



# Initial Findings and Preliminary Recommendations of CAREC Study on Transit Trade Facilitation in Azerbaijan, Kazakhstan and Uzbekistan

22nd Meeting of the  
Central Asia Regional Economic Cooperation (CAREC)  
Customs Cooperation Committee

9-10 June 2023, Tbilisi Georgia

# Outline

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# Key Definitions

- **“Transit trade”** refers to passage of goods and means of freight transport through the territory of a country (WTO definition)
  - Includes international customs transit
  - Excludes domestic customs transit
- **“Transit trade facilitation”** means lowering of regulatory, procedural, institutional and infrastructure-related barriers to transit trade

# Rationale for Study

- All CAREC countries depend—to a varying degree—on transit through neighboring countries for exports and imports of goods
- Most CAREC countries serve as a transit country for exports and imports of other countries, including one or more CAREC countries
- Despite recent progress in trade facilitation, transit trade in the CAREC region entails considerable costs (including time costs)
- Transit trade facilitation is important for improving the trade performance of the CAREC countries and boosting shared prosperity in the region

# Purpose and Target Audience of Study

## Purpose:

- 1) Identify major remaining barriers to transit trade in selected CAREC countries
- 2) Formulate actionable recommendations aimed at removing or lowering these barriers

## Target audience:

- Policymakers of CAREC countries
- Development partners
- Business community

# Scope

## Country coverage:

- Azerbaijan
- Kazakhstan
- Uzbekistan

## Modes of transport covered:

- Road transport
- Rail transport
- Multimodal transport

## Components:

- Assessment of conditions for transit trade
- Estimation of transit time, speed and cost

# Categories of Assessed Transit Trade Facilitating Conditions

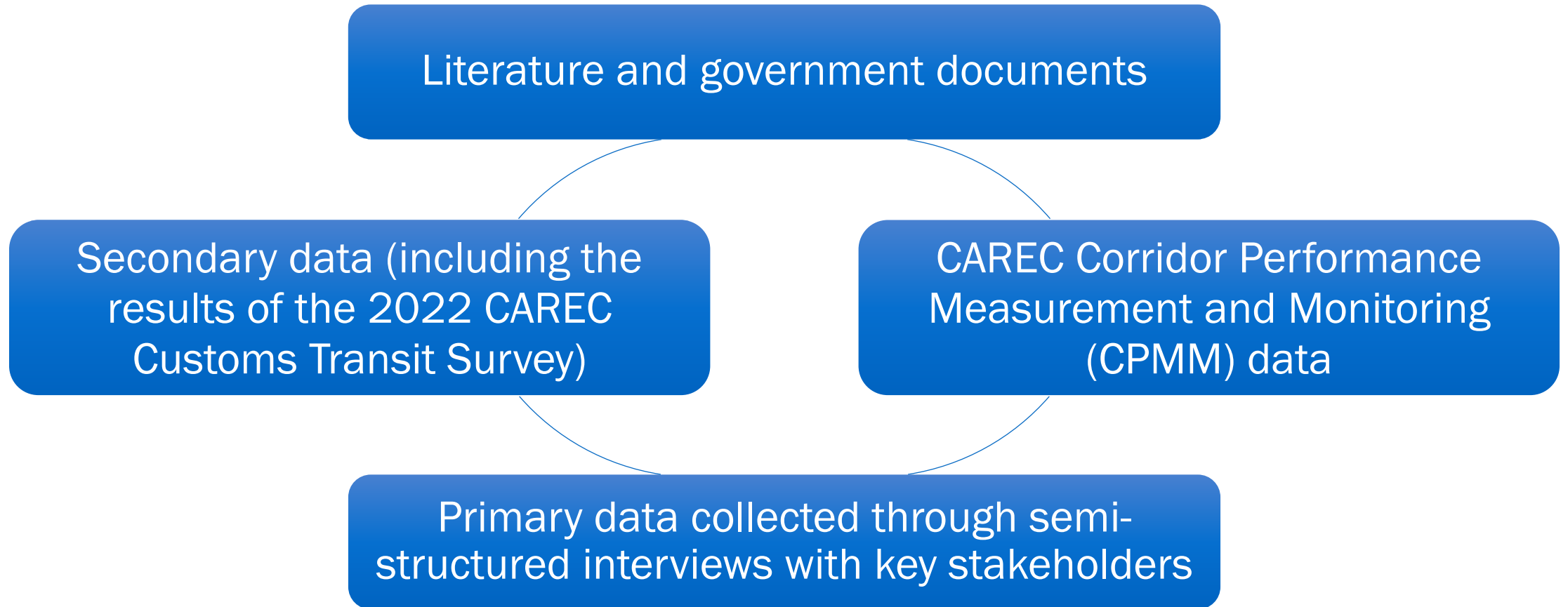
Information availability (4 conditions)

Institutional arrangements and cooperation (10 conditions)

Regulations and procedures (17 conditions)

Infrastructure (5 conditions)

# Data sources





# Number of Conducted Stakeholder Interviews\* (as of 31 May 2023)

	AZE	KAZ	UZB	Other countries	Total
Government officials	3 (8)	4 (7)	1 (1)	0 (0)	8 (16)
Representatives of the business community	4 (6)	3 (7)	6 (7)	4 (5)	17 (25)
Think tanks, development partners and independent experts	1 (1)	1 (1)	1 (1)	3 (3)	6 (6)
<b>Total</b>	<b>8 (15)</b>	<b>8 (15)</b>	<b>8 (9)</b>	<b>7 (8)</b>	<b>31 (47)</b>

\* The number of interviewees are in the parentheses.

# Major Barriers to Transit Trade

- Difficulties in accessing comprehensive and up-to-date information on the legal and regulatory framework and procedures related to transit trade
- Lack of effective advance notification on new regulations and procedures
- Lack of an effective National Transit Coordinator (NTC)
- Long and unpredictable waiting times for entering border crossing points (BCPs) and Caspian Sea ports
- Multiple stops for border controls on the Kazakh and/or Uzbek sides of some road BCPs

# Major Barriers to Transit Trade (continued)

- Need to submit the same paper-based documents repeatedly when crossing borders
- High incidence of physical inspections by customs agencies at BCPs (especially in Kazakhstan)
- Paper-based entry permits for foreign trucks
- Weight and dimension controls on both sides of road BCPs
- Multiple road transport controls inside Kazakhstan
- Poor condition of some roads in Uzbekistan
- Inadequate traffic management by the railway companies and ports

# Selected Indicators of Road Transit Time and Speed, 2018 and 2022

	AZE*		KAZ		UZB	
	2018	2022	2018	2022	2018	2022
Average speed in motion (km/h)	55.1	53.4	57.6	58.0	53.3	46.0
Time spent at the BCPs (h)	5.4	8.8	3.9	4.4	19.1	6.4
Time spent at the stops (excl. rest stops) within the transit country (h)	2.1	0.0	0.5	0.6	1.4	1.6
Average speed of transit (km/h)	37.8	35.4	48.6	48.1	26.9	35.8

\* The road section of the multimodal transit shipments.

Source: CPMM database and the study team's computations.

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# Selected Indicators of Road Transit Cost, 2018 and 2022

	AZE		KAZ		UZB	
	2018	2022	2018	2022	2018	2022
Payments at the BCPs (US\$)	116.2	97.3	47.9	69.7	4.9	7.5
Official	84.1	97.3	14.3	26.9	4.1	7.5
Unofficial	32.1	0.0	33.6	42.8	0.8	0.0
Payments at the stops (excl. rest stops) within the transit country (US\$)	52.7	0.0	17.1	2.0	0.6	2.3
Official	45.7	0.0	0.0	0.1	0.6	2.3
Unofficial	7.0	0.0	17.1	1.9	0.0	0.0
Total cost of transit (US\$/km)	2.9	1.9	1.6	1.6	1.0	1.2

\* The road section of the multimodal transit shipments.  
Source: CPMM database and the study team's computations.

# Recommendations to Governments of Azerbaijan, Kazakhstan and Uzbekistan

- Develop and maintain a mobile application that (i) provides up-to-date information about the existing legal and regulatory framework and procedures for international trade, including transit trade, in the country, and (ii) notifies users in advance about the changes in the legal and regulatory framework and the procedures
- Establish an electronic queue management system that (i) manages queues at major BCPs; (ii) prioritizes perishable goods; (iii) allows advance booking of a place in the queues; and (iv) provides real-time information about the queues at the BCPs

# Recommendations to Governments (continued)

- Appoint a NTC (**AZE & UZB**) and make the NTC's contact information available on transit-related websites and information systems and at BCPs
- Introduce (**AZE**) or fully implement (**KAZ & UZB**) the e-TIR system and introduce e-CMR consignment notes
- Establish one-stop controls at least on each side of BCPs (**KAZ & UZB**)
- Periodically publishing data on the proportion of export, import and transit shipments that underwent a physical customs inspection at BCPs and the proportion of the inspected shipments in which a violation of law was found

# Recommendations to Governments (continued)

- Set up a transparent system for issuance of electronic entry permits for foreign trucks
- Introduce the International Vehicle Weight Certificate
- When undertaking modernization of BCPs, ensure that reconstruction of BCP infrastructure is based on modernization of border-crossing procedures
- Exempt trucks undertaking transit shipments from transport controls inside the country (**KAZ**)
- Repair the major roads used for transit traffic (**UZB**)



# Recommendation to Railway Companies, Caspian Sea Ports and ADB

- Improve traffic management by utilizing modern information and communication technologies such as radio frequency identification system (railway companies and ports)
- Establish and maintain an electronic notification and queue management system (ports)
- Regularly publish CPMM data showing the time as well as the official and unofficial costs of undergoing various controls at BCPs and inside the CAREC countries separately for export, import and transit shipments (ADB)

# Thank you

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