ADB ASIAN DEVELOPMENT BANK

Pilot Project on Electronic Exchange and Mutual Recognition of Certificates & Test Reports in the CAREC Region

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KT NET
한국무역정보통신

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on
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Certificates & Test Reports
in the CAREC Region

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1. Introduction of KTNET

KTNET, established in 1991 by KITA under the government(MOTIE)'s international trade automation master plan, is the official national digital trade infrastructure operator.

It specializes in operating digital trade services and other electronic transaction trust services. Based on its accumulated trade facilitation experiences, KTNET has shared its know-how with other countries in trade facilitation areas.

1. Trusted Company

Designation as Electronic Transaction Infrastructure Service Provider for 10 Business Areas
- MOTIE, KCS, MOF, MSIT, MOEF, MOJ

100% subsidiary of the Korea International Trade Association (KITA)
- Based on the government's Comprehensive Trade Automation Master Plan of 1989 (established in 1991)

Over 30 Years of stable and reliable operation of the National Digital Trade Platform (uTradeHub)
- 105,000 customers, 650 types of documents, Processing 500 million documents transactions annually (as of 2024)

2. Trust Company in Implementing Global Paperless Trade Platforms

Mongolia
- e-Customs system implementation ('08~'10), e-Customs system optimization ('15~'16)

Kazakhstan
- Consulting for customs administration modernization('05~'06)

Uzbekistan
- Standard administration system implementation project ('16~'19, '22~'23)

Trade Facilitation Innovation Award by ADB & ESCAP
- For Korea's FTA Origin Determination Service in 2022

Kyrgyzstan
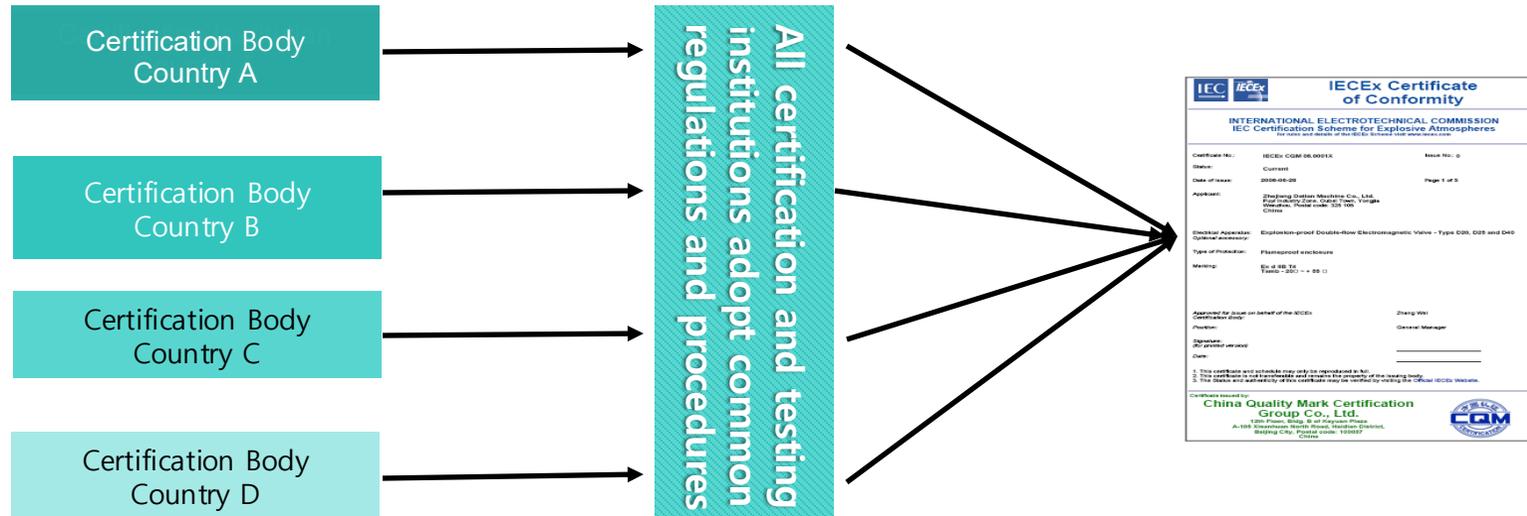- Election capacity building support project('14~'16)

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2-1. Overview of the Planned Project

Category	Contents
Background	- Need for enhancing economic cooperation in Central Asia - Goals of promoting the use of digital solutions, strengthening supply chain connectivity, and expanding trade
Goal	Piloting an Electronic Exchange Model and Mutual Recognition of Conformity Certificates / Test Report in CAREC Countries
Period	24 months in total
Tasks & Schedule	**(Phase 1 Pilot)** Develop and test a model for electronic exchange of Conformity Certificates / Test Report - Selection of Participating Countries (3 months) - Assessment of Informatization Status and Business Processes (8 months) - Development and Testing of Electronic Exchange Model (4 months) **(Phase 2 Pilot)** Design and test mutual recognition arrangement - Design of mutual recognition framework (3 months) - Implementation Plan (3 months) - Testing and Submission of Final Report (3 months) - Capacity Building : Workshop(in Korea, more than 4), Workshop(2times, online) Invitational Program(in Korea, more than 8)
Requirements	**Allocation of personnel and participation in the project** belonging to the Participating National Standard Agency - If necessary, upgrade the internal systems of the standard agencies (KTNET will provide electronic exchange modules) and introduce experimental equipment to ensure international equivalence.

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2-2. Mutual Recognition Overview and Status

Mutual Recognition is a system where certification bodies from different countries or regions **mutually recognize each other's certification and test results**, allowing the same product or service to be certified in multiple **countries without the need for additional testing at the importing country.**

[Current Status]

Country 1	Country 2	Product	Year	Details
Kazakhstan	Uzbekistan	Electrical Equipment	2020	Mutual recognition of electrical equipment test reports and certificates.
Kazakhstan	Uzbekistan	Agricultural Products	2018	Mutual recognition of agricultural products safety and quality standards.
Kyrgyzstan	Tajikistan	Construction Materials	2021	Mutual recognition of construction materials quality standards.
Kyrgyzstan	Tajikistan	Food Products	2019	Mutual recognition of food products safety and quality standards.

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2-3. Detailed Implementation Plan

Phase 1 Pilot—Develop and test a model for the electronic exchange of Conformity Certificates

Category		Task	Activity	Participants	Remarks
P H A S E 1		**Selection of Participating Countries**			
	Stage 1	Selection of Countries for Mutual Recognition	Select target countries and conduct initial consultations	• Involve national standard agencies and related organizations of each country	**Offline Workshop in Korea**
		Assessment of Informatization Status and Business Processes			
	Stage 2	Determination of Products and Certification Scope	**Decide on the products and certification scope for mutual recognition after analyzing the current business status**	• Involve national standard agencies and industry representatives of each country	Determine based on the level of testing technology and the feasibility of establishing standards
		Requirements Analysis (Legal Aspects)	Analyze the legal requirements for mutual recognition	• Involve legal officers from the standard agencies	**Sign MoUs on mutual recognition cooperation with the target countries**
		Development and Testing of Electronic Exchange Model, Submission of Final Reporting			
	Stage 3	Requirements Analysis (Technical Aspects)	Analyze the technical requirements for mutual recognition	• Involve technical officers from the standard agencies	• Develop and test the electronic linkage model by KTNET. • Online workshops

※ **Risk Factors and Response**
○ Delay in selecting target countries (standard agencies)
➔ (Proposed Solution) Request project participation cooperation through ADB
         Utilize the cooperation network between the Korean government and CIS region standard agencies

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2-3. Detailed Implementation Plan

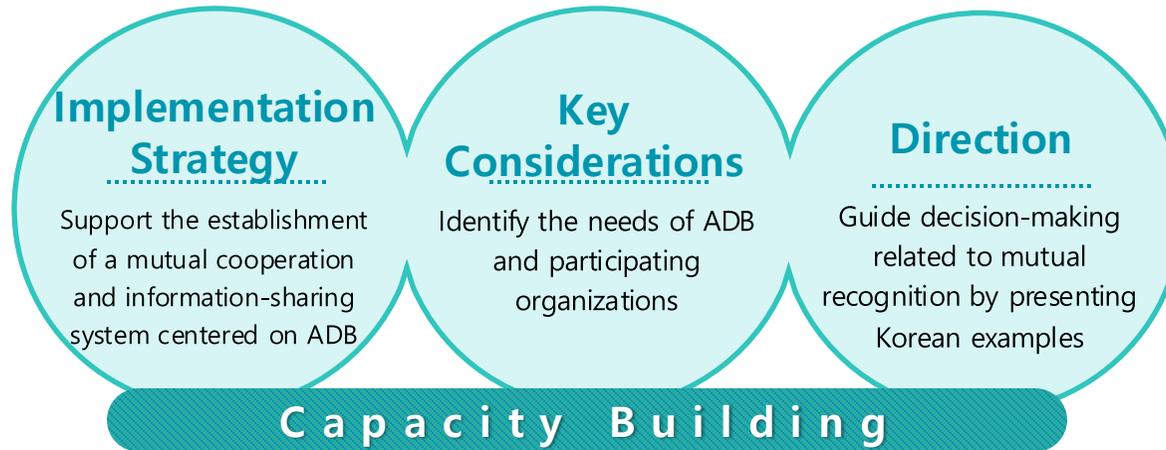**Phase 2 Pilot**—Design and test mutual recognition arrangement

Category		Task	Activity	Participants	Remarks
P H A S E 2	**Stage 1**	**Design of mutual recognition framework**			
		Establishment of Testing and Certification Procedures	Establish test and certification procedures for mutual recognition	• Involve testing laboratories and certification bodies	Develop the exchange functions of the participating standard agencies
	Stage 2	**Implementation Plan**			
		Signing of Mutual Recognition Agreements	Sign and formalize mutual recognition agreements	• Involve decision-makers and legal officers from the standard agencies of each country	• Ensure legal validity through the enactment of a decree • **Invitational program in Korea**
	Stage 3	**Development and Testing of Electronic Exchange Model, Submission of Final Reporting**			
		Execution of Testing and Certification	Conduct product testing and certification according to established procedures	• Involve testing laboratories and certification bodies	Electronic exchange of certificates/test reports
		Implement and maintain mutual recognition	Conduct mutual recognition and perform regular evaluations and renewal procedures	• Involve testing laboratories and certification bodies	Online workshop

※ Risk Factors and Responses
○ Delay in establishing the legal basis for mutual recognition agreements
➔ (Proposed Solution) Early consultations for legal groundwork starting from Phase-1 (Stage 2)

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2-4. Capacity Building Plan

To enhance the capabilities related to the electronic exchange of certificates/test reports and mutual recognition among CAREC member countries, we will conduct four workshops, one invitational training program, and provide technical support.

Implementation Strategy

Support the establishment of a mutual cooperation and information-sharing system centered on ADB

Key Considerations

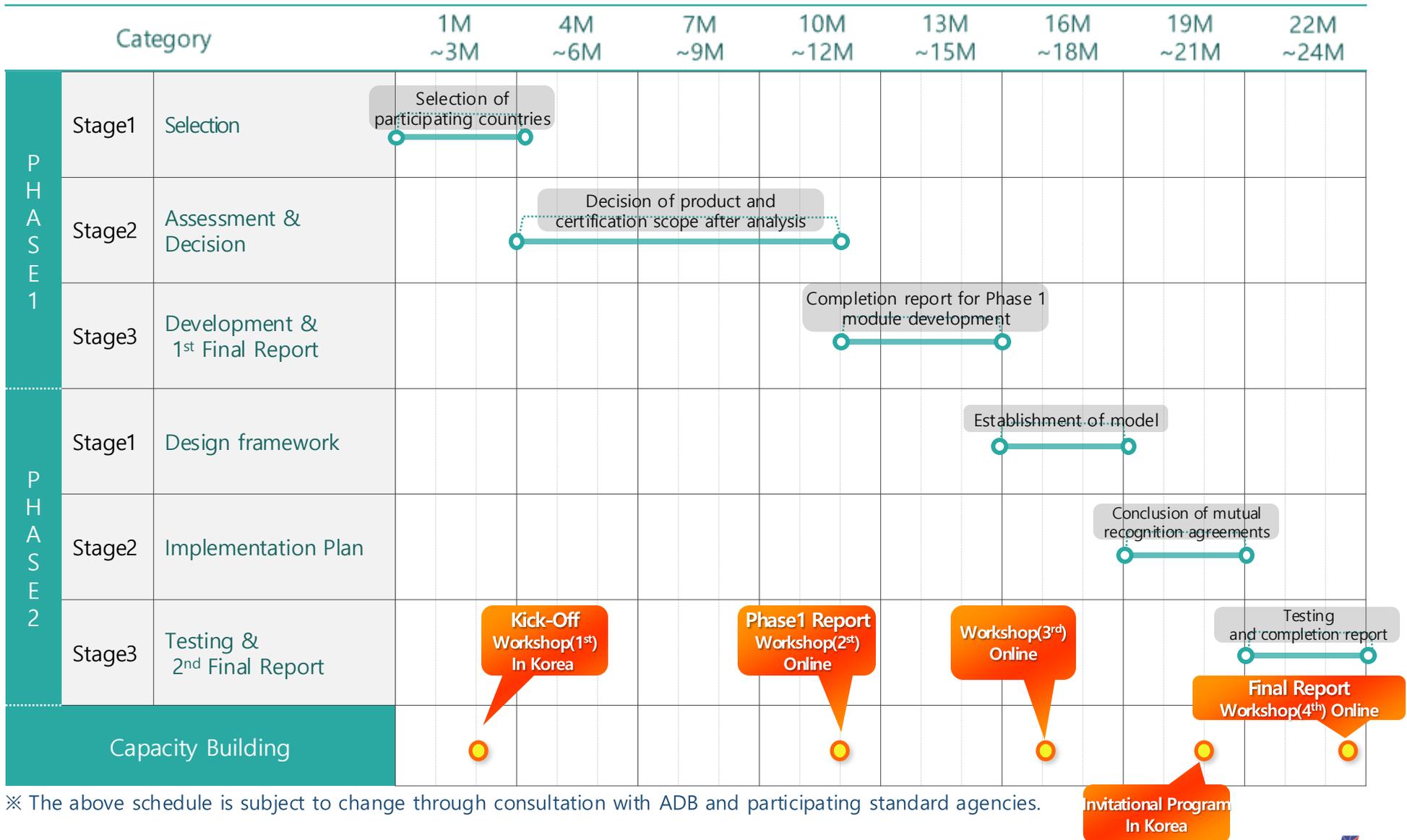Identify the needs of ADB and participating organizations

Direction

Guide decision-making related to mutual recognition by presenting Korean examples

Capacity Building

Workshops(Offline, online)

Category	Content
Frequency	4 times in total
Target	• Decision-makers • Responsible persons, and officers
Content	• **Kick-off (Offline 4-5 people in Korea)** • **Reporting Phase 1 result** • **Sharing preparation status for mutual recognition** • **Reporting Phase 2 result**

Invitational Training

Category	Content
Frequency	8-10 people / 7 days (in Korea)
Target	• **Decision-makers** • **legal representatives**
Course	• **Concluding mutual recognition agreements** • **Confirming implementation plans**

Technical Support

Category	Content
Frequency	**More than 3 times per participating standards agency**
Purpose	• **Support the application of API for electronic linkage between systems**
Target	• **Technical personnel responsible for electronic linkage**

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2-5. Proposed Schedule

Category			1M ~3M	4M ~6M	7M ~9M	10M ~12M	13M ~15M	16M ~18M	19M ~21M	22M ~24M
PHASE 1	Stage1	Selection	Selection of participating countries							
	Stage2	Assessment & Decision		Decision of product and certification scope after analysis						
	Stage3	Development & 1st Final Report				Completion report for Phase 1 module development				
PHASE 2	Stage1	Design framework						Establishment of model		
	Stage2	Implementation Plan							Conclusion of mutual recognition agreements	
	Stage3	Testing & 2nd Final Report	Kick-Off Workshop(1st) In Korea			Phase1 Report Workshop(2st) Online		Workshop(3rd) Online		Testing and completion report / Final Report Workshop(4th) Online
Capacity Building			●			●		●	● Invitational Program In Korea	●

※ The above schedule is subject to change through consultation with ADB and participating standard agencies.

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3. Current status & Upcoming plan of the Project

Participation members

- Currently, the standards agencies of three countries — Kyrgyzstan, Uzbekistan, and Tajikistan — have submitted applications to participate.

  - KTNET is actively engaging with partners in Central Asia to secure participation from one additional country.

  - The project is designed to be implemented in collaboration with the standards authorities or a Single Window operator in four CAREC member states.

- If interested, please contact ADB or KTNET

Upcoming Plan

- **To implement the project within this year, KTNET plans to proceed** as follows:
  - Invite one more CAREC member state to the project

  - Consultation on project collaboration between ADB and the Korean government

  - Project proposal submission and approval

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[Case Study] Overview of EAC SCT Project

The SCT (Single Customs Territory) system was introduced to simplify and enhance the efficiency of trade among EAC member countries. Through successful implementation, it facilitated trade and contributed to the economic growth of EAC member countries.

Outcome

Simplifying customs procedures to reduce logistics costs and transit times

Ensuring smooth operation through reviews by Heads of State.

Output

Activity

Improving legal and institutional frameworks

- Amendments to relevant laws to support the conclusion and implementation of EAC agreements
  * Single Regional Bond for Cargo Transportation

Removing non-tariff barriers and introducing integrated border management mechanisms

- Introduce non-tariff barrier (NTB) monitoring and resolution mechanisms
- Introducing One Stop Border Post (OSBP)

Interconnection and integration of customs systems

- Simplifies customs procedures and reporting documents
  * Single Import Declaration
- E-Cargo Tracking / Monitoring
- Provide trade-related information

Challenge

Inadequate Trade Regulations

- Application of varying Valuation approaches
- Weak Enforcement Mechanisms
- Multiple Security Bond regimes

Trade Barriers

- Difference in application of Customs Laws & instruments
- Multiple Customs declarations At internal borders
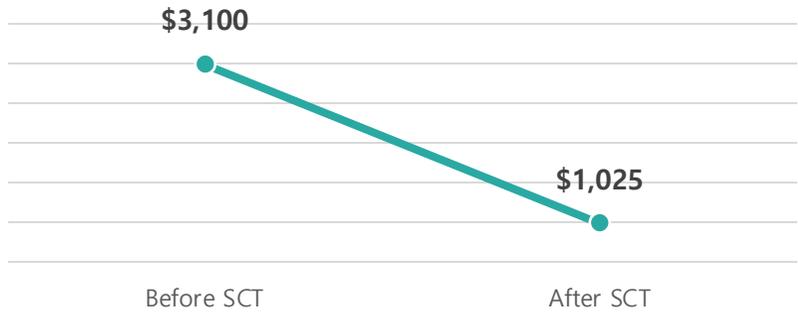- Complex Clearance Procedures involving many Government Agencies

Infrastructure Deficiency

- Lack of infrastructure to support export and trade activities
- Difficulty in tracking and managing cargo
- Lack of interoperability in information exchange

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[Case Study] Benefits of EAC SCT Project

(Quantitative) After the implementation of SCT, container transportation costs **decreased from $3,100 to $1,025**, representing a reduction of approximately 67%. The transportation period **decreased from an average of 21 days to 5 days**.
(Qualitative) The **Single Import Declaration** reduced paperwork. **Real-time monitoring of cargo and information sharing** improved trade facilitation.
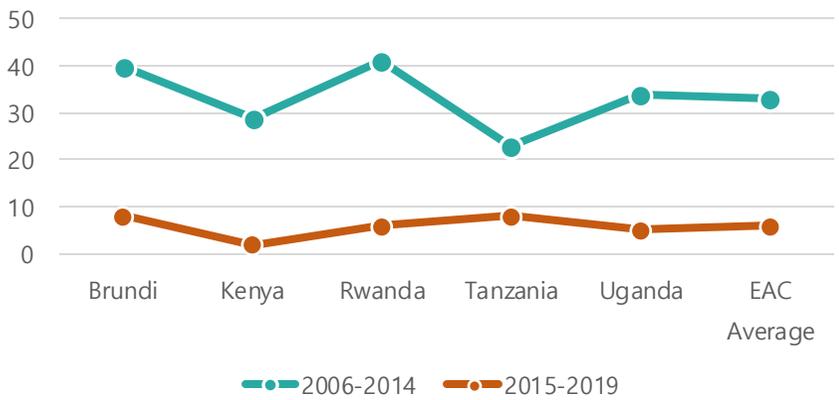

Dar es Salaam → Kigali Container Transportation Fee

Dar es Salaam → Kigali Container Transportation Days

Average Export Days

Average Container Export Transportation Fee