

USAID Trade Project

CAREC Report on Single Window

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List of Acronyms

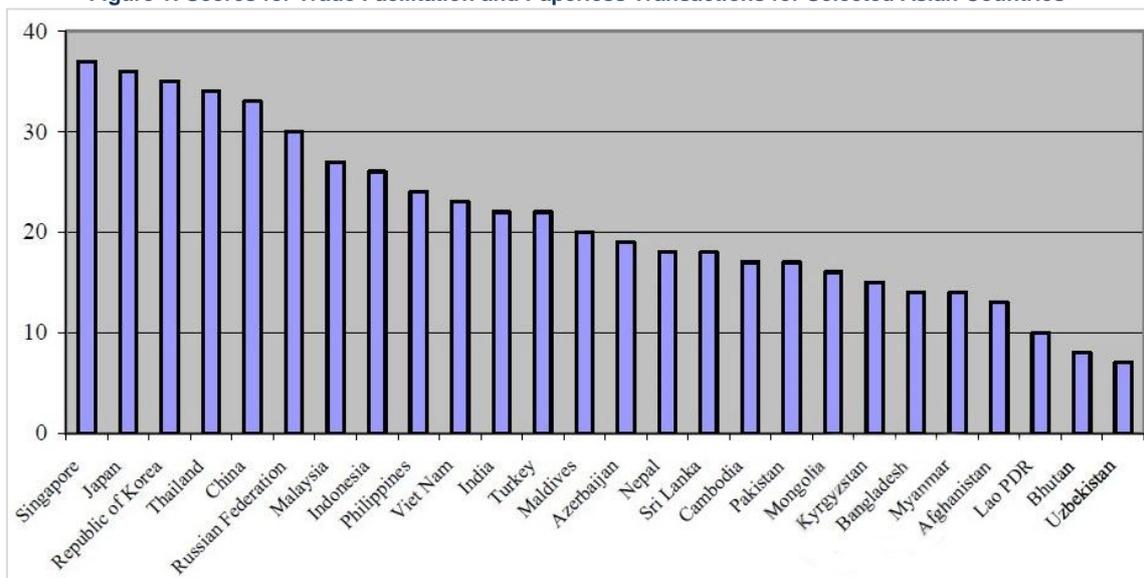
Acronym	Definition
ACD	Afghanistan Customs Department
AEC	ASEAN Economic Community
AEO	Authorized Economic Operator
APTTA	Afghanistan-Pakistan Transit Trade Agreement
APTTF	Asia-Pacific Trade Facilitation Forum
ASEAN	Association for Southeast Asian Nations
ASW	ASEAN Single Window
ASYCUDA	Automated System for Custom Data
CAREC	Central Asian Regional Economic Cooperation
CAR	Central Asian Republic
CBRA	Cross Border Regulatory Authority
CBTA	Cross Border Transport of Persons, Vehicles and Goods Agreement
CCC	(CAREC) Customs Cooperation Committee
EDI	Electronic Data Interchange
EU	European Union
FBR	Federal Board of Revenue/Pakistan Customs
GDP	Gross Domestic Product
GoP	Government of Pakistan
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISO	International Organization for Standardization
NSW	National Single Window
NTR	National Trade Repository
RKC	Revised Kyoto Convention
RSW	Regional Single Window
SAD	Single Administrative Document
SWIS	Single Window Information System
TIR	Transports Internationaux Routiers or International Road Transports
TSCC	(CAREC) Transport Sector Coordinating Committee
TTFS	Transport and Trade Facilitation Strategy
UNCTAD	United Nations Conference on Trade And Development
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
WCO	World Customs Organization
WeBOC	Web Based One Customs
WTO	World Trade Organization

Introduction

In recent years the Central Asian Republics (CARs), comprising Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, have gradually liberalized trade policies for export promotion, and as a result their international trade has grown steadily. Regional trade, however, constitutes only a small share of global trade and exports still play a limited role in the region’s Gross Domestic Product (GDP). Although there is significant trade volume between the CARs and the rest of the world, intra-regional trade constitutes less than 6 percent of total trade, one of the lowest levels in comparison to other regions.¹ Central Asia is disadvantaged by poor external supply chains, inefficient processes at Land Border Crossings (LBCs), long delays, and cumbersome customs procedures when it comes to utilizing opportunities available for the expansion of trade.

A United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) survey on “Single Window and Paperless Trade across Borders for Regional Connectivity” (September 2013), shows that 46% of Asian countries still lack or are at an early stage of developing a Single Window (SW), while only 23% have a fully operational SW system. The leading factors affecting scores include the engagement of a wide range of stakeholders, planning and approach to electronic data management, and the availability of financial and human resources. Pakistan, Afghanistan, Kyrgyzstan, and Uzbekistan are among the nine lowest ranking scores.

Figure 1: Scores for Trade Facilitation and Paperless Transactions for Selected Asian Countries*



*Note: A high score implies an advanced level of implementation

Calculations are based on Asia-Pacific Trade Facilitation Forum (APTFF) - 2012 survey data

Benefits from Establishing a National Single Window

With numerous countries liberalizing trade policies around the world, it is relevant that import tariffs do not account for a very large share of the overall costs incurred by traders; typically 5% or less for a majority of countries and products. In contrast, the direct and indirect costs of complying with regulatory procedures and documentary requirements have been estimated at 7% to 10% of the cost of goods traded. This has increased the relative importance of reforms to streamline the clearance process and reduce non-tariff related costs. In view of these observations, decision makers have become increasingly supportive of improvements in trade facilitation, particularly those associated with the complex set of regulatory procedures involved in moving goods across the border. Such measures can increase trade competitiveness and regional connectivity.

¹Roman Mogilevskii, “Trends and Patterns in Foreign Trade of Central Asian Countries,” Institute of Public Policy and Administration, 2012, accessed April 14, 2014.

At present, federal authorities throughout the region require traders to submit extensive information and documentation to several departments or agencies in order to comply with all import, export, and transit-related regulations. Such requirements often include submitting paper documents for shipments to be authorized for transport or entry at the port, and leads to a waste of resources. Both public and private sector stakeholders, therefore, recognize the need for a SW approach to decrease the cost of doing business and facilitate compliant trade reporting, as the current processes impose a serious burden on the government and the trade community.

Implementing a SW environment for trade enhances the exchange of information between private sector trade participants and the government, and extends benefits from investment in technology to trade facilitation. Potential efficiencies, to be gained with an electronic system for submitting and processing consignment information, could provide an impetus for Pakistan and the CARs to gain a competitive edge in the global economy. With the use of a 'single-stop' facility, the following transactions can take place seamlessly via electronic data transfer:

- Logging standardized information and documents at a single entry point only once, and decreasing repetition and delays in approvals
- Sharing information among government agencies and updating data repositories
- Providing coordinated controls and joint inspections by various government agencies
- Online payment of duties and other charges, and confirmation of payment status
- Providing a single source for all trade related government information and decreasing discrepancies

Incorporating e-commerce solutions, electronic communications, and partnerships to process regulatory requirements via a single interface can help secure the movement of commercial shipments, increase the reliability of trade, and strengthen trust among regional trade partners. Since time and costs of trade predominantly determine the ease of doing business in a given country, a single platform for interaction between traders and authorities will result in improved services for businesspersons, increased competitiveness, reduced trade chain burden, increased coordination among stakeholders, and streamlined operations. It is noteworthy that establishment of a SW requires meeting certain international criteria. International harmonization of data can complement compliance goals for the CARs, and encourage mutual recognition of secure trading frameworks between countries. Some of the leading features provided by a SW environment and the resulting benefits to the economy are highlighted below:

Single Window Services²:

- Information Services:
 - Electronic forms
 - Data structures
 - Electronic messages/ Snippets
 - Guidelines
 - Regulations specific to commodities
 - Admissibility
 - Tariff structure
- Operational Services Transaction status:
 - Registering Business entities & Business Collaboration
 - Electronic Messaging Services
 - Parsing, Translating, Routing, Delivering, and Audit logging

² S.P Sahu, "New Developments in Electronic Single Window," World Customs Organization, July 2009, accessed April 14, 2014.

- Business Computing services:
 - Declaration Management
 - Lodging (and responding to) declarations, reports, results
 - Computing duties, taxes, fees, entitlements
 - Payment & Reconciliation
 - Accounts Management
 - Risk Management
 - Service Metrics

Benefits to Stakeholders – The Trader Perspective:

- Reduced time preparing and filing relevant documentation and lower administrative costs as a result of electronic authorizations instead of numerous manual procedures at multiple agencies
- Faster clearance and shorter release time for goods at border crossings (particularly important for perishable items)
- Consistent application and explanation of regulatory requirements, including required documentation, sanitary/phytosanitary certification, and other information required at border crossings
- Improved techniques to identify illegal operators due to increased monitoring and ability to electronically screen documents
- Increased trader compliance due to easier access to information on trading requirements and penalties
- More effective and efficient deployment of resources
- Increased transparency and reliability of government processes

Benefits to Stakeholders – The Government Perspective:

- Reduced paper burden and document collection – easier management
- Decreased clearance times and increased operational efficiency resulting from electronic pre-notification and all border crossing procedures conducted at a single stop
- Reduced, rationalized, and simplified regulatory requirements
- Elimination of duplicate reporting by various departments
- Greater and more efficient information sharing between Customs Departments and other Cross Border Regulatory Authorities (CBRAs)
- Valuable and integrated risk management and targeting systems
- Increased monitoring of border activities and operations falling under the customs mandate through advanced reporting streams
- Improved public service delivery, transparency, and predictability
- Improved collection of revenues from duties and taxes resulting from more accurate and streamlined records
- Reduced corruption in customs clearance procedures through elimination of human interactions, allowing files to be traced and performance acceptability standards to be instituted and followed by all agencies alike

Benefits to Stakeholders – Mutual Gains:

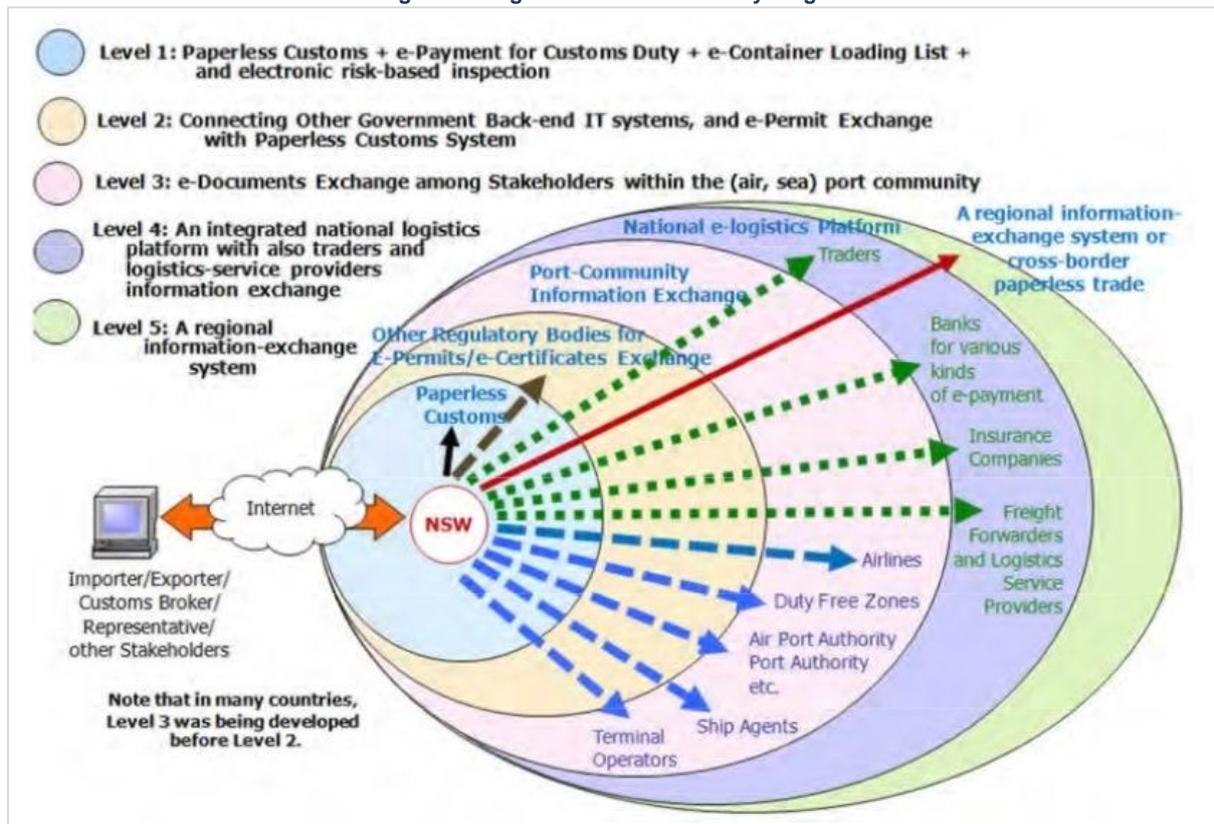
- A central repository for trade statistics and data for use by both the public and private sectors
- Paperless trade and cross border recognition of electronic data and documents
- Simplification of processes to obtain necessary certificates, licenses, quotas, permissions, and other documents required to import and export goods
- Strengthened relationships between the Customs authorities, CBRAs and traders resulting from enhanced interaction and cooperation in data gathering and sharing of information

UNESCAP Model and Current SW Implementation in the CARs

The UNESCAP model highlights the importance of analyzing current business processes and information flows to identify areas of inefficiency to propose and implement a simplified and intelligent automated trading environment.

To propose a successful CARs-Afghanistan-Pakistan Regional SW (RSW), this study focuses on the UNESCAP proposed SW implementation model for the region. The model recommends a set of evolutionary stages for the Single Window Implementation Framework (SWIF) to be applied. SWIF includes certain instruments to support policy managers and stakeholders to plan and analyze decisions related to SW implementation. The design (presented below) can serve as an example for Pakistan and the Central Asian Regional Economic Cooperation (CAREC) Corridor 5 and 6 countries to follow while instituting an RSW.

Figure 2: Single Window Evolutionary Stages



Key Components of Single Window

The UNESCAP model suggests dividing SW implementation into 10 major components. Each component deals with a set of related issues relevant to different viewpoints. To manage and implement the SW vision for better, faster, and cheaper trading across borders, it is important to understand the current status of these components and then propose blueprints for achieving target conditions for each component.

The 10 components of SW are:

- Stakeholder Requirements Identification and Management
- Stakeholder Collaborative Platform Establishment
- Single Window Vision Articulation
- Business Process Analysis and Simplification
- Data Harmonization and Documents Simplification

- Service Functions Design (or Application Architecture Design)
- Technical Architecture Establishment including Standards and Interoperability
- Legal Infrastructure Institution
- Business and Governance Models Enforcement including Finance, Implementation and Operation Governance
- IT Infrastructure and Solutions Execution

According to the UNESCAP model, SW evolves in different stages, as shown in the diagram above. The SWIF strategy is applied at every transition level and considers the set of stakeholders involved in each phase.

- **Level 1: Paperless Customs:** Development of a paperless customs declaration system
- **Level 2: Regulatory Single Window:** Integration of Paperless Customs with other regulatory bodies issuing trade/import/export/transit-related permits and certificates, and other related documents
- **Level 3: Port Single Window or B2B Port Community System:** Extension of SW to serve all trade and logistics communities within airports, seaports, and/or dry ports
- **Level 4: Fully Integrated Single Window:** Creation of an integrated national logistics platform interlinking the administrations, companies, and the service sectors to better manage the entire import-export operations chain
- **Level 5: Cross-border Single Window Exchange Platform:** Interconnection and integration of NSWs into a bi-lateral or regional cross-border e-information exchange platform

Current Status of SW Implementation in the CARs, Pakistan and Afghanistan

In 2012, the United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) carried out a survey on trade facilitation in the Asia Pacific region. A total of 26 countries responded to the questionnaire including the Association of Southeast Asian Nations (ASEAN) member states, South Asian Association for Regional Cooperation (SAARC) members and countries from East, North-East, and Central Asia. As shown in Figure 1 earlier, the frontrunners for implementing trade facilitation and paperless trade measures included Singapore, Japan, Korea, Thailand, and China, whereas the landlocked Central Asian countries including Afghanistan, Uzbekistan, and Kyrgyzstan lag far behind.

Afghanistan, Pakistan, and Uzbekistan have yet to implement the advance notification and pre-clearance system, while Kyrgyzstan and Uzbekistan lacked pre-arrival clearance and risk management systems. With full implementation of an integrated SW, countries with high rates of physical inspection (e.g. in Kyrgyzstan 75% of goods are examined) could reduce their costs significantly. Other indicators of trade facilitation, including stakeholder consultations and online publication of import/export regulations, remain only partially implemented in most Central Asian countries

Pakistan:

The Government of Pakistan (GoP) is following a UNESCAP phase-wise project management approach to implement the NSW and envisaged RSW environment. This approach involves five stages: 1) Paperless customs, 2) Port community information exchange, 3) Other government agencies implement paperless permits and certificates, 4) NSW, and finally, 5) RSW. Pakistan Customs claims to have completed the first two levels, but customs operations are still not 100% paperless.

Primary discussions with Pakistan's Web-Based One Customs (WeBOC) department suggest that the government may consider rebuilding a system robust enough to support the smooth implementation

of both NSW and RSW. Automation of customs clearance through WeBOC and its predecessor, Pakistan Customs Computerized System (PaCCS), has been in place and evolving since 2004. At present WeBOC covers customs controls for 60% of Pakistan's total trade with a target of 90% coverage set for year-end, 2014. The system currently incorporates 76% of imports, 96% of exports, and 80% of all air freight in Pakistan. Other fields of control rely on the former One Customs control system. WeBOC is currently being rolled out across Pakistan, and efforts to transfer all customs data into a country-wide data warehouse are also underway. It is hoped that having all data accessible at one location, aimed for completion in 2015, will provide a solid base for electronic communications and the establishment of a NSW.

An Electronic Data Interchange (EDI) system has been operational since November 1, 2013 at the Karachi - Torkham transit trade route. The implementation of an EDI system on the Karachi - Chaman transit trade route is expected to follow. The EDI system provides a mechanism to electronically exchange information between Pakistan and Afghan Customs, and will provide information on clearance and payment of duties and taxes upon full implementation of the system. The GoP is also considering cross-country electronic exchange of information as part of the Free Trade Agreement (FTA) with China; exploratory discussions have been held with India as well.

Afghanistan:

Afghanistan currently operates the system of Automated System for Customs Data (ASYCUDA++) for automation of customs processes. The software is developed and maintained by UNCTAD, and is funded by the World Bank. As agreed under the Afghanistan-Pakistan Transit Trade Agreement (2010), the Afghanistan Customs Department (ACD) continues to test its software exchange with its Pakistani counterparts.

With the initiation of ASYCUDA ++ in 2005, the ACD followed on with the web-based ASYCUDA World³ in 2013, sending and receiving transit data live from 13 customs offices, and supporting the application of import/export processes at 11 customs offices. The system covers 95% of the total trade and transit of Afghanistan, covering 300 international transit (T2) and 1500 inland transit (T1) declarations per day.⁴ The implementation of automated customs transit procedures at the national level have ensured that the transit procedures are in line with international standards and best practices, and enable transit declarations to be submitted in an electronic format. Afghan Customs authorities also claim that all customs data generated in customs offices is automatically consolidated at the country headquarters and any reference data updated by headquarters is also automatically sent to its customs sites. ACD also reported that the implementation of ASYCUDA has resulted in revenue enhancement and trade facilitation as revenue leakages have been minimized, and clearance times significantly reduced.

Turkmenistan:

Despite Turkmenistan's central location to important trade routes in the Central Asian region, and North-South and East-West transport routes leading through Central Asia, the country has not yet laid the groundwork for the modernization and automation of national customs procedures. A Unified Automated Information System (UAIS) may be initiated by Turkmenistan,⁵ but is at the preliminary discussion and exploratory development stage.

³ ASYCUDA World is an integrated multifunctional platform based on European and other international standards of WCO, ISO, UNECE, EU, etc. acting as a customs-centric Single Window with e-signatures, e-portal, multiagency risk management and e-licensing. The system also enables regional and cross border data exchange.

⁴ Malyar Jabarkhel, "Transport, Trade Logistics and Trade Facilitation," (Paper presented at Strengthening Transport Connectivity & Trade Facilitation Conference, October 2013), Accessed April 13, 2014.

⁵ Orazlyev V.A, "Thesis to the report on Customs Reform and Modernization," (Thesis presented at Customs Cooperation Committee and Promotion of Trade and Customs Modernization Conference, April 21-24, 2013)

Tajikistan:

The European Union (EU) is currently providing support for the establishment and implementation of a pilot SW system for export, import, and transit procedures in Tajikistan. The Tajik government has also constituted an interagency working group to implement a SW for import/export and transit clearance with a five year NSW Program to improve the efficiency of administrative procedures in foreign trade. The system will employ electronic systems for information transfers between government stakeholders and the trading community.⁶ The State Unitary Enterprise “Single Window Center,” has also been established under the Customs Service of the Government of Tajikistan, operating at 5 regional centers in collaboration with 11 key government agencies and business intermediary organizations.

Deployment of the new system’s pilot test phase was completed in September 2013. It is operational at two government agencies (Service of the State Supervision of Pharmaceutical Activities of the Ministry of Health of the Republic of Tajikistan, and the Chamber of Commerce and Industry) across three regional centers in Dushanbe, Khujand, and Kurgan Tube. The first phase of a country-wide system roll-out of the UAIS⁷ was initiated in November 2013.⁸ The goals of the UAIS are to automate customs processes in order to ensure effective control of customs procedures, facilitate customs procedures, reduce the number of processed paper documents, supply accurate and detailed information about customs procedures, financial flows of duties, and other customs fees, provide a faster and more accurate way of accounting for state revenues, and provide accurate and comprehensive statistical information.

The initial stage includes electronic filing procedures as well as the control and preparation of cargo customs declarations in line with the EU’s Single Administrative Document (SAD).⁹ During the CAREC discussion platform in 2010, a Tajik government representative announced plans to constitute a steering committee including donor agencies and business representatives for increased monitoring and transparency of the SW initiative. The establishment of automated customs workstations and regional cooperation with CARs were also on the state’s agenda.

Uzbekistan:

Uzbekistan shares its borders with five countries including Turkmenistan, Afghanistan, Tajikistan, Kyrgyzstan, and Kazakhstan, but has not yet implemented a SW System, and lags behind the front-runners in the Central Asian region. In 2006, the State Customs Committee (SCC) of Uzbekistan developed and introduced a number of automated information systems ensuring the collection, processing, accumulation, analysis, storage, and transfer of data in real time from customs posts to the territorial Customs Department, to the SCC, and back to the Customs Post. These systems have been integrated into a UAIS of the SCC. Following this, in 2009, the Cabinet of Ministers Resolution No. 02/34 -1015 created an interagency working group headed by the State Customs Committee chairman, and represented by the Ministries of Foreign Economic Relations, Investments and Trade, Health, Water Resources and Agriculture, Finance, Culture and Sports, the State Environmental Committee, and the State Tax Committee, to research legal aspects of the SW concept and develop proposals to simplify procedures.

⁶Rizo. H. Sadykov, “Republic of Tajikistan, CAREC Single Window Implementation,” (Paper presented at CAREC Single Window Implementation Workshop, July 6-8, 2010 in Baku)

⁷Rizo. H. Sadykov, “Republic of Tajikistan, CAREC Single Window Implementation,” (Paper presented at CAREC Single Window Implementation Workshop, July 6-8, 2010 in Baku)

⁸“Trade facilitation and the single window development in Central Asia,” January 1, 2014. Accessed April 15, 2014.

<http://www.google.com.pk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&ved=0CDQQFjAB&url=http%3A%2F%2Fnews.tj%2Fen%2Fprintpdf%2F182308&ei=bTfmUrLND-qw0AWiyIHICA&usg=AFQjCNHXKdcLg8YJOk8G5c18gZovv3l3nA&sig2=ogzWKB6EsCRuAeGk7-gw&bvm=bv.59930103,d.d2k>

⁹Rizo. H. Sadykov, “Republic of Tajikistan, CAREC Single Window Implementation,” (Paper presented at CAREC Single Window Implementation Workshop, July 6-8, 2010 in Baku)

The working group was mandated to study international practices in SW functioning to draft a government resolution on the required reforms. The Uzbek government also arranged for training seminars and study tours throughout 2008-2009. Although the test phase of an interactive state services portal to introduce the concept of a SW System was initiated in 2012, progress on developing an effective mechanism for interagency cooperation remains on-going. Currently, there are no systems in place for the electronic application and issuance of trade licenses, submission of sea/air cargo manifests, submission of goods declaration, issuance of preferential certificates of origin, or the e-payment of customs duties and fees. According to the World Bank's "Ease of Doing Business Report 2014," Uzbekistan made trading across borders easier by eliminating the need to register import contracts with Customs, tightening the time limits for banks to register export or import contracts, and reducing the number of export documents required.¹⁰

Kazakhstan:

Kazakhstan has a strong standing in economic development compared to other Central Asian countries, particularly in the use of information and communication technologies. In August 2011, the Customs Control Committee of Kazakhstan announced the formation of a working group to analyze the potential for integrating the government agencies' information systems with those of the Operative Management Center of the Customs Control Committee. Integrating these agencies eventually lead to the introduction of an electronic SW for Customs Registration and Control.¹¹ Following the 2011 decision, Kazakhstan has accelerated its trade procedures through the modernization/automation of customs, and the implementation of risk management techniques. More recently, the country translated its customs controls into a software system and successfully established connections with all relevant government bodies for integrated information exchanges.¹²

At the time of this report, full implementation of the SW project has been postponed until 2014-2015.¹³ Kazakhstan's UAIS was developed for use with Russian Customs, as Russia is a major trading partner. Russia supported the development of UAIS through information-sharing and the system is currently operational; however, not all of the modules are fully implemented.

Kyrgyzstan:

Kyrgyzstan is located between China, India, the Persian Gulf countries, Russia, and Kazakhstan, and offers a crossroad connecting Europe with Asia. Since the establishment of the SW Center for foreign trade operations under the Ministry of Economic Affairs in 2009,¹⁴ the Government of Kyrgyzstan's efforts for an integrated SW System are on-going. In January 2011, the Asian Development Bank funded an automated cargo clearance system for the UAIS, and pilot testing began February 1, 2012 using live data. The next core stages for SW implementation will include data migration from the pilot project, integration of government agencies' business processes, and a fully featured website.¹⁵

As of 2013, several Customs procedures have been streamlined and the number of required documents reduced. The interaction between Customs authorities and the SW system currently

¹⁰Sri Mulyani Indrawat, "Doing Business 2014: Understanding Regulations for small and Medium Sized Enterprises," The World Bank and International Finance Corporation, January 1, 2014. Accessed April 16, 2014.

<http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB14-Full-Report.pdf>

¹¹ UNECE and UNESCAP, "Implementation of projects related to the Work Plan of the SPECA Project," (Presented at the SPECA Project Working Group on Trade: Projects on Trade Facilitation, January 1, 2011), accessed on April 17, 2014

¹² "Prospects for the Establishment of a Single Window," (Presented by the Ministry of Finance of Kazakhstan at the 8th Customs Control Committee Operational Administration Centre Meeting of the CAREC Program in 2009, Astana).

¹³ Statement Presented at the Joint seminar of the UNECE and Eurasian Economic Commission (EEC) on Single Window strategic planning on November 25-26 2013 in Moscow. Accessed on April 22, 2014.

¹⁴"New Technologies for Trade" (Presented at the CAREC Program Single Window Seminar in 2010) by the Single Window Center for Foreign Trade Operations under the Kyrgyz Republic Ministry of Economic Regulation in Azerbaijan, 2010). Accessed on April 22, 2014

¹⁵"New Technologies for Trade" (Presented at the CAREC Program Single Window Seminar in 2010) by the Single Window Center for Foreign Trade Operations under the Kyrgyz Republic Ministry of Economic Regulation in Azerbaijan, 2010). Accessed on April 22, 2014

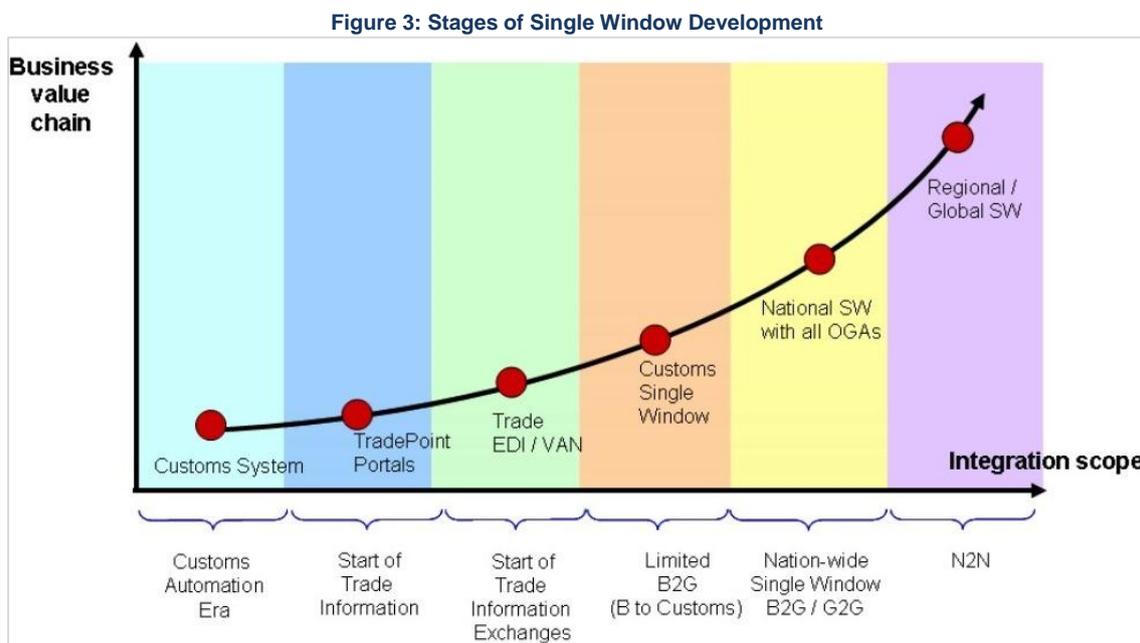
incorporates four out of a total nineteen ministries and services 3,000 users.¹⁶ Although the electronic system for customs document submission has been fully implemented at 50% of the country's customs posts, the southern half of Kyrgyzstan remains largely neglected in terms of automation.

Regional Single Window

Collaboration between Customs and partnering CBRAs is the basic theme of evolving to a RSW framework. This arrangement can also be extended to increase coordination between national governments to further simplify trade procedures and international data flows to expedite cargo clearance in the context of regional connectivity and trade. RSW ensures the compatibility of the Member States' NSWs and the ability to communicate among SWs throughout the region. This harmonization facilitates the secure and reliable exchange of data with trading partners who also follow internationally accepted standards.

Eventually, the RSW is envisaged to support the exchange of certificates of origin and advance cargo information with non-regional trading partners. Other benefits include harmonized legal requirements and protocols, support for regional policy harmonization efforts (including plant quarantine, animal health and food safety measures), better exchange of data among member states, a single guarantee system (International Road Transport - TIR - Carnets, or insurance guarantees), and overall information technology (IT) enhancement.

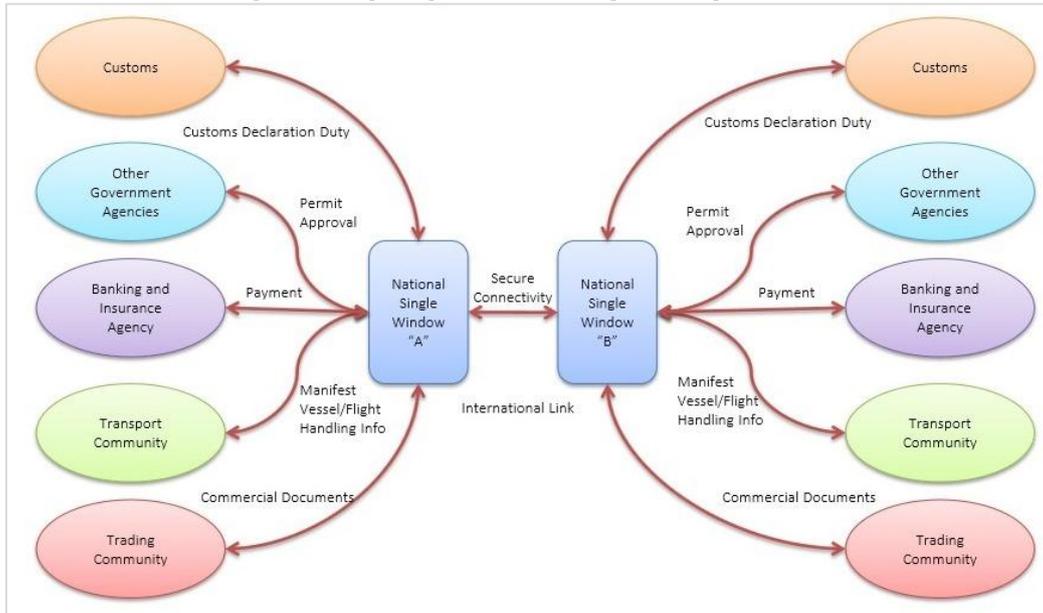
A large number of customs administrations around the world already have collaborative arrangements to share sensitive information pertaining to enforcement through the Customs Mutual Assistance Agreements (CMAAs) of the World Customs Organization (WCO), 2004. CMAAs primarily aim to counter transnational crime, but similar partnerships are also being witnessed in the area of international transit of goods, including pre-notification and clearing of documents prior to arrival at the border crossing point. This process ensures the ongoing enhancement and reconciliation of customs' records. Figures 3 and 4 (below) depict the development and transition from a NSW to a RSW system.



Source: *Connecting International Trade*, United Nations Economic Commission for Europe (UNECE) 2013

¹⁶ "Trade Policy Review- Report by the Secretariat Kyrgyz Republic," (Paper presented by Kyrgyz Republic Secretariat at the World Trade Organization's Trade Policy Review Body on October 1, 2013). Accessed on April 14, 2014.

Figure 4: Integrating National into Regional Single Window



Source: *Connecting International Trade*, UNECE 2013

Regional Case Study: The Association for Southeast Asian Nations (ASEAN)

Established in 1967, ASEAN aims to accelerate economic growth, social progress, and cultural development in the ASEAN region, and to promote regional peace and stability through rule of law.

In December 2005, the governments from 10 ASEAN member countries: Brunei, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam agreed to establish and implement a RSW environment to expedite cargo clearance. The initiative was a follow up to the Declaration of the Asian Concord II of 2003 that committed member countries to work towards the realization of an integrated ASEAN community, and promote the free flow of goods, services, investment, capital, equitable economic development, and reduced poverty and socio-economic disparities by 2015.¹⁷ The SW approach will allow for the development of systems for the electronic processing of trade documents related to the clearance of consignments, both nationally and regionally.

The ASEAN Economic Community (AEC) blueprint of 2008 recognizes the ultimate development of a single market and production base, a highly competitive economic region, and the full integration of ASEAN states into the global economy. The roadmap also specifies the various initiatives required to achieve the aforementioned objectives. Recognizing that a SW environment is the principle means of achieving a single market and production base, the plan defines part of its vision as:

“Implementation of measures for simplifying, harmonizing and standardizing trade and customs, processes, procedures and the application of ICT in all areas related to trade facilitation where deemed paramount for the ultimate creation of an ASEAN SW. The ASEAN SW is an environment where ten National SWs from individual Member Countries operate and integrate. A National SW enables a single submission of data and information, a single and synchronous processing of data and information and a single decision-making for clearing cargo through customs. The process expedites customs clearance, reduces transaction time and costs, and subsequently, enhances trade efficiency and competitiveness.”

¹⁷ ASEAN Economic Community Blueprint, Jakarta, January 1, 2008. Available from <http://www.asean.org/archive/5187-10.pdf>

Since 2010, member countries have been designing, implementing, and evaluating a pilot version of the ASW portal to test the connectivity of their NSW systems. The portal was funded by the USAID Advance Program and completed in December 2012.¹⁸ By March 2013, seven member states—Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam exchanged over 10,000,000 electronic messages among themselves.¹⁹

China's Example – Progress in the ASEAN +3

Since joining the World Trade Organization (WTO), China has made extensive efforts to boost the development of effective trade facilitation measures and extend regional cooperation, specifically in the China-ASEAN Free Trade Area. In 2011, the State Administration of Foreign Exchange and General Administration of Customs signed a memorandum of cooperation to encourage effective sharing of data to strengthen supervision of transactions, and electronically exchange information on import/export declarations and the receipt/payment of goods.

Along with gaining significant improvements in port efficiency, China sought to simplify customs procedures to promote electronic clearance of goods via the “Golden Customs” project. China also envisioned an integrated data communications system connecting foreign trade companies, banks, Customs officials, and tax authorities. Relying on its telecommunication network, the Golden Customs project successfully developed an extensive data center and a data exchange platform. It achieved standardization of information exchanges and introduced e-certificates (phyto, quality, and others) to improve the management of foreign trade.

Based on an EDI platform, in 2002, China established networks within the government agencies, commerce and industry as well as within the administrations of taxation, foreign exchange, quality control, banks, and transporters. The internet-connected customs system was implemented throughout China to improve trading efficiency and reduce costs.

In 2005, China continued efforts to facilitate regional trade by integrating its coastal port and inland customs resources, to simplify customs procedures and reduce costs incurred in customs clearance. Subsequently, a cooperation platform was established in seven cities linking the central and coastal authorities. China also established extensive cooperation with 117 countries and promoted the China-United States and China-European Union exchanges in areas including law enforcement, statistics, country-of-origin requirements, technical cooperation, and intellectual property rights. The vision has been supported by setting up required institutional arrangements in accordance with the WTO. China has revised and improved law enforcement and regulations, particularly in the areas of trade remedy, customs supervision, inspection, and quarantine.

Considerable efforts have been undertaken by Chinese customs authorities to promote seamless customs clearance for trade with ASEAN members. At Shenzhen (one of the main import centers for ASEAN goods), for example, customs authorities now use an automatic clearance system. Since the implementation of this system, clearance time for vehicle imports has been reduced from approximately 2 minutes to 5 seconds, representing an increase in the efficiency of operations by more than 115 seconds per consignment.²⁰

¹⁸ “ASW Web Portal Takes Regional Grouping Closer To Integration,” Trade Facilitation for the ASEAN Community, May 28, 2013. Accessed on April 15, 2014. <http://asw.asean.org/events/item/asw-web-portal-takes-regional-grouping-closer-to-integration-2#>

¹⁹ Siow Yue Chia “The ASEAN Economic Community: Progress, Challenges, and Prospects”. Asian Development Bank Institute No.440, October, 2013. Accessed on April 18, 2014. <http://www.adbi.org/files/2013.10.25.wp440.asean.economic.community.progress.challenges.pdf>

²⁰ Professor Laping Wu “Trade Facilitation and Poverty Reduction: China-ASEAN Region Case Study,” Working Paper No. 135 Asia-Pacific Research and Training Network On Trade, October, 2013. Accessed on April 18, 2014 http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&uact=8&ved=0CD4QFjAE&url=http%3A%2F%2Fvi.unctad.org%2Fdigital-library%2F%3Ftask%3Ddl_doc%26doc_name%3D948-trade-facilit&ei=xgSsU6v_CNL8oATyz4KIAQ&usq=AFQjCNE-m-vagK4sGH-mmDjKHFvuf8OUEYw&sig2=0km_HJqq_aNI5IICIZDMmQ&bvm=bv.69837884,d.cGU

CAREC Regional Single Window Initiative

The CAREC Transport and Trade Facilitation Strategy (TTFS), endorsed by the CAREC countries during the 6th Ministerial Conference held in 2007, aims to address the bottlenecks and ease customs formalities at the border crossing points for all six CAREC corridors. This includes building the foundations for a RSW environment. Based on these objectives, the CAREC countries agreed to develop regional operability of their NSW systems from 2016-2020.

There is growing recognition that the acceleration of improved dialogues between public and private stakeholders is the key to successfully achieving trade facilitation targets, particularly with regard to the development of a NSW and a RSW facility.

Benefits from Establishing a Regional Single Window

A RSW model offers an opportunity for member countries to make data processing simpler, faster, and more transparent, and reduce costs when trading with regional partners. A RSW would also allow seamless and synchronized data processing and information flows within the CARs.

Establishing a regional customs and knowledge sharing network would also strengthen coordination and partnership among the customs administrations of the CARs. Increased communication within relevant line ministries, agencies, and economic operators (importers, exporters, customs brokers, forwarders, commercial banking entities and financial institutions) would not only speed up cargo clearance but also ensure that the data exchange between parties is secure and reliable. This in turn will reduce the time needed to process import and export documents, and increase the efficiency of business operations.

Since streamlining cross border trade procedures can drastically reduce trading costs, it is an important factor in determining regional trade flows. By expediting cargo clearance to and from the Central Asian countries and improving border enforcement, secure and efficient mechanisms for customs cooperation would significantly reduce the costs of doing business for traders in the region. Each participating country could capitalize on the opportunity to gain a comparative advantage for increased trade and investment in the region, and eventually, in the global market.

Levels of transparency, efficiency and government savings increase as governments establish more predictable environments for traders. Improved enforcement and better-coordinated management among bordering countries also lead to a competitive edge on cargo clearance turnaround time (with the implementation of pre-loading, pre-departure, and pre-arrival customs processing). Participating governments can benefit from improved risk and profile management practices, greater compliance levels, and more productive use of government resources.

There are also numerous gains for businesses such as paperless pre-arrival clearance within the region, and a reduced risk of goods being rejected upon arrival at destination. Having a collaborative information-sharing network also leads to more efficient supply chain management.

Challenges to Establishing a Regional Single Window

Integrating the customs programs of several countries is not an easy task; it requires a multi-disciplinary approach on the policy, technical, legal, business model, and other aspects. Adopting relevant internationally accepted standards, procedures, documents, technical details, and formalities for the effective implementation of a RSW is a challenging task for authorities. To enable the cross-border exchange of customs information and data, SWs would first require an agreement from all participating countries on the common standards, approaches, and best practices. Inter-ministerial and public-private sector cooperation, nomination of a lead agency, policy setters and managers at all levels, and supporting regulations for the RSW development are some of the features that need to be addressed well in advance.

The successful implementation of a consolidated RSW model poses many legal and business process challenges. There will be a need to develop a legal framework to ensure acceptance of electronic documents and signatures in lieu of hard copies, protect confidentiality and privacy of data, and outline clear and consistent rules for data retention. In the absence of a harmonized legal framework for acceptance (such as the Revised Kyoto Convention and the TIR Convention), differing legal requirements in member countries could discourage business entities from making electronic transactions due to distrust of unfamiliar systems.

Keeping these factors in mind there must be a regional Legal Framework Protocol to ensure that domestic legislations are appropriately synchronized for the NSW as well as the RSW system. An intensive rally of discussions would be required to identify, analyze, and prioritize business processes to ensure that all cross border data is standardized, harmonized and accepted in an understandable format across Central Asia.

Other challenges and issues to be considered include:

- Full participation of relevant agencies across the board
- Technical architectures and ICT enablement, both at national and regional levels, need substantial support and commitment
- Implementation of pre-arrival processing, effective risk management, and mutual recognition of digital certificates
- Need to abide by international data harmonization standards, information security policies based on International Organization for Standardization's (ISO) standards, and adoption of unique transaction numbers to facilitate track-and-trace procedures
- Integration of National Trade Repository (NTR), and NSW implementation of various international programs such as the Authorized Economic Operator (AEO) program.
- Cross border inter-operability of systems
- Implementation of mutual recognition agreements
- Devising a regional mechanism for the acceptance of financial guarantees, to be accepted and abided by all partnering countries

The Way Forward

Based on the findings of this report, it is recommended that the following action items be considered:

- **Regional business process analysis and simplification:** This is a precondition for the introduction of electronic-based transactions (electronic document submission, information management, etc.), and entails an agreement from all participating government authorities and private sector entities on the simplification of processes and data prioritization. The establishment of a common electronic platform to enable the exchange of customs data in the region will also be a part of this activity. Regular discussions will be necessary to outline draft protocols on the exchange of information, and analyze causes of discrepancies in trade statistics and joint inspection arrangements.
- **Identification and management of stakeholder requirements:** Stakeholders for a RSW initiative may include, but are not limited to, regional institutions (such as CAREC), government administrations, policy makers, and private sector participants. Stakeholder needs and requirements should be explicitly defined, negotiated, and agreed upon to form the bedrock of the system's development. The consistency, validation, and impact assessment of these requirements will be an on-going process.
- **Vision articulation and political commitment:** The political will of the governments and business communities is one of the most critical determinants in the success of a SW project, as it ensures the adequacy and availability of resources required. Obtaining consent from the

state authorities will require conducting awareness campaigns on the RSW vision, its value propositions, trade implications, expected obstacles, and supporting policy directions.

- **Stakeholder Consultations:** It is imperative to create an environment for interagency coordination and collaboration in the later phases of SW implementation. Subsequent to identifying stakeholder requirements, it is important to gain the formal consent of all parties involved in trade and review their readiness.
- **Identification of a lead agency:** The lead agency must have the appropriate political support, legal authority, human and financial resources, and links within and outside the national government agencies. This role can be assumed by the CAREC Transport Sector Coordinating Committee (TSCC) and the Customs Cooperation Committee (CCC) as they jointly oversee the TTFS. At the national level, the Trade Project has observed that Pakistan is yet to formalize Pakistan Customs as the lead agency for SW development. Although it is most likely to be appointed as the lead agency in this function, the department lacks adequate staff with extensive knowledge on data harmonization and international trade procedures.
- **Knowledge and capacity building:** With the exception of Kazakhstan, the Central Asian region remains largely neglected in terms of automation, ICT infrastructure, and knowledge capacities at its customs departments, especially at posts that do not account for large trade volumes. The Trade Project proposes the introduction and availability of WCO training courses on how to improve CAREC capacities, and streamline customs control processes including Risk Management practices, post clearance audits, and anti-smuggling procedures. In early 2014, the USAID Trade Project's interviews with the Animal Quarantine and Plant Protection Departments of Pakistan revealed that some offices of Pakistan Customs still rely on obsolete paper-based processes. The GoP's ban on the purchase of physical assets (ICT equipment, computers, scanners, printers, etc.) relates directly to SW readiness. The Animal Quarantine and Plant Protection departments do not even have computers to access WeBOC and rely heavily on issuing certification for consignments manually (in hard copy). Traders/agents often forge authorizing signatures, change the quantities of goods, and forge invoices, thus causing misdeclarations and revenue losses to the GoP. This lack of automation also hinders the establishment of an electronic linkage between the various CBRAs and the customs clearance system, which is fundamental to SW development.

Other steps to consider for the way forward include:

- Integrating trade facilitation measures with those of neighboring countries
- Harmonization of border management initiatives to evolve Joint Customs Control and One-Stop services at the border stations
- Signing of bilateral Customs Cooperation Agreements
- Regional transit and logistics development
- Regional arrangements for a simplified transit system:
 - Excluding unauthorized access to shipping and customs documents when moving goods across state borders, and for goods in-transit, improving the control efficiency when clearing transit goods in order to increase customs revenues
 - Application of measures aimed at simplification of administrative procedures at the border, including use of "safe packets" for movement of transit goods across the Kyrgyzstan border (devised as a cost effective method to guarantee the delivery of customs documents from the customs service of Kazakhstan and back), excluding the possibility of illegal 'corrections' in customs documents and as a result, increasing the confidence of goods carriers and simplifying customs procedures

- Establishing benchmarks to measure progress against performance of world or regional leaders, for example: Singapore, Germany, or China
- Adopting key provisions of the WTO's Trade Facilitation negotiating text ²¹
- Minimizing the time taken to clear vehicles and goods at border crossing by adopting best practices (e.g., the Revised Kyoto Convention, or RKC), modernizing procedures, operating border crossing points 24/7, and eliminating bribery and corruption

²¹Explanation of WTO's Trade Facilitation negotiating text can be read at following URL :-
http://www.wto.org/english/tratop_e/tradfa_e/tradfa_negoti_e.htm

Annex 1: Case Study for Success: Senegal's Development of a National Single Window

In 1995, as part of a reform agenda to improve the country's trading environment, Senegal's Ministry of Trade introduced a NSW system for electronic trade facilitation. At the time, trade-related regulatory requirements and customs clearance procedures were onerous and often not transparent. Traders had to file separate requests with every public and private agency involved in the clearance process, which took up to four days to complete. Although the requirements helped ensure that traders complied with various customs-related rules and regulations (including those aimed at protecting human, plant, and animal health) and that the government collected all relevant duties and taxes, the leading authorities were quick to recognize that countries including Singapore had successfully implemented IT solutions to streamline the same processes without compromising health and safety. With support from the World Bank, the International Monetary Fund (IMF), and the United Nations' Trade Point Program, the electronic SW system was subsequently planned and launched in 2004 for implementation in three stages: (i) deciding on a model, (ii) developing consensus among stakeholders, and (iii) developing technical parameters for the system.

The introduction of a SW system in Senegal resulted in the transformation of customs clearance procedures and streamlined the regulatory process through transparent, electronic transactions initiated by a single request from the importer/exporter, and allowed traders to collect and process the necessary documents/authorizations in approximately half a day. Prior to the introduction of the NSW the same formalities took up to four days to complete. With the exchange of real-time data, government agencies were better able to monitor and control transactions, contributing to more secure transactions and increased revenue collections. Customs' revenues resulting from more efficient operations were reported to have increased from approximately USD 625 million in 2005 to more than USD 1 billion in 2008. Centralized fee collections transferred to the relevant agencies were also reported to have increased revenues substantially. Although Senegal is still in the process of improving and upgrading some of its NSW functionalities, benefits derived from the initiative provide insight into the impact of instituting a SW environment.