

Statement from Kazakhstan

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Dear colleagues!

The Republic of Kazakhstan, being an equal participant of global economic relations, is taking active measures to facilitate the development of international trade, increase its business competitiveness, and improve transparency and efficiency of customs operations.

In recent years the customs services of the Republic of Kazakhstan has achieved significant improvements in customs administration and customs operations. Measures have been taken to increase transparency and efficiency of customs operations and management. Significant investments have been made to develop information technology and infrastructure.

But not being satisfied with these achievements only, the customs services plans **to implement a complex of technology improvement measures** under a large-scale investment Project for Development of the Customs Service of the Republic of Kazakhstan, which is implemented at the current stage.

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We see the improvement of technologies, first of all, in two major areas:

1. Improvement of customs operations technologies both at the border and at the key stage of customs clearance.
2. Adequate provision of customs bodies with modern equipment and software products based on the latest achievements in different scientific spheres.

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To improve customs operations technologies at the border (border crossing points) the customs service of Kazakhstan has set up the following **objectives:**

- establishment of an effective system of monitoring of cargoes crossing the border from the single center of remote monitoring;
- establishment of "electronic check points" at the border by using software applications to ensure automatic cargo processing;
- establishment of the system of advance information about border crossing, to be provided by both traders and customs administrations of other countries.

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Some of these tasks have been already implemented successfully.

Thus, the customs bodies of the Republic of Kazakhstan, in order to apply new technologies in delivery control, to remove administrative barriers, to accelerate and facilitate road border crossing points by goods and vehicles, **have established the Operational Administration Center** of the Customs Control Committee under the Ministry of Finance of the Republic of Kazakhstan.

The Operational Administration Center is the single center for remote control and monitoring over movement of goods and vehicles used by both the staff of customs bodies and the staff of other government agencies executing border control – the ministries of health, agriculture, transport and communications of the Republic of Kazakhstan.

Using the capabilities of information technologies, specifically using software applications of the Operational Administration Center is based on scanning shipping documents at a border crossing point and their further stage-by-stage processing, which is done as follows.

When a vehicle arrives to a border crossing point, shipping documents and permits required for government control are scanned and electronically transferred to the Operational Administration Center, in such a way excluding a physical contact between the cargo transporter and a customs officer, who is preparing a transit declaration. The vehicle, when the customs control forms have been completed at the border point, proceeds to the destination without delays.

Based on the scanned documents an electronic copy of the transit declaration is prepared in the Operational Administration Center; the information from the electronic manifest is processed both by the staff of the Customs Control Committee and the staff of other ministries and agencies, which enables them to have information related to goods under control in the on-line mode for all border-crossing points.

The electronic manifest with the processing results and recommendations on additional control measures is transferred to the destination customs office before the arrival of goods.

When the vehicle arrives to the destination, the customs bodies complete the customs transit procedure and confirm the delivery of goods to the departure customs body.

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Also, to minimize the human impact factor in executing customs control, information systems and technical devices are integrated into a single software and hardware complex – **the electronic check point**.

At the electronic check point a vehicle has to undergo through the following stages:

1. Arrival of the vehicle to the check point

When a vehicle arrives to the check point the complex performs the following automatic operations: identification of the vehicle's registration plate, its scanning, registration in the database, making a photo of the registration plate, opening the gate, video-recording.

2. Execution of radiation control

Radiation control is performed by an automated radiation control system, which measures the radiation background of a vehicle, identifies the registration plate number, scans it, makes a picture and registers it in the database, performs video-recording, in case of an excessive radiation background it produces a sound-and-video signal.

3. Measuring weight and dimension parameters of a vehicle

Weight and dimension parameters of a vehicle are measured by the automated delivery control system, which automatically identifies the vehicle's weight, height, width and length, identifies, scans and makes a picture of the vehicle's registration plate number and registers it in the database.

4. Scanning a vehicle by using an inspection and screening complex

The inspection and screening complex performs a non-intrusive (contact-free) examination of a vehicle and transported goods without opening freight compartments. The scanning unit enables to identify items prohibited for transportation and/or take decisions if the transported cargo matches the shipping documents based on the generated X-ray images.

This complex also performs automatic identification, scanning, taking a photo of the vehicle's registration plate number, its registration in the database.

5. Clearance

At this stage the customs officer at the check point performs customs control, scans shipping and transport documents.

All data received at previous stages are recorded in an electronic manifest, which is used by the system to record the time spent at stages of control.

The information in the electronic manifest is recorded in the electronic seal, which is used as a lock-and-seal device and is carried by a vehicle to its destination. The paper-based shipping documents are enclosed into safe-packets and are handed to the carrier.

The electronic manifest, together with the scanned shipping and transport documents, is sent through service communication channels to the Operational Administration Center.

Scanning of documents in the OAC alongside with the application of e-seals and safe-packets exclude a possibility for replacement of shipping documents en route, prevents the transporter and staff of other law-enforcement bodies from taking illegal actions and ensure the integrity of transported goods from the moment they enter the customs territory till their customs clearance or transit are completed.

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The establishment and application of the information system of the OAC in customs bodies of the Republic of Kazakhstan enabled:

- To significantly expand the use of IT capabilities to control the customs transit procedure;

- To integrate the customs control technical devices available at the border crossing points into a single software and hardware complex;
- To provide promptly advance information on goods from a border crossing point to the destination customs body and controlling agencies, which enables to perform remote monitoring and control over the movement of goods under control, perform analyses and generate reporting data;
- To reduce time and financial costs of traders by reducing the waiting time of vehicles at border crossing points;
- To exclude the "human factor" impact to a maximum extent in taking customs control decisions at border crossing points;
- To implement the principle of integrated border management and reduce the time for goods to cross border points and risks of corruption-related offences to the minimum.

At present the following activities are under implementation:

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- **expansion of the functions of the Operational Administration Center**
- **modernization of infrastructure of the Operational Administration Center.**

The functions of the Operational Administration Center are expanded to cover international railway, air and sea transport and bonded transport operations within the country.

Also due to the accession of the Republic of Kazakhstan to the Customs Union and the related need to tighten control over movement of goods and strengthen technical equipping of border crossing points at the Kazakh section of the external Customs Union border, some activities are undertaken to upgrade the OAC infrastructure by establishing 3 regional centers for border monitoring (RBMC) in Aktau, Shymkent and Almaty cities.

This will allow to bring the RBMC as the regional center closer to the border crossing points to exercise customs control and other types of state control over goods and transportation means using an upgraded software applications of the OAC in the real-time mode, perform remote monitoring and control over goods by customs and adjacent services in the operational area of the RBMC. This enables prompt decision-making on goods both at a border crossing point and at the RBMC, reducing the human factor and decreasing pre-conditions for corruptive behavior of officials and carriers, increasing the responsibility of staff and closer interaction among territorial subdivisions of the CCC under the MoF of the RK, the MoA, the MoH and the MoTC of the RK, swiftly addressing issues related to extraordinary situations.

According to the approved plans of the CCC under the MoF of the RK, border crossing points for all transport modes are being equipped with modern automated customs control systems.

Under the Program "Counteracting Drug Addiction and Drug Trafficking in the RK for 2009-2011", by the end of 2011 border crossing points at the

Kazakh section of the external Customs Union border will be 100% provided with scanning equipment.

Currently the OAC of the CCC under the MoF of the RK does not provide public services, however, in future, once sub-item 7 Article 34 of the Customs Code of the Republic of Kazakhstan "On Customs in the Republic of Kazakhstan" on mandatory equipping of carriers' vehicles with the GPRS system becomes effective, it will provide a service of notifying the applicants on the current location of motor vehicles.

Apart from upgrading technologies at the border, technologies at the key customs clearance stage require further improvements.

We see this task as the maximum acceleration and simplification of customs clearance procedures at the destination point.

This task can be fulfilled by establishing a "single window" in Kazakhstan.

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A Single Window is a mechanism enabling the parties engaged in trade and transport operations to submit standardized information and documents by using a single transmission channel to comply with all regulatory requirements. If this information is in an electronic format, then some data elements shall be submitted only once to the agency, which issues one or other permit.

There are numerous approaches to single window establishment in the global community. Having studied international experience, the Customs Control Committee developed its own Single Window design as follows.

To begin with, a trader shall address the National Authentication Center to obtain an electronic digital signature. Then he/she has a possibility to address ministries and agencies through the Single Window to obtain various permits issued electronically, which later will be used by concerned state bodies independently, including customs authorities.

Paper-based documents are not required to be submitted in such a case.

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The following implementation stages have been proposed for establishment of the Single Window in the Republic of Kazakhstan:

1. Formation of an integrated tariff, which will systematize the requirements of government bodies of the Republic of Kazakhstan to export and import operations, and in turn will promote the awareness of businesses and facilitate their compliance with the requirements of RK legislation to external economic operations (Stage 1).

The integrated tariff is a single detailed code on commodities and tariff and non-tariff requirements of all government bodies related to them, which are applied in case of import and export of goods, based on the Commodity Nomenclature of external economic activities. For example, these are rates of customs duties and taxes, tariff quotas, anti-dumping and compensation

duties. Bans and restrictions on import of certain goods, including CITES and other measures applied in accordance with the country's trade policy.

2. Based on the integrated tariff, formation of the Single List of Documents and Requirements of government bodies for import, export and transit of goods (Stage 2).

3. Based on the Single List of Documents and Requirements, formation of the Single Document consistent with international standards and to be filled out by the trader only once (Stage 3).

4. Introduction of the E-Window information system of government bodies (Stage 4).

The E-Window information system model is proposed to be implemented as an integral part of e-government based on new upgraded information systems of the CCC, e-Ministry of Finance, e-licensing with a phased connection of remaining government bodies to the model.

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Both the government and traders can benefit from the Single Window establishment.

For the government it can result in improved risk management, an increased level of security and increased revenues by ensuring a stricter compliance with the established requirements by traders.

Traders will benefit from transparent and predictable interpretation and application of rules, as well as from a more efficient absorption of human and financial resources, which will enable to achieve tangible growth in production and competitiveness.

As under this arrangement a special focus is placed on the issues of the advance analysis of information and risks, its value for government agencies and traders in the context of new requirements in the area of regional security is increasing.

The customs service of Kazakhstan will continue its active work of technology improvement, including under the current large-scale investment Project for Development of the Customs Service of the Republic of Kazakhstan, one of the components of which is the information and communication technology development.

Thank you for your attention!