



Workshop on World Customs Organization (WCO) Revised Kyoto Convention

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Contracting Party: **Mongolia**

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Accession to the RKC

- **Mongolia acceded to the Revised Kyoto Convention on Simplification and Harmonization of Customs procedures on June, 2006 during the 107/108 Council Session of the WCO**
- **The RKC became effective for Mongolia since 1 October 2006**
- **After accession Mongolian Customs developed a plan for implementation of RKC**
- **Key issues: review of national legislation, key points to be addressed, customs modernization project**

Alignment of national legislation with the RKC

- National customs legislation (Customs Law and Custom Tariff and Duty Law) were drafted in line with the RKC, approved by the Mongolian Parliament and entered into force since 1 July 2008
- Legal acts concerning the implementation of the revised customs legislation have been revised

Status of Compliance to RKC

- Compliance with RKC standards
 - Mongolia accepted requirements of compliance: 3 years to become compliant with any Standards in the General Annex; 5 years for Transitional Standards
 - Most of specific annexes were already in place
- Changes needed in national legislation
 - Changes in the national customs legislation has been made after accession and became effective 2008
 - No extension to implement the provisions of General Annex was requested

Changes needed in national legislation

- In order to facilitate movement of goods submission by electronic means is introduced
- The Customs enhanced IT application for clearance which expedited release of goods on the basis of selectivity criteria
- Customs Law Clause 55.2. The goods declaration may be lodged to in writing or in electronic form or orally or non-verbally, selection of needed channel (green or red).

Changes needed in national legislation

- 55.4. A complete declaration form may be lodged through a data network later than actual clearance.
- 59.1. A customs pre-arrival declaration of goods may be lodged.
- 60.2 Customs shall require a minimum of documents needed for customs formalities and ensuring implementation of customs legislation.
- Mongolian Customs has reduced a number of trade twofold from 8 to 4 in some cases to 2.

Twice less documents required for clearance

Documents to export

- ✓ Bill of lading
- ✓ Customs export declaration
- ✓ Commercial invoice
- Certificate of origin
- Insurance certificate
- Packing List
- Technical standard/health certificate
- ✓ Transit document

Documents to import

- ✓ Bill of lading
- Certificate of origin
- ✓ Commercial invoice
- ✓ Customs import declaration
- ✓ Transit document
- Insurance certificate
- Packing list
- Technical standard/ health certificate

Changes needed in national legislation

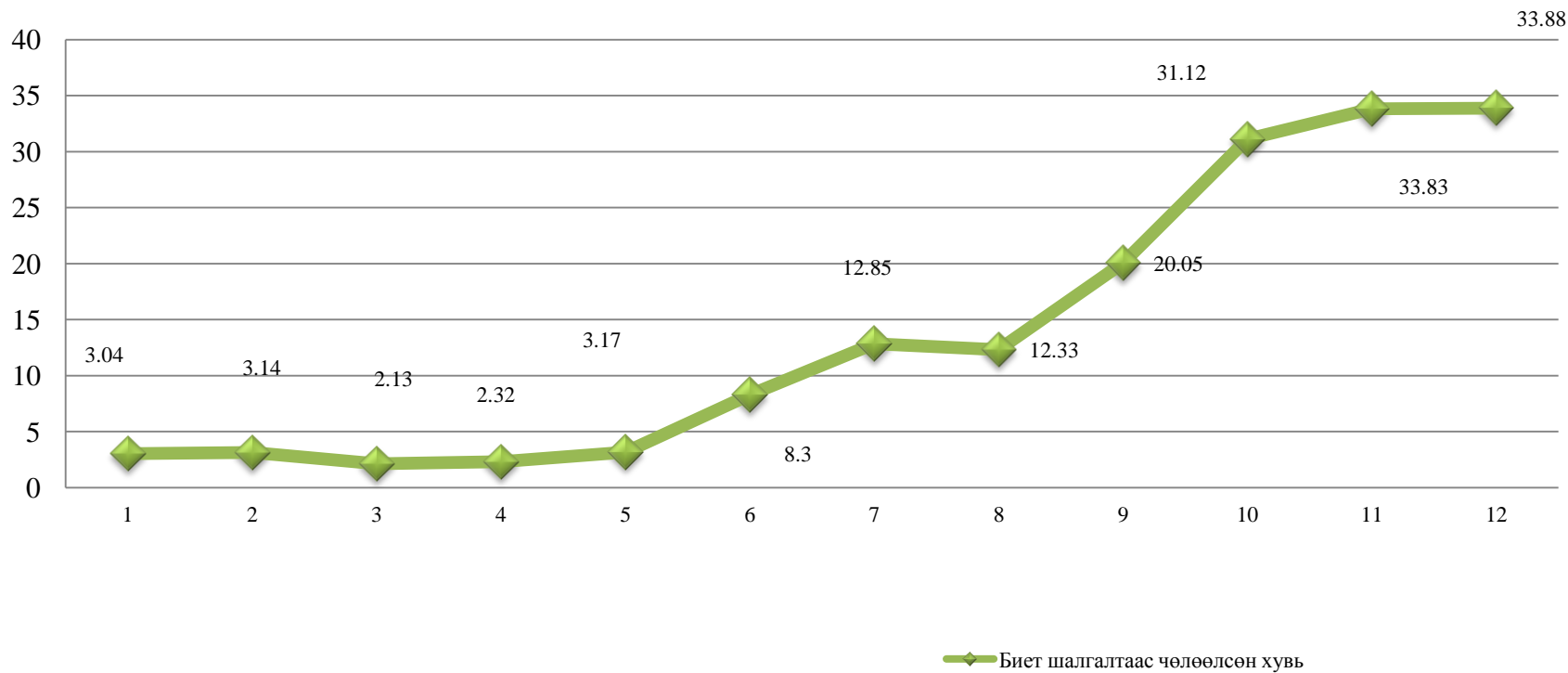
- 240.2. The Customs shall use risk assessment and risk analysis for customs control.
- 249.1. The Customs shall conduct Post Clearance Audit after goods or means of transport had been cleared through Customs and released to the owner, for the purposes of verification of accuracy of information specified in customs declaration form and other documents and assessment of export and import record of the declarant.
- Customs control is based on intelligence and information gathering and their analysis, less intervention to legitimate traders

Risk management and PCA

- Risk management is introduced for customs control, selectivity criteria developed in the CAIS /Customs Automated Information System/ developed with the assistance of the ADB
- Physical inspection has substantially decreased
- Authorized economic operator's program is to be launched
- Shift from border control to post clearance audit has been made
- PCA is playing an important role in trade facilitation

Decrease of physical inspection

Биет шалгалтаас чөлөөлсөн хувь /сараар/



Customs and Business partnership

- Consultative meetings become more frequent
- Proper mechanism for fruitful dialogues is set up with different professional associations: cashmere, wool exporters, petroleum importers
- Wider opportunities to get needed information ensuring better predictability
- Information dissemination through website, mass media and other sources
- Informed Compliance –Inform the business community what they are doing wrong
 - Permanent Consultative Committee at the Mongolian Chamber of Commerce

Benefits of RKC Accession

1. Economic benefits

- increased revenue
- faster release and lower trade costs
- more FDI and economic competitiveness

2. Non-economic benefits

- security
- protection of society

Trade turnover /US\$ mln.

	Total turnover	Import	Export
2007	4,009.3	2,061.8	1,947.5
2008	5,779.0	3,244.5	2,534.5
2009	4,023.1	2,137.7	1,885.4
2010	6,108.5	3,200.0	2,908.5
2011	11,415.8	6,598.3	4,817.5
2012	11123.5	6738.9	4384.6

Revenue collection

2006	2007	2008	2009	2010	2011
1,360,409.8	1,880,488.9	2,170,370.0	1,993,995.6	3,122,464.2	4,400,621.8
360,552.0	418,752.5	587,570.2	511,078.3	877,644.8	1,410,878.8
27%	22%	27%	26%	28%	32%

Challenges ahead

- Intensify Coordinated Border Management
- Create national Single Electronic window
- AEO Programme launch

Benefits of accession to the RKC

BEFORE:

- Priority - revenue collection
- 100% physical examination
- Multiple control agencies at the border
- Bottlenecks at the border

AFTER:

- Priority - social security and trade facilitation
- Shift on RM and wide use of PCA as a trade facilitation technique
- Coordinated border management
- Joint Customs Control – Supply Chain Security