sub-region. *Electronic/automated Customs System* is also in the pilot stage of implementation in one country (Kazakhstan). In contrast, the least implemented measure is *Electronic application and issuance of trade licenses*, which has not been implemented in any country.

Figure 12: State of implementation of “paperless trade” measures in North and Central Asia (in %)

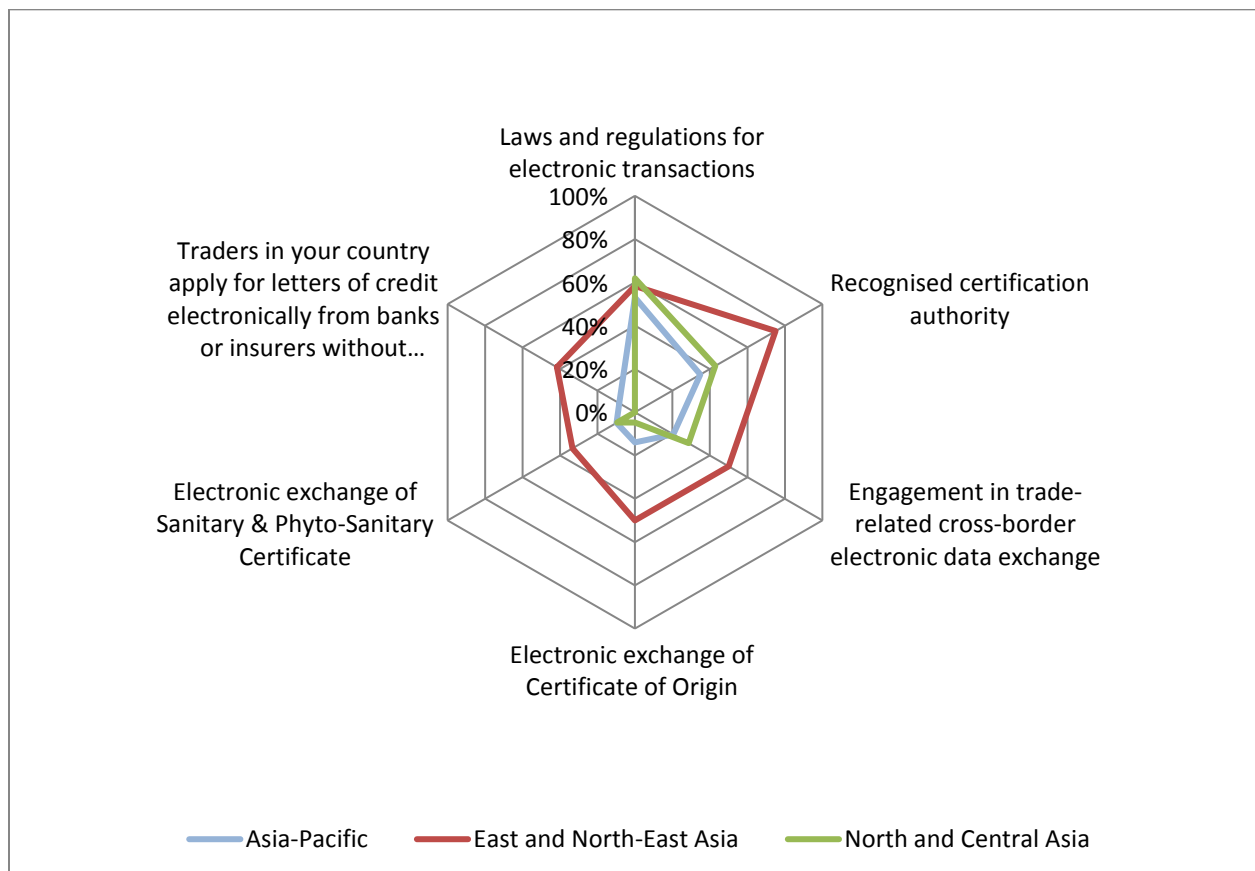


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.5 “Cross-border paperless trade” measures

Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 13.

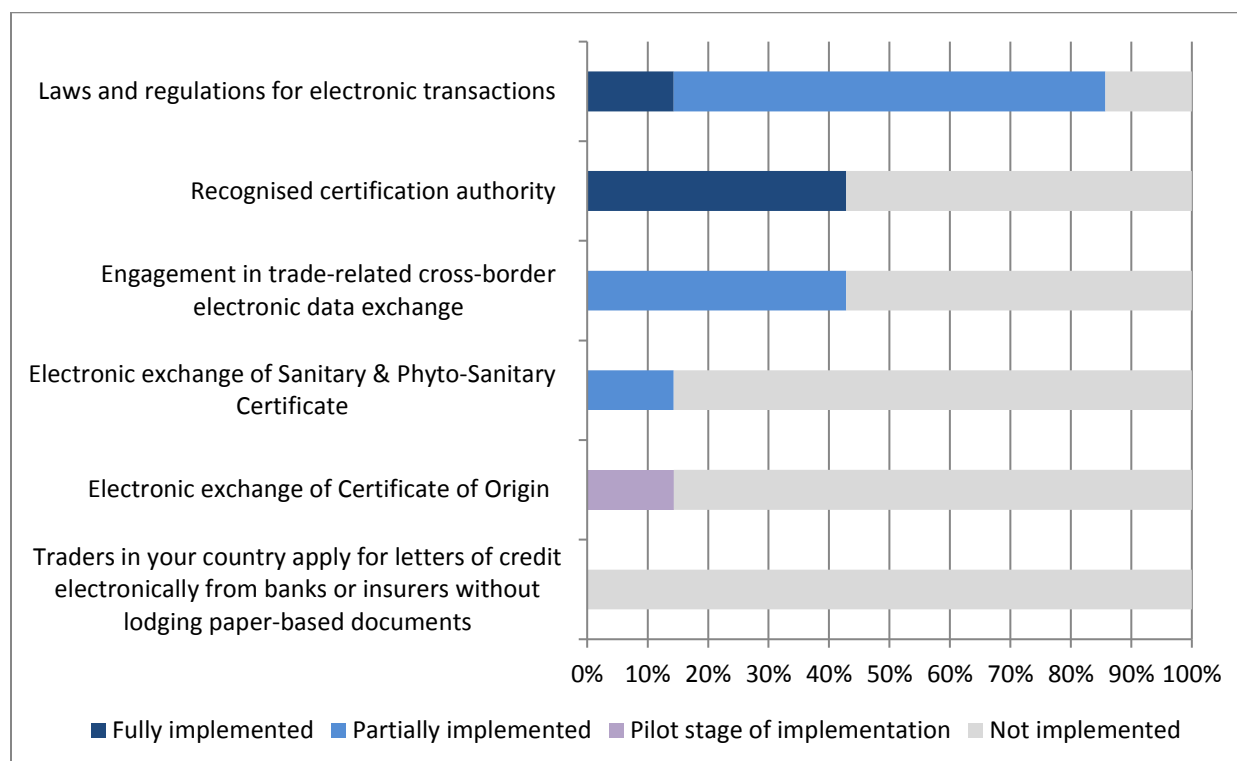
Figure 13: Implementation of “cross-border paperless trade” measures: North and Central Asian average



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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

Figure 14: State of implementation of “cross-border paperless trade” measures in North and Central Asia (in %)



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

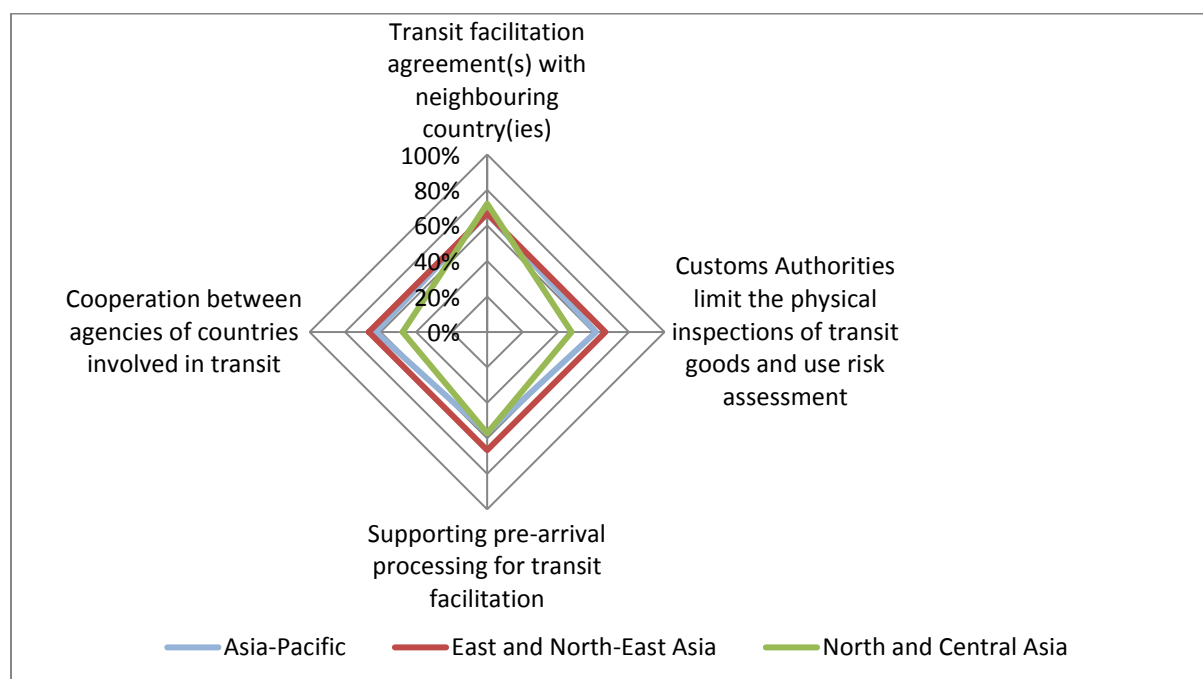
As shown in Figure 13, the average weighted implementation of these measures in North and Central Asia is 24.6%, which is higher than the regional Asia-Pacific average and lower than the East and North-East Asian sub-regional average. Figure 14 shows that the most implemented measure is *Laws and regulations for electronic transactions*, which has been at least partially implemented in 85% of countries, and in the pilot stage of implementation in one country (Armenia). The least implemented measures is *Traders in your country apply for letters of credit electronically from banks or insurers without lodging paper-based documents*, which has not been implemented in any country.

3.6 “Transit facilitation” measures

Four trade facilitation measures included in the survey relate specifically to transit facilitation and WTO TFA Article 11 on *Freedom of Transit*. The intent of these measures is to reduce as much as possible all the formalities associated with traffic in transit, allowing goods from one country and destined to another country to be seamlessly transported through one or more other transit countries.

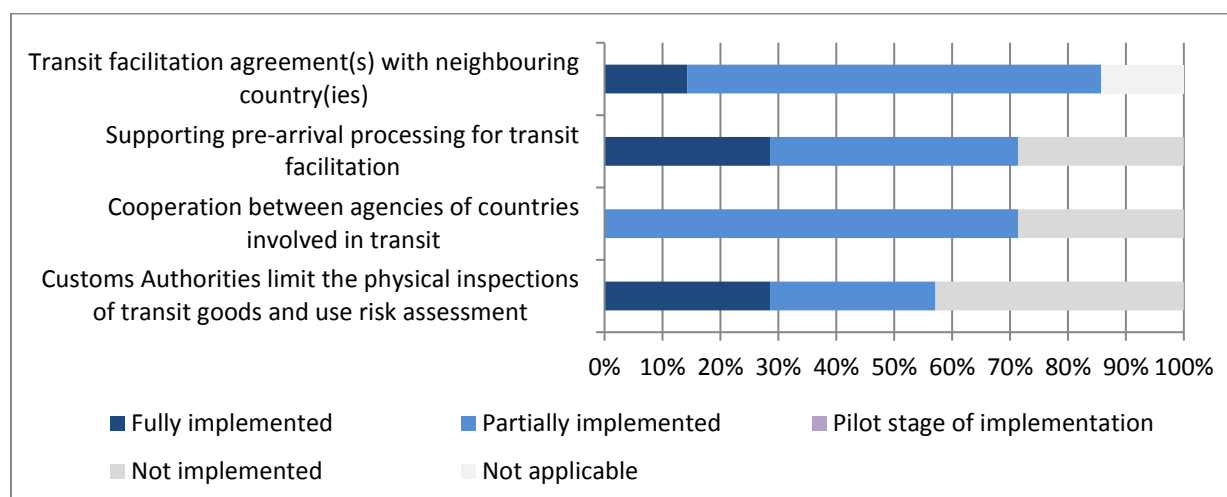
These measures are particularly important to landlocked developing countries, whose goods typically need to go through a neighboring country's territory before reaching a sea port for onward transportation to their final destination.

Figure 15: Implementation of “transit facilitation” measures: North and Central Asian average



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 16: State of implementation of “transit facilitation” measures in North and Central Asia (in %)



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

As shown in Figure 15, the average weighted implementation level of “transit facilitation” measures in the sub-region is around 56% across all measures, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average. Figure 16 shows that *Transit facilitation agreement with neighbouring country* is the most implemented measures, having been at least partially implemented in 85% of all countries. In contrast, *Customs authorities limit the physical inspections of transit goods and use risk assessment* has been at least partially implemented in around 60% of all countries, making it the least implemented measure in the sub-region.

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

This note, which is best read in conjunction with the regional (Asia-Pacific) report as well as individual country notes,⁹ presented data on trade facilitation and paperless trade implementation for North and Central Asia. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in NCA is found to be 51.8%, placing it among the middle-ranking sub-regions and indicating ample room for improvement. The assessment confirms that while some countries in NCA have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade, there is still much scope for work on trade facilitation. In particular, the recognition of electronic certificates in cross-border paperless trade transactions is an area that requires more focus and improvement.

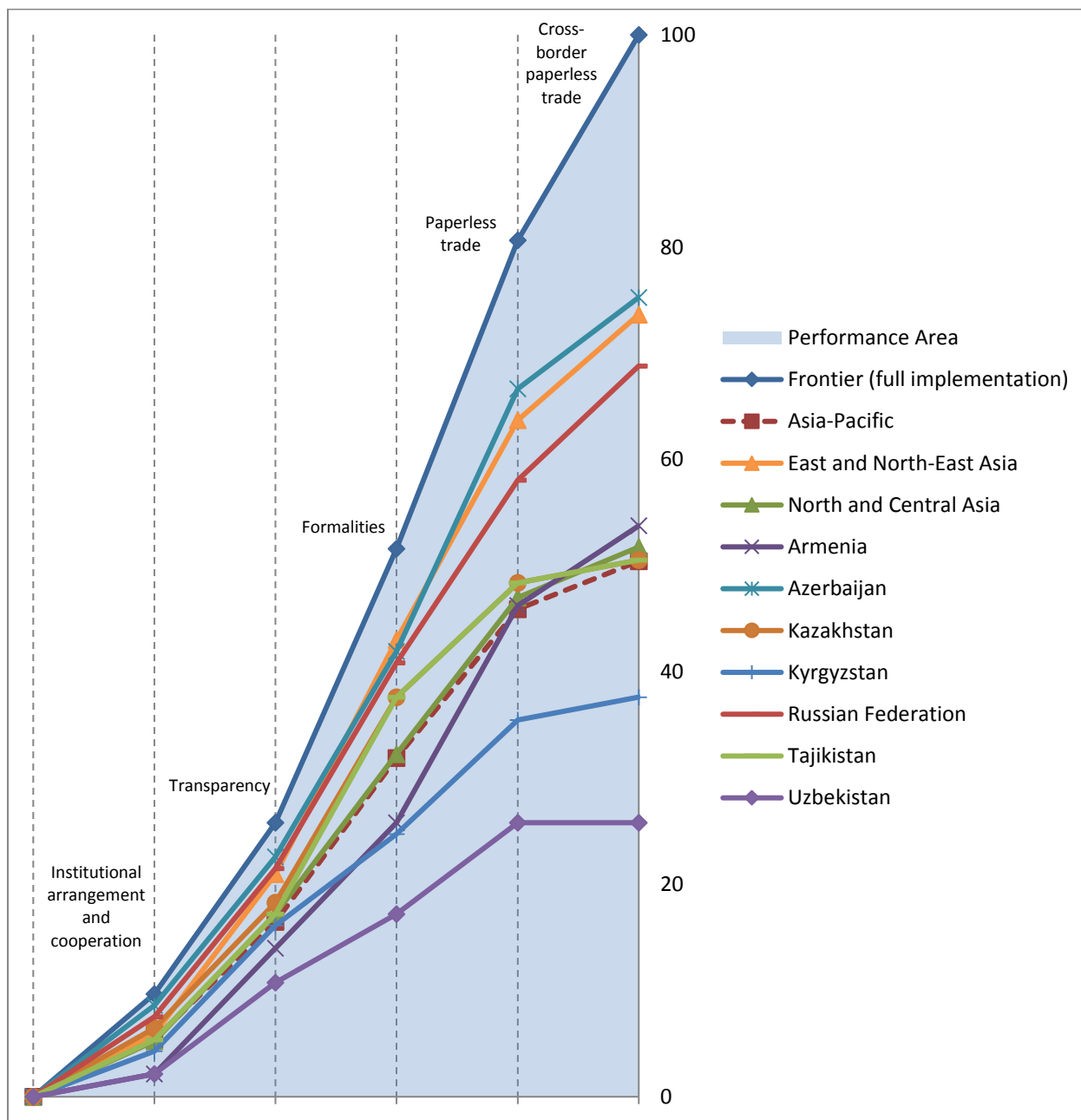
Overall implementation of trade facilitation systems in the North and Central Asian sub-region is typically just below the East and North-East regional average. The Russian Federation is pioneering progress in the sub-region, but many landlocked neighbours are still struggling to implement trade facilitation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

Figure 17 shows implementation of trade facilitation as a step-by step process, based on the five core groups of measures included in this survey. It also shows the cumulative implementation level of trade facilitation measures in each NCA country included in the survey, revealing wide disparities across countries. However, cross-border paperless trade facilitation is the least implemented of all groups of measures, and all countries have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and enhancing inter-agency cooperation.

In the context of 2030 Agenda for sustainable development, North Central Asia countries are also encouraged to develop and introduce new measures so that trade facilitation systems can more directly benefit SMEs and the agricultural sector, and facilitate the participation of women in trade.

⁹ Available at: <https://unnext.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

Figure 17: Moving up the trade facilitation ladder towards seamless international supply chains



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

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017