



TURKISH REPUBLIC MINISTRY OF CUSTOMS AND TRADE

**BILATERAL MEMORANDUM OF UNDERSTANDINGS' ROLE
IN TRADE FACILITATION SIGNED BY THE CUSTOMS
AUTHORITIES: A CASE WITH JOINT CUSTOMS COUNCIL**

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Framework

- The importance of trade
- The notion of governance
- The relations between Customs and National Committee on Trade Facilitation
- Organization of Customs Administration in Turkey
- Bilateral Meetings
- The formation of Joint Customs Council (JCC)
- The content of JCC
- Conclusion



The Importance of Trade

- International trade is one of the key elements of daily life.
- Many countries arrange their policies in accordance with the rules of international trade in order to have a sufficient and sustainable economy.



The Notion of Governance





The relations between Customs and National Committee on Trade Facilitation

- **Bali Ministerial Conference/Trade Facilitation Agreement – 2013**
 - *the Agreement contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues*
- **National Committees on Trade Facilitation – 2015**
 - *the technical provisions of the TFA -especially at Section 1- are substantially Customs-related, with 98% of the provisions to be implemented fully or partially by Customs, placing them at the center of national implementation efforts. It definitely shows the role of customs in trade facilitation.*



INTRODUCTION OF MINISTRY



- ❖ There were many reorganization such as; structuring as the Ministry of Customs and Monopolies, the Ministry of Customs and Finance, Undersecretariat of Customs.
- ❖ Up to 2011 Customs Administration serviced as Undersecretariat.
- ❖ After 2011, Undersecretariat is merged with some domestic trade units and formed as the Ministry of Customs and Trade.



BILATERAL MEETINGS

- ❖ At the beginning, there were not many bilateral meeting on regular basis. It is worth saying that there were considerably numerous bilateral meeting which were held by different institutions.
- ❖ These international or bilateral meetings were concluded with Agreed Minutes or Protocols that includes decisions in the scope of Customs' Authority. However, the nature of Agreed Minutes or Protocols were framework texts which include many decisions related to different institutions from Ministry of Health to Ministry of Justice.
 - ❖ the follow up and implementation of these decisions were quite **difficult**.



BILATERAL MEETINGS

- ❖ In order to prevent such ineffective governance, the bilateral meetings eventually began to be held by the Customs Administration itself at the time of Undersecretariat of Customs.
- ❖ Initially, the bilateral meetings were started with **Iran, Georgia and Azerbaijan.**
- ❖ These meetings were held on regular basis concluding with many important decisions which were made by Heads of Customs.
 - ❖ followed and implemented by the relevant departments
 - ❖ emerged as a cooperation mechanism
 - ❖ local authorities started to cooperate with their counterparts in these countries
 - ❖ many study visits and technical meetings were held between the countries



BILATERAL MEETINGS

Agenda of the meetings:

- the cooperation in the field of anti-smuggling,
- risk management and control
- facilitation of trade,
- the quick and easy flow of passengers and goods,
- solving problems regarding the time of passing at the border crossing points,
- the infrastructure issues,
- developments of link roads,
- IT infrastructure and emerging technologies



BILATERAL MEETINGS

- Many problematic issues between the countries were on the agenda in order to strengthen relations and increase the level of cooperation. However, these meetings were lacking legal infrastructure. Even if they were on regular basis. The frequency of the meeting were directly depended on the decision makers. Starting from this point of view, the effort to have legal infrastructure started eventually.
- As a results these efforts and works on having centralized and institutionalized mechanism, the idea of signing a ***Memorandum of Understanding regarding the establishment of joint customs council*** between respective authorities emerged.



THE FORMATION OF JOINT CUSTOMS COUNCIL (JCC)

- The framework Memorandum of Understanding for the Establishment of Joint Customs Council was prepared.
- Following, the framework MoU was proposed to the countries that Ministry of Customs and Trade have a decent and productive relations with.
- The same negotiation process was carried out as in the case with other international binding agreements, protocols, MoU's etc.



THE FORMATION OF JOINT CUSTOMS COUNCIL (JCC)

- As of May 2016, Ministry of Customs and Trade signed abovementioned MoU with 6 countries:
 - Albania,
 - Azerbaijan,
 - Georgia,
 - Iran,
 - Russia
 - the Turkish Republic of Northern Cyprus

- The process of negotiation continues with the countries namely Kazakhstan, Kirghizstan, Kosovo, Macedonia, Uzbekistan.



THE CONTENT OF JCC

- The MoU starts with the preamble part which includes main Agreements between states.
 - *Agreement between the Government of the Republic of Turkey and the Republic of (X) on Cooperation and Mutual Assistance”*
 - *As of May 2016, there are **63** Mutual Assistance Agreement from 1994 to 2014. **52** of those Agreements have entered into force.*
- The general provisions starts from article 1. In this part, the first paragraph of the article states that The Parties shall hereby establish a Joint Customs Council (hereinafter referred to as “JCC”) to promote cooperation in customs matters.
- The development of cooperation in all aspects between the Customs Administrations of the Parties shall be conducted within the scope of the JCC and its working groups.



THE CONTENT OF JCC

- The article 2 describes the functions of the JCC. It states that the JCC shall coordinate, encourage and develop cooperation in customs matters between the Parties as well as define the major areas and directions of cooperation.
- It specifies the seven areas that the JCC shall coordinate cooperation.
 - a) Exploring the ways and possibilities paving the way for enhanced cooperation on customs matters;
 - b) Collaborating through joint efforts in order to facilitate, simplify and secure border-crossings and provide efficient customs formalities;
 - c) Sharing experiences on knowledge and best practices with regard to customs policies and procedures, customs enforcement, modernization programs, and supply chain security;



THE CONTENT OF JCC

d)Development and improvement of technologies used in customs procedures and customs inspection with a view to ensuring the accuracy of data on goods moved;

e)Implementation of projects directed at raising effectiveness of customs controls and facilitating customs procedures by exchanging information;

f)Cooperation in law enforcement in customs matters, prompt bilateral actions against smuggling and protection of intellectual property rights;

g)Any other matter in the field of customs deemed necessary by the JCC



THE CONTENT OF JCC

The Joint Customs Council aims to cooperate in any aspect in order to solve problems between the Customs Administration of the Countries.

In addition to that, the JCC does not only aim to solve problems, but also strengthen relations and facilitate trade. For instance, sharing experiences on knowledge and best practices related to all areas in customs will pave the way for strengthening the supply chain security and accelerate the number of transactions between the Administrations.



THE CONTENT OF JCC

“Structure of JCC”

- Heads of the Customs Administrations → co-Heads of the JCC
- The heads of the related structural divisions of the Customs Administrations → heads of the Working Groups of the JCC
- Customs staff → members



THE CONTENT OF JCC

Names of the working groups:

- working group on international cooperation and training, cooperation in law enforcement in customs matters,
 - risk management and customs control,
 - information technology.
- However, additional working groups may be established by the JCC for the development of cooperation in other customs are



THE CONTENT OF JCC

In the article 4, the meeting of the JCC is indicated in details.

- the meetings are held alternately in two Countries once a year.
- The date of the meeting and agenda items are negotiated by the Parties at least a month before the meeting.
- Parties prepare an Agreed Minutes at the end of the meetings which is signed by the Heads.
 - *useful instrument to follow up the decision that is adopted at the meetings*
- working language of the JCC and its sub-bodies shall be the official languages of the Parties or English, as appropriate. Any document produced by the JCC shall be in English.



THE CONTENT OF JCC

The other articles regulates the secretariat mechanism, financial expenses, the settlement of disputes, additions and amendments.





CONCLUSION

The MoU could be regarded as an obvious instrument for strengthening relations.

1. First of all, it clearly sets an institutionalized mechanism by creating Joint Customs Council.

The working groups can be determined by the Parties which is a best way to deal with problematic issues. For instance, if there is a need to enhance cooperation in the field of anti-smuggling, the Parties could settle a working group on cooperation in law enforcement in customs matters as in the case with the MoU signed between Turkey and Azerbaijan.

2. Secondly, it creates a bases in order to discuss issues which constitutes a problem in customs. In this regard, this mechanism eliminates the obstacles to trade facilitation.



CONCLUSION:

In conclusion, this MoU can be regarded as one of the best ways to institutionalize relations between the contracting parties by providing the meetings on regular basis.

It inevitably creates the atmosphere of dialog in order to solve problematic issues which might be regarded as an obstacles in the flow of goods and passengers, accordingly in trade facilitation.



**THANK YOU FOR YOUR
ATTENTION**