

UPDATES ON CUSTOMS COOPERATION PRIORITY AREAS OCTOBER 2010 TO SEPTEMBER 2011*

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
Simplification and harmonization of customs procedures and documentation	<p>Since January 1, 2011 the Customs Union introduced a single customs transit procedure enabling the carrier to move goods via the territory of the CU member states without undergoing customs formalities with inland customs bodies.</p> <p>To improve customs operations related to customs declaration and customs clearance of goods, the Customs Control Committee under the Ministry of Finance of the Republic of Kazakhstan undertook the following work:</p> <p>1. In July 2010 legal frameworks for customs regulation in the Customs Union have been put in place – the Customs Code of the Customs Union is applicable throughout the single customs territory for the CU member states.</p> <p>Under the provisions of customs legislation of the CU and the RK, the CU member states unified the procedures for:</p> <ul style="list-style-type: none"> - customs declaration of goods and application of customs procedures; - performing customs operations related to customs clearance and release of goods; - conducting customs control using the RMS. <p>2. According to provisions of customs legislation of the CU and the RK. The goods originating from territories of the CU member states, as well as the goods originating from the third countries and released for free circulation in the territories of</p>	<p>To reduce the administrative burden for business and simplify the system of permits in Kazakhstan, certain work has been undertaken to streamline it, to reduce the number of permissive documents, simplify the requirements and procedures for their issuance.</p> <p>According to Instructions of the President of the Republic of Kazakhstan, the Customs Control Committee under the Ministry of Finance of the Republic of Kazakhstan works on introduction of the Integrated Information System “Single Window for Export-Import Operations” (hereinafter – the IIS «SW»). The IIS «SW» project will be implemented during 2011-2014.</p> <p>The IIS «SW» is a tool enabling the countries engaged in trade and transport operations to submit standardized information and documents once by using a single transmission channel to comply with all regulatory requirements related to import, export and transit. Introduction of the IIS «SW» will bring great benefits to both state bodies and traders. For state bodies – it improves risk management, enhance security and increase revenues by ensuring stricter compliance with the established requirements by traders.</p> <p>Traders benefit from transparent and predictable interpretation and application of rules, as well as from more efficient management of human and financial resources, which will enable them to achieve tangible productivity growth and competitiveness.</p>	<p>According to Article 216 of the Code Resolution № 1149 of the RK dated 03.11.2010 “On Approval of the Rules for Application of the Risk Management System in Customs Bodies of the RK” was adopted, which envisages new approaches to the application of the RMS in line with international WCO standards for simplification of customs procedures.</p> <p>To introduce the automated risk management system, the CCC under the MoF of the RK issued Order № 331 dated 04.11.2010 to put in operation three modules for component “Selective Control and Risk Management” of the “Electronic Customs” Information System assigned to assess risks and make decisions to apply measures for minimization of risks necessary for customs control at the time of customs clearance. As of today all customs posts authorized to perform customs clearance have been connected to this system.</p> <p>To develop “Electronic Customs” Information System., Post-Entry Risk Analysis module has been put in place, the key objective of which is to select traders to be subjected to customs audits and monitoring based on audit findings, as well as last two modules of the RMS have been developed: Legal Risk Management – to automate the process of consideration of applications filed by individuals engaged in customs-related operations for them to be included</p>		<p>Establishment of the Customs Union by merging customs territories of Kazakhstan, Russia and Belorussia into the single customs territory provides new prospects for development of road transit operations in the Eurasian space.</p> <p>At the same time the removal of customs posts at internal borders of the Customs Union since July 1, 2011 provides for evident attractiveness for road transporters to operate in territories of the three states.</p>

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
	<p>the CU member states shall not be subject to customs declaration and customs clearance.</p> <p>According to decision № 19 of the EurAsEC Interstate Council (the supreme body of the CU) made at the level of state leaders as of 27.11.09 “On Single Non-Tariff Regulation of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation”, the CU member states shall not apply licensing and quantity restrictions in mutual trade.</p> <p>Under the customs legislation provisions of the Republic of Kazakhstan, for customs declaration of foreign goods the list of mandatory documents has been reduced to 3 (three) major documents (a document authorizing the individual to submit the CD, commercial and transport documents).</p> <p>If needed, in related to goods subject to prohibition or restriction or customs payments and duties, additional documents shall be provided to confirm that they meet prohibitions and restrictions, payment of customs payments and duties, etc.</p> <p>The goods shall be released not later than within 1 working day following the day of the CD registration (before July 1, 2010 – 2 working days), and with regards to certain types of goods – within 4 hours (export).</p> <p>4. Within law drafting work for development of contractual and legal basis of the Customs Union, the CU</p>	<p>Besides, enhanced transparency and efficiency will limit opportunities for corruption both in the public and private sectors.</p> <p>As the IIS «SW» focuses on preliminary information and risk analysis, its value for state bodies and traders is increasing in the context of new security requirements.</p>	<p>into relevant registers, and Strategic Risk Management – to automate the process of data processing to review the risks, plan risk management and assess the efficiency of measures taken to minimize risks.</p> <p>The review of collected customs payments and duties as a result of post-entry audit (2006-2010) demonstrates a positive trend in growth – from 6 billion tenge to 50 billion tenge (from US\$ 41 mln. to US\$ 345 mln.).</p> <p>Only in 2010 additionally assessed customs payments and duties totaled 40.27 bln. tenge, actual collection amounted to 46.4 bln. tenge.</p> <p>The amount of collected CP&D per post-entry audit officer in 2010 amounted to 220.1 mln, tenge (more than US\$ 1.5 mln.).</p>		

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
	<p>member states have unified:</p> <ul style="list-style-type: none"> - the declaration form for goods and the Instruction on the procedure to fill out the declaration for goods have become effective as of January 1, 2011 in the unified customs territory of the Customs Union; - Classifications to be used by customs applicants and representatives when filling out the new declaration for goods - since January 1, 2011, etc. <p>According to the provisions of the new Instruction:</p> <ul style="list-style-type: none"> - one CD can contain information about 999 goods; - to simplify the procedure of customs declaration of goods when declaring in one CD different trade, commercial items contained in one batch of commodities by specifying only one classification code under the CN of EEA of the CU, instead of additional sheets to the CD, one shall use <u>the List of Goods prepared in 3 copies, which is an integral part of the CD, and no customs fees are to be paid for its submission;</u> - specificities have been indicated to fill out the DG when placing goods for customs procedures of a free economic zone and a free warehouse, according to which the procedure for declaration of goods to be used in territories of FEZs and free warehouses has been simplified; - the volume of information to be indicated in the DG has been minimized; - a detailed procedure has been developed to fill out the DG to 				

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
	<p>complete actions specified in customs procedures by placing goods under customs procedures for re-import, release for domestic consumption, export, re-export, etc.</p> <p>According to provisions in Article 191 of the CU Customs Code and CCC Decision № 255 dated 20.05.10 “On the Procedure to Make Amendments and (or) Addenda to the Declaration on Goods After the Release of Goods”, since January 1, 2011 in case of customs declaration of goods in the territory of the Republic of Kazakhstan, when making adjustments in information stated in the DG, one shall submit a hard copy of the <u>form of the adjustment of the declaration for goods</u> (hereinafter – the ADG), since July 1, 2011 – an electronic copy of the ADG.</p> <p>5. In October of 2010 new Resolution № 1039 of the Government of the Republic of Kazakhstan dated October 8, 2010 was put in effect in the territory of the Republic of Kazakhstan - “On Some Issues of Customs Declaration and Customs Clearance of Goods in Unassembled or Disassembled Form, including in a Incomplete or Unfinished Form” enabling traders within a specified period of time to bring in factories, plants, mills, equipment and machines, etc. in disassembled or unassembled form, and file declarations indicating one classification code of the CN of EEA.</p> <p>6. With the introduction of the CU Customs Code, the institute of licensing customs-related activities</p>				

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
	<p>has been abolished.</p> <p>Control over individuals engaged in customs activities (customs representatives, customs transporters, owners of temporary warehouses and free warehouses, duty free shops) is performed by including them into relevant registers without paying any customs fees.</p>				
Issues/Concerns Encountered	<p>There are disagreements among the CU member states on the issue of applying the TIR procedure in the customs territory of the Customs Union.</p>	<p>The companies engaged in international trade have to repeatedly prepare and submit to state bodies a significant volume of information and documents to comply with regulatory requirements related import, export and transit. Quite often these information and documents shall be submitted to a number of various institutions, which use their own specific (manual or automated) systems and samples of paper documents. Such detailed requirements, together with the costs for their observance, may become a serious burden for public bodies and businesses and may be a serious barrier for development of international trade.</p>			
Actions Taken to Address Issues/Concerns	<p>At present, to unify the procedure for issuance of TIR carnets in the CU territory, experts from customs and other agencies of the CU member states conduct negotiations to finalize the draft Agreement on Specificities of Application of the TIR Convention by using TIR carnets in the CU</p>	<p>The Customs Control Committee under the Ministry of Finance of the Republic of Kazakhstan suggest to address this problem by establishing an integrated information system - “Single Window for Export-Import Operations” (hereinafter – the IIS «SW»), thanks to which trade information and/or</p>			

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
	customs territory.	documents required to comply with formalities related to import, export and transit of goods are entered into the system only once by using a single communication channel of the CCC under the MoF of the RK. The IIS «SW» is suggested to be used to coordinate control performed by competent authorities and trade and technical controlling agencies, as well as a possibility is envisaged to establish conditions and systems to pay duties, taxes and other costs.			
Future Plans	<p>Currently a possibility is considered for the CU member states to join the Convention on the General Transit Procedure (hereinafter – the Convention). This opportunity will enable the states, which joined the Convention, to move cargoes using a single document under the general transit procedure when transporting goods among the countries-parties of the Convention, enabling to reduce formalities when crossing the border.</p> <p>Besides, the CU participant state consider a possibility of introducing prior notifications about the goods expected to cross the CU customs border by road.</p> <p>The introduction of preliminary notifications will enable to reduce the time required for customs clearance at the border crossing points by identifying potential risks to use methods of customs control before the goods arrive to the BCP.</p>	<p>The CCC under the MoF of the RK was instructed by the President to establish IIS «SW»; Resolution of the Government dated 30.03.2011 №288 established the Commission to develop proposals for establishment of the Single Window integrated information system for export and import operations.</p> <p>Resolution №771 of the Government as of 03.07.2011 approved the Concept for establishment of the Single Window integrated information system for export and import operations and approved the Action Plan for implementation of the Concept for establishment of the Single Window integrated information system for export and import operations in the Republic of Kazakhstan for 2011-2013.</p> <p>Currently the Customs Control Committee under the MoF of the RK works on organizational, methodological, technical and economic issues related to implementation of activities specified in the Action Plan.</p>	<p>To develop and improve the risk management system, the customs service works on development of the Legal Risk Management (LRM) module of the Selective Control and Risk Management Component (SCRM) of the E-Customs information system assigned to automate the process of consideration of the applications filed by individuals engaged in customs-related activities to be included in relevant registers.</p> <p>Currently the work is underway to develop and introduce risk management functions for the customs transit procedure.</p> <p>According to the Work Plan, the working group plans to implement a number of activities aimed at improving and unifying the regulatory/legal and methodological frameworks on customs control after the goods are released, developing mutual administrative assistance, drafting proposals for selection of items for customs control, information exchange, etc.</p>		<p>The work is underway to increase the number of lanes at road BCPs to support intensive cargo traffic via Bops, in this connection Bops at the Kazakh sections of the CU will be reconstructed and constructed.</p> <p>Also, under the international project “Western Europe – Western China” a transit corridor will cross the territory of Kazakhstan – from Khorgos at the border with the PRC, in this connection a new BCP is expected to be constructed in line with international standards.</p>

	Simplification and harmonization of customs procedures and documentation	ICT customs modernization and data exchange	Risk management and post-entry audit	Joint Customs Control	Regional Transit Development
			Under the Customs Development Project for 2008-2012 the work is finalized to put in operation the automated SCRM-PAR system to automate post-entry audit, which would enable to assess traders' risks to conducted automated audits, which would significantly facilitate the work of customs bodes and allow to exclude the factor of corruption when selecting individuals for audit.		