

Preparations to accede to the RKC with the initiatives to enhance the regional integration

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Outline

- Nepal Customs at a Glance
- Mercator programme for trade facilitation,
- Regional Integration at SAARC Level
 - SAARC Summit
 - SAFTA
 - SAARC Customs Sub committee initiatives
 - SAARC Mutual Agreement
- Regional integration at SASEC level
 - SASEC Customs Subgroup National Projects (5 National Projects)
 - SASEC Customs Subgroup Sub regional Projects
- Earthquake and Customs Role
- Challenges of Regional Integration
 - Differing level of reform
 - Institutional constraints
 - Knowledge Gap

Nepal Customs at a Glance

- Number of Staff : 1246
- Automated Clearance System: ASYCUDA++
- Number of Import Declaration : 1156395
- Number of Export Declaration: 131769
- Simple Tariff Average : 8.5%
- Weighted Tariff Average : 12.4
- Customs Duties in Tax Revenue: 20.3%
- Revenue Collected by Customs in Tax Revenue: 51.8%
- Main Customs Offices : 31 (Northern border 9)
- Sub Customs Offices : 144
- WCO Member : 1986
- WTO Member : 2004

Implementation of CRM Action Plan 2013-17

Vision	Excellence in Customs services			
Mission	Respect clients' time and value for money'			
Impact (Ultimate Objective)	Towards paperless Customs services and Web Based Clearance System.			
Outcomes (Immediate Objective)	Outcome 1: Customs reform and modernization to support trade facilitation	Outcome 2: Enhanced enforcement, compliance and high Revenue Yield:	Outcome 3: Organizational development and capacity building: (at large) of the Customs.	Outcome 4: Automation : e-Customs: Management Information System (CMIS)
Strategies	Strategy 1: Facilitate Legitimate Trade and Industry.	Strategy 3: Protect Society and environment	Strategy 6: Modernize and Enhance Customs Management/Administration	Strategy 10: Develop Management Information Database
	Strategy 2: Promote communication and cooperation (with stakeholders including C2G, C2C and C2B)	Strategy 4: Ensure Compliance with the Law	Strategy 7: Develop Infrastructure and Physical Facilities	Strategy 11: Transform Customs Processes to E-Customs
		Strategy 5: Collect Appropriate and Fair Revenue	Strategy 8: Promote a culture of integrity	
			Strategy 9: Enhance passenger clearance systems	

- Nepal Customs initiatives towards WCO Mercator Programme :

Accession to RKC

Task 1: Conduct National Workshop on RKC to disseminate the proposed legislative changes, benefits.

- Timeline: April 2015. (Completed)

Task 2: Improve on proposed changes in Customs legislation

- Timeline: August – September 2015 (to be decided on the availability of Expert.)

Task 3: Update legislation and draft by-rules to comply with the General Annex and legal draft of Appropriate Annexes of Specific Annex.

- Timeline: August – September 2015 (to be decided on the availability of Expert.)

Task 4: Conduct Gap Analysis for Specific Annex.

- Timeline: March 2016

Task 5: Legal Draft of Appropriate standards of Specific Annexes.

- Timeline: April 2016.

Task 6: Validation Seminar

- Timeline: April 2016

Some Findings towards Accession to RKC:

- The existing Customs Legislation comply with 101 general standards out of 122.
- The remaining 21 standards requires changes in Customs Act (19), Customs Rules (1) and Administrative Decision (1).
- The 14 standards have be be complied within next 36 months and 7 standards within next 60 months of accession.
- 19 Standards that requires Customs Act changes, 13 should be complied within 36 months and 6 within 60 months.

- Customs Rules needs to amend within 36 months for 1 standard.
- Administrative decision requires to be issued within next 60 months for 1 standard.
- The above 21 legal provisions have already been formulated.
- During the accession process technical support is being provided by WCO and financial support is being provided by ADB.

- **SAFE Framework/ AEO**

Nepal Readiness for Trusted Traders Program (RKC Standard 3.32) and Authorized Economic Operator (AEO).

Task 1: Terms of Reference preparation for the International Consultants.

– Timeline: February 2016.

Task 2: Awareness seminar for Stakeholders for Trusted Traders Program and AEO.

– Timeline: April 2016.

Task 3: Conduct study on Best Practices on Trusted Traders Program AEO.

– Timeline: April - May 2016.

Task 4: Prepare Action Plan for Implementation.

– Timeline: May 2016.

Task 5: Conduct National Workshop for Trusted Traders Program and AEO.

– Time Line: June 2016.

The programme is Financially supported by ADB under the JFPR with teh technicalsupport from WCO.

Time Release Study

Task 1: Conduct Time Release Study.

- Workshop and Training: March 2015 (Completed)
- Preparation: March - August 2015
- Field Training, Data Collection and Recording: August/September 2015.
- Data Analysis and publication: October - December 2015.

Task 2: Study and Review of export/import procedure and documentation.

- Timeline: February - March 2016.

Task 3: Prepare Action Plan

- Timeline: August - March 2016.

- Risk Management Compendium
 - Establishment of Risk management unit,
 - Designing the risk identification software,
 - WAN based monitoring system,
 - The programme is being supported by IFC.

- Post Clearance Audit

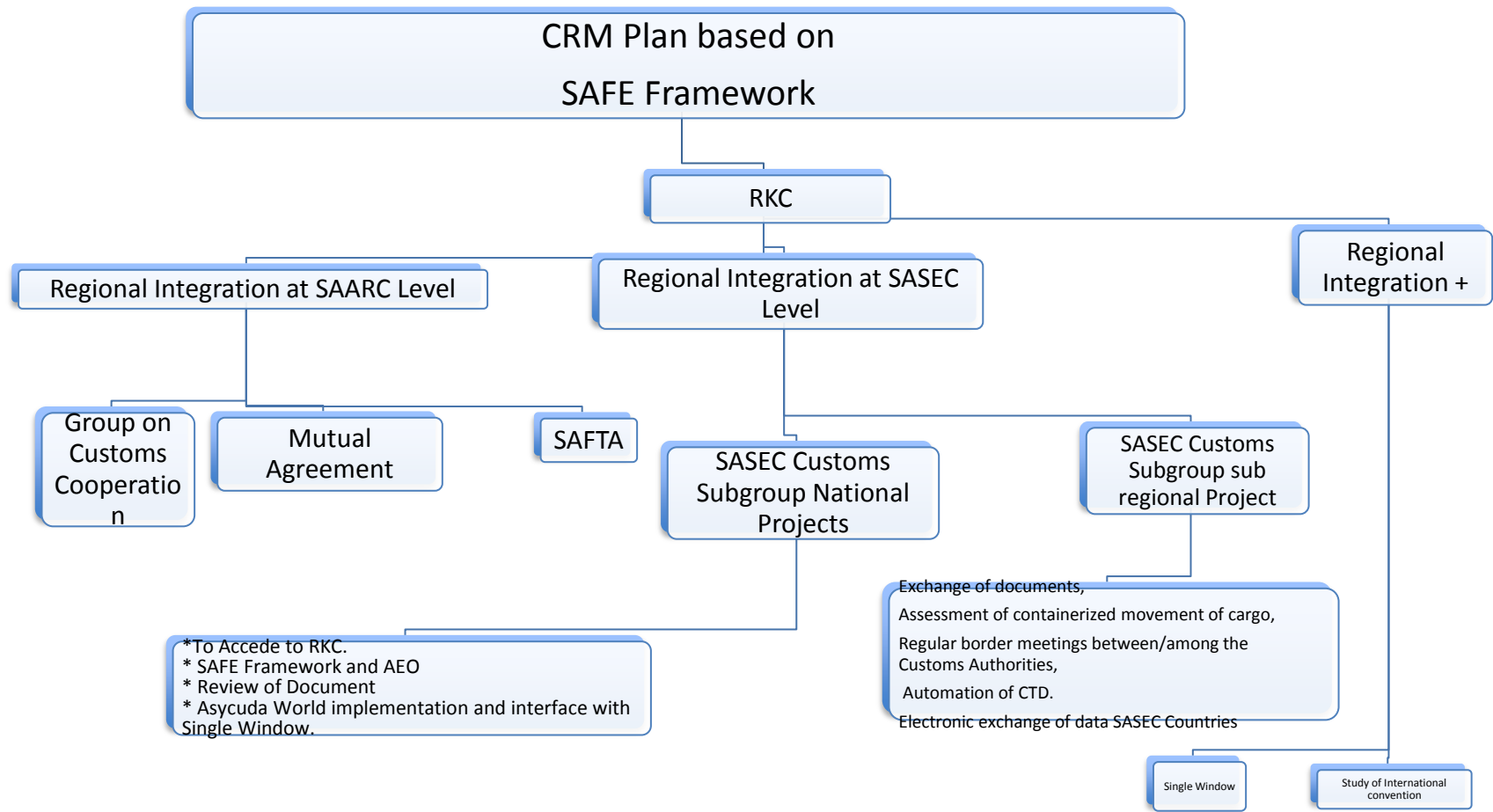
- Separate Post Clearance Audit Office,
- Legal back up for PCA,
- PCA is being associated with performance measurement.

- **Single Window**

- Development of Nepal National Single Window is started,
- The contract negotiation has been completed,
- The contract for the development of NNSW will be carried out this week.
- About the 50 different agencies (Business as well as government) will be covered
- NNSW is interfaced with ASYCUDA World and implement by 2018,
- The programme is being supported by World Bank.

- WCO Data Model

- Implementation of WCO Data Model for declarations targeting electronic exchange of data among the SASEC Countries.



Regional Integration at SAARC Level

- SAFTA
 - Reduction of Tariff rate among the SAARC countries under the TLP (Tariff Liberalization Programme),
 - The normal tariff rate of 0-15 % should be reduced on 0-5 % with in the December 2015 for those goods which are not included under the sensitive list,
 - Reduction of Sensitive list of trading goods by the subsequent member.

Regional Integration at SAARC Level

- harmonisation of Customs clearing procedures and documentation,
- inter-operability of Systems being followed by customs administrations in Member States,
- preparation of a simplified form for Customs Declaration for trade in goods in the SAARC region,
- Discussion on harmonisation of 8-digit tariff lines in the Member States,
- Capacity Building,
- to set up a mechanism for providing trade information and facilitation in the Member States to help traders,

Regional Integration at SAARC Level

- SAARC Agreement on Mutual Administrative Assistance in Customs Matters signed on 13 November 2005
- Covers;
 - The Customs Administrations shall provide each other, either on request or on their own initiative, with information and intelligence which helps to ensure proper application of the Customs law and the prevention, investigation and combating of Customs offences.

SASEC Customs Subgroup National Projects

1. Accession to Revised Kyoto Convention
2. Update of the Customs Reform and Modernization Strategies and Action Plan in line with the SAFE Framework and the Authorized Economic Operator (AEO) Scheme
3. Review of Existing Trade Documents
4. Implementation of ASYCUDA World.
5. Design the interfacing architecture of ASYCUDA World to Nepal National Single Window (NNSW).

SASEC Customs Subgroup Sub regional Projects

1. Exchange of documents (export declarations) at major border crossing points.
2. Assessment of the readiness of regulatory framework and infrastructure facilities in SASEC countries for containerized movement of cargo through land borders,
3. Institutionalize regular border meetings between/among the Customs Authorities at major border crossing points,
4. Automation of transit process: use of ICT in processing of the transit cargo for enhanced efficiency.
5. Implementation of WCO Data Model for declarations targeting electronic exchange of data SASEC Countries,

Nepal Customs and Relief Consignment

- After Earthquake emergency declared by Government of Nepal
- Government immediate respond in customs process:
 - Customs simplified the procedure,
 - Duty exemption for relief consignment,
 - Outside of office hours clearance, (24 hours)
 - Online simplified declaration submission from Customs web site made available.
- DOC initiatives for long term preparation
 - Task Force formed,
 - Studied all the available Convention, Resolution, Model Agreement, Model Law and Guidelines and assess the Gaps,
 - Draft Procedure prepared,
 - Draft legislative changes prepared,
 - Planning to conduct National Stakeholder Consultation and
 - Translation being done in English to receive comment from WCO and other International stakeholders.

Outcome By the End of 2017

Building Blocks 1: Trade Facilitation

- (1) Nepal acceded to revised Kyoto convention
- (2) Customs offices functional with number of documents required to attain the level of best at the region

Building Blocks 2: Compliance

- (1) 3/4 of the import cargo will pass through Green Channel

Building Blocks 3: O & D

- (1) Performance based management system be institutionalized in Customs
- (2) Modernized facilities along with the capability at large be improved
- (3) Skill mix of HRC development and management institutionalized

Building Blocks 4: E-customs

- (1) web based declaration submission and automation system improved
- (2) Clients will have access to all information on Customs procedures
- (3) e-Customs functional in Customs administration

To these end: more participatory and coordinated approach to be adopted

Challenges

- Stakeholders Coordination,
- Strong Legal foundation and Revised organization Structure,
- Appropriate Human Resource for Customs (HRC),
- Differing level of Reform and Modernization,
- Continued commitment for Adequate Resources,
- Partnership & EDP support enhancement,
- Knowledge Gap.