MODERNIZATION OF NATIONAL TRANSIT SYSTEM AND CUSTOMS PROCEDURES

18TH OSCE ECONOMIC AND ANVIRONMENTAL FORUM

FIRST PREPARATORY CONFERENCE

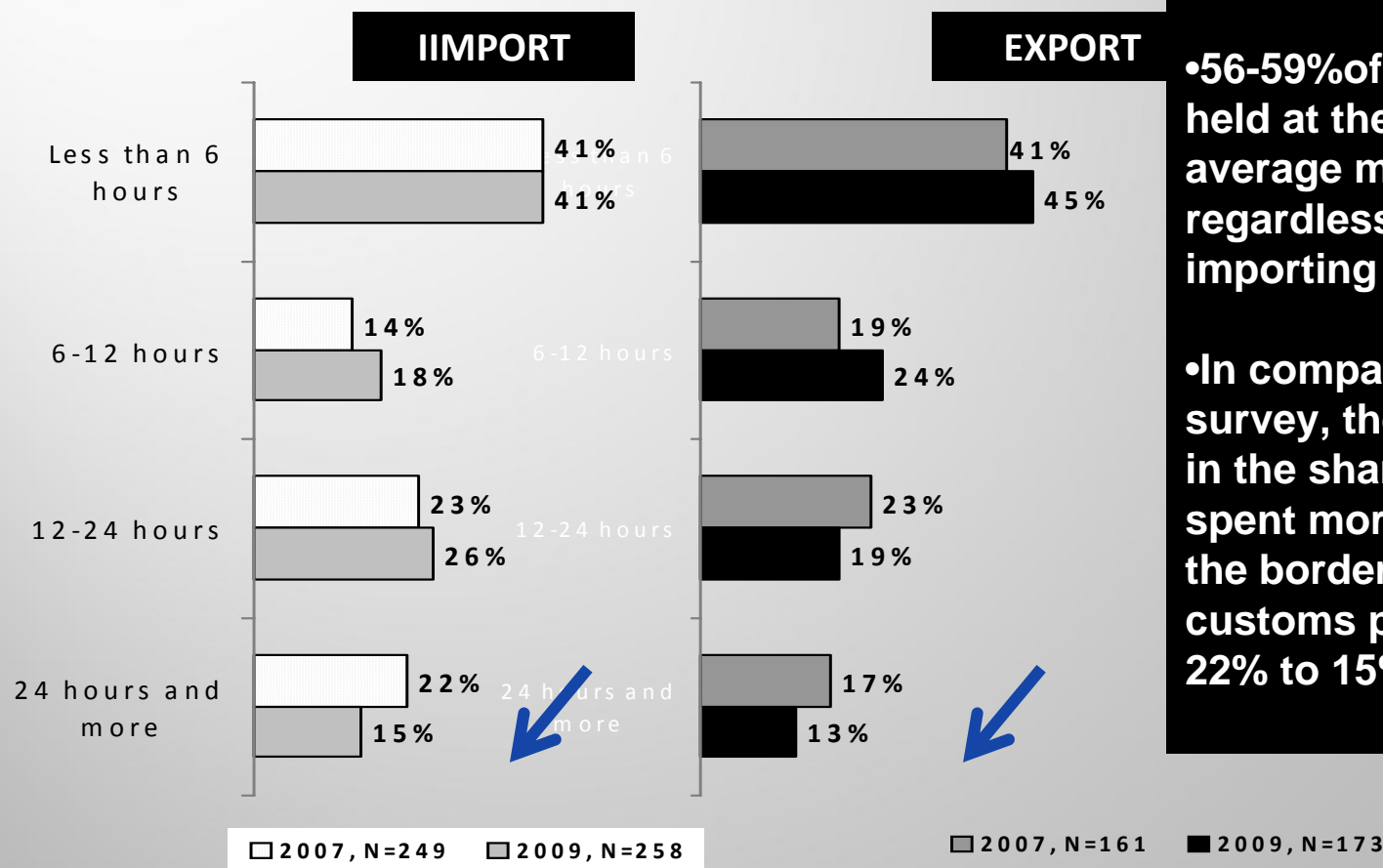ASTANA, 12-13 October 2009

Trade facilitating and Reducing Corruption in the Custom

> Session V - Trade facilitating and the exchanging of electronic information
>> Facilitate trade in the Black sea to Baltic sea trade corridor
> Session VIII – Simple and clear procedures – a way to eliminate opportunities for corruption
>> Modernization of national transit system and customs procedures

Goal and direction

➢ Reduce corruption in the customs sphere by streamlining regulations, raising the administrative standards, and bringing transparency through the use of an inter-state information sharing system

➢ A way to eliminate opportunities for corruption:
  - ➢ Modernization of customs procedures and business processes
  - ➢ Use of Information technologies
  - ➢ Risk management
  - ➢ Audit based controls
  - ➢ Cooperation between the Customs and other Authorities

Time for customs clearance

IIMPORT

Less than 6 hours	41% / 41%
6-12 hours	14% / 18%
12-24 hours	23% / 26%
24 hours and more	22% / 15%

2007, N=249   2009, N=258

EXPORT

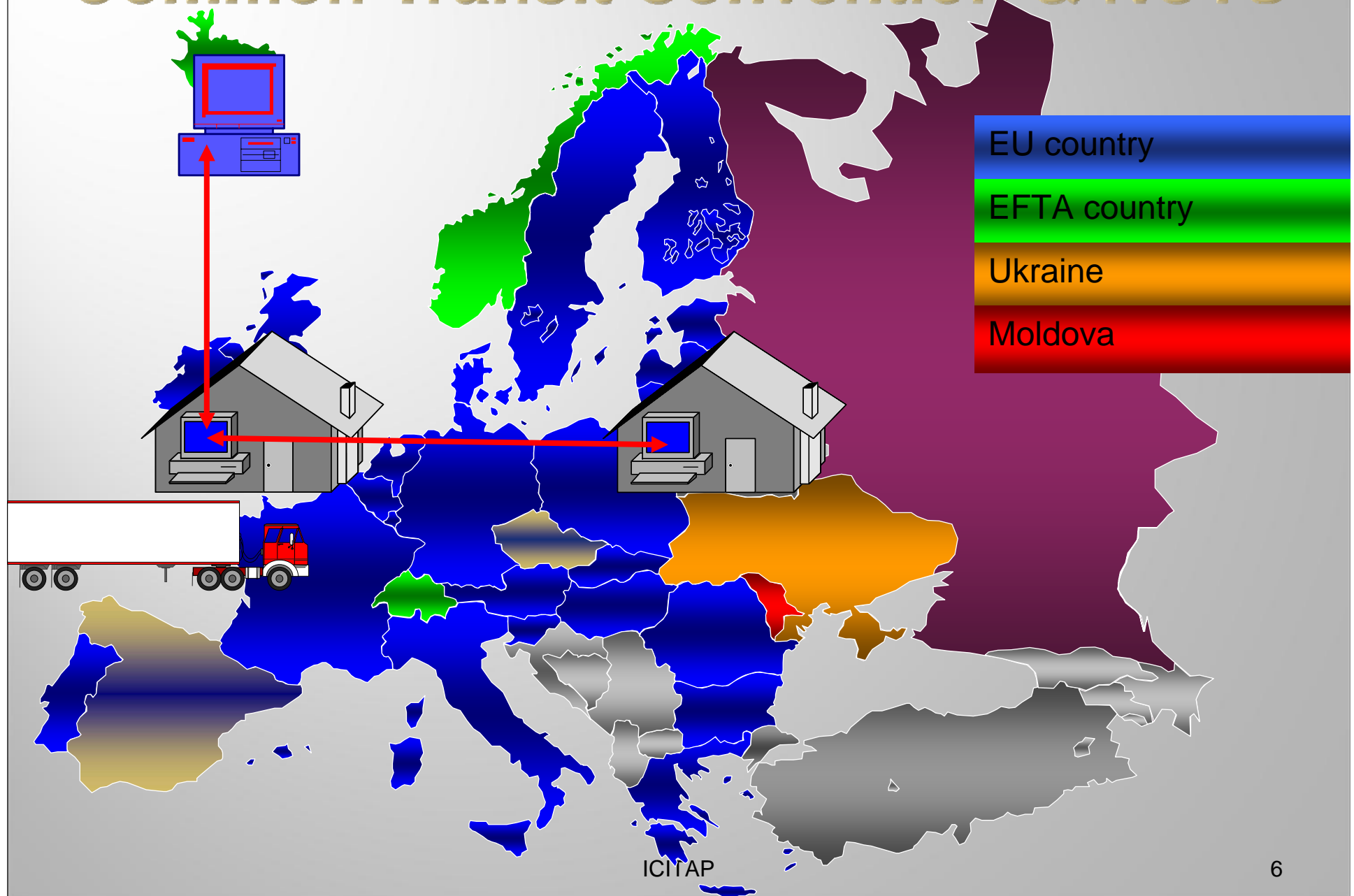|	
Less than 6 hours	41% / 45%
6-12 hours	19% / 24%
12-24 hours	23% / 19%
24 hours and more	17% / 13%

2007, N=161   2009, N=173

•**56-59%of respondents were held at the customs border on average more than 6 hours, regardless if they were importing or exporting goods.**

•**In comparison with the 2007 survey, there was a decrease in the share of importers who spent more than 24 hours at the border undergoing customs procedures (from 22% to 15%) in 2009.**

Steps for reaching goals

- Assessment
- Trainings / tutorials/ consultations
- Public discourses
- Procurement of environment
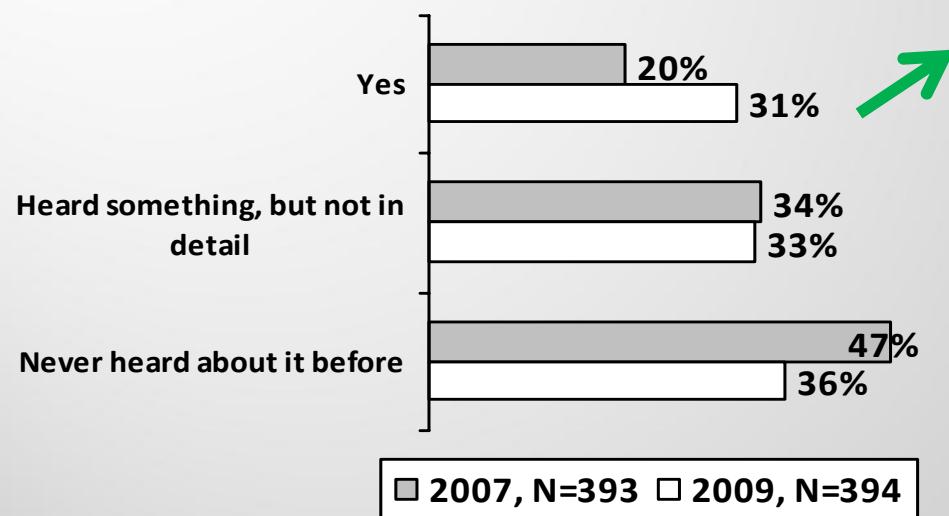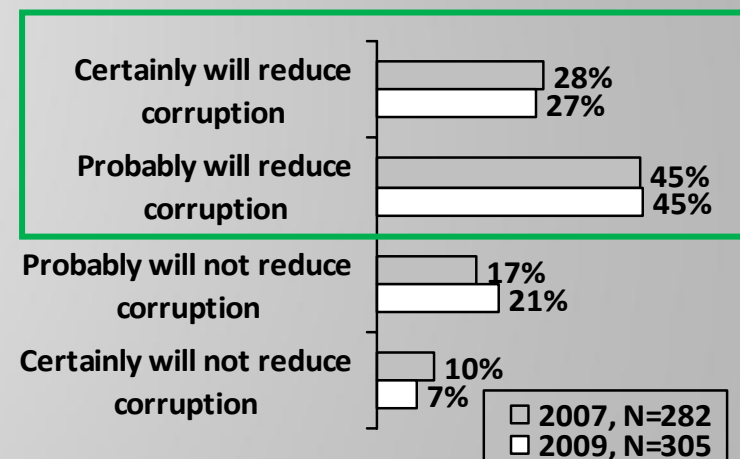- Development and testing of software

Common Transit Convention & NCTS

EU country
EFTA country
Ukraine
Moldova

Legal framework

➢ Council Regulation (EC) No 837/2005

  ➢ Transit declaration shall be lodged using a data-processing technique

  ➢ The use of a written transit declaration shall be subject to the approval of the customs authorities

➢ Council Regulation (EC) No648/2005

  ➢ Customs controls shall be based on risk analysis using automated data processing techniques

Introduction of new software system (NCTS)

5.4 Do you know about Ukrainian Customs efforts to integrate with the EU's New Computerized Transit System?

Category	2007	2009
Yes	20%	31%
Heard something, but not in detail	34%	33%
Never heard about it before	47%	36%

☐ 2007, N=393 ☐ 2009, N=394

5.6 Do you believe that the new computerized transit system will reduce opportunities for corruption between businesses and customs authorities?

Category	2007	2009
Certainly will reduce corruption	28%	27%
Probably will reduce corruption	45%	45%
Probably will not reduce corruption	17%	21%
Certainly will not reduce corruption	10%	7%

☐ 2007, N=282
☐ 2009, N=305

•**About one-third of surveyed companies are aware of the State Customs Service of Ukraine's (SCSU) aspiration to join the NCTS system (since 2007, there was a significant growth in the share of companies aware of this initiative- from 20% in 2007 to 31% in 2009).**

•**Over 70% believe that corruption will be reduced as a result of adopting the NCTS. This percentage remains relatively unchanged since 2007.**

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Future plans

- Join to Common Transit Convention
- International data harmonization and standardization
- Identification of agencies' requirements for paper documents and IT systems
- Paperless procedures and simpification
- Facilitate trade in the Black sea to Baltic sea trade corridor

Contact information

- Beneficiary, SCSU focal points:
  - Igor Pikovskiy – first deputy chairman – responsible for program implementing
  - Andriy Budakov, Legal Dpt., Deputy Head (4.1.1 Component)
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