


Piloting an Electronic Exchange Model and Mutual Recognition of Certificates/Test Report in CAREC Countries



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1. Introduction of KTNET

KTNET was established in 1991 with 100% investment from the Korea International Trade Association(KITA) following the government's comprehensive trade automation master plan in 1989. It is one of the top 10 national designated operators and IT specialized companies, such as the Ministry of Trade, Industry and Energy's electronic paperless trade infrastructure operator and the Korea Customs Service's electronic document exchanging operator (No. 1).

KTNET is a specialized company in exporting global electronic paperless trade systems, **sharing Korea's trade facilitation know-how with Mongolia (ADB Loan e-Customs), Uzbekistan (standard administration), Kyrgyzstan (election capacity building), Kazakhstan (e-Customs), etc.**

1. Credible Company

Operator of Top 10 National Designated Projects

- MOTIE, KCS, MOF, MSIT, MOEF, MOJ

100% Stakeholder of the Korea International Trade Association (KITA)

- Based on the government's Comprehensive Trade Automation Master Plan of 1989 (established in 1991)

Over 30 Years of Stable Operation of National Paperless Trade Infrastructure

- 105,000 customers, 650 types of documents, Processing 500 million documents annually (as of 2023)

2. Expert Enterprises For Global Electronic Paperless Trade System

Mongolia

- e-Customs system construction by the Customs Office (cargo management('08~'09), risk management('09~'10))

Kazakhstan

- Consulting for customs administration modernization('05~'06)

Kyrgyzstan

- Election capacity building support project('14~'16)

Uzbekistan

- Standard administration system construction project ('16~'19, '22~'23)

Awarded for contributions to e-Government export

- 2019 e-Government Performance Report(Administrative Security)

2. (Case Study) Overview of EAC SCT Project

The SCT (Single Customs Territory) system was introduced to simplify and enhance the efficiency of trade among EAC member countries. Through successful implementation, it facilitated trade and contributed to the economic growth of EAC member countries.

Simplifying customs procedures to reduce logistics costs and transit times

Ensuring smooth operation through reviews by Heads of State.

Outcome

Output

Activity

Challenge

Improving legal and institutional frameworks

- Amendments to relevant laws to support the conclusion and implementation of EAC agreements
- * Single Regional Bond for Cargo Transportation

Removing non-tariff barriers and introducing integrated border management mechanisms

- Introduce non-tariff barrier (NTB) monitoring and resolution mechanisms
- Introducing One Stop Border Post (OSBP)

Interconnection and integration of customs systems

- Simplifies customs procedures and reporting documents
- * Single Import Declaration
- E-Cargo Tracking / Monitoring
- Provide trade-related information

Inadequate Trade Regulations

- Application of varying Valuation approaches
- Weak Enforcement Mechanisms
- **Multiple Security Bond regimes**

Trade Barriers

- Difference in application of Customs Laws & instruments
- **Multiple Customs declarations At internal borders**
- Complex Clearance Procedures involving many Government Agencies

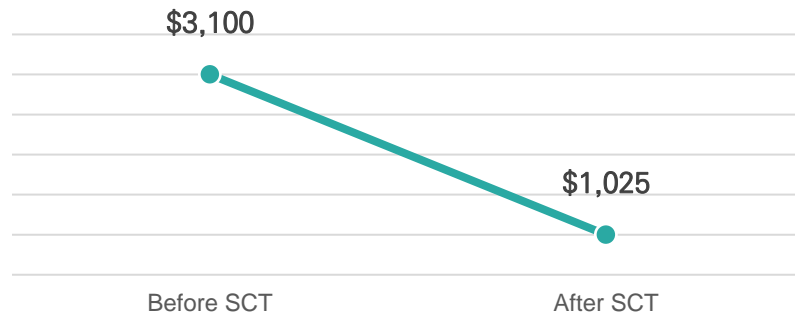
Infrastructure Deficiency

- Lack of infrastructure to support export and trade activities
- Difficulty in tracking and managing cargo
- **Lack of interoperability in information exchange**

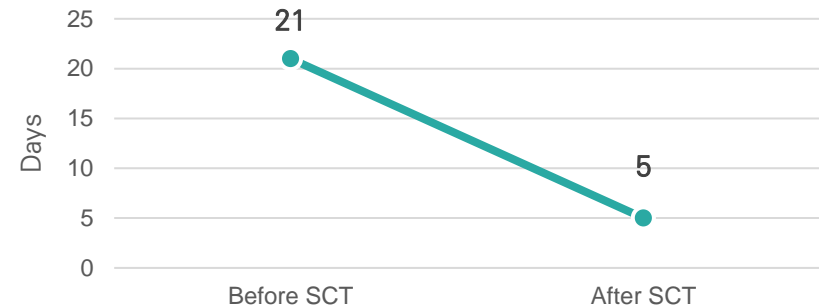
2. (Case Study) Benefits of EAC SCT Project

(Quantitative) After the implementation of SCT, container transportation costs **decreased from \$3,100 to \$1,025**, representing a reduction of approximately 67%. The transportation period **decreased from an average of 21 days to 5 days**. **(Qualitative)** The **Single Import Declaration** reduced paperwork. **Real-time monitoring of cargo and information sharing** improved trade facilitation.

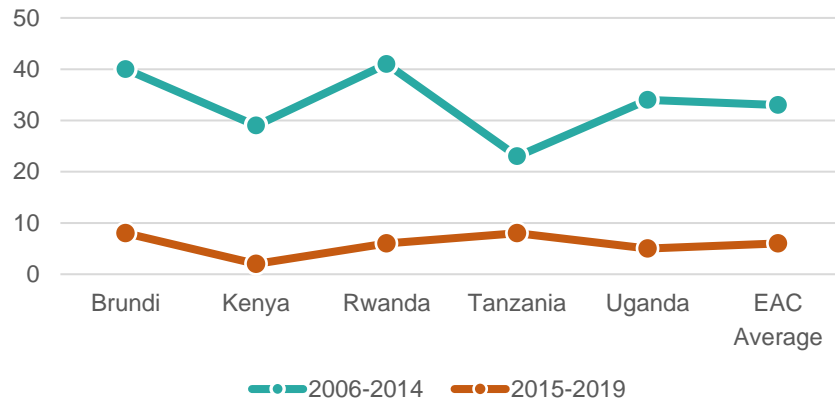
Dar es Salaam → Kigali Container Transportation Fee



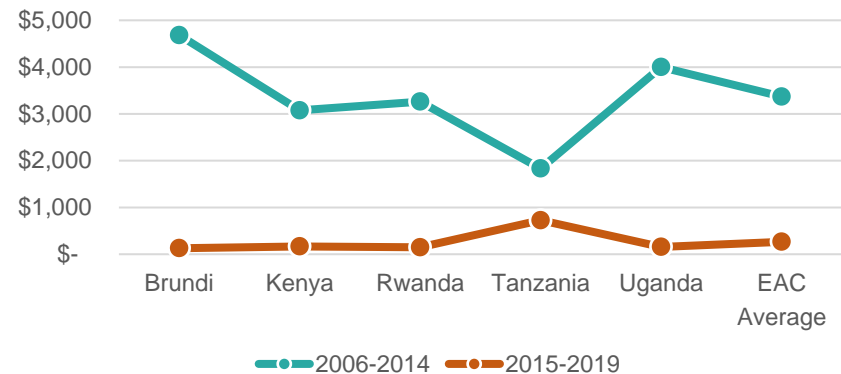
Dar es Salaam → Kigali Container Transportation Days



Average Export Days



Average Container Export Transportation Fee



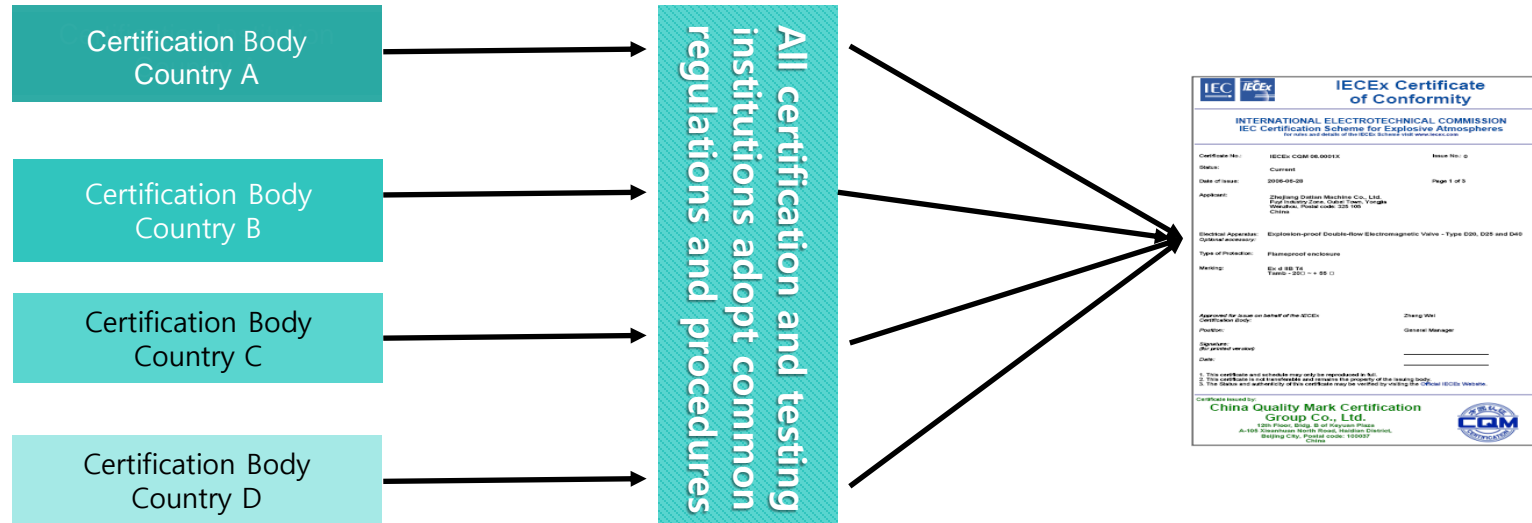


3-1. Project Overview

Category	Contents
Background	<ul style="list-style-type: none"> ▪ Need for enhancing economic cooperation in Central Asia ▪ Goals of promoting the use of digital solutions, strengthening supply chain connectivity, and expanding trade
Goal	<ul style="list-style-type: none"> ▪ Piloting an Electronic Exchange Model and Mutual Recognition of Conformity Certificates / Test Report in CAREC Countries
Period	<ul style="list-style-type: none"> ▪ 24 months in total
Donor	<ul style="list-style-type: none"> ▪ ADB(Asian Development Bank)
Tasks & Schedule	<ul style="list-style-type: none"> ▪ (Phase 1 Pilot) Develop and test a model for electronic exchange of conformity certificates / Test Report <ul style="list-style-type: none"> - Selection of Participating Countries (3 months) - Assessment of Informatization Status and Business Processes (8 months) - Development and Testing of Electronic Exchange Model (4 months) ▪ (Phase 2 Pilot) Design and test mutual recognition arrangement <ul style="list-style-type: none"> - Design of mutual recognition framework (3 months) - Implementation Plan (3 months) - Testing and Submission of Final Report (3 months) ▪ Capacity Building : Workshop(in Korea, more than 4), Workshop(2times, online) Invitational Program(in Korea, more than 8)
Requirements	<ul style="list-style-type: none"> ▪ Allocation of personnel and participation in the project belonging to the Participating National Standard Agency

3-2. Mutual Recognition Overview and Status

Mutual Recognition is a system where certification bodies from different countries or regions **mutually recognize each other's certification results**, allowing the same product or service to be certified in multiple **countries without the need for additional testing**.



[Current Status]

Country 1	Country 2	Product	Year	Details
Kazakhstan	Uzbekistan	Electrical Equipment	2020	Mutual recognition of electrical equipment test reports and certificates.
Kazakhstan	Uzbekistan	Agricultural Products	2018	Mutual recognition of agricultural products safety and quality standards.
Kyrgyzstan	Tajikistan	Construction Materials	2021	Mutual recognition of construction materials quality standards.
Kyrgyzstan	Tajikistan	Food Products	2019	Mutual recognition of food products safety and quality standards.

3-3. Detailed Implementation Plan

Phase 1 Pilot—Develop and test a model for electronic exchange of conformity certificates

Category	Task	Activity	Participants	Remarks	
P H A S E 1	Selection of Participating Countries				
	Stage 1	Selection of Countries for Mutual Recognition	Select target countries and conduct initial consultations	<ul style="list-style-type: none"> Involve national standard agencies and related organizations of each country 	Offline Workshop in Korea
	Assessment of Informatization Status and Business Processes				
	Stage 2	Determination of Products and Certification Scope	Decide on the products and certification scope for mutual recognition after analyzing the current business status	<ul style="list-style-type: none"> Involve national standard agencies and industry representatives of each country 	Determine based on the level of testing technology and the feasibility of establishing standards
		Requirements Analysis (Legal Aspects)	Analyze the legal requirements for mutual recognition	<ul style="list-style-type: none"> Involve legal officers from the standard agencies 	Sign MoUs on mutual recognition cooperation with the target countries
	Development and Testing of Electronic Exchange Model, Submission of Final Reporting				
	Stage 3	Requirements Analysis (Technical Aspects)	Analyze the technical requirements for mutual recognition	<ul style="list-style-type: none"> Involve technical officers from the standard agencies 	<ul style="list-style-type: none"> Develop and test the electronic linkage model by KTNET. Online workshops

※ Risk Factors and Response

○ Delay in selecting target countries (standard agencies)

➔ (Proposed Solution) Request project participation cooperation through ADB

Utilize the cooperation network between the Korean government and CIS region standard agencies

3-3. Detailed Implementation Plan

Phase 2 Pilot—Design and test mutual recognition arrangement

Category	Task	Activity	Participants	Remarks	
P H A S E 2	Design of mutual recognition framework				
	Stage 1	Establishment of Testing and Certification Procedures	Establish test and certification procedures for mutual recognition	<ul style="list-style-type: none"> Involve testing laboratories and certification bodies 	Develop the exchange functions of the participating standard agencies
	Implementation Plan				
	Stage 2	Signing of Mutual Recognition Agreements	Sign and formalize mutual recognition agreements	<ul style="list-style-type: none"> Involve decision-makers and legal officers from the standard agencies of each country 	<ul style="list-style-type: none"> Ensure legal validity through the enactment of a decree Invitational program in Korea
	Development and Testing of Electronic Exchange Model, Submission of Final Reporting				
	Stage 3	Execution of Testing and Certification	Conduct product testing and certification according to established procedures	<ul style="list-style-type: none"> Involve testing laboratories and certification bodies 	Electronic exchange of certificates/test reports
	Implement and maintain mutual recognition	Conduct mutual recognition and perform regular evaluations and renewal procedures	<ul style="list-style-type: none"> Involve testing laboratories and certification bodies 	Online workshop	

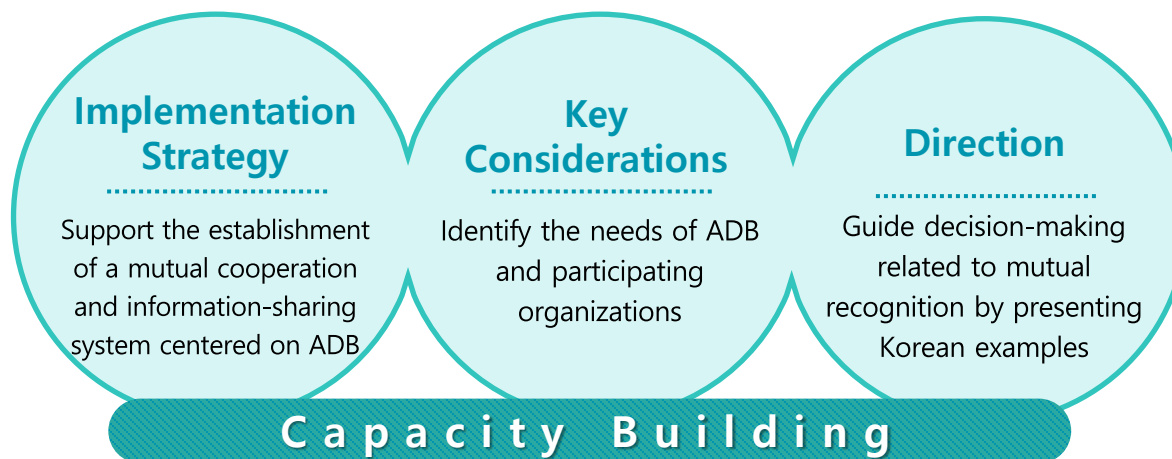
※ Risk Factors and Responses

○ Delay in establishing the legal basis for mutual recognition agreements

➔ (Proposed Solution) Early consultations for legal groundwork starting from Phase-1 (Stage 2)

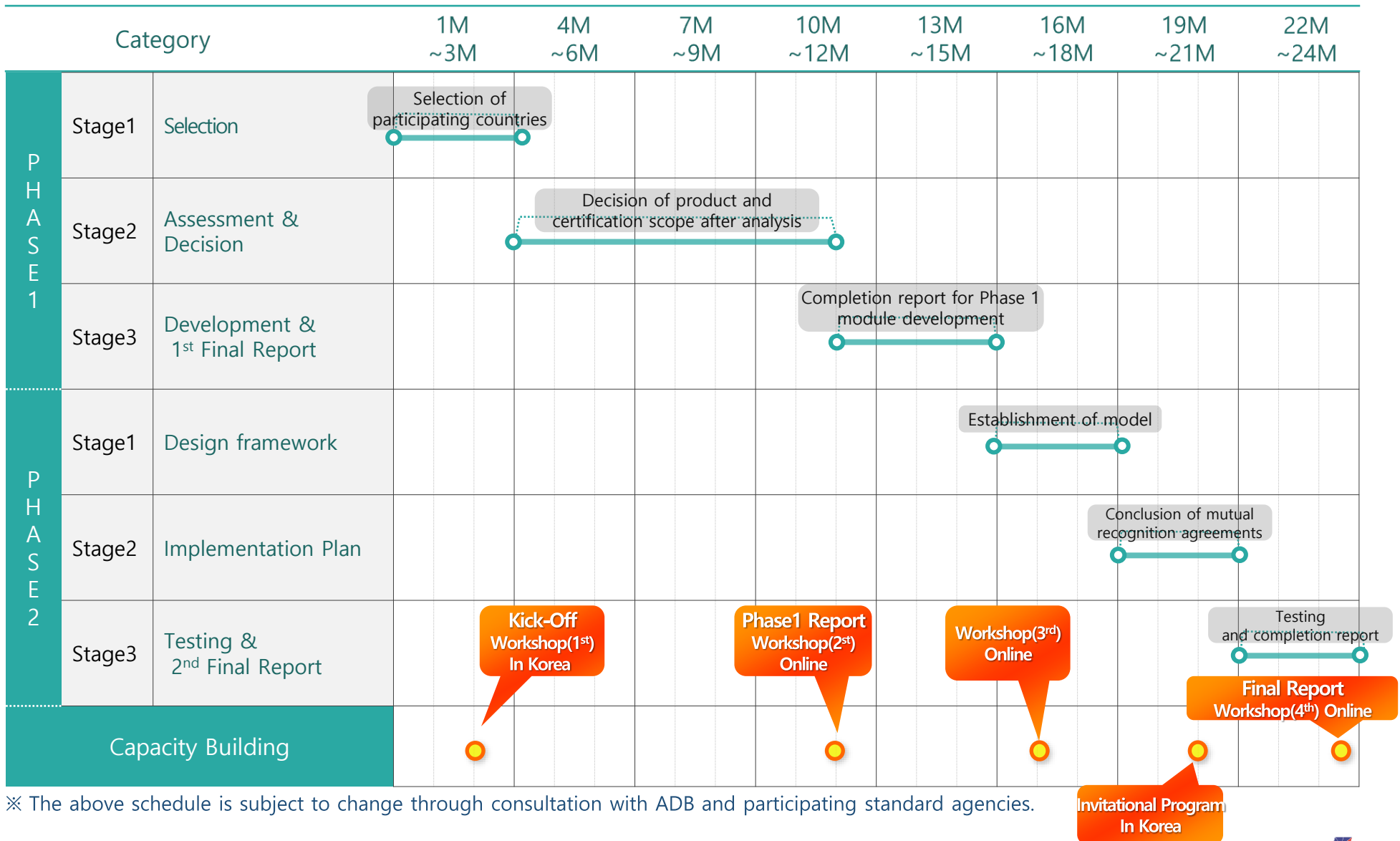
3-4. Capacity Building Plan

To enhance the capabilities related to the electronic exchange of certificates/test reports and mutual recognition among CAREC member countries, we will conduct four workshops, one invitational training program, and provide technical support.



Workshops(Offline, online)		Invitational Training		Technical Support	
Category	Content	Category	Content	Category	Content
Frequency	4 times in total	Frequency	8-10 people / 7 days (in Korea)	Frequency	More than 3 times per participating standards agency
Target	<ul style="list-style-type: none"> Decision-makers Responsible persons, and officers 	Target	<ul style="list-style-type: none"> Decision-makers legal representatives 	Purpose	<ul style="list-style-type: none"> Support the application of API for electronic linkage between systems
Content	<ul style="list-style-type: none"> Kick-off (Offline 4-5 people in Korea) Reporting Phase 1 result Sharing preparation status for mutual recognition Reporting Phase 2 result 	Course	<ul style="list-style-type: none"> Concluding mutual recognition agreements Confirming implementation plans 	Target	<ul style="list-style-type: none"> Technical personnel responsible for electronic linkage

3-5. Proposed Schedule



※ The above schedule is subject to change through consultation with ADB and participating standard agencies.



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Q&A

Thank you.

