Customs Transit System

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1. **Legal Framework**
   - International Treaties, Regional, and bilateral agreements.
   - Internal Legislation

2. **Institutional Arrangement**
   - Main governmental agencies involved
3. Transit Operation
   1) Formality
   2) Documents required for transit operation
   3) Designated Routes and Border Crossing
   4) Main requirement for Transit operator
   5) Facilities

4. Challenges:
   - Limited Fund and Capacity
Under GMS Cooperation:

Legal Framework for Transit at Regional Level

Under ASEAN Cooperation:

ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT), dated 16 Dec 1998 (Annexes of Protocol 1-9 need to be signed in later time). Protocols under responsibility of Lao Customs Department:

- Protocol 7 on Customs Transit System signed 24 February 2015.
- Protocol 2 on Designation of Frontier Posts: PDR is ready and expecting to sign the protocol in 3-7 April 2017.
Legal Framework for Transit at Bilateral Level

Under Bilateral Cooperation:

- MOU on implementation of Common Control Area (phase 4) between Lao-Vietnam Customs, Ministries of Finance signed on 27 October 2014.
- MOU on Common Control Area between Lao-Thai Customs is in the process of preparation of signing.
- Tripartite agreement on Facilitation of cross border Transport of goods and people signed amongst Laos - Thailand-Vietnam.
Relevant Internal Legislation

1. **Customs Department, Ministry of Finance**:
   - Customs Law No. 4/NA, dated on December 20, 2011
   - Customs Department Notification No. 0749/LCD, dated on February 24, 2007 on Transit Procedures

2. **Import-Export Department, Ministry of Industry and Commerce**:
   - Ministerial Decision on control of restricted goods for transit movement, No 1238/ MOIC. Im-Ex, dated June 23, 2015.

3. **Transport Department, Ministry of Public Works and Transport**:
   - Transport Law and other regulations
Institutional Arrangement for Transit Movement

Main governmental agencies involved:

1. Ministry of Transport:
   - Issuing a permit on Transit Operator.

2. Ministry of Finance (Lao Customs Department):
   - Guarantee agreement between Lao Customs Department and Transit operator.

3. Ministry of Industry and Commerce (Import-Export Department):
   - Issuing a permit on Transit Movement of Restricted goods.
Transit Operation

1. **Formality**
   - Single-window Inspection
   - Single-Stop customs inspection.
   - Advance Exchange of cargo clearance information
   - Priority for Border crossing clearance
   - Reduction of physical inspection
2. Documents required for transit operation:
   - Permit for transit operation from concerned agency.
   - Original documents from departing customs checkpoints.
   - Invoice and packing list
   - Sale contract.
   - Guarantee contract between Customs Department and a Transit Operator
3. **Main requirement for Transit operator.**
   - More than half of the company’s capital must be owned by Lao Citizen.
   - The enterprise must be directed by the majority of national citizens of Laos.
   - must not convicted serious breaches of relevant laws and regulation of Laos.
   - must not have been sanctioned to perform a profession of road carrier due to breach of applicable laws or regulation.
   - must not have been declared bankrupt unless the financial solvency.
4. Main requirement of Transit operator. (Continued)

- has been restored according to laws and regulations of Laos.
- must have been verified for sound professional competence in related fields such as legal matters relevant to road transport business, transport operation management, technical matters related to transport operation, road safety.
- must have been assessed for financial solvency
- must obtain appropriate insurance coverage for its contractual liability.
Transit Operation (continued)

5. **Designated Routes and Border Crossing**
   Under GMS cross-border Transport Facilitation Agreement:
   
   - **Designated Route:** National Highway No.9
   
   - **Border Crossing:**
     - **North-South Corridor:**
       1) Mohan, China – Boten, Laos
       2) Houaxay, Laos – Chiang Khong, Thailand
     - **East-West Corridor:**
       1) Mukdahan, Thailand -- Savannakhet, Laos
       2) Dansavanh, Laos – Lao Bao, Vietnam
     - **Other Corridor**
       1) Veunkham, Laos -- Dong Kralor, Cambodia
       2) Thanaleng, Laos—Nongkhai, Thailand
       3) Nampao, Laos—Cau Treo, Vietnam
       4) WangTao, Laos—Chong Mek, Thailand
6. Designated Routes and Border Crossing (Continued)

**Under ASEAN:** based on Protocol 1 annexed to the AFAFGIT (ASEAN Highway No. 3, 12, 11, 15, 16). For border crossing, they are not yet finalized under Protocol 2.
7. **Facilities:**

- Areas for unloading, transshipment, inspection of the cargo, warehouses, storage room including refrigerated space, container depot storing cargo pending the disclosure of results of sanitary or veterinary inspection, plant quarantine and disinfection facilities, staging points for unloading, accommodating or isolating consignment of live animals.
8. Facilities:

- X-ray machine for goods and container inspection.
- Vehicle weighing station
- Parking lots
- Bank office
- Travel information center
- Communication center.
Transit Operation (continued)

9. Facility
   ✓ Under GMS:
     - Establishment of Facilities for Single-Window Inspection, Single-Stop Customs Inspection mechanism
     - Signing MOU on Implementation of Common Control Area between:
       1) Dansavan - Lao Bao Border Checkpoints
       2) Moukdahan-Friendship Bridge 2 Checkpoints
   ✓ Under ASEAN:
     - ASEAN Customs Transit System to be developed based on Protocol 7 of AFAFGIT.
     - Facilities to be improved or developed based on Protocol 2 of AFAFGIT.
Limited Fund and Capacity for:

1. Development of land routes
2. Development of capacity and necessary skill\knowledge for human resource.
3. Establishment of the cross-border infrastructure
4. Expansion of transport modes
5. Improvement of transport services and network
6. Simplification and harmonization of border-crossing formalities
7. Increase closed collaboration on information sharing at bilateral, regional and international level.
Challenges (continued)

Limited Fund and Capacity for:
Thank you