

## **Risk Management System of the Customs Service of the Kyrgyz Republic**

Since the establishment of the Customs Service of the Kyrgyz Republic a priority direction in this activity was creation of the legal basis for development of mechanisms of implementation of foreign economic activities, ensuring fiscal and law-enforcement functions, improvement of technologies of customs registration and customs control.

Since January 1, 2005 a new edition of the Customs Code of the Kyrgyz Republic was put in force. The need for preparation of the new version of the Customs Code has been caused by practical problems in development of the economy and foreign trade of Kyrgyzstan, development of the legal framework, a gap between legislation in sphere customs legal relations and essentially updated national legislation as a whole and international legal documents in the sphere of customs regulation (the adherence of Kyrgyzstan to the WTO, joining the Kyoto Convention on harmonization and simplification of customs procedures, the Agreement on partnership and cooperation with the European Union and other major international conventions and agreements).

One of the key elements of effective customs control is introduction of the Risk Management System (hereinafter - RMS). It is the system of customs administration ensuring implementation of effective customs control based on the principle of selectivity and an optimal distribution of resources of the Customs Service. Certainly, the following support is required for development and implementation of such a system:

- legislative;
- organizational-and-structural and staffing;
- methodological;
- financial support.

The first steps to ensure the establishment of this system have already been made.

### **1. Legal component.**

1. The basis for establishment of the RMS is included into the new version of the Customs Code of the Kyrgyz Republic;
2. Instructions on carrying out of post-entry control (it is approved by the governmental resolution of the Kyrgyz Republic).

### **2. Organizational-and-structural component.**

The Post-Entry Department dealing with implementation of the RMS and post-entry audit has been established in the head office of the State Customs Inspectorate under the Government of the Kyrgyz Republic (SCI). However it is planned to use the divisions of Organization of Customs Registration and Customs Control to coordinate the implementation of the RMS in customs bodies in a vertical manner.

### **3. Methodological component.**

Methodologies shall be based on principles of customs control implementation established by Article 310 of the Customs Code of the Kyrgyz Republic. At the present time customs technologies, which are elements of the complex RMS, have been developed and are being introduced into practical work based on these principles:

- The procedure of application of special simplified procedures of customs registration and control;

- The technological scheme of interaction of Post-Entry Control Department with over subdivisions of the SCI;
- The plan of implementation of the RMS into the process of customs registration and customs control in 2005.

And we consider the work of officials of customs bodies on application of the RMS by introducing addenda to functional duties of officials of customs bodies as the beginning of the systemic approach.

#### 4. Information component.

For the purpose of effective customs control we have already started the process of selecting commodity flows separating them into "red" and "green" corridors. Accordingly, in 2005 it is necessary to carry out a complex of priority actions, and based on their results to define ways of further promotion. The approved plan is the one designed for establishment of the information component of the RMS foundation.

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Effecting a direct centralized impact on customs registration of goods by an indirect influence on the same process, through development or modernization of customs and information technologies, carrying out organizational and regular activities, application of tariff and non-tariff regulation, carrying out post –entry audits, carrying out operational and search activities.

When implementing such approaches direct measures are build on the following principles: all subdivisions, all levels of the customs system work on establishment of conditions for objective decision-making by the inspector who is in charge of customs registration. And a key component of the given mechanism is the scheme of interaction of subdivisions of the customs service.

#### 5. Financial component.

Financing of the Customs service of the Kyrgyz Republic from Asian Development Bank is expected during this year. A complete automation of the Customs Service of the Kyrgyz Republic will certainly change the whole process of implementation of customs registration and customs control.