REGIONAL ECONOMIC COOPERATION PROJECT (REC)

FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN

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FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN
CONTENTS

Abbreviations and Acronyms ................................................................................................................................. 6

1 The Electronic Single Window Concept ................................................................................................................. 8
   1.1 Introduction to the Single Window Concept ..................................................................................................... 8
   1.2 Background ..................................................................................................................................................... 8
   1.3 Single Window Objectives ............................................................................................................................. 11
   1.4 Expected Outcomes of the Single Window ..................................................................................................... 12
   1.5 Steps to Implementation of a Single Window ................................................................................................. 13
       1.5.1 Pre-Implementation Planning ................................................................................................................. 13
       1.5.2 Implementation – Central Management Agency ....................................................................................... 14
       1.5.3 Implementation of a National Single Window System ............................................................................ 15
       1.5.4 Additional Services by Management Agency ......................................................................................... 15
       1.5.5 Implementation at Agency Front-End ....................................................................................................... 16
       1.5.6 Implementation at Agency Back End ..................................................................................................... 16
       1.5.7 Post Implementation ................................................................................................................................ 16
   1.6 Multiple Flavors of a Single Window ............................................................................................................. 16

2 Process Towards Paperless Trading ...................................................................................................................... 17
   2.1 Development Steps According to UN Economic Commission for Europe (UNECE) ................................ 17
   2.2 Data Harmonization ....................................................................................................................................... 17
   2.3 Steps for Data Harmonization ....................................................................................................................... 18
   2.4 Benefits of Data Harmonization .................................................................................................................... 19
   2.5 Paperless Trade and Interoperability .......................................................................................................... 20

3 High Level Policy Framework in the Republic of Kazakhstan ............................................................................ 21
   3.1 Background ................................................................................................................................................... 21
   3.2 Strategic Plan for Trade Policy Development 2010-2014 ............................................................................. 22
   3.3 Kazakhstan’s Trade Policy Objectives ........................................................................................................ 23
   3.4 Specific Single Window Legislation .............................................................................................................. 24

4 The Trade Facilitation Challenges ...................................................................................................................... 25
   4.1 Central Asia – General Regional Context .................................................................................................... 25
   4.2 A Brief Update on Neighboring Single Window Developments ................................................................. 26
       4.2.1 Republic of Tajikistan .......................................................................................................................... 26
4.2.2 Kyrgyz Republic ................................................................. 27
4.2.3 Republic of Uzbekistan ...................................................... 29
Automation of the Export Single Window ........................................ 32
4.2.4 Some Single Window Case Studies ....................................... 33
4.3 Republic of Kazakhstan Specifically ....................................... 33
4.3.1 General Ranking .......................................................... 33
4.3.2 Non-tariff Barriers ....................................................... 39
4.4 Single Window as a Key Trade Facilitation Measure .................... 40
5 General Developments in the Republic of Kazakhstan ....................... 41
5.1 Electronic Licensing Database (ELDB) ................................... 41
5.2 E-Licensing Database (ELDB) Perceptions ................................. 42
5.3 Integrated Tariff and Non-tariff Database .................................. 42
5.4 Integrated Tariff and Non-tariff Database Perceptions .................... 43
5.5 E-Declaration ................................................................ 43
5.6 E-Declaration Perceptions .................................................... 44
5.7 Non-tariff Database for Public Use ......................................... 44
5.8 Customs Development (Modernization) Project ........................... 45
5.9 CCC and Single Window .................................................... 46
5.10 Customs Declarations – Current Position .................................. 46
5.11 Stakeholder Engagement and the Private Sector ........................ 46
6 Development Partner Assistance ................................................ 47
6.1 United Nations Economic Cooperation for Europe (UNECE) Assistance .................................................. 47
6.2 United States Agency for International Development (USAID) Regional Trade Liberalization and Customs Project (RTLC) Project Assistance .................................................. 48
6.3 United States Agency for International Development (USAID) Regional Economic Cooperation Project Assistance .................................................. 48
6.4 Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH Assistance .......................... 49
6.5 World Bank Customs Automation Project Assistance ................... 49
6.6 New CCC/World Bank Legislative Project Assistance .................. 50
6.7 Asian Development Bank CAREC Assistance ............................. 50
6.8 UNECE- Eurasian Economic Cooperation (EEC) Single Window Collaboration .......................... 51
6.8.1 Conference on Trade Facilitation and the Single Window .................. 51
6.8.2 Seminar on Trade Facilitation and Master Plans for Single Windows implementation ........... 53
FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN

List of Figures

Figure 1: Simplified Scope of a Single Window and the International Supply Chain .................................................. 9
Figure 2: The International Supply Chain .............................................................................................................. 10
Figure 3: Situation without a Single Window ....................................................................................................... 11
Figure 4: Situation with a Single Window ............................................................................................................. 11
Figure 5: Steps of Simplifying, Harmonizing and Standardizing Information and Procedures according to UNECE .......................................................................................................................... 17
Figure 6: How Kazakhstan and comparator economies rank on the ease of trading across borders ............. 34
Figure 7: Documents Required for Export (Number) ......................................................................................... 35
Figure 8: Documents Required for Import (Number) .......................................................................................... 36
Figure 9: Economies following good practices make easier, less time consuming and cheaper to trade across borders .............................................................................................................................. 38
Figure 10: Structure of CONNECT ..................................................................................................................... 42

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### Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABT</td>
<td>Administrative Barriers to Trade</td>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>ASEAN</td>
<td>Association of Southeast Nations</td>
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<td>BPA</td>
<td>Business Process Analysis</td>
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<tr>
<td>CA</td>
<td>Central Asia</td>
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<tr>
<td>CAREC</td>
<td>Central Asia Regional Economic Cooperation</td>
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<td>CCC</td>
<td>Customs Control Committee</td>
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<tr>
<td>CU</td>
<td>Customs Union</td>
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<tr>
<td>CU/SEA</td>
<td>Customs Union/Single Economic Area</td>
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<tr>
<td>EEC</td>
<td>Eurasian Economic Commission</td>
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<td>ELDB</td>
<td>E-Licensing Database</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EurAsEc</td>
<td>Eurasian Economic Community</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</td>
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<tr>
<td>ICC</td>
<td>International Chamber of Commerce</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<tr>
<td>ISFMT</td>
<td>Integrated System for Mutual Foreign Trade</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
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<tr>
<td>MinFin</td>
<td>Ministry of Finance</td>
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<tr>
<td>NIT</td>
<td>National Information Technology (state owned enterprise)</td>
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<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<tr>
<td>REC</td>
<td>Regional Economic Cooperation</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>RTLC</td>
<td>Regional Trade Liberalization and Customs project</td>
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<td>SPECA</td>
<td>Special Programme for Economies of Central Asia</td>
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<tr>
<td>SPS</td>
<td>Sanitary and Phyto-sanitary</td>
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<td>SW</td>
<td>Single Window</td>
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<tr>
<td>TN VED</td>
<td>Single Foreign Economic Activity Nomenclature</td>
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<tr>
<td>UN/CEFAC</td>
<td>United Nations Centre for Trade Facilitation and Electronic Business</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNECE</td>
<td>United Nations Economic Commission for Europe</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<td>WCO</td>
<td>World Customs Organization</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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1 The Electronic Single Window Concept

1.1 Introduction to the Single Window Concept

In this Section 1 we set the scene for what is generally understood by an electronic Single Window (or Single Window) to enhance the efficient exchange of information between trade and government and generally considered as a very efficient tool for trade facilitation. Today seventy three (73) economies have Single Window systems of varying complexity.1

1.2 Background

The international supply chain encompasses activities related to the ordering and physical transfer of goods, and the payment for these goods. It involves a large number of stakeholders including customers, suppliers of goods from various industries, intermediaries from transport, insurance, the financial sector, and government agencies from at least two trading economies. It has been suggested by the APEC Business Advisory Council that each international trade transaction requires an average of 40 documents to meet rules and regulations set for international trade and transport. These documents are made up of approximately 200 data elements where 15% is repeated at least 30 times and 60-70% is repeated more than once. These requirements have a severe economic cost and are a major cause of delay in cross-border trade. Costs of complying with these requirements account for 3.5 – 7 percent of the value of the goods.2 This cost can be as high as 10 – 15 percent if there are typing and other errors.3 Additional indirect and opportunity costs from procedural delays due to information errors are incurred as a result. Some research has proposed that each day saved in shipping time for manufactured goods might be worth about 0.8 percent ad valorem of the goods.4 These problems can be efficiently and effectively alleviated by electronic information sharing and data exchange through an environment known as a Single Window. The UN/CEFACT definition is:

“Single Window is a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once.”5

A Single Window is, ideally, an inter-organizational information system that, when operated in a full scale, connects information systems of stakeholders engaged in various business processes of the international supply chain from when the goods are ordered until the payment for goods has been made. It is important to note that a Single Window is a political/organizational/procedural concept and not merely a technology system. The implementation of a Single Window is a major reform and as such it impacts upon the operation of many government agencies where the many areas of agreement and support necessary will prove the most difficult and time consuming component. Figure 1 below provides a simplified scope of a Single Window.

Stakeholders.

The stakeholders of the international supply chain and of the Single Window may be categorized into four distinct groups as follows:

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3 UNCTAD. United Nations International Symposium on Trade Efficiency, Columbus, Ohio, Fact Sheet # 5, 1994.
4 David Hummels. “Time as a trade barrier.” (Purdue University, 2001).
(i) **Authorities** (including authorized private inspection agency) of the exporting country, importing country, and country in transit, which monitor goods crossing borders in a way that reflects national and international public interests;

(ii) **Suppliers** (exporter/seller) who sell goods or services as stipulated in a sales contract;

(iii) **Customer** (importer/buyer) to whom goods and services are sold as stipulated in a sales contract; and

(iv) **Intermediaries** who provide commercial, financial, and/or transport services within an international supply chain, such as freight forwarder, customs broker, third party logistics service provider, express integrator, carrier of all modes, port, terminal operator, inland container depot, bank, insurance company, IT value-added service provider, bank and financial institutions.\(^6\)

The following additional stakeholders can also be included (v) providers of information to the Single Window (business registration agency, tax agency, industry associations), and (vi) recipients of the system information (national bank, statistics agency, ministry for economic development or regulation, another monitoring agency), among others. In addition to these national level stakeholders, there will be other important stakeholders at the international/regional/global level and can range from the Customs bodies and businesses in the neighboring economies to the World Customs Organization (WCO) and the International Organization for Standards (ISO).

These stakeholders comprise all the organizations which are affected by the Single Window, who have influence or power over the Single Window operation, or have an interest in its successful or unsuccessful conclusion. An ideal Single Window could be described as an integrated workspace of data and business processes for all trade related activities and stakeholders, with the trader at the core.

**Figure 1: Simplified Scope of a Single Window and the International Supply Chain**

The focus of the Single Window lies on compliance to regulatory requirements and procedures concerning the import, export, and transit of goods. By integrating information systems used to support different business processes to fulfill the regulatory requirements regarding the movement of goods across the international supply chain, Single Window enables collaborative processing,

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sharing, and exchange of information among different stakeholders. One of the objectives of Single Window is to facilitate “smooth logistics” in value networks, that is, the fulfillment of the regulatory requirements should be effective and intervene as little as possible in the actual logistic processes of companies. Implementing Single Window can improve logistics, making it faster and less costly, and also better targeted towards “high-risk” trade transactions. The narrow focus at the initial introduction of the Single Window on regulatory procedures is a typical first step in establishing a Single Window as reducing the regulatory burden should show its initial quick benefits and justify the rationale to expand to integrate with intermediaries and the broader stakeholders of the UNECE model\(^7\) depiction of the international supply chain as illustrated in Figure 2.

**Figure 2: The International Supply Chain**

There is a multitude of approaches to the implementation of a Single Window since (i) each economy will have its own unique requirements and conditions, (ii) the Single Window is the outcome of a collaborative development involving government, the trading community and other stakeholders involved in the commercial, transportation and financial activities related to international trade, (iii) a Single Window does not necessarily imply the employment of information and communication technology (ICT), and (iv) implementation usually differ as a result of whether it is decided to leverage a legacy IT platform investment or build as a completely new system using, perhaps, the latest and most efficient technology platform, but it usually does employ ICT to achieve the cost savings discussed earlier in this section. Figure 3 and 4 illustrate the situation before and after, respectively, a Single Window.

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1.3 Single Window Objectives

The key objectives of Single Window implementation are (a) the elimination of re-keying and resubmitting identical piece of data, (b) the management of data submission that conforms with the requirements of business processes in different stages of trade and transport in the international supply chain, and (c) the integration of data and business processes used throughout the international supply chain. The specific business objectives of Single Window can be grouped as follows:
(i) Efficiency improvement (through administrative burden reduction). The same data used on different documents is harmonized and can be exchanged electronically;

(ii) Effectiveness improvement (through coordinated inspections). Processes of all regulatory agencies involved are coordinated and similar activities are only performed once - in particular coordination of physical inspections by different regulatory agencies involved in goods movement;

(iii) Strategic changes (through risk-based governance). These imply that changes in processes are implemented. Service orientation allows direct access to data by government authorities that only have to focus on their core activity: risk-based governance implemented by mechanisms like the Authorized Economic Operator certification in the EU.

Many governments worldwide have adopted the Single Window initiative as a national Program of work since they recognize that Single Window is a crucial instrument that can be used to eliminate inefficiency and ineffectiveness in business and government procedures and document requirements along the international supply chain, reduce trade transaction costs, as well as improve border control, compliance, and security.

1.4 Expected Outcomes of the Single Window.

The implementation of a Single Window project targeted towards the reduction of administrative barriers in foreign trade and improved trade facilitation will simplify trade processes and administrative procedures, and will promote greater transparency and predictability in international trade transactions, thus leading to reduced costs for the foreign trade participants. The benefits of the Single Window will be gained both at macro and micro levels. Some examples for government and the private sector are set out below:

Single Window outcomes for the private sector

(i) A more informed trade sector, through the information portal which is a core component of a Single Window, allowing traders to access the relevant governing regulation information, certification agency’s official specific documentary requirements, official costs and times for issuance;

(ii) Reduced documentary requirements for and time spent obtaining regulatory certification;

(iii) Reduced time and costs for import and export businesses bringing increases in supply chain productivity;

(iv) Reduced scope for rent seeking at the trader/broker – regulatory agency interface as a result of the Single Window removing the human contact necessary at present; and

(v) Improved attractiveness for foreign investors as international trade processing becomes less cumbersome and more efficient.

Single Window outcomes for the government

(i) Significant productivity gains for Customs and regulatory agencies through time savings for each transaction and hence future staff cost savings, especially as the fully integrated Single Window solution is introduced automating the agencies’ processes and reducing public spending as a result of optimized agency processes;

(ii) More accurate trade data allowing a more accurate assessment of transactions through the Single Window allowing better risk management and increased revenue collection;

(iii) More opportunity for tax authorities to perform analytical reviews on the tax payers through visibility of the volume and value of their foreign trade operations (provided this is permitted in that country);
(iv) Increased formalization of business as foreign trade becomes less burdensome and attracts new entrants who will need to formalize to carry out foreign trade, leading to an increase Government tax revenues as a result; and
(v) Accurate and better quality statistical information to improve future policy decisions of Government.

1.5 Steps to Implementation of a Single Window

The typical components of a Single Window Implementation are set out at Table 1 which illustrates the typical components of a Single Window and an appropriate sequence for their implementation. The brief descriptions are set out below and this is expanded in further detail at Appendix 6.

These components themselves apply only after the government has demonstrated the political will to realize this as a strategic objective. Political will arises from the government’s acceptance of the Single Window as a necessary measure for economic development and is evidenced by the provision of political, legislative and administrative resources over an extended period and the support for creating an enabling environment. This means the establishment of an entity with a clear mandate and timeline and supporting it with appropriate human capital and the necessary government funding. The following are the expected components. All components need to be in place for a successful Single Window implementation.

1.5.1 Pre-Implementation Planning.
Assess the practicalities of applying the Single Window solution to improve trade flow by reducing the overall cost of doing international trade. Beginning with an overview, sequentially addresses manageable segments of implementation issues.

(i) Feasibility Study: Critically assesses the practicalities of applying a Single Window solution, the hurdles and operational benefits, the agencies to be covered, funding requirements and investment returns.
(ii) Business Analysis: Analyzes the input and output documents of the agencies and the sequence in which these are processed – not their internal business processes. Assesses the technology infrastructure of the country and best information system tools, develops country-specific architecture of a proposed solution, together with system specifications and costs.
(iii) Data Harmonization: Based on data content and label issues identified through business analysis and using World Customs Organization Data Model version 3, harmonizes all nomenclature, definitional and data content issues and develops new business input and output forms and supporting guidelines on use.
(iv) Legal Preparation: Based on the output from the previous two activities, conduct a general review identifying legal and regulatory issues, including issues of paperless transactions, system-generated notices and electronic documents and prepares draft legal and regulatory instruments.
(v) Implementation Plan: Develops the technical implementation and financial plans, with timelines, responsibilities, monitoring mechanism, funding requirements and expected outputs. Through an iterative process, these documents are refined and become the blueprint for implementation.
1.5.2 Implementation – Central Management Agency

Representing the public face of a new government service, the agency manages delivery of the paperless government service across the country. Initially public counters may be operated at national and regional centers to ease the transition but the goal should be to gradually close these counter outlets and move exclusively to support through the web-based system over 12-24 months. Managing such a service requires new skills.

(i) Institutional capability: Develops, through mentoring, institutional capability to set service delivery, system monitoring and operational performance standards, cost recovery plans, and manage service contracts and plan system maintenance and enhancements.

Table 1: Typical Components of a Single Window Implementation
(ii) Technical capability: Develops, through mentoring and targeted training, capability to ensure that the system operates at an optimum level, carry out periodic maintenance and speedily restore in the event of system failure.

1.5.3 Implementation of a National Single Window System

The “system” comprises specially-designed software operating in a high-end server environment and supported by a stable, high speed communication system. The web-based software allows traders, banks, national customs and other government agencies to communicate electronically through a single point of contact using standard electronic forms.

(i) Software: A suite of programs, generally in a modular form, which prompts users to enter data, processes the data and generates alerts and notices for parties involved in the Single Window.

(ii) Communication: Electronic communication facility at appropriate speed/strength – measured in kbps/mbps – supported by the software. Communication cost is usage-based rather than a capital cost which is generally (an erroneously) omitted in project budgets.

(iii) Hardware: A suite of high-end servers with specification and configuration optimized for the system architecture.

(iv) Training: Training has two (2) components:
   
   (a) General Users – Assists users to gain confidence in the use of the system by classroom–based training and interactive tools.
   (b) ICT Specialists – Develops a core team of technical experts with capability to plan, design and implement future system enhancements.

(v) Security: Security has three (3) aspects:
   
   (a) Secure housing of the system: The system servers need to be housed in a room secured against fire, environmental and intrusion hazards.
   (b) Firewall: Virus and internet-based intrusions are an evolving hazard and must be counteracted by a firewall comprising a high-end server with a licensed anti-virus for regular updates.
   (c) Backup system: A robust off-site back-up facility is mandatory for such a system, and usually comprises a bank of back-up servers, licensed back-up software and other utilities, all housed in room secured against fire, environmental and intrusion hazards.

1.5.4 Additional Services by Management Agency

To address transitional issues and continuing education of general users, supplementary services are provided at the implementation of the Single Window system.

(i) Bureau Service: In countries with low computer usage and/or poor internet access, bureau service at dedicated SW Centers are set up at national and regional centers to facilitate speedy user adoption of the service.

(ii) Interactive Training Facility: To improve user familiarity in conducting paper-less transaction, interactive training facilities operating an e-learning module are established in key locations across the country and the learning module is available online.

(iii) Help Desk: Operating in the mode of a call centre, this facility allows users to report, in person or by telephone, all technical and non-technical issues. This service is critical
resolving transition issues and its efficiency is highly sensitive to its management and technical set-up.

1.5.5 Implementation at Agency Front-End
This facility only allows participating agency to receive service request via the NSWS and, on conclusion of its internal manual process, respond to service request electronically via the NSWS.

(i) Basic set-up: Equips participating agency with a few workstations and associated facilities including internet access.
(ii) Training: Develops capability of agency staff to operate the system and carry out primary maintenance.

1.5.6 Implementation at Agency Back End
This facility automates the agency’s full range of business activity by sequentially analyzing existing business process, developing simplified business process and implementing a software solution.

(i) Business Process Re-engineering (BPR): Develops simplified business processes/structure/rules and specification of a software solution for the agency on the basis of a critical analysis of existing business processes and use first principles of service delivery and much greater integration of technology into the work flow.
(ii) Software: A suite of programs codifying business rules, minimizing the need for manual intervention.
(iii) Hardware: Appropriate hardware (servers etc) to support the operation of the software.
(iv) Communication: Facilitates the linking of hardware across agency offices to create local/wide area network or intranet (private internet) for efficient sharing of information.
(v) Change Management: Prepares agency staff, through an innovative and pro-active intervention program, to adapt to changes in organizational structure and work environment.
(vi) Training: Develops a core team of technical experts with capability to plan, design and implement future enhancements of the agency's automated system.

1.5.7 Post Implementation
Post-implementation maintenance is essential to ensure the operational sustainability and an uninterrupted, customer-focused Single Window service. The following are the components.

(i) Operational Maintenance: Develops and replenishes, through mentoring, workshops and training, skills to manage, entrench and develop additional services.
(ii) Technical Maintenance: Develops and replenishes, through workshop and training, skills to optimize system operation and carry out general maintenance.

1.6 Multiple Flavors of a Single Window
As noted in Section 1.1 above, there are seventy three (73) economies with Single Window systems of varying complexity, with eighteen (18) having a system that links to relevant government agencies electronically and fifty five (55) that do so only partially.® Single Window systems differ greatly, even though the fundamental goals are the same, and this can be a function of where they started and upon what legacy systems they were built or when they were started as technology platforms are evolving continuously e.g. cloud computing.

2 Process Towards Paperless Trading

2.1 Development Steps According to UN Economic Commission for Europe (UNECE)

Constructing a fully functioning electronic Single Window is a comprehensive set of simplifying, harmonizing and standardizing trade related regulations, information and procedures (Figure 5). Adequate time should be allowed for the whole process to complete. A full implementation usually takes years.

The journey should start by conducting a full business process analysis of all the government agencies involved in authorizing export, import and transit activities. Once the study has been conducted, the next step should be to simplify and harmonize the procedures within and between the agencies, particularly keeping in mind the future single window interface. New internal regulations should be drafted to support the new procedures.

2.2 Data Harmonization

As covered in Section 1.2, participants in foreign trade are required to submit to government vast amounts of data and documents to comply with national and international trade regulations. They must also typically exchange information with suppliers, customers, support agencies, financial institutions and third party trade intermediaries. The definitions of the data elements required for these processes are often made with little or no coordination among the various government agencies, or indeed among commercial organizations. This results in the repetitive submission of similar or identical information.

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This use of non-standard, country-specific, and agency-specific data is highly inefficient in terms of cost and accuracy for both government and trade. Governments need to maintain and develop agency-specific systems and trade and transport operators must develop and maintain multiple interfaces for these sometimes redundant and repetitive reporting requirements.

The solution to this problem is the simplification and standardization of data elements required for international trade. This is an iterative process of capturing, defining, analyzing, and reconciling government information requirements, and then mapping this simplified data to international standards. The objective is to eliminate redundancies and duplication with the ultimate goal of defining one standard set of data and messages that traders and transport operators will provide to meet all governmental information requirements related to import, export, and transit. This use of international standards in trade data exchange supports the principles of standardization and transparency set out in Articles VIII and X of the GATT.\(^\text{10}\)

UNECE Recommendation No. 34 provides guidance on simplifying and standardizing international trade data required to fulfill all import, export, and transit related regulatory requirements, and to encourage the use of international data exchange standards in this process. The recommendation explains the step-by-step process through which national data elements can be simplified, standardized and linked to a reference data model. It further shows how the reference data model can be used to achieve regional and international agreements on simplification, standardization and automation of cross border data exchange.

\textit{Data simplification is an iterative process of capturing, defining, analyzing, and reconciling government information requirements to produce a standard set of data and messages to meet all legal, regulatory and official obligations for the submission of data related to import, export, and transit procedures.}\(^\text{11}\)

The simplified, standardized national dataset that can be used to provide documents aligned to the UN Layout Key for International Trade Documents and message specifications for electronic data interchange in UN/EDIFACT or xml format. Two or more countries could decide to combine their national datasets into bilateral or multilateral datasets similarly to provide documents and message specifications for cross border trade.

UN/CEFACT Recommendation 34 provide details on the organizational and procedural process necessary to achieve data simplification, the tools that governments can employ to facilitate the exercise, details on domestic simplification implementations already undertaken, and the potential for alignment of domestic requirements to international standards.

\section*{2.3 Steps for Data Harmonization}

The recommended steps for data harmonization are as follows:

(i) \textbf{Capture} - prepare a national trade data inventory of current government agency data and information requirements from automated systems and documents to cover all requirements for the international trade procedures related to import, export and transit.

\(^{10}\) See \url{http://tfig.unece.org/contents/gatt-vii.html}
\(^{11}\) Recommendation No. 34: Data Simplification and Standardization for International Trade, \url{http://www.unece.org/fileadmin/DA_M/cefact/recommendations/PublicReview/Rec.34_Draft_Publication_20100310.pdf}
(ii) **Define** – prepare a record giving the name, definition and representation (text, format or code) of each data element; also when the information is required (for release, declaration, pre- or post- control) and the legal base allowing the relevant agency to demand, collect, view and retain the information.

(iii) **Analyze** – prepare an analysis of the information requirement and data element, establishing whether its need is essential and its use can be demonstrated. While information is identified by name, the meaning (what information is communicated by the data element) and the context are more important. The process of analyzing the information consists of gathering together similar data element names and having a full understanding of the definition of each data element and the information requirements.

(iv) **Reconcile** – prepare a consolidation of the defined and analyzed trade data inventory through the process of reconciliation. This involves the agreement to use one data element name with a common definition and (or) common coding, and messages reconciled initially with the international standards of the United Nations Trade Data Elements Directory (UNTDED) and then particularly with UN/CEFACT standards such as the UN/CEFACT Core Component Library, Recommendation 16 UN/LOCODE – Codes for Ports and other Locations, developing UN/CEFACT standards for electronic trade documents and the World Customs Organization (WCO) Data Model v3 (or latest version) especially for cross border data exchange.

2.4 **Benefits of Data Harmonization**

The use of international data and messaging standards in the provision of necessary information to governmental agencies for import, export, and transit transactions will be a major benefit to international trade. It will ensure data compatibility among government reporting requirements and will enable governments to exchange and share information with each other, resulting in further facilitation of trade and transport procedures.

Further, the process of data simplification generally leads to the discovery of redundancy and duplication of information. As a consequence, the standardization process often results in reduction of overall data requirements. Another benefit is the stability, consistency and predictability that a standard data set would provide.

The intent of the data simplification and standardization process is to identify and define the known maximum set of data that a trader may have to provide to meet official requirements for international trade. Initially, governments should not require any information outside of the standard data set. Where special control, commodity or product requirements emerge government should consider carefully the need for additional information beyond the national data set. It is important to note that most of the data presently required is conditional, based on the mode of transport, type of transaction, and type of cargo. Traders will never be required to submit the entire data set.

Recommendation 34 – Data Simplification and Standardization for International Trade answers the first of these requests by recommending a simple, easy-to-use and cost effective 4 stage process to achieve the objective of a national simplified and standardized dataset. Following the simplification and standardization process described in the Recommendation guidelines, a government should be able to reduce the regulatory and official information requirements through the elimination or duplication of submissions and the removal of redundant data elements. The outcome of the process should be a more efficient and effective exchange of information between Trade and Government. The Recommendation and guidelines acknowledge the valuable part the trading community can play in helping reduce the data requirement by recognizing business needs and realities and the ability of commercial systems and records to provide the government demanded information.
2.5 Paperless Trade and Interoperability

Interoperability is a complex concept that relates to:

- The ability to share information and services.
- The ability of two or more systems or components to exchange and use information.
- The ability of systems to provide and receive services from other systems and to use the services so interchanged to enable them to operate effectively together.

The success of a Single Window crucially depends on the ability of Single Window’s components and interfaced or integrated information systems to interoperate and the ease in which data can be shared, integrated, and exchanged among stakeholders of the international supply chain domestically and outside the national boundary. Ultimately, a Single Window allows traders to face only one single online authority to deal with the formalities regarding the foreign trade.

Options to establish interoperability

Many countries / economies have already developed an interoperability framework that addresses these different aspects of interoperability. Examples of interoperability frameworks include United Kingdom\(^\text{12}\), New Zealand\(^\text{13}\), Australia\(^\text{14}\), European Union\(^\text{15}\), Hong Kong\(^\text{16}\) and Malaysia\(^\text{17}\). These frameworks are mostly for domestic implementation purposes and as a result they are not necessarily providing for interoperability at an international level.

There is a vision (e.g. ASEAN) to interface national Single Window systems with each other, meaning that it is important to consider interoperability also at an international level. To the extent that there are interoperability frameworks available, such as in the EU, we still see that there is a need to further consider how to ensure interoperability at the national level as well. There are different options to bring about the interoperability that is needed to achieve a functional Single Window:

Technical interoperability

This type of interoperability is defined at two levels, namely communication and technology for data sharing:

- Communication interoperability implies that a limited set of communication protocols is supported. On a higher level, one government service access point can be defined: one communication channel between business and authorities for handling all formalities. Digiport is such a communication channel in the Netherlands.

- Data sharing technology comprises both syntax for data structuring and the paradigm for data sharing. EDIFACT (Electronic Data Interchange for administration, commerce and transport) is still the most commonly used syntax in (international) trade and transport, although XML (eXtensible Markup Language) Schema is also more and more used. Paradigms for data sharing are for instance messaging for exchanging declarations, web services to implement a data pull mechanism or a combination of web services and events, where events indicate changes in logistic flows and trigger processes.

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\(^{12}\) See [http://www.cabinetoffice.gov.uk/govtalk.aspx](http://www.cabinetoffice.gov.uk/govtalk.aspx)

\(^{13}\) See [http://www.e.govt.nz/standards/e-gif](http://www.e.govt.nz/standards/e-gif)


\(^{16}\) See [http://www.ogcio.gov.hk/eng/infra/elf.htm](http://www.ogcio.gov.hk/eng/infra/elf.htm)

Semantic interoperability – data harmonization
This comprises alignment of data required by different authorities. It implies that identical concepts also have the same definition and format. The UN Trade Data Elements Directory (UNTDED) contains a large number of data elements commonly used in trade and logistics. UN/CEFACT Core Components add structure to these elements resulting in building blocks for data exchange.

Data re-use – single declaration, multiple authorities
Data harmonization is a prerequisite to enable that a trader or logistics service provider is able to handle their formalities with one declaration only. Such a declaration needs to meet data requirements of all the involved individual authorities. Since each authority may have different requirements regarding the time for submitting a declaration, the data of the declaration can already be lodged and an event mechanism can be used to perform an official declaration.

Business interoperability – data sharing by business process
A more sophisticated option is that all data regarding a particular goods flow is lodged by one actor in the logistics chain and others submit their additions or changes to this data. It actually implies re-use of data by authorities for a particular goods flow. Each goods flow is represented as a consignment, consignments can be combined with, for instance, a Manifest, or several consignments in one container can lead to one transit declaration. Such an approach not only requires data sharing between authorities, but also between actors in supply chains. It can be implemented by, for example, a Port Community System for data sharing amongst business partners and a similar system at the side of authorities.

These options must to be evaluated and selected based upon their suitability and applicability to a particular country’s situation and of course legal considerations must be taken into account.

3 High Level Policy Framework in the Republic of Kazakhstan

3.1 Background

In October 1997, the President of the Republic of Kazakhstan presented to the nation the Development Strategy of the Republic of Kazakhstan until 2030 (Strategy "Kazakhstan-2030"). This marked the long-term development path of a sovereign republic, aimed at transforming the country into one of the most secure, stable, environmentally sustainable countries in the world with a vibrant economy.

In the Strategy "Kazakhstan-2030" identified seven long-term priorities: national security, political stability and the consolidation of society, economic growth, based on an open market economy with high levels of foreign investment and domestic savings, health, education and welfare of the citizens of Kazakhstan, energy resources, infrastructure especially transport and communications, professional state. These priorities formed the basis for the development of specific action plans for the further development of the country.

The first stage of the long-term implementation of the Strategy "Kazakhstan-2030" was the Strategic Development Plan of the Republic of Kazakhstan until 2010 (the Strategic Plan-2010), approved by the Decree of the President of the Republic of Kazakhstan in December 2001. The Strategic Development Plan of the Republic of Kazakhstan until 2020 (the Strategic Plan-2020) was the next step in the implementation of the Strategy "Kazakhstan-2030" in the period from 2010 to 2019. On 1 February 2010, the Strategic Development Plan of the Republic of Kazakhstan until 2020 was issued by Presidential Decree.
In this latest Strategic Plan to 2020, in the section on the business environment, the aim was by 2020 Kazakhstan would be among the 50 countries with the best performance on the World Bank Doing Business rankings\(^\text{18}\) by 2015 and to have made an improvement by seven (7) positions on its position in 2011 in the same rankings and also for transaction costs associated with registering and doing business (obtaining permits, licenses, certificates, accreditation), including the time and cost to be reduced by 30% compared to the year 2011. It is clear that the Republic of Kazakhstan certainly pays attention to these World Bank Doing Business rankings and has the political will.

The “Kazakhstan-2030” strategy was originally presented in 1997. The frameworks of Strategy-2030 were no longer sufficient for us to meet the new challenges. This strategy was updated on 12th December 2012 during the address to the nation by the President of the Republic of Kazakhstan, N.A Nazarbayev, establishing a new political course through the “Strategy Kazakhstan-2050”.

The Government of Kazakhstan developed this “Action Plan for the Implementation of the Project Kazakhstan – new Silk Road”. It was signed by the Prime Minister on January 11, 2013 and distributed to related stakeholders on 17\(^{th}\) January 2013. The Action Plan is an ambitious road map with the list of benchmark projects involving a large spectrum of institutional, infrastructural and regulatory measures. The Action Plan is classified under the following categories of measures:

- Institutional improvement
- International cooperation
- Research and capacity building for new professionals in Transport and Trade Facilitation
- Informational Kazakhstan–2020 (Plans to become fully IT based)
- Incentives for industry
- Investment projects and development of basis funds
- Maritime and air transport

Many of the aforementioned issues are reflected in the Action Plan. These include not only modernization of equipment and infrastructure, but also institutional reforms and policy decisions, such as “integration to the international transport system” and “reduction and unification of tariffs for container shipments through transit corridors.” Each project is a large undertaking by itself, requiring both intellectual and substantial financial investments.

Most of the financing will be provided by the Government of Kazakhstan with participation of international stakeholders.

### 3.2 Strategic Plan for Trade Policy Development 2010-2014

The program for the Development of Trade in the Republic of Kazakhstan for 2010-2014 was introduced by the Government Decree No. 1143 (30\(^{th}\) October 2010). The document includes the issues of both external and internal trade development including wholesale trade, stock trade, e-commerce and public catering.

\(^{18}\) The rankings come from the work conducted by the World Bank each year (most recent 2014 survey was of 189 countries). See [http://www.doingbusiness.org/](http://www.doingbusiness.org/).
This is the first document of this type in Kazakhstan. The program is based on the Strategic Plan to 2020 as well as on the Plan of Forced Industrial Development in 2010-2014. The main objective of the program is to create the institutional background for the sustainable development of trade in the Republic of Kazakhstan and it sets up the benchmarks to be achieved by 2014 in trade development.

According to the program, the creation of Common Economic Space with the Russian Federation and Belarus should be completed as well as WTO accession by 2014. The program is partly financed from the state budget through the budget line devoted to research in economics, trade and public administration. The main finance of the program will, however, be provided by development institutions, private sector, foreign direct investments and internal investments. The part of the program on external trade covers the trade policy instruments which Kazakhstan uses as well as describing the newly created Customs Union.

The program emphasizes that the main imports of the Republic are value added products. It is important to emphasize that program states "before the creation of the Customs Union the trade policy was protecting the interests of the consumers and did not stimulate the development of the domestic production. Therefore, today there is a substantial share of the import products which has a potential to be produced inside the country. Thus, the increased tariff trade protection up to 10-20 percent will have a positive influence on industries such as mechanical engineering, metallurgy, construction materials, chemical and oil-chemical production, light industries as well as pharmaceutical production."

With regard to the exports, the program states that "before the creation of the CU the customs-tariff policy with regard to exports supported mainly domestic companies producing raw materials and not the value added products. Therefore, today the main exports of the Republic are raw materials in metallurgical and oil industries. Thus, the increase of the tariff protection of imports by 10-20 percent will result in the increased demand for the raw materials inside the country for such industries as mechanical engineering, metallurgy, construction materials, chemical and oil-chemical production, light industries as well as pharmaceutical production."

Although the program gives a characteristic to the Kazakh trade policy as "limited" due to the creation of the CU, it emphasizes that the CU gives the Republic a whole range of advantages including the opportunity to conduct industrial policy and develop domestic producers based on the market opportunities and trade protection created by the CU. The CU also gives to Kazakhstan the strong negotiating position with the "external world". The program emphasizes the necessary legal and institutional advances which need to be carried out to achieve the objectives of the trade strategy.

3.3 Kazakhstan’s Trade Policy Objectives

The Trade Policy of Kazakhstan is focused on promotion of export development and diversification and protection of the country’s interests in global trade through:

- Completing accession to the WTO in order to ensure market access and attract foreign investment.
- Finalizing the Russia, Belarus, Kazakhstan CES by 2015. This agreement along with the current CU is seen as a major platform for the development and diversification of exports as well as the attraction of foreign investment.

19 Source: Mr. Nurbek Yergeshbayev, Director of Department for Summary Analysis, Centre of Trade Policy Development, Ministry of Economy and Budget Planning

20 World Bank: Kazakhstan Solid Growth, Unsettled Global Environment. Kazakhstan Economic Update Fall 2013
The initiation of negotiations of free trade agreements with Turkmenistan, EFTA, and Serbia, and preferential trade agreements with Egypt, Jordan, Israel, Afghanistan, and the Gulf countries.

Enforcing treaty obligations to resolve trade disputes or to undertake rules-based retaliatory measures as necessary.

Undertaking research aimed at proposing to the Eurasian Economic Commission needed adjustments of the Common External Tariff to protect domestic industry or facilitate needed imports.

Providing informational and support services to exporters, including analysis of world trade trends, reviews of countries’ economies, industries and products, develop trademarks, promote abroad enterprises and their products and provide specialist training in export management.

Providing financial support to reimburse exporters for part of the costs of promotional activities abroad and the development of new products for foreign markets as well as provide export credit and insurance. Using diplomatic missions and the assignment of special counselors to those missions to develop new distribution channels for Kazakhstan exporters.

3.4 Specific Single Window Legislation

On 3rd July 2011, Government Resolution No. 771 on the “Concept of Creation of an Information System for Single Window for Import and Export Transactions” was issued. Attached to this Resolution was a detailed plan covering the period 2011-2013. The plan itemises the following activities:

- Stakeholder consultation
- Development of an integrated customs tariff database for the Single Window
- Conducting business process analysis for foreign trade transactions at state bodies
- Development of the terms of reference for the developer of the Single Window information system
- Simplification and standardization of documents for foreign trade
- Conduct an analysis of the legal environment
- Conduct a tender for the development of a feasibility study
- Pilot and full launch of the Single Window
- Analysis of the possibility of the Single Window integration with the information systems of other Customs Union members

It is understood from CCC that the activities set out in this original concept and plan be updated based on more recent developments and this will presumably reflect Customs Union developments. The CCC will submit the proposed amendments for circulation to the involved Government agencies (especially those that issue permits/certificates for foreign trade) and it is expected that the revised
resolution will be passed by Government around March 2014. However, the Single Window development seems to be taking another path and this concept should be replaced completely to reflect this revised path.

4 The Trade Facilitation Challenges

4.1 Central Asia – General Regional Context

Central Asian economies currently rank very poorly against the OECD average and are among the worst performers for the number of days required to fulfill all documentary requirements for import and export (Table 2 below). Transaction costs remain very high as a direct consequence of the procedural time required for the regulatory document requirements – the number of days to obtain such documentation, which has a severe impact, particularly where perishable products are the subject of the transaction.

Table 2: Days and Documentation for Import and Export

<table>
<thead>
<tr>
<th>Economy</th>
<th>WB DB Ranking(^{21}) (out of 189)</th>
<th>Export Docs</th>
<th>Export Docs Preparation Time (Days)</th>
<th>Time for Customs Clearance (Days)</th>
<th>Import Docs</th>
<th>Import Docs Preparation Time (Days)</th>
<th>Time for Customs Clearance (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>186</td>
<td>10</td>
<td>21</td>
<td>9</td>
<td>12</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>182</td>
<td>9</td>
<td>23</td>
<td>3</td>
<td>11</td>
<td>25</td>
<td>11</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>188</td>
<td>12</td>
<td>20</td>
<td>3</td>
<td>12</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>189</td>
<td>12</td>
<td>31</td>
<td>5</td>
<td>14</td>
<td>46</td>
<td>8</td>
</tr>
<tr>
<td>OECD Average</td>
<td></td>
<td>4</td>
<td>11(^{22})</td>
<td></td>
<td>4</td>
<td>10(^{23})</td>
<td></td>
</tr>
</tbody>
</table>


Considering that the methodology of the World Bank Doing Business rankings is based upon a non-perishable, non-hazardous cargo which is a leading import or export product of that economy, does not require any special phyto-sanitary or environmental safety standards other than accepted international standards and is to or from, respectively, the economy’s capital, it can be expected that in many cases in these economies the documentation required and the time for documentation approval will be much higher than set out in Table 14. Without the simplification of procedures and documentation for international trade, which expedites trade flows and increases the predictability of delivery times, these economies will be excluded from the benefits of regional and global value chains. The inherent uncertainty of supply and the resulting necessity to hold excessive inventory erode any cost advantage from international trade and the potential complementarities of regional cross border trade.

There are a number of measures to enhance trade, but the specific problems of duplication of documentation and data entry, data entry errors, the administrative burden and procedural inefficiencies can be efficiently and effectively removed by electronic information sharing and data


\(^{22}\) This is not just the time for document preparation but the total time for export procedures.

\(^{23}\) This is not just the time for document preparation but the total time for export procedures.
The analysis of the current situation of import, export and transit formalities in Central Asia demonstrates that the set-up is, in general:

(i) Inefficient. Cross-border flow of goods is slow, the documentation that importers and exporters have to submit is voluminous, and being paper based, the traders have to go in person to the different offices in order to fulfill all procedures;

(ii) Costly. Unofficial payments that importers and exporters are paying in order to speed up the procedures can amount to double the official fee. These costs are then reflected in the price of the goods when they reach the market. Businesses have to lodge the information regarding the formalities multiple times, an activity that is time consuming and creates additional costs;

(iii) Non-Transparent. The entire process lacks transparency and equitability and stifles the trade of perishable goods. Information on the necessary documentation for the procedures is generally not accessible for all concerned parts;

(iv) Un-cooperative. Coordination and cooperation between involved state agencies in the performance of their individual tasks is at present unsatisfactory and causes delays in the procedures;

(v) Unpredictable. As the system is currently fragmented, it affects the security and safety of goods, shipment-related information is not treated in a centralized way, causing loss of data and making it difficult for importers to know with certainty when the goods will be delivered;

(vi) Arbitrary. Since the system is not automated or standardized, it leaves room for the arbitrary actions of individual administrators.

All these characteristics negatively reflect on the general trade potential of the region.

4.2 A Brief Update on Neighboring Single Window Developments

Over few years there has been increasing attention given to the development of a foreign trade Single Window, generally instigated by the development partners operating in each of these states and as one important measure in pursuit of improved trade facilitation. The following a snapshot of at which stage the Single Window developments have reached.

4.2.1 Republic of Tajikistan

The Single Window activities in Tajikistan were given early support by UNECE and GIZ, in particular, supporting the Ministry of Economic Development and Trade and later the Customs Service, under which a state unitary enterprise called the Single Window Center (SUE SW) was set up. In 2011, the European Union, after following the developments closely, decided to support the Customs Service by funding the creation of the Single Window system.

During mid 2011, GIZ financed and assisted a preliminary business process analysis carried out by local business analysts and the SUE SW, of the administrative processes associated with the processing and issuance of permits for export and import clearance procedures in all the agencies involved in the Single Window. These preliminary results were presented the Government’s Single Window Coordination Committee who requested that GIZ, together with the SUE SW, continue with this analysis. At the same time, a GIZ-funded short-term consultant produced a document setting out
proposed software system requirements to be used by the EU to translate into the business requirements / terms of reference for the software tender documentation. GIZ have continued to support the Single Window program with training and equipment provided to the SUE SW together with a regional workshop on Single Window in October 2012. In addition, they have been piloting business process optimization software at one key agency (Agency on Standardization, Metrology, Certification and Trade Inspection), but GIZ budget constraints are limiting their support of this initiative. GIZ have also been the key driver in moving forward the proposed amendments to the Law on Digital Signatures, the Law on Electronic Documents and the Permits Law in support of the Single Window.

Under its Regional Trade Liberalization and Customs Project, the United States Agency for International Development (USAID/RTLC) supported the Single Window program since 2008 through its participation in the Single Window Working Group in this group’s development of the Single Window Concept, and carried out a review of and made recommendations to the Single Window Coordination Committee on the necessary amendments to the Law on Digital Signatures and the Law on Electronic Documents in order that these would not be an obstacle to the operation of the proposed Single Window. The USAID/RTLC project ended on 30th September 2011.

ADB funded the implementation of a customs automation system project which has only in October 2013 completed its warranty period. However, the system delivered has not been in full accordance with that envisioned and funded by ADB, with many elements of the system that are incomplete.

The abovementioned EU funded project commenced in mid June 2012 when the contractor creating the Single Window system started their engagement. As of December 2013, all system equipment across all sites had been delivered. The system software has been developed and is in the testing (pilot) phase with two state agencies and the SUE SW with the system software running on pilot server infrastructure at the contractor’s premises in Athens. The project is running behind the originally aggressive time schedule and despite equipment having been distributed countrywide these offices are not currently accessing the system software. Notably, and despite WTO accession in March 2013, there are currently difficulties with the mapping of TN VED codes to permits required due to lack of suitable regulations and inconsistencies between the normative acts governing this link. As a result, the business logic of the Single Window system will not operate correctly and the knowledge portal will be unable to provide accurate information for traders and customs brokers.

During mid 2011, before the start of the EU funded project, the ADB performed field due diligence as preparatory design stages of proposing an ADB-funded Single Window project, under its Central Asia Regional Economic Cooperation (CAREC) program, which would augment the EU funded system deliverable. The ADB project is called the Central Asia Regional Economic Cooperation: Regional Improvement of Border Services. Grant 0341-TAJ ($9.202 million). It was approved on 1st April 2013.

The ADB project has set up the Project Implementation Unit (PIU) and has recruited local PIU staff. The selection of international consultants is underway.

4.2.2 Kyrgyz Republic

GIZ, through its Support to Regional Cooperation in Central Asia program, has supported the analysis of the administrative barriers to trade and the reduction of permits for foreign trade together with the development of the Single Window program through its funding of the Single Window Working Group and early technical assistance to the State Enterprise Single Window Center. Specifically, GIZ has carried out capacity building at the SW SE in areas such as presentation preparation, moderation and drafting of employee terms of reference. At present, they are assisting the management of the SW SE in its preparation for ISO 9001 certification which is being funded by the ADB Grant KGZ-0121 funds. In mid 2010, GIZ funded some limited business process analysis work using an external consultant at five (5) Single Window agencies. Part of the exercise involved the simulation of exchanging
documents relating to certifications by e-mail attachments and this exercise introduced the benefits, at a simple level, of the productivity potential to the agencies of automated processes. This good work has not to date been built upon and presents a good opportunity to leverage this success by providing a more integrated Single Window solution at a selection of well-prepared agencies.\textsuperscript{24}

The ADB Investment Climate Improvement Program System Support Project Grant KGZ-121(SF) has financed the Single Window system being delivered at present.\textsuperscript{25} The funding covered ICT hardware and hardware support, software development and software support, network equipment, technical assistance, workshops and training.

Under its Regional Trade Liberalization and Customs Project, the United States Agency for International Development (USAID/RTLC) has supported the Single Window program since 2008 through its participation in the Single Window Working Group which developed the Single Window Concept. This project included technical assistance to the Government of Kyrgyzstan to implement its WTO membership commitments. The project has also been very actively involved with the Single Window project through capacity building and the funding of equipment and refurbishment (desks and chairs, ICT equipment, air conditioning and a generator) at the State Enterprise Single Window Center. The project is now closed.

During 2008, the ADB carried out preparatory work under its work to assist the improvement of the investment climate and in late 2009 commenced with its assistance for the development of a Single Window system under its Investment Climate Improvement Program Grant 0121-KGZ System Support Project.

The Ministry of Economic Regulation (MER) was designated the Project Executing Agency for the delivery of the Single Window system development funded by ADB Grant 0121-KGZ, part of the Investment Climate Investment Program.\textsuperscript{26} Accordingly, the MER is leading the Single Window program and is responsible for the disbursement of the Grant funds.

In 2011 a Government Decree No. 390 (11th June 2011) On approval of Regulation on the procedure of interaction of government authorities and other organizations in the preparation of documents for the implementation of foreign trade operations on the principle of “Single Window”. This decree established the list of state bodies and other organizations which are authorized to operate with the Single Window system together with a list of the permits/certificates that may be issued through the Single Window system. In addition, and importantly, it also identifies the rules of interaction among all the stakeholders through the Single Window information system – the service level agreement resolution. Development of a detailed service level agreement between each of the participating agencies and the Single Window Center is under consideration, but it is understood that smooth operation of the Single Window system is the priority followed by these service level agreements.

The Single Window system officially went live as of 22nd September 2012. Access to the Single Window system is through a web interface only. However, traders without internet access or are uncomfortable using the system can go to the Single Window Service Center where operators will assist them to submit their application with the accompanying documents. There are currently nine (9) agencies:

- Chamber of Commerce and Industry of the Kyrgyz Republic (KR), Bishkek Center for Testing and Certification, State Communication Agency under the Government of the KR, Department of state sanitary and epidemiological supervision of the Ministry of Health of the KR, State plant quarantine service of the Ministry of Agriculture of the KR. Department of state veterinary service of the Ministry of Agriculture of the KR.\textsuperscript{25}

\textsuperscript{24} These agencies are: Chamber of Commerce and Industry of the Kyrgyz Republic (KR), Bishkek Center for Testing and Certification, State Communication Agency under the Government of the KR, Department of state sanitary and epidemiological supervision of the Ministry of Health of the KR, State plant quarantine service of the Ministry of Agriculture of the KR.\textsuperscript{25} The Grant’s total funds were $2.9 million and this included funding for the development of a Business Registration One-stop Shop system at the Ministry of Justice and the operation of a project technical office.\textsuperscript{26} ADB Grant Number 0121-KGZ (SF) signed on 24\textsuperscript{26} November 2008. Project Number: 41544.
participating agencies, including the Tax Committee and have been 1600 registrations to the Single Window system, of which more that 50% are individual entrepreneurs.

The Government assists with the salaries of the Single Window Center’s staff. Registration is free and services are free during the testing period. Electronic digital signatures were been distributed free of charge (financed by GIZ) to be renewed by the users themselves.

A business plan of the Single Window Center was been developed in 2012 where they defined service products with the set prices. Of course, this plan was approved by the Single Window Supervisory Board (includes the Minister of Economy, the Chairman of the Customs Service, others ministers and private sector with the donors and partners).

UNESCAP and GIZ organized and conducted in June and October 2013 two (2) training sessions for all involved agencies and the private sector. During the first training it was concluded that there should be conducted BPA studies on export and import of goods in order to define all possible problems and barriers covering from the processing of goods, their transporting, payments for the services etc. These specific goods were selected according to the national export strategy; for export was selected fruit, for import fabric from China. This BPA activity is underway and the results will be submitted at the start of 2014.

For data exchange with Customs, there is an interface through the of customs broker portal of the Customs EAIS where has been foreseen the direct submission of electronic documents from the SWIS to the customs declaration.

A non-tariff database is under development at present. This service is only partially functioning on the Single Window website. The Knowledge Portal is also still under development

The integration of the Customs automated system and the Single Window system is also still under development. But several steps have already been completed. The Customs clearance folder within the Single Window system was created to provide availability of electronic documents to the customs officers and brokers. Customs officers will, once fully developed, be able to see the content of the folder with all electronic certificates or permissions. On 23rd September 2013 there was concluded an agreement between the Single Window Centre and the Customs Service on information interaction and data exchange.

Following business process analysis work, GIZ previously launched a pilot system (SimBase) for business process optimization and for the purpose of revealing key issues and risks for the main Single Window system. Unfortunately, the six (6) agencies that were involved to the piloting do not apply the SimBase system.

During mid 2011, the ADB performed field due diligence as preparatory design stages of proposing an ADB-funded Single Window project, also under its CAREC program) which would build upon its earlier investment in the Single Window program. The ADB project is called the Central Asia Regional Economic Cooperation: Regional Improvement of Border Services. Loan 2995-KGZ ($4.202 million), Grant 0340-KGZ ($4.202 million). It was approved on 1st April 2013.

The current situation is that the project has started with the creation of a “project technical cell” under the Single Window Center and is in the stage of consultant recruitment.

4.2.3 Republic of Uzbekistan

The Single Window developments in Uzbekistan are still at a very early stage compared to some of its regional partners (Republic of Azerbaijan, Kyrgyz Republic and Republic of Tajikistan) despite much assistance from UNDP’s Support to Foreign Trade and Investment Promotion in Uzbekistan

FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN
and GIZ’s Support to Regional Economic Cooperation in Central Asia – Administrative Barriers to Trade component over a number of years. However, since late 2011 there has been much progress.

On 17th November 2011 a Resolution of the Cabinet of Ministers No 305 “On the measures on the phased introduction of the mechanism of implementation of the export operations according to the principle of the Single Window’ was issued and this clarified what was required for SW development. This introduced a “temporary” mechanism for the operation of the Export (only) Single Window.

This temporary regulation provides a simplified mechanism for the fulfillment of the procedures related to exports where registration of contracts with the State Customs Committee (SCC) and the issuance of the certificate of origin for goods, veterinary, phyto-sanitary, hygiene certificates and customs formalization are realized. An applicant completes the single (unified) form of application and submits it attaching to it the necessary documents to the authorized representatives of the participating agencies at the customs stations of foreign trade activity (FTA customs stations) where formalization of the export procedures according to the Single window principle is in operation.

The Resolution 305 sets out the required supporting documents for each certification and also sets out in great detail the order of certification and fulfillment of customs formalities and includes a scheme of the procedures for export using the export Single Window, which is not mandatory. It stipulates the following Phase One procedures:

Representatives of the authorized certification bodies must observe the following:

(i) Review without delay the submitted documents to check their completeness and reveal possible discrepancies;
(ii) When the submitted documents are in compliance with the established requirements then accept them;
(iii) When discrepancies revealed, they return to the Applicant the documents for him/her to eliminate them, stating them in the single form of the application.

Representatives of the authorized certification bodies during the course of the day when the application is received, do sampling of the goods intended for export, in the established order and pass the samples of the goods and documents to the relevant laboratories and/or authorized bodies.

The timeframe for laboratory tests, inspection and issuance of the relevant certificates for the goods intended for export, excluding agricultural products, shall take not more than three (3) working days.

For export of the agricultural products, the timeframe for laboratory analysis and issuance of the relevant certificates shall not be more than five (5) working days.

In the event of achieving a positive result for the laboratory analysis, the representatives of the authorized certification bodies must issue to the Applicant in the course of one (1) working day the relevant certificates directly at the FTA customs station.

Notably, the Resolution states that it does not prescribe the procedures that are internal to the participating certification agencies, but it does set out the documents required for each of the permits/certificates that may be obtained through the export Single Window.

The Resolution prescribes Phase Two – the customs formalities stage as follows:

The Applicant in order to register the export contract and complete customs formalities submits to the SCC representative the following documents:

- Export contract;
• Cargo customs declaration;
• Extract (info) on calculations, which is issued by an authorized bank;
• Transport and goods shipping documentation (number of container and wagon, railway bill of loading etc.);
• Certificate of origin of goods, veterinary, phyto-sanitary and sanitary certificates (if necessary);
• Payment document (payment order, receipt, verification act, etc.) which proves payment of customs fees.

The SCC representative:
• Reviews without delay the submitted documents to check their completeness and reveal possible discrepancies;
• Once the submitted documents are in compliance with the established requirements then accept them;
• Where discrepancies are revealed, returns to the Applicant the documents to eliminate them - The discrepancies must be stated on the single application form.

The employee of the state customs service body in the course of the day registers export contracts of small and medium enterprises involved in export, excluding specified raw materials list of which are listed by a special Presidential Decree (No. 1871, 10th October 1997).

Registration of the export contracts of the other foreign trade activity subjects is fulfilled in the SCC representative in the established order.

The SCC representative conducts customs inspection of the exported goods and transport means as they are ready for shipment, and during one (1) working day completes customs formalities.

Importantly, any request for additional documents, which are not stipulated in the Resolution is prohibited.

When re-reviewing the documents, the authorized certification bodies and the SCC do not have a right to come up with new remarks earlier not reflected in the single application form.

The Resolution and temporary mechanism create a “pilot” Single Window facility in thirteen (13) oblast centers and in Tashkent City – each based at the State Customs Committee’s offices. The facility is for export transactions only and allows foreign trade participants to apply for the permits/certificates required for the export of goods at one location only. The facility is allows the applications to be made in the same manner as takes place at the participating agencies – in hardcopy, paper-based format, but allows the applications to take place at one location only with one application form. Upon application, each agency’s representative who is located at the Single Window office returns to their respective agency and the application process proceeds in the same way as if the application was made at the agency directly.

The agencies participating in the export only Single Window are as follows:

1. State Customs Committee – the host.
2. Chief State Inspection on Quarantine of Plants Ministry of Agriculture and Water Resources (phyto-sanitary certificate);
3. Chief State Veterinary Directorate under the Ministry of Agriculture and Water Resources (veterinary certificate);
4. State Sanitary and Epidemiological Supervision Center under the Ministry of Health (hygiene certificate).

At present, this physical export only Single Window acts like a “one more”-stop shop, but the delivery of the applications in one location is a step in the right direction of the UN/CEFACT Recommendation 33. Resolution 305 covers export operations only and for the Single Window facility to develop to cover import (and transit) a further Presidential resolution will be needed. However, it will be interesting to see the improvements when the operation is automated by KOICA during 2014.

**Automation of the Export Single Window**

Resolution 305 requires an electronic and online export Single Window and this is underway. The Korea International Cooperation Agency (KOICA) have committed to funding a $5.5m investment in the development of an automated solution for the export Single Window, covering equipment and software development. A protocol was signed on 7th August 2013 between KOICA and the SCC. The funds will be allocated to computerizing and automating the front end export Single Window facility together with the automation of the foreign trade licensing processes at the participating agencies. The automation planned is for six (6) agencies – the Central Bank, Ministry of Health, Ministry of Agriculture and Water Resources, Uzstandard and “Uzbekekspertiza” and the Ministry of the Environment.

It is understood that KOICA have done some initial business process analysis at the participating agencies and the plan is that the software solution provided and automation will provide the optimization of those existing processes. The SCC suggested that a Presidential resolution will deal with all the necessary legal amendments to allow the system to operate with legal authority if the Resolution 305 is not considered sufficient – and it is probably not since the transition of this type of regulatory activity to an electronic system needs careful legal consideration.

KOICA had previously engaged an independent expert to create the request for proposal for a bidding process that was launched in November 2013. It is expected that the final selection of the winning bid will be around the end of Q1 2014. Final selection will require the approval of both KOICA and the SCC, who have been working very closely with KOICA in this process.

Following their appointment, it is expected that the appointed company will conduct detailed business process analysis at the participating agencies, create the software requirements specification for software development and scope the hardware and telecommunications requirements to supply.

Once the automation by KOICA is underway, it is understood that the SCC will provide access to the Customs Expertise database (together with the provision of digital signatures) where licenses and permit information will be accessible.

It is understood that the system will be further developed for import and transit once the export Single Window is successfully operating. KOICA suggested the expansion of the Single Window to cover import and transit would be funded by future investment, possibly from KOICA. The Deputy Chairman at the Chamber of Commerce and Industry suggested that import and transit may be addressed in 2014, but this is unlikely. The current Resolution 305 (17th November 2011) covers only the export Single Window, but for the expansion of the system to cover import and export there would need to be a new resolution and it is understood that work on this has not started at this time and would probably be preceded by the creation of a working group on the issue – as was the case for the export Single Window.

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4.2.4 Some Single Window Case Studies

A number of case studies (compiled by UNECE) of implementing a Single Window and some set-up cost indications are available at: http://www.unece.org/fileadmin/DAM/cefact/single_window/draft_160905.pdf. The document is a 2005 publication, but a very interesting document for those looking for some detailed background on a number of interesting Single Window developments.

It is interesting to see the current Trading Across Borders ranking of a sample of the countries set out in this document and some additional selected ones also employing a Single Window.

| Table 3: Comparison of Countries with Single Windows |
|-----------------|--------------------------|
| Country         | Trading Across Borders ranking in 2014 |
| Senegal         | 80                        |
| Thailand        | 24                        |
| Mozambique      | 131                       |
| Guatemala       | 116                       |
| Mauritius       | 12                        |
| Ghana           | 109                       |
| Georgia         | 43                        |
| Macedonia       | 89                        |

4.3 Republic of Kazakhstan Specifically

4.3.1 General Ranking

Kazakhstan’s trade policy as noted at Section 3.2 illustrates political will toward more open trade and integration, translated in steady process toward WTO membership, but their exist impediments to transport and trade facilitation in Kazakhstan as a result of insufficient physical infrastructure and transport facilities, prohibitive institutional policies and regulations and inadequate operational capability of the logistics industry.

The following sets out the specific survey results from the World Bank Doing Business Report 2014.

28 Conducted by World Bank (189 countries surveyed). See http://www.doingbusiness.org/
The Doing Business surveys for the years 2009-2014 showed no reforms except for 2011 where it was noted that Kazakhstan speeded up trade through efforts to modernize customs, including the implementation of a risk management system and improvements to customs automation, mainly as a result of the World Bank’s Customs Modernization project (See Section 6.6).

The reduction of one document in 2010 was the only document reduction over the period survey in Figure 7. There has been no program of reviewing and reducing the number of documents needed for customs formalities.

The World Bank’s Doing Business Simulator for 2014 shows no change in the Trading Across Border’s ranking if the number of days for import and export were to be reduced by 20 days (e.g. by reducing the time taken for documentation preparation), but for a reduction of three (3) documents in one year required for both import and export then the ranking jumps (all other things being equal) to 171. This would an improvement of 15 places in one year. If the reduction was 4 documents then the ranking would improve to 165 – an improvement of 21 places. (The Doing Business reform simulator is available at [http://doingbusiness.org/reforms/reform-simulator](http://doingbusiness.org/reforms/reform-simulator))

Table 4: Documents Required for Export (Number)

<table>
<thead>
<tr>
<th>Number</th>
<th>Documents to import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bill of lading</td>
</tr>
<tr>
<td>2</td>
<td>Certificate of conformity</td>
</tr>
<tr>
<td>3</td>
<td>Certificate of Origin/ Statement of manufacturer zayavlenie</td>
</tr>
<tr>
<td>4</td>
<td>Commercial invoice</td>
</tr>
<tr>
<td>5</td>
<td>Customs export declaration</td>
</tr>
<tr>
<td>6</td>
<td>Document certifying payment of customs fees (platejka/ chek)</td>
</tr>
<tr>
<td>7</td>
<td>Packing list</td>
</tr>
<tr>
<td>8</td>
<td>Railway bill (Transport document)</td>
</tr>
<tr>
<td>9</td>
<td>Terminal handling receipts</td>
</tr>
<tr>
<td>10</td>
<td>Transit application/document</td>
</tr>
</tbody>
</table>

Table 5: Procedures for Export

<table>
<thead>
<tr>
<th>Procedures to Export</th>
<th>Time (days)</th>
<th>Cost (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents preparation</td>
<td>21</td>
<td>330</td>
</tr>
<tr>
<td>Customs clearance and technical control</td>
<td>9</td>
<td>425</td>
</tr>
<tr>
<td>Ports and terminal handling</td>
<td>5</td>
<td>330</td>
</tr>
<tr>
<td>Inland transportation and handling</td>
<td>46</td>
<td>3,800</td>
</tr>
<tr>
<td>Totals</td>
<td>81</td>
<td>4,885</td>
</tr>
</tbody>
</table>

Figure 8: Documents Required for Import (Number)

Table 6: Documents to import

<table>
<thead>
<tr>
<th>Number</th>
<th>Documents to import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bill of lading</td>
</tr>
<tr>
<td>2</td>
<td>Cargo release order</td>
</tr>
<tr>
<td>3</td>
<td>Certificate of conformity</td>
</tr>
<tr>
<td>4</td>
<td>Commercial invoice</td>
</tr>
<tr>
<td>5</td>
<td>Customs import declaration</td>
</tr>
<tr>
<td>6</td>
<td>Document certifying payment of customs fees (platejka/chek)</td>
</tr>
<tr>
<td>7</td>
<td>Inspection report</td>
</tr>
<tr>
<td>8</td>
<td>Packing list</td>
</tr>
<tr>
<td>9</td>
<td>Railway bill (Transport document)</td>
</tr>
<tr>
<td>10</td>
<td>Technical standard certificate</td>
</tr>
<tr>
<td>11</td>
<td>Terminal handling receipts</td>
</tr>
<tr>
<td>12</td>
<td>Transit document</td>
</tr>
</tbody>
</table>

Table 7: Procedures for Export

<table>
<thead>
<tr>
<th>Procedures to import</th>
<th>Time (days)</th>
<th>Cost (US$)</th>
</tr>
</thead>
</table>

FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Document preparation</td>
<td>21</td>
<td>310</td>
</tr>
<tr>
<td>Customs clearance and technical control</td>
<td>9</td>
<td>425</td>
</tr>
<tr>
<td>Ports and terminal handling</td>
<td>4</td>
<td>330</td>
</tr>
<tr>
<td>Inland transportation and handling</td>
<td>35</td>
<td>3,800</td>
</tr>
<tr>
<td>Totals</td>
<td>69</td>
<td>4,865</td>
</tr>
</tbody>
</table>
Figure 9: Economies following good practices make easier, less time consuming and cheaper to trade across borders

Note: Poor practice economies are the 5 lowest-ranked economies on the ease of trading across borders. The second column represents the 5 economies ranked from 140 to 144 on the ease of trading across borders. The third column represents the 5 economies ranked from 93 to 97. The fourth column represents the 5 economies ranked from 45 to 48. Good practice economies are the 5 top-ranked economies. Document preparation includes the obtaining, preparation and submission of all documents involved in trade. Port and terminal handling includes all processes at ports. Customs clearance includes clearance by customs authorities and all other border agencies involved. Inland transport refers to transport between the trader’s warehouse in the largest business city to the port most used by the trader.

Source: Doing Business database.
Improvements in Progress

The Government has taken steps / made commitments in the past few years to improve the business environment in Kazakhstan. This has translated into noted improvements in the overall ratings of the Doing Business from 58th place in the 2011 report to 50th place (out of 189 countries) in the 2014 report.

The Government is launching a major regulatory reform to reduce the burden of licenses and permits on formalization, growth and competitiveness of enterprises in Kazakhstan. To alleviate this regulatory burden, the authorities adopted the “Concept of State Regulation of Entrepreneurial Activity 2020” to be fully implemented by the end of 2020. The Government is currently developing a new law on permits and notifications to this effect. The new concept outlines a new business regulation policy aiming to establish a balanced, predictable, affordable, efficient and transparent system of state regulation. The objectives of the concept are three fold. First, it is to drastically reduce the number of licenses following an orderly and risk-based approach. Second, the concept is to help define a clear process for creation of new licenses/permits in the future. Finally, the objective of the concept is to create a strong institutional framework for regulatory supervision while decreasing public expenses related to regulation of entrepreneurial activity. Building quality monitoring and evaluation and feedback systems is also an integral part of the reform.  

4.3.2 Non-tariff Barriers

The World Bank is currently working on a report being finalized at the end of 2013 with the tentative title: Kazakhstan - Improving the trade policy framework, its management and its regulations. The report will be composed of three (3) standalone policy notes (together with an executive summary) that look at some of the trade policy options the country has, looks at the institutional capacity for trade policy management and looks at non-tariff measures (using a unique data base of non-tariff regulations).

The World Bank have developed jointly with the Government a non-tariff measures (NTM) database which allows analysis of this database and report on frequency and coverage and benchmark against selected comparators. They are also looking specifically at some of the measures introduced by the Custom Union. The NTM database is held by the Ministry of Economy and Budget Planning. A short snapshot of the NTM analysis is summarized below from the World Bank: Kazakhstan Solid Growth, Unsettled Global Environment. Kazakhstan Economic Update Fall 2013 report.

Kazakhstan has an intermediate level of frequency ratio of non-tariff measures. The frequency ratio of non-tariff measures (NTMs) captures the percentage of products that are subject to one or more NTMs. Analysis of a new NTM database shows that roughly 55 percent of tariff lines in Kazakhstan are currently affected by NTMs, representing around 60 percent of overall import value in 2012. By comparison, China and the European Union have the highest values of frequency (more than 80 percent), while Chile and Japan have the lowest values.

94 percent of Kazakhstan’s current NTMs are concentrated under four ministries, which again is comparable to other countries: The Ministry of Health (35 percent), the Ministry of Agriculture (35 percent), the Ministry of Economy and Budget Planning (13 percent) and Ministry of Industry and New Technologies (10 percent). However, the risk of duplication and burdensome administrative procedures are high in Kazakhstan as about a third of products are affected by three or more trade regulations. The Coverage Ratio captures the percentage of imports that are subject to one or more NTMs. In Kazakhstan, the coverage ratio is about 60 percent, compared to over 80 percent for EU and China. Only Indonesia and Chile have much lower ratios. In Kazakhstan, half of the products for

30 World Bank: Kazakhstan Solid Growth, Unsettled Global Environment. Kazakhstan Economic Update Fall 2013
which an NTM applies are affected by a single type of NTMs, 30 percent are affected by two types of NTMs, and the remainder by three or four types. By comparison, in higher income economies such as the EU and Japan, more than 90 percent of the products for which an NTM applies are affected by one to two NTMs, with more than 70 percent affected by only one NTM. Agri-food products and chemicals have the highest shares of products subject to multiple NTMs.

Joining the CU has led to a large number of regulatory changes, among them five (5) new NTM challenges stand out. These are: (i) issuance of more stringent regulations; (ii) additional mandatory certifications, (iii) new state product registration requirements; (iv) the new requirement of registering third country suppliers; and (v) the prevalence of quantitative controls. Compliance with these requirements may be very costly for both companies seeking to export and those that source their inputs abroad, especially in emerging and developing countries. Countries imposing them may end up hurting their own competitiveness by making it difficult for domestic producers and exporters to access critical inputs in a timely fashion.

### 4.4 Single Window as a Key Trade Facilitation Measure

A single window system can improve information flows by sharing needed information with all parties involved in trade, including private participants such as banks and insurance companies and public agencies such as immigration and vehicle registration authorities. The key concept for an effective system is to enable traders to submit standardized information and documents through a single gateway, eliminate redundant processes by traders and government agencies and improve coordination and cooperation between authorities. Reducing multiple data submissions to different agencies helps minimize errors during data entry too.

Single window systems have other benefits. One that collects data systematically enables consignments to be categorized more easily based on the associated risk by allowing creation of trader profiles, limiting physical inspections to risky cargo and potentially making trade procedures more secure and efficient. By combining a portal where up-to-date information on tariffs and other legal and procedural requirements are available and by integrating a payment system, duties and other charges can be paid more quickly and accurately, raising government revenues.

Using a single window to lodge information can even fight corruption by reducing interactions between traders and authorities. And it can make the clearance process more predictable and enhance transparency. Among the seventy three (73) economies with a Single Window system, 86% make information on duties and tariffs publicly available, while only 54% of the other 110 economies measured by Doing Business do so. Though a single window system brings considerable gains, implementation is a major undertaking involving many stakeholders and requiring long-term commitment from multiple players in government and business. Implementation takes many years and might have to be done in phases. Though their overarching goals are the same, single window systems differ greatly, highlighting the need to adapt them to each economy—taking into account the computerization of users, internet connectivity and the capacity of implementing bodies.

It must be noted that a Single Window system implementation is a long-term commitment and not an overnight fix for trade facilitation shortcomings. This is demonstrated by the protracted development and evolution of Single Window systems in Singapore and Thailand, for example.

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In Section 1.2, the detrimental effect of weak trade facilitation was noted, but the introduction of a Single Window system or environment can improve trade facilitation considerably. Some studies assert that a 10% reduction in the time it takes to move cargo from the point of production to the means of shipping increases exports by 4%, all other factors remaining constant. In Senegal, the introduction of its Single Window – ORBUS, which is the pre-clearance customs declaration system – resulted in less time for traders to clear customs and to collect the necessary documents and authorizations prior to the customs declaration. This process was cut from in excess of four (4) days to half a day (or less) with increased customs revenues (around $625 million in 2005 to more than $1 billion in 2008) and in turn increased revenues for the participating licensing/permit agencies (due to streamlined and centralized fee collections).

5 General Developments in the Republic of Kazakhstan

5.1 Electronic Licensing Database (ELDB)

The Republic of Kazakhstan has been progressive in the introduction of the e-Licensing database (ELDB) (See www.elicense.kz) was created by the National Information Technology (NIT) state owned enterprise in 2008 under the Ministry of Communication and Information and is now under the auspices of the Ministry of Transport and Communications (MoTC). The database is part of the e-Government thrust and contains electronic licenses for many activities which include, inter alia, construction and foreign trade.

It is understood that license issuing agencies have not over recent years been so timely at including their data to this system, but this is the responsibility of the Ministry of Economy and Budget Planning and we are informed by the CCC that this is operating well at this time.

In mid 2010, the CCC requested the assistance of the USAID/RTLC project to create an interface between the information system of the Centre of Operational Management (COM) of CCC and the ELDB and assist with the upgrading of their COM system to deal with e-licenses. The USAID/RTLC project responded to support this and the result was the CONNECT project.

The overall intended result of the activity was to provide an information system that will connect CCC border crossing points (BCP) with the ELDB in order to avoid manual handling of licenses and permits at borders. COM’s IT system was upgraded to enable electronic checking of licenses and quotas in real time when a truck enters the country. Traders would no longer have to deliver hard copies to BCP’s but CCC officers would be able to verify on-line that a license has been issued.

In brief, CONNECT (Connecting the Center of Operative Management of Kazakh Customs and the Border Crossing Points with the E-License Database through an Electronic Interface) is an IT project designed and implemented by USAID’s RTLC Project in co-operation with the Customs Control Committee, the National Information Technology state-owned enterprise under MoTC (formerly under MoCI) and private counterparts. When implemented, the system will be the first to connect the main border crossing points in Kazakhstan with the State e-Licensing Database (ELDB). CONNECT will enable electronic license verification on-site at the border. It will reduce handling of documents and reduce costs for both traders and Customs.

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34 Freund and Rocha 2011
35 Mr. Ibrahim Diagne, Managing Director of GIE GAINDE 2000 (operator of the public-private partnership created in 2002 to create and operate Senegal’s Single Window).
36 On 13th May 2013, in Geneva, Kazakhstan won the World Summit on Information Society Project Prizes 2013 within the frames of the Kazakhstan’s e-licensing system was named the best project in the “e-Business” category. In total, over 280 projects from 64 countries worldwide participated in the contest.
The intended outcomes were as follows:

a) traders and transport operators would directly save time and costs not having to deliver paper based licenses to BCP’s. Border clearances should become faster and waiting times shorter. Although it is difficult to estimate the overall economic impact, traders would also indirectly benefit in lower logistics costs and improved predictability in managing their logistics flows.

b) Customs would save resources no longer having to scan the documents, which is the current procedure.

c) Customs would no longer have the responsibility of checking the authenticity of paper licenses but the information on existence of a license could be verified real time using the IT system. Fake licenses, which became a problem, would be avoided.

5.2 E-Licensing Database (ELDB) Perceptions

From discussions with various stakeholders during November and December 2013, it is understood that the ELDB is not yet completed. It does work to a degree and the plan is for its completion in 2015. There is, however, no access to the ELDB at BCPs for checking purposes and this would require a web interface for this purpose or an integrated Government system with secure access for authorized users only. Customs officers are not authorized to use the ELDB for their purposes.

It is possible to check if licenses have been issued, the number and to whom via the websites of ministries such as MoTC and the Ministry of Health. Indeed, Customs brokers can access this information, but they cannot use it as part of their declaration.

The e-Government website gives access to only those Government agencies participating the ELD project and applications for permits/licenses is possible for these agencies only. Currently, the licenses on the ELDB cannot be used for formal license/permit checking operations.

There are around sixty (60) licenses/permits relating to foreign trade operations, but only ten (10) of these are accessible through the ELDB and an application can be made for only these ten (10) through the e-Government system.

5.3 Integrated Tariff and Non-tariff Database

The former Deputy Chairman (Mr. Duisebayev) of CCC requested support from the USAID/RTLC project during 2011 for support with the development of the integrated table of non-tariff regulations.

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This became a sub-project of the USAID/RTLC CONNECT project and a database/table was created within the CONNECT system which included non-tariff regulations for each harmonized commodity code (the Single Foreign Economic Activity Commodity Nomenclature or TN VED in Russian). This database should have allowed the mapping of a TN VED code, taking into account the specific Customs regime (import, transit etc), to the regulations/permits required for the declaration required. However, there existed too many inconsistencies and gaps to work properly and provide good business logic. This functionality, in reality, depended heavily upon the judgment of a Customs official due to the lack of harmonization in the internal regulations across all agencies.

The current World Bank Customs Development Project has the creation of an integrated tariff automated system as one of its components and it is expected that the process for the selection of an external vendor to create this system base on architecture and specifications already completed.

**Box 1: Integrated Tariff and non-Tariff Database**

Is plain terms, an integrated tariff system allows both government and the private sector to access a complete listing of all tariffs and associated government regulations applicable to the import, export and transit of goods of a certain commodity code (Customs Union TN VED for Kazakhstan). It should ideally be a web-based program for ease of access to Government and the private sector and updated when changes occur. It prevents individual interpretations of tariffs and regulations.

The database easily allows users to see the effects of adjusting tariffs in advance as the program should identify the regulations that will be affected by the tariff code change to keep regulations consistent.

For the non-tariff component, the commodity code will allow the user to see the most up-to-date licenses/permits required, from which agency they should be obtained and, ideally, the regulation governing the issuance of that license/permit – this will identify the officially required supporting documents required (e.g. contract, invoice).

Ideally, through such an online system customs is able to receive questions and answer queries from the private sector which are logged for future reference in the system. This is important for any prior rulings on tariff classifications since it reduces the opportunity for corruption because the regulations are publicly available and posted.

**5.4 Integrated Tariff and Non-tariff Database Perceptions**

From discussions with various stakeholders, it is understood that this database is still under development at CCC and has not reached the testing stage despite efforts since 2005 and much private sector and customs broker pressure to finalize it. However, it is clear that the World Bank project will undertake the creation of the integrated tariff automated system during 2014 and that this will be available for public access. This development would certainly benefit from stakeholder consultation and training.

**5.5 E-Declaration**

The CCC has developed an e-Declaration system which is currently being piloted (testing phase) for exports only and at three (3) locations only:

1. Kostani oblast (North Kazakhstan) – for grain exports;
2. Karaghandy oblast (near Astana) – for coal and metal exports from the ArcelorMittal Group;
3. Pavlodar oblast (North Kazakhstan) – for aluminium ore exports from the ERNC Group.
It was officially launched at the end of 2012 and it is planned that from 1st January 2014, the e-Declaration system will be launched for export transactions only. The e-Declaration for import (non transit yet) will be piloted from the start of 2014, but there are much more significant legislative changes required before this can go live.

This “pilot” e-Declaration system allows (at present) an export declaration to be completed online and submitted to CCC electronically. It is understood that the CCC has already worked out the changes required to the legislation which are not significant. The CCC expects the amendments to be effective during the first half of 2014.

When the e-Declaration is submitted, there will be inserted into box 44 (of 54 boxes) of the declaration the reference codes of the permits/certificates obtained for the commodities being shipped. It is understood that, following submission of the e-Declaration, the system automatically reads these reference codes to check the ELDB to check that the permits/certificates have indeed been issued. However, there remain areas of uncertainty as to how the duties and tax calculations, where applicable, will be made if the declaration is completed online and it was not made absolutely certain that a hard copy declaration would also still be required by CCC.

The e-Declaration system is part of the overall e-Government thrust, but at this time it is not planned to be integrated with the e-Government system until the CCC are happy that it is working without any problems.

It is understood, from the CCC, that the e-Declaration and the ELDB are already partially integrated. It is expected that the e-Declaration system for exports only will be fully functional in 2014 and the ELDB will also be fully functioning at that time. Further necessary integration work will be carried out in 2014 and they are expected to be fully integrated and functional in 2015.

The e-Declaration system is at present a standalone system, but will be integrated into the overall customs integrated system in time.

5.6 E-Declaration Perceptions

Stakeholders consulted were in favour of the initiative, but did not expect the full operation to go live at the start of 2014 and it was unlikely that the ELDB would be ready for integration in other than a “pilot” mode. Further, one large corporate suggested that they certainly did not want to be at the “bleeding edge” of the new developments since it would not be initially mandatory. It is clear that there will be problems expected with this initiative when it is introduced for export after the pilot phase.

5.7 Non-tariff Database for Public Use

It was noted that there was currently no database available through the CCC, e-Government, or other sites where a foreign trade participant could visit for accurate and up-to-date information relevant to foreign trade operations. Specifically, there exists no facility for a trader/broker to enter a TNVED code and be provided with the permits they require, the agencies issuing these permits, the supportive documents required (e.g. invoice, contract, certificate of origin from producing country) and other information such as the costs.

It was noted by one stakeholder that they must search maybe five (5) or six (6) different databases for each commodity, noting that some ministries have more than one. Even after this, there would be inconsistencies. However, it was noted that some ministries do have a database with a link between the TN VED code and the permit(s) required from that Government agency.
It must be noted that about ninety percent (90%) of all declarations are submitted by qualified Customs brokers with the remainder being submitted by non-brokers at companies. However, where the Customs broker can be requested to obtain the license/permit on behalf of its client, this is the case only fifty percent (50%) of the time and is not a function of whether the client is an SME or a large corporate. This means that 50% of all permits are obtained by non-brokers, therefore not all applicants for licenses/permits necessarily have the experience/expertise of a Customs broker. Therefore, such a database would be invaluable for both Customs brokers and other businesses alike.

5.8 Customs Development (Modernization) Project

The development objective of the World Bank project is “to increase the efficiency, effectiveness and accountability of the CCC in order to: (i) promote internationally acceptable practices for expeditious processing of international trade flows, so as to further integrate the country into the world economy and improve the investment climate and competitiveness, (ii) improve taxpayer compliance with the Customs Code and thereby increase revenue collection, (iii) and support transparency of customs operations in order to reduce the potential for corruption and increase predictability for traders. The project will facilitate Kazakhstan’s accession to the WTO, as well as post accession support.”

It is understood that over the last six months, the situation at CCC for this project has improved significantly and project activities are back on track, albeit that the project is overall someway behind schedule. The four (4) main consulting firms (mainly by PwC) have been completed and the CCC is examining the recommendations for implementation which were found to be of highest quality. Key recommendations on institutional reform include reducing and rationalizing the current number of regional offices from sixteen to four and centralizing operational divisions. Significant attention has been paid to improving the competency level of staff and strengthening the Human Resources Department and Training function.

The business process analysis and re-engineering maps prepared by PwC are in line with international standards and accepted global good practice and will deliver significant improvements both for the trading community and the CCC. Most of the recommendations have been accepted by the CCC and form an integral part of the systems design that is underpinning both the current e-Declaration pilot and the work to be undertaken in 2014. The new World Bank Legislative Project team are currently reviewing the business process recommendations report to understand what legislative amendments need to be implemented to support the recommendations. Recommendations on improving the CCC’s post clearance audit capabilities have also been made and are expected to result in increased operational effectiveness.

The new ICT system to be financed by the World Bank project, and based on revised business processes developed as part of component 2, will result in full integration of system components and support a fully paperless processing regime once it is implemented in late 2014.

The main components of the project are as follows:

(i) Comprehensive training strategy, curriculum, and distance learning systems are developed and used for continuous professional development of CCC staff

(ii) Development of an Integrated Tariff Automated System that incorporates all other agency (regulating foreign trade) requirements.

(iii) Development and implementation of a new integrated customs management IT system

Procurement work has commenced for the software development for the Integrated Customs Management System (integrated tariff, single window, e-Declaration, based on the redesigned business processes) after taking input from the main consulting services providers. The selection process will take several months and is now on the critical path to project completion by December 2014 (the current closing date for the project).

5.9 CCC and Single Window

The CCC (IT and Modernization Department) envision the integration of the above activities to be the basis for its Single Window, there is still some way to go and the various systems will not be fully integrated until 2015, which is the date the CCC are now claiming they will have a functioning Single Window system.

From discussions with the leader of the World Bank Customs Development Project, it appears that CCC see the integration of the various systems currently being developed (e-Declaration, ELDB, Integrated Tariff Database and the other components of the Integrated Customs Management System as being their Single Window.

5.10 Customs Declarations – Current Position

Aside from the current e-Declaration pilot underway, at present the customs declaration are prepared after the licenses/permits and their reference numbers have been obtained. The declaration is completed typically using software provided by one of fourteen (14) providers registered by CCC and these software companies provide regular updates for a monthly/quarterly fee.

The electronic copy of the declaration is submitted to CCC’s declarant system in Astana where it is given a unique registration number and checked for completeness – no licenses/permits are sent with the declaration. The registration number is inserted into the completed declaration and printed out in hard copy and taken with the obtained hardcopy license/permits to the local CCC office. Here, the registration number allows the Customs officer to check to the electronic version of the declaration submitted and also see the risk management score (mostly based on TN VED codes and country of origin, for imports, as some countries have a higher risk score) and guidance on valuation for Customs purposes (that is, there is very much a human element here). If all is well, then the declaration is stamped for Customs clearance provided the VAT and Customs duties have been paid.

In the case of a classic Single Window, the permits would be obtained through the Single Window which requires one visit only to one location. Therefore, the declaration would be produced and transmitted to the Customs automated system seamlessly.

5.11 Stakeholder Engagement and the Private Sector

Some of the perceptions in the above sections that, for example, regarding the stage of development of some systems and projects may be attributed to poor stakeholder engagement in these developments. Indeed, some interlocutors were not so unaware of developments in the area of these developments and would most certainly be attributable to insufficient stakeholder engagement since many of these people will be or become the clients of those services. Stakeholder engagement is often poor in these types of national developments and is often cited as poor/slow take up of the

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services on offer, thereby holding the Government back on achieving is desired trajectory of trade facilitation improvements. Third party and trade consultation is a requirement of modern customs as required by the Revised Kyoto Convention to which Kazakhstan acceded in 2009.

However, general discussions highlighted the private sector’s appetite for movement to electronic declarations due to the benefits expected such as:

- Reduced time and costs for filling documents, meeting requirements and passage through customs control for Foreign trade participants;
- Better efficiency of enterprises resulting from improved predictability in the supply chain, and as a result of more effective public governance and access to all regulatory requirements;
- Improved quality of services provided by Government bodies;
- Predictability and transparency of procedures, service fees and access to normative and legal acts, rules, instruction and regulations related to foreign trade procedures;
- Possibility to better plan and coordinate costs (transportation and storage, etc.), foreign trade transactions and supplies due to confidence in decisions made by government bodies.

6 Development Partner Assistance

6.1 United Nations Economic Cooperation for Europe (UNECE) Assistance

The Republic of Kazakhstan has been open to regional cooperation. UNECE worked with them in a regional SPECA setting organizing with them in Almaty (June 2006) the first regional seminar of a UN Development Account (UNDA) project on trade facilitation, and the Single Window became a star topic in Central Asia at that seminar. It was at this seminar that the GIZ team first encountered the concept of the Single Window.

Another seminar under the same project was organized at the end of 2009 in Almaty, together with the private sector representatives such as the Association of Customs Brokers, and with the Deputy Chairman of the Customs Control Committee of Kazakhstan. Several months later the Chairman of the CCC achieved his key objective - he received financing from the Government for a Single Window project, and then commenced Business Process Analysis (BPA). UNECE cooperated with them, and provided them with methodological assistance for the BPA.

At that time, the Chairman of the CCC negotiated with the Ministry of Transport and Informatization to transfer to the CCC a large part of the responsibility for the Single Window project. Part of the work was focused on developing harmonized commodity codes of all goods. The unique commodity code of goods, which traders will have to enter, in order to get all the set of required data, which they can then enter in one place, only once and in a standardized format.

With regard to the work of the Eurasian Economic Commission (EEC) and Kazakhstan on the Single Window, the CCC have clearly stressed their attachment to the need to focus on a system of a national Single Window, stressing that Kazakhstan is already moving in the direction of establishing such a system, and its progress should not be arrested by some centralizing work in the EEC. On the other hand, the EEC is developing a data model for the Integrated Information System for Mutual and Foreign Trade of the Customs Union of Belarus, Kazakhstan and Russia, which is planned to become the basis for interfaces with all interagency information exchange systems in the Customs Union

40 The Revised Kyoto Convention 1999 is a revision to the 1974 Kyoto Convention states that “customs systems and processes must not be allowed to serve or be perceived as a barrier to international trade and growth”.
FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN

See Section 6.8 for information on the UNECE Single Window events in the context of the Customs Union.

6.2 United States Agency for International Development (USAID) Regional Trade Liberalization and Customs Project (RTLC) Project Assistance

The USAID/RTLC project was implemented during the period July 2007 to September 2011.

RTLC helped draft a new Customs Code that was based on best international practices and would have significantly improved customs procedures if it had been enacted. However, Kazakhstan adopted the Customs Code of the CU in mid-2010, and the Government drafted a National Customs Code aligned with the CU Customs Code. Only some of the provisions of the draft Customs Code proposed by RTLC were included in the draft National Customs Code. The project reviewed, and proposed amendments to the CU Customs Code, several other CU documents, and the draft National Customs Code. A few of these amendments have been adopted.

RTLC assisted the Custom Control Committee (CCC) in implementing the US$62 million Customs Development Project (CDP), which is financed by the World Bank and the GOKZ and aims to increase the efficiency, effectiveness and accountability of the CCC. The implementation of the CDP was very slow for some time in part because CCC staff lacked skills needed to implement it. RTLC trained CCC staff in project management and helped the CCC draft procurement documents for the CDP and monitor contractors. Consequently, the implementation of the CDP picked up the pace.

In cooperation with GIZ, RTLC promoted the concept of the Single Window. Partly as a result of RTLC’s efforts, the GOKZ decided to set up a SW in Kazakhstan and prepared detailed descriptions of business processes for issuing export/import permits at the Ministry of Agriculture and the Ministry of Industry and New Technologies.

RTLC also helped the CCC connect its Center for Operative Management and border posts with the e-Licensing National Database through an electronic interface called CONNECT. As of end-2011, CONNECT had been tested but was not fully operational because the e-Licensing National Database had not been completed. When it becomes fully operational, CONNECT will eliminate the need for the manual handling of licenses at border crossing points. It will enable customs officials at border posts to electronically check licenses in real time when exported/imported goods cross the border. Exporters/importers will no longer have to deliver hard copies of licenses to border posts. CONNECT will eventually become a part of the SW.

6.3 United States Agency for International Development (USAID) Regional Economic Cooperation Project Assistance

The USAID Regional Economic Cooperation (REC) project has recently started working on pro-trade policies, regulations and processes and contemplates enhancing the work of public organizations, such as ministries of transport, railroads, logistics service providers and freight forwarder associations to generate and/or implement feasibility studies, research, regulations about use, maintenance plans, regulations governing along corridor concessions, and corridor performance observatories and/or other intellectual elements that are needed to improve transport corridor performance.

41 The CU Customs Code regulates about 80 percent of customs activities in the member countries. The rest is to be regulated by national customs codes.
USAID REC will also provide technical assistance to Central Asian countries to improve their customs services, assist where possible with the implementation of Single Window systems for trade and decrease delays at borders. All countries in the region are undertaking efforts to modernize the way trade happens. Customs services and public organizations whose services are required for goods to cross borders would be the primary target for improvements. In addition, progress towards customs service reform, Single Window implementation and border crossing point improvements will decrease time and cost to businesses.

6.4 Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH Assistance

The GIZ program is split up in three (3) closely inter-linked components with the following objectives:

Component 1 – Administrative Barriers to Trade: Supporting the creation of Single Windows for foreign trade, simplification of administrative processes for trading across borders (Reducing redundant trade related documents, associated administration costs and time needed to fulfill import and export administration requirements).

Component 2 – Strengthening of National Quality Infrastructure (TBT): Improving the services of the national quality infrastructure (NQI) for foreign trade orientated companies according to internationally recognized agreements and practices.

Component 3 – Increasing international competitiveness through introduction of quality management systems (e.g. Kaizen, ISO).

GIZ have been involved with the Single Window initiative since 2007. Among other activities, they funded the development of a draft Single Window Feasibility Study in 2009 and conducted Single Window data model workshops with the World Customs Organisation. It is understood that this Feasibility Study was passed to NIT who were to develop the final version. However, GIZ do not know where this document finally ended up or what it was used for.

In 2011, GIZ conducted a BPA workshop for all involved agencies. GIZ collaborated with CCC to conduct BPA at various agencies, but the agencies were at that time very reluctant to change their processes. At present, GIZ plan to conduct a BPA training workshop, together with UNESCAP, in Almaty early in 2014 with the intention that this is a kick off meeting for the commencement of BPA at selected regulatory agencies involved in foreign trade.

Support of Single Window developments has not formally stopped, but since there has been no communication with the CCC Modernization and IT Department activities are on hold. The current GIZ program is due to complete at the end of 2014.

6.5 World Bank Customs Automation Project Assistance

There is an existing World Bank Customs Modernization project that has been running since 2009 and is due to complete in 2014.

The project’s activities aim to assist in modernizing the organization and management of ICT, this component will finance (a) a detailed review of the placement of the ICT function; (b) studies for overall organizational development of Customs; (c) detailed efforts to strengthen the executive management of the function and providing it with the ability to optimize business processes across the organization; (d) development of technical strategies to determine whether it would be more cost effective to procure an ready-made solution for its integration with the existing legislation and hardware and the existing communication parameters, or to develop a new information system with due regards to the requirements of the revised Kyoto Convention42; (e) training of staff to improve

42 The Revised Kyoto Convention 1999 is a revision to the 1974 Kyoto Convention states that “customs systems and processes must not be allowed to serve or be perceived as a barrier to international trade and growth”.

FOREIGN TRADE SINGLE WINDOW DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN
capability in strategic management of this key function of the CCC according to international experience and world best practice; (f) the establishment of modern and up-to-date ICT infrastructure for Customs based on proven, well-established international standards.

In addition, there is a World Bank report being finalized at the end of 2013 with the tentative title: Kazakhstan - Improving the trade policy framework, its management and its regulations. The report will be composed of three (3) standalone policy notes (together with an executive summary) that look at some of the trade policy options the country has, looks at the institutional capacity for trade policy management and looks at non-tariff measures (using a unique data base of non-tariff regulations). This project has also built a non-tariff measures database for the Ministry of Economy and Budget Planning.

### 6.6 New CCC/World Bank Legislative Project Assistance

In late November 2013, a new legislative project has commenced, the purpose of which is to develop a robust, comprehensive, rational, transparent and easy to use body of customs law that fully supports the customs systems, processes and procedures that will progressively be introduced by the CCC, and is in line with international standards and best practices. The objectives of the consulting assignment are to:

- Improve the customs legislation of the Customs Union and of the Republic of Kazakhstan;
- Ensure compliance of the customs legislation with WTO requirements and the major international conventions, legal instruments and best law enforcement practice;
- Ensure compliance of other branches of the national legislation with the customs legislation of the Customs Union and of the Republic of Kazakhstan;
- Ensure transparency of customs legislation through the introduction of international standards of customs administration;
- Reduce the disputes and litigations in the field of customs;
- Identify requirements for the legal provisions necessary to give effect to the accepted recommendations for organizational/operational changes resulted from other Project activities;
- Devise a plan for adjusting current legislation, and/or developing new legislation;
- Draft the necessary legislation/legislative amendments;
- Informing the FEA participants and other stakeholders about the changes to be made to the customs legislation and giving them the chance to comment on these draft changes;
- Train the CCC counterparts

The plan is for appropriate amendments and suggestions concerning the introduction of amendments and additions to the customs legislation of the Customs Union and of the Republic of Kazakhstan to address the above issues and implement global best practices and ensure transparency of customs legislation through introduction of international standards of customs administration. The intention is that innovations in customs activities must minimize bureaucracy and reduce the cost of traders, ensure the maximum use of advanced automated forms and methods of customs control, and adoption of international standards of customs control and declaration.

An Inception Report for this project was presented on 9th December 2013 to the CCC.

It should be noted that the work does not involve a review of legislation relating to permits or regulations governing the permit/certificate issuing operations for foreign trade activities at Government agencies.

### 6.7 Asian Development Bank CAREC Assistance

The ADB CAREC Program assigns priority to transport, trade facilitation, trade policy and energy and has just commenced in 2013 support of Single Window development projects in the Kyrgyz Republic.
and the Republic of Tajikistan (See Section 4.2). The program continues to monitor Single Window developments throughout the CAREC region. The promotion of national Single Windows and the building of the foundations for a regional Single Window platform for CAREC are in its Strategic Framework for the CAREC program 2011-2020.\footnote{See CAREC 202 at http://www.carecprogram.org/index.php?page=carec2020-strategic-framework}

6.8 UNECE- Eurasian Economic Cooperation (EEC) Single Window Collaboration

6.8.1 Conference on Trade Facilitation and the Single Window


The Russian President Putin had criticized at the investment Forum Russia-2012 the current situation, where his country occupies the 120th place in the World Bank's Doing Business index. He has urged agencies to do their utmost to move the country to among the top 20 places. Trade facilitation and the Single Window for export and import clearance can help achieve this objective by improving the Trading Across Borders component of the index.

The Conference provided up-to-date information on the implementation of international standards for data exchange and the Single Window in the Customs Union.

Experts from the EEC and its Member States spoke on the development of the Customs Union’s Integrated Information System for Mutual and Foreign Trade (IISFMT) of the Customs Union. UNECE helps develop the project documents of this System, particularly for implementing international standards for trade-information exchange. Alexander Khotko, Deputy Director of the IT Department of the EEC and the person responsible for this System, noted that there should be three national Single Window projects, linked through the interface of the IISFMT.

The Federal Customs Service of the Russian Federation presented its work on the System for Interagency Electronic Interchange. This system is built on the principles of coordinating models of information exchange, legal systems and rules for security of data exchange.

Experts from UNECE, the European Commission, the World Customs Organization, the Finnish “Portnet” system, US Customs, UNCITRAL, and the Ukrainian Port Community System project in Odessa provided capacity-building on international experience in implementing Single Window and trade data harmonization.

Recognizing the Single Window as an efficient tool for trade facilitation, the participants in the Conference suggested to the Eurasian Economic Commission (EEC) and the Member States of the Customs Union and Single Economic Area (CU/SEA) to develop strategies for trade facilitation.

Notably, it was considered that a first step can be the analysis of the possible impact of implementing a Single Window on the reduction of the number of documents required for carrying out import and export transactions (taking into account the Doing Business methodology of the World Bank), as well as the reduction of foreign trade transactions costs.

The summary of the recommendations made at the event are as follows:

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<th><strong>1. For the better organization of work on establishing a Single Window, the Eurasian Economic Commission is invited to:</strong></th>
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<td>1.1. Carry out a survey on the level of interest of Customs and other regulatory bodies of the CU/SEA Member States in implementing the Single Window principle at the national or</td>
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supra-national levels;
1.2. Establish a working group on trade facilitation and the Single Window;
1.3. Develop a conceptual model of a Single Window in the Member States of the CU/SEA and draft a feasibility study;
1.4. In the framework of the above-mentioned model indicate the objectives, develop a common terminology and improve the system of regulatory legal acts on various levels, determining at what level (interdepartmental; national or supranational) it is necessary to concentrate efforts in establishing a Single Window system;
1.5. Use an integrated approach to organize work on establishing a Single Window, involving public and private stakeholders in a single project Master Plan that would define their role, purpose and budget. The project must envisage a step-by-step approach with a view to:
1.5.1. draft and adopt an action plan for the implementation of Single Window projects, define the objectives and tasks of the different participants;
1.5.2. analyze business processes (with a view to simplify, revise and re-engineer these business processes, harmonize and unify documents/forms);
1.5.3. analyze and amend legislation;
1.5.4. establish international and national (inter-agency) groups to manage the project, as well as technical working groups;
1.5.5. use procedures and methods of project management in Single Window project implementation;
1.5.6. define areas of work on data harmonization in compliance with international standards; harmonization and standardization of trade and transport documents, as well as procedures for electronic data interchange.
1.6. Collect, record and analyze information about Single Window projects (including pilot projects), implemented or planned in the Customs Union Member States, in order to develop recommendations for ensuring compliance with the overall conceptual model.
1.7. Explore possibilities for establishing a mechanism of public-private partnerships to support the establishment of a Single Window.

2. Noting the need to develop further cooperation and consultations between UNECE and EEC on the use of international standards, notably in the development of project documentation for the Customs Union components, request UNECE to:
2.1. Explore ways to extend the practice of engaging experts of Member States of the CU/SEA to work on drafting and harmonizing UNECE recommendations on the Single Window and other areas of mutual interest;
2.2. Explore the possibility to organize and conduct, jointly with the EEC, a workshop on preparing and managing a Single Window project.

3. When considering possibilities of using the IISVVT infrastructure to implement a Single Window mechanism in the CU/SEA Member States, as well as interaction among national Single Window systems:
3.1. Envisage a mechanism for interaction between national Single Windows, business representatives and other stakeholders; and
3.2. in order to avoid conflict with the provisions of the Customs Code and other legislation of the Customs Union, provide for a possibility to collect required trade information through a Single Window.

4. When addressing legal issues for the implementation of Single Window in the CU/SEA Member States, including differences in their national legislations consider:
4.1. ways of harmonizing legislation such issues as: data protection, Identification, authentication and authorization, equivalence between paper and electronic documents, and use of electronic signatures and trusted third party services. These issues can be addressed by the harmonization of legislation or developing international treaties within the framework of the CU/SEA;
4.2. using Model Laws on electronic commerce and electronic signatures, and Guidelines for their implementation developed by UNCITRAL, as well as the United Nations Convention
on the Use of Electronic Communications in International Contracts, in order to harmonize national legislation;
4.3. When providing access to necessary legal resources, authorities creating national Customs Union segments should use available legal information resources;
4.4. amend the Statutes of the EurAsEC Court to expand its competences to resolving disputes that may arise in the establishment and functioning of a Single Window and in electronic document exchanges.

5. In the research and drafting of normative-technical documents and preparing decisions for creating systems for electronic data interchange, standardization and harmonization of electronic documents, consider:

| 5.1. | Developing mandatory electronic forms of documents (e-documents), in compliance with international standards for electronic data interchange, to be used by EEC in the process of drafting inter-State and interagency regulations, envisaging information exchange; |
| 5.2. | Analyzing draft legal acts with special reference to the need to harmonize newly implemented (used) electronic documents; |
| 5.3. | Making the development of Customs Union (including the use of international standards and best practices) a priority and further maintaining an up-to-date CU/SEA data model common processes. |

6. UNECE and EEC should hold the third Conference in the 2015.

6.8.2 Seminar on Trade Facilitation and Master Plans for Single Windows implementation

The United Nations Economic Commission for Europe (UNECE) and the Eurasian Economic Commission (EEC) organized a seminar on Trade Facilitation and Master Plans for Single Window implementation on 25-26 November 2013 in Moscow, Russian Federation.

The seminar focused on planning models for Single Window implementation, notably on: national programs for providing electronic public services in the field of foreign trade in the member countries of the Customs Union of Belarus, Kazakhstan and Russia; cooperation between national trade information exchange systems in the Customs Union; public-private cooperation on these issues; and developing a Master Plan for the integration of trade information flows, including the establishment of Single Window.

Leading experts presented on best practice (namely experts from WCO, France, Korea, Singapore, the US) and experience in the Customs Union countries in building operational inter-organizational systems for information exchange such as the Single Window; existing models of information interaction between regulatory bodies; government programs for technological development; business processes analysis and reengineering to improve efficiency; improvement of interaction between state bodies and traders; as well as the existence of enabling legal environment, the level of use of international standards and data models.

The objective of the seminar was to provide methodological guidance in drafting a Master Plan for the integration of various information systems in the Customs Union and for the alignment with international standards in this domain. It will provide an opportunity to learn more how the Single Window projects helps achieve the objectives of trade facilitation.

The recommendations from this event have not yet been published, but one general comment from the event was that the Eurasian Economic Commission will create the right conditions for the creation, functioning and interoperability between national Single Window and other inter-organizational information exchange systems.
6.9 World Trade Organization (WTO) and Trade Facilitation

A number of General Agreement on Tariff and Trade (GATT) articles directly relate to the support of transport and trade facilitation. Such articles, among others, include Article V (Freedom of Transit with no arbitrary delays and fees with clear transit routes and fixed fees), Article VIII (Customs and border fees should not be excessive and only cover costs related to services rendered), Article X (Obligations on transparency, all laws and regulations should be properly published and economic operators informed in advance of possible changes). In addition, Article VII requires proper customs valuation methods.

WTO member countries should eliminate all quantitative restrictions for imports, minimize costs, and streamline procedures for permissions on the part of licensing, sanitary or veterinary bodies. The latter also involves obligations under WTO agreements on technical barriers to trade, sanitary and phyto-sanitary measures, import licensing, and pre-shipment inspection.

For Kazakhstan, regional and multilateral/global economic integration together is considered as an efficient means to mitigate future potential exogenous risks. A more open and active economic integration with the members of the Belarus-Kazakhstan-Russia Customs Union, the World Trade Organization and the other countries in Central Asia will facilitate more stable economic development and will help to mitigate potential risks, such as those associated with drug trafficking, terrorism, religious extremism and ethnic conflicts in the region. Kazakhstan will use its transit potential to improve connectivity with its neighbors and the rest of the world.

Kazakhstan faces a complex trade policy environment as it is experiencing the impact of the 2010 membership in the Belarus-Kazakhstan-Russia Customs Union and addressing an accelerated schedule to integrate further into the Common Economic Space (CES) by 2015, which may be ambitious. It is also finalizing its accession to the WTO and has a raft of free trade agreements to be negotiated. These agreements have the potential to provide unprecedented opportunities for the Kazakh economy to benefit from regional and economic integration. With its expected accession to the WTO, the country will be finalizing its first generation trade reforms (tariff reforms) and should start focusing more on its second generation trade reforms. These include trade facilitation, regulations and non-tariff measures, competition policy, and other behind the border factors that affect competitiveness of the Kazakh producers.

The WTO Ministerial Conference, Ninth Session in Bali (3-6 December 2013) was an important one for the WTO's credibility and where its first comprehensive agreement was reached and involves an effort to simplify the procedures for doing business across borders. It is too early to see how this will affect WTO members and WTO pre-accession candidates over the coming years. However, Article 4 of this Agreement on Trade Facilitation relates to Single Window and states:

4.1. Members shall endeavor 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. After the examination by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window in a timely manner.

4.2. In cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements shall not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public.

4.3. Members shall notify to the Committee the details of operation of the single window.

4.4. Members shall, to the extent possible and practical, use information technology to support the single window.
7 Key General Lessons Learned from Single Window Developments

It is important to note that a Single Window is a political/organizational/procedural concept and not merely a technology system. The implementation of a Single Window is a major reform and as such it impacts upon the operation of many government agencies where the many areas of agreement and support necessary will prove the most difficult and time consuming component. Policy makers must understand that it requires a serious of trade reforms and not just a complex IT investment. It cannot just be built and plugged in and expected to enhance trade facilitation.

Establishing a Single Window is a complex process requiring, among other measures, a thorough review of the established practices governing the flow of trade-related information. It entails changes and clarifications to the data exchange process and, hence, to existing laws and regulations. Creating legally enabling conditions for a Single Window constitutes one of the main challenges of establishing such a national facility. In particular, where such Single Window initiatives are driven by development partners which impose unreasonably tight deliver timescales to fit their internal cycles then there is typically insufficient time for the steps of simplification of documentation and harmonization of data even if the ICT system is delivered on time.

In reality, both policy makers and the development partners funding these Single Window implementations gravely underestimate what is required. Especially in situations where there is good development partner support, there is a tendency for the national government/lead agency not to budget for sufficient resources to support the implementation let alone support the Single Window post implementation resulting in an unsustainable program. Often there has been no mid-term (say, five year) financial plan produced and debated at an early stage of the project inception or even implementation.

Establishing a Single Window requires, among other measures, a thorough review of the legal framework relating to the flow of trade-related information, general legislation on areas, such as, electronic documents, digital signatures, internal agency regulations, customs code to establish what changes are required before the Single Window system is plugged in. This is well understood, but where the implementation of the ICT system is the focus, as mentioned above, then there is usually little time for the necessary amendments to the legislation to be made.

Stakeholder engagement and especially with the private sector is a pre-requisite and must commence at the design stage of the Single Window program since these are the “customers” without which there is no Single Window. This is an area which is generally weak and often provided a seriously insufficient budget. It is more than just a public awareness exercise as it covers the engagement of relevant stakeholders from the outset of a reform / improvement program and is intended to be more participatory than just stakeholder awareness. It should not be considered a “tick box” activity.
8 Recommendations for the Pursuit of Single Window Development

The following sections set out some recommendations for supporting the ongoing development of the Single Window and trade facilitation for the Republic of Kazakhstan.

8.1 Knowledge Portal for Foreign Trade Participants

Notwithstanding the praise for many initiatives of the Government and some stakeholders noting that they thought they were kept well informed by certification/permitting agencies and the CCC, transparency and availability of trade-related information is an essential ingredient of a well functioning regulatory system for trade. This is in line with the OECD’s “Efficient Regulation Principles” and also Articles 1 and 2 of the new WTO Agreement on Trade Facilitation (WT/MIN(13)/W/8).

Accordingly, there is a strong need for a trade information portal where developments in the sphere of public-private dialogue on trade-related issues are available together with information on, inter alia, the following:

- Non-tariff database
- Legislation, regulations and explanatory notices from regulatory agencies
- Links to relevant websites such as e-Gov, e-Licensing Database, Single Window (when available)
- Guidance on what is underway with new regulations and the consultation process
- Information about invitations to consult on new regulations
- Knowledge on the effect of the Customs Union and its new regulations

A knowledge portal for trade is something that could be owned, updated or monitored by a national trade facilitation body, if in place, or the CCC. With financial and technical assistance, this portal could be created in collaboration with the development partners supporting transport and trade facilitation developments such as ADB and GIZ together with USAID REC. This discrete initiative could be very complementary to the wider assistance being provided under the REC program in Kazakhstan.

8.2 Recourse Mechanism

In the sphere of licensing/permits/certificates there are inevitably occasions when the regulatory approval is not given whether it be a result of documentation or as a result of the testing procedures. There is scope to introduce a licensing recourse mechanism to support SMEs who seek to obtain permits/certificates for foreign trade activities. This mechanism would need to be supported by political will, but there is good political capital for implementing this practice and, if successful, could be expanded to support a wider basket of regulatory approvals. Capacity building, a small investment in ICT equipment, internet access and a phone connection together with possibly a simple database created using packages such as MS Access.

There is the potential that this could be monitored, if not operated, under a proposed national trade facilitation body, because with this type of mechanism governments are tempted to lose momentum.
8.3 Reduction of Customs Documents for Foreign Trade

As noted in Section 4.3, there remains an excessive amount of documents required for import and export, yet with good political will in support of international trade this can be done as a number of these documents are not required for international trade transactions. Further, the World Bank Doing Business indicator for Trading Across Borders is actually quite sensitive to document reduction meaning that significant improvements are made for each document removed.

A working group could be created comprising the CCC, the Ministry of Economy and Budget Planning (including the Centre for Trade Policy Development) together with GIZ (with their experience of reducing documentary requirements across Central Asia) and the World Bank, who are working with Customs on their systems and also have a legislative project that has just started. With the support of higher Government direction, this working group could be tasked with examining which documents for customs formalities remain a necessity when most countries in the world operate with significantly less. Aggressive targets should be set. The representative of the EEC in Kazakhstan should also be a member.

This is also an initiative that could be driven by a national trade facilitation body if functioning effectively, but could be supported by the USAID REC project.

8.4 Master Plan for Single Window Development

It was not envisioned in the plan of the Government Resolution No. 771 (3rd July 2011) to create a Master Plan for the Single Window, but the creation of a technical and economic justification was included at Items 12 and 13 of the plan. The creation of a Master Plan would articulate clearly the rationale for the Single Window development, how it will work and what benefits it will bring. It would act as a blueprint for the Government and the private sector, promoting transparency of the program and facilitating consultation. The Master Plan would include, inter alia, the following, but the precise content is the Government’s decision.

- An introduction which explains why a Single Window is needed and may include:
  - The national vision
  - The mission of the Single Window program
  - A detailed definition and background
  - A high level business functionality of the Single Window

- A concept of operations section, which represents a high level overview of the Single Window, how it will work, and what it will do;

- A section on project management and long-term strategy, which details how the project will be managed and by whom and may contain sections on:
  - Organizational structure
  - Steering Committee composition and mandate
  - Private sector consultative committee and mandate
  - Activities of various sub-groups (e.g. Data, Technology, Stakeholder engagement, Legal, Business Processes, Training, Technical Support and Customer Support)
• An overview of each technical component of the Master Plan template, including sub-sections to be filled in by the technical and legal working groups under the leadership of the Steering Committee, and key priority areas such as:
  
  ▪ Data model to be adopted
  ▪ Data standardization and harmonization
  ▪ Data flows
  ▪ Business logic considerations, such as commodity code mapping to permits
  ▪ Technology information
  ▪ Management plan
  ▪ Quality management plan
  ▪ Project management and change management plans
  ▪ Training
  ▪ Technical and customer support
  ▪ Communications plan
  ▪ Legal framework information

• A matrix showing major activities and milestones to establish a fully functioning Single Window; and

• Several annexes consisting of, among others, questionnaires and databases that need to be filled out by the working groups and governmental departments to complete the Master Plan, such as:

  ▪ Customs IT system details and proposed interaction
  ▪ The Single Window model to be adopted
  ▪ Information on licenses/certificates/permits to be issued through the Single Window, agencies involved, inter-dependency of permits, supporting documents required for each permit
  ▪ Process documentation

Ideally, the Master Plan would include a financial and economic analysis of the Single Window introduction in an attempt to ensure that the Single Window project will be economically justifiable and financially sustainable. Sustainability implies that funding of Single Window is guaranteed in the future so that there is no deterioration in the supply of services. A standalone financial analysis is proposed at Section 8.10.

The production of a Master Plan is the responsibility of the Government, but technical assistance could be provided by the development partners to assist with the overall process. Technical
assistance could be provided to the Government in the first instance to create a template for the Master Plan with guidance on how it might be completed. This would be a discrete technical assistance piece of work as a precursor to the development of the fully populated Master Plan and something that could be supported by the USAID REC project together with the other development partners with interest in the development of the Single Window.

8.5 National Trade Facilitation Body

Countries interested in maintaining an internationally competitive economy should introduce consultation mechanisms for simplifying and reducing formalities, procedures, documents and other requirements to the minimum degree acceptable to all parties concerned. UN/CEFACT Recommendation No. 4 recommends that Governments establish and support national trade facilitation bodies with balanced private and public sector participation in order to:

(i) identify issues affecting the cost and efficiency of their country’s international trade;
(ii) develop measures to reduce the cost and improve the efficiency of international trade;
(iii) assist in the implementation of those measures;
(iv) provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation; and
(v) participate in international efforts to improve trade facilitation and efficiency.

Trade facilitation activities are best approached in a coordinated manner to ensure that problems are not created in one part of the transaction chain by introducing solutions to another part. The needs of all parties, both private and public sectors, must be identified before solutions can be found and those best placed to explain their needs are those directly involved in the transaction chain. This requires an effective forum where private sector, public sector and policy makers can work together towards the effective implementation of jointly-agreed facilitation measures for the overall benefit of the economy.

National trade facilitation bodies are one means of providing this important forum. Participants in such bodies should represent all companies and institutions that take part in international trade transactions (manufacturers, importers, exporters, freight forwarders, carriers, banks, insurance companies and public administrations) each with a joint and separate interest in the facilitation of trade. It is only with the active involvement of these participants that impediments can be analyzed meaningfully and collaborative solutions devised.

Currently many national trade facilitation bodies around the world operate with the support of the trading community and Governments in their respective country. These are listed on the UNECE website.44

The development partners should collaborate to support the creation and possibly some set up costs of this body together with technical assistance with the development of the mandate and work plan. UNECE, GIZ and ADB will all be in favor of the creation of such a body. This is an initiative that could be led by the USAID REC project together with the CCC and the Ministry of Economic Development and Trade or at a higher level for such an overarching national body which would be expected to have very high level representation.

44 See http://www.unece.org/cefact/nat_bodies.html
8.6 Improving Public-Private Consultation

Improving public-private consultations and capacity building within the private sector will help it take full advantage of the global and regional integration initiatives. While the principle of public-private consultations is considered good practice in Kazakhstan, the nature of the consultation can improve through more targeted and well-considered information sharing and regular consultations. The majority of the private sector appears not to have been an active partner in the public-private consultation up to now, and some have noted that when consulted the process has been ad-hoc and not very informative (possible a “tick the box” consultation).

There are some initiatives that can strengthen the consultative process for trade. The Government should consider different types of consultation mechanism including formal and informal networks, structured, time limited/permanent. The law on the National Chamber of Entrepreneurs, enacted in mid 2013, could perhaps be the basis for the consultation process as would the proposed creation of a national trade facilitation body (See Section 8.6).

Educating and training the private sector about the effects of the international trade agreements would be a good start. To improve this engagement, the Government would benefit from a new communications program to disseminate the government’s high level trade policy and initiatives. Third party and trade consultation is a requirement of modern customs as required by the Revised Kyoto Convention45 to which Kazakhstan acceded in 2009. The USAID REC project could work with the CCC in improving consultation with the private sector. In addition, the steps to improved such consultation should be set out in a Stakeholder Engagement Plan if this exercise is undertaken.

8.7 Business Process Analysis (BPA) and Data Process Analysis

BPA has been conducted at the CCC and at regulatory agencies involved with foreign trade by the World Bank Customs Development Project in late 2012 and the start of 2013. They have proposed a detailed re-engineering of processes within the CCC recently. In addition, GIZ have in recent years done some BPA but it is understood that the agencies involved were not so receptive to this. However, GIZ intends to conduct some BPA training seminars with UNESCAP in early 2014.

Although the agencies are usually happy to participate in BPA and to take recommendations after the BPA, there are some generally typical shortcomings. The BPA focuses on processes and the mapping thereof, but unfortunately omits the data process mapping as well which is essential for data simplification and harmonisation. Without the latter, all the BPA work in Central Asia has not been so useful as the exercise has had to take place after BPA to the frustration of the state bodies involved. This was the case in Kyrgyzstan and Tajikistan. Without data process analysis too systems will not be designed correctly, cannot be data harmonised and system business logic cannot be populated with the correct base data.

It is proposed that a review is undertaken of all the BPA work to date and a plan for data process analysis carried out and presented to the agencies involved with recommendations to align to internationally recognized nomenclature and standards. Perhaps, an interagency working group could be created and supported by USAID REC to oversee this as part of the development of the Single Window. Any details BPA work would highlight areas where the legal framework needs updating, especially if optimisation of these processes is involved and the Single Window necessitates more paperless trade processes.

45 The Revised Kyoto Convention 1999 is a revision to the 1974 Kyoto Convention states that “customs systems and processes must not be allowed to serve or be perceived as a barrier to international trade and growth”.
8.8 Legal Framework Review

The World Bank Legislative Project (as noted at Section 6.6) remit covers the operations of the CCC and does not extend to state bodies regulating foreign trade which is where most of the problems relating to the implementation of a Single Window system reside. In addition, there are data exchange issues that the World Bank project may not consider as the need is not immediate for the CCC, but this will be a reality for any Single Window project and particularly within the Customs Union, across the Central Asian region and beyond, as Kazakhstan integrates with global supply chains as increasingly exports diversify.

A legal framework review should be conducted, complementing the work of the World Bank Legislative Project.

Establishing a Single Window is a complex process requiring, among other measures, a thorough review of the established practices governing the flow of trade-related information. It entails changes and clarifications to the data exchange process and, hence, to existing laws and regulations. Creating legally enabling conditions for an international trade Single Window constitutes one of the main challenges for economies establishing such a national facility and/or seeking to exchange information with other Single Windows.

A “legal framework” for a Single Window is a set of measures that may need to be taken to address legal issues related to national and cross-border exchange of trade data required for effective Single Window operations.

Establishing a Single Window invariably requires changes to the existing legislation and regulations, for example, laws on electronic submission of documents, electronic signatures (including digital signatures), user and message authentication, data sharing, data retention, destruction, and archiving, and electronic evidence, among others. However, it is possible to create a Single Window without major legislative changes. In all cases existing regulations and practices governing the flow of trade-related information influence the choice of the business and operational model for a Single Window facility. A timely analysis of existing and potential legal barriers related to trade data exchange is, therefore, a first major step in establishing and operating a Single Window. Such an analysis should take into account the broader context of international trade in which the Single Window exists. The concept of a framework implies an inclusive and systematic approach in addressing the legal issues related to an international trade Single Window facility.

Essential to all Single Window operations is the transparency and security of trade data information exchange. A sound legal regime, which enables data collection, access and distribution and clarifies confidentiality, privacy and liability regimes, makes it possible to create a solid basis for the operation of the facility, and build a relationship of trust between all stakeholders.

The use of international standards is a necessary and key component of the Single Window implementation and operation processes. It allows for the scalability of provided services and ensures an easier interaction between all participants in an international supply chain. Since Single Windows are designed for Business to Government (B2G) and Government to Government (G2G) relations, attention should be paid to the fact that their operation is interoperable with existing solutions in Business to Business (B2B), B2G and G2G relations.

The United Nations legal codification work in electronic commerce, undertaken by the United Nations Commission on International Trade Law (UNCITRAL) should be taken into account and used,
whenever possible as the benchmark for developing the Single Window legal infrastructure for both national and international transactions. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), recognizing that a sound legal framework is required to support the operations of an International Trade Single Window and it has a specific recommendation on just this topic.

**UN/CEFACT Recommendation No. 35 – Establishing a legal framework for international trade Single Window**

UN/CEFACT recommends that governments and those engaged in the international trade and the movement of goods should:

(i) Undertake a study (including e-Commerce legal benchmarking and ‘gap analysis’ studies) to determine an appropriate set of measures that may need to be taken to address legal issues related to national and cross-border exchange of trade data required for Single Window operations (The International Trade Single Window legal framework);

(ii) Use the UN/CEFACT checklist and its guidelines (Appended to Recommendation No. 35) to ensure the most frequent legal issues related to national and cross-border exchange of trade data are included in the framework;

(iii) Amend existing legislation, regulations, decrees, etc., if necessary, to address the identified legal issues and gaps;

(iv) Utilize international standards, international legal instruments, and soft law instruments, where available, throughout the entire process of creating a legally enabling environment for an international trade Single Window.

Recommendation No. 35 also includes a checklist of legal issues to consider and also provides references to useful resources that will help with the building of an adequate legal framework for the efficient, effective operation of a facility that meets the requirements of government and the business needs of the trading community. Such resources include references to model laws and treaties, international guidelines on data protection, intellectual property, arbitration, competition and organizations such as the World Customs Organization, UN/CEFACT, International Chamber of Commerce and OECD.

In line with UN/CEFACT Recommendation 35, the legal review must closely liaise with the national agencies responsible for the relevant legal areas, whilst aligning the various project implementation plans. This will ensure:

(i) Appropriate organizational structure for the establishment and operation of a Single Window facility;

(ii) Legal basis for the implementation of the Single Window facility;

(iii) Proper identification, authentication and authorization procedures;

(iv) Ownership of authority to demand data from the Single Window;

(v) Conditions for sharing data;

(vi) Proper data protection mechanisms;

(vii) Measures to ensure the accuracy and integrity of data;

(viii) Liability issues that may arise as a result of the Single Window operation;

(ix) Mechanisms for dispute resolution;

(x) Procedures for electronic archiving and the creation of audit trails;

(xi) Issues of intellectual property and database ownership; and

(xii) Situations for competition issues.
8.9 Stakeholder Engagement Plan and Proposed Activities

This issue was raised by a number of private sector interlocutors and may form part of the public-private consultations as mentioned at Section 8.6. The creation of a Stakeholder Engagement Plan (SEP) is more than just a public awareness exercise as it covers the engagement of relevant stakeholders from the outset of a reform / improvement program and is intended to more participatory than just stakeholder awareness. Stakeholder management, generally, and interagency collaboration is an essential ingredient to a successful Single Window program.

Single Window initiatives are carried out in a complex inter-organizational setting where players at national and international levels (e.g. regional communities) impact and are impacted by the Single Window implementation. The following sets out what is proposed as part of the Plan.

Overall Aims

- To support the successful implementation of the Single Window strategy, through ensuring key stakeholders are appropriately involved, informed and engaged.
- To ensure related good practice (e.g. data harmonization, business process optimization, interoperability) is developed and taken forward as the accepted way of working in the future.

Detailed Objectives

- To provide opportunities to develop a shared understanding of the Single Window;
- To identify various key stakeholders and other relevant reference groups and to create an engagement plan for each segment.
- To establish effective and enduring communications links with key stakeholders;
- To provide opportunities for all stakeholders to contribute ideas and suggestions;
- To develop a shared understanding of the reasons for improvement and how this will deliver tangible benefits to stakeholders and the wider economy;
- To create all stakeholders a permanent easy-to-access platform to give and receive feedback;
- To ensure that all stakeholders receive timely and accurate information.

Specific Inputs

Key stakeholder groups will be identified (e.g. certification agencies, customs, traders, banks) and for each of these groups there will be a set of key objectives. These will be outlined in the Communication Action Plan which is part of the overall SEP. In general terms, the SEP will identify the following key objectives for each of the key stakeholders:

- Government – to commit funds and resources, take pivotal decisions and lead the coordination and implementation of the Single Window strategy;
- Involved Government agencies – to understand the benefits of the SW implementation and commit resources to working collaboratively to achieve this end;
- Private sector groups – to understand the benefits of the SW working and contribute to its development and implementation.

Deliverables

- Stakeholder Engagement Plan which also includes a Stakeholder Communication Action Plan.
- Various workshops for stakeholder consultation on the proposed contents of the SEP and the associated activities following SEP approval.
A program of engagement activities and communication activities, via appropriate channels to the targeted groups, leading to further events related to implementation progress and marketing of the Single Window services.

Targeted training for traders and customs brokers on the Single Window environment.

Activities will relate to the deliverables above and, depending upon the agreed Stakeholder Engagement Plan, could/will include:

- Workshops at various levels;
- Stakeholder briefings;
- Creation of Single Window information web portal;
- Creating a Single Window information DVD;
- Press Releases;
- Private sector representative group events.

**Expected Outcomes**

- A comprehensive understanding for all stakeholders of the Single Window initiative and how it impacts upon their domain.
- Supportive contribution to the system development and implementation.
- A shared commitment to the success of the Single Window project.

### 8.10 Detailed Financial Analysis of the Single Window Operation

This activity may be covered within the Master Plan, but it cannot be started too early since it is an iterative process as new parameters come to light and better data is obtained. Therefore, it can be treated as a standalone good-practice activity to ensure that the Single Window projects will be economically justifiable and financially sustainable. Sustainability implies that funding of Single Window is guaranteeing in the future so that there is no deterioration in the supply of services.

There is scope for proposing the exercise of performing a detailed financial analysis with the assistance of one of the development partners and could be a good Technical Assistance activity for the USAID REC project if it were welcomed by the CCC.

The organization managing the Single Window is most likely, in the Central Asian context, to remain a government body maybe a state owned enterprise like in Tajikistan and Kyrgyzstan. Single Window projects generate substantial economic benefits. The immediate beneficiaries will be the users of the system. But the Single Window will also generate externalities that will profit all consumers. That means there is a public good aspect to Single Window services. Therefore, there might be a temptation for some governments to offer Single Window services free of charge as part of the effort to put in place paperless or e-government. The danger of such solution is the need to rely on budget allocation to finance the Operational and Management expenses. With no guarantee of sufficient and continuous budget allocation, the sustainability of the project might be at risk and therefore a “user pay” solution is preferable.

Most countries that have implemented a Single Window concept are using a “user pay” approach to cover their running costs. There are, however, exceptions. Some countries which are well advanced in terms of “paper-less” government and e-government and have a strong commitment to free access to information have decided to offer single window services on a free basis. This is the case of USA, Sweden and Finland, for example.
Countries following a “user pay” approach usually apply a two tier pricing system. They firstly charge a fixed fee for “membership” to the system on a monthly or annual basis and then a fee which varies with usage. Ideally the usage fee should be according to the user volume of activities on the system. This means that the charge is then in terms of “so much per kilobytes” in the same manner than IP providers for instance charge their clients. This pricing system is the fairest. However such a pricing system is probably too advanced to propose at this time and may be a long term objective.

Presently, the most practical pricing scheme is a combination of a membership fee with a usage fee simply based on transactions. If charging transactions poses problems, the alternative will be to charge according to customs declarations though this is a less efficient proposal. Below is a table showing a country review of Single Window systems. The table shows that though there are clear commonalities in pricing systems, the specific fees charged vary considerably among countries.

Sustainability of the Single Window systems requires applying user pay principles and then deriving a cost recovery tariff.
<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Customs Declaration</th>
<th>Capital cost</th>
<th>O&amp;M Cost per year</th>
<th>Tariff principles</th>
<th>Fee</th>
<th>Benefits and Impact on customs revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>2002</td>
<td>350,000</td>
<td>$ 6 M</td>
<td></td>
<td>FOB value of consignment</td>
<td></td>
<td>1st year: 35% After: 20%</td>
</tr>
<tr>
<td>Japan</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td>Customs pays fixed price to SW operator; users pay on transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>1998</td>
<td>395,295</td>
<td>$ 1M</td>
<td>$ 1.2 M</td>
<td>Price per transaction and price per month</td>
<td></td>
<td>SW only on exports so no revenue increase</td>
</tr>
<tr>
<td>Sweden</td>
<td>1989</td>
<td>94% of CD; 100,000 messages daily</td>
<td>$ 1M</td>
<td>$ 1.2 M</td>
<td>No fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mauritius</td>
<td>2000</td>
<td></td>
<td></td>
<td></td>
<td>One time registration fee and fees per transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>2005</td>
<td>72000 (each demand requires 2-3 documents)</td>
<td>$ 3 M</td>
<td>$ 1 M</td>
<td>Subscription fee plus fee on transaction</td>
<td>Registration: $ 200; Transaction $ 15 (export free) + $ 2 per document</td>
<td>Reduction of preclearance from 4.5 days to 0.5 day; customs revenues have increased 50% in last 5 years;</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td>User pay principle based on volume</td>
<td>Max $ 0.32 per document</td>
<td>No expected impact on customs revenues</td>
</tr>
</tbody>
</table>

Table 8: Single Window Country Comparisons
<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Transactions/Month/Year</th>
<th>Revenue</th>
<th>Fee Structure</th>
<th>O&amp;M Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>2002, 2004</td>
<td>2 million/month</td>
<td>$5 M +</td>
<td>Fee based on kilobytes</td>
<td>No impact</td>
</tr>
<tr>
<td>Germany</td>
<td>1984</td>
<td></td>
<td>$1.3 M</td>
<td>Users charged per transactions</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>2002</td>
<td></td>
<td>$1.2 M</td>
<td>$0.2 M No fee</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1988</td>
<td>9 million transactions/year</td>
<td></td>
<td>Monthly fee and usage fee</td>
<td></td>
</tr>
<tr>
<td>Rep of Korea</td>
<td>1997</td>
<td>12 million transactions/month</td>
<td>$10 M</td>
<td>Flat rate plus a meter rate based on usage (Kilobytes)</td>
<td>Basic fee: $50/month; transfer fee $0.33/KB; $0.5 per declaration</td>
</tr>
<tr>
<td>Colombia</td>
<td>2004</td>
<td>511,000 per year</td>
<td>$1.5 M</td>
<td>$0.3 M/year Per transaction (annual revenue $6.2 M)</td>
<td>Clearance: $15 (1800 bites); Certificate of Origin $5</td>
</tr>
</tbody>
</table>

Note: O&M costs are ongoing operational and maintenance costs.
References

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