

# Trade Facilitations in the CAREC region

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# Introduction

- It is estimated that underdeveloped infrastructure accounts for 40% of transport costs for coastal and roughly 60% for landlocked countries (Limao and Venables, 2001).
- Besides fees applied for the transit countries, the additional time spent on border-crossing transactions can be viewed as additional trade costs. For instance, the value of trade drops from 13-35% or 10-51% when one trading partner or both partners are landlocked (Mazhikeyev et al., 2015)
- Djankov et al. (2010) conclude that each additional day delay prior to being shipped reduces trade by 1%. In a similar study, Persson (2008) found that one extra day in time to export (imports) decreased exports by 1% (0.5%).
- On the other hand, exploiting World Bank's Logistic Performance Index (LPI) Hertel and Mirza (2009) show that trade facilitation reforms in South Asia caused to increase 5.8 billion US\$ (75%) in intra-regional trade and a 30.8 billion US\$ (22% ) increase in trade outside the regions.
- Kim et al (2022) The results imply that reducing time at the importer's border by 10% increases intra-CAREC trade by 1.41%.

# CAREC Corridors Performance Measurement and Monitoring (CPMM)

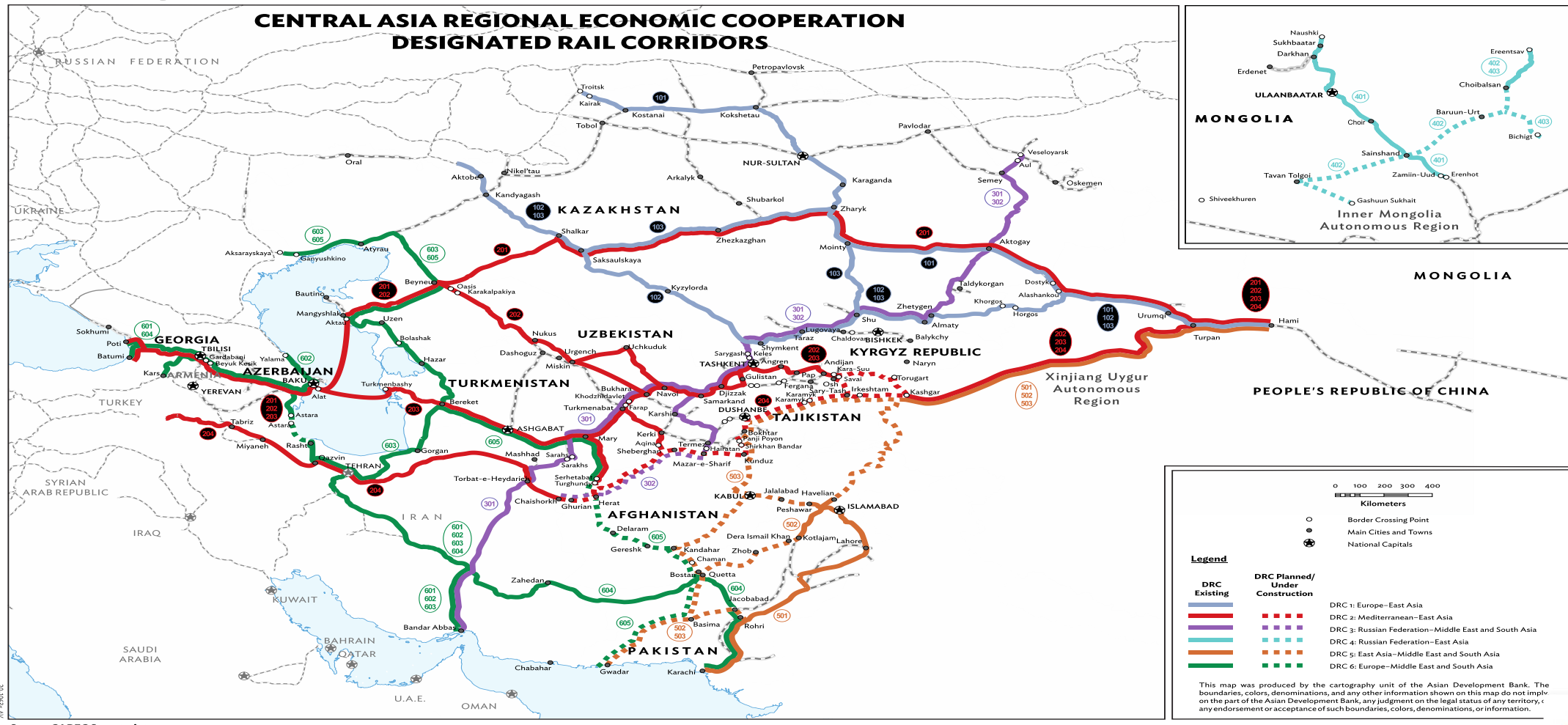
**CPMM is a tool to assess the efficiency of CAREC transport corridors:**

- i. identifies causes of delays and unnecessary costs along the CAREC corridor, including border-crossing points and intermediate stops.
- ii. helps authorities determine where and how to address identified bottlenecks.
- iii. assesses the impact of regional cooperation initiatives.

Source: CAREC Program and ADB



# Designated Rail Corridors



Source: CAREC Secretariat

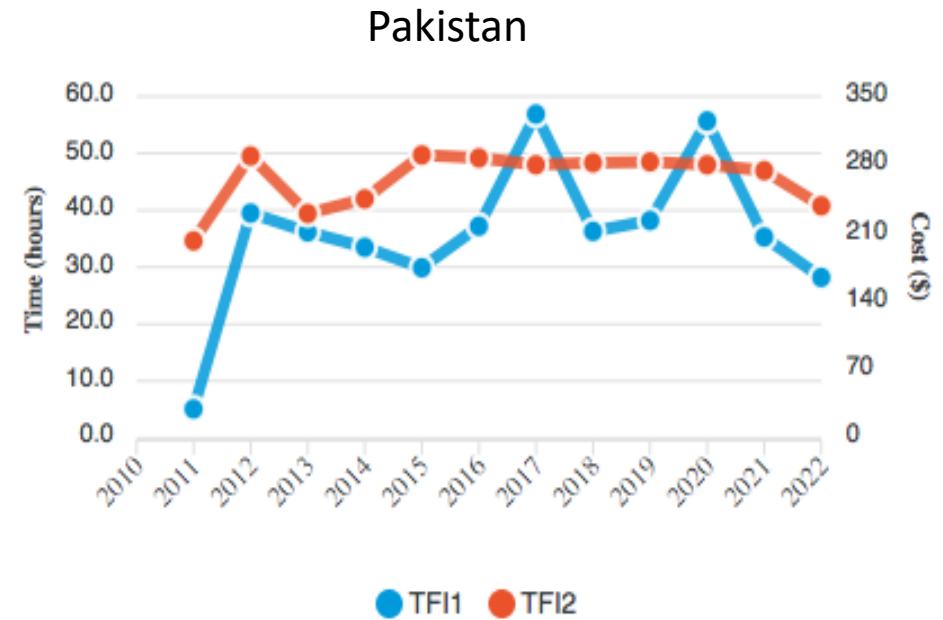
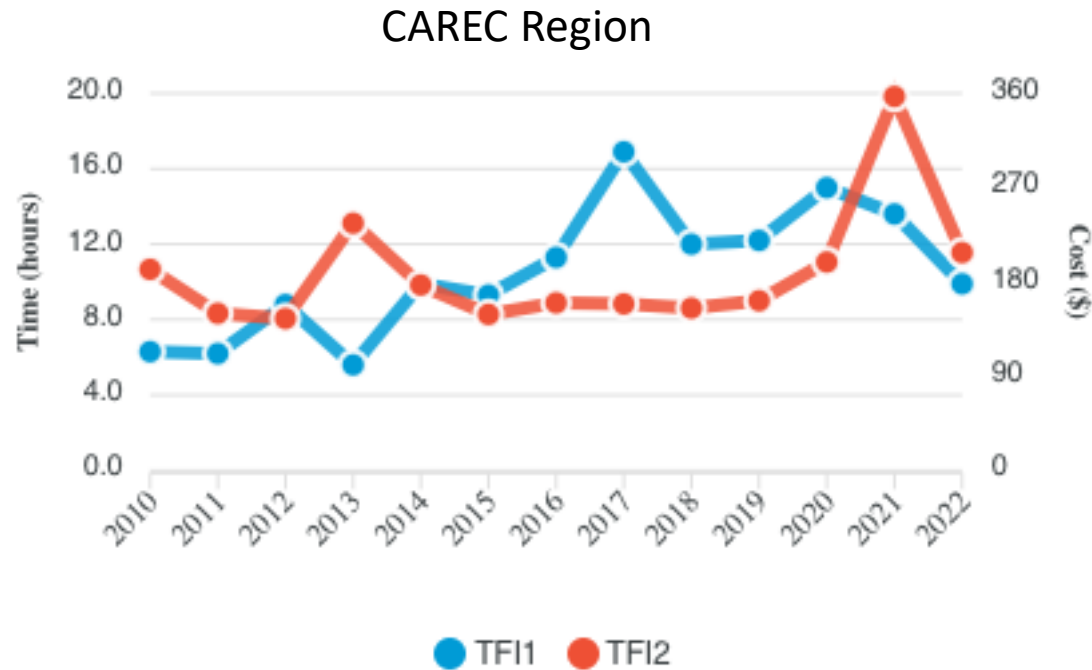
Source: CAREC Program and ADB



# Trade Facilitation Indicators (TFI1, TFI2)

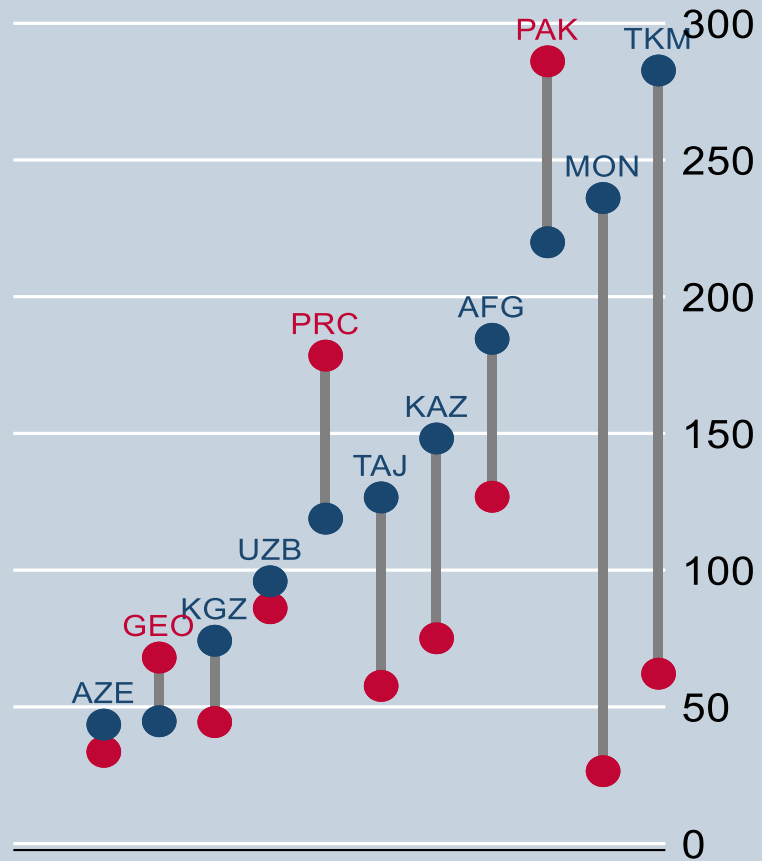
- TFI1** Time taken to clear a border crossing point (hr)  
Average length of time (hour) it takes to move cargo (20 tons) across a border from the exit point of one country the entry point of another; to capture both the complexity and the inefficiencies inherent in the border crossing process
- TFI2** Cost incurred at border crossing clearance (US\$)  
Average total cost (U\$) of moving cargo (20 tons) across a border from the exit point of one country to the entry point of another; Both official and unofficial payments are included
- TFI3** Cost incurred to travel a corridor section (per 500km, per 20-ton cargo)  
Average total costs (U\$) incurred for a unit of cargo (a cargo truck or train with 20 tons of goods) traveling along a corridor section within a country or across borders; Both official and unofficial payments are included
- TFI4** Speed to travel with delay on CAREC Corridors (kph) – SWD (Speed With Delay)  
Average speed (kph) at which a unit of cargo travels along a corridor section (a stretch of road 500 km long) within a country or across borders; The total time taken for the entire journey; Distance and time measurements include border crossings; An indicator of the efficiency of BCPs along the corridors
- TFI5** Speed to travel without delay on CAREC Corridors (kph) – SWOD (Speed Without Delay)  
Traveling speed only; A measure of the condition of physical infrastructure (such as road and railways)

# Time to clear a BCP (TFI1, in hours) vs Cost incurred at BCP (TFI2, in \$)

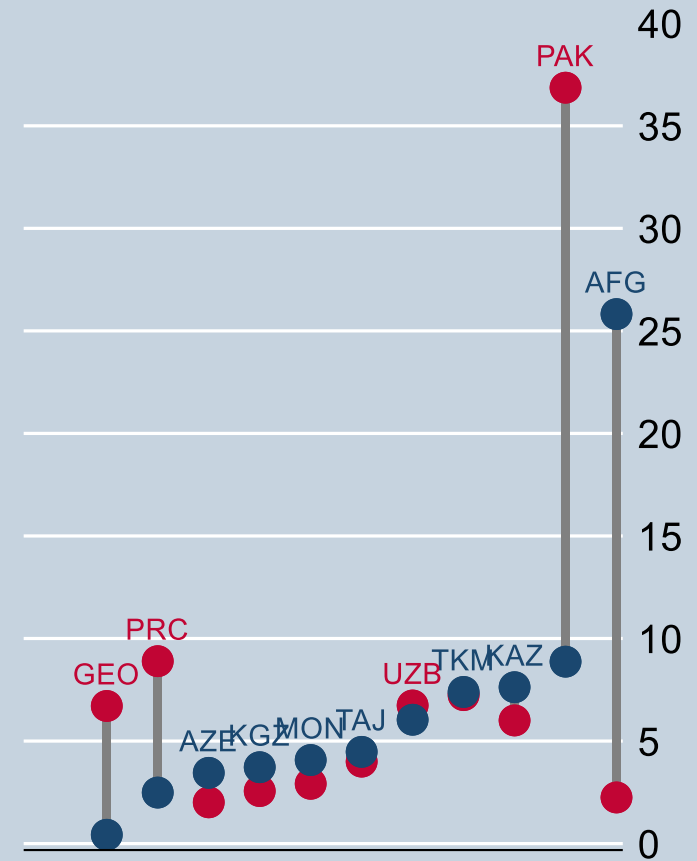


# Difference in Inbound and Outbound Cost/Time

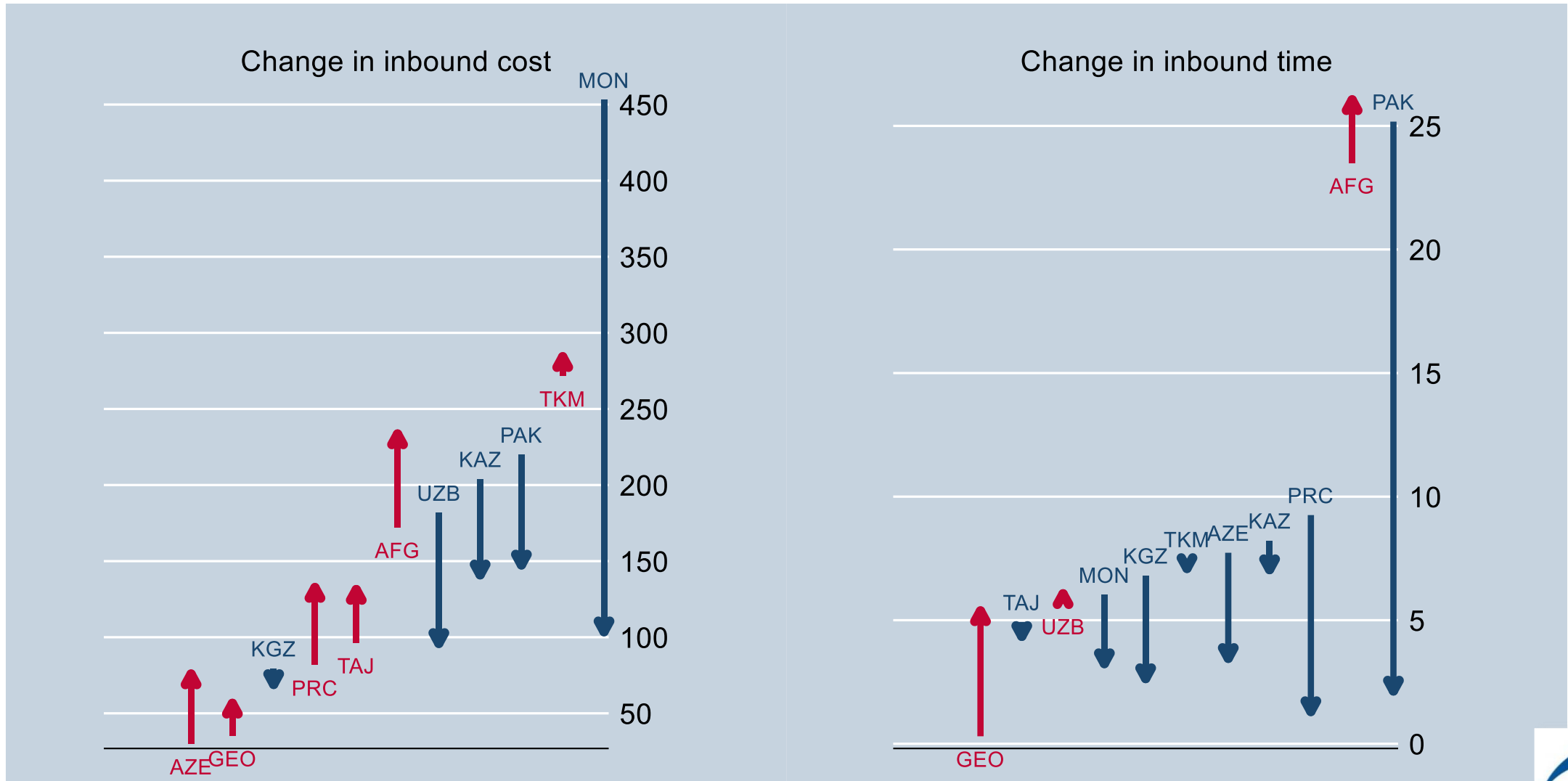
- Inbound cost (median 2010-2019)
- Outbound cost (median 2010-2019)



- Inbound time (median 2010-2019)
- Outbound time (median 2010-2019)



# Change in Inbound Cost/Time



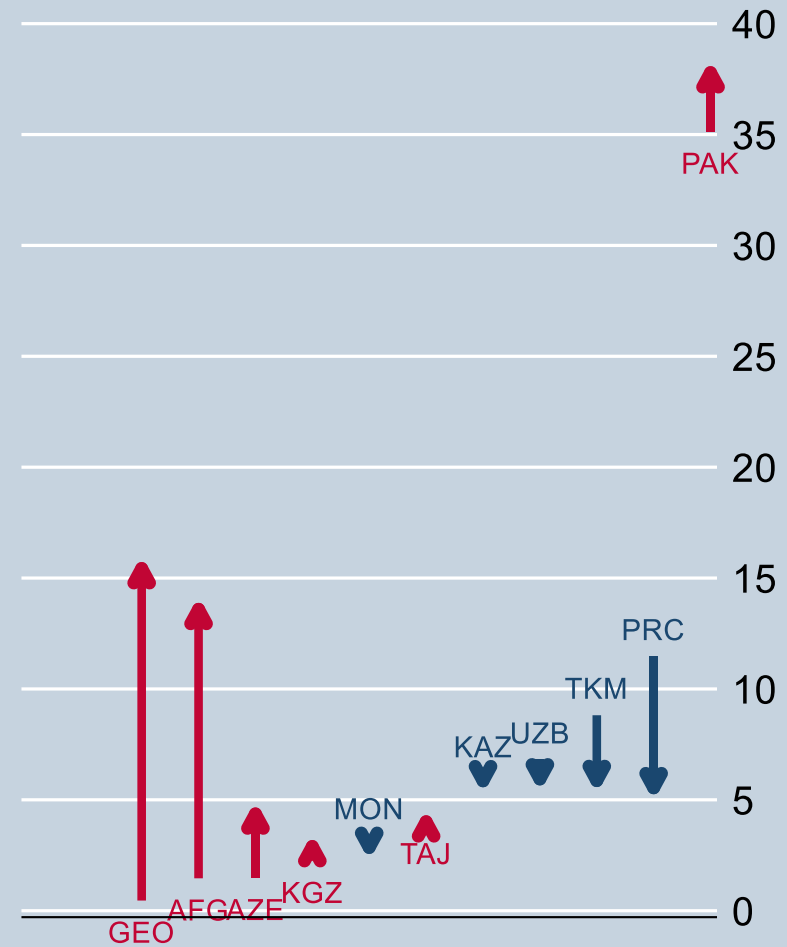


# Change in Outbound Cost/Time

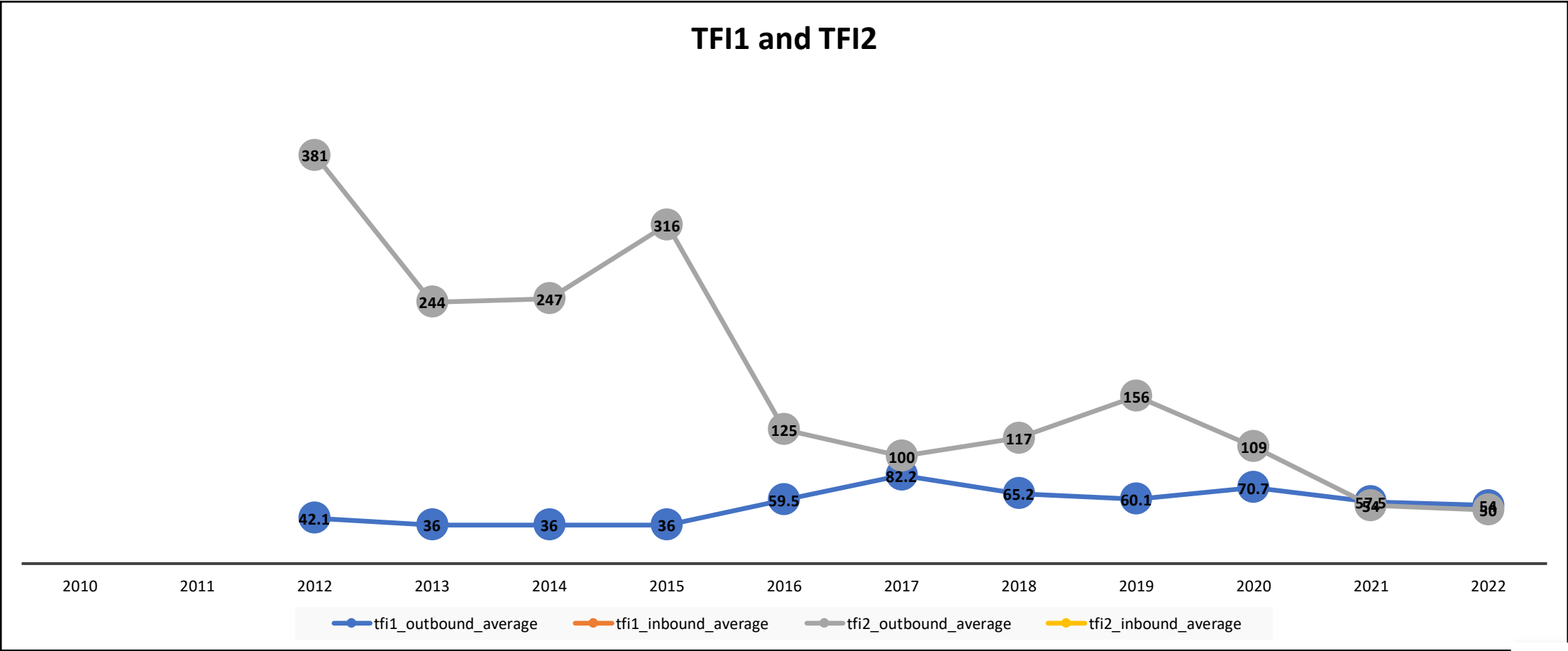
Change in outbound cost



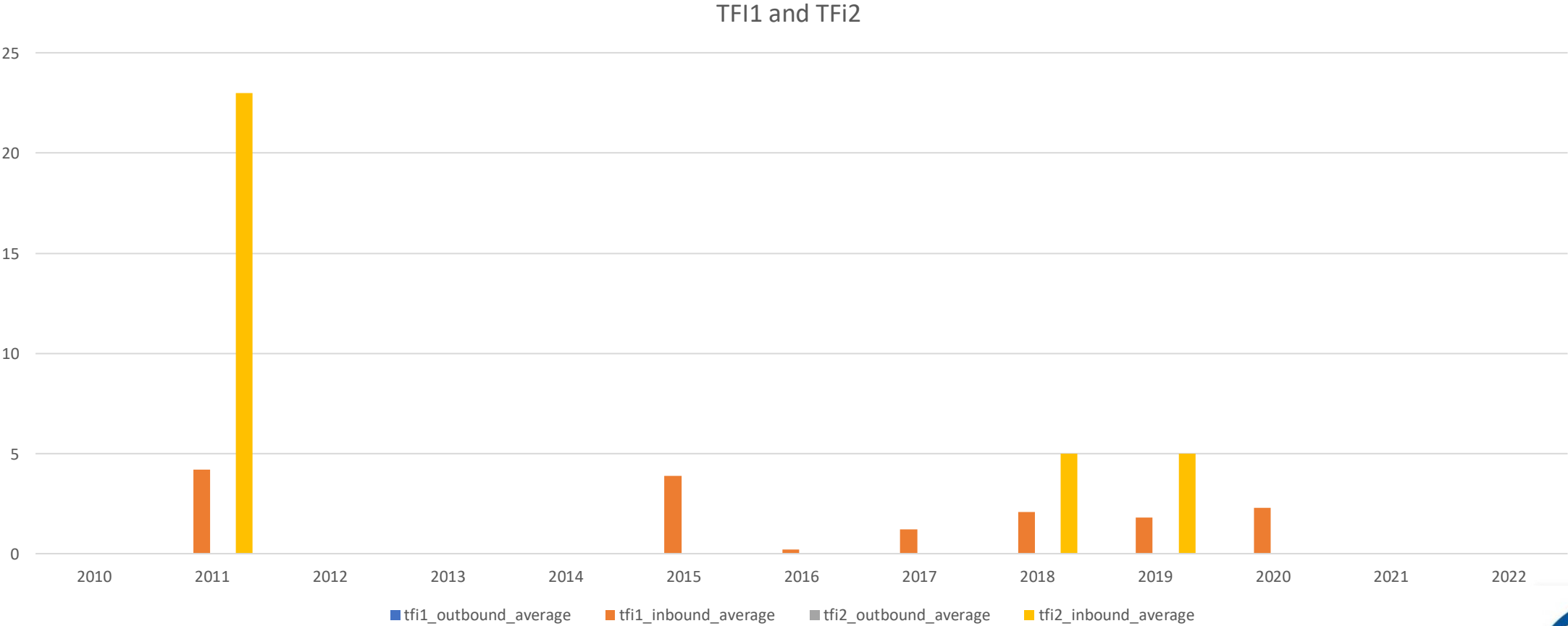
Change in outbound time



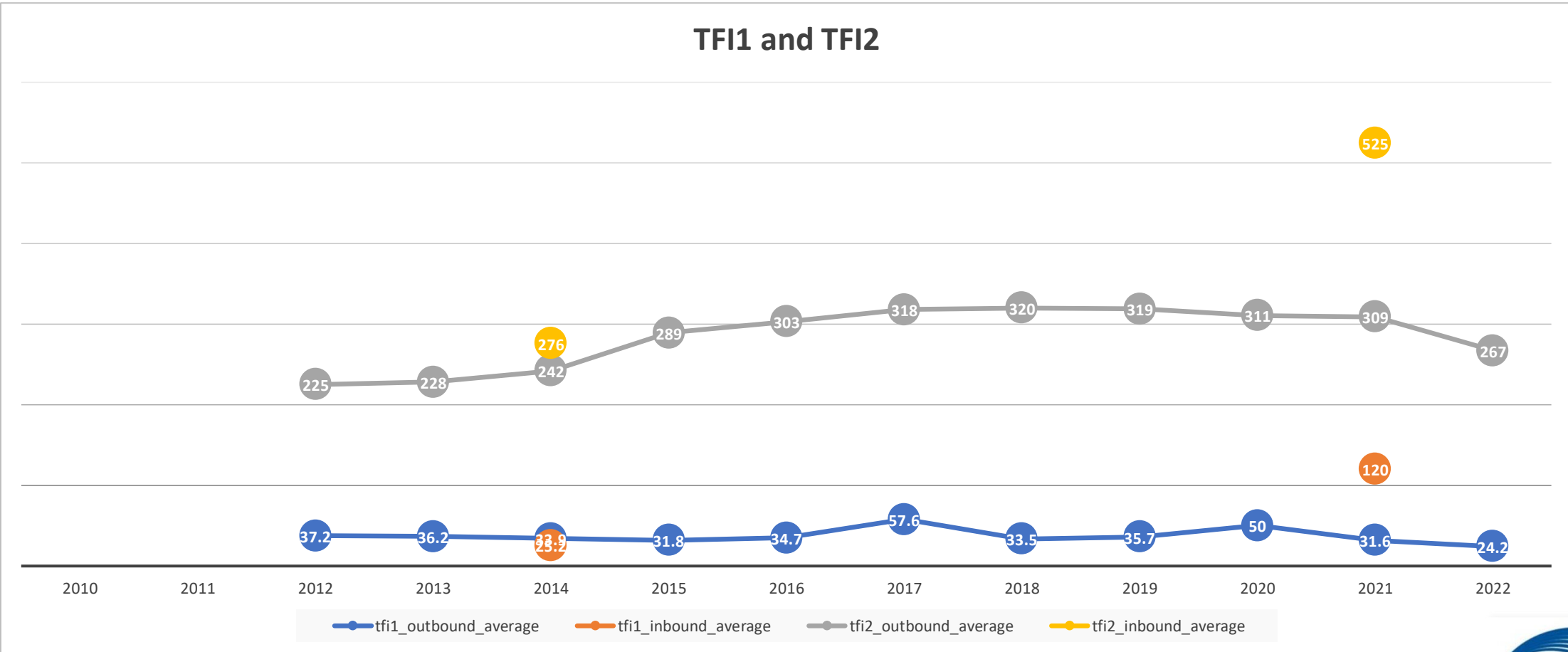
# Trade Facilitation Indicators: Chaman TFI1 and 2.



# Trade Facilitation Indicators: Khunjerab TFI1 and 2.



# Trade Facilitation Indicators: Turkham TFI1 and 2.



# CAREC Readiness for e-Phyto: Current State

Country	Average time required for the following steps involved and the department involved						
	Application Filed by Trader (online/ paper) along with	Application reviewed for compliance	Inspection	Samples for Testing	In case of treatment, conducted at	Payment for inspection & PS certificate at	PS Certificate issued by
Afghanistan	10 min		20 min to 1 hr.				
Azerbaijan	10 min	1-3 Days	2-3 Days	2-3 Days	1-7 Days	15 min	1-3 Days
PRC	10 min	10 min	10 min	0.5 Day	0.5 Day	10 min	10 min
Georgia	15 min	15 min	30 min	3-5 Days	1-5 Days	15 min	15 min
Kazakhstan							
Kyrgyz Republic	25 min)	25 min	160 min	3-72 hrs.	24-168 hrs.	40 min	
Mongolia	4 hrs.	2 hrs.	3 hrs.				
Pakistan	1 hr.- 7 Days	Max. 1 hour	Hours-Days	3-10 Days	1-14 Days	Max. 1 hr.	Max 1 hr.
Tajikistan	5 min			30 min	24-72 hrs.	10 minutes	3 hrs.- 3 Days
Turkmenistan	3 hrs.- 3 Days	3 hrs.- 3 Days	Up to 3 hrs.	Up to 4 hrs.	Up to 3 hrs.	Up to 3 hrs.	3 hrs.- 3 Days
Uzbekistan							Within 5 working days

# Mode of Transmission and Validity of Phyto Certificate

Country	Mode of transmission of PS certificates to other users like Customs and other countries	Validity/ duration of PS certificates after issuance and prior to export	Fee for PS certificate	Number of PS certificates issued per year
Afghanistan	Hard Copy	-	100Af (1.28 US \$) per sheet	-
Azerbaijan	Hard Copy	14 Days	10 AZN (5.88 US\$)	40, 000
People's Republic of China	Hard as well as Electronic (where countries can transmit/ receive)	Fresh Goods-14 Days Other Plant Products-21 Days In North Region (during Winter)-35 Days	Free	0.69 Million (690, 000/)
Georgia	Hard Copy	15 Days	25-50 GEL (8.67- 17.33 US \$)	3428 (Border by Georgia Revenue Service) 10,333 (National Food Agency)
Kazakhstan	Hard Copy	30 Days (from the date of issuance)	Free to Individuals and Legal Entities	Around 0.3 Million
Kyrgyz Republic	Hard Copy	Requirements of the importing country	200 SOM (2.86 US \$)	40,000
Mongolia	Hard Copy; Via the media and the website; By e-mail	5 Days to 1 month depending upon commodities	10000 MNT (10 thousand tugrik) 3.69 US \$	10, 000
Pakistan	Hard Copy	90 Days	PKR 50-300 (0.32- 1.94 US \$)	Around 0.15 Million
Tajikistan	Letter or application to legal entities and individuals	30 Days	Based on estimates and volume of products	Depending on the volume of the shipment of goods
Turkmenistan	Hard copy as well as through email (where required)	30 Days	Based on tariffs approved by Ministry of Finance and Economy of Turkmenistan	Depends on the number of contracts awarded
Uzbekistan	Electronically	Unlimited until the delivery to the importer's country	up to 10 kg - 0.15 MRZP( MPЗП); up to 100 kg - 0.18 MRZP( MPЗП); up to 500 kg - 0.20 MRZP( MPЗП); up to 1000 kg - 0.25 MRZP( MPЗП);	0.25 Million

# Comparison of means with and without eSPS procedures

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	eSPS (Mean)	Non-eSPS (Mean)	Differences
Inbound Cost	92.60	171.14	-78.54
Inbound Time	6.81	9.17	-2.36
Outbound Cost	82.01	118.07	-36.07
Outbound Time	6.75	9.25	-2.50
<i>N</i>	100		

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# Conclusion and Policy Recommendations

- Higher border cost and time delays at border clearance procedure is trade restrictive.
- Digitalization of the trade facilitation indicators, for example, e-SPS certification, plays a significant role in the trade facilitation at the BCPs.
- Most CAREC countries have a legal basis for the recognition of phytosanitary certificates and exchange of electronic certificates. Therefore systems are already in place for migrating from the paper-based certification system to the ePhyto system.
- The PRC is using its national ePhyto system to integrate with the HUB, and is an example of best practice for a functioning ePhyto system.
- For the rest, there is no indication of digital capacities to recognize ePhyto certificates using the HUB, in which case they may opt for the GeNS web-based system to produce, receive and exchange ePhytos through this HUB.



# Recommendations

- Policy Level
  - A comprehensive national strategy for the formulation and implementation of legislative reforms must be developed, including capacity building measures for technical staff.
- Technology Level
  - The use of information management systems must be encouraged and supported among specialists and inspectors.
  - Data exchange protocols must be regulated as a priority for risk management and assessment.
- Digitalization initiatives at BCPs can be encouraged.

**Thanks. Looking forward to having any questions**