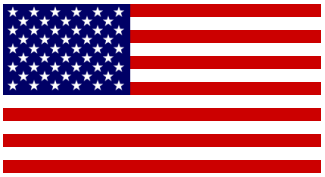

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## USAID Trade Project

# Customs-to-Customs Electronic Data Interchange (EDI) with Central Asian Republics: State of Readiness


**USAID Trade Project**
USAID/Pakistan
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## Acronyms & Initialisms

| | |
|---|---|
| ADB | Asian Development Bank |
| ASYCUDA | Automated System for Customs Data |
| CAR | Central Asian Republic |
| CAREC | Central Asia Regional Economic Cooperation |
| CCC | Customs Cooperation Committee |
| CIS | Commonwealth of Independent States |
| CSRT | Customs Service of the Republic of Tajikistan |
| ECO | Economic Cooperation Organization |
| ECOTA | Economic Cooperation Organization Trade Agreement |
| EDI | Electronic Data Interchange |
| EurAsEC | Eurasian Economic Community |
| FBR | Federal Board of Revenue |
| GDP | Gross Domestic Product |
| IIS EIO | Integrated Information System Export Import Operations |
| PaCCS | Pakistan Customs Computerized System |
| PRAL | Pakistan Revenue Automation Limited |
| SCO | Shanghai Cooperation Organization |
| UAIS | Unified Automated Information System |
| UEIS ETO | Unified Electronic Information System for External Trade Operations |
| UNCTAD | United Nations Conference on Trade and Development |
| UZB SCC | State Customs Committee of the Republic of Uzbekistan |
| WeBOC | Web Based One Customs |
| WTO | World Trade Organization |
| XML | Extensible Markup Language |

## Introduction and Methodology

Electronic Data Interchange (EDI) is an important trade facilitation measure which helps the movement of goods both within and outside a given country. It sets standards for the exchange of trade and commerce-related data enabling different trade stakeholders such as transporters, importers, exporters, customs, and logistics providers to exchange information and communicate seamlessly. EDI systems make the exchange of information more efficient by reducing costs, increasing processing speeds, and reducing errors.


Pakistan has already rolled out its EDI system at customs stations, and the program has been in its pilot phase since 2013. Afghanistan, similarly, has an operational EDI system with Pakistan and the two countries are already sharing information on this platform. There is potential for the Central Asian Republics (CARs) comprising Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan to improve customs cooperation with Pakistan and Afghanistan in particular, and with the global economy in general, by implementing an EDI system. Implementation of EDI at customs stations in the Central Asia region can make trade and transit through the region more efficient, in addition to providing stronger linkages with the global economy.

This report provides an overview of trade performance and integration of CARs and analyzes their readiness for implementing EDI. In order to evaluate the potential of EDI implementation, the report considers the current systems of automation being used in custom stations in CAR countries and their compatibility with EDI systems. In addition, a roadmap for implementation is suggested which specifies timelines and identifies relevant public sector stakeholders in Pakistan as well as the priority countries of CARs for EDI implementation with Pakistan.

## Background

In 1991 Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan became independent after the collapse of the Soviet Union. The CARs are landlocked countries and their geography is largely arid. Water scarcity and food insecurity are chronic problems in the region, however, some CARs are better endowed with natural resources than others.The region is a big producer of cotton and wheat, with Uzbekistan being the biggest producer of cotton, and Kazakhstan being the biggest producer of wheat in the region. The region is rich in mineral resources such as oil, gas, and gold. The CARs collectively have a Gross Domestic Product (GDP) of USD 336.41 billion and constitute a market of 64.9 million people.[1] CARs do not have a developed manufacturing base and main imports include machinery, vehicles, electronic equipment, and pharmaceutical products.[2] Key sources of foreign exchange include remittances along with exports of mineral oil, gas, and minerals. Table 1 shows the import export breakdown and total trade for the region, which exceeded USD 182 billion in 2012.

[1] Calculation based on data from CIA: World FactBook, March 2014
[2] Based on data from ITC Trade Map, March 2014

**Table 1: Exports and Imports of CARs (USD Billions)**

| | 2010 | 2011 | 2012 |
|---|---|---|---|
| Imports | 43.32 | 62.67 | 72.35 |
| Exports | 69.05 | 105.59 | 110.59 |
| Total Trade | 112.37 | 168.26 | 182.94 |
| *Source: Calculations Based on Data from ITC Trade Map* | | | |

Geographic isolation has been a key problem for the Central Asian region, which is landlocked. In addition to not having access to oceans, the terrain in this region is mountainous and rugged, making the development of cross-regional road and railway networks expensive. Cost and time effective transit and development of efficient trade corridors between South Asia, East Asia, and Europe can improve regional connectivity, trade, and economic integration. This would present the CARs with great opportunities, as the countries will be able to leverage their wealth of mineral resources to attract greater trade and investment. Kazakhstan and Turkmenistan have already been successful in opening up their economies, and in particular, in attracting foreign investments in the oil and gas sectors. The CARs also have the potential to leverage their location to develop into a key transit hub between South Asia and East Asia to the East, and Europe to the West. EDI systems can contribute to this by simplifying the movement of goods through customs posts, and reducing the cost and time of procedures.

## Customs and EDI Status

### Agreement on Electronic Foreign Trade Operations Information Exchange between Member Customs Administrations of the Customs Cooperation Committee (CCC)

In 2005, there was an agreement between Customs authorities of China, Mongolia, Azerbaijan, Uzbekistan, Turkmenistan, Kazakhstan, and Kyrgyzstan which included taking into account the "General Action Plan" approved by the Customs Coordination Committee and taking into account the protocol of the Trade Facilitation and Customs Modernization seminar held in Kyrgyzstan in 2004. The agreement, based on information exchange, had the following goals:

1. To strengthen trade-economic relations and mutual understanding between the countries
2. To acknowledge the importance of international cooperation in combating smuggling and customs violations, and try to expand regional cooperation
3. To facilitate trade development through introduction of modern ways and methods of customs control
4. To improve mutual information on commodity circulation of the countries
5. To acknowledge the need to exchange data with application of electronic facilities

The specific status of EDI and Single Window readiness of the individual CARs is as follows:

### Kazakhstan

In 2005, Kazakhstan's Prime Minister requested the World Bank to support customs reform. Following the request, the World Bank initiated a customs development project for Kazakhstan Customs Control Committee in 2007. This committee was responsible for implementing and reforming the country's customs procedures. The project implemented a highly-automated, low-discretion, risk-based custom system in Kazakhstan. It also provided financial and technical support for reforming customs procedures, upgrading information technology infrastructure, as well as training and technical assistance.

Kazakhstan has around 227 Customs stations in the country. In 2009, Kazakhstan developed and implemented an automated risk management system and continues to upgrade its Customs Automated Information System (CAIS). Kazakhstan is also developing a portal to allow easier access to information and applications through a single access point.[3]

The Customs Control Committee, which works under the Ministry of Finance of Kazakhstan, is working on the implementation of an integrated information system which enables Single Window processing on all import and export operations at customs posts. The project is known as IIS EIO (Integrated Information System Export Import Operations) and will be finalized in 2014. This project will improve risk management and promote transparent trade which will benefit traders and restrict corruption. Currently there is no information available regarding whether any customs EDI is in place within or outside the country.

Kazakhstan has also worked on the development of new customs checkpoints at Altynkol and Khorgos and has enhanced technical equipment, such as electronic checkpoints and automated radiation control systems, among others. The Customs Control of Kazakhstan solely manages the electronic data interchange, which has reduced the number of controlling agencies involved in the process. Moreover, it also monitors data exchange and communication at the border posts.

## Kyrgyzstan

Kyrgyzstan is using a Unified Automated Information System (UAIS) at its border posts. In 2012, UAIS pilot testing started and in 2013, UAIS was fully implemented for industrial use in the northern part of the country. The Asian Development Bank (ADB) is providing support for infrastructure development in two areas:

- Development of Unified Automated Information System (UAIS)
- Development of infrastructure of external checkpoints

UAIS Development includes the following subcomponents:

i. Development of key UAIS application systems and related systems to support operations
ii. Development of communications infrastructure to support UAIS operations (i.e., ensuring and enhancing communication links among the customs head office, regional customs offices, and border crossing points)
iii. Conducting training and an awareness campaign to ensure sustainability and wide support for the customs modernization process

A pilot project is already underway which is automating work stations in six customs houses. At the time of this report there was no information available on EDI occurring with entities in the country or with another country.

## Tajikistan

In Tajikistan the UAIS hardware and software have been purchased and local area networks have been established, and UAIS is fully operational. Moreover, Tajikistan has also introduced a risk management component which allows for selective inspection instead of 100% inspection at border crossings. The risk management units have been established at the Tajik Customs Headquarters and at other regional customs stations.

In 2004, Tajikistan had an inadequate infrastructure and weak systems to support automated processes. The ADB initiated its Regional Customs Modernization and Infrastructure Development Project in Tajikistan, which was completed in January 2013. The program was designed to facilitate trade in the region.

[3] http://www.carecprogram.org/uploads/events/2009/8th-MC/Progress-Report-Regional-TF-CC-Program.pdf

The two main objectives of the program were:

1. To develop a Unified Automated Information System
2. To upgrade customs border post infrastructure for the Customs Service of the Republic of Tajikistan (CSRT)

The project developed a unified automated information system and installed it in 72 customs posts. It also trained customs officers. The system monitors cargo transportation through borders and its delivery to a destination place. It has improved the quality of all the procedures and collection of customs duties. As a result of these efforts, in 2011, 100% customs declarations passed through the UAIS. ADB support has improved the revenue collection by customs, reduced human resource interference in customs procedures, shortened clearing time, and reduced smuggling. The ADB project has rehabilitated eight customs stations and built five new ones. In addition, staff in these customs stations has been trained to correctly use the new system. At the time of this report there was no information available regarding whether any customs EDI was taking place within or outside the country. The system, however, is capable of exchanging customs information electronically with other countries.

## Turkmenistan

Among the CARs, Turkmenistan Customs has the least developed customs facilitation system. The Minister of Foreign Affairs of Turkmenistan has emphasized the need for customs modernization in the country and to initiate the process of accession to the World Trade Organization (WTO). The Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), in his meeting with the Minister, stressed the importance of trade facilitation and customs modernization in view of the momentum towards reducing tariffs in international trade. He said that UNCTAD, through its Automated System for Customs Data (ASYCUDA), could provide high-quality technical assistance to Turkmenistan for the modernization and automation of its national customs procedures in line with international standards.[4]

In 2004, the State Customs Service of Turkmenistan acquired fifty sets of computers in a bid to improve the technology infrastructure of the department. The ICT peripherals have established a permanent communication between customs stations, which works as a remote network access. A local computer network project was developed and will commence in the second half of 2014 in the State Customs Service of Turkmenistan.

## Uzbekistan

Uzbekistan is enhancing and developing its information system known as the Unified Automated Information System (UAIS). It is used to monitor customs revenues and their impact on the national budget. The UAIS of the State Customs Committee of the Republic of Uzbekistan (UZB SCC) was designed to have a unified information framework for the Customs Administration of the Republic of Uzbekistan. The system allows for efficient access by all Customs Administrations of any level to a singular database, as well as making available online receipts.

Since October 2003, one of Uzbekistan SCC's UAIS subsystems, called "Unified Electronic Information System for External Trade Operations" (UEIS ETO), has been in operation and was the country's first interagency information system. The UEIS ETO database has complete and detailed information on foreign trade, and allows information exchange and remote access.

UAIS for Uzbekistan customs has nine components for fully automated customs clearance procedures. Moreover, three new components are being developed: satellite tracking of transit cargo

[4] http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=565

movements, a database of license plates of all vehicles that enter Uzbekistan, and automated passport control. At the time of this report there was no information regarding whether a functional EDI system was in place; however, the IT system is capable of exchanging customs information electronically.

## Compatibility between Customs Software

Many customs information systems have evolved to use web-based platforms to store, retrieve, and use data. Accessing information from a web-based application eliminates the issue of compatibility and ensures real time exchange of information. EDI between Pakistan and the CARs can also avoid systems compatibility issues by exchanging information using their web-based customs systems, as most of these countries have up-to-date, functional ICT systems. A good example is the EDI framework between the Customs systems of Afghanistan and Pakistan. The information exchange is seamless through the web-based Extensible Markup Language (XML) messaging, although both countries use different information systems. Afghanistan uses ASYCUDA and Pakistan uses its own Web Based One Customs (WeBOC). These two systems are fully capable of exchanging information without any systems compatibility issues. Pakistan Customs could implement EDI in a similar fashion with any of the CARs' customs systems once the data fields, trigger events, frequency of messaging, and messaging content are agreed upon between the respective administrations. Please see the EDI Implementation Roadmap below for further information.

## EDI with Tajikistan and Uzbekistan

Pakistan's priority should be to seek EDI first with Tajikistan, which is the largest trading partner of Pakistan among the CARs, and the next bordering country with Afghanistan. Tajikistan also acts as the gateway to Central Asia for Pakistani goods, as transiting through Afghanistan and Tajikistan offers the shortest route. Pakistan and Tajikistan are both signatories to the Economic Cooperation Organization Trade Agreement (ECOTA) ECOTA which binds the countries to create an environment that ensures greater coordination. This could be achieved through the implementation of EDI between the two customs systems as both Pakistan and Tajikistan have the required infrastructure in place for EDI implementation. Uzbekistan is the third largest trading partner of Pakistan among the CARs, and is located in a strategic position bordering all other CARs and Afghanistan. Uzbekistan is currently implementing the UAIS system which could facilitate EDI between Pakistan and Uzbekistan. Uzbekistan is also a signatory to ECOTA, binding it to share customs information as well. As a second priority after established EDI with Tajikistan, it is recommended that Pakistan seek to set up EDI with Uzbekistan.

## EDI Implementation Roadmap

A detailed plan for the implementation of EDI with priority countries is provided below. It includes all relevant stakeholders, necessary steps, and timelines for successful implementation of EDI with these countries.

| Steps | Required Actions | Key Stakeholders | Time Lines |
|---|---|---|---|
| 1. High level commitment / coordination | Commitment and backing by respective governments will be the key to the implementation of EDI. Responsiveness to the issues encountered from beginning stages to the implementation phases will play a key role in the overall success of the project. | CAREC Customs Coordination Committee<br>Government of Pakistan, Ministry of Commerce, Federal Board of Revenue, Pakistan Revenue Automation Limited (PRAL), Ministry of Economic Development and Trade of the Republic of Tajikistan, Ministry of Foreign Economic Relations, Investment and Trade of Republic of Uzbekistan | On-going activity from inception / process of implementation of EDI |
| 2. Full participation of the stakeholders | All stakeholders need to agree on the objectives to be achieved. They must fully participate in the analysis, development, testing and implementation processes to validate and ensure that the resulting system meets the objectives. | Agencies listed above | On-going activity from inception / process of implementation of EDI |
| 3. Constitute a Project Team | Constitute a Project Team with representatives from Customs Administration and IT support setups.<br>Develop a work plan that identifies the tasks required and provides initial time estimates. This plan should also provide a direction of what type of messages will be exchanged.<br>Project Team will establish a responsibility list for each identified task. The deliverables from each task should be defined. | Agencies listed above & Project Team | On-going activity from inception / process of implementation of EDI |
| 4. Review Internal Systems and Business Processes | A thorough current system analysis should be done. The present process that creates the relevant documents and the flow of the documents should be recorded. The next step is to determine how EDI should be integrated into existing systems. | Agencies listed above & Project Team | 2 months |
| 5. Identify EDI Messages | Defining EDI messages and standards to meet the national requirements of each customs administrations is a vital step. Both customs administrations will also be required to perform data mapping at the data field level.<br>This analysis will provide readiness status with respect to EDI experience, knowledge of respective customs administrations, EDI | Agencies listed above & Project Team | 2 Months |

| Steps | Required Actions | Key Stakeholders | Time Lines |
|---|---|---|---|
| | requirements definition, and degrees of integration of EDI into the customs applications. | | |
| 6. Decide on EDI Translation Software | Decision to develop an in-house solution or procure any third party EDI translation software. | Agencies listed above & Project Team | 6 months |
| 7. Review of EDI requirements | A review of the data to be transmitted and received is essential to ensure that integration will proceed normally. | Agencies listed above & Project Team | 1 month |
| 8. Decision on EDI messages transmission | Decision on the type of EDI communication to be adopted and the communication protocol. | Agencies listed above & Project Team | 1 month |
| 9. Code and Test Interface with respective customs systems | The maximum benefit of EDI can be derived from integration of information so that information can flow directly in/out of respective customs documents processing systems without human intervention. | Agencies listed above & Project Team | 2 months |
| 10. Implement and test the connectivity with the translation software | This step will test the connection and EDI communication from the translation software's scripts. | Agencies listed above & Project Team | 0.5 month |
| 11. Conduct system testing | The purpose of this is to verify the sending and receiving of transmissions. This allows data to be processed to determine if any changes are necessary. Extensive testing should be done prior to implementation. Most countries conduct parallel testing with EDI and paper documents until they are sure that the information received meets their needs. | Agencies listed above & Project Team | 3 months |
| 12. Decide on a production cutover date | Formal switching to EDI is required with the mutual consent of both customs administrations, followed by training of relevant customs officials. | Agencies listed above & Project Team | 2 months |
| 13. Establish EDI Technical Contact Center | Technical Contact Center will be established on permanent grounds to address troubleshooting issues arising in EDI process to ensure that a flawless EDI system remains in place. | Relevant Customs Agencies of participating countries | On-going activity |

## Conclusion

Automation of customs procedures is underway to a varying extent among the CARs. The necessary infrastructure for EDI implementation is already available through electronic Customs systems implemented by each of the countries. As previously mentioned, systems compatibility is not envisaged to be an issue as all modern systems can seamlessly exchange information through the web. In addition, Pakistan and Afghanistan are currently in the pilot phase of establishing real-time EDI. Once this EDI is fully implemented, it will be capable of exchanging data and information with other countries electronically. The CARs can also leverage their existing databases and systems to establish EDI, and further integrate with the region and the global economy. The matrix below demonstrates that countries in the Central Asia region have various automated systems in place that can be converted into EDI, providing a standardized platform for information exchange pertaining to trade.

**Table 2: Regional Use of Automated Systems**

| Country | Achievements | System in Use |
|---|---|---|
| Afghanistan | Afghanistan currently operates an ASYCUDA-based system known as the Automated System for Customs Data. The software is developed and maintained by UNCTAD and funded by the World Bank. At the time of this report the software had been rolled out to more than 80% of Customs stations across Afghanistan. The software has the capability to exchange data electronically. The Afghan Customs Department is currently testing its software to exchange data with Pakistan as agreed under the Afghanistan-Pakistan Transit Trade Agreement of 2010. | ASYCUDA |
| Pakistan | EDI exchange with Afghanistan initiated with the assistance of the Trade Project, and real time exchange of messages is currently in test phase. Automation of Customs clearance through Pakistan Customs Computerized System (PaCCS) and WeBOC is already in place. | WeBOC |
| Kazakhstan | Cusoms in Kazakhstan has installed Automated Customs Clearance Systems. The UAIS system is in place but not all modules have been implemented. | UAIS |
| Kyrgyzstan | ADB funded the installation of a UAIS system for Kyrgyzstan in 2011. UAIS pilot testing started on February 1, 2012 and full automation of processes is expected by the end of 2013 in all customs stations. | UAIS |
| Tajikistan | As part of the Customs Automation Project initiated by the ADB and the Government of the Republic of Tajikistan, on January 1, 2011 a pilot project was launched on implementation of UAIS, and as of January 2013, UAIS has been fully implemented at the customs stations. Under the ADB project, 8 customs stations have been rehabilitated, and 5 new stations have been built. | UAIS |
| Turkmenistan | At the time of the report, no information was available on Turkmenistan's customs system. | ——— |
| Uzbekistan | Starting from 2006, the State Customs Committee (SCC) of Uzbekistan developed and introduced a number of automated information systems ensuring collection, processing, accumulation, analysis, storage and transfer of data in real time from customs posts to territorial customs departments. These systems have been integrated into a UAIS. | UAIS |

## Annex 1: Country Profiles[5]

### Kazakhstan

Since independence, Kazakhstan has been following a policy of trade liberalization. In 2010, Kazakhstan, Belarus and Russia set up a Eurasian Economic Community (EurAsEC) customs union and in 2012 it liberalized the movement of goods, services, labor, and capital between its members. The customs union envisions greater integration among the ex-soviet states, along the lines of the European Union. Russia seeks the expansion of the customs union to include all ex-Soviet states as well as Baltic States that are EU members. As part of implementing the custom union, Kazakh authorities have taken initiatives to improve border procedures, and have set up a 'single window' system at border crossings.

Kazakhstan is the biggest economy of the Central Asian region. Kazakhstan exports to the world in 2012 were recorded to be USD 92.28 billion. The main export commodity was crude oil and petroleum. China, Italy, Netherlands, Russia and France are the top export destinations for Kazakhstan. The import bill for 2012 was at USD 44.54 billion and consisted of machinery, electrical equipment, and petroleum. Russia, China, Ukraine, Germany and the USA are the top countries of import for Kazakhstan. Pakistan's exports to Kazakhstan in 2012 were recorded at USD 21.02 million and mainly consisted of fruits, vegetables and pharmaceutical products. Kazakhstan exported USD 15.27 million worth of goods to Pakistan. The main export items to Pakistan were iron and steel and other machinery.

### Kyrgyzstan

Kyrgyzstan is one of the smaller CAR countries, with a low GDP. Its economy is largely dominated by agriculture. Gold and re-exported oil account for a major part of its exports, followed by cement and clothing. Together, various agricultural products (fruit, vegetables, milk and dairy products, cotton fiber and tobacco) compose most of the remainder. Exports are not diversified and are limited to a few products, often from a single production unit, such as cement, sheet glass, electric power, and light bulbs. Kyrgyzstan is a member of several regional organizations and trade agreements, including the Commonwealth of Independent States (CIS), EurAsEC, Shanghai Cooperation Organization (SCO), and the Economic Cooperation Organization (ECO). Kyrgyzstan also has bilateral investment agreements with most countries in the region, though many of these agreements have not been put into effect. Kyrgyzstan has also been a member of the WTO since 1998, requiring it to comply with WTO regulations relating to transit agreements.

Kyrgyzstan's total exports to the world in 2012 were valued at USD 1.68 billion. The main export commodities are precious stones and metals, mineral fuels, vehicles, and vegetables. Switzerland, Kazakhstan, Russia, Uzbekistan, and China are the top five countries for Kyrgyzstan's exports. Imports from Kyrgyzstan for the year 2012 were recorded to be USD 5.37 billion resulting in a negative trade balance of USD 3.69 billion for 2012. The main items imported into the country are mineral fuels, vehicles, and machinery. The top five import countries for 2012 were Russia, China, Kazakhstan, the US, and Japan. In 2012, Kyrgyzstan's exports to Pakistan were negligible; however, Kyrgyzstan imports from Pakistan in 2012 were valued at USD 2.45 million and mainly consisted of pharmaceutical products, and fruits and vegetables.

[5] Based on data from ITC Trade Map, March 2014

## Tajikistan

Tajikistan is one of the poorest countries among the CARs and has limited resources. It is heavily dependent on remittances for foreign exchange. The World Bank reports that in 2012, migrant workers sent home the equivalent of 47% of Tajikistan's GDP as remittances. Agriculture is not a big sector in Tajikistan due to the mountainous terrain. Most agricultural production is focused on cotton fiber. Tajikistan has weak infrastructure that affects trade and development. Particularly, development of electricity and telecommunication services, along with a better-maintained network of roads, railways and vehicles, would contribute toward enhancing trade. These developments require great investments but are necessary to improve trade and the country's economic potential.

Tajikistan has a trade account deficit as it imports more than it exports. Tajikistan's exports to the world in 2012 were valued at USD 1.01 billion. The main exports included aluminium and cotton, with China and Turkey being the top recipients. The import bill for 2012 was USD 3.90 billion and mainly consisted of petroleum, machinery, and footwear products. In 2012, Tajikistan imported USD 3.10 million worth of goods from Pakistan. This mainly included sugar, sugar confectionary, and edible vegetables. Exports to Pakistan for 2012 accounted for USD 234,000 and consisted mainly of plastics products.

## Turkmenistan

Turkmenistan is the second largest cotton and natural gas producer among the CARs after Uzbekistan. Turkmenistan's land is largely arid and the economy is dominated by exports of natural gas, oil, and cotton. Turkmenistan has bilateral trade agreements with more than 20 countries, of which seven are free trade agreements. In addition, the country has a competitive manufacturing sector, a relatively low-labor-productivity agriculture sector, and a low level of development in the financial sector.

Turkmenistan's exports to the world in 2012 were valued at USD 10.66 billion and mainly consisted of natural gas. China is the biggest recipient of Turkmenistan's exports with more than 80% share. The import bill for 2012 was USD 7.81 billion and mainly consisted of machinery and articles of iron and steel. Turkmenistan had a trade surplus of USD 2.85 billion in 2012. Turkmenistan exports to Pakistan in 2012 were valued at USD 7.97 million and mainly consisted of cotton. Turkmenistan imported USD 1.33 million worth of goods from Pakistan in 2012; major commodities included safety matches followed by pharmaceutical products.

## Uzbekistan

Uzbekistan has the largest population of the CARs and the second largest economy behind Kazakhstan. It also enjoys a strategic location as it shares borders with all the other CARs as well as Afghanistan. Uzbekistan has bilateral free trade agreements with Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Ukraine and Tajikistan. At the time of this report, these agreements were partially implemented.

In 1994, Uzbekistan signed an agreement between the countries of the Commonwealth of Independent States (CIS); however, due to various political and technical reasons the agreement was not implemented. In October 2011, eight CIS Countries entered into a new free trade agreement but Uzbekistan did not sign this agreement. The main countries to which Uzbekistan exports products are Russia, China, Kazakhstan, and Turkey. The country's main export commodity is cotton followed by vehicles and copper. Uzbekistan's 2012 export bill was recorded to be USD 4.96 billion. The import payments of the country in 2012 were recorded to be USD 10.72 billion. The major commodities imported include motor vehicle parts, medicaments, softwood, petroleum oils, and wheat. Russia, China, Korea, Kazakhstan, and Germany are the top 5 import countries for Uzbekistan. The trade deficit for 2012 was

USD 5.77 billion. Uzbekistan's imports from Pakistan are worth USD 3.98 million and mainly consist of pharmaceutical products; its exports to Pakistan consist primarily of cement, followed by vegetables and silk. Total exports for the year 2012 were worth USD 89,000.