

Customs transparency mullied: Roundtable discusses ways to improve customs services, reduce focus on taxing imports

Gulnaz Guliyeva

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BAKU, Azerbaijan - The State Customs Committee is a closed organization and getting information about customs legislation and duties is sometimes an art. This was the conclusion of Namig Kazimov, an expert of the NGO Baku Plus Association, after conducting research into a lack of consistent customs policy in the country. Problems of transparency in customs were raised at a roundtable held last Monday. Baku Plus is an association of specialists, who were educated abroad.

The Association's four months of research tried to find answers to such questions as which problems entrepreneurs contend with, how much businessmen know about customs legislation and their rights - as well as analyzing customs policy in the country. The research, supported by the Eurasia Foundation, will form the basis of recommendations to be submitted to the government on improving customs rules and the strengthening of transparency during their implementation.

Another big problem in customs, Kazimov said, was the low professional level of customs officials. According to experts, some former entrepreneurs work for customs, and they still continue their own businesses. Legally, they transfer the business to someone they trust, while they lobby for their own interests in customs. "Such cases cannot be called illegal because our legislation does not regulate the relationships and ethics of officials," said Kazimov.

A lack of legislation allows customs officials to interpret rules at their own discretion. "Having relations with some customs officials, entrepreneurs can cut the price of imported goods, which are registered under a low tariff. For example, expensive woods can be registered as softwood. Not having this kind of relations creates problems for entrepreneurs," Kazimov said. He added that corruption has created artificial monopolies in the country and an unhealthy business environment. The fact that customs inspects and certifies its own work strengthens doubts about transparent and fair customs procedures. "The quality and type of goods should be defined by an independent organization, for example a chamber of commerce," he said. Arif Hamzayev, deputy chief of the department for finance, duties and currency control at the State Customs Committee, disagreed with some of the report's findings.

He said, "First of all, customs is an open organization and anyone can get information. Customs in the country has the same problems that exist in all post-Soviet countries. We became independent just 12 years ago, and it is a short time." At the same time, Hamzayev recognized that the number of qualified staff is insufficient and cases of bribery do exist in customs. "We do not deny it, but currently the professional level of staff is higher than five years ago. Of course, corruption exists in customs, as a customs official gets \$60 a month. How can he keep his family with such a salary?" he said. "We repeatedly raise this issue, but customs is a state organization and the current socioeconomic situation in the country doesn't permit any increase in salary." However, a survey among 500 businessmen in Baku, conducted by the association, also showed a low level of professional knowledge among entrepreneurs, including about customs procedures.

Ilgar Abdullayev, the coordinator of the project, said: "The majority of businessmen do not have management knowledge. Forty-five percent of them couldn't describe the problems they encountered. Their knowledge of customs legislation is also very poor. Only 1 percent of businessmen said that they know this legislation very well." Abdullayev said that 34 percent of businessmen have economic education, 7 percent legal and 59 percent education in other fields. Kazimov said that entrepreneurs should change the stereotype that "they can not begin big business without the support of high-level officials." They also do not believe in fair legal procedures. Only 3 percent of them were confident that controversial points could be solved in court.

Another problem Kazimov highlighted was that customs officials tend to give preference to revenue generation from imports. "Obviously, the government should prepare an import substitution program to stimulate local production," he said. Customs duties are also inflexible and do not meet the country's needs, said Kazimov. He said, "Total customs expenses to import cars into Azerbaijan are 70 or 80 percent of the car's cost, while the country does not produce cars. The same expenses in Georgia do not exceed 20 to 30 percent."