

**REPORT OF THE WORKING GROUP ON THE DEVELOPMENT  
OF SIMPLIFIED TRANSIT SYSTEMS  
04 - 08 August 2003, Issyk-Kul, Kyrgyz Republic**

## **1. Introduction**

The working group discussed Customs legislation of the Central Asian countries, the People's Republic of China, Azerbaijan and Mongolia. As a result the parties confirmed that in principle national legislation, regulating the transit systems, comply with international practices. However, at the moment there are some difficulties and unresolved issues, which in practice create difficulties and delays at the borders and create dissatisfaction of the participants of foreign economic activity.

## **2. International Conventions**

The parties are participants of a number of international conventions regulating transit. However the process of acceding to the conventions in the region is not harmonized (Attachment No 1). As a result of discussions the parties were recommended to take measures to accede to the conventions, which will provide for a unified procedure of processing goods at the border. It was noted that in practice provisions of the conventions are not enforced in a common way by the agencies operating at the border. For these purposes the parties were recommended to develop procedures for interaction among controlling bodies operating at the border.

## **3. Simplified TIR Procedures**

The meeting noted that the Manual for applying TIR procedures and copies of the TIR Convention are available in all Customs border posts.

The participants of the seminar agreed that Customs services of the region, including The Peoples Republic of China [PRC], [which could examine potential problems] will set up special task forces to reveal problems related to enforcing the TIR Convention, including interference of other agencies in the process of transit of goods. The task forces will prepare country reports on the current situation on the basis of the questionnaire to be drafted by the State Customs Agency of the Republic of Uzbekistan by October 2003. The following activities will be carried out on the basis of the analysis provided by the State Customs Agency of the Republic of Uzbekistan, as well as the problems and issues revealed:

- in every country training on applying TIR procedures for operational staff will be conducted. The ADB will provide an international expert for such training;
- in March 2004 in Tashkent a Forum on the issues of applying TIR procedures in the region will be held. The Forum will be based on the analysis prepared by the Customs Committee of the Republic of Uzbekistan; also to be invited are national guarantee and transport associations and the IRU The ADB will finance the Forum and participation of representatives of Customs services, as well as international experts. Other parties will be invited at their own expense.

The Working group recommended that the Customs Administration of the People's Republic of China take measures aimed at accession to the TIR Convention and to participate in the

discussion Forum by presenting a country report on the its customs transit system and its preparations for accession to the TIR Convention.

Participants of the meeting recognized that due to financial problems the participation in the UNECE W.P.30 (TIR) meetings, in Geneva for the region's Customs services on a regular basis is rather difficult. At the same time, the importance of participation in these meetings has been recognized, therefore every country should pursue the question of attendance within its Administrations. As a minimum, at least one suitably qualified Customs expert representing the region should participate on the basis of rotation.

#### **4. Developing Simplified Regional Transit System**

The participants confirmed that to develop a simplified regional transit system it is necessary:

1. To develop a regional guarantee system;
2. To harmonize legislations regulating transit in the region;
3. To assure compliance with the legislation by the participants of foreign economic activity;
4. To assure mutual recognition of transit documents for the purposes of excluding duplication of the documents.

For the purposes of developing a regional transit system the Working Group noted an importance of studying existing effective transit systems in other countries or regions. In this respect the EU Community/Common transit system could serve as a reference point.

##### **4.1 Regional Guarantee System**

The parties noted that at the moment exchange of samples of seals and stamps takes place in the region, except for the PRC and Mongolia. Only the Republic of Kazakhstan signed an agreement with the Chinese People's Republic on the issue. A number of Customs services drafted and sent the relevant agreements to PRC. It was recommended to accelerate signing the relevant agreement with PRC and Mongolia.

In the region, except for Mongolia and PRC, a common transit document is applied. There are agreements on mutual recognition of transit documents except for Mongolia and PRC. At the same time a number of Customs services fill in documents for internal Customs transit, which makes transit rather complicated. For the purposes of practical mutual recognition of transit documents and excluding cases of filling in a DCD, i.e. actual duplication, it will be necessary to develop a regional guarantee system, which will reduce time delays at the border sites, as well as a risk related to non-delivery of goods and non-payment of Customs duties and taxes to the budget. Creating a common guarantee system in the region is the basis for creating a common regional transit system.

Participants of the seminar reiterated the need to prepare and conduct a seminar in Almaty in December 2003 on the possible establishment of a guarantee system. Participants should include in addition to Customs the stakeholders: banks, insurance companies, Customs brokers, national chambers of commerce, transport associations, national guarantee associations, etc. For these purposes:

- Customs services of the parties will prepare reports on national legislations, as well as analysis of international agreements regulating the issue;

- an international consultant will study an agreement on assuring payment of Customs fees to be transferred to the deposit account of the customs body, customs fees due, or using bank guarantees when goods are escorted under customs control between the EurAsEC Customs bodies and prepare a summary on an opportunity of its application in the region. The consultant will also study NCTS and prepare recommendations on an opportunity of applying the system for development of the regional transit system.

#### **4.2 Harmonization of the legislations in the region**

Participants of the working group highlighted the need in comparative analysis of the national transit legislations with the help of international experts for the purposes of determining existing discrepancies, which effect efficiency of the common transit system in the region. On the basis of the analysis recommendations should be prepared to resolve the existing problems and discrepancies in the legislations.

#### **4.3 Assuring compliance with legislation by participants of foreign economic activity**

The working group noted that to assure compliance with legislation by participants of foreign economic activity the following actions should be undertaken:

- Customs bodies of the parties should educate participants of foreign economic activity on transit issues supported by international financial institutions;
- Provide for transparency of national legislation through publications in Web sites and informing about new laws and regulations passed;
- Provide for compliance of transports carrying goods in the region with the technical characteristics, as one of the main conditions for admitting into the regional transit system.

#### **4.4 Mutual Recognition of Transit Documents Aimed at Eliminating Duplication of Documents**

The participants reiterated the need to exchange information between customs services of the region, as well as agencies operating at the border. For these purposes it was proposed to undertake measures aimed at using common approaches in introducing information technologies. In particular, it will be necessary to consider an opportunity for:

- Exchanging data basis on the goods transited through the territories of the countries of the region;
- Merging all the services into a uniform information network for the purposes of reducing stop delays and time for processing at the border. The Trade Facilitation Working Group of the TRACECA project will provide its assistance. Given the fact that within the TRACECA project equipment will be supplied to the "Kordai" Customs post by the end of the year, the Customs service of the Republic of Kazakhstan is recommended to consider an opportunity of implementing a pilot project aimed at setting up a uniform local computing network with the agencies operating at the border, as well as customs services of the region and inform about results at the CCC meetings.
- Within the framework of this initiative it will be necessary to make a special focus on an opportunity of setting up a common identification number for participants of foreign economic activity, at least among the EurAsEC member states.

Considering the fact that the majority of goods is transported by small and medium size businesses, Customs services of the parties should develop a uniform procedure for Customs clearance and processing of the "shuttle business", and at least to standardize the norms of goods' movement within the region at the first stage.