

The views expressed in this paper are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank (ADB) or its Board of Directors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this paper and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

**REPORT BY PARTICIPANTS FROM THE STATE CUSTOMS
COMMITTEE OF THE REPUBLIC OF AZERBAIJAN AT CAREC
CUSTOMS TRAINING COURSE ON TARIFF COLLECTION
SUPERVISION**

(June 3-12, 2008, Shanghai)

Dear Colleagues,
Ladies and gentlemen,

First of all let us express our appreciation of your kind invitation, warm welcome and a high level of this meeting organization.

Yet at the times of the first state formations in the territory of the present Azerbaijan there were the bodies fulfilling customs functions, however, only upon gaining independence by Azerbaijan in January 1992, the State Customs Committee of Azerbaijan has been established.

Since its establishment and till the adoption of the Customs Code of Azerbaijan, the State Customs Committee was functioning on the basis of the old Soviet Customs Code. Until 1995, there were little developments in Azerbaijan customs legal framework. Only after the discussion of customs bodies' operation at the meeting with the President of the country in January 1995, some positive movements began both in the area of customs services provisions to the participants in foreign trade and in the area of personnel management policy of the State Customs Committee.

In order to achieve a complete customs supervision, and to ensure operation of customs bodies along the customs border of Azerbaijan, at the points of customs processing and customs bodies' location, and at other places as determined by the State Customs Committee, the customs areas have been established. Acquisition of the status of a law enforcement body by the State Customs Committee, which plays a significant role in protection of the domestic market and deepening economic reforms in the country, enabled this government agency to implement specific measures aimed at preventing smuggling and other customs-related crimes. Therefore, customs bodies take serious effort in fighting customs offences, and violations of customs rules and tax legislation.

Over the past period, a huge amount of work has been carried out on improving customs operation, bringing the level of Azerbaijan customs bodies into line with the world level, improving customs services culture, ensuring customs supervision over foreign economic activities, and preventing tax and customs duty evasion and smuggling.

Recently, the structure of the State Customs Committee has been expanded: to cope with the growth in export and import potential, introduction of specialized forms of customs supervision and goods and vehicles clearing at entry/exit, and acceleration of commodities turnover approximately 20 customs offices have been set up and more than 50 customs posts covering different regions in Azerbaijan.

A number of narrowly specialized customs bodies have also been established. E.g., Customs Department for the Protection of Azerbaijan Republic Interests in Caspian Sea, Excise Customs Department (exercises customs supervision over alcohol and tobacco goods), Energy Customs Department (exercises customs supervision over energy resources), and Motor transport Customs Department.

In 1996, the Training Center of the State Customs Committee has been established, where every new employee undergoes a 4-months refresher course when joining customs bodies.

Main functions of Azerbaijan customs bodies

Customs bodies of the Republic of Azerbaijan fulfill the following main functions:

- 1) participating in the development of the customs policy of Azerbaijan, and implementing such policy;
- 2) ensuring compliance with legal acts that are within the scope of the customs bodies of Azerbaijan; taking measures for the protection of rights and interests of enterprises, institutions, organizations and individuals, and of the entrepreneurs when exercising customs activities;
- 3) ensure economic security of the Republic of Azerbaijan within their competence;
- 4) protect economic interests of the Republic of Azerbaijan;
- 5) applying customs regulation tools to trade and economic relations;
- 6) collecting customs duties, taxes and other customs payments;
- 7) participating in the development of economic policy measures with regard to the commodities moved across the customs border of Azerbaijan, and implementing such measures;
- 8) ensuring abidance by rules of Azerbaijan customs border crossing by goods and vehicles;

9) combating customs offences and violations of customs rules and tax legislation; barring illicit movement of drugs, weapons, articles of artistic, historical and archeological national wealth of Azerbaijan and of foreign countries, intellectual property, endangered species and other goods; rendering assistance to combating international terrorism and countering illegal interference in the activities of international civil aviation in the airports of the Republic of Azerbaijan;

10) exercising and improving customs supervision and customs processing; establishing conditions conducive to goods turnover across the customs border of Azerbaijan;

11) maintaining customs statistics of foreign economic activities and special customs statistics of the Republic of Azerbaijan;

12) maintaining Foreign Economic Activity Commodity Nomenclature;

13) facilitating development of external economic relations of enterprises, institutions, organizations and individuals;

14) facilitating implementation of measures for protecting national security, public order, good morals of the population, life and health of the people, wildlife, and environment, and protecting interests of imported goods consumers in the Republic of Azerbaijan;

15) exercising currency control of domestic and foreign currencies movement across the customs border of Azerbaijan by residents and non-residents, and also in other cases as provided by the Customs Code;

16) ensuring meeting of Azerbaijan international commitments as regards to the customs; participating in the development of international treaties of Azerbaijan relating to customs activities; collaborating with customs and other competent

bodies of foreign countries and international organizations engaging in customs issues;

17) researching into, and advising on, customs matters; training specialists in customs matters for government bodies, enterprises, institutions and organizations, and improving skills of such personnel;

18) providing, as established by the legislation, information on customs matters to the Milli Madjlis (the supreme legislative body), President of the Republic of Azerbaijan, other government bodies, enterprises, institutions, organizations and individuals;

19) participating in the implementation of a single financial and economic government policy, building up material infrastructure of the customs bodies, and establishing appropriate working and social conditions for the employees of such bodies.

Modernization Activities

For the purpose of developing customs infrastructure, bringing customs operation into line with international norms, developing and improving customs bodies' and national customs service organizations' operation to the level of the present day requirements, Customs Committee has implemented a number of reforms.

From time to time, the State Customs Committee takes measures geared to amend the legislation for the purpose of simplifying trade business in the country, accelerating commodities turnover, and increasing efficiency of customs supervision over the import and export goods.

Currently, with a view to simplify customs clearing process and ensure its transparency, the work is being carried out in the country on establishing

institute of customs brokers. E.g., more than 50 companies and enterprises applied to the State Customs Committee seeking customs brokerage service authorization. Prior to their admission to operation as customs formalities specialists they had to take training course at the Training Center of the State Customs Committee.

At present, customs service of Azerbaijan, being the World Customs Organization member closely cooperates with customs administrations of the most advanced countries, draws on wide international experience in customs activity, takes effort to organize its work at a high level, actively participates in international activities related to the customs, and articulates its views in the customs-related discussions.

With a view to broaden cooperation, the State Customs Committee collaborates with the appropriate programs of the UN, World Customs Organization, Economic Cooperation Organization (ECO), participates in TASIC TRASEKA, and collaborates with Euro Customs, Asian Development Bank and other international structures.

Customs bodies of the country put in commission a single corporate network operated in on-line mode, implemented and operate an automated compliance tracking and control system, and operate an automated customs clearing and supervision system. As a result of video monitoring systems implementation at customs posts and some customs bodies geared to strengthen customs supervision, it is possible now to monitor, inspect and clear goods on the border.

With WCO assistance, the WCO E-learning Platform has been established at Baku Regional Training Center.

New Draft Customs Code that accommodates the goals set before the Committee has been submitted to the Milli Medjlis.

Customs Tariffs Collection System

Customs tariffs are an important means of foreign trade regulation. The main challenges our organization is currently facing include:

- streamlining imports pattern;
- achieving rational proportion between imports and exports, and foreign exchange earnings and expenditures in Azerbaijan;
- efficient control of currency values entry to, and exit from, the customs territory of Azerbaijan;
- establishing conditions for advanced changes in the patterns of commodities production and consumption in Azerbaijan;
- protecting Azerbaijan economy from unfavorable impact of foreign competition;
- establishing conditions for the efficient integration of Azerbaijan into the world economy.

As of today, customs duties based on the 2007 Harmonized System are applied in the Republic of Azerbaijan.

The transition is underway from the multilevel system (0%, 0.5%, 1%, 3%, 5%, 10%, 15%) to a more simple system with fewer tariff levels (0%, 5%, 10%, 15%).

We believe that the current tariff policy will contribute to the future successful development of the economy in our country.

Thank you for attention.

