

Trade Facilitation and Regulatory Reform

Costa Rican Experience

Ernesto Fernández

Permanent Mission of Costa Rica to the WTO

March, 2003

Content

- Costa Rica. Trade Facilitation Approach as a Developing Country
- Customs Modernization Programme
 - Background
 - Measures taken
- Simplification of other areas
- International Commitments
- Technical Assistance

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 - Procedures out of date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 - Out of date statistics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)

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

Ministry of Foreign Trade



<http://www.comex.go.cr>
ernesto.fernandez@ties.itu.int