INSIGHT

Facilitating Cross-Border Trade in Yallama

New trade logistics facilities were built to increase Yallama’s customs processing capability. Photo credit: AIRCUZ.

Modernized facilities and customs reform cut the passage time by over 50% at the busy border crossing in Uzbekistan.

Published: 16 August 2022

Introduction

Inadequate infrastructure, outdated equipment, and an inefficient bureaucracy are common in many road border posts in Central Asia. These challenges slow down the trade flow in the region and beyond at the expense of consumers. Money and time spent at these land gates are extensive and have increased substantially over the last years.

One of these road border posts is Uzbekistan’s Yallama Border Crossing Point, which links the country to Russian and European markets. It also enables goods to transit through Kazakhstan and the People’s Republic of China to and from South and East Asia.

A project of the Government of Uzbekistan, with technical support from the Asian Development Bank (ABD), modernized Yallama’s border management infrastructure and equipment and streamlined the gate’s inspection process to avoid delays that can constrict trade flow.

With proper planning, data-driven investments, collaboration with stakeholders, and digital innovations,
the project successfully reduced the cross-border transport time in Yallama.

**Analysis**

Located on the country’s border with Kazakhstan, Yallama is Uzbekistan’s second busiest border crossing point.

Lengthy processing and waiting time were common at Yallama crossing as the gate lacked modern port control equipment, including X-ray cargo scanner and automated license plate reader. The limited inspection lanes could not also handle the growing traffic. In the first quarter of 2020, the average time spent for goods inspection at Yallama reached 11.4 hours. This bottleneck increases trade and transportation costs and affects the quality of goods, especially those with a short shelf life.

To address this issue, the Government of Uzbekistan initiated policy measures, such as developing a roadmap to modernize procedures and reform custom authorities; reducing trade and investment barriers, such as high import tariff and stringent currency control, to attract foreign capital and private investors; conducting consultations with national road carriers and helping expand their fleets to penetrate more markets, including countries in the European Union; and creating the Ministry of Transport in 2019 to further develop the transport and logistics sector.

Moreover, the government designated the Yallama Border Crossing Point as a pilot project for modernizing border management infrastructure and equipment, and streamlining customs procedures. Through substantial government and private sector investment and technical support from the ADB, the project built new trade logistics facilities to increase the site’s processing capability. It designated a “green lane” or a priority lane for special goods, such as perishables, humanitarian aid cargo, and carriages under the electronic Transports Internationaux Routiers or International Road Transports (eTIR), which is an international system that facilitates the seamless and secure movement of goods across borders.

The project also streamlined various processes in Yallama. It implemented a single stop and a single window system that allow the submission of all regulatory documents (required by various government agencies) to a single digital portal and at a single location. It also deployed modern X-ray scanning equipment and automatic license plate readers to increase the speed of the inspection process. Previously, inspectors had to remove the cargo from a significant number of trucks for manual checking. The new system digitally records the registration number of vehicles, for comparison with past infractions. These reduced the average customs process at Yallama to 4.4 hours in the last quarter of 2021.

*Figure 1: Average Inspection Time at Yallama Border*
Lessons

With proper planning and efficient coordination, substantial advances in trade facilitation and border management are possible within a short time.

Concrete, data-driven insights are foundations of informed policies and investment decisions. Opportunities to collaborate with international organizations with vast transport data like the Central Asia Regional Economic Cooperation (CAREC) and ADB must be leveraged.

Governance and policy alignment efforts, such as establishing a dedicated office for transport (Ministry of Transport), reducing trade barriers, and trade facilitation collaborations with local and regional stakeholders, can help improve and sustain the trade flow in Uzbekistan and the other countries in the region.

Digital adoption in all public services, especially those that involve trade and transportation, must be enabled so that overall productivity, efficiency, and transparency could be achieved. The digital transformation of the process can address or limit the problem of corruption at the border as it minimizes human touch points.

Recommendations

Insights from the project show the way forward for improving trade facilitation further.
First, there are only two access lanes leading to Yallama Border Crossing Point. Expanding the number of road lanes will make the site more accessible.

Second, passenger and cargo vehicles must have their own separate lanes as each have distinctive characteristics and inspection requirements.

Third, digital adoption or automation must be expedited as this improves data interchange and communication among relevant government agencies. This will further accelerate the border control process and reduce trade costs.

Lastly, the B. Konysbaeva Border Crossing Point in Kazakhstan, the adjacent country gate of Yallama, must also modernize and improve its customs process to maximize the benefit of the gate upgrade in Uzbekistan.

Andy Sze
Transport and Logistics Consultant

Andy Sze is the founder of the Fastraxx Group consulting firm. He has more than 35 years of senior management experience in global transportation and logistics. Since 2007, Mr. Sze has actively worked with East Asian countries on the “New Silk Road” Project. He has a BS in Industrial and Systems Engineering from Illinois Institute of Technology, an MBA from University of Chicago, and an MS/ABD in Industrial Engineering and Management Science from Northwestern University.

Follow Andy Sze on

Zulfia Khamitovna Karimova
Principal Regional Cooperation Specialist, East Asia Department, Asian Development Bank

Ms. Karinova is an international development professional with diverse work experience, having been part of multilateral organizations like ADB, IMF, World Bank, and UN; private sector and international NGOs; and think tanks. She has extensive experience in managing policy dialogue with senior government officials and complex programs in regional cooperation and integration (RCI), corporate finance and social sectors, as well as in strategic coordination and implementation of ADB-wide strategies and policies.

Follow Zulfia Khamitovna Karimova on

Asian Development Bank (ADB)

The Asian Development Bank is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity
investments, guarantees, grants, and technical assistance.

Follow Asian Development Bank (ADB) on