
Stated Task : Government Shows Will To Make Customs Service Transparent Body

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For the last two months the State Customs Committee (SCC) of Armenia has been the focus of government efforts to fight corruption. Many Armenian residents say they have already seen the positive changes in structure which is believed to be one of the most corrupted in the country, while others are still skeptical that the lawful manner of work will continue.

The government that chose reforms of the tax and customs bodies as the main directions of its activities is paying "centered attention" to all this.

"Our country has no sources for solving social problems apart from collections made by tax and customs bodies. So, we have to take the path of self-purification," Prime Minister Tigran Sargsyan emphasized during his first meeting with SCC.

The SCC, where according to President Serzh Sargsyan, "corruption is thriving", embarked on the "path of self-purification" immediately. The changes were so unexpected and swift that the business world and ordinary people were surprised and at the same time skeptical that all that was only a temporary measure.

Karapet Alexanyan is one of those who felt for himself the positive changes made at the custom service. Alexanyan purchased a car from the United States a few months ago and in early June it reached the border of the Republic of Armenia.

"Knowing how everything is handled in Armenia, I was worried. I had heard different prices of customs clearance from different people and was a little worried. People said that the customs clearance of the car I had purchased was quite expensive, 1.5 times higher than I actually paid for it eventually," Alexanyan says.

"Still, I had absolutely no problems with customs clearance. I had heard that the reason was that everything has been legalized now. Perhaps that was the reason for low prices. They say now you pay only the sum that is required from you, without bribes," Alexanyan adds.

Unlike Alexanyan, David Allahverdyan was not lucky, as he had imported his car before the reform:

"In February I imported a Volkswagen model 2000 and cleared it at the customs for \$4,525. And my friend brought a car with the same parameters in May and paid \$2,800 for clearance, i.e. \$1,700 less. It means that I had given \$1,700 not to the state."

To feel less deceived Allahverdyan is going to import another car. "While there is law and order, I'll go and bring a car at a low price, otherwise, I don't know how long this will last," he says.

As part of the reform, the SCC introduced several novelties. Among them is the posting on the SCC website of a list of fixed prices for a number of commodity types, an option of filling in customs declarations by the importer/exporter themselves, etc.

These points were envisaged by the legislation still from 2001, but were not applied in practice.

The changes are evaluated as positive also by representatives of the business world, who emphasize, however, that there is still much to be changed.

Kia Motors Armenia CJSC deputy director Ararat Mardoyan says that for them as for large importers these changes have not proved efficient yet.

"The reforms in reality solved only technical issues," Mardoyan says. "For example, you can fill in the papers more quickly and things like this, but nothing more. This all has helped more individuals."

"They still have to do a lot of work in connection with the formation of the customs value, many subtleties are not worked out yet, for example how they decide customs prices, who decides those prices, etc. We are an official representative of Kia Motors in Armenia, but even we are not allowed to make an invoice customs clearance, that is, we and individuals pay the same price in the case when we buy at a lower price from the plant in case of larger quantities."

Mardoyan considers a high percentage rate of customs clearance a "nonsense": "They have high percentage rates of import in countries where there is domestic car production in order to promote the sales of the domestic producer."

"In this case, it hits the consumer as 30 percent is a very high percentage. For example, an SUV of a medium category can be purchased in Armenia for \$25-27,000, and in Dubai it can be purchased for \$12-15,000, yet in Dubai residents earn three times as much. As an importer, we still bring and sell. Eventually, it is consumers who find themselves on the receiving end, since the higher the percentage rate is the higher the selling price is," Mardoyan explains.

In the first half of 2008 20,000 cars were imported to Armenia, by 4,000 more than in the same period of the last year.
