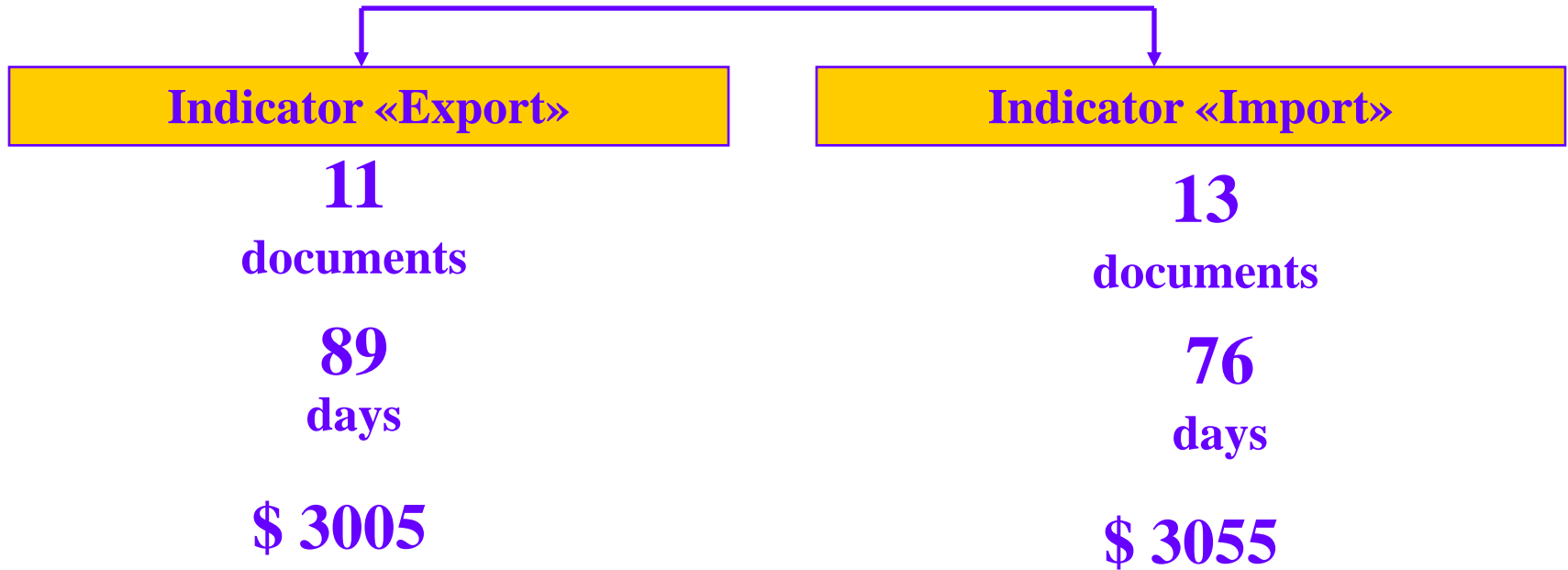


DOING BUSINESS

**REFORMS AIMED AT IMPROVING
THE ENVIRONMENT FOR TRADE
ACROSS BORDERS IN THE
REPUBLIC OF KAZAHSTAN**

June 26, 2009

Current Trade Across Borders -2009 rating of Kazakhstan is 180 out of 181 countries.



- These values are derived from the MODELLING CONDITION of the rating.
- Thus, these proposals are of applied nature and oriented on at values taken into account in the «DOING BUSINESS» indicator.

Documents, costs and duration of export procedures in 2009

No.	Country	Number of documents	Duration, days	Costs, \$US
1.	Singapore (1)	4	5	456
2.	China (48)	7	21	460
3.	Turkey (59)	7	14	940
4.	Kazakhstan (180)	11	89	3005
5.	Russia (161)	8	36	2150
6.	Belarus (134)	8	20	1772

Documents, costs and duration of import procedures in 2009

No.	Country	Number of documents	Duration, days	Costs, \$US
1.	Singapore (1)	4	3	439
2.	China (48)	6	24	545
3.	Turkey (59)	8	15	1063
4.	Kazakhstan (180)	13	76	3055
5.	Russia (161)	13	36	2150
6.	Belarus (134)	8	26	1720

PROBLEMS AND FACTORS that brought Kazakhstan to its current position (180th rating) in the «Trade across borders» indicator

- **A high number of documents required at the stage of paper work before import/export of goods**
- **Complicated procedure for issuing permits, no deadlines for consideration of documents issue**
- **No information available to business about international trade regulations (list of authorization documents and procedure for their issue; customs tariff; tariffs on provision of transportation services, handling operations, storage, terminal and other transport services)**
- **Duration of customs clearance due to the need to present additional documents confirming customs value of goods, reliable classification of goods in accordance with RK Classification of Goods for Foreign Economic Activities and application of export control (to the dual-purpose goods)**
- **Insufficient application of the risk management system to export-import operations**
- **No information exchange among state agencies that issue authorization documents**

Short-term plans for improvement of Kazakhstan scores

	Current score	Planned changes	Expected score
Indicator «Export»	11 documents 89 days Expenses \$ 3005	<ul style="list-style-type: none">• 3 documents will be excluded.• The duration of procedures will be reduced by almost 3 times.• Expenses will be reduced by 25 %.	8 documents 32 days Expenses \$ 2264
Indicator «Import»	13 documents 76 days Expenses \$ 3055	<ul style="list-style-type: none">• 3 documents will be excluded.• The duration of procedures will be reduced by 30 %.• Expenses will be reduced by 25 %.	10 documents 52 дня Expenses \$ 2335

Introduction of amendments and additions into 1 legal act,
5 GoK resolutions and 3 departmental orders

Amendments to the legal act

To the RK Customs Code with regard to:

- Exclusion of registration cards of participants in foreign economic activities, bonded transportation declarations for motor transport from the List of mandatory documents required for customs clearance (article 382)
- Reduction in border passage time by transfer of functions on documentary audit in the area of transport, sanitary-and-epidemiologic, veterinary and quarantine control to customs authorities

The draft law is under consideration of the RK Parliament.

Amendments to the legal act

To the RK Customs Code with regard to:

- Reduction in the list of mandatory documents to be submitted, from 10 to 5
- Shift of focus from routine customs clearance to post-customs control
- Introduction of institution of authorized economic operators with opportunity to apply simplified customs procedures
- Clear regulation of duration and procedure for customs valuation
- Reduction in duration of customs clearance to 2 hours by means of use of the green corridor system
- Conduction of customs inspections only when red corridor applies
- Improvement of the risk management system by means of application of corridors system

It is provided for in the draft new Customs Code.

RISK MANAGEMENT PROCESS



Participant in foreign economic activities

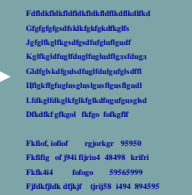
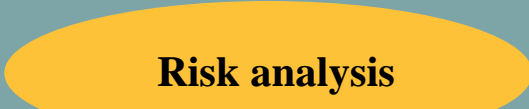
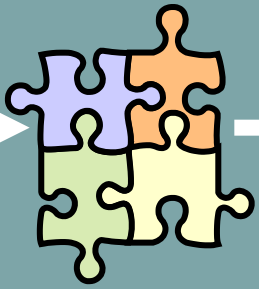
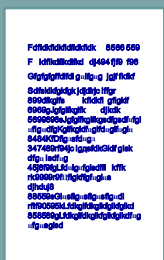
Customs inspector at the stage of clearance



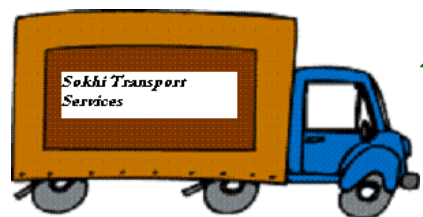
Declarations

Confirmation

Outcome



Release of goods



Post Clearance Inspector



Amendments to 5 RK Government resolutions (beginning)

1. RKGR of 12.06.2008 No. 578 *On approval of Rules for licensing of export and import of goods* with regard to:

- Reduction in the duration for consideration of licenses to export and import goods to 15 business days, including coordination with state agencies
 - Revision of qualifying requirements for export and import operations for the purpose of adjusting the mechanism of license refusal
-

Currently being coordinated with state authorities

Amendments to 5 RK Government resolutions

2. RKGR of 04.02.2008 No. 90 *On approval of technical regulations for «the Procedure for confirmation of compliance»* with regard to:

- **Reduction in the period for consideration and adoption of decision by the certification agency on performance of works on certification, to 3 days for legal entities and to 1 day for SME and physical entities**
- **Compilation of a comprehensive list of documents required for certification and ban on requesting additional documents by the certification agency**
- **Establishment of duration of the procedure for recognition of foreign certificates, not more than 3 days**
- **Inclusion of norms regulating the procedure and duration of preliminary consultations on dates of certification tests depending on the type of products**

It is under consideration of the RK Government.

Amendments to 5 RK Government resolutions

3. RKGR of 28.04.2003 No. 407 *On approval of normative legal acts on veterinary with regard to:*

- Inclusion of the List of goods subject to veterinary control in accordance with the RK Classification of Goods for Foreign Economic Activities in the Rules for state veterinary supervision of movement of controllable cargo across the RK state border
- Establishment of duration for issue of veterinary certificates, to 1 business day

4. RKGR of 01.08.2003 No. 773 *On approval of Rules for protection of the RK territory against quarantine objects with regard to:*

- Establishment of the duration for issue of phytosanitary certificates and import quarantine permits, to 5 business days

Amendments will be introduced after adoption of RK Laws
On veterinary and On quarantine of plants.

Amendments to 5 RK Government resolutions (end)

5. RKGR of 19.02.2008 No. 165 *On approval of Rules for import of alimentary products subject to state registration with regard to:*

- **Exclusion of issue of licenses to import alimentary products subject to state registration, except for samples required for registration tests**

Amendments were introduced by RKGR of 30.01.2009 No. 88.

Improvement of departmental regulatory and legal framework covering 4 orders

1. Amendments to RKGR of 14.11.2003 No. 841 *On approval of Rules for sanitary-and-epidemiologic examination with regard to:*

- Reduction in the duration of sanitary-and-epidemiologic examination of alimentary products to 10 business days;
- Approval of the list of documents required for examination of products;
- The period of validity of sanitary-and-epidemiologic expert opinions on products was institutionalized.

Amendments were introduced by Order of the RK MoH of 19.12.08 No. 657.

Improvement of departmental regulatory and legal framework covering 4 orders

2. To issue an Order* of the RK Minister of Health to regulate:

- The list of goods subject to sanitary-and-epidemiologic control in accordance with RK Classification of Goods for Foreign Economic Activities (didn't exist before)

The list of goods was developed and now is being coordinated.

Improvement of departmental regulatory and legal framework covering 4 orders

3., 4. Orders of the Minister of Agriculture of 01.04.2008 No. 199 *On approval of the Rules for veterinary-and-sanitary examination of alimentary products for safety* and of 04.12.2002 No. 399 *On approval of the Rules for issue of certificates of expert's examination by veterinary laboratories by outcomes of diagnostics or veterinary-and-sanitary examination of objects of state veterinary supervision with regard to:*

- Establishment of duration of examination depending on type of products subject to veterinary control, from 5 to 7 days

Amendments will be introduced after adoption of RK Laws *On veterinary.*

Some short-term plans for improvement of Kazakhstan scores

- Reduction in the list of mandatory documents to be submitted for customs clearance (licenses, payment orders) provided that electronic document management is introduced in the framework of the E-Government Program
- Availability for participants in foreign economic activities of important business information about (1) tariffs on provision of transportation services, handling operations, storage, terminal and other rail and sea services, (2) list of enterprises that provide expert services in the area of standardization, veterinary, sanitary-and-epidemiologic protection, about their tariffs on services, (3) list of enterprises that provide services in the area of transport and customs (forwarding agents, customs brokers, bonded warehouses), about tariffs on services through the compulsory obligation to publish relevant information on web sites of state agencies
- Introduction of one stop principle to obtain permits for export-import operations
- Transition to e-declaration of goods for import/exporte
- Introduction of integrated e-tariff to inform the business community about export-import procedures
- Reduction in the list of goods subject to licensing by means of excluding goods which are licensed in the domestic market (pesticides, beer, alcoholic products, officinal and animal raw materials, x-ray equipment, etc.), except for weapons, military equipment, products subject to export control by including regulation for licensing of export (import) operations in the law on licensing

Some short-term plans for improvement of Kazakhstan scores

The RK Customs Modernization Program in the framework of the World Bank project for 2009-2012 is aimed at:

75 percent reduction in average customs processing time at border posts (based on client surveys) by the end of the project;

75 percent reduction in average customs clearance time at inland posts by the end of the project (based on client surveys);

Reduction in physical customs inspections from 70 percent (in 2006) to less than 40 percent in 2009 and 20 percent in 2012;

RK MF CCC and the World Bank started to implement the Program.