

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

**Business Process Analysis (BPA):
Export of textile products
from the Kyrgyz Republic
to the Russian Federation**



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Note

The findings, interpretations, and conclusions expressed herein are those of the author(s) and do not necessarily reflect the views of the United Nations or its officials or member States. This report is issued in English only.

This report has not been formally edited.

Abbreviations

BCP	Border Crossing Point
BPA	Business Process Analysis
CMR	Convention on the Contract for the International Carriage of Goods by Road
EAEU	Eurasian Economic Union
LLDCs	Landlocked developing countries
SMEs	Small and Medium Enterprises
TIR	The Customs Convention on the International Transport of Goods under Cover of TIR Carnets
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNNExT	United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific
UML	Unified Modelling Language
WTO	World Trade Organization

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1. Overview of the Business Process Analysis

1.1 Introduction

Trade facilitation benefits businesses and governments at national, regional, and international levels and can promote competitiveness and market integration. With the gradual reduction of tariffs, policymakers now focus on regulatory efficiency and seamless cross-border movement of goods.¹ In addition, trade facilitation supports small and medium-sized enterprises (SMEs) which face high costs of compliance with standards and technical regulations. However, the successful implementation of trade facilitation measures requires an in-depth understanding of existing trade processes. Business Process Analysis (BPA) is a useful tool for understanding the as-is trade processes and improving processes.

The impact of the BPA is twofold. On the one hand, it makes the process transparent by outlining the export steps, requirements and regulations. On the other hand, it identifies the bottlenecks and time-consuming steps and provides recommendations for the simplification of the procedures.

For the landlocked developing countries (LLDCs), such as the Kyrgyz Republic, it is more important to deliver the goods on time and with minimum legal, administrative, commercial or technical costs due to the geographic disadvantage of being landlocked.

This BPA is a part of the United Nations Economic Commission for Europe (UNECE) project “Strengthening the capacity of the Kyrgyzstan National Trade Facilitation Council to implement the WTO Trade Facilitation Agreement”. For this BPA, the Kyrgyz stakeholders chose textile products, which has a potential for further export growth. The selection process included consultations with the Single Window Agency, the Ministry of Economy of the Kyrgyz Republic and the International Trade Centre. According to estimates by the largest Kyrgyz garment and textile producer associations, the contribution of the textile sector to the gross domestic product ranges from 5 to 15 per cent, and the sector employs over 100,000 people.² Information gathered from this BPA will be used for the Kyrgyz Trade Information Portal, which is under development. Availability of information about the export process of textile products and its simplification will contribute to the development of this industry.

Border closures due to the COVID-19 pandemic cut the supply of raw materials and created additional restrictions on the exports of textile products. Furthermore, the temporary closure of industries and shops further worsened the status of the apparel industry.

Therefore, this study aims at achieving the following objectives:

- Outline the latest developments in the textile industry.
- Identify key steps and actors in the export of textile products from the Kyrgyz Republic to the Russian Federation.

¹ UNCTAD, Trade Facilitation and Development 2016. Available at: https://unctad.org/system/files/official-document/dtltlb2016d1_en.pdf (accessed on 24 March 2021)

² Nurbek Jenish, *Export-driven SME Development in Kyrgyzstan: The Garment Manufacturing Sector*. Available at: <https://www.ucentralasia.org/Content/downloads/UCA-IPPA-WP26-Garment-Eng.pdf> (accessed on 24 March 2021)

- Describe each process in the export of textile products including documents, regulations and procedures.
- Identity key bottlenecks and propose recommendations for improvement.

1.2 Methodology of the Business Process Analysis

This study was conducted using the BPA methodology from November 2020 to January 2021. The methodology was developed by the United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT), established by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the UNECE in 2012. It is described in the UNNExT Business Process Analysis Guide to Simplify Trade Procedures.³ The goal of the BPA study is to elicit, document, and analyse the existing “as-is” business processes involved in international trade, as well as aid in developing recommendations for further improvement.

The UNNExT Guide introduced the Unified Modelling Language (UML) as a standard way to graphically represent the various procedures involved in the trade process. The use of this common standard is essential to provide a systematic description and common language of a procedure that can be understood in the same way by all stakeholders involved in international trade transactions, both domestic and foreign.

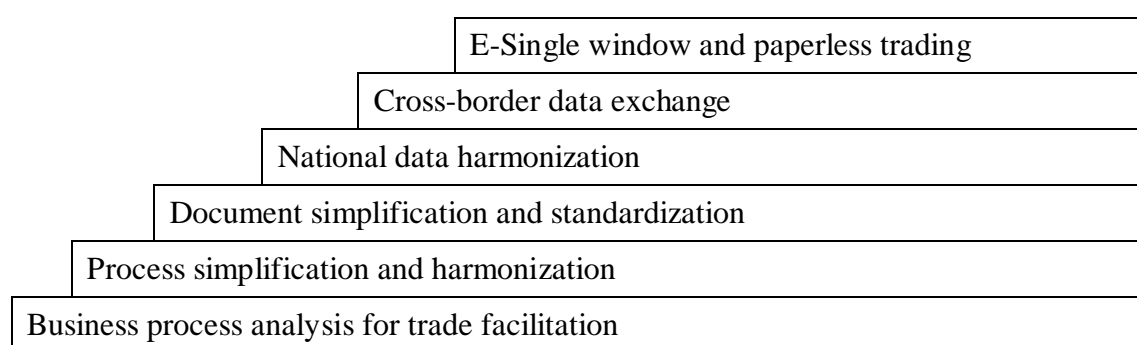
The UML Use-Case and Activity Diagrams are used to visualize the captured knowledge of the business processes. The Use-Case Diagram illustrates high-level business processes and the actors associated with each of them. It serves as a frame of reference for further elaboration of the business process. The Activity Diagram, on the other hand, describes activities, inputs, and outputs associated with each business process listed in the Use-Case Diagram.

United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) step-by-step approach towards a Single Window paperless environment (figure 1) recommends BPA as the first step before undertaking other trade facilitation measures related to the simplification, harmonization and automation of trade procedures and documents.⁴

³ Available at: <https://www.unescap.org/resources/business-process-analysis-guide-simplify-trade-procedures> (accessed on 25 March 2021)

⁴ United Nations Economic Commission for Europe (UNECE), *Background Paper for UN/CEFACT Symposium on Single Window Common Standards and Interoperability*, 2006.

Figure 1. A step-by-step approach to implementing trade facilitation measures



Source: UNECE (2006). Background Paper for the UN/CEFACT Symposium on Single Window Common Standards and Interoperability.

To obtain relevant and up-to-date information interviews were conducted with representatives of all actors involved in the process. These actors included state agencies, transportation companies, brokers, textile exporters and standardization bodies. Interviews lasted about an hour and included questions concerning the current as-is practices as well as the main challenges. The report also uses data from the National Statistics Committee, Russian-Kyrgyz Development Fund and media sources to complement information collected during the interviews. In addition, the activity diagrams contain data about the key legislation acts applicable for each specific step including the national and Eurasian Economic Union (EAEU) laws.

1.3 Scope of the study

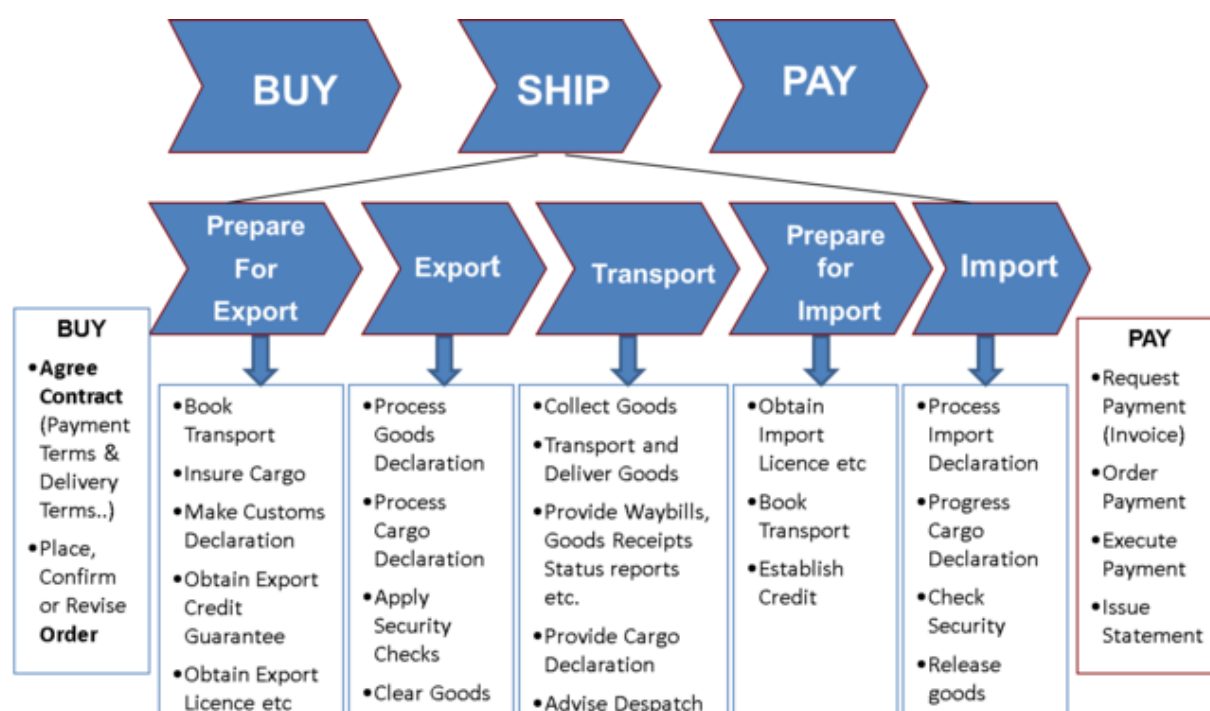
The report analyses the business process of exports of textile products from the Kyrgyz Republic to the Russian Federation. The scope of the study includes all procedures involving the exporter (seller) or its representatives and other actors in the export transaction, from signing of a contract by buyer and seller through transporting a product by road through EAEU to the Russian Federation to receiving payment. Therefore, this study covers the entire Buy-Ship-Pay process (Figure 3). However, it does not include the procedures in the importing country, i.e. the Russian Federation.

UN/CEFACT Recommendation No. 18⁵ and the Buy-Ship-Pay Reference Models⁶ describe a simplified view of the international supply chain in the Buy-Ship-Pay model (as illustrated by figure 2). The model suggests all activities related to the establishment of commercial contracts (commercial procedures), the arrangement of inland and cross-border transportation of goods (transport procedures), the export and import formalities to meet regulatory requirements (regulatory procedures) and the payment for purchased goods (financial procedures) that are carried out throughout the international trade transaction. It also defines the types of actors that are associated with them. These key actors in the international supply chain include regulatory authorities, intermediaries, suppliers, and customers.

⁵ UN/CEFACT Recommendation No. 18. Available at https://unece.org/fileadmin/DAM/cefact/recommendations/rec18/Rec18_pub_2002_ecetr271.pdf (accessed on 24 March 2021)

⁶ Buy-Ship-Pay Reference Models. Available at: <http://tfi.unece.org/contents/buy-ship-pay-model.htm> (accessed on 24 March 2021)

Figure 2. An international supply chain model



Source: UN/CEFACT Buy-Ship-Pay Reference Models.

Table 1. International supply chain model procedures

Commercial procedures	Transport procedures	Regulatory Procedures	Financial Procedures
<ul style="list-style-type: none"> • Establish sales contracts • Order goods • Advise on delivery • Request payment 	<ul style="list-style-type: none"> • Establish transport and deliver good • Provide waybills, goods receipts and status reports 	<ul style="list-style-type: none"> • Obtain export/import licences • Provide customs declarations • Provide cargo declarations • Apply trade security procedures • Clear goods for imports/exports 	<ul style="list-style-type: none"> • Provide credit rating • Provide insurance • Provide credit • Execute payment • Issue statements

Source: UN/CEFACT. International Supply Chain Reference Model.

Textile products in this report include the following HS categories:

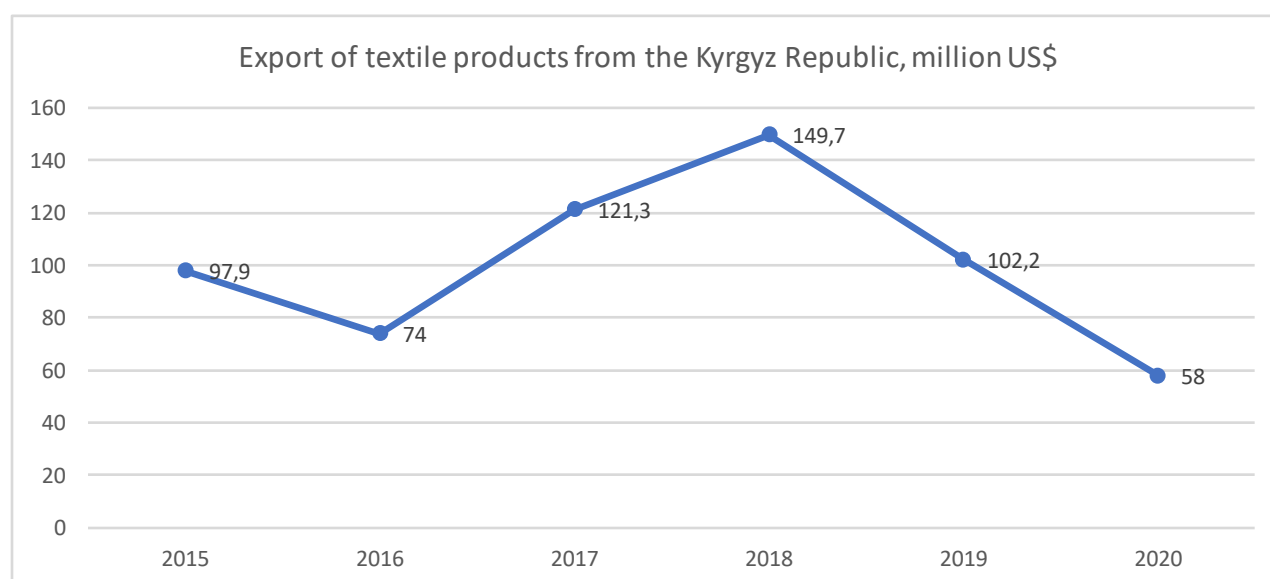
61 - Apparel and clothing accessories, knitted or crocheted
62 - Articles of apparel and clothing accessories, not knitted or crocheted
63 - Textiles, made-up articles; sets; worn clothing and worn textile articles; rags

2. Business Process Analysis: Export of textile products from the Kyrgyz Republic to the Russian Federation

2.1. Current situation

The value of exports of the textile products from the Kyrgyz Republic to the EAEU countries in 2020 amounted to US\$ 58 million,⁷ a drop of 57 per cent compared to the same period in 2019. The trend over the last 5 years is illustrated in the figure below:

Figure 3. Export of textile products from the Kyrgyz Republic



Source: National Statistical Committee (2018). Foreign Trade of the Kyrgyz Republic 2013–2017. National Statistical Committee. Foreign and mutual trade of goods of the Kyrgyz Republic for 2018, 2019, 2020.

⁷ National Statistical Committee. Foreign and mutual trade of goods of the Kyrgyz Republic, 2020. Available at <http://www.stat.kg/media/publicationarchive/95282959-da3f-486b-95e8-ac64d8cba241.xlsx> (accessed on 23 March 2021)

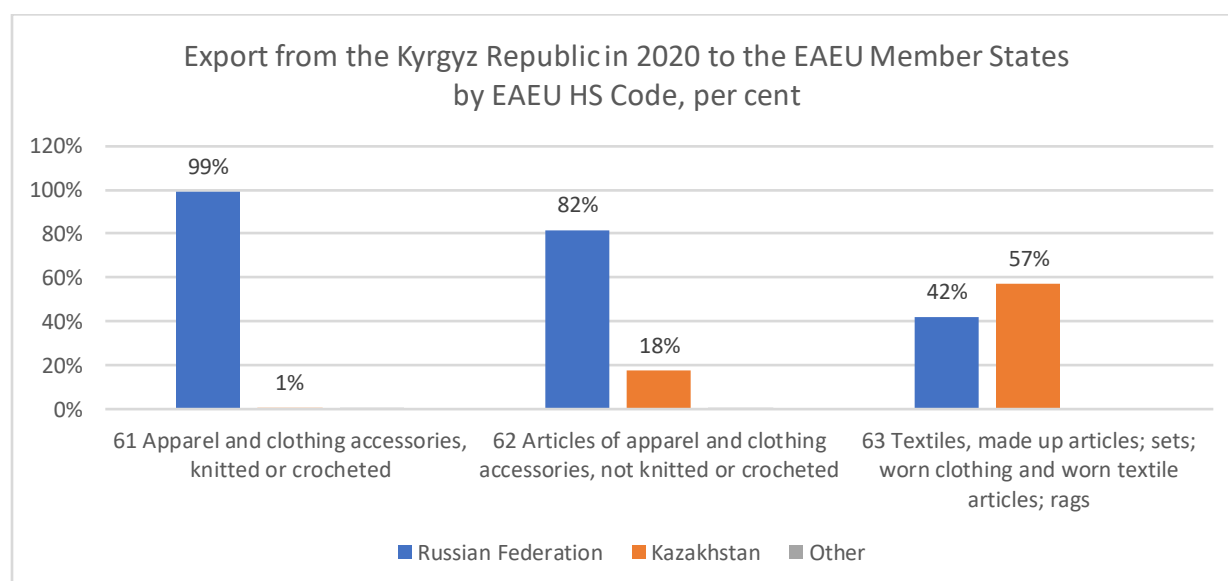
Table 2. Exports of the Kyrgyz Republic by groups 61, 62, 63 of the EAEU Foreign Economic Activity Commodity Nomenclature (million US\$)

Code group	Name	2015	2016	2017	2018	2019	2020
61	Apparel and clothing accessories, knitted or crocheted	48.7	56.8	98.9	139.9	74.6	44.0
62	Articles of apparel and clothing accessories, not knitted or crocheted	47.9	15.8	19.8	8.7	26.3	13.4
63	Textiles, made up articles; sets; worn clothing and worn textile articles; rags	1.3	1.4	2.6	1.1	1.4	0.5
	Total	97.9	74.0	121.3	149.7	102.2	58.0

Source: National Statistical Committee. Foreign and mutual trade of goods of the Kyrgyz Republic. 2020, 2019, 2017. National Statistical Committee (2018). Foreign Trade of the Kyrgyz Republic 2013–2017.

According to the National Statistical Committee, the share of the textile products in the total exports to the EAEU countries in 2020 accounted for 10.6 per cent, with the Russian Federation and Kazakhstan being the main markets for textile products.

Table 3. Export from the Kyrgyz Republic in 2020 to the EAEU Member States by EAEU HS Code



Source: National Statistical Committee. Foreign and mutual trade of goods of the Kyrgyz Republic for 2018, 2019 and 2020.

According to the portal "Foreign Trade of Russia",⁸ the import of textile products from the Kyrgyz Republic is not significant compared to key countries such as China and Bangladesh. It indicates that the Kyrgyz Republic's market share in the Russian textile market is 0.56 per

⁸ Russian-trade, "Foreign trade of Russia in 2020". Available at <https://russian-trade.com/reports-and-reviews/2021-02/vneshnyaya-torgovlya-rossii-v-2020-godu/> (accessed on 22 March 2021)

cent. The Russian Federation imports more products from the Republic of Uzbekistan, the Republic of Belarus and the Republic of Armenia than from the Kyrgyz Republic.

Table 4. The Kyrgyz Republic's share in the total imports of the Russian Federation.

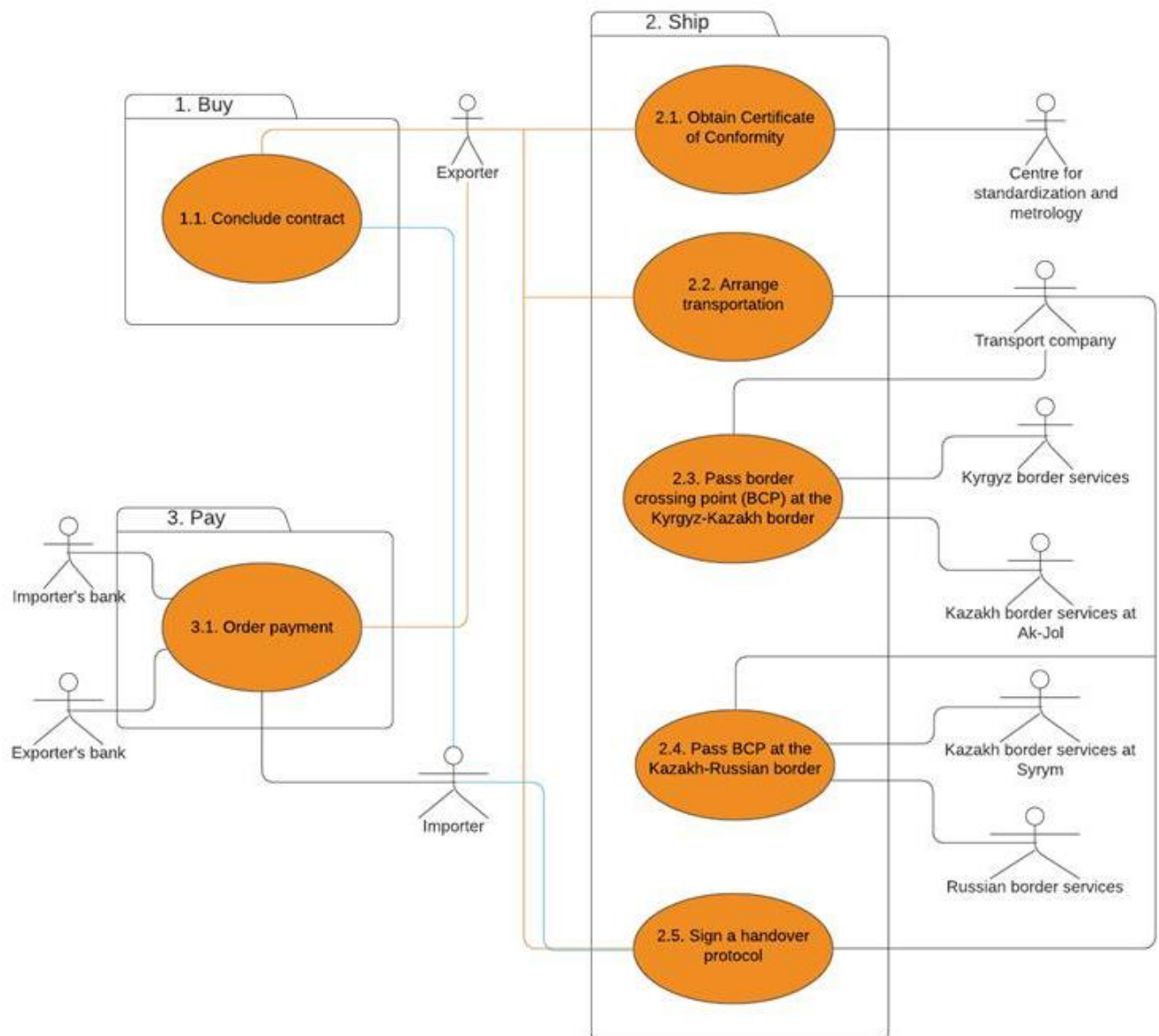
Category	The Kyrgyz Republic's share
61 - Apparel and clothing accessories, knitted or crocheted	0.76%
62 - Articles of apparel and clothing accessories, not knitted or crocheted	0.48%
63 - Textiles, made-up articles; sets; worn clothing and worn textile articles; rags	0.07%

Source: UNECE, based on Russian trade portal, "Foreign trade of Russia in 2020".

2.2. Use case diagram

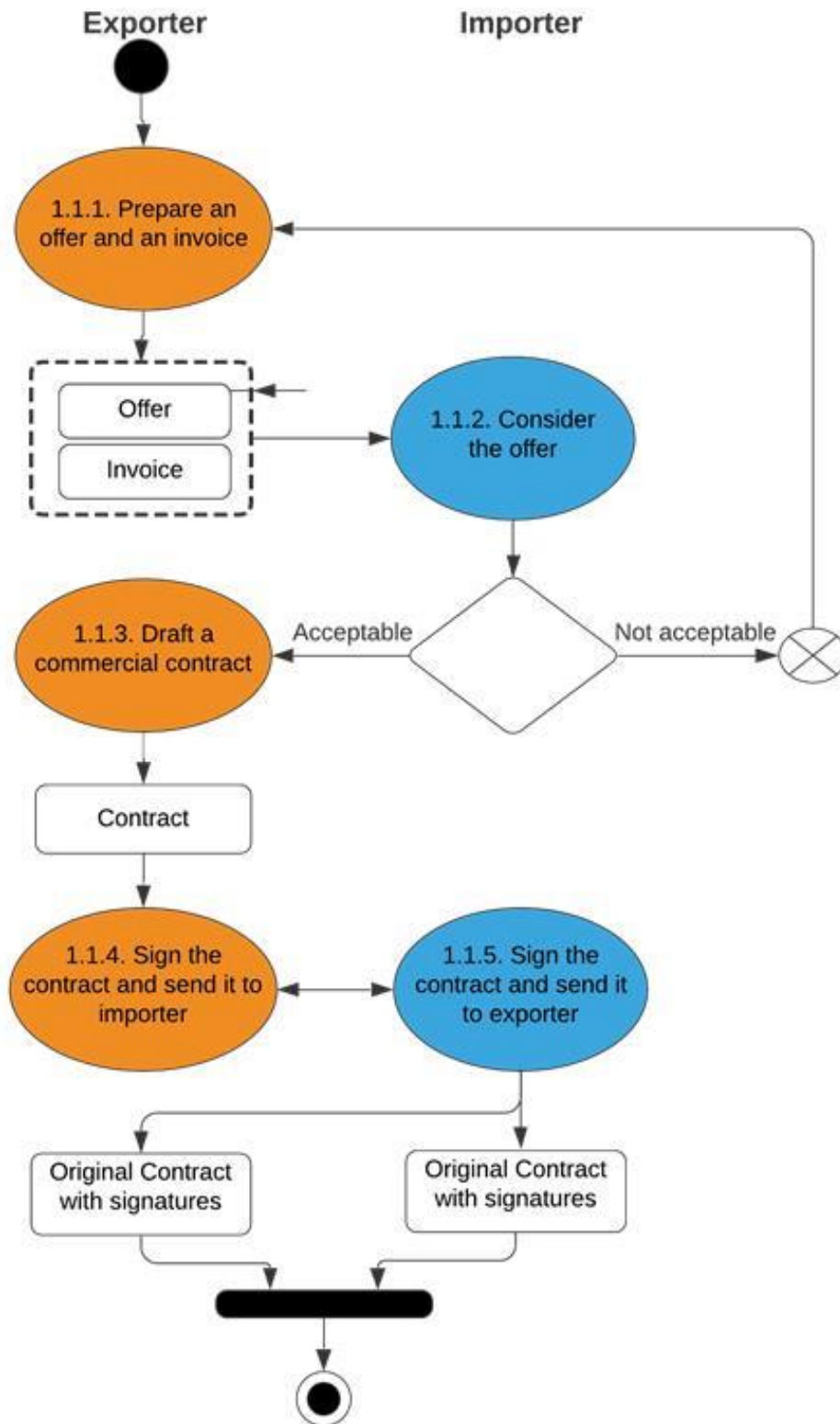
Figure 4 illustrates the “Use Case Diagram for export of textile products from the Kyrgyz Republic to the Russian Federation”. It shows there are 10 actors and 7 procedures for exporting textile products from the Kyrgyz Republic to the Russian Federation transiting through Kazakhstan.

Figure 4. Use Case Diagram for export of textile products from the Kyrgyz Republic to the Russian Federation



2.3. Process Area 1: Buy

Figure 5. Activity Diagram 1.1. “Conclude contract”



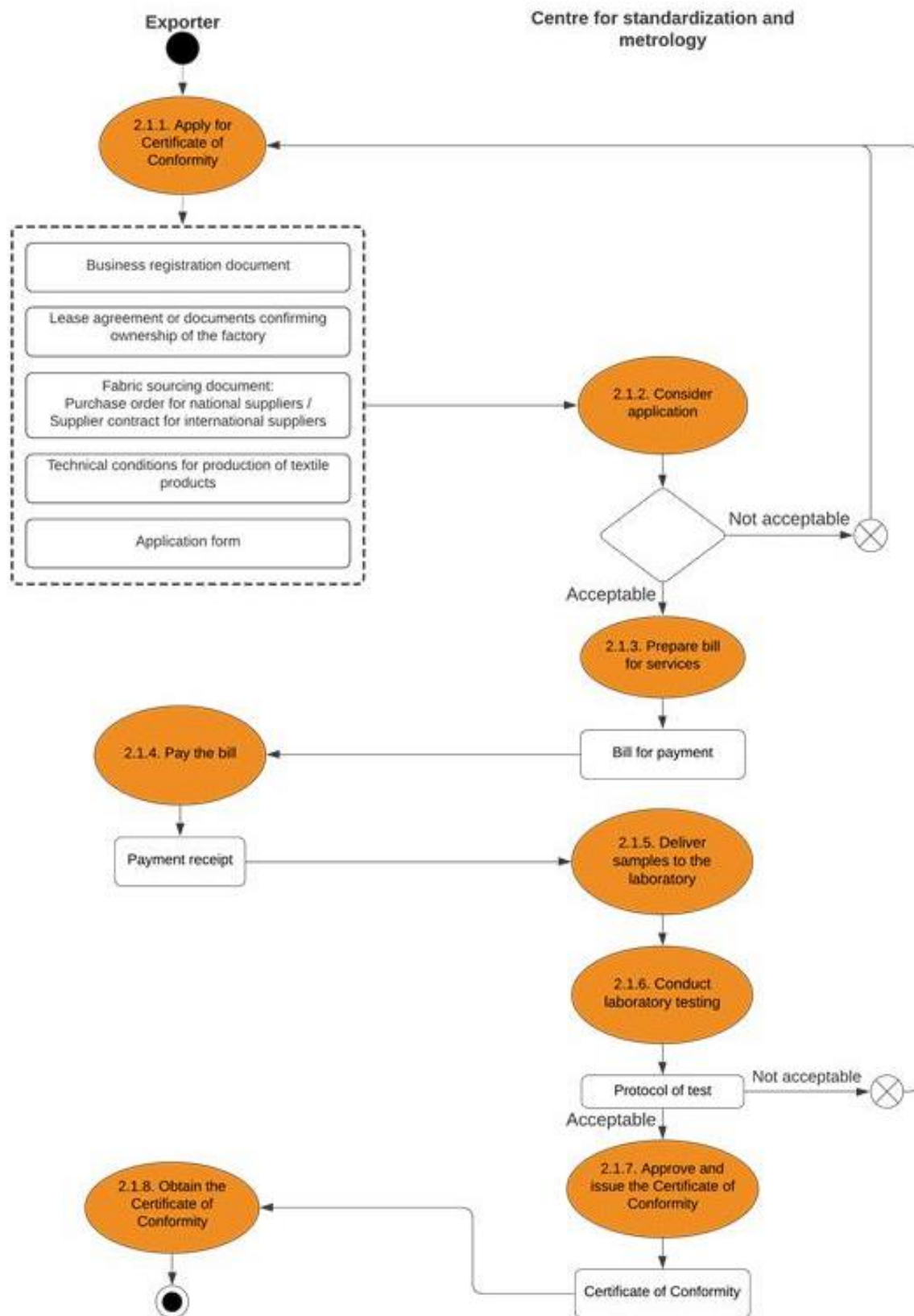
The name of a process area which this particular business process belongs to	1. Buy.
The name of a business process	1.1. Conclude contract.
Related rules and regulations	<ul style="list-style-type: none"> • Incoterms 2010. • Civil Code of the Kyrgyz Republic. • Civil Code of the Russian Federation. • EAEU Customs Code. • EAEU Tax legislation.
The name of responsible parties	<ul style="list-style-type: none"> • Exporter. • Importer.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Quality of exporting goods meets the EAEU requirements. • Importer indicates demand for textile products to the exporter. • Both sides exchanged legal requisites with each other including the Identical Number of Taxpayer, Act of Registration, legal address, copy of charter, banking account statement.
Procedures and associated documentary requirements to complete the process	<p>1.1.1. Exporter prepares an offer and an invoice for textile products including price and terms of delivery and sends it to the importer through an email or other means.</p> <p>1.1.2. Importer receives an offer and an invoice from exporter specifying product type and delivery terms. Importer evaluates exporter's price offer in terms of product's cost, quality, quantity and delivery terms.</p> <p>1.1.3. In case of consensus between both parties, Importer confirms intent to purchase, Exporter (or Importer) drafts a commercial contract.</p> <p>1.1.4. Exporter signs the contract and e-mails a scanned copy to Importer.</p> <p>1.1.5. Importer signs the contract and e-mails a scanned copy to Exporter.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> • The contract is signed by both sides. • Exporter prepared the shipment based on delivery schedule. • Importer received an invoice.

The average time required to complete the process and/or durations for each involved transaction	Average time: 1 day. ⁹
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⁹ 1 day in this BPA corresponds to an 8 hour working day.

2.4. Process Area 2: Ship

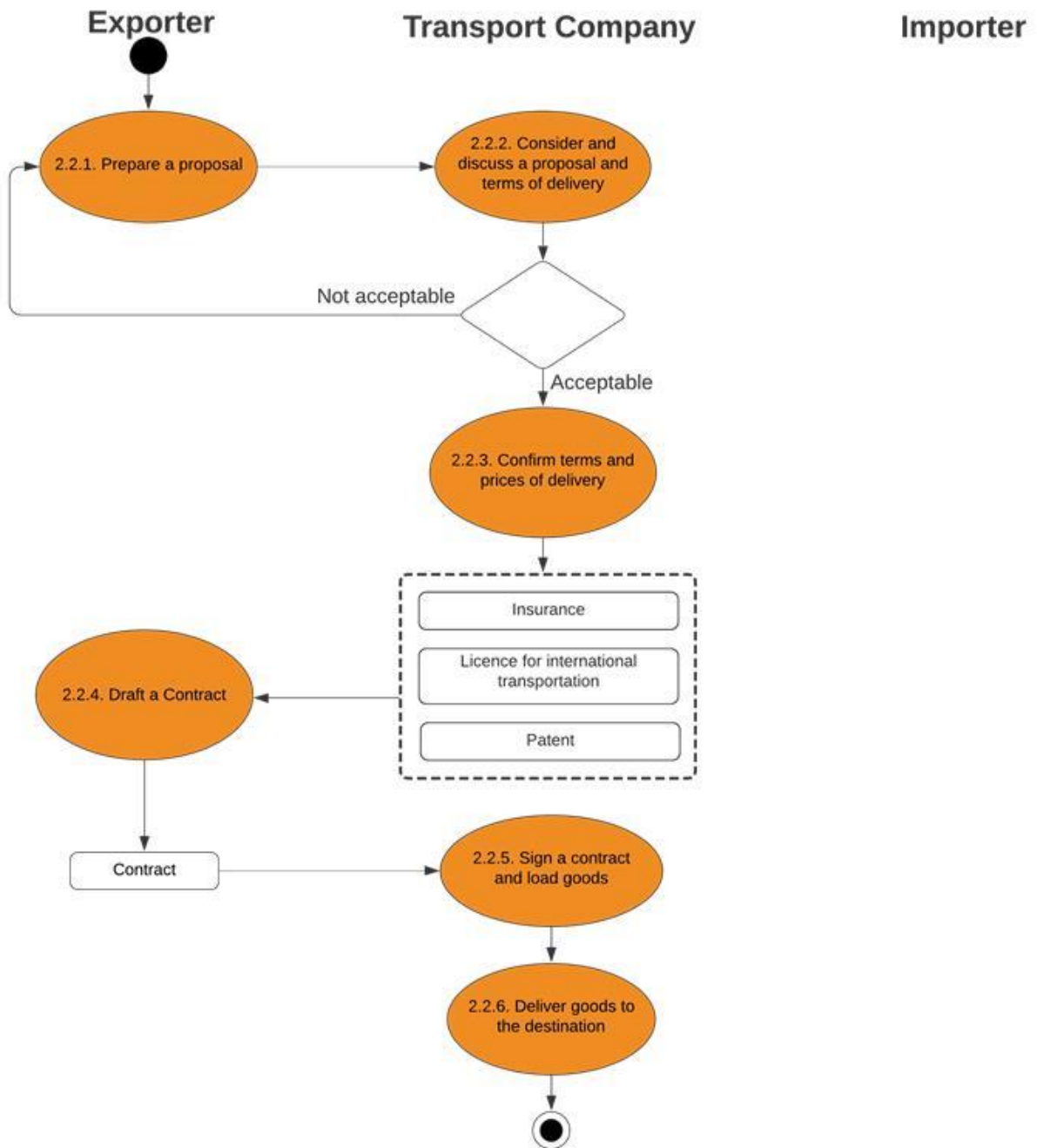
Figure 6. Activity Diagram 2.1. “Obtain Certificate of Conformity”



The name of a process area which this particular business process belongs to	2. Ship.
The name of a business process	2.1. Obtain Certificate of Conformity.
Related rules and regulations	<ul style="list-style-type: none"> • “Agreement on the Unified Principles and Rules of Technical Regulation in the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation”, of 18 November 2010. • “On Security of the Light Industry Products” (amended 9 of August 2016), approved by the Decision of the Customs Union, of 9 December 2011, No. 876. • “Single List of Products Subject to Obligatory Conformity with Issue of Conformity Certificates and Declarations of Conformity According to Unified Form”, approved by the Decision of the CU Commission, of 7 April 2011, No. 620. • “Procedure for Appointment of Customs Expertise, Taking Samples During Customs Examination” approved by the Resolution of the Government of the Kyrgyz Republic, of 13 February 2020, No. 79. • Law of the Kyrgyz Republic “On Customs Regulation”. • Customs Code of the Eurasian Economic Union, chapter 53 “On the Mandatory Confirmation of the Conformity of Products in the Form of a Declaration of Conformity”, approved by the Resolution of the Government of the Kyrgyz Republic, of 28 January 2019, No. 20.
The name of responsible parties	<ul style="list-style-type: none"> • Centre for standardization and metrology of the Ministry of the Economy. • Exporter.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has a signed a contract (1.1.). • Exporter has the business registration document, a lease agreement or documents confirming ownership of the factory, sourcing documents of raw materials (fabrics). • The textile product belongs to the Single List of Products Subject to Obligatory Conformity with Issue of Conformity Certificates and Declarations of Conformity according to Unified Form.

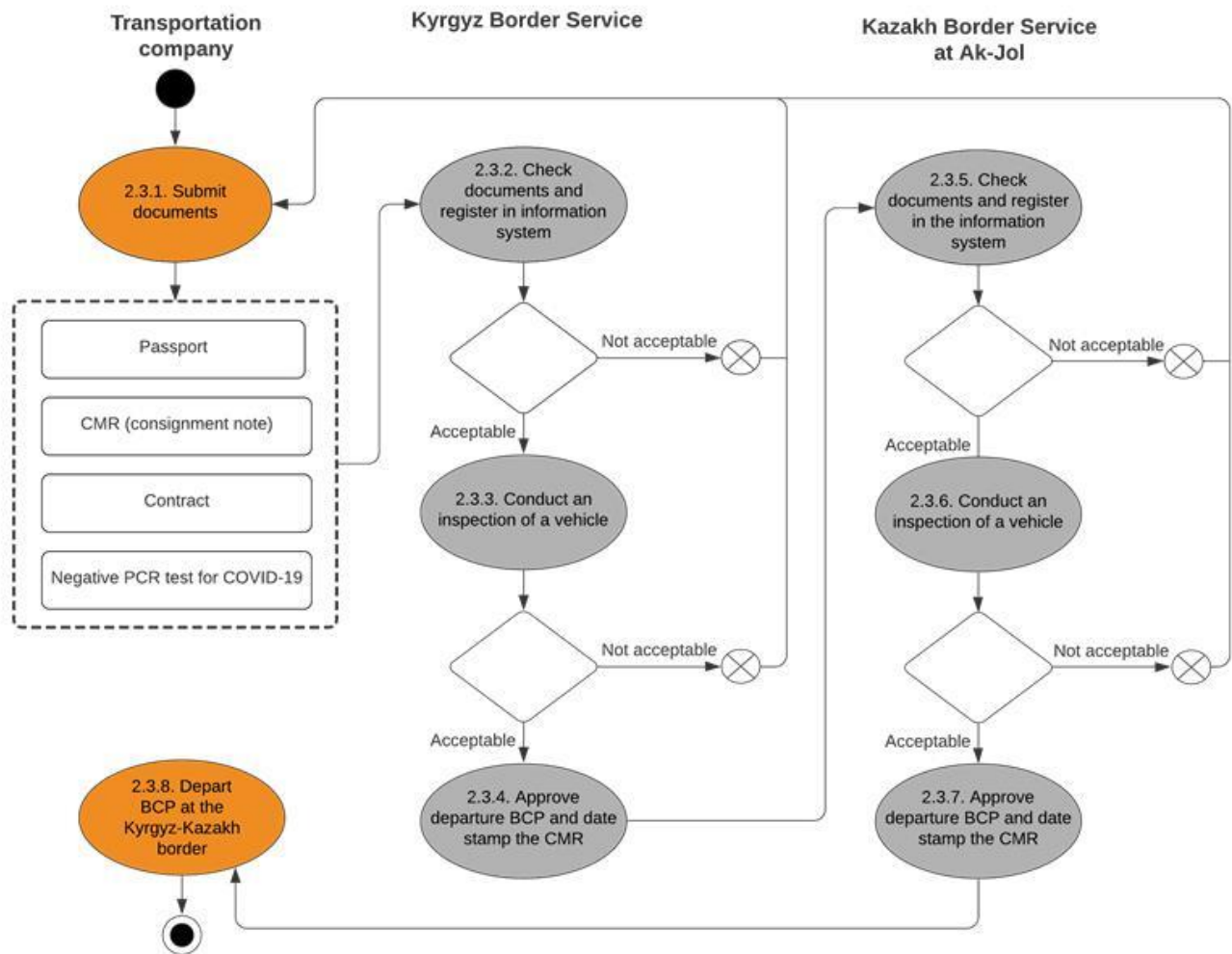
Procedures and associated documentary requirements to complete the process	<p>2.1.1. Exporter applies to obtain a Certificate of Conformity with a copy of the following documents:</p> <ul style="list-style-type: none"> • Business registration document; • Lease agreement or documents confirming the ownership of the factory; • Sourcing documents for raw materials (fabrics) - If the exporter has an international supplier, the contract should be provided. If fabrics were bought in the national market – a purchase order should be provided; • Application form. <p>2.1.2. A specialist of the Centre for standardization and metrology considers the application and the accompanying documents.</p> <p>2.1.3. If the application and the accompanying documents are in order, an expert determines a certain certification scheme and issues an invoice for payment according to the price list for services.</p> <p>2.1.4. Exporter pays according to the invoice.</p> <p>2.1.5. An expert of the Centre for standardization and metrology collects samples from the production entity and delivers them to the laboratory. Exporter must cover the expert's travel.</p> <p>2.1.6. The Centre for standardization and metrology conducts laboratory tests.</p> <p>2.1.7. If the indicators in the Protocol of test meet the requirements of the EAEU technical regulations, the Centre for standardization and metrology issues a Certificate of Conformity. If the indicators do not meet the requirements – Exporter can apply again.</p> <p>2.1.8. Exporter obtains the Certificate of Conformity.</p>
Output and criteria to exit the business process	The exporter obtains the Certificate of Conformity.
The average time required to complete the process and/or durations for each involved transaction	<p>Average time 25 days (minimum 7 days and maximum 45 days)</p> <p>If the fabrics (raw materials) are made from chemical products, the samples are sent to the laboratory in Almaty once a week. It takes 10–40 days to obtain the protocol of the test.</p> <p>In case fabrics do not contain chemical products, the samples are sent to the national laboratory, which takes approximately 5–10 days depending on the type of testing.</p> <p>According to the Centre for standardization and metrology, the testing procedure and issue the Certificate of Conformity costs 4371 KGS and higher for one sample. According to exporters, the procedure of expertise, conducted in Almaty, costs 12,000–20,000 KGS for one sample.</p>

Figure 7. Activity Diagram 2.2. “Arrange transportation”



The name of a process area which this particular business process belongs to	2. Ship.
The name of a business process	2.2 Arrange transportation.
Related rules and regulations	<ul style="list-style-type: none"> • International agreement on transportation within the Eurasian Economic Union. • Agreement on the Customs Code of the Eurasian Economic Union. • Law of the Kyrgyz Republic “On Customs Regulation”. • Law of the Kyrgyz Republic “On Automobile Transportation”. • Tax Code of the Kyrgyz Republic.
The name of responsible parties	<ul style="list-style-type: none"> • Exporter. • Transport company. • Importer.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • A contract is signed by the importer and the exporter. • Exporter has prepared the shipment according to the contract. • Transport company has an insurance for goods, license for international transportation, and a patent for carrying delivery to the Russian Federation.
Procedures and associated documentary requirements to complete the process	<p>2.2.1. Exporter prepares a proposal for the transport company.</p> <p>2.2.2. The transport company considers terms of transportation. The terms and conditions are negotiated between both parties.</p> <p>2.2.3. The transport company confirms the quotation and submits the documents necessary for concluding a contract for the delivery of goods to the Russian Federation. According to the EAEU’s legislation on transportation, there is no requirement for the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR) within the Union.</p> <p>2.2.4. Exporter drafts a standard contract for transportation including all relevant issues discussed with the transport company.</p> <p>2.2.5. Transport company signs the contract and loads the vehicle at the exporter’s warehouse.</p> <p>2.2.6. Transport company delivers goods to the place of destination.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> • Contract on transportation is signed by both parties. • Payment received by the carrier. • Cargo is delivered to the place of destination according to the contract.
The average time required to complete the process and/or durations for each involved transaction	<p>Average time: 6 days (minimum 5 days, maximum 7 days)</p> <p>Cost: 1200 US\$ for a 20 tons truck.</p>

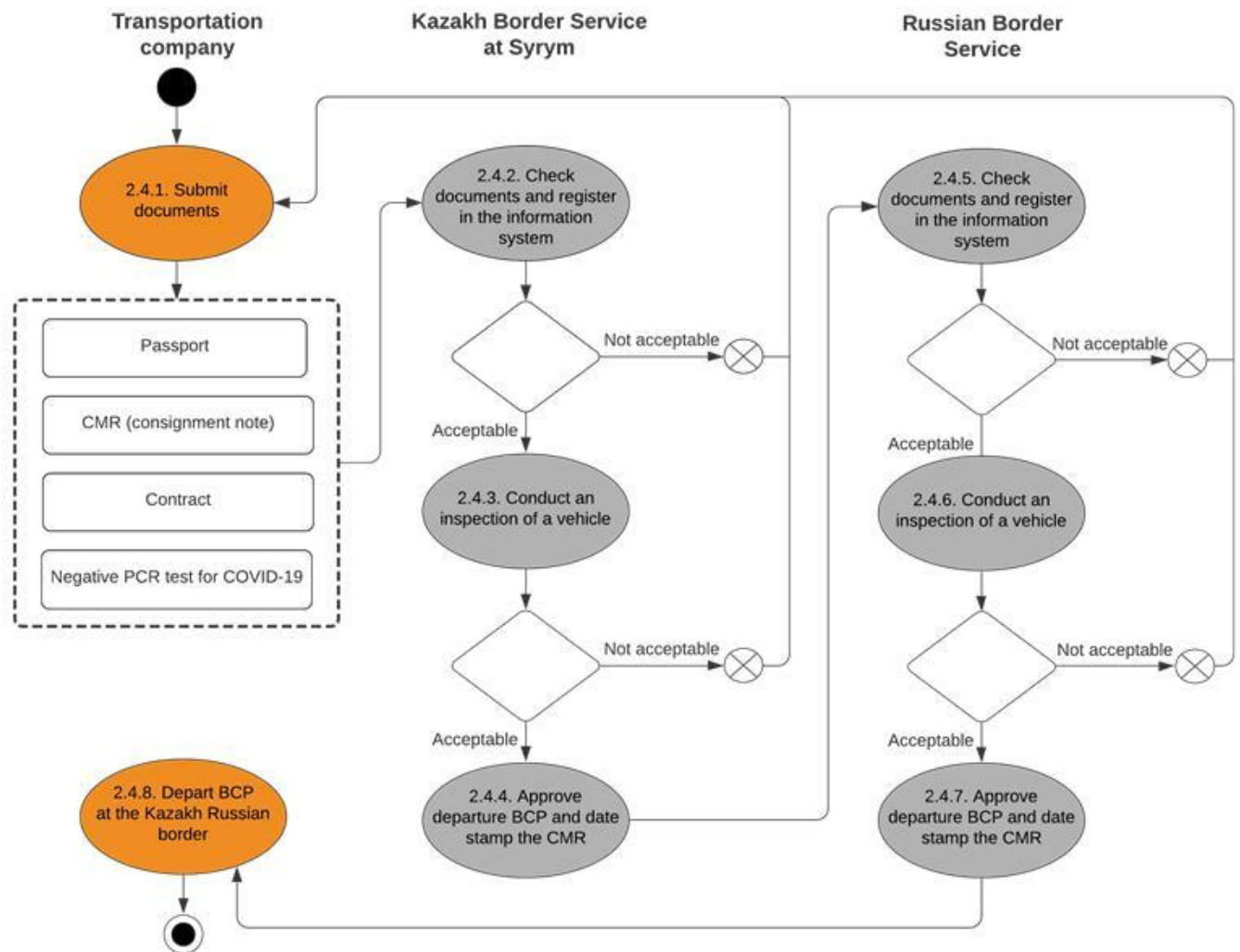
Figure 8. Activity Diagram 2.3. “Pass BCP at the Kyrgyz Kazakh (Ak-Jol) border”



The name of a process area which this particular business process belongs to	2. Ship.
The name of a business process	2.3. Pass Border Crossing Point (BCP) at the Kyrgyz Kazakh (Ak-Jol) border.
Related rules and regulations	<ul style="list-style-type: none"> • Resolution of the Chief Sanitary Doctor "On further strengthening measures to prevent coronavirus infection at checkpoints on the state border of the Republic of Kazakhstan", of 23 October 2020 and amendments to it made on 27 October 2020 (on providing a medical certificate with a negative test result for COVID-19). • Agreement "Protocol on the Procedure for Levying Indirect Taxes and Control Over Payment When Exporting and Importing Goods, Performing Work, Rendering Services". • Regulation "On the State Border Service of the Kyrgyz Republic", approved by the Resolution of the Government of the Kyrgyz Republic from 10 December 2012, No. 814. • Law of the Kazakh Republic on Border Service of the National Security Committee of the Kazakh Republic", 13 January 1993, No. 1874-XII.
The name of responsible parties	<ul style="list-style-type: none"> • Kyrgyz Border Service. • Kazakh Border Service at Ak-Jol. • Transportation company.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Border control at BCP is conducted, the procedure of crossing the border is completed.
Procedures and associated documentary requirements to complete the process	<p>2.3.1. Transportation company on behalf of exporter submits documents about the truck, goods and personnel documents to an officer at the Kyrgyz Border Service.</p> <p>2.3.2. Officer of the Kyrgyz Border Service checks the documents and registers them in the information system. If the documents do not comply with the physical inspection, or there is another violation of the passport control regime, transportation company will be rejected to leave the territory of the Kyrgyz Republic.</p> <p>2.3.3. Officer of the Kyrgyz Border Service inspects the vehicle. If there is a violation of legislation relating to crossing the state border of the Kyrgyz Republic, the truck may be detained until the circumstances are clarified.</p> <p>2.3.4. Officer of Kyrgyz Border Service approves the departure from the territory of Kyrgyz Republic and stamps 2 originals of Convention on the Contract for the International Carriage of Goods by Road (CMR) with a date of leaving the country. One CMR is returned to the transportation company.</p>

	<p>2.3.5. Transportation company leaves the territory of the Kyrgyz Republic.</p> <p>2.3.6. Transportation company submits to officer of Kazakh Border Service at Ak-Jol a negative PCR test for COVID-19 as well as the documents for truck, goods and personnel documents.</p> <p>2.3.7. Officer of the Kazakh Border Service at Ak-Jol, according to the amendments made to the Resolution of the Chief Sanitary Doctor of the Republic Kazakhstan of 27 October 2020, is obliged to check that:</p> <ul style="list-style-type: none"> - all arriving persons, when crossing the state border of the Republic of Kazakhstan, submit a Certificate with a negative PCR test for COVID-19, the date of the test should not exceed more than 3 days from the time of crossing the state border of the Republic of Kazakhstan. If there is no Certificate, transportation company will be rejected to enter the country. - if documents do not comply with physical inspection, or there is another violation of the passport control regime, exporter's representative are rejected to leave the territory of the Kyrgyz Republic. <p>2.3.8. Officer of the Kazakh Border Service at Ak-Jol inspects the vehicle. If there is a violation of legislation relating to crossing the state border of the Republic of Kazakhstan, the vehicle may be detained until circumstances are clarified.</p> <p>2.3.9. Officer of the Kazakh Border Service at Ak-Jol approves the entry to the territory of the Republic of Kazakhstan and stamps 2 originals of CMR (consignment note) with a date of entering. One CMR is returned to transportation company.</p> <p>2.3.10. Transportation company enters the territory of the Republic of Kazakhstan.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> • Exporter (representative) passes border crossing control and has all necessary shipping documents.
The average time required to complete the process and/or durations for each involved transaction	<p>Average time: 1 day. COVID-19 test: 20 US\$.</p>

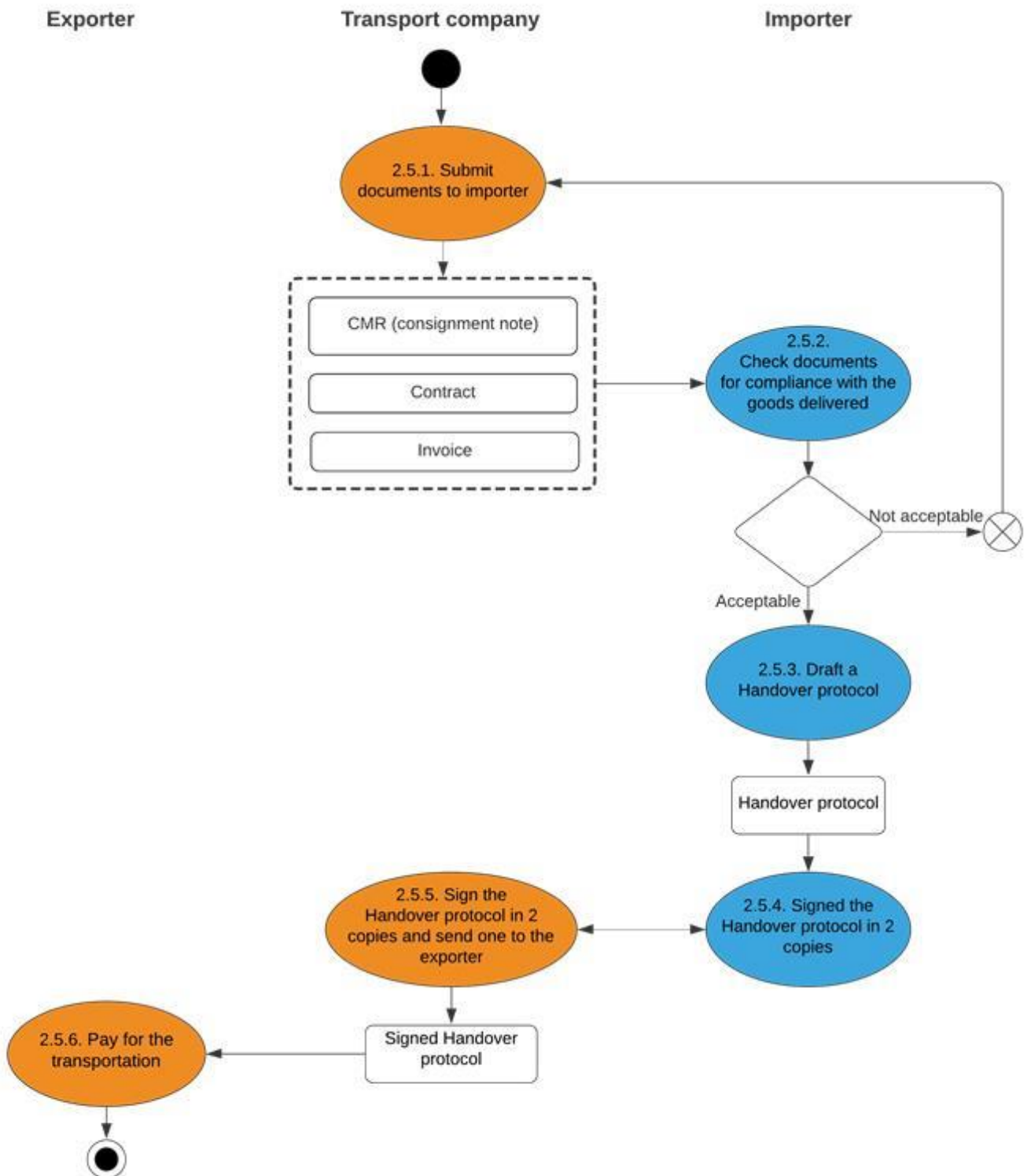
Figure 9. Activity Diagram 2.4. “Pass Border Crossing Point at the Kazakh- Russian border”



The name of a process area which this particular business process belongs to	2. Ship.
The name of a business process	2.4. Pass Border Crossing Point at the Kazakh- Russian border.
Related rules and regulations	<ul style="list-style-type: none"> • The Federal Law of the Russian Federation "On the Sanitary and Epidemiological Welfare of the Population", 30 March 1995 N53-F3. • The Resolution of the Chief Sanitary Doctor of the Russian Federation "On Ensuring Isolation in order to Prevent the Spread of COVID-2019". • The Resolution of the Chief Sanitary Doctor of the Republic of Kazakhstan "On further strengthening measures to prevent coronavirus infection at checkpoints on the state border of the Republic of Kazakhstan", of 23 October 2020, and amendments to it made on 27 October 2020 (on providing a medical certificate on negative test results of Covid-19). • The EAEU Agreement "Protocol on the Procedure for Levying Indirect Taxes and Control Over Payment When Exporting and Importing Goods, Performing Work, Rendering Services. • Law of the Russian Federation “On Border Service of the Russian Federation”, of 4 May No. 55-F3. • Law of the Kazakh Republic “On Border Service of the National Security Committee of the Kazakh Republic”, 13 January 1993, No. 1874-XII.
The name of responsible parties	<ul style="list-style-type: none"> • Kazakh Border Service at Syrym. • Russian Border Service. • Transportation company.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Border control at BCP is conducted and the procedure of crossing the border is completed.

Procedures and associated documentary requirements to complete the process	<p>2.4.1. Transportation company submits documents for a truck, goods and personal documents to an officer of Kazakh Border Service at Syrym.</p> <p>2.4.2. Officer of Kazakh Border Service at Syrym checks the documents submitted including the negative PCR test for COVID-19. If the documents do not comply with physical inspection, or there is another violation of the passport control regime, transportation company will be rejected to leave the territory of the Republic of Kazakhstan.</p> <p>2.4.3. Officer of Kazakh Border Service at Syrym inspects the vehicle. If there is a violation of legislation relating to crossing the state border of the Republic of Kazakhstan, a vehicle may be detained until circumstances are clarified.</p> <p>2.4.4. Officer of Kazakh Border Service at Syrym approves a departure from the territory of the Kazakh Republic and date stamps at 2 originals of CMR. One CMR is given back to transportation company.</p> <p>2.4.5. Transportation company leaves the Republic of Kazakhstan.</p> <p>2.4.6. Transportation company submits to an officer of the Russian Border Service a Medical Certificate with a negative PCR test for COVID-19, as well as truck, goods and personnel documents.</p> <p>2.4.7. Officer of the Russian Border Service checks the certificate for negative PCR test for COVID-19, if transportation company does not submit the test certificate, they will be rejected to enter the country. Officer of the Russian Border Service checks other documents submitted. If documents do not comply with physical inspection, or there is another violation of the passport control regime, transportation company will be rejected to enter the territory of the Russian Federation.</p> <p>2.4.8. Officer of the Russian Border Service inspects the vehicle. If there is a violation of legislation relating to crossing the state border of the Republic of Kazakhstan, the vehicle may be detained until circumstances are clarified.</p> <p>2.4.9. Officer of the Russian Border Service approves the entry to the territory of the Russian Federation and date stamps 2 originals of CMR. One CMR is returned to transportation company.</p> <p>2.4.10. Transportation company enters the territory of the Russian Federation.</p>
Output and criteria to exit the business process	Transportation company passes the border crossing point and enter the country of destination.
The average time required to complete the process and/or durations for each involved transaction	Average time: 4 hours.

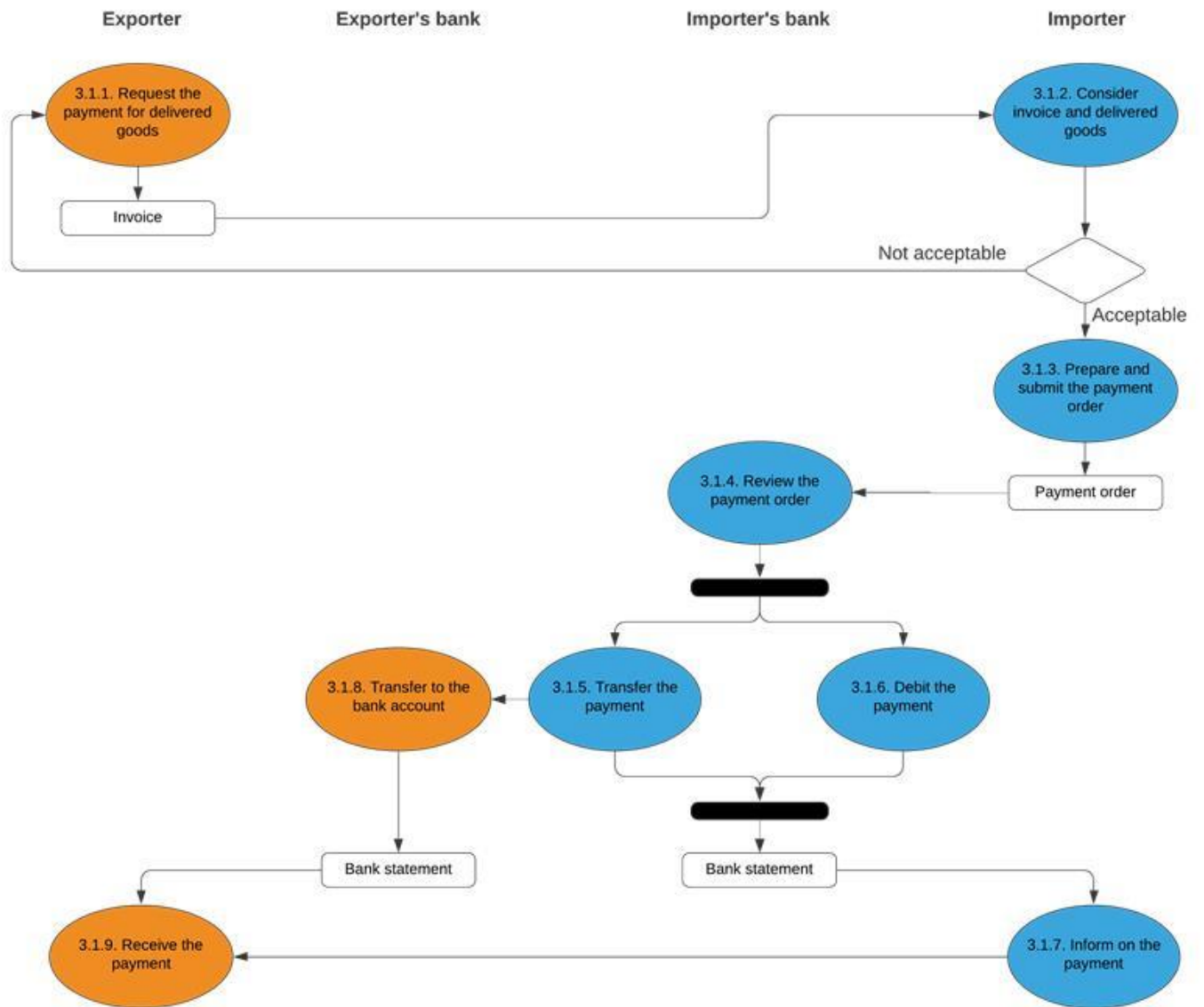
Figure 10. Activity Diagram 2.5. “Sign a handover protocol”



The name of a process area which this particular business process belongs to	2. Ship.
The name of a business process	2.5. Sign a handover protocol.
Related rules and regulations	<ul style="list-style-type: none"> • Civil Code of the Kyrgyz Republic. • Civil Code of the Russian Federation.
The name of responsible parties	<ul style="list-style-type: none"> • Transportation company. • Importer. • Exporter.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Transportation company delivered the goods to the place of destination. • Shipment documents are in order.
Procedures and associated documentary requirements to complete the process	<p>2.5.1. Transportation company submits the documents (contract, invoice, CMR) to Importer.</p> <p>2.5.2. Importer checks the compliance of the documents with the goods delivered. If the goods are in order, Importer drafts the handover protocol. If goods are missing, or not of good quality, the importer rejects to accept the goods.</p> <p>2.5.3. Importer drafts a handover protocol. The protocol contains the following:</p> <ul style="list-style-type: none"> • place and date of drafting the protocol; • detailed information about the persons who deliver the goods: last names, first names, citizenship, passport data, as well as their addresses and contact numbers; • a complete list of goods received, which includes goods' quantity and quality. <p>2.5.4. The importer signs two original handover protocols.</p> <p>2.5.5. Transport company signs two original handover protocols, travels back to the Kyrgyz Republic and gives one of them to the exporter.</p> <p>2.6.6. Exporter pays for transportation.</p>
Output and criteria to exit the business process	<ul style="list-style-type: none"> • Handover protocol is signed.
The average time required to complete the process and/or durations for each involved transaction	Average time: 1 day.

2.5. Process Area 3: Pay

Figure 11. Activity Diagram 3.1. "Order payment"



The name of a process area which this particular business process belongs to	3. Pay.
The name of a business process	3.1. Order payment.
Related rules and regulations	<ul style="list-style-type: none"> • INCOTERMS. • Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic, banks and banking activity” (Entered into force by the Law of the Kyrgyz Republic from 16 December 2016 No. 207). • Federal Law “On Banks and banks activity”, of December 2, 1990, N395-1, amended on 14 June 2020.
The name of responsible parties	<ul style="list-style-type: none"> • Exporter. • Importer. • Exporter’s bank. • Importer’s bank.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Transportation company delivered goods and provided a set of documents with an importer per the terms of the contract and delivery schedule. • Transportation Company and Importer signed the handover protocol and sent it to an exporter. • Importer received goods. • Importer has the necessary amount on the account.
Procedures and associated documentary requirements to complete the process	<p>3.1.1. After delivering the goods, the exporter requests payment by sharing the invoice for payment.</p> <p>3.1.2. Importer considers the invoice for payment.</p> <p>3.1.3. If there is no discrepancy in the sum requested by Exporter and other violations of contract terms, then the importer prepares and submits the payment order to the bank.</p> <p>3.1.4. Bank officer reviews the payment order and charges the Importer’s account.</p> <p>3.1.5. A representative of the importer’s bank transfers the payment.</p> <p>3.1.6. Simultaneously the bank officer debits the importer’s account for the sum of the payment and charges for the transfer.</p> <p>3.1.7. Importer informs the exporter about the payment transfer.</p> <p>3.1.8. Exporter’s bank accepts the transfer made by an importer’s bank and transfers the payment to the banking account of an exporter. Exporter’s bank informs the client about payment receipt by sending a bank statement.</p> <p>3.1.9. Exporter receives the payment.</p>
Output and criteria to exit the business process	Exporter received the payment in accordance with the billed invoice for payment.

The average time required to complete the process and/or durations for each involved transaction	Average time: 3 days. Bank fees: 1 US\$ for each 2500 US\$ transfer.
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2.6. Time-procedure chart and cost-procedure chart

Figure 12 shows the average time associated with all business processes related to the export of textile products from the Kyrgyz Republic to the Russian Federation. On average, the total process takes 37.6 days with the most time spent on obtaining the certificate of conformity. The second most time-consuming process is arranging transportation, which takes six days.

Figure 12. Time-procedure chart

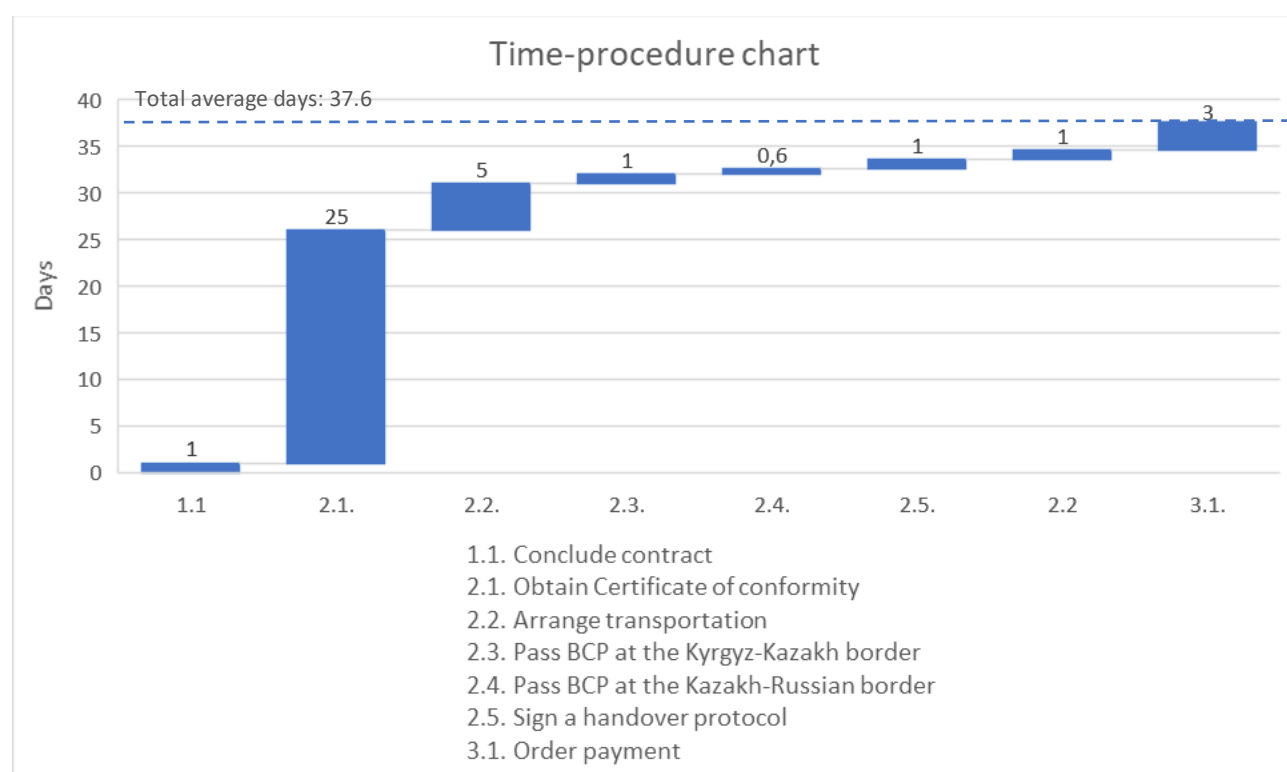
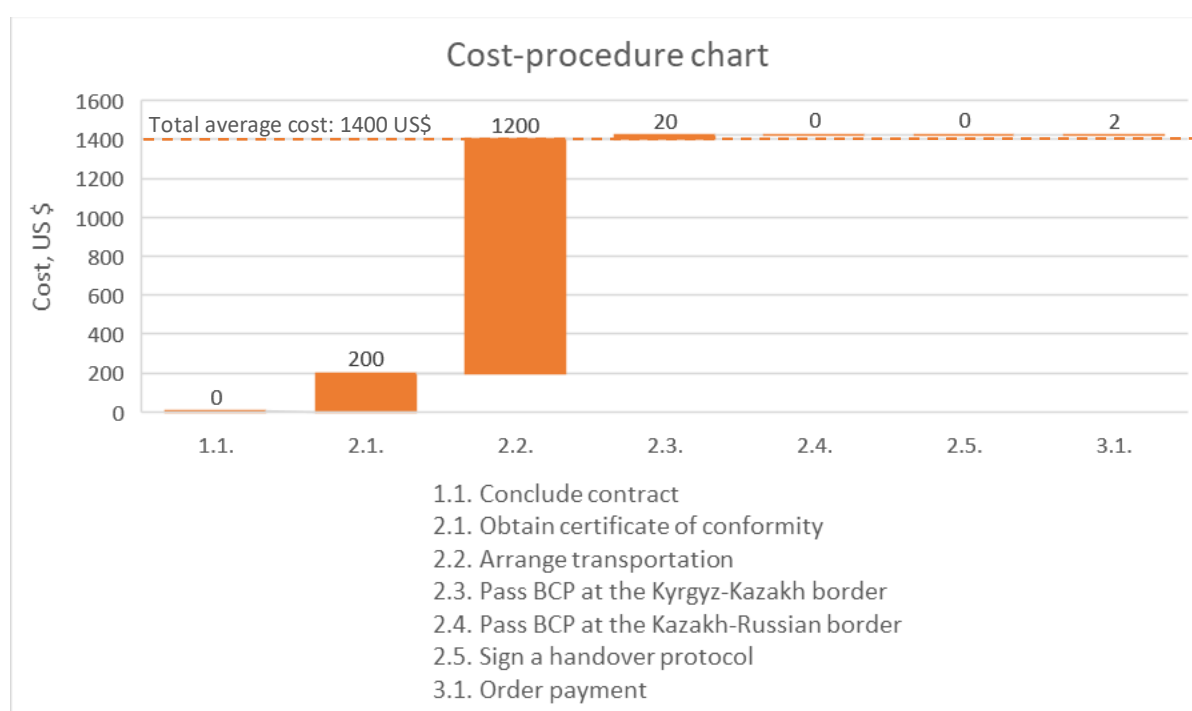


Figure 13 shows the total cost of export of textile products from the Kyrgyz Republic to the Russian Federation, which is on average 1400 US\$. Payment of transport is the highest cost and is 85 per cent of the total cost of export. This amount includes the cost of petrol, salary for a driver, insurance of goods.

Figure 13. Cost-procedure chart



3. Diagnosis of bottlenecks and recommendations for streamlining trade processes

Table 5 provides a diagnosis of bottlenecks related to procedural requirements, data and documentary requirements, transparency or predictability, and recommendations for improvement.

Table 5. Summary of bottlenecks for export of garment and textile products to the Russian Federation

Core business processes	Observations			Recommendations
	Procedural requirements	Data and documentary requirements	Transparency / predictability	
1. Buy				
1.1. Conclude contract	The procedure is relatively simple. Before signing a contract, the parties negotiate all details and sign a contract electronically, by scanning and using e-mails.	A contract specifies all details of both parties: full name of a legal entity, a legal and an actual address, bank details and terms of delivery.	The procedure is transparent.	
2. Ship				
2.1. Obtain Certificate of Conformity	There are multiple steps needed to be completed, leading to significant time delays. The testing requirements vary depending on the type of chemicals used in the fabrics of the products. The documentary requirements also vary slightly based on the sourcing (national or international) of the raw materials.	The EAEU legislation on current requirements on technical regulations is complicated. There are four types of documents required for the application to obtain the Certificate of Conformity. One type of document is related to raw material sourcing and there could be multiple documents proving the sources of the raw materials. Only if the documentation is correct, a sample is collected from the exporter's factory by a representative of the certification body. This may take more time instead of the exporter bringing the sample to the laboratory. If the fabrics contain chemicals, the	The procedure for obtaining a certificate of conformity for textile products is very lengthy. Since synthetic materials are used in the production of most products, there is a need for a special test, which is carried out in laboratories in Kazakhstan, in particular, Almaty. It takes, according to entrepreneurs who work in this area, up to 30 days, most of which is waiting for transportation and transportation itself. According to certification bodies, it takes 15 days. The	It is necessary to open laboratories in the Kyrgyz Republic for testing all types of fabrics, including synthetic ones. It is necessary to speed up the process of delivery of the samples to Almaty for testing, by introducing an online application for obtaining the certificate and opening free consultation centres.

		<p>samples are sent to the laboratory in Almaty once a week. If the fabrics do not contain chemicals, there are sent to a National Testing Centre.</p> <p>The Centre for Standardization and Metrology gives consultations on a paid basis.</p>	time required for this step is difficult to predict.	
2.2. Arrange transportation	The procedure of delivery of goods to the place of destination is clear.	Neighbouring countries introduced new requirements for drivers crossing the border to prevent the spread of the COVID-19 virus in March 2020.	The procedure is clear, but not predictable due to the COVID-19 pandemic.	The Ministry of Transport of the Kyrgyz Republic should inform international carriers in advance on changes in legislation related to border crossing procedures (national and international).
2.3. Pass BCP at the Kyrgyz Kazakh border	The procedure is clear. The risk assessment system is not in place at the Kyrgyz-Kazakh border, leading to an inspection of all cars and trucks. Scanning is followed by a dog search. There are no separate lanes for trucks, leading to higher waiting times. Interviewees reported heated conversation following the search, allegedly leading to disassembling of a truck and encouraging informal	The procedure for crossing the Kazakh border is constantly changing.	Transit can create hurdles due to frequent change of legislation in a transit country. For example, an introduction of the mandatory submission of a Medical Certificate for a negative PCR test of COVID-19 at the Kazakh border the introduction leads to long queues from the Kyrgyz side. Although the border guards of Kazakhstan refer to the decree of the chief physician of the	The Ministry of Health of the Republic of Kazakhstan should publish information in advance about new requirements regarding persons arriving in the Republic of Kazakhstan through the border crossing points across the state border of the Republic of Kazakhstan on railway, sea, river transport and road, in advance to prevent

	payments. Delays of 3-5 days are possible.		Republic of Kazakhstan (dated 23 November 2020 with changes from 11/27/2020), there should be advance information exchange between the states on introducing new border requirements for foreign drivers.	confusion, queues at the borders, and increased costs. A mechanism for exchange information between the neighbouring countries during emergencies (COVID-19) should be developed.
2.5. Pass BCP at the Kazakh Russian border	The procedure is clear.	TIR book is not required any more within the EAEU Member States.		An electronic system on confirmation of crossing the border should be introduced instead of stamping CMR at the border by Border Services.
2.5. Sign a handover protocol	The more details are described in the contract, the easier it is to conduct handover of goods from the transport company to the importer.	There are three types of documents required – sale contract, CMR (consignment note), and invoice. All of these documents have information about the products and their details, duplicating the same information in several documents. The invoice deems unnecessary.	The procedure is transparent but there is information redundancy, which could be avoided.	Only CMR and the contract could suffice for issuing a handover protocol.
3. Pay				
3.1. Order payment	The procedure is clear. As soon as an exporter is informed about the delivery of the goods to the importer, a payment order is issued without delay.	The exporter resends the invoice requesting the payment after the delivery.	The procedure is transparent.	

4. Conclusion

Landlocked countries like the Kyrgyz Republic face serious challenges such as delays and increased costs due to legal, administrative, customs or technical barriers. The COVID-19 pandemic only exacerbated the problems and emphasized the importance of trade facilitation.

Given the analysis of the bottlenecks and recommendations for the export of textile products, this report suggests the following improvements:

- **Introduce an online application for obtaining the Certificate of Conformity**

The advantages of applying and submitting documents online for a Certificate of Conformity are enormous. Firstly, the applicant does not have to physically come to the certification body. Secondly, the certification bodies can check all the documents, register the manufacturer online, notify the applicant of the decision made and request the payment.

- **Improve the testing procedure**

The analysis showed that testing is the most consuming process. This study suggests increasing the frequency of delivery of goods for testing to Kazakhstan and establishing national laboratories for testing for all types of goods. In addition, in the current situation, the collection of samples can also be made simpler by allowing the exporter to bring the samples to the laboratory. This will reduce the time for the representative of the Certification Body to arrive at the factory premises.

- **Ensure access to accurate information on introducing new requirements for border crossing procedures and documents with neighbouring countries**

The Ministry of Transport of the Kyrgyz Republic should inform the national drivers and carriers regarding changes related to crossing the border in advance to avoid confusion of what documentations are required at the border.

- **Introducing e-CMR within the EAEU countries**

An electronic system of confirmation of crossing the border should be introduced instead of stamping the CMR (consignment note) at the border by the Border Service, which is required for VAT collection. The e-CMR mechanism will guarantee the accuracy of the transmitted information, its transparency and the ability to track changes. It will simplify the workflows at the customs and reduce the time and cost. It is recommended that the Kyrgyz Republic should join the Additional Protocol of the CMR Convention as the Russian Federation, Uzbekistan and Tajikistan are part of it. Joining this protocol will allow requests, declarations, instructions, requests, reservations or other documents to be submitted in electronic form.

- **Improve exchange information between neighbouring countries**

Greater exchange of information between the neighbouring countries and the Kyrgyz Republic is deemed necessary, especially for crossing the Border Control Points. This is important during the COVID-19 pandemic or a similar crisis, where authorities in different countries introduce restrictive measures, leading to new requirements for traders. Creating such an information-sharing system would allow easier access to information for traders. This would include, for example, a warning of the introduction of the obligatory COVID-19 test requirement.

- **Other strategic considerations**

The COVID-19 situation exposed **the importance of producing local fabrics**, and not only depending on the importation of raw materials from neighbouring countries. For example, China is one of the main suppliers of raw materials for the production of textile products and amounts to 40 per cent of the country's total imports. Due to the coronavirus pandemic, the Kyrgyz-Chinese border was closed in 2020, interrupting the supply of textiles and hence impacting the export sector.

To promote local production and improve the quality of the Kyrgyz textile, the government can promote recruiting employees formally and providing support to the employers and employees. SMEs can benefit from joining a union that provides childcare, while employers should support the learning of the employees by encouraging retainment. Through capacity building workshops, employees can improve skills and awareness of new technologies.

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