

Kyrgyz Republic
Report for TIR Customs Transit Forum
Shanghai, PRC (19-21 October, 2005)

Dear Ladies and Gentlemen!

Distinguished colleagues!

First of all allow me to thank the organizers of this Forum for invitation, and wish all the participants to have a productive meeting.

Given its geopolitical situation, economy and historic traditions Kyrgyz Republic is an active supporter of international integration and a participant of global economic processes.

Economy of Kyrgyz Republic, which is mainly located in mountainous part of Central Asia, to a large extent depends on efficient utilization of road transport.

Intensive development of regional trade and active involvement of Kyrgyz entrepreneurs in it strongly requires improvement of customs legislation and application of modern customs procedures. In this process Kyrgyz Republic occupies a progressive position, and is keen of becoming the participant of existing conventions and agreements applied by customs administrations of developed countries.

From December, 1998 Kyrgyz Republic is a member of World Trade Organization, and a member of World Customs Organization from February 2000. And, as you know, new Customs Code of Kyrgyz Republic compliant with requirements of the revised Kyoto Convention was made effective from January 1, 2005.

Also it is worth noting the approval of an investment loan to Kyrgyz Republic for Customs Modernization and Infrastructure Development Project, which implies Kyrgyz customs automation and infrastructure development.

Understanding that establishment of conducive conditions for movement of goods is the most important component for the development of international trade, Kyrgyz Republic has joined a Convention on the International Transport of Goods under cover of TIR Carnets (Law of Kyrgyz Republic #99 dated December 19, 1997).

Advantage of transporting goods under cover of TIR Carnets has been estimated at its true worth by foreign trade participants, which is testified by growing trend in the application of TIR Carnets in cargo transportations.

For instance the number of TIR Carnets issued in Kyrgyz Republic comprised:

- in 2001 – 550;
- in 2002 – 1,250;
- in 2003 – 2,700;
- in 2004 – 4,900.

Meanwhile it is worth noting that main importers of goods to Kyrgyz Republic under cover of TIR Carnets are:

1. PRC;
2. Turkey;
3. Iran;
4. Russia;
5. EC countries.

Analysis shows that major share of goods moved under cover of TIR Carnets in the following modes comprises:

1. imports – consumer goods, foodstuffs, construction materials, motor cars;
2. exports – agricultural products, consumer goods;
3. transit – agricultural products and other goods.

At the same time currently Kyrgyz road carriers face such problems as:

- lack of the new car fleet for transportation of goods under cover of TIR Carnets;
- insufficient carriers and drivers' knowledge of the procedure itself;
- predictability and transparency of customs authorities operation for traders in all areas of international trade;
- maximum efficient utilization of information systems and technologies in customs procedures;
- provision of interested parties with all necessary information regarding customs laws, normative and administrative acts, and rules and procedures;
- lack of adequately close contacts between the International Road Carriers' Association of Kyrgyz Republic (KyrgyzASMAP) and customs service of Kyrgyz Republic.

Currently Kyrgyz Republic is working on adjusting legal relationships and is preparing to sign new guarantee agreements and other contracts between customs authorities and guaranteeing associations of our country on enforcing the provisions of TIR Convention, 1975.

To further improve transport of goods under cover of TIR Carnets and also the capacity of customs officers of Kyrgyz Republic to comply with requirements of the Convention on International Transport of Goods under cover of TIR Carnets a USAID supported national seminar was held on March 23-24, 2005 in Bishkek in

State Customs Inspection with participation of representatives from Secretariat of UN Economic Commission for Europe, International Road Transport Union and also the Ministry of Transport and Communications of Kyrgyz Republic and International Road Carriers' Association of Kyrgyz Republic (Kyrgyz ASMAP).

Indisputably, transport of goods under cover of TIR Carnets has many advantages, but due to a high cost of TIR Carnet itself and also the need to follow a certain procedure to access the TIR system, many road carriers can not use it.

As a representative of road carriers of Kyrgyz Republic I would like to emphasize that transport of goods under cover of TIR Carnets is convenient during transit through the territory of several countries, however, when moving cargo from one country only through the territory of another country and also when moving goods within one country through other country's territory TIR system becomes not so convenient.

Existing bilateral and multilateral transit arrangements with participation of Kyrgyz Republic do not contain a real mechanism for the enforcement thereof.

Lack of concerted approach of neighboring countries in transit issues currently results in the application of provisions of national legislations of individual countries, posing significant difficulties on trade development. National transit systems basically rely on financial guarantees in the country of transit, require significant financial costs and time, and the mechanism of reimbursing funds is complex and non-transparent. As a result the most widespread means to ensure transit is the physical customs escort of the main volume of transit. Practice of customs escort requires expenditures to ensure the escort, and as a rule is not compliant with requirements of fast track movement of goods, and the method to calculate the cost of these services is quite confusing, leading to various abuses.

In this case the development of regional transit system can be an alternative to a TIR system. For instance, agreement between KGZ Government

and KAZ Government on road transit of goods through the territory of the Republic of Kazakhstan dated March 26, 2004, which is based on financial guarantee mechanism.

Summarizing my presentation, I would like to emphasize that in the future we will also promote the application of TIR Carnets in the country, and express our readiness for future cooperation in this area with Asian Development Bank, Administrative Committee, TIR Executive Board, TIR Secretary, UNECE Secretariat, International Road Transport Union, customs authorities, national guaranteeing associations, road carriers and other stakeholders.

We would like to thank Asian Development Bank and China customs for holding this seminar and hope that all topics of this seminar will be useful for its participants on the threshold of TIR system accession by such a large trade partner as People's Republic of China.