

Mongolia and PRC Customs

Moving Toward Pilot Testing of Joint Customs Control

Trade liberalization poses a number of challenges for customs administrations around the world. These challenges arise from the need to respond to sharp increases in trade volumes while meeting quality and safety standards and ensuring border protection.

Under the current practice, all goods, means of transport, and persons accompanying the goods being transported undergo customs inspection and clearance by the border control of both the exporting and importing countries. Effective border cooperation and joint customs control between neighboring countries not only expedite the movement of goods across borders but also generate significant savings in financial and human resources. The reduction in transaction costs also enhances country competitiveness, encourages foreign investment, enhances revenue collection, and helps deter corruption and smuggling.

Joint customs control involves the following: (i) adoption of customs policies and procedures in line with international best practices; (ii) increased transparency of rules and regulations; (iii) interagency coordination among customs administrations, immigration authorities, and standards and inspection agencies; and (iv) bilateral and



regional cooperation among customs authorities of neighboring countries and trading partners.

Joint customs control is a key thrust of the International Convention on the Simplification and Harmonization of Customs Procedures (commonly known as the Revised Kyoto Convention) of the World Customs Organization. As signatories of the Revised Kyoto Convention, member countries of the Central Asia Regional Economic Cooperation (CAREC) Program have committed to customs reform and modernization, including joint customs control. To this end, CAREC member countries have initiated regional dialogue on joint customs control under the CAREC's trade facilitation program and have launched background and assessment work in their respective countries.

The customs authorities of Mongolia and the People's Republic of China (PRC) have begun bilateral consultations and preparatory work for pilot-testing joint customs controls at selected crossing points. The "Agreed Minutes of the Meeting

between the Customs Administration of Mongolia and the Customs Administration of People's Republic of China" was signed during the 4th Customs Cooperation Committee Meeting in Ulaanbaatar, Mongolia in September 2005. Mongolia and PRC Customs have since convened bilateral meetings to set the direction and scope of bilateral cooperation. During the most recent bilateral meeting held in Huhe Haote, PRC in April 2006, an Expert Group and a Working Group with well-defined roles and responsibilities were established, and the first Expert Group meeting is scheduled to be held in Mongolia in the third quarter of 2006. The customs authorities of the two countries have also held preliminary discussions on the harmonization of cargo manifests to facilitate data exchange and reduce customs clearance time.

The joint customs control initiatives of Mongolia and the PRC will reduce transaction and transit costs, and will facilitate trade between the two countries by providing one-stop, single electronic window services for traders and the business community. It will likewise complement a project on Mongolia's customs modernization currently under preparation. The proposed project aims to enhance efficiency and transparency in customs services and administration through information and communication technology development, improvement of infrastructure at selected customs houses and border posts, and capacity building of relevant institutions. ■



BILATERAL AND REGIONAL COOPERATION AMONG CUSTOMS AUTHORITIES OF TRADING PARTNERS Geriletu (right), Deputy Director General, Huhhot Customs District, PRC Customs; and Chadraabal Enkh TUYA (middle) Director, Customs Policy and Cooperation Division, Mongolian Customs General Administration lead the bilateral meeting on joint border control in April 2006