COMMON TRANSIT SYSTEM AND NCTS
“Fast, Easy, Secure, Economic”

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KARABULUT
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What’s coming up?
- Community & Common Transit
- Specifications
- Simplifications
- Guarantee
- Reduction/Waiver
- Requirements for accession
- Accession process
- Extension
- Milestones
- Some Statistics
- Definitions and terms
- NCTS

Community & Common Transit

Community Transit (EU Customs Code + Impl. Provisions)
- Mandatory in EU
- Community external transit “T1”
- Community internal transit “T2” or “T2F”
- Andorra & San Marino included

Common Transit (1987 EU/EFTA Convention)
- Between Community and EFTA countries (Switzerland, Norway, Iceland)
- Turkey became part of Common Transit System as of 01.12.2012.
- Croatia will join EU by 01.07.2013
- Non-Community goods “T1”
- Community goods “T2”
Specifications

Community & Common Transit

- All modes of transport
- Holder = “principal”
- Types of guarantee:
  - individual
  - comprehensive
- Guarantee waiver: comprehensive & modes of transport
- Simplified procedures

Simplifications

- Comprehensive guarantee or guarantee waiver
- Modes of transport
  - Rail & large container
  - air
  - pipeline
- Authorised consignor & consignee
  - Authorised consignor starts transit procedure from his own premises without presenting the goods to office of departure.
  - Authorised consignee receives goods at his own premises without presenting the goods to office of destination
- Special seal
- Simplifications based on bi/multi-lateral agreements

Guarantee system

- Guarantee
  - individual
  - comprehensive
- Lodgement
  - office of departure → cash
  - office of guarantee → guarantor

Guarantor (bank, insurance company, association of transporters...)
  - established at & approved by country of guarantee
  - represented in all countries involved
  - guarantee commitment

Guarantee system

- Individual guarantee
  - Highest rates of duty applicable in country of departure
  - Cash deposit: valid in all Contracting Parties
  - Guarantee commitment: at office of guarantee
  - Guarantee by voucher (Eur 7000):
    - commitment: valid in all Contracting Parties
    - voucher: valid for 1 year
Guarantee system

- Comprehensive guarantee
  - Principal established in country of guarantee
  - Reference amount:
    - operations in past & needs in future
    - highest rates applicable in the country of guarantee
    - amount at risk over at least one week
  - Guarantee coverage = 100% of reference amount
  - Reduction/waiver:
    - principal → reliability
    - goods → risk at stake

Reduction/Waiver

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>Amount</th>
<th>%100</th>
<th>%50</th>
<th>%30</th>
<th>Waiver</th>
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<tbody>
<tr>
<td>1. Sound finance</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>2. Sufficient experience</td>
<td></td>
<td>✓(6m)</td>
<td>✓(1y)</td>
<td>✓(2y)</td>
<td></td>
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<tr>
<td>3. Very close cooperation</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4. Control over operations</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
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<tr>
<td>5. Sufficient financial resources (debt payment)</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
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</tbody>
</table>

(a) No addl. conditions

Accession process

5 phases
1. Pre-conditions (Intention and application)
   - National legislation
   - NCTS V4
   - Operational mechanism and operations
2. Official application
3. Site visit by TAXUD and EU members and EFTA countries (Comformity Evaluation)
   EU-EFTA Working Group, EU-EFTA Joint Committees
4. Decision, Amendment to Convention (Invitation)
   Phrases in local language(s) added to Convention
5. Instrument of accession General Secretariat of Council
   First day of the second month

Extension

1 December 2012
Milestones

Organisation

- National transit coordinator
  - Mr. Erdal KARAHISAR, Head of Transit Dept.

- DG of Customs - Common Transit Unit
  - Competent authority for authorisations/simplifications in transit

- DG for Risk Management and Control
  - Competent authority for authorised consignor status

- IT Department
  - NTA

- Local transit coordinators (in Regional Customs Directorates)

- National transit coordinator
  - Mr. Erdal KARAHISAR, Head of Transit Dept.

Helpdesk

- 3-level approach
  - 1st level: Basic Q/A
  - 2nd level: Extraordinary Q/A
  - 3rd level: Requires legislation/system amendment

- Personnel
  - Service provider

- 7/24

- E-mail, phone

Legal Arrangements

- Common Transit Regulation [national]
  - Published, O.J. no 2805/2/11, 24.08.2011

- Common Transit Convention
  - Approved, Law no 6333, O.J. no 28139/30.06.2012
  - Published, Degree no 2012/3686, O.J. no 28431/4/10.2012
  - Degree for 2012/3 and 2012/4 (March 2013)

- SAD Convention
  - Approved, Law no 6334, O.J. no 28139/30.06.2012
  - Published, Degree no 2012/3685, O.J. no 28431/4/10.2012

- Transit Manual
  - Customs web site

- Customs Regulation
  - National & Common transit
  - Published on Feb 2013

- A declaration accepting 2012/3 and 2012/4 Croatia and Turkey

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Training & Awareness

• Traders
  • 300 principals, 16-25.04.2012
  • 60 principals, 25.06.2012
  • 30 guarantors, 26.06.2012
  • 50 principals, 25.12.2012

• Public
  • Introduction by Minister
  • AEO & Common Transit, 10.01.2013
  • Brochure

HELP DESK, TRAININGS and IMPLEMENTATION

NCTS Section Of Help Desk Set Up On 07-09-2011

• NUMBER OF STAFF: 11, 5 IT Specialists, 5 customs officer at DG, 1 legal and procedural Expert
• 348 field Customs Officers trained on specific NCTS methodology, procedures and the operation of the NCTS.
• 19-21 th. of September, pilot implementation has been conducted in Istanbul and Edirne
• 16 th of November 2011 for expansion process of NCTS to all customs authorities in Turkey has been started.
• As of 01.01.2012, all custom offices started to use NCTS.

Training for Customs Staff

• Customs IT staff
  • 5 IT specialists trained on DG TAXUD technical specifications, programming NCTS installation, configuration and administration

• Customs Officers
  • 348 Customs Officers trained on specific NCTS methodology, procedures and the operation of the NCTS.

Customs Office  | Number of Trainees
--- | ---
Kapıkule       | 36
Istanbul       | 57
İzmit          | 32
İzmir          | 34
Ankara         | 30
İskenderun     | 56
Hopa           | 15
Habur          | 36
Gürbulak       | 12
Mersin         | 40

Statistics

• Customs offices
  • Common transit: 120
  • National transit: 148

• Operators
  • Principals: +3.500

• Authorisations
  • Comprehensive guarantee: (40 GRN; no reduction & waiver)
    • Common transit: 2
    • Under consideration: 2
  • National transit: 23 (3 sensitive goods)
    • Under consideration: 22
  • Authorised consignor: 0
  • Authorised consignee: 0
Statistics 2012

- Transit operations, 2012
  - National transit: 1,430,000
  - NCTS: 1,170,000
  - National application: 260,000
  - TIR Carnet: 655,000

INTEGRATION OF NCTS & NATIONAL APPLICATIONS

Integration with:

- Border gate programme (entry & exit of trucks)
- BILGE
  - References, previous documents (summary declaration, export declaration etc.)
  - Risk analysis
- Authorised customs broker programme (warehousing)

Statistics 2013

Project Objectives

- General
  - Proper protection of the future external borders of the EU through a modernized Turkish Customs Administration (TCA) to ensure that it is in a position to fulfill the tasks and obligations of an EU Member States
- Specific
  - EU compatible Customs IT systems (NCTS application) installed and fully operational at the end of the project and in line with the EU requirements in terms of interconnectivity and interoperability.
Main Achievements

Activities, deliverables
- Trained people
- NCTS 4
- Design Documents
- Specifications
- Project experts

The Architecture of the NCTS

NCTS is divided into three main activities.

- The External Domain: for the messages between the trader and the competent Customs Office;
- The National Domain: where the messages between the different national offices are exchanged;
- The Common Domain: where the messages between the counties are exchanged.

Software System components

National Domain - NCTS Modules
External Domain – NCTS Modules

NCTS & BILGE Integration

Traders Connection

Common Transit Regime

- **Main Principal**: accepts responsibility for the transit operation
- **Guarantor**: is responsible for payment of duties and other charges to which the Principal has become liable as a result of any irregularity concerning the Transit Declaration
- Office of departure
- Office of transit
- Office of destination
- Office of guarantee
- Movement Reference Number (MRN)
- Guarantee Reference Number (GRN)
- Fallback (paper-based) in case system does not work.
NCTS

- New Computerised Transit System
  - Obligatory in EU/EFTA countries since 1/7/2005
  - Electronic exchange of transit declaration data via structured and standard .xml messages
  - About 3000 customs offices involved
  - Covers road transport (pilot rail transports initiated in some EU countries)
  - Easy access to the system (internet, EDI, DTI etc.)
  - Turkey started using NCTS for national transit by 1st January 2012 nation-wide. Outsourced by Romanian Siveco company.
  - Became a Contracting Party as of 01.12.2012
The single administrative document (SAD) Characteristics

1. To ensure openness in national administrative requirements. This openness constitutes the basis for any progress and simplification.
2. Rationalization of and reduction in administrative documentation which have resulted from the introduction of the SAD and which, formerly, required the use of different administrative forms, and the limitation of the administrative documents which may be required in support of the SAD. That is why this is not exclusively a customs document but a single administrative document.
3. To reduce the amount of information and standardize the required data. The legislation on the SAD establishes, procedure by procedure, the maximum list of information which can be required of operators. The EU Customs provisions also provide for, procedure by procedure, the minimum list of the boxes which have to be completed.
4. The harmonization of the data likely to be transmitted from one Member State to another, together with the establishment of common codes, constitutes a language understandable in all the Member States and avoids linguistic problems for the documents which are drawn up in other countries. The SAD therefore fits within this framework and provides the basis for coordinated development of computerized systems.

REASON FOR NCTS

- NCTS is being introduced as a result of the report from the European Parliament’s inquiry into transit fraud. It is seen to be an essential element of the reforms intended to make the transit systems more secure.

- The paper based systems were found to be open to fraud and incapable of providing a reliable level of management and control of the movement of goods in transit. There is also a growing lack of clarity and consistency in the procedures and a lack of effective administrative communication and cooperation between Customs Authorities. This has led to expensive delays and confusion for companies along with an increased risk of fraud.
OBJECTIVES AND ADVANTAGES OF NCTS

OBJECTIVES
• to increase efficiency and effectiveness of transit operations
• To improve both the prevention and detection of fraud
• To accelerate transactions carried out under a transit procedure and to offer security for them

ADVANTAGES
• Elimination of paperwork
• Less time spent
• Flexibility in presenting declarations
• Earlier discharge of the transit procedure
• Reduced costs
• Simple and clear transit operations
• Effective and fast communication between customs administrations

What are the advantages of NCTS for trade
• Less time spent waiting at customs, because the declaration will have been sent electronically beforehand;
• Greater flexibility in presenting declarations.
• Earlier discharge of the transit procedure because an electronic message is used instead of the return of the paper copy No 5 by mail, leading to a faster release of the guarantee.
• The high costs, incurred in relation with the paper-based system of declaring goods (lengthy procedures involving much time and effort), are reduced.
• A greater clarity of the transit operation, for the benefit of trade.
• Because customs will have decided well in advance of the arrival of the goods at the office of destination whether or not they want to check the consignment, the trader will not lose valuable time at the office of destination waiting for a decision.
• Provide a tracker system to allow traders to pinpoint the location of consignments.

TRADERS AND CUSTOMS

In principle all traders can use the NCTS. It is only necessary to use the electronic data interchange (EDI) procedures which have been established for the communication with customs in order to be connected to the NCTS.

Customs will have to:
• install computer infrastructure, or adjust their existing facilities, to meet the specific needs of the NCTS, including compatibility with the Common Communication Network/Common Security Interface (CCN/CSI);
• set up an organisation to keep the computer applications running (Helpdesk);
• formulate and develop measures to ensure that the NCTS is integrated into the existing procedural and organisational set-up;
• devise and introduce suitable training for customs staff and traders.

ROAD MAP
• Willingness and commitment of government.
• Amendment of legislations compatible to designated standards.
• Usage of SAD.
• Setting a concrete national customs organizational plan to build NCTS.
• Building a compatible NCTS system (beta version) with an integrity into national Risk Analysis System and Border Gate Program.
• Test and establishment of NCTS, setting up helpdesk and call center.
• Very strong IT branch, ready to install, update (latest NCTS V.4), test or solve any problems regarding NCTS.
• Training of customs officers, traders (principals, transporters, guarantors) nation-wide. Setting central and local contact points at customs / printing user manuals for customs officers and traders.
• Pilot implementation nation-wide.
THANK YOU for YOUR ATTENTION

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