

CAREC

Experience Sharing by XULA on Behind the Border (BTB) Study XULA

**Corridor Performance Measurement and Monitoring CPMM
Behind the Border Survey
Baku, Azerbaijan
25-26 July 2018**



Table of Contents

1	Xinjiang - Profile
2	Survey
3	Key Findings
4	Recommendations
5	Questions and Answers

CAREC Corridors through XUAR

CAREC Corridor1: corridor 1 has 3 roads, 1a, 1b and 1c.

- 1a: Hami-Turpan-Urumuqi-Kuitun-Alataw pass (China Kazakhstan crossing point) -Alma Ata-Astana;
- 1b: Hami-Turpan-Urumuqi-Kuitun-Khorgas (China Kazakhstan crossing point) - Alma Ata-Karaganda-Astana;
- 1c: Hami-Turpan-Korla-Kuqa-Kashgar-Turgart (China Kyrgyzstan crossing point) - Nalun-Bishkek .

CAREC Corridor 2: corridor 2 has 2 branches, 2a and 2b;

- 2a: Hami-Turpan-Urumuqi-Korla-Kuqa-Kashgar-Irkeshtam (China Kyrgyzstan crossing point) -Tashkent-Samarkand-Bukhara-Urnukus-aktau;
- 2b: Hami-Turpan-Urumuqi-Korla-Kuqa-Kashgar-Turgart (China Kyrgyzstan crossing point) -Bishkek.

CAREC Corridor 4a: Urumuqi-Takeshenken (China-Mongolia crossing point-Yalunt-Bayan) .

CAREC corrdior 5b: Kashgar-Tashikurkan-Khunjerab (China Pakistan crossing point) -Sust

BCP Operating Hours

Country	Ports	Open Since	Opening time	Country	Ports	Open since	Opening time
Mongolia(4)	Takeshiken	1989	Year round	Kyrgyzstan(3)	Turgart	1983	Year round
	Hongshanz ui	1992	Seasonal (1 to 10 th of July, August and Sept)		Irkeshtam	Jan,1998	Year around (in negotiation)
	Wulasitai	1992	Seasonal (1—15 th of March, June, Aug and Nov)		Bedel	To be determined	seasonal (in negotiation)
	Laoyemiao	1992	Seasonal (15—30 th of March,June, Aug,Nov)	Tajikistan	Karasu	1997	Seasonal (not in negotiation yet)
Kazakhstan(7)	Khorgas	1983	year round open, road and railway port. Open to third country	Pakistan	Khunjerab	1982	seasonal and open also to third country (from 1 may to 30 Nov)
	alashankow	1992	year round. Road and rail ports open also to third country	international	Kashgar airport	1993 april	Year round
	Baketu	1992	Year round and open also to third country		Urumuqi airport	1973	Year round
	Jeminay	1992	Year round				
	Aheitubieke	1992	seasonal				
	Dula ta	1992	Year round				
	Muzha erte	1992	seasonal				

Table of Contents

1	Xinjiang - Profile
2	Survey
3	Key Findings
4	Recommendations
5	Questions and Answers

Data collection

1. period: May to July 2018
2. 3 trucks and 1 train exporting goods
3. Of agriculture products, Alma-Ata is the destination

companies surveyed

1. Jin Yi International Agriculture Produce Export Company
2. Heng Xin International Customs Clearance Agency
3. Xinjiang Central Asia Food R&D Center Co. Ltd.
4. Xinjiang Deluya International Logistics Co.Ltd
5. Dayang Railway Transportation Co. Ltd

Company surveyed

Xinjiang Central Asia Food R&D Center Co.Ltd

Xinjiang Central Asia Food R&D Center Co.Ltd is an export oriented, science based multinational company focusing on technology and production. The company takes advantage of the rich resources of XUAR and specializes in processing of agricultural products, developing 50 products of 4 categories, such as tomato paste, chilli sauce, canned vegetable, special jams. Their products are popular in Central Asian countries.

The company has been accredited with QS、ISO9000、HACCP、Halal food. It is the demo company for the national talent recruitment policy and high new tech company of XUAR

Surveyed Company

- **Jinyi International and Hengxin International**
- **Main business as follows**
- **Fruits export, including watermelon, cantaloupe, muskmelon, apples, grapes, mandarin, pear, and peaches,**
- **Exports of vegetables, including paprika, garlic, eggplants and tomatoes,**
- **Jinyi international is a qualified import-export company for agricultural produce and can handle custom clearance and quarantine applications, lowering the cost of the custom clearance and quarantine procedures. Hengxin International is not qualified for import export of agricultural produce and has to engage custom clearance agencies, resulting in USD 250 increase of the cost per truck.**

Key Documents

1. B/L or Bill of Lading.
2. Packing List.
3. Commercial Invoice.
4. Insurance Document.
5. Inspection and Quarantine
6. Custom Declaration.
7. Farm registration



1

Export Process

Custom Check refers to the inspections, controls performed by the Custom authority and the custom declaration referring to the name of the goods, quantity of the goods as well as the place of origin. The arrival of the vehicles is controlled. C card allows the vehicles to park at Khorgas Custom supervised warehouse for the loading/unloading. A card allows the vehicles to park at the Urumuqi custom's supervised warehouse.

2 inspections refer to the border inspections—entry exit border inspection and animal and plant inspection and quarantine—national entry exit inspection and quarantine. Among which,

The responsibilities of the border inspections are:

- (1) perform inspections to the vehicles in the cross border transportation and the goods carried, for example, to check if the drugs are hidden in the tire, if there are any entrainment of forbidden products in the vehicle
- (2) guard the restricted area of the border port to ensure the orderliness of the border crossing.

Animal plant inspection and quarantine: including SPS, food safety inspection and product quality inspection

2

Random Cargo Inspection by Customs

Customs can open the sealed products and perform sample inspection according to certain percentage. Goods will have to be unloaded and packages open. The frequency of unloading and opening shall follow the inspection instruction for the type, specification, quantity and weight of the goods concerned.

3 BTB Survey for Tomato Paste Export

Steps	Time	Cost	How Frequent?
Obtain Permit to Export/Import	1 week	0	1 week, 5 wagons shipped every week, issued by Customs
Obtain HACCP/Food Safety Certificate	2-3 weeks	4620 USD	HACCP review conducted once per year, made by China Quality Certificate Center
Obtain SPS Certificate	0	0	Each certificate for each wagon
Obtain Product Safety Certificate	15 days	462 USD	If the good is sampled. Otherwise the time and cost are 0The more dangerous the product is, the higher the sampling frequency is.
Obtain "Fumigation/Pest Free Certificate" for wood used in crates and pallets	0	0	The Certificate is directly provided by crates and pallet manufacturers
Pass random SPS/HACCP/Food Safety Inspection at factory	1-2 days	0	One inspection for five tons of cargoes. It is made by Urumqi commodity Inspection and Quarantine Bureau under Customs

Government Mandated Steps Required for Each Shipment

Steps	Time	Cost	Electronic or manual?
Prepare Customs Declaration	10-30 min	0	Electronic
Prepare SPS/Food Safety Declaration Form	10-30 mins		Electronic
SPS/Food Safety Inspection	15 days	462 USD	If the goods is sampled. Otherwise the time and cost are 0 Manual It is made by Urumqi commodity Inspection and Quarantine Bureau under Customs
Prepare Product Quality Inspection Form	5 min	0	Electronic
Product Quality Inspection	1-2 days	0	Manual
Obtain Country of Origin Certificate	4-8 hours	0	Electronic, it was issued by Urumqi commodity Inspection and Quarantine Bureau under Customs or Xinjiang International Trade Promotion Committee
Prepare Commercial Invoice	30 min	0	Electronic
Prepare Packing List and Bill of Lading	30 min	0	Electronic
Weigh Goods and Obtain Weight Certificate	5 min	0	Electronic

4

BTB Survey for Tomato Paste Export

Steps Required for Trade Implementation

Steps	Time	Cost	Comments
Secure Insurance	4-7 hours	400 USD	1-1.5‰ of the cargo value
Obtain Insurance Certificate	10 min	0	
Secure Trade Financing	2 months	8% of loan	
Obtain Letter of Credit	2 days	-	The importer issued a letter of credit
Buy Quotas			In China, no Quota limitation for exporting ,

Table of Contents

1	Xinjiang - Profile
2	Data Collection
3	Key Findings
4	Recommendations
5	Questions and Answers

1

The green channel of the agricultural products export

- 1. China has exempted the high way tolls for the transportation of agricultural products .**
- 2. For agricultural products, China and Central Asian countries all have set up designated channels, referred to as the green channels so that the customs declaration for the agricultural produce is faster than other goods with shorter waiting time.**
- 3. China has a strong demand for the agricultural products from the Central Asian countries and considers them green products. However, the importation ports are limited to Alataw Pass, Turgart, Kashgar airport and Urumuqi airport.**

2

Customs Clearance Issues of the Khunjerab Pass

- 1. The opening time for Khunjerab Pass is from 1 April to 30 Nov every year, altogether 8 months. Taking out the weekends and public holidays in China and Pakistan, actual opening time is only 5 months and time is very limited.**
- 2. KKH is also very susceptible to natural disasters. If KKH is open year round, it is necessary to have large snowplows to ensure the road conditions.**
- 3. Pakistan Customs have raised the importation duty of some goods, affecting the enthusiasm of trade.**

3

Inconsistent Pallet Size in China and Kazakhstan

- 1. The tomato paste exported to Alma Ata uses pallets complying with Chinese standard, with a specification of 1200mm × 1000mm; Kazakhstan requires Chinese exporters to use European pallet standard with 1200mm × 800mm specification.**
- 2. Due to the inconsistency of requirements, the exported goods have to be repacked at Dostyk. With different pallet sizes, the space of the train wagon cannot be most efficiently used and this may also cause damages to the goods when changing pallets.**

Truck to Truck Transfer at BCP

the most costly and time consuming procedure for trade - changing the vehicles

From Urumqi to Alma Ata, most goods are first transported via Chinese vehicles to Khorgos on the Chinese side and then changed to Kazakhstan vehicles. The cost of changing vehicles is RMB 2000 per truck (USD 300), costing 10 hours. It increases the burden of trade and affects the quality of agricultural goods.

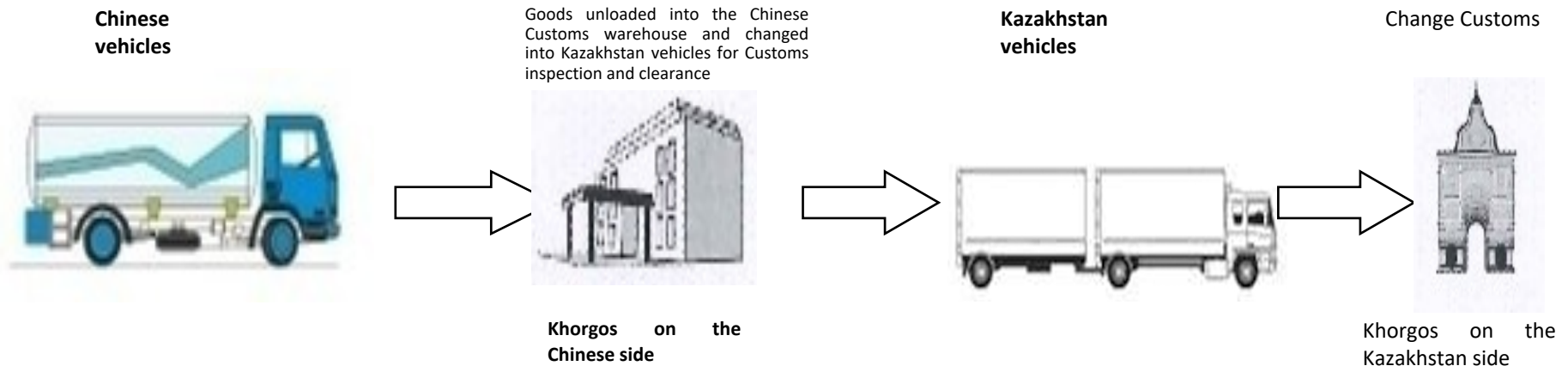


Table of Contents

1

Xingjiang - Profile

2

Data Collection

3

Key Findings

4

Recommendations

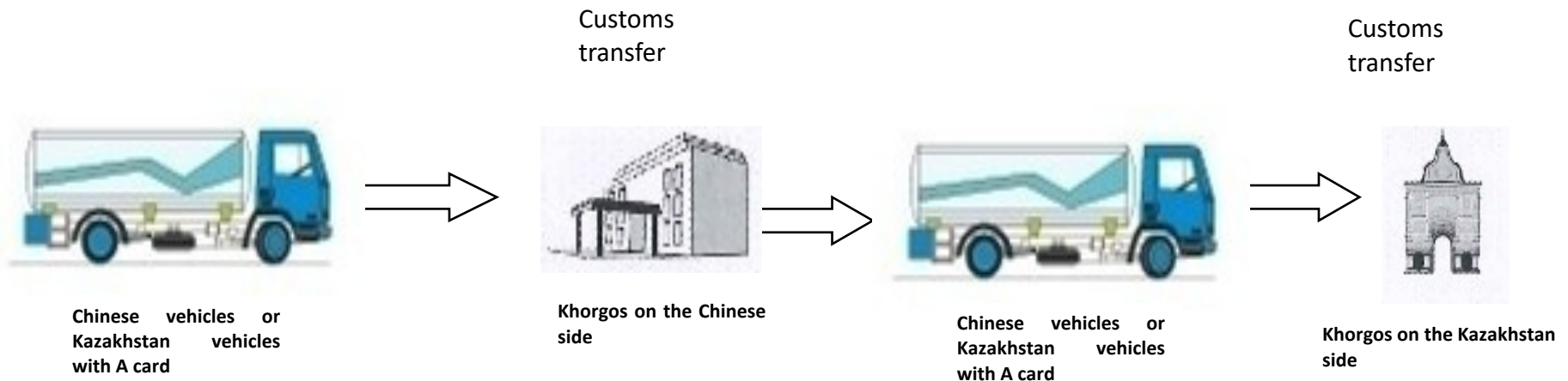
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Questions and Answers

Recommendations

Eliminate truck to truck transfer at BCP

Central Asian countries long have been the main exporting market for XUAR vegetables, such as Kyrgyzstan, Kazakhstan, Tajikistan. Kazakhstan has a strong demand for Chinese agricultural goods, such as apples, peaches, grapes and mandarins, and vegetables such as cabbages and celery. It is recommended to use Chinese vehicles with A card or Kazakhstan vehicles for the transportation to avoid the change and maintains the quality of the goods.



Recommendations

Harmonize standards for

- *Transport documents*
- *Vehicles*
- *Material handling equipment (e.g. pallets)*

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Experience Sharing from China XULA

Thank you!

