

**DRAFT POLICY RECOMMENDATIONS HIGHLIGHTED BY
14TH MEETING OF THE TRADE WORKING GROUP**

The COMCEC Trade Working Group (TWG) has successfully held its 14th Meeting on October 24th, 2019 in Ankara, Turkey with the theme of “Improving Customs Transit Systems in the OIC Member States.” During the Meeting, Trade Working Group, made deliberations for policy approximation among the Member Countries regarding customs transit systems. The room document, prepared in accordance with the main findings of the research report conducted specifically for the 14th Meeting of the TWG and the answers of the Member Countries to the policy questions sent to the TWG focal points by the COMCEC Coordination Office before the Meeting. During the Meeting, the participants agreed on the policy recommendations included in the Room Document. The existing document includes these policy recommendations highlighted during the Meeting.

Policy Advice 1: Designing an appropriate legal and procedural framework for national customs administrations through, among others, utilizing international conventions on customs transit regimes

One of the preconditions for an efficient international transit application is to have an appropriate legal and procedural framework assigned to and enforced by the relevant national authorities, in particular national customs administrations. Besides national legal framework, the relevant international organizations (i.e. WTO and WCO), international conventions and standards (i.e. WCO Revised Kyoto Convention (RKS), WTO Trade Facilitation Agreement (TFA) and WCO SAFE Framework of Standards (SAFE FoS)) encourage governments to conclude and implement bilateral and regional agreements with other governments/customs administrations for cooperation on Customs Transit Regimes (CTR).

As long as these agreements in line with the relevant international instruments, standards and recommendations, they would facilitate international transit. This is particularly important due to;

- Low participation of OIC MS in international organizations related to CTR
- Lack of full implementation of the international instruments, standards and recommendation arising from international organizations;
- Inconsistency between national legislations, customs codes and regulations related to CTR with the International standards and recommendations;
- Most of the current bilateral, regional, and multilateral agreements are not in line with the transit provisions identified in international instruments, standards, and recommendations.

Policy Advice 2: Establishing/Developing an efficient electronic exchange of information system among all relevant agencies, particularly among neighboring countries

The efficient exchange of information, without prejudice to national security, among all relevant agencies involved en route, including customs, transport control units, security authorities, particularly among neighboring countries, is a crucial element for management and monitoring of transit operations.

In order to maximize the positive impact of exchange of information among the national relevant authorities, in particular among the national customs authorities related to CTR, it is a must to establish of a common concept - standard for the electronic and automatic exchange of pre-arrival information in (near) “real-time” between CAs. This is particularly important due to:

- Existence of different ICT technological development level (some of the member countries having technologically obsolete IT Systems),

- Use of different Customs Declaration Processing Systems,
- Lack of national regulatory basis for exchange of information with other customs services.

Policy Advice 3: Developing an efficient guarantee management and monitoring system for Customs Transit Regimes

The amount of CTR guarantees should be as low as possible and not exceed the sum of the highest rates of customs duties that would be applicable to the transit Customs territory. Customs should be flexible in the form of security required by not insisting on cash deposits, or by accepting general security instruments covering single or multiple transit operations.

It is highly recommended for customs administrations to develop a standard procedure for granting a comprehensive guarantee, in which they calculate the guarantee amount on the basis of the volume of transit operations carried out by the applicant in the earlier period.

When calculating the guarantee amount, the followings should not be taken into account:

- Any potentially chargeable penalties;
- Any interest for delayed payment;
- Other concerns that would increase the guarantee amount or hinder transit operations unnecessarily.

According to the evaluation of the risk, the authorisation to use the comprehensive guarantee with full guarantee amount shall be granted only to a person who satisfies the conditions set up by the national authorities.

Additionally, according to the recognized risks level, governments can set up a list of high risky goods where the specific minimum rates for calculation of guarantee are published. Usually, on an annual basis, governments may regularly evaluate the actual risk level and the list of high risky goods.

One of the essential requirements of any transit system is a valid guarantee for a single or multiple transit operations, which covers the full amount of Customs duty and other charges applicable. To increase the security in the national or international/regional CTR, it is recommended to develop the Guarantee Management System (GMS), which could be used for CTR and for other customs procedures. The Guarantee Management System (GMS) shall be managed by the Customs office of Guarantee. The Guarantee Management System (GMS) checks and monitors whether the amount of guarantee or the reference amount of comprehensive guarantee or guarantee waiver is not exceeded when a new customs declaration is lodged.

Policy Advice 4: Simplifying the formalities and documentary requirements for facilitating transit operations.

Customs administrations (CA) and other government agencies (OGA) need to reduce the data required for the transit declaration and may request the data necessary to identify the goods and means of transport. In this respect they may review the formalities and documentary requirements for transit with a view to minimizing their complexity.

Customs administrations are also encouraged to provide enabling conditions and requirements, including submission of data, and simplified forms for transit operations, for all business enterprises. Customs administrations and OGAs may also review the formalities and documentary requirements for transit with a view to harmonizing them with the regional and international requirements.

Upon application, the customs authorities may authorize any of the following simplifications regarding the placing of goods under the CTR or the end of that procedure at the inland customs offices:

- a) The status of Authorised Consignor, allowing the holder of the authorization to place goods under the CTR without presenting them to customs at the customs office of departure;
- b) The status of Authorised Consignee, allowing the holder of the authorization to receive goods moved under the CTR at an authorized place, to end the procedure on behalf of the customs office of destination;
- c) The use of seals of a special type, where sealing is required to ensure the identification of the goods placed under the CTR;
- d) The use of a customs declaration with reduced data requirements to place goods under the CTR;
- e) The use of an electronic transport document as customs declaration to place goods under the CTR, provided it contains the particulars of such declaration and those particulars are available to the customs authorities at departure and at the destination to allow the customs supervision of the goods and the discharge of the procedure.

Policy Advice 5: Developing integrated risk management systems to manage and facilitate transit customs procedures

Governments need to set up integrated risks management systems between all border control agencies involved both within a country and between neighbouring countries who are parties to regional integration initiatives. This integrated risk assessment service would facilitate the decision-making procedures. The risk for each transit movement can be estimated with precision, and the decision would be dependent on this risk. This way, the exercise of discretionary powers by customs officers and agencies would be minimized. Furthermore, the transit operations need to be included in the Customs Risk Management framework.

Policy Advice 6: Ensuring a well-coordinated border management through enhancing cooperation among different border control agencies and with the neighboring countries as well as assigning a national transit coordinator.

There is a need to foster mutual cooperation between customs administrations and other relevant government agencies responsible for border controls and procedures related to the transit of goods. An adequate organizational scheme of the customs authorities at all levels is needed to ensure effective allocation of the necessary human and technical resources for the transit system.

Border agencies should also cooperate with neighbouring countries to coordinate procedures at border crossings and facilitate transit operations. Therefore, governments are encouraged to coordinate transit operation activities between different border control agencies.

Governments can also appoint a national transit coordinator to steer all inquiries and proposals from other countries related to the good functioning of transit operations.

Policy Advice 7: Developing necessary mechanisms (i.e. a Customs-Business Partnership programme) for promoting partnership with private sector while designing policies and procedures related to transit.

When governments design, modify and review policies and procedures on transit, they need to take into consideration to provide micro, small, medium-sized, or similar operators with enough opportunity to reflect their views on the policies and procedures. The private sector should have sufficient opportunity and time to comment on the proposed regulations related to the movement of goods in transit.

Therefore, Customs Administrations are encouraged to develop a Customs-Business Partnership programme to improve the effectiveness of transit in accordance with the WCO Customs-Business Partnership Guidance. It is also recommended for governments to develop mechanisms/procedures to review and appeal against administrative decisions related to transit.

Instruments to Realize the Policy Advices:

- **COMCEC Trade Working Group:** In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

- **COMCEC Project Funding:** Under the COMCEC Project Funding, the COMCEC Coordination Office calls for project proposals each year. With the COMCEC Project Funding, the Member Countries participating in the Working Groups can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For the above-mentioned policy areas and their sub-areas, the Member Countries can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects. The projects may include seminars, training programs, study visits, exchange of experts, workshops and preparing analytical studies, needs assessments and training materials/documents, etc.