



1. FROM THE HISTORY OF MONGOLIAN CUSTOMS

After the national democratic revolution, in October 1921, a Rule on "Imposition of Customs duties and charges on external and internal trade" was adopted to become effective from October 20 in Niislel Khuree, the capital city of Mongolia and for other places to be effective from the date when reached by. Thus the Mongolian Customs under its own People's Power started to operate. Thereafter the date, i.e., 20 October 1921, becomes a Mongolian Customs Day.





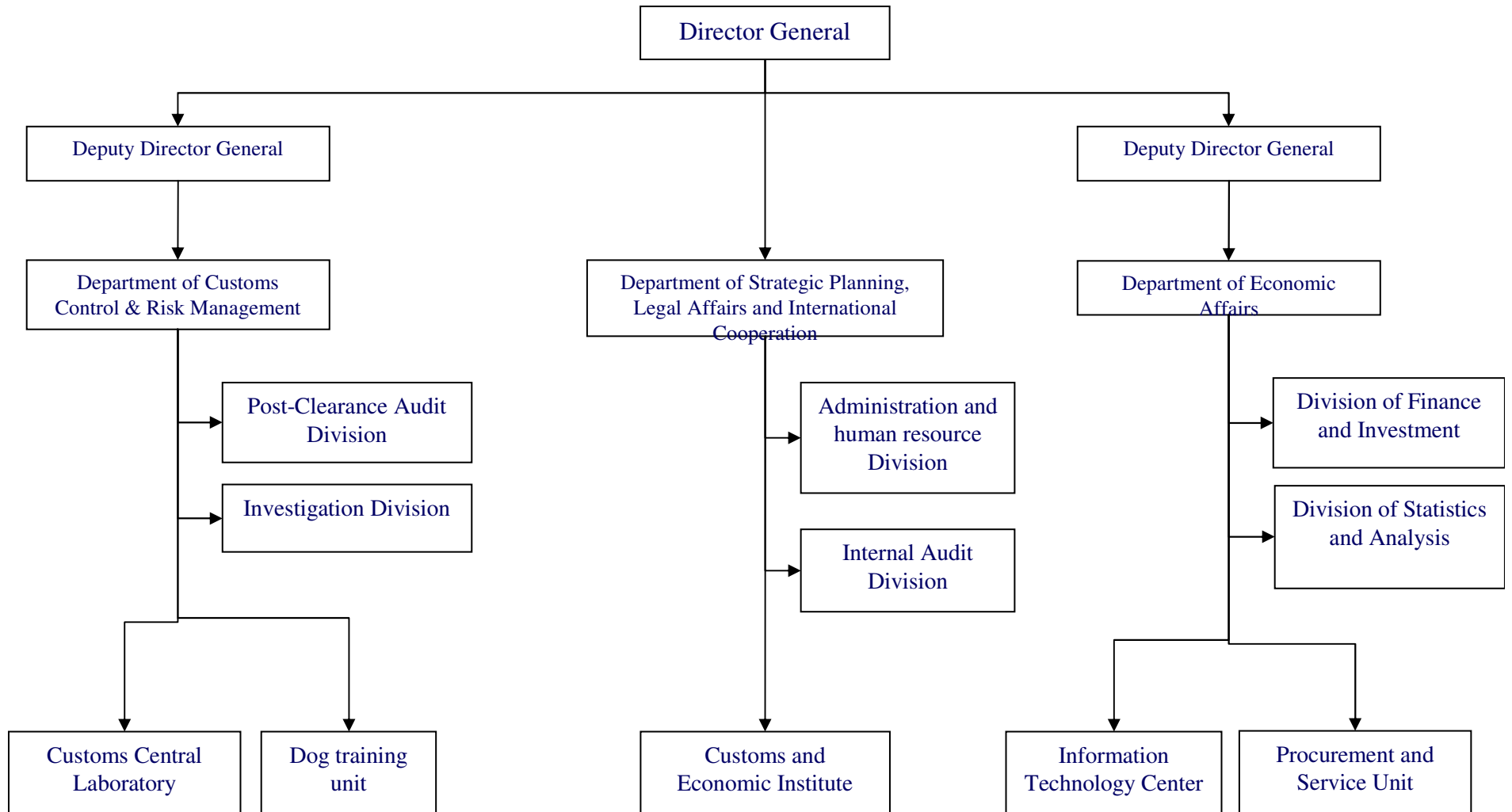
In conformity with the Action Plan of Government of Mongolia, the Customs Administration has developed its strategic objectives to be followed in 2001-2007 and has been conducting its activities targeted to improve the legal environment compatible with international standards, optimize the accountability mechanism, ensure the national security, particularly, the economic security of Mongolia, furnish the state budget revenue; and to form and shape a highly cultured and internationally recognized customs service structure.



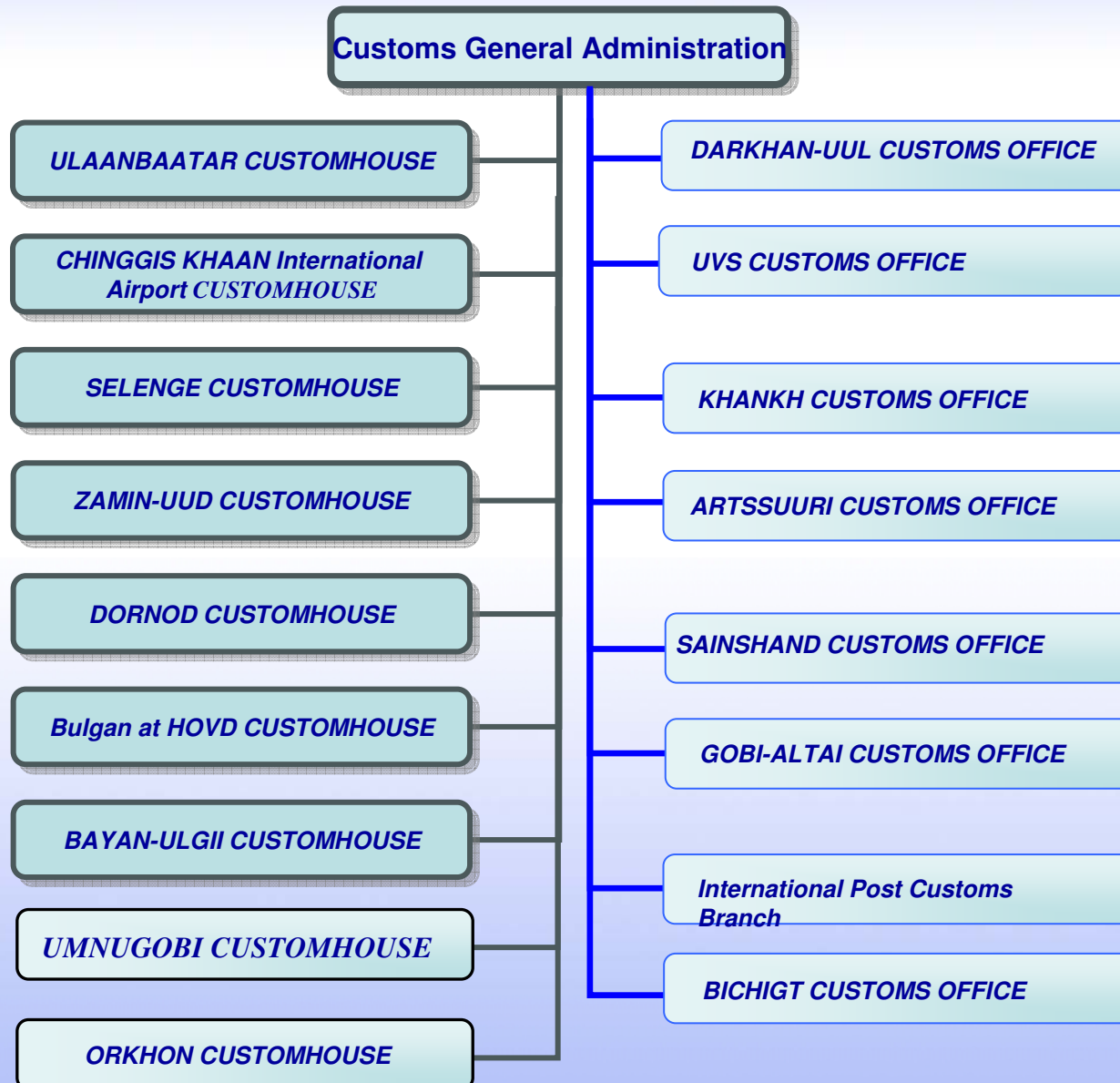
Historical chronicles of Customs body arc as follows:

- ❖1921-1930 Customs department of Ministry of Finance**
- ❖1930-1932 Customs department of Ministry of Trade and Industry**
- ❖1932-1954 Customs department of Ministry of Finance**
- ❖1954-1956 Customs department of Ministry of Defense and Social Security**
- ❖1956-1991 Customs department of Ministry of Foreign Trade and Customs General Committee and Customs Administration**
- ❖1992 State Customs Administration under the Cabinet**
- ❖Since 1996 Customs General Administration- a Government Coordinating agency**

Organizational chart of Mongolian customs



3. STRUCTURAL CHART OF THE MONGOLIAN CUSTOMS OFFICES, 2007



Number of border posts: 20

Names:

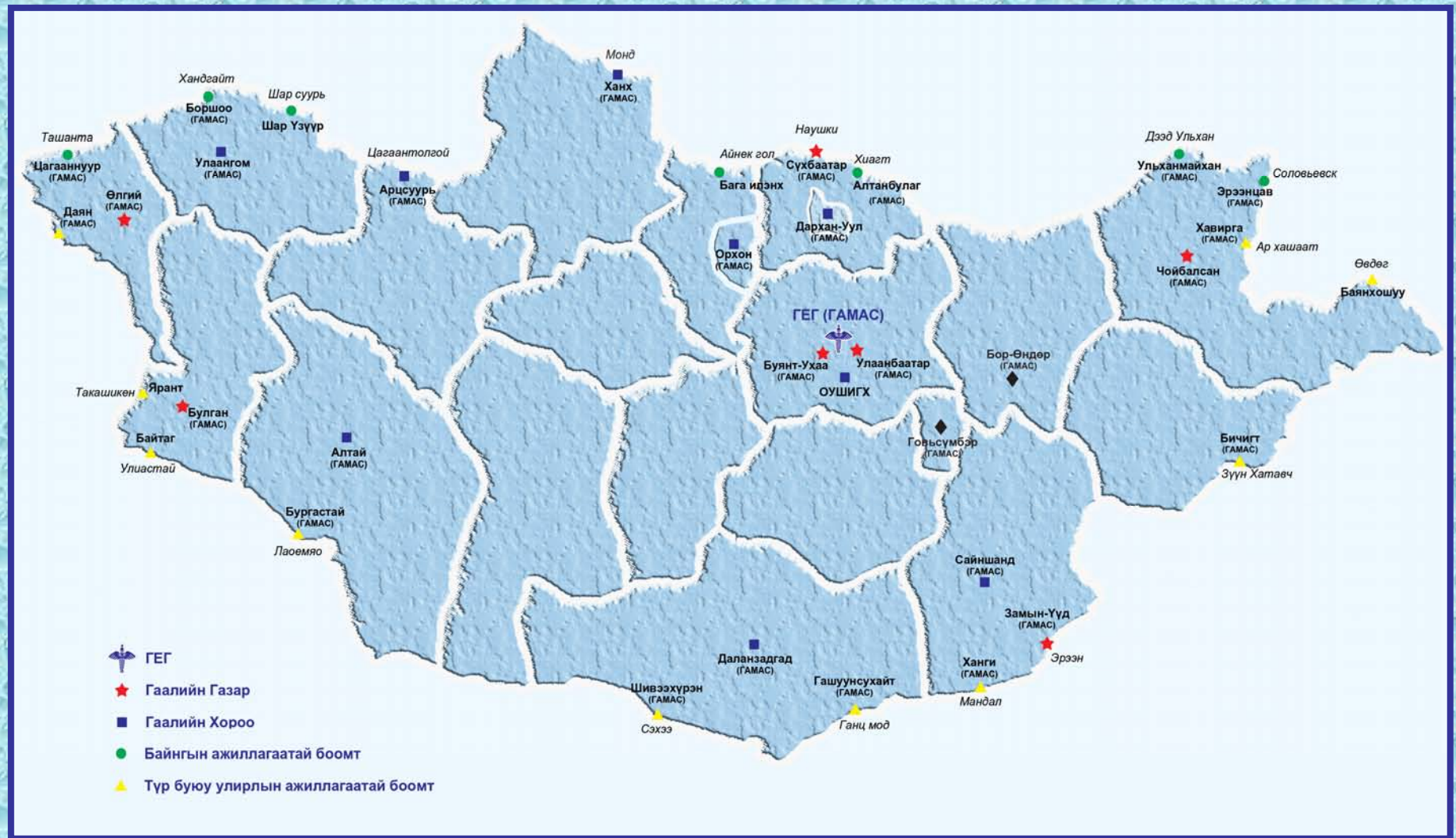
Northern border posts:

**Tsagaannuur, Borshoo,
Artssuuri, Khanh,
Teshig, Sharsuuri,
Sukhbaatar,
Altanbulag, Ulikhan,
Ereentsav**

Southern border posts:

**Zamyn uud /permanent/,
Seasonal posts:
Havirga,
Bayankhoshuu,
Gashuunsukhait,
Shivee Khuren,
Burgastai, Baitag,
Bulgan /Yarant/, Dayan,
Khanai Mandal**

4. THE LOCATIONAL MAP OF THE MONGOLIAN CUSTOMS OFFICES



5. Foreign Relations and Customs Cooperation

In 1991 during the transitional period of Mongolia to a market economy, the enactment of a new Customs law made fundamental changes to customs policy and related matters. The main aims of Customs became the protection of the independence and interests of Mongolian manufacturing, and the development of cooperation with foreign countries in commercial, economic, scientific, technical, cultural and other fields.



Nowadays Mongolian Customs has concluded intergovernmental, bilateral agreements on mutual assistance and cooperation in customs matters with 14 countries: Russia, China, South Korea, Hungary, the USA, Poland, UKGBNI, Kazakhstan, Czech Republic, Bulgaria, Turkey, Vietnam, Ukraine and Kyrgizstan.

During this time we have been actively in attendance at the 75/76th -101/102nd , 105/106th Sessions of WCO, the Conference of Heads of Regional Customs Administrations, RILO Contact Points Meeting, Regional Contact Points Meeting respectively.



6. Customs enforcement

The Customs Body of Directors has enhanced the efficiency of customs enforcement in Mongolia. It also implements measures pertaining to the enforcement of the laws of Mongolia, the resolutions and decisions of State Parliament and Government and the international treaties agreements and conventions to which Mongolia is a party.

As part of the implementation of governmental policy on border points, some border points on the frontiers with the Russian Federation and China has been moved close to the border. Also new border posts have been established and provided with the necessary facilities. As a result of the above-mentioned activities customs enforcement has reached a new level of efficiency.



7. Detector Dog Training Unit

The detector dog training unit was established in 1993. Today dog breeds such as German Shepherd and Spaniel are used for customs enforcement. They have been trained abroad and in Mongolia.

The detector dog training unit works in the following fields:

- The prevention of illegal trafficking of narcotics and psychotropic substances**
- The detection of prohibited and restricted goods in accordance with Mongolian laws**

A survey of the last 5 years displays that customs offences are mainly related to prohibited and restricted goods, the illegal smuggling of gold and other precious metals, precious stones, marmot skins, spirits, tobacco products,



8. Customs Central Laboratory

The Customs Central Laboratory was established by the decree ¹ 358 of the General Director, of General Customs Administration of Mongolia issued on November 1, 1996.

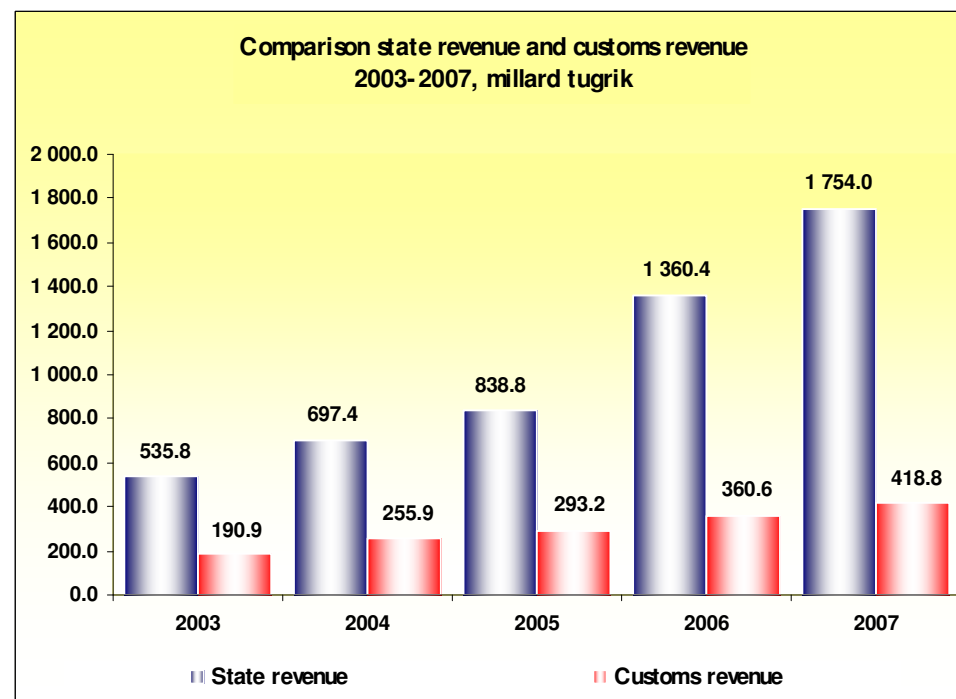
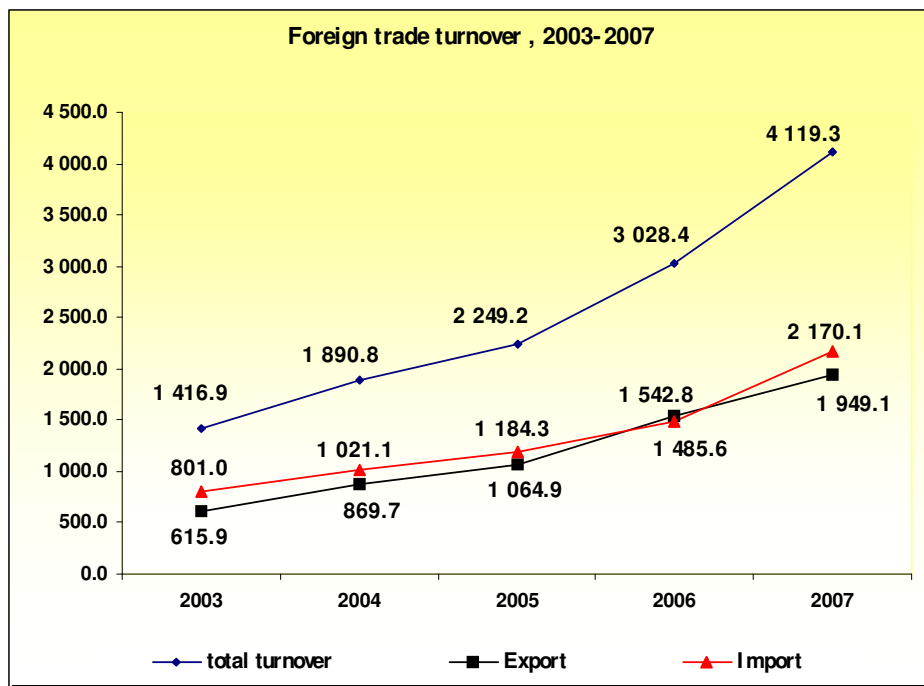
The main task of the Customs Central Laboratory is to analyze imported and exported goods crossing the customs border and

-to identify HS codes and the origin of goods

-to identify narcotics and psychotropic substances.

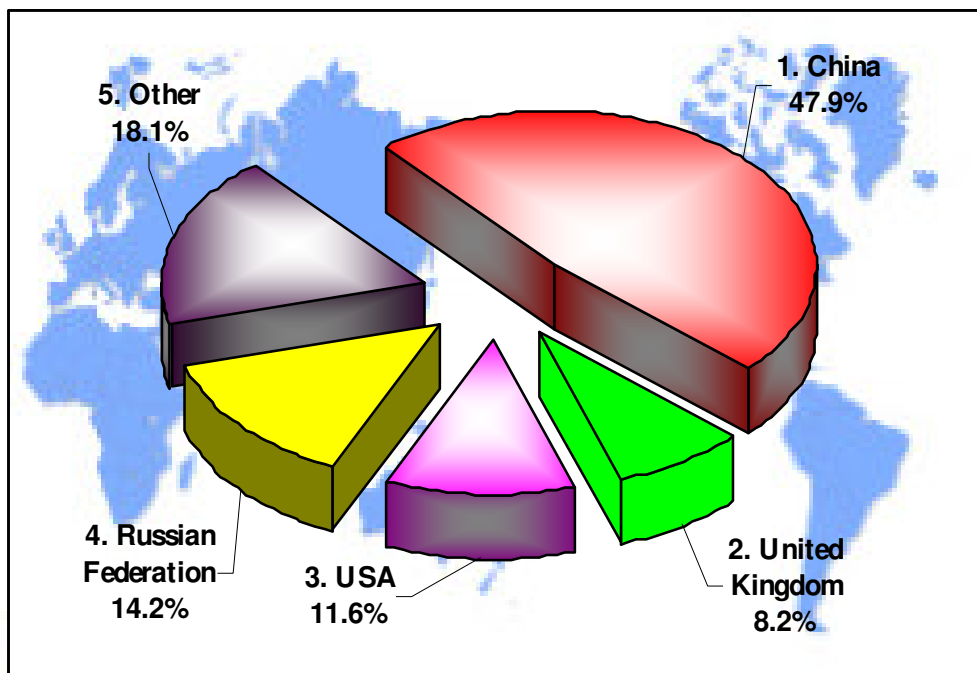
In the frame work of Mongolian government's State Administration Innovation Program supported by Asian Development Bank, technical equipment costing 750000 US dollars was installed in 2002. The equipment is used to analyze explosives, narcotics, tobacco products and food stuffs.

Foreign trade statistics



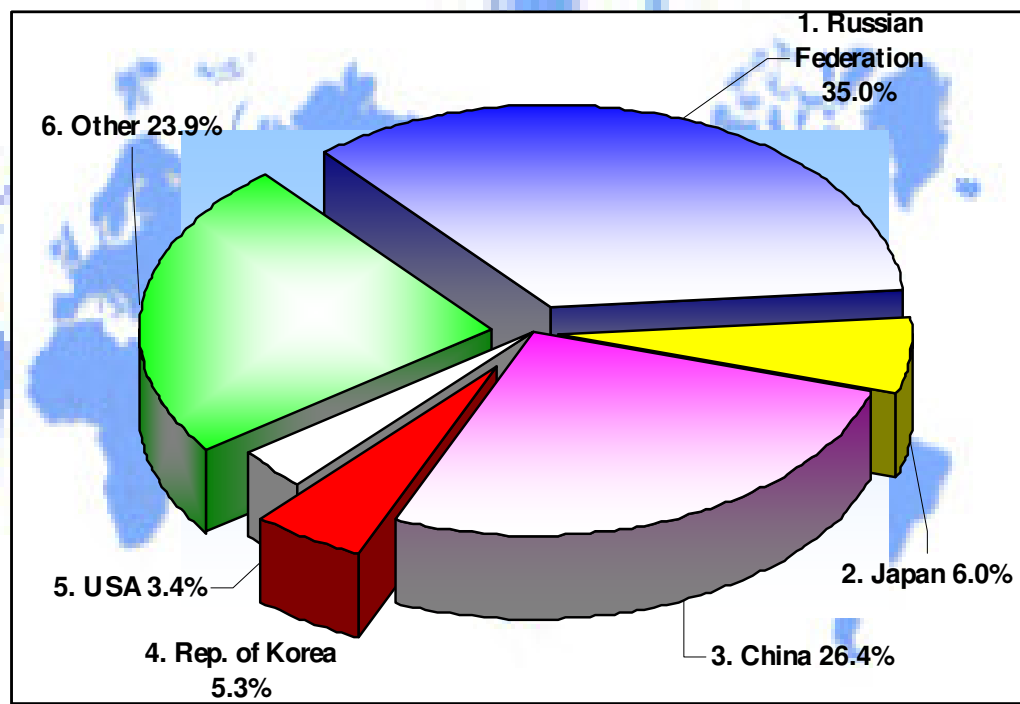


Import exceeded export by 221,0 mln.USD and this difference decreased by 406.4 mln.USD in comparison with the previous year. Total trade amounted 254,6 mln.USD in 2007 belong to the seasonal ports which equal to 6,2 percent of total trade turnover (7,9 percent of export and 4,6 percent of import).



The volume of export is 1949,2 mln.USD which means increase by 406,4 mln.USD in comparison with the previous year.

Goods with value of 2170,1 mln.USD had been imported and the volume of import increased by 684,5 mln.USD or 46,1 percent in comparison with 2006.



10. Customs duty and other taxes

One of the customs tasks is to impose value added and excise taxes; and collect and centralize them in the state budget in accordance with the Customs Law and other related laws and regulations.

Some products such as alcoholic beverages, cigarettes, beers, passenger cars, petroleum and diesel oils are subject to excise taxes.

Duties set at 5%,

VAT 10%,

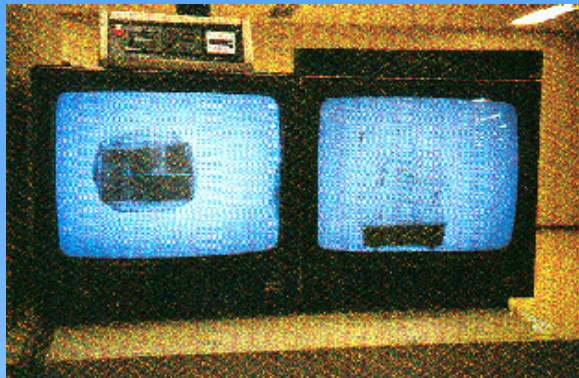
Export duties on a limited goods /camel hair, cashmere, goat skins.../



11. The Risk Management System

In 2003, the following databases of risk management were established based on research of the possible risks in the field of customs clearance.

- ☐ Database of administrative offences**
- ☐ Database including elements of crime**
- ☐ Database of post clearance audit**
- ☐ Database of economic entities with debts**
- ☐ Database of goods entering under temporary admission**
- ☐ Database of risk assessment of value and valuation**
- ☐ Database of information from the tax office, banks and other organizations**
- ☐ Database of risky commodities**
- ☐ Databases of risk assessment relating to broker, cost of carriage, country of delivery and transport route.**



Currently a Customs Risk Management System has been set up based on these constantly changing databases and the expertise of Customs officers.

The Introduction of this system is considered an important way to enhance the skill of Customs officers, to facilitate legal trade, strengthen business confidence, support foreign investment and to improve the national economy.

Using this system risk assessment and customs examination of commodities are expressed in terms of a percentage and colors such as red, yellow and green. The system extends to all stages of the customs procedure, from the arrival of goods at the frontier to their delivery to the owner.

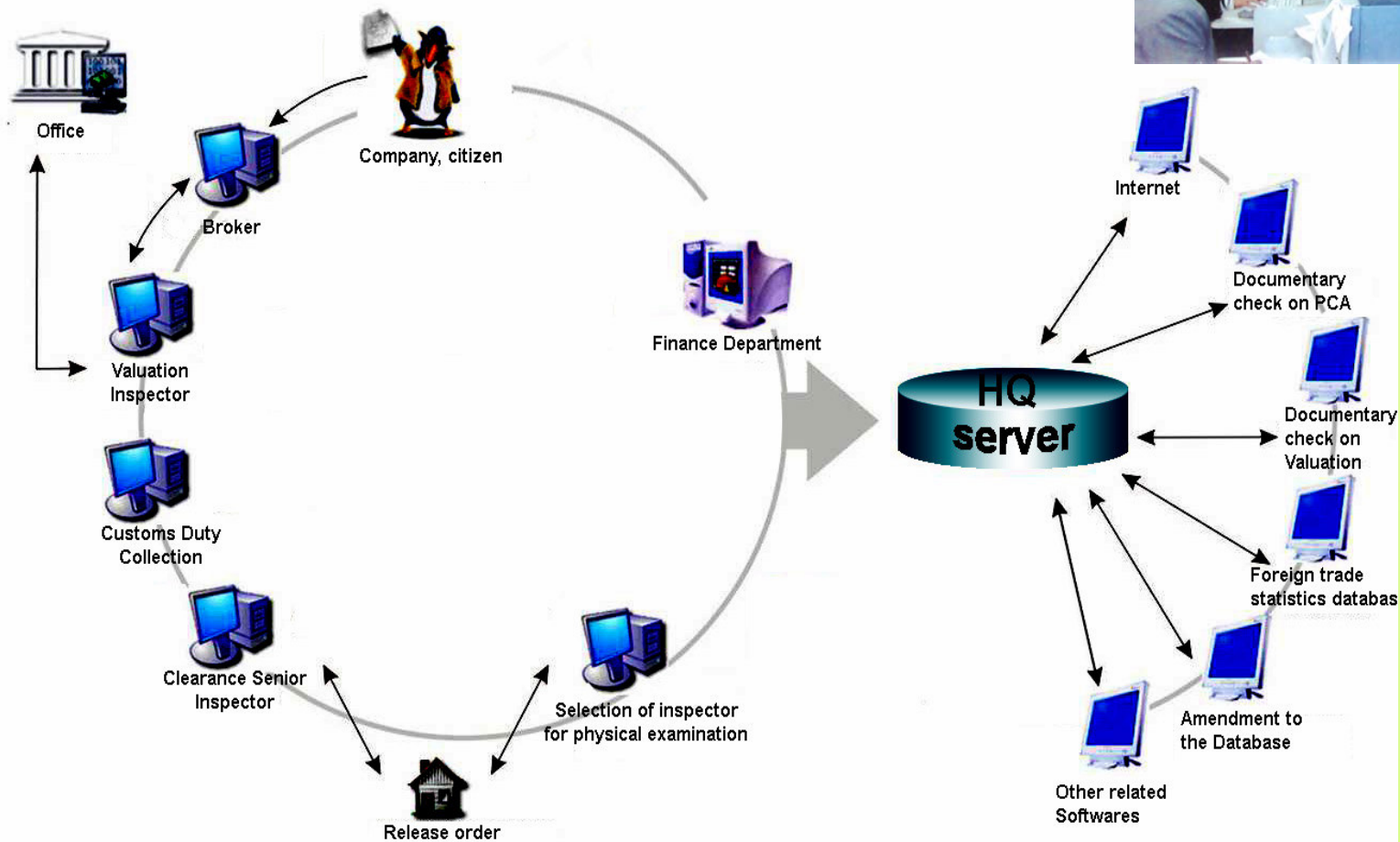


12. Post clearance audit

Number of activities such as assessing both goods and operational risks for business entities and citizens participating in foreign trade, reviewing whether the customs declarations and clearance were done truthfully based on the relevant financial documents, conducting joint inspections with related professional organization if necessary, documenting the revealed breach, outstanding payment and wrongdoing and taking actions to settle due payments etc. are being undertaking.



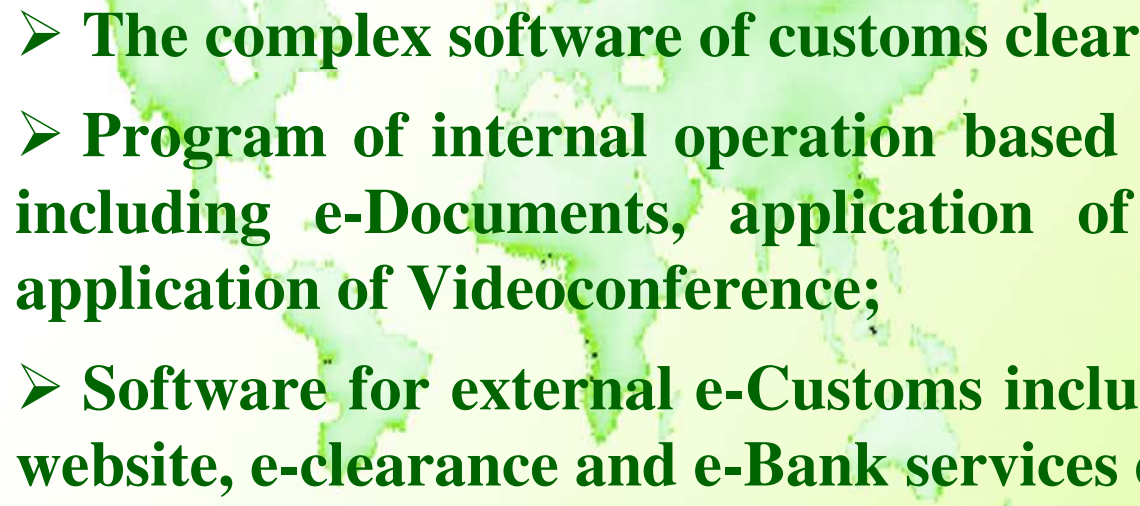
13. GAMAS – Customs Automated Data Processing System

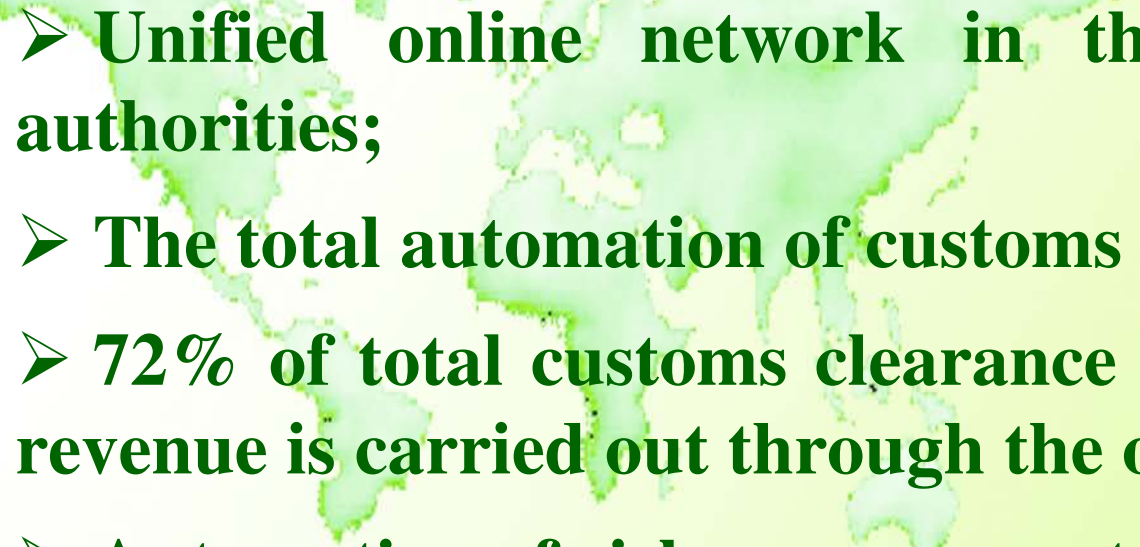


A complex information technology and automation system for Mongolian Customs based on modern techniques is required for the automation of both the internal and external activities of customs.

Owing to the large area of Mongolia and the locations of the customs authorities, the existing system was updated by our own experts to create a new system called GAMAS.

The software of Mongolian Customs consists of the following parts.

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- **The complex software of customs clearance and intelligence;**
 - **Program of internal operation based on paperless technology including e-Documents, application of human resources and application of Videoconference;**
 - **Software for external e-Customs including an e-mail system, a website, e-clearance and e-Bank services etc.;**
 - **GAMAS created a unified information network for the use of customs for the first time in its history;**
 - **Through the introduction of the GAMAS information system a number of advantages and achievements were accrued;**
 - **Creation of e-customs in the customs system of Mongolia;**

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- **Unified online network in the area of customs authorities;**
 - **The total automation of customs operations;**
 - **72% of total customs clearance and 92% of customs revenue is carried out through the online network;**
 - **Automation of risk management ;**
 - **Direct Traders Input;**
 - **Possibility of customs tax calculation by e-bank;**
 - **Time of customs clearance reduced by 5 to 8 times;**
 - **Paperless technology for customs internal activities;**

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- **Improvement of control of customs clearance process;**
 - **Reduction of evasion of payment of customs duties;**
 - **The appreciable increase of state revenue;**

The automation and information system will strengthen and develop Mongolian Customs, allowing it to comply with the aims of the WCO in providing a courteous and efficient customs service.



Thank you for your kind attention