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Thesis to the report on Customs Reform and Modernisation for the Customs Cooperation Committee and Promotion of Trade and Customs Modernisation Conference

(21-24 April 2004, Beijing, PRC)

**Dear Conference Participants,
Ladies and Gentlemen,**

Foremost, may I express my gratitude to the hosts of the Conference for their warm welcome and the chance to share the experience.

The State Customs Service of Turkmenistan is the agency, which carries out a direct governance of customs initiatives in Turkmenistan.

The Customs legislation consists of the Customs code of Turkmenistan adopted on 8 October 1993, other legislative instruments of Turkmenistan and the customs standards adopted by the State Customs Service of Turkmenistan.

In line with the customs legislation of Turkmenistan the key objectives and obligations of Turkmenistan's customs agencies are the following:

- to ensure compliance with the customs legislative acts;
- to ensure Turkmenistan's economic security within its competence;
- to develop and apply customs tariff mechanism, control of observing import and export clearance of goods and other items, to impose customs duties, taxes and dues;
- customs control and registration
- to establish an environment facilitating prompt movement of goods, other items and passengers across the customs border of Turkmenistan;
- to take initiatives, set out in the Customs code and other legislative framework, against smuggling and other violation of customs rules, and the cooperation in line with entered agreements between Turkmenistan and other countries' customs agencies on the subject;
- to implement actions protecting interests of consumers of imported goods;
- to ensure Turkmenistan's participation in international customs cooperation;
- submission of reports on customs agencies activity and major statistics in the order set out by the legislation of Turkmenistan;
- distribution of information on customs matters between the public entities, enterprises, institutions and civilians;
- training specialists on customs issues and their professional development;
- cooperation with the law-enforcement entities and border troops of Turkmenistan;
- execution of international commitments of Turkmenistan related to the customs activity.

Pursuant to the Clause 6 of the Customs Code of Turkmenistan the customs agencies constitute a single system, which includes:

- the State Customs Service of Turkmenistan;
- Customs;
- Customs points;
- Customs entry posts and other established by structural subdivisions of the State Customs Service of Turkmenistan.

Presently, the customs agencies system of Turkmenistan consists of the State customs service of Turkmenistan, 8 customs and 48 customs points, 29 of which are border points.

In total there are 1000 employees in the customs services of Turkmenistan.

In average, during a year the customs services register and process over 50,000 customs cargo declarations.

Of which:

- over 15,000 - export declarations
- over 30,000 - import declarations
- over 4,500 - transit declarations

In May 1993 Turkmenistan accessed to the World Customs Organisation, and from 1998 is its active member.

The President of Turkmenistan focuses a great attention to the activity of the country's customs agencies; he assisted and is assisting in strengthening material and technical basis of the customs entities.

The central cabinet of the State customs service allocated a new administrative building equipped with the state-of-the-art computers.

Thus only in 2002-2003 the President of Turkmenistan allocated USD 15 million to the State Customs Service to build modern customs points and equip it with the most recent controlling means for vehicles, cargoes and luggage.

A lot is being made to further improve personnel policy and work environment.

Qualifications of the customs agencies' staff were certified to examine their competence.

A countrywide practical workshop with attendance from the law machinery was conducted with the subject on Security of Borders: Control and Interface in the Fight Against Illegal Drug Trafficking".

In 2003 a two-week training of 21 staff was conducted at the training centre, with the support from the US Embassy, to develop professional skills of the customs officers. Three US customs instructors, who specifically arrived to Ashgabad, held the training. During the first half of November 2003 8 customs officers of Turkmenistan were in the States where they followed a two-week practice and studied the work of American colleagues at the US-Mexico border in Texas.

Two sets of special equipment for examination and control of vehicles and luggage, one of which they used during their training, were handed over by the US customs to Turkmenistan free of charge.

One set of such equipment is used at Serhetabat customs currently. The second set will be used at the newly built customs point "Gaudan" of Ashgabat Customs.

Also the Government of the United Kingdom constructs an international transport terminal at Serhetabat customs under the cooperation and mutual understanding programme.

It has been over a year since an in-depth English language course programme functioned in Turkmenistan, also with the extended assistance and support from the UK Embassy. 17 customs officers, in two groups, are undertaking the course without interfering with their main duties.

As the experience of other countries proves, the risk assessment and management becomes a critical course of the customs activity. This direction along with the risk identification methodologies and criteria and screening, utilisation of the broadened adequately detailed database to record all the micro-individual types of customs fraud, trade flow analysis as per the goods and countries in terms of macroeconomics, identification of early alarms on customs risks, tariff and non-tariff regulation causal effect study with customs legislation infringement is new for us now and, of course, requires an extensive study.

The customs service of Turkmenistan recognises perspectives of introducing risk management and audit systems, which will enable to have a high-quality extent of customs administration with the effective system of customs control upon considerable simplification of customs registration procedures.

A differentiated approach to the traders, encouraging their initiatives in compliance with the customs legislation requirements (promoting conformity), simplification and acceleration of the customs procedures will facilitate development not only the export trading but it will also create favourable conditions to improve efficient execution of customs service fiscal function.

At present a certain work is being implemented by the State Customs Service of Turkmenistan, such as establishment of goods index, where the resource persons of appropriate state agencies should be involved during the customs registration process, as well as the goods index upon import of which a mandatory customs escort is required; technological schemes and methodological recommendations were designed, based on which the customs examination of vehicles and goods is undertaken. The risk goods are selectively determined based on a criterion, which are transiting the customs border of Turkmenistan in relation to which a violation is most likely.

Apart from this, in the first half of this year the structural customs subdivisions were reviewed, in particular, the customs cargo inspection divisions were formed, the immediate tasks of which are identification and analysis during the customs registration and customs audit of goods and vehicles, a risk of customs and other legislation violation, as well as carrying out necessary re-inspection.

At present the State Customs Service of Turkmenistan drafts a new Customs Code, which will be based not only on legal and standard acts of Turkmenistan but also the recognised norms of international legislation.

A lot is to be done on improvement of methods and forms of customs control and registration of cargoes. The objective of these innovations is simple – to maximise the process of customs registration and simultaneously improve the effectiveness of the customs control. This also requires a well-developed computer networking.

No doubts that the improvement of the information and communication technologies constitutes a critical step in strengthening the customs service.

Application of information technologies is the way to a drastic precipitation of the customs registration process and concurrent increase of customs control effectiveness.

The prioritised tasks in this regard are:

- introduction of new information technologies to the customs activities;
- development of information and technical infrastructure of the customs agencies;
- improvement of the information interaction system of the customs with the public authorities and governing bodies of Turkmenistan and other countries;
- information security improvement in the customs agencies of Turkmenistan.

The State Customs Service develops the ways to create a unified automated information system, improve the technologies and technological means to execute the tasks of informatisation.

Only in 2003 the State Customs Service of Turkmenistan acquired 50 sets of contemporary computers. The modem established a permanent communication between the customs, which works as a remote network access. A local computer network project was developed and will be commenced in the second half of 2004 in the State Customs Service of Turkmenistan. The information systems are being designed, on the basis of which a data processing will be undertaken to analyse a more complex statistics.

In the near future a web-page of the customs service will be designed, a unified customs information system, unified documentation system, information and functional models of the customs service and the customs agencies governance system, methods and means of delineated information access and protection are created.

The establishment of unified automated information system will enable to control the customs registration on-line and will facilitate the simplification and unification of the customs procedures during the registration. Speed and quality of customs registration enhancement is also a priority in addressing the customs modernisation in Turkmenistan.

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