

1. Simplification/Harmonization of Customs Procedures

By Resolution № 342 dated December 30, 2010 the Government of the Kyrgyz Republic approved:

- The Strategy for Development of the Customs Service of the Kyrgyz Republic for 2011-2013 (hereinafter – the Strategy);
- The Action Plan for implementation of the Strategy for Development of the Customs Service of the Kyrgyz Republic for 2011-2013 (hereinafter - the Action Plan).

The Strategy specifies the goals and major areas to improve customs administration in short-term and mid-term perspectives.

The key goal of this Strategy is to reform and modernize the customs service of the Kyrgyz Republic and develop the custom policy aimed at facilitating external trade as whole and stimulating key export-oriented areas of the economy.

The Action Plan to implement the Strategy for Development of the Customs Service of the Kyrgyz Republic for 2011-2013 specified activities on law-drafting for 2011 aimed at:

- optimizing the functions of state border control agencies;
- simplifying administrative procedures for external trade and adopting the “single window” scheme.

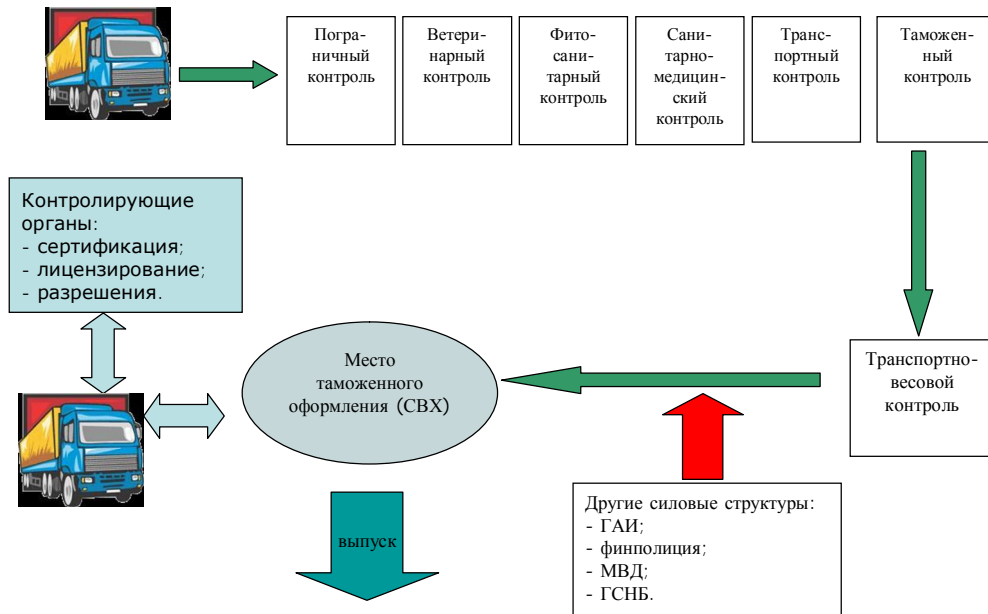
To implement these activities the State Customs Service under the Government of the Kyrgyz Republic has prepared the following draft laws:

- the KR Law “On Amendments and Addenda to the KR Law “On State Border of the Kyrgyz Republic”;
- the KR Law “On Amendments to the KR Law “On Frontier Service of the KR”;
- the KR Law “On Addenda to the KR Law “On Plants Quarantine”;
- the KR Law “On Amendments and Addenda to the KR Law “On Veterinary”.

These draft laws propose:

- that the Frontier Service shall perform the functions of passport and visa control, the Customs Service shall exercise customs control in line with customs legislation;
- interaction in the area of state border security by applying ICT networks, developing process workflows;
- functions of the primary documentary control and registration at the state BCP shall be performed by the Customs Service with the introduction of the mandatory interagency information exchange;
- veterinary, phyto-sanitary and sanitary-and-quarantine control shall be performed at customs clearance sites.

Существующие процедуры прохождения через пункт пропуска



Предлагаемая схема прохождения через пункт пропуска



By introducing relevant amendments and addenda to legislation of the Kyrgyz Republic the following outcomes are expected:

- eliminating overlapping of functions of the customs and frontier services performed at the border;
- exercising relevant types of control over the goods and their release directly at one site and this, in turn, would release resources of state control agencies for more effective performance of their tasks;
- introduction of a uniform electronic interagency document for customs clearance, thus simplifying customs clearance and facilitating the introduction of the single window.

From the viewpoint of further simplification of customs procedures and facilitating business activities, the Customs Service of the Kyrgyz Republic has drafted the KR Law “On Amendments and Addenda to the Customs Code of the KR”, which envisages:

- a transfer from the licensed customs-related activities (establishment of temporary storage facilities, bonded warehouses, duty free, customs brokers activities) to the introduction of registries. The customs-related activities may be performed not only by legal entities, but also individuals registered as individual entrepreneurs. Besides, the availability of own warehouses and facilities is not a mandatory condition for establishment of bonded warehouses and temporary storage facilities.
- that traders shall make customs payments within 30 after the customs clearance with no interest accrued during this period;
- a provision to provide the deferral for customs payments up to 90 days.

These measures are aimed at:

- stimulating business activities and reducing the tax burden for traders;
- providing equal opportunities to physical and legal persons, as well as individual entrepreneurs, to be engaged in providing customs-related services;
- providing accessibility to perform operations as owners of temporary storage facilities and bonded warehouses for persons who do not own premises and land (on a lease basis).

The above mentioned draft laws have been approved as one package by Resolution № 300 of the Government of the Kyrgyz Republic dated June 10, 2011 and submitted to consideration by the Parliament of the Kyrgyz Republic.

Currently, after the Parliament’s vacation, these draft laws are considered by specific committees of the Kyrgyz Republic Parliament.

2. Joint Customs Control

On July 4, 2006 the Agreement on joint control at the Kyrgyz-Kazakh border was signed between the Government of the Kyrgyz Republic and the Government of the Republic of Kazakhstan.

The Minutes of the working meeting between the head of the customs service of the Kyrgyz Republic and the Republic of Kazakhstan was signed on December 5, 2008 in Almaty, according to which the Temporary Technological Workflow for

Clearance of Individuals, Goods and Vehicles at the multilateral road BCP Chon-Kapka - Aisha Bibi at the Kyrgyz-Kazakh state border.

To implement provisions of the Temporary Technological Workflow for Clearance of Individuals, Goods and Vehicles, the State Customs Committee of the KR issued Order № 5-4/372 as of 24.12.2008 “On Piloting Joint Control at the multilateral road BCP Chon-Kapka - Aisha Bibi at the Kyrgyz-Kazakh State Border”.

The pilot testing of joint control yielded positive results:

- procedures for individuals crossing the state border have been simplified and control and clearance take place at one place;
- the technological workflow for clearance of goods and vehicles provided an opportunity to streamline procedures and organization of state control;
- there were no cases of misunderstanding or conflicting situation among the controlling agencies of the Parties.

Based on the outcome of the pilot test the Parties intended to approve the technological workflow for clearance of individuals, goods and vehicles and to introduced the developed joint control scheme at other sites and points, where the processing takes place when individuals, goods and vehicles cross the Kyrgyz-Kazakh state border.

However, the April events in the Kyrgyz Republic in 2010 and launching the operations of the Customs Union made it imperative to introduce some adjustments in the planned activities.

The State Customs Service under the Government of the Kyrgyz Republic intends to continue the work with the customs service of the Republic of Kazakhstan to introduce joint control at other sections of the Kyrgyz-Kazakh state border.

A preliminary agreement on this issue has been reached between the heads of the Parties' customs services at the working meeting in July of 2011.

3. Data Exchange, ICT for Customs Modernization, Single Window

Under the ADB-financed Regional Customs Modernization and Infrastructure Development Project (21-13 KGZ), which is implemented under the PIP, the Unified Automated Information System of the State Customs Service is developed in accordance with the Terms of Reference approved in early August of 2011.

The scope of works to be performed within the UAIS development:

- Development of the UIAS software – automation of the following key business processes of the customs authorities of the Kyrgyz Republic:
 - ~ registration and control of delivery of goods;
 - ~ the process of customs clearance and customs control for goods;
 - ~ risk management;
 - ~ maintaining the customs offences database;
 - ~ introduction of the unified system of classifications for customs authorities;
 - ~ monitoring of access to information and its confidentiality;
 - ~ collecting customs statistics;
 - ~ exchange of data with external sources;
 - ~ monitoring of collected customs and other payments;
 - ~ database management system;

a standard list of statistical reports and a report generation function enabling to produce additional specific reports;

developing the capability of the system to process electronic digital signatures;

further development of the declaration processing system so, when national legislation permits, the system would be able to process e-declarations;

development of external data sources;

- Testing;
- Testing in the pilot area;
- Industrial commissioning throughout the Kyrgyz Republic;
- Training (for all staff of the customs service, end users, technical staff);
- One year of guaranteed support;
- Five years of further support for a fee as agreed with the Client.

According to the signed contract: (1) the development of the Terms of Reference for all business processed has been completed in August of 2011; (2) the software development is to be completed by late November of 2011; (3) test runs in the pilot area shall be completed by late February of 2012; (4) industrial commissioning after training is expected to be finalized by late April of 2012.

Along with the above, a tender has been announced to procure computers, servers and communication equipment to fully equip structural divisions of the SCS.

4. Risk Management /Customs Intelligence/Post-Entry Audit

Key achievements – amendments and addenda introduced to the Protocol as of October 9, 2008, between the SCS of the Kyrgyz Republic and the FCS of Russian on exchange of information, movement of goods for mutual trade and customs clearance. At present it undergoes internal procedures.

Faced issues/concerns – to provide for a comprehensive application of the risk management system there is a need to introduce some amendments and addenda to legislation of the Kyrgyz Republic.

Actions taken at address issues/concerns – the work is underway to draft amendments and addenda to some regulatory and legal acts of the Kyrgyz Republic, specifically, to Articles 281 and 323 of the Customs Code, instructions on conducting post-entry audits approved by GoKR Resolution № 961 as of 28.12.2004.

Future plans – to finalize the development and put in operation the updated version of the risk management system software. The SCS staff actively participate in development and testing of this product developed under the ADB-supported project “Customs Modernization and Reform in the Kyrgyz Republic”.

5. Regional Transit Development/TIR Transit System/Other Regional Transit Arrangements

One of the well-established and recognized customs transit system is the Customs Convention on the International Transport of Goods under the Cover of TIR Carnets (TIR Convention, 1975).

The Kyrgyz Republic acceded to the TIR Convention, 1975, according to the Law № 99 “On Accession of the Kyrgyz Republic of the Customs Convention on the International Transport of Goods under the Cover of TIR Carnets” dated December 19, 1997.

Development of road cargo transport using the TIR procedure required concluding a new Agreement between the customs service and the KyrgyzASMAP, the Memorandum of Understanding with the IRU (IRU, Geneva) on collection, transfer and exchange of data on completion of operations with the use of TIR carnets, which were signed in October of 2006.

On May 18, 2009 in Bishkek a Memorandum of Understanding was signed between the Government of the Kyrgyz Republic and the International Road Transport Union on development of transport operations between Asia and Europe and with major global markets via the territory of the Kyrgyz Republic.

The Memorandum required cooperation at the level of working bodies of the UN agencies, such as: UNECE on customs issues in transport operations (WP.30), the Administrative Committee, which consists of all Contracting Parties (AC.2).

The customs service of the Kyrgyz Republic takes an active part in the work of the mentioned groups. In this connection, important issues of a principal importance for the interests of our country will be discussed further at the 129th session of WP.30 on October 3-7, 2011.

The work of the KR customs service aimed at developing the TIR system in the Kyrgyz Republic has had a direct impact on the growing number of issued TIR carnets. Thus, according to the TIS Secretariat, 4,900 TIR carnets were issued in 2004; 18,100 TIR carnets – in 2007, and almost 15,400 году – in 2010. It is worth noting that in the first half of 2011 more than 10 thousand TIR carnets were issued, i.e. an increase is 32%.

To facilitate cross-border freight operations along the CAREC corridors, under the aegis of the ADB, the Agreement on Cross-Border Movement of Persons, Vehicles and Goods under the CAREC (CBTA) was signed between the Kyrgyz Republic and the Republic of Tajikistan on December 2, 2010.

The Republic of Tajikistan ratified this Agreement on March 16, 2011.

The Agreement in questions was ratified by Law № 60 of the Kyrgyz Republic dated June 28, 2011.

It should be noted that the ADB considers the CBTA as a potential basic document for multilateral regional cooperation in CA in the areas of road transport facilitation. In this connection the CBTA contains provisions on potential accession of other states to this legal instrument.

Afghanistan expressed it interest in joining the CBTA.

To implement the CBTA the Kyrgyz Republic of the Republic of Tajikistan, with the support from the ADB, work on the following issues:

- harmonization of the regulatory and legal frameworks;
- organization, management and procedures;
- the CBTA (trainings and workshops);
- infrastructure, facilities and equipment.