

willingness to finance trade with perishable goods such as dairy products.

Material and methods of research. The methodology adopted for identification of Obstacles of the first component is essentially divided into seven main stages:

* assembling and analysing the statistical data [1] on the intra-regional/international trade bilateral trade for a product group to assess the market as well as trade trends during the analysed period of last five/ ten years. The data is analysed by studying multiple trade indicators e.g., trade value, trade volume, percentage share in the countries overall exports and share in worlds total exports of a selected commodity over the analysed period;

* segregating and extracting the export/import value chain from the whole value chain of a selected product group;

* mapping the Stakeholders – Developing insights on product group specific stakeholders; both Public and Private sector stakeholders;

* understanding the complex procedures associated with the intra-regional and international trade among the CA countries including overdue time, finance and associated resources;

* review of regulatory landscape, conformity requirements and logistics including quality standards and testing, conformity assessments, transport related procedures and availability of finance/ capital for opex and capex needs of the businesses;

* developing an outline of key obstacles to trade for each product group associated with its regulatory, procedural and conformity requirements;

* recommendation as to the usage of the Project Management Office for eliminating the trade barriers highlighted in the present article.

Results and their discussion. *Identifying key obstacles across selected product groups.* This involves the empirical part of the study through a questionnaire validating the survey findings. This stage includes:

a. Questionnaire Formation and Design - Designing the tool/ instrument in this case a questionnaire to fit the purpose of the study and to verify/ cross-check the obstacles identified was one of the most crucial steps. The questionnaire for Key Informant Interviews i.e., was developed for each commodity and trade flow (i.e. import as well as export) in all CA countries. A master version of the questionnaire was prepared, including questions for all the stakeholders i.e., traders,

service providers and regulators. The structure of the questionnaire includes general information about respondents, trade flow type and the information about the company/entity represented by the respondent, followed by the following sections:

- i. Section 1. Quality standards and testing;
- ii. Section 2. Transport procedures;
- iii. Section 3. Financial issues;
- iv. Section 4. Custom clearance procedures;
- v. Section 5: Competitiveness assessment.

b. Programming in the KoBoToolbox - With the Pandemic, it was agreed upon that the surveys are to be conducted virtually. An in-depth assessment and analysis of the web-based tools available for survey was carried out, bearing in mind factors like user interface, availability, and ease of use and KoBoToolbox software was shortlisted.

The KoBoToolbox is effective tool for programming and data analysis. The target group selected for the administering the questionnaire comprised of Traders, Regulators and Service Providers. The mixed survey methodology is adopted and implemented.

The results obtained from the survey are then analysed in KoBoToolbox and are segregated for obstacles identified in mainly two categories:

- i. Identifying obstacles by each bucket;
- ii. Identifying obstacles by each product group.

The results are then aggregated based on the impact of obstacles versus difficulty to address, this helped the team to identify the priority buckets and prioritize obstacles in each bucket, for each CA country.

Country Specific Methodology adopted for Survey Administration. Target group of the survey includes the companies and businesses involved in the trade flow as the main traders (exporters and importers), service providers (logistic companies, customs broker companies, financial sector, including banks and MFIs), as well as official government agencies, taking part in regulation and control of export and import operations.

KoBoToolbox is a toolkit for collecting and managing data in challenging environments and is the most widely used tool in humanitarian emergencies. It is a free open-source tool for mobile data collection, available to all. It allows you to collect data in the field using mobile devices such as mobile phones or tablets, as well as with paper or computers.

It was also decided that the survey may be tailored to the respective category of target

respondents, i.e., Regulators, Service providers and Traders/ Businesses.

Government agencies survey. The goal: to define the understanding of the representatives of Government agencies with regards to existing NTBs, partner trading countries and transit countries, and possible solutions.

The content of the questionnaire for government agencies depended on the scope of responsibility of this state body:

- a. Certification processes;
- b. General barriers to trade;
- c. Transportation;
- d. Customs procedures.

It included general information about respondent, list of documents/ permits required for the scope of activity of the state body, processes that need to be accomplished and obstacles related to those processes. Sampling of the respondents from each agency was made according to the criteria of minimum 5 years' experience of activity in the appropriate agency.

Service providers. There were 3 target groups of companies selected for the survey. Freight forwarders, customs brokers and financial sector institutions are key service provider in the export/import chain. Each of them may have a different experience and knowledge with regards to the considering procedures and provide feedback and recommendations. However, if the customs brokers and financial sector institutions have more internal expertise, freight forwarders may be qualified also on external NTBs, including partner and transit countries.

The goal: to define the constraints in service provision for export/import traders, define NTBs, and recommendations on their elimination.

Traders/ Businesses. The goal - to confirm the processes and documents required to trade the selected product, define the existing NTBs in a trade flow, partner trading countries and transit countries. The content of the questionnaire for traders depends on the type of the trade flow (export/import) and the product.

Selecting the import of dairy products from KG for product review. This report attempts to understand the importing trade flow of selected dairy products from KG to KZ with the Harmonized System (HS) international nomenclature codes of: 0402 (Dried milk); 0405 (Butter); 0406 (Cheese and Curd).

Developing insights into the structure of trade allows the team of experts and project team to gain insights into barriers to trade specific to the selected commodities.

The prime objective of this article is to investigate the obstacles to this trade flow in terms of their origin and nature by tracing the value chain for KZ dairy imports from KG along its various steps from establishing contracts with exporters to receiving the goods from the border. Over the following sections, this report outlines the various technical regulations, conformity tests, administrative procedures – as well as other barriers to trade such as financial constraints, transportation difficulties, and stringent customs procedures – to precisely identify all potential hurdles which may be eliminated in this process.

A brief overview of the dairy market in KZ is as follows: In 2021, gross production of cow milk in KZ stood at 6 million tons, of which households produce 71 percent (4.4 million tons) [2]. The remainder is produced collectively by individual entrepreneurs and organized farms (21 percent, 1.3 million tons), and large agricultural enterprises (8 percent, 510,000 tons) [lk.2].

There is a scarcity of mid to large producing farms and a high level of competition between producers for quality and output can generally be observed. As of 2021, only 29 percent of total milk supply in KZ was covered by organized businesses and corporations. One reason for this is KZ's generally underdeveloped industrial sector for milk production, linked to its history with the Soviet Union – the collapse of which resulted in market volatility, leading to the fading away of numerous organized farms (and their production processes) and the vast majority of milk and dairy production being taken over by private households, scattered across the country. More than 40 percent of the milk and dairy produced is sold through non-corporate channels including bazaars and open markets, while private household producers for their personal use consume the rest [3].

Import from Kyrgyzstan. KZ's dairy imports of HS codes 0402, 0405, and 0406 from KG have all declined since 2017 – both in terms of trade value as well as in terms of weight. Starting with weight, the processed milk category declined by 42.5 percent, butter declined by 24.8 percent, and cheese/curd – the most severe contraction – declined by 84.2 percent. At the same time, as mentioned earlier, KZ's dairy imports from KG as a percentage of its total dairy imports have gradually risen during this same period. One reason for the above may be KG's dairy exporters reorienting their operations to Russia in recent years. This implies that KG enterprises operating in the global market for dairy products

are finding it relatively easier and more lucrative to trade with Russia, a country that is geographically further and deliveries to which must necessarily pass-through KZ [Ik.3].

The cumulative trade value for KZ's import of HS Codes 0402, 0405, and 0406 has also shrunk over time – from around USD 13 million in 2017 to around USD 3,8 million in 2021, a drastic decline of 70.8 percent. This is largely due to frequent border closures in KG during 2017 due to political volatility. There were several border closures from the KZ side as well in 2017 with regards to particular KG exporters of dairy products due to their inability to meet certain quality standards [Ik.3]. The transition from 2018 to 2019, however, indicated a slight cumulative increase – likely due to the gradual recovery of butter from its decline in the previous year.

An overview of the distribution of dairy import from KG, and its evolution over time, is presented below. Notable categories are butter, which has almost decreased twice in import (from 8,1 percent to 5,4 percent), milk and cream (increasing from 2,4 percent to 5,4 percent), and cheese (increasing from 2,49 percent to 4,28 percent).

The overall import chain of dairy products from Kyrgyzstan. This report aims to identify trade obstacles specific to KZ's import process of dairy products from KG. Therefore, primary attention is paid to importers and exporters, along with the various quality regulations, customs checks, transportation procedures, institutional engagements - financial and otherwise, that they must necessarily undergo/bypass. Aspects internal to KZ, i.e. its domestic production processes, climatic conditions, local market dynamics, etc. are excluded – as they are beyond the scope of this study.

The importing value chain is initiated by signing a contract with the exporting company, which must be approved by the National Bank of KZ. At KZ's customs border crossing point, the documents are checked for compliance with the verification of seals and cargo weight. After the initial inspection, the products must be stored in a certified storage space in compliance with the technical and sanitary requirements of the Customs Union "On food safety" (TR CU 021/2011) [4]. The Committee for Veterinary Control and Surveillance (CVCS), governed by the Ministry of Agriculture KZ, inspects the storage space, and enlists it among the registered warehouses for food product storage.

The "National Center of Accreditation" is responsible for ensuring product quality as per

the legislation of KZ and provides a roster of experts-auditors and organizations for referral [5]. Alternatively, producers may also seek the services of certain companies in the Russian Federation [6] and Belarus for this purpose, whose credentials can be obtained from the official website of the Eurasian Union [7]. Goods are generally either picked up at the KZ-KG border or at the offices/factories of KG exporting companies based in KZ. All transportation is carried out by road and brought back to the mainland for registration and distribution.

Imported goods need to be registered in compliance with the Agreement on the Eurasian Economic Union (EAEU) [Ik.7] as per the legislation of KZ. The goods imported under EAEU are subject to Value Added Tax (VAT) at the rate of 12 percent. These payments may be made within 20 days following the end of the reporting month and must be submitted before filing the import tax reports. This procedure is simultaneously performed with end-user sales.

The interviewed pool consists of 23 companies engaged in the sale of dairy products took part in the survey, 17 of which were traders and six were services companies (logistic company 4, custom brokers 2). Since the number of importers from KG is limited, according to the data from the State Revenue Committee Ministry of Finance of the Republic of Kazakhstan, in 2019 the number of companies that imports from KG were only 12. Therefore, the respondents from the traders' group represent importers from Kyrgyzstan and Russian Federation (RF), 7 and 10, respectively.

The respondents from the traders' group present four regions of Kazakhstan except for East Kazakhstan: 41 percent of the informants are from South Kazakhstan; 29 percent are from North Kazakhstan. Other respondents are from the West and Central Kazakhstan regions. All seven companies that import dairy products from KG are from South Kazakhstan. The most difficult step for the trade flow is financing. 76 percent of all respondents and 71 percent of importers from KG marked this issue as most important. 65 percent of all respondents mentioned customs procedures. However, companies that import from KG mentioned certification obtaining as one of the most difficult processes.

Identified Key Obstacles. Obstacles related to Quality Standard and Testing. The respondents were asked to determine the most difficult steps during the certificates' obtaining processes. 41% of respondents high-

lighted both gathering necessary documents and bureaucratization of the certificates obtaining processes as the most difficult steps since there are lots of paper documents and copying. Many respondents also mentioned that the process of certificate obtaining has a lot of unnecessary steps. There are no obstacles with finding the certificate issuing agency and sending samples to the laboratory because of its characteristics.

The following obstacles are related to the certificates obtaining in the territory of Kazakhstan. Respondents were faced with three main obstacles in the territory of KZ related to the high number of required documents, lack of information about certificates obtaining and some of them pay unofficial fees for regulators.

The following obstacles are related to the certificates' acceptance in the territory of KZ. The validity of certificates was determined as an obstacle since the goods do not pass customs clearance in time before the expiration of the certificate. However, this obstacle relates to the transportation and customs procedures. Some informants mentioned the obstacles related to the quality or labelling of the packaging materials, the reliability of the accredited organizations that can falsify the certificates or have no accreditation, the regulators' low skills.

Expiration of the certificates and lack of information are obstacles with a high-level impact on the trade flow. Obstacles related to the certificates' acceptance were identified by respondents as having a moderate impact on business.

Obstacles related to Transportation. The respondents were asked to determine the most difficult steps during the transportation processes. 41 percent of respondents highlighted that to gather required documents is the most difficult step since getting the necessary documents is bureaucratic. 29 percent of respondents mentioned both finding the freight forwarder and negotiating about tariffs since traders do not entrust to the freight forwarders.

Many informants mentioned that there are few numbers of reliable companies. Only 6 percent of respondents consider the processes of goods loading and unloading as an obstacle to trade. The following obstacles are related to the transportation process. Since importing products are perishable the full truck inspection leads to the temperature regime violation affecting the quality and keeping period of the product and was mentioned by 55 percent of the respondents. 71 percent of respondents highlighted that shortage of availa-

ble trucks highly impacts the process of trading. The full truck inspection was mentioned as an obstacle that has a high level of impact on the trade flow.

Difficulties related to the lack or insufficient information about transportation opportunities and delivery methods, the manual process of loading and unloading, and transportation subsidies obtaining were mentioned as obstacles with a moderate level of impact.

Obstacles related to Financing. The respondents were asked to determine the most difficult steps during the financing processes. 88 percent of respondents highlighted that getting a loan with an affordable interest rate is the most difficult step of the financing process. 53 percent of informants do not meet collateral requirements for loans. Other obstacles related to financing were mentioned by a fewer number of respondents.

The following obstacles are related to the financing process. 88 percent of respondents highlighted lack or absence of "cheap money", 76 percent mentioned the exchange rate fluctuations and 65 percent mentioned mandatory loan security providing.

Hidden tariffs in the cost of obtaining the loan and high costs of bank services were mentioned by almost 50 percent of respondents. Also, some respondents mentioned that there is a lack of information about payment mechanisms because a small number of importers use self-financing.

Since mainly small and medium-sized companies represent the industry of dairy products manufacturing, it is difficult for them to take a loan for affordable interest rates. Moreover, banks take into account that the importing products are perishable and there are even more risks and refuse to give loans. Therefore, for dairy products' importers, almost all obstacles except the lack of information about funding opportunities have a high level of impact on the trade flow.

Obstacles related to Customs. The respondents were asked to determine the two most difficult steps during the customs procedures. 47 percent of respondents mentioned that they have problems with payment of customs duties due to the need for prepayment and confirmation of payment. A small number of respondents mentioned other steps.

The following obstacles are related to the customs procedures. All respondents mentioned closing the borders without official warning, 94 percent of respondents highlighted the obstacles related to the unclear delays and queues at the border crossing point be-

cause of the border closing or long period of documents and goods inspections.

For dairy products importers, the obstacles related to the customs procedures can be divided into two groups: having a high level of impact on the trade flow and a low level of impact.

Most respondents mentioned unclear delays and queues at the border and closing the borders without official warning as having a high level of impact on the trade. The failure of the special equipment and lack of information about processes have a low level of impact, but that is mainly because respondents who participated in this study are not aware of these kinds of obstacles. However, the lack of information about required documents was assessed as highly impactful.

Key Obstacles and Next Steps. The obstacles were mapped according to the level of the obstacle's impact on business and its removability. The key obstacles are that located in the section with a high impact on business.

Within the framework of this project, the easy to solve obstacles are considered first, to be eliminated in the first place. Obstacles with a moderate level of impact and moderate to solve were identified as a second group. The third group of obstacles formed from barriers with a high level of impact and moderate efforts to solve [8].

Since, dairy products are perishable, it is necessary to cross the border as soon as possible. Therefore, the customs procedures' key obstacles have a high impact on business and in many cases are difficult to solve (figure 1).

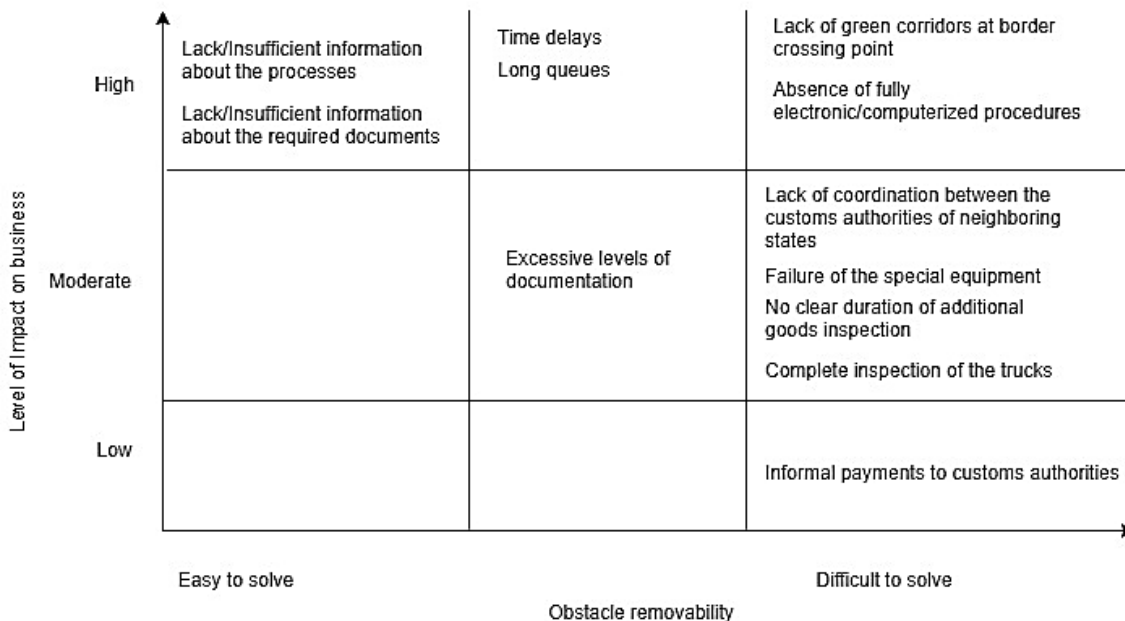


Figure 1 - Mapping key obstacles related to customs procedures (impact vs difficulty to report)

Dairy products are a pilot group of products that required digital marking in the territory of the Eurasian Union beginning from June 2021. However, the business has some issues related to this requirement. In addition, dairy products need to be labeled and packed appropriately (figure 2).

The transportation key obstacles related to the customs procedures and/or certification processes (figure 3).

Since the industry of dairy products manufacturing is represented mainly by small and medium-sized companies, obstacles in the financing block are assessed as having a high impact on business and difficult to solve (figure 4).

Lack of information is one of the obstacles with a high level of impact on business since there is a low level of confidence between trade players (traders, logistic companies, certification companies) and banks and regulators.

An excessive number of documents in each process is an obstacle with a moderate level of impact on business but it leads to product delivery delays. However, this type of obstacle could be solved by auditing documents and processes with the following digitization.

For solving more difficult obstacles some specific applications could be developed or bilateral discussions could be organized [9].

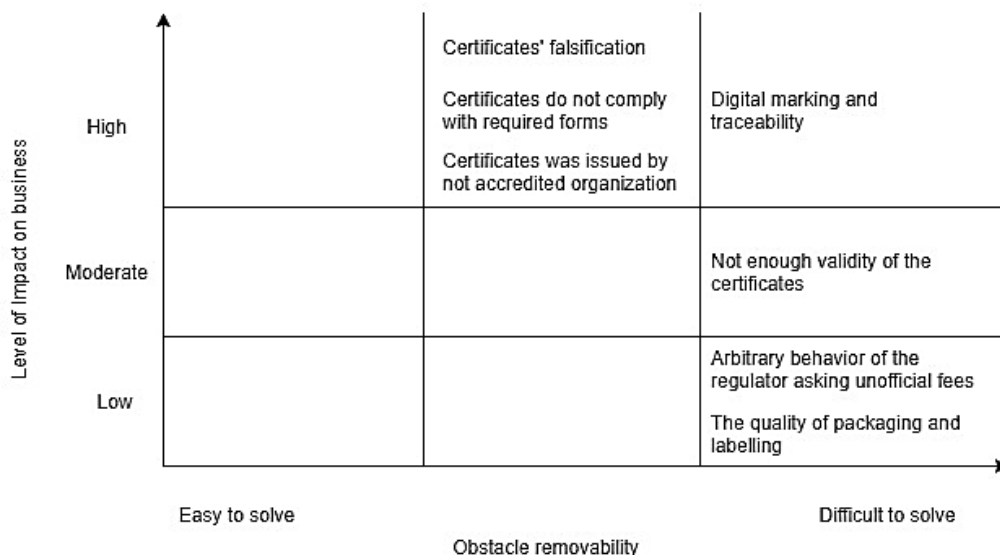


Figure 2 - Mapping key obstacles related to quality standards and testing (impact vs difficulty to report)

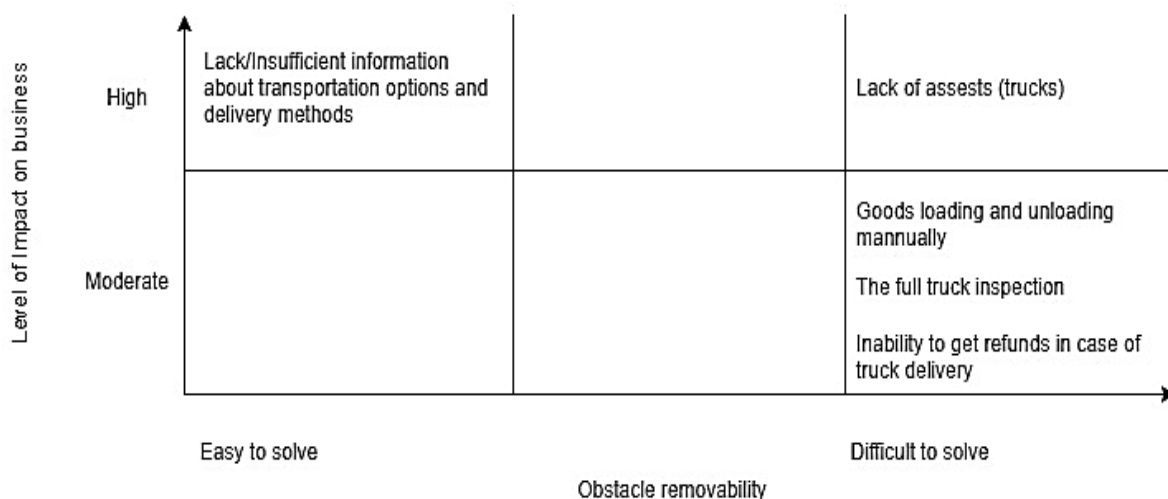


Figure 3 - Mapping key obstacles related to transportation (impact vs difficulty to report)

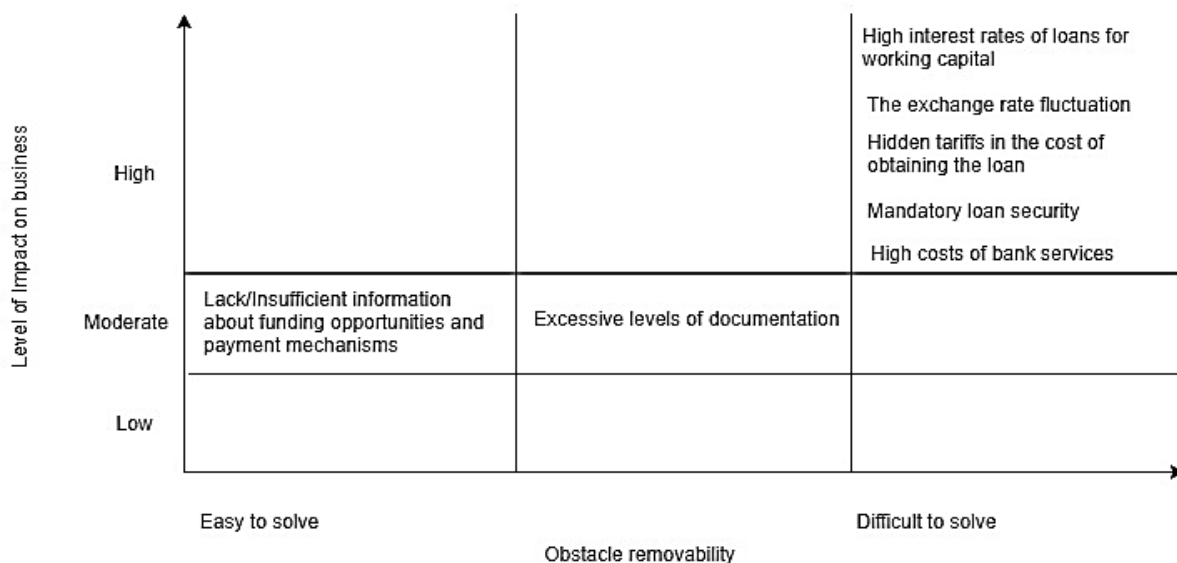


Figure 4 - Mapping key obstacles related to finance (impact vs difficulty to report)

With the implementation of the Project Management Office (PMO), it could be possible to receive positive outcomes in the case studied. The activities employed by the PMO could enable better guidance, planning and control over the projects aimed at taking down the barriers for trade to be developed by the participating countries. Changes resulted in the following benefits: Involvement of top management; greater control and unification of the management method; Defining roles of all staff involved in the processes of implementation [10]; quality assurance in project management; clear communication processes; centralization and dissemination of information about the best management practices and lessons learned; standardization of procedures; support at all levels; alignment of implementation activities aiming to improve project results; centralized control of indicators [11].

Conclusion

1. PMOs in the public sector have proved to be able to provide the effective infrastructure and methodology for delivering efficient project implementation with formal standard project management processes.

2. As with the private sector, these PMOs are expected to move into the strategic role of aligning project portfolios with government business goals and strategies.

3. As such, the use of PMO consisting of representatives from the government institutions in charge of resolving the obstacles highlighted in this article is strongly recommended.

4. By utilizing the expert power from respective public and private expert institutions as well as administrative power, stemming from state authority highly regarded in the region coupled with the project management principles and best practices, all countries of the region shall be able to set a course towards successful resolution of the barriers for bilateral trade.

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