

**CAREC Workshop
on the National Joint Transport and Trade Facilitation Committees
and the Regional Joint Transport and Trade Facilitation Committee**

Synopsis

Esteemed Mr. Chairman!

Ladies and gentlemen!

I would like to express my gratitude to workshop organizers for the opportunity to participate and express the views of the business community at such a representative international forum.

1. The issue discussed today is very topical: when solved, it will enable to establish an effective mechanism for development of interdepartmental cooperation, broadening public and private interaction.

2. At present new market structures are in place in the republic, a system of interaction with all transport modes is established, there is active cooperation with the government, Parliament, ministries, agencies, the National Railway Company “JSC NC KTJ”, public and international organizations.

The experience of economic reforms in Kazakhstan proved the effectiveness of unifying representatives of concerned government bodies and business structures into councils, committees, and commissions to accelerate solution of problems, especially those arising at the junction of competence of each of them.

When establishing a new system of regulation of interrelationships among market subjects and government structures, Kazakhstan, thanks to the presence of the political will, covered the path from establishment of public councils with business structures under sectoral departments in the ministries to experts’ councils of ministries. Such councils, with participation of representatives of business associations, started operating officially since 2006. The basis for their activities is the Governmental Resolution “On Approval of the Standard Regulation on Experts’ Councils on Entrepreneurship Issues”. Today not a single draft law, regulatory and legal act is adopted without obtaining an expert’s opinion from each member of the experts’ council.

Only last year the Association prepared experts’ opinions on 358 draft legal acts, of which: by experts’ councils of the Ministry of Transport and Communications of the RK - 60, Agency on Regulation of Natural Monopolies of the RK - 44, National Economic Chamber of Kazakhstan “Soyuz Atameken” (a union of associations) - 235, upon requests of the Ministry of Industry and Trade of the RK - 12, Ministry of Finance of the RK - 7.

3. Interaction of the Association with ministries, agencies, national companies in sectoral and interdepartmental joint working groups, commissions and advisory councils enables to quickly resolve a broad range of current and strategic issues of business development, improvement of the legal basis.

For example:

In the Ministry of Transport and Communications of the RK, the working group on improvement of the legal basis and technology of interaction of new subjects in the market of railway services, which exists since 2005:

- developed measures on further development and reforms of the railway sector of Kazakhstan for 2007- 2010;
- prepares and coordinates amendments and addenda to the existing laws, rules, instructions;

- makes decisions on development of new regulatory documents and mechanisms of regulations of interrelationships of new subjects in the market of railway services.
More than a dozen of directive documents regulating the relationship of all subjects of the cargo transportation market are planned to be revised during the current year.

In the Agency for Regulation of Natural Monopolies of the RK, working groups established since 2003, have prepared:

- a complex of measures to improve the tariff policy in the sphere of natural monopolies;
- the Tariff Establishment Methodology;
- amendments and addenda to a number of directives, including:
- On approval of the list of activities technologically related to regulated services (goods, works) ports;
- On approval of the List of regulated services (goods, works) of natural monopoly subjects;
- On approval of the Rules for inclusion and exclusion from the State Register of Natural Monopoly Subjects;
- On introduction of amendments and addenda to Resolution № 1194 of the Government of Kazakhstan as of November 28, 2003;
- On approval of the Rules for approval of tariffs (prices, fee rates) and tariff estimates for approval of services (goods, works) of natural monopoly subjects;
- On approval of the Rules on a specific procedure for establishment of costs, applied when approving tariffs (prices, fee rates) for regulated services (goods, works) of natural monopoly subjects.

In Advisory Councils of the Agency of Customs Control of the Ministry of Finance of the RK, the Department of Customs Control of Almaty city established since 2002, the following issues are discussed:

- improvement of customs legislation;
- joint actions on prevention of customs offences;
- ensure provision of information and interaction in the sphere of customs in line with legislation of the RK.
- legal regulation of operations of customs carriers;
- qualification requirements to brokers' companies, bonded warehouses and traders related to minimum risk categories;
- application of the Instructions on customs clearance of goods and transportation means moved across the customs border.

On March 10, 2009 by Resolution of the Government №275, the Anti-Crisis Council was established under the Prime Minister of the republic to consolidate efforts of government and public institutions to overcome crisis phenomena and for stabilization of the economy of the Republic of Kazakhstan. The Council consists of representatives of leading ministries and managers of large business associations of Kazakhstan. Three working groups have been established in the following areas:

A. Drafting proposals on improving the current economic policy of the Government taking into account interests of the real sector of the economy, optimization of public-private partnership mechanisms, preventing broadening of functions of state-owned companies leading to unfair competition with the private sector, based on monitoring of anti-crisis measures under implementation.

B. Development of proposals on establishing conditions for development of competitive sectors of the economy and business activities give the prospects for post-crisis development.

C. Development of proposals of radical elimination of administrative barriers constraining business development, and other proposals aimed at improving the quality of public services.

4. When, due to lack of wagons, contract deadlines started being failed, the demand for forwarding services using own rolling stock and own infrastructure increased, our companies, striving to satisfy this demand, started buying freight cars, multi-tonnage containers, cargo terminals. This expanded more their sphere of activities and the list of services provided.

A new type of activities – transportation in own wagons –increased so much by 2004, that in order to solve their problems, the owners of wagons and containers united into the Kazakhstan Association of Carriers and Operators of Wagons (Containers) (KazAPO). As of today 18 companies in the KazAPO provide more than 28 thousand wagons of various types for transportation. On the whole, more than 34 thousand wagons or about 40% of the whole rolling stock of Kazakhstan is privately owned. These wagons belong to more than 200 private companies.

5. Improving and developing the system of interaction with government bodies, the national railway company JSC “National Company Kazakhstan Temir Joly”, working on practical implementation of steps of the state to organize the single window operations, on March 11 of the current year the members of the Association signed the Agreement on establishment of a Pool of forwarding companies, the key objective of which is to resolve problems of forwarding companies related to organization of smooth cargo transportation when fulfilling their contract obligations to the third parties.

As the first step, with the support of the national railways company, a representation office of the Association of national forwarders of the Republic of Kazakhstan is to be opened at the border stations Dostyk. Establishment of this structure by the ANFK will help:

- to reduce the workload of the station's and customs' staff when providing information about wagons and containers delays to users of railway transport services;
- to quickly eliminate the reasons for delay of goods, solve other problems in moving goods when carrying out customs and other procedures;
- to take practical steps on transfer of preliminary information about cargo;
- to accelerate payments for services of railways and other agencies at the border.

I believe that the experience of such interaction will yield a positive impact and it should be supported and developed further.

Serious qualitative changes in the level of interaction of forwarding, operators' companies with railways and customs subdivisions prove the appropriateness of the partnership mechanism established by the Ministry of Transport, Customs Control Committee, National Company “Kazakhstan Temir Joly” and the Association.

Analyzing the steps taken by the leadership of Kazakhstan and international organizations on **trade facilitation and transport**, one can note that interdepartmental cooperation has improved, the public and private partnership is being established, understanding of the need to apply existing **international legal instruments for trade facilitation** is increasing among entrepreneurs.

6. Active process of railways transport reforms in the republic, creation of a competitive environment in the sphere of transportation, dynamic development of the market of operators and owners of wagons, development of new types of operations and new subjects of the transport market, changes in legislation, principles of interrelations require a high level of professional training and knowledge of the staff participating in the transportation process. This task can be fulfilled by specialized organizations with relevant experience and methodologies adapted to the needs of the region and the current situation.

For example: To satisfy the demand for staff, in 2001 the Association established the Logistics Center. As of today it is the only specialized institution in the Republic of Kazakhstan training specialists under the International Forwarder Program issuing international FIATA diplomas.

The Center possesses a scientific capacity, experienced highly qualified specialists and the material and technical base to conduct trainings, as well as equipped premises, educational and technical literature.

Since 2007 a web-based distant learning modules have been introduced at the Logistics Center. An instructor of the Logistics Center gives advice and monitors actions of users on studying the materials either verbally, or by e-mail, or with the help of the Skype software.

Since 2008 seminars on reform goals and organization of railways operations, logistics of cargo transportation, practical implementation of new regulatory documents' requirements have been organized for managers and specialists of the national railways company.

Within this period the Center trained:

- under the basic course "International Cargo Forwarder" – 260 participants;
- under other transport modules - 360 people;

It would be useful and effective to establish the Regional Training Center for the countries of the Central Asian region on the basis of this training center with the CAREC support.

7. The circle of problems considered today covers a rather large number of issues of concern for the business community.

Today I would like to emphasize the most important of them, which affect the movement of goods. They are:

1. Technical, technological incompatibility of information systems, software and disconnected activities of various government controlling bodies with each other and with traders both within the country and among the countries. Such disconnection, diverse interests and actions of controlling and executing structures is especially evident at border stations, and first of all at the Dostyk station situated at the border with China. Here this diversity not only effectively constrains the clearance of cargo, but also deprives of a possibility to identify with a proper accuracy the time needed for transportation. **Unpredictability of the transportation time undermines the transportation competitiveness.**

2. Difficulties in obtaining necessary information and its transfer in the format required by controlling bodies.

3. A low efficiency of utilization of the private rolling stock in interstate transportation.

4. An insufficient level of cargo containerization.

5. Not very attractive conditions for transportation of cargo by land as compared by sea.

6. Different speed, approaches, mechanisms of economic reforms and, consequently, legal frameworks.

7. Lack of an interstate and national bodies consisting of representatives of ministries, agencies and business, which could operationally resolve the problems of smooth and safe movement of goods across the borders and territories of the states.

8. Lack of uniform definitions of terms compliant with the UN Glossary, which are applied in regulatory documents of the Council of CIS states on railways transport.

9. Incompliance of the actual situation with the system of economic responsibility for untimely payments, violation of the operational rules by railway authorities, regular accounting and settlements for use of freight wagons owned by other states.

Proposals:

1. To develop single standards and approaches to harmonize the methods and forms of information exchange among concerned government agencies, as well as with participants of cargo transportation.
- 2. To provide for an entrepreneur a possibility to have access to necessary information and its transfer to controlling bodies in the required format.**
3. To develop competition as a method to improve the quality and reduce the cost of transportation services by strengthening public-private partnership.

4. **To liberalize the market of containerized transportation, ensure its maximum freedom and attractiveness of operations for forwarding companies.**
5. To agree conditions attractive for transit with all CAREC participants and start with their development and application along a specific international route, from the point of origin to the point of dissemination in Europe. And for these conditions to be really attractive, it would be advisable to include those, to whom they will be applicable, into the commission developing them.
6. **With participation of all parties concerned to revise the current legal documents regulating economic responsibility for untimely payments.**
It would be appropriate to include such issues into the Action Plans of the NJCs and the RJC.

7. **Conclusions.**

If properly organized, national and regional joint transport and trade facilitation committees can become an effective mechanism facilitating accelerated, qualified and comprehensive organization of implementation of the tasks set up by the leadership of the CAREC states.

Experience exchange, training of managers and specialists of CAREC states will help to avoid mistakes in conducting reforms, will minimize total costs for implementation of the planned programs.

I hope that our proposals will be of interests and will serve for the benefit of the common cause. I wish productive work and achievement of the established goals to all workshop participants.

Thank you for your attention.