

Fourth Customs Cooperation Committee Meeting of the
Central Asia Regional Economic Cooperation Program

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***“MONGOLIA’S TRADE FACILITATION AND CUSTOMS
MODERNIZATION STRATEGY”***

Khorloo Baatar, Director General, Customs General Administration of Mongolia

Thank you Mr. Chairman,
Dear Honorable guests Mr. Kunio Mikuriya and Dr. Sathit Limpongpan,
ADB staff,
Colleagues,
LADIES AND GENTLEMEN,

1. I am delighted to be given a such great opportunity to deliver a speech at this important meeting. I would like to express my appreciation to the ADB for its effort to support trade facilitation and customs modernization aspects among Central Asia Region.
2. In my speech I would like to talk about what my Administration has done in making progress to trade facilitation and customs modernization. Then I will introduce about strategic options, especially in terms of Customs Modernization, which are available to us.
3. The Mongolian Customs recognizes Information Technology development as a key factor for trade facilitation and timely exchange of information through computer network between the customs and traders. For this purpose the new software named GAMAS, customs automated data processing system was developed by Mongolian experts and introduced into operation from 2003. This system replaced ASYCUDA system which

was used since 1996. Using GAMAS we have started to use e-customs system giving opportunity to the traders to submit declarations through computer network and Internet and to make payment of duties and taxes on-line. The Customs clearance time has decreased by 8-10 times after starting to use GAMAS.

4. In order to facilitate trade the Mongolian government introduced One-Stop Service at the border and customhouses including terminals of Ulaanbaatar Customhouse since 2002, regulated by the government order # 108 approved on 03 June 2002. In accordance with this regulation Customs is uniquely positioned to collect all revenues on behalf of all government stakeholders. Moreover, it is the only government agency capable of successfully responding to the need to facilitate trade while at the same time collecting all revenue due and protecting society from a range of social and national security threats.
5. Mongolian Customs pays extensive attention to customs and business partnership. The main purpose of Customs-Business Partnership is to establish a close relationship with the business community for the mutual benefit of customs control, revenues collection, trade and commercial activity. For modern and service-oriented customs techniques and method to be in place, business must play an important role to ensure continued compliance as well as cooperation through the provision of relevant information for customs control. In order to exchange information regarding mutual concerns, establish official channels for consultation and sharing best practices, the Mongolian Customs held several meetings and discussions with representatives from the business sectors in the program of Customs-Business Partnership under the title "Open Customs".
6. To reduce the impact of customs control to trade facilitation, effective risk management techniques should be applied. In order to develop this area the Mongolian Customs established the Risk Management and Operational Control Division at the Head Quarters from this year. Risk management techniques would be enhanced by training of customs

officers, exchanging information with other customs administration, and utilization of modern device for customs control

7. Mongolian Customs has performed some steps such as having a working group to compare Revised Kyoto Convention and National legislation including Customs Law and translating the Convention into Mongolian. Since Mongolia was not a Contracting Party to the 1973 Kyoto Convention, when the 1999 Protocol of amendment enters into force, Mongolia is ready to access to the Protocol.
8. In order to become a signatory to the International Convention on Mutual Administrative Assistance, Mongolian Customs has taken the first step by having an official translation into Mongolian.
9. The Mongolian Customs has started to install THSCAN™ Relocatable Container/ Vehicle X-ray Inspection System supplied by NUCTECH Company Limited under the aided Project of P.R. China at the main border Zamiin-Uud with China. This inspection X-ray would make a great contribution to the simplified and effective customs service and meet a requirement of Framework of Standards adopted by WCO.

Strategy

Mongolian Customs always strives to improve its performance in order to achieve its vision and to meet the requirements of International standard of trade facilitation. Among the areas in Trade Facilitation and Customs Modernization, the most important ones are as follow:

“Information Communications Technology”

The GAMAS will be upgraded to an enhanced version, which will make use of state-of-art technology and include additional functionalities to meet the challenges of a modern customs administration. The new system will enable the

Mongolian Customs to move away from people-driven process to a system-driven workflow, with business rules and artificial intelligence built into the system. This will help to increase transparency and predictability of service. The current communications network will be upgraded to a reliable and stable telecommunication infrastructure using a combination of optical fibers and satellites.

“Single Electronic Window”

To facilitate international logistics and to improve the international competitiveness of Mongolia all the related agencies should be integrated under one “Single Electronic Window” to streamline trade documentation, eliminate preparation of multiple forms and create a centralized repository of trade information to support timely and accurate decision making. You will get more information about Facilitation Strategy for “Single Electronic Window” in Mongolia from the presentation by Mr. Chan Fook Seng, Consultant from ADB.

Joint Border Processing at the Border-crossings

Following the Common Action Plan, endorsed by the CCC Meeting in Urumqi in August 2002, the First Meeting of the Customs Working Group in Kazakhstan, in April 2003 and Seminar on Trade Facilitation and One-Stop Service in July 2005 in Thailand I would like to highlight the importance of Joint Border Processing in terms of enhanced services and the more effective use of border facilities. In this regard my initial suggestion is to work with our counterpart from China Customs to introduce of Joint Border Processing on a pilot basis at selected border crossing such as Yarant-Takashiken. In relation with a pilot test on joint processing, the existing border facilities would be retained. Officials from each country would be stationed in each other's territories

to undertake the joint border processing. I have no doubt about improvement of border post performance after commencement of Joint Border Processing.

Capacity Building

In order to improve the efficiency and effectiveness of Mongolian Customs Administration we should focus on well-designed and targeted capacity building activities, which will make a contribution to the national development objectives such as revenue collection, trade facilitation, community protection, foreign investment and national security. Customs modernization is as much about change in mindset and acquiring new skills as about installing new scanners and putting in place a new automation system. We have to provide training and capacity building our officers to help them to adapt to the planned modernization efforts and become more service-oriented to trader and the business community.

To summarize, our modernization strategy consists of the following pillars that will enable the Mongolia Customs to be a lead-agency and champion in the nation-wide efforts in trade facilitation:

- **Customs legal reforms**-To accelerate customs legal reform in line with the revised Kyoto Conventions and other international best practices;
- **Infrastructure development** – To modernize customs infrastructure, particularly in the area of customs automation and customs laboratory, for faster customs clearance;
- **Strengthened partnership with the business community** - To improve the duty assessment and collection through enhanced self-compliance mechanism, focus on large duty payers, risk management, and strengthened enforcement through post entry audit.
- **Human resource development** - To develop the human resource and create the mechanism of using creative capacity of customs staff effectively

- **Regional Cooperation** - To develop cooperation with other customs administration and agencies

The Mongolian Customs under my leadership is fully committed to trade facilitation and customs modernization to contribute to accelerated economic development and poverty reduction. More importantly, we need political and financial support from the Ministry of Finance and the two main political parties, Mongolian Revolutionary and Democratic Parties, to implement the Customs Capacity Building Program in the coming years, which would significantly improve the security and facilitation of the goods supply chain.

At the end of my presentation I wish that this Meeting would contribute to further development of trade facilitation in our region.

Thank you very much for your attention