

# Trade Facilitation and Regulatory Reform

## Costa Rican Experience

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# Costa Rican Approach

# Costa Rican Trade Facilitation Approach

- **Reasons:**

- Increase of non-tariff barriers
- Necessity to simplify procedures and formalities
- Bring benefits to private and public sector
- Integrate trade facilitation into the development policy
- Develop a clear framework of principles and obligations
- Efficient and predictable participation of trade players
- Attraction of foreign investment
- Competitiveness of enterprises
- Reduction of costs
- Close coordination between private and public sector

# **Customs Modernization Programme**

# Customs Modernization Programme

- Background:
  - Traditional Customs
  - Obsolete Legislation
  - Procedures out of date
  - Excessive Discretion
  - Compulsory inspection to all goods
  - Manual clearance procedures
  - Out of date statistics
  - Lack of professional qualifications and training

# Customs Modernization Programme

- Objectives:
  - » Coordination between Custom Offices
  - » Bring support to foreign Trade
  - » Implementation of non-tariff barriers in coordination with other institution concern
  - » Up-to-date customs procedures, improve disciplines according with new technologic advances and new international trade requirements
  - » Keep useful statistics of foreign trade

# Customs Modernization Programme

- New Duties:
  - » Establishing origin of goods for tariff preferences
  - » Protecting Intellectual property
  - » Checking that AD and CVD are properly applied

# Customs Modernization Programme

- Revenue Collection
  - » Average 1991-2002
    - » 46% of government total revenue

# Customs Modernization Programme

- Professional capacity
  - » 1994 represented 5%
  - » 1997 represented 21%
  - » 2000 represented 28%
  - » 2002 represented 33%

# Customs Modernization Programme

- Customs Clearance
  - 1994 6 days
  - 1996 4 hours
  - 2002 simple procedure 12 minutes
  - 2002 with physical inspections 112 minutes

# Customs Modernization Programme

- Actions taken:
  - Transparency and predictability
  - User's Committee
  - Risk Assessment
  - Advance Rulings
  - In work commercial clearance
  - Automation
  - Customs Transit Control
  - Single Window

# Customs Modernization Programme

- Transparency and Predictability
  - » Official Gazette
  - » Internet
    - Ministry of Finance web site: Legal frame work, basic regulations applicable, tariff rates, draft legislation, description of current customs procedures, statistics, managements indicators, consultations of customs import declarations, organizational structure, contacts.  
([www.hacienda.go.cr/aduanas](http://www.hacienda.go.cr/aduanas))

# Customs Modernization Programme

## » Internet:

- BUDHA. Consultation system (circulars, resolutions, rulings, etc)

# Customs Modernization Programme

- User's Committee
  - Committee of Customs Services Auxiliaries and Customs System users
- Risk Assessment
  - To make physical and documentary inspections more methodical and scientific
  - Is not a reality yet, but there is Legislation in place
  - International ongoing cooperation and aid

# Customs Modernization Programme

- Advance ruling
  - Import and Export customs declaration presented prior to arrival of goods, especially by electronic means
- In works clearance
  - Authorize companies or industries to receive directly goods in their own warehouses

# Customs Modernization Programme

- Automation
  - » Customs Information System (CIS).
    - Tool for customs officials and private sector to perform and follow up customs procedures for goods entering and leaving the country.

# Customs Modernization Programme

- Customs Transit Control.
  - » Tool to control goods in transit that are under customs authority. Timely communication between customs offices by using the CIS.
  - » Tool for policy making, strategy and management

# Customs Modernization Programme

- Single Window for Foreign Trade
  - VUCE: Unified process including all steps involved in goods export procedures. Centralized permits and authorizations for importing goods subject to phytosanitary and zoosanitary requirements.
  - Coordination between Ministry of Foreign Trade, Health, Agriculture.
  - Centralized in Foreign Trade Promotion Agency (PROCOMER)
  - Response time of 30 minutes

# Customs Modernization Programme

- Integrated Single Window for Foreign Trade
  - SIVUCE: The procedures can be carry out electronically / 24 hours/365 days
  - The exporters and importers are furnished with pre-stamped customs declaration and software to complete the process on-line
  - 69% of exported goods through the system
  - customs clearance is a new development just established one month ago

# **Simplification of other Trade-Related Procedures**

# Simplification Trade-Related Procedures

- National Deregulation Commission
  - Public and Private representatives
  - To review legislation to avoid duplication, to simplify current procedures, preventing corruption, administrative abuse
  - This work represents economic benefits to both importers, investors and consumers, encourages competition and legal safety.
  - Investor's Manual

# International Commitments

# International Commitments

- Disciplines:
  - Dispatch goods promptly
  - Simplify clearance procedures
  - Coordination between trade related bodies
  - Application of WCO principles express consignments
  - Implement common processes
  - Confidential business information
  - Consultative mechanisms with trading and business communities

# International Commitments

- Disciplines:
  - Public advance rulings
  - Revision by Administrative and Judicial authority
  - Publish regulation and documents related import and export process
  - Confidential business information

# Technical Assistance and Capacity Building

# Technical Assistance & Capacity Building

- Continuing process to achieve transformation
- Important element of DDA
- Develop concrete programs before commitments are put in place
- Develop concrete programs in parallel with the negotiations
- Develop concrete programs to complement and implement the measures
- Must address domestic circumstances, human and institutional resources

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