



**CENTRAL MARINE RESEARCH AND DESIGN INSTITUTE
(CNIIMF)**



Description of customs and border-guard rules for foreign vessels calling at ports of Russia

- WP2: Administrative measures for the transportation system in the Arctic Russia**
- WP2.3: Immigration and custom procedures**
- D2.3.1 As replacement of “Summary report from ARCDEV and INROP experiences”**

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PUBLIC

Saint-Petersburg, 2005

The purpose of the report is to analyze and describe customs and border-guard rules for foreign vessels calling at the Russian oil ports as illustrated by an example of voyages to the ports of Primorsk and Murmansk (Belokamenka).

The report gives a procedure of examination (inspection, survey) and a list of ship's papers which shall be submitted to the border-guard and customs services when tankers enter or depart a port.

In this case customs and border-guard services are guided by the Customs Code of the Russian Federation authorized by the Law.

The customs and boarder-guard service steadily improves its work in accordance with the international rules and relations between particular countries and trading partners.

The New Customs Code has taken effect since 1 January 2004. The Code furnishes an opportunity to qualitatively change the work of customs and border-guard service. Comments on this point are given in the report.

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1. ORGANIZATION OF CUSTOMS AND BORDER-GUARD POINTS

1.1. Locating of customs and border-guard points

1. According to the Decree of the Government of the Russian Federation № 60, 19.01.1998, the customs and border-guard control is exercised by specially created passage (check) points across the State border.

General provisions of the Decree (par.5) state that "...Passage points across the State border include corresponding buildings, premises, and structures on the basis of projects coordinated with the agencies and troops of the Federal Frontier Service of the Russian Federation and the customs and other agencies participating in control at passage points across the State border".

2. Passage points across the State border and seaports are in Federal (State) ownership. Relevant State border and contiguous sea areas are in their jurisdiction. Control functions of the passage points are extended to all vessels visiting the State zone of responsibility.

3. Sea road transfer complexes (SRTC) are cargo areas of ports; they shall observe "By-Laws" relating to the port of registry. Road transfer complexes are objects of special industrial danger and cannot fulfill functions of non-productive purposes.

4. If a passage point across the State border is permitted to be in an oil storage area located in the area of Sea Transfer Complex, one should provide necessary breaks in operation of the oil storage at least for 6 – 8 hours per each call of foreign tanker in compliance with Order 892 (12.09.01) of the State Customs Committee of the Russian Federation. If an average carrying capacity of rated tanker is assumed to be 120000 tons and an annual rated cargo traffic is 12 million tons one shall exclude 600-800 hours per year from the production time budget of the oil storage as the production activity of the oil storage shall be broken off for the period of work of the border-guard and customs control bodies or can be permitted in force-major circumstances.

Thus, in the area of SRTC development it is necessary to establish the Administration of port cargo area, the Administration of passage point across the State border including border-guard and customs service craft (a border control boat, etc.) and other industrial objects providing control functions, inhabited micro-district for workers, and welfare projects for the seamen visiting or servicing SRTC.

To bring SRTC to full loading capacity it is necessary to provide the sanitary, boundary registration and customs control clearance on the road in specially allocated places of anchorage.

5. Operational rules for SRTC is developed by the SRTC Administration according to the design documentation and By-Laws on seaport. Operational rules of SRTC shall include a SRTC situational plan, scheme of management under operational conditions, and also the information:

On means and procedures of communication, on exchange of information;

On procedures of clearance of vessels inwards/outwards;

On vessel traffic control;

On transmission of weather forecasts and storm warnings;

On pilotage service;

On border-guard, customs and sanitary – quarantine registration (clearance) of vessels;

On tug support;

On procedures of reception / delivery of oily, bilge water and waste water, and dry rubbish;

On possibility of bunkering vessels and delivering cargoes to them;

On rendering medical aid.

6. SRTC operational rules shall have a reference to a plan of prevention and liquidations of emergency situations (comprehensive plan of emergency measures), including the following sections:

Scheme of SRTC management in emergency;

Procedure of giving a fire alarm signal;

Procedure of giving an emergency signal;

System of communication and warning of cooperating organizations in case of emergency;

Emergency schedule determining particular duties of officials employed in the organizations involved in SRTC operation;

Full list of available means to be used for realization of Oil Pollution Emergency Plans (OPEP (LNR)) and fire extinguishing at STRC;

Methods and ways of evacuation of the personnel and rendering medical aid;

Readiness of personnel and equipment to operate in emergencies.

7. The control of SRTC production activity exercised by SRTC officials and by the State control bodies should be stipulated in the SRTC rules of operation.

8. SRTC operation is carried out by the Administration of the Complex and under contracts with the organizations having relevant licenses according to the current legislation of the Russian Federation.

1.2. Organization of work of a passage (check) point

1. The general schedule of work of a passage point (the beginning and end of work, technological breaks, schedules of registration of physical persons, vehicles and cargoes crossing the State border) shall be confirmed by joint decision of heads of the State control bodies and the sea, river port general director (further referred to as the Passage Point Administration).

2. The sequence of realization of all kinds of control over passage points is determined by typical organizational schemes of passage across the State border of physical persons, vehicles and cargoes by all available modes of international transport, which are coordinated with the Federal Executive authorities exercising various kinds of the control, and approved by normative legal acts of relevant transport ministries and departments.

3. Technological schemes of passage (across the State border of the Russian Federation) of physical persons, vehicles and cargoes through check points shall come into effect by joint decisions of heads of the State control bodies and Passage Points Administration in accordance with typical schemes of organization of passage (across the State border) of physical persons, vehicles and cargoes with allowance for local conditions.

2. REGULATIONS FOR CUSTOMS CLEARANCE AND CUSTOMS CONTROL OF VESSELS USED FOR MERCHANT SHIPPING PURPOSES, AND OF GOODS CARRIED BY THE VESSELS ACROSS THE CUSTOMS BORDER OF THE RUSSIAN FEDERATION

2.1. Border control and customs examination

The Regulations for calling at and lying in the open ports (roadstead) have been established by the law «On the State Border of the RF» of 1993, other legislative acts of the RF and special Decrees of the RF Government published in the Notices to Mariners.

Foreign vessels proceeding to the RF ports (roadstead) shall advise port destination Authorities of their ETA. Vessels of foreign States which established for Russia vessels the «permissible» or «informative» regime for calling at their ports may call at the RF ports only after having received permission to do so from the Russian competent bodies according to the principle of reciprocity [4, Article 25].

The places and duration of lying at the stations of crossing the State border are to be indicated by sea port administration and approved by the Federal border-guard service of the RF and the state customs committee of the RF. The operational regime of the border-guard and customs stations in merchant sea ports shall be established by the RF Ministry of Transport.

2.1.1. Border control

The border control is effected in compliance with the Law «On the State Border of the RF» of 1993. The border control includes:

- verifying the reasons for crossing the State border by people, means of transport, cargoes, goods and animals;
- examining means of transport, cargoes and goods;
- finding out and detaining persons breaking the rules of crossing the State border, transported, cargoes, goods and animals which are prohibited for import / export to or from RF by the RF legislation.

The order, means and methods of border control are established in accordance with the Law «On the State Border of the RF» through regulatory acts issued by the RF Ministry of Transport and agreed with the RF Ministry of Justice. The border-guard officials hold inspection on ship's and navigational documents and, in case of necessity, ship's spaces. The shipmaster shall, on the requirement of the border-guard officials, open holds, rooms,

other spaces and the transported cargoes for inspection. The vessel may leave port only after border-guard control officials have issued a corresponding permission.

2.1.2. Customs examination

Customs examination is carried out in compliance with the Customs Code of 1993 [27]. When goods and means of transport have been brought on the RF Customs territory, the shipowner (shipmaster) advises the RF Customs House of crossing the RF Customs border. The Customs House indicates time and place where the vessel must be taken to effect her clearing in. These provisions do not apply to vessels crossing the customs territory if they do not intend to make a stop in ports located on the RF territory. The shipmaster shall submit master's declaration, ship's papers and cargo documents for carrying out customs examination. Customs officials may require opening holds, rooms, tanks and other ship's spaces, as well as packing of goods. After all stages of customs examination have been over, the corresponding document is stamped – «Cleared in».

Fees and duties are to be paid for border and customs registration as shown in Table 1.

Table 1

Fees and duties collected for border and customs registration

Type of customs registration	Rates of fees and duties
Border registration	Seven minimum monthly remunerations of labour for the examination of sea-going cargo vessels of 1000 GRT plus 0.1 minimum monthly remuneration of labour for each ton in excess.
Customs registration	100 000 roubles for customs registration if customs value of goods compose 30 000 000 roubles and more.

Dues and fees for the boundary registration, as shown in table 1, are defined by the law «On the State Border of the RF», 1993.

Fees and duties collected for customs registration are established by the Decree of the RF Government, dated December 28, 2004.

2. 2. General

1. The present Regulations on customs clearance and customs control of vessels used for the purposes of merchant shipping (further referred to as vessels), and also of the goods carried across the customs border of the Russian Federation are based on the legislation of the Russian Federation and international treaties of the Russian Federation. (The above “Regulations on...” further referred to as Regulations),

The Regulations determine features of Customs clearance (registration) and the customs control of vessels and goods transported by them.

2. The terms used in the Regulations:

a) “Port authorities” (1) means relevant administrations of seaports exercising administrative and other kinds of authority vested to them by the Government of the Russian Federation

b) “Vessel” (2) means a self-propelled or non-self-propelled floating craft, used for the merchant shipping purposes.

c) “Shipowner” (3) means a person who operates the vessel in his own name, whether being the owner of it or on any other lawful basis

d) “Ship equipment” (4) means relevant articles (except for spare parts) being and intended for use on board, which are movable but do not relate to articles of consumption; among them there are such things as rescue boats, life-saving appliances, furniture and other articles of ship equipment and furnishing.

e) “Ship spare parts” (5) means pieces that can be used for repair or replacement of parts of the equipment of the vessel which carries them;

f) “Ship’s stores” (6) means goods which are kept for consumption on vessel, including articles of food, goods for sale to passengers and members of crew, fuel and lubricant materials (ship equipment and ship spare parts are excluded);

g) “Ship’s crew” (7) means a company of seamen who man a ship including the shipmaster and other officers and crew members.

2.3. The documents used with customs clearance and customs control of vessel and cargoes (goods)

3. To carry out the customs control and customs clearance of vessels, goods and vehicles within the framework of the Regulations the following documents shall be applied:

a) "General Declaration (Manifest)" (8) – a basic document required by customs body; the document shall contain the following data on incoming or outgoing vessel:

- Name;
- Nationality of vessel;
- Proper information on registration;
- Tonnage;
- Name of the shipmaster;
- Name and address of the ship agent in port of arrival or departure;
- Brief specification of cargoes (goods);
- Number of members of crew on the vessel;
- Number of passengers on the vessel;
- Brief data on the voyage;
- Date and hour of arrival or departure of vessel;
- Port of arrival or departure of vessel;
- Moorings (berths) for vessel in port.

General Declaration shall be dated and signed by the shipmaster, marine agent or other person properly authorized by the shipmaster to fulfill this function;

b) Cargo Declaration (Manifest) (9) – a basic document containing complete specifications of the goods on board a vessel. The Declaration contains the following data required by customs body at vessel's arrival in port:

- Name of vessel;
- Nationality of vessel;
- Name of the shipmaster;
- Port of departure;
- Port of issuance of the Cargo declaration;
- Marks of packages, serial number, number of places, type of packing, number and specifications of cargoes (goods);

- Numbers of Bills of Lading for the cargoes (goods) subject to unloading at the port of arrival;

- Ports of unloading the cargoes (goods) remained on the ship after unloading operations in the port of arrival;

- Initial ports of departure of the cargoes (goods) transported according to the Bills of Lading.

At vessel's departure:

- Name of vessel;

- Nationality of vessel;

- Name of the shipmaster;

- Port of destination;

- Data concerning the cargo (goods) taken in the given port: marks of packages, serial number, number of places, type of packing, number and specifications of cargoes (goods);

- Numbers of Bills of Lading on the cargoes (goods) taken in the port of departure.

The Cargo Declaration shall be dated and signed by the shipmaster, marine agent or any other person properly authorized by the shipmaster.

The Customs body is entitled to demand information on any dangerous cargoes (goods).

At vessel's departure there is no need to submit a new Cargo Declaration (Manifest) concerning the already specified cargoes (goods and vehicles) being on board at arrival of the vessel in port and still remaining on board the vessel.

The Customs body has the right to accept a copy of the Ship's Manifest rather than the Cargo Declaration provided that it contains all data specified in the Cargo Declaration, and is dated and signed by the shipmaster, marine agent or other person properly authorized by the shipmaster;

c) Ship's Stores Declaration (10) – a basic document on ship's supplies, containing the data required by customs body at arrival or departure of vessel.

The Ship's Stores Declaration shall be dated and signed by the shipmaster or any other person authorized for this purpose by the shipmaster and well-informed about ship's supplies;

d) Crew's Effects Declaration (11) – a basic document on articles for personal use of the crew containing the following information required by customs body (not required at departure):

- Name of vessel;
- Port of arrival or departure;
- Full names of crew's members;
- Posts of crew's members;
- Data on crew's effects which fall under the tariff and non-tariff regulations (according to the legislation of the Russian Federation);
- Personal signature of each member of the crew.

Crew's Effects Declaration shall be dated and signed by the shipmaster or any other ship's officer properly authorized by the shipmaster;

e) Crew List (12) – a basic document containing data (required by the Customs body) on number of crew's members and composition of the crew at arrival or departure of vessel.

The Crew List contains the following data:

- Name of vessel;
- Nationality of vessel;
- Full names of crew's members;
- Birth date and birth-place;
- Post and citizenship of each member of the crew;
- Type and number of the document identifying each member of crew;
- Port and date of arrival or departure of the vessel;
- Port of departure of the vessel.

The crew list shall be dated and signed by the shipmaster or any other ship's officer properly authorized by the shipmaster;

f) List of passengers (13) – a basic document containing data required by customs body on passengers at ship's arrival or departure.

The list of passengers contains the following data:

- Name of vessel;
- Nationality of vessel;
- Name, surname, citizenship, date of birth and birthplace of each passenger;
- Port of embarkation and port of disembarkation of each passenger of vessel;
- Port and date of arrival of vessel.

The list of passengers shall be dated and signed by the shipmaster, marine agent or any other person properly authorized by the shipmaster.

4. The following documents, if necessary, shall be submitted to the customs body:

a) Certificate on currency and currency valuables, containing information on Russian and foreign currencies available at a ship cash department (cash box).

The Certificate on currency and currency valuables shall be dated and signed by the shipmaster or other person, properly authorized by the shipmaster.

If there are no available currency and currency valuables at the ship cash department (cash box) one shall make the following entry in column 16 of the General Declaration: "There are no currency and currency valuables in the ship cash department";

b) List of arms and ammunition contains the following data about available arms and ammunition on board the ship:

- Number of arms (with indication of trademark) and amount of ammunition;
- Factory numbers of the arms;
- Information on the owner of the arms and ammunition.

The list of the arms and ammunition shall also contain the obligations of the shipmaster (or a person authorized by the shipmaster) on safe keeping of the arms while the ship is lying in port; the arms must not be taken out from the ship.

If there are no arms and ammunition on board the ship the following entry should be made in column 16 of the General

Declarations: "There are no arms and ammunition on board";

c) List of medical products which contain narcotic, drastic, psychotropic and poisonous substances.

The list indicates the number of medical products (drugs) which contains narcotic, drastic, psychotropic and poisonous substances, the nomenclature of which is approved by the government of the Russian Federation according to the legislation of the Russian Federation (further – medical products).

The list of medical products should contain obligations of the shipmaster (or a person authorized by the shipmaster) on safe keeping of these products while the ship is lying in port; the medical products must not be taken out from the ship.

If there are no medical products on board the ship the following entry should be made in column 16 of the General Declarations: "There are no medical products on board the ship, which contain narcotic, drastic, psychotropic and poisonous substances".

5. When a ship delivers dispatches, with international mailings included, waybill CN 37 (14) should be used for the customs purposes.

In the absence of international mailings on shipboard the following entry shall be made in column 16 of the General Declaration "there are no mailings on board the ship".

2.4. General requirements for customs clearance and customs control of vessels as well as for goods and vehicles carried by vessels across the customs border of the Russian Federation

6. Customs clearance and customs control of vessels, and the goods (including currency) transported across the customs border of the Russian Federation by these vessels (further – vessels and goods) are carried out according to the procedure determined by the legislation of the Russian Federation on customs activity, and by normative legal acts of the State Customs Committee of Russia in view of the features established by the present Regulations.

Customs clearance and customs control of vehicles used for the international transportation of goods and passengers by sea across the customs border of the Russian Federation (further – vehicles) are carried out according to the procedure determined by the legislation of the Russian Federation on customs activity and by normative legal certificates of the State Customs Committee of Russia with allowance for the features established the present Regulations.

7. The customs control of vessels and goods, and also vehicles is exercised within the limits necessary for observance of requirements of the legislations of the Russian Federation and the international treaties of the Russian Federation, the control over which is imposed on the customs bodies of the Russian Federation.

8. Customs clearance of vessels and goods, and also vehicles is carried out at sea or river ports open for international cargo and (or) passenger transportation.

Calls at ports (at the roads) which are not open for foreign vessels, are prohibited with the exception of force-majeure circumstances

(accident, natural disaster, danger to safety of people, vessels and goods, necessity of rendering urgent medical aid to crew members or passengers, transportation of rescued people, etc.).

The shipmaster (or a person authorized be the shipmaster) shall immediately notify the nearest customs body of such kind of calls

9. Vessels and goods and also vehicles are under customs control from its beginning and to its end in conformity with the customs regime.

10. All operations involving provision of moorings (berths) for vessels are under the customs control and shall be carried out with the permission of the customs body and the body of border control. Any movements of vessel in harbor (shifting, re-mooring) shall be carried out only in consultation with customs and border control bodies.

It is prohibited to moor vessels and floating craft to the vessels and other floating craft being under the customs control, without permission of the customs body and the body of border control.

Requirements given in this paragraph may not be complied with in force-majeure circumstances (accident, natural disaster, menace to of safety of people, vessels and goods, the necessity of rendering urgent medical aids to members of crew or passengers, transportation of rescued people etc.) which require performance of such kind of operations. In these cases the customs body and the body of border control can be notified after the beginning of the specified operations.

11. Customs clearance of vessels is carried out in ports both in births and in the roads. The decision on the possibility of customs clearance of vessels in the road shall be taken by Customs body on request of the shipmaster (or a person authorized by the shipmaster); the shipmaster shall coordinate his request with the port authorities.

12. Customs clearance of vessels is provided on the round-the-clock basis including days off and holidays as vessels become ready for clearance; moreover the vessels are waiting their turn as established by the Port Authority and coordinated with the customs body.

If the number of calls at port decreases during a long period of time (not less than 6 months) the chief of the customs-house has the right to establish another regime of customs clearance as agreed with the Port Authorities. Custom fees for customs clearance of vessels being moved across the customs border as vehicles shall not be charged.

13. The time of customs clearance of vessels is shown in a table (Annex 1).

14. Customs body, proceeding from the necessity of making the customs control more comprehensive, can increase the time of customs clearing of vessel.

15. The marine agent or Port Authorities in accordance with established order shall provide transportation of the following personnel to and from a vessel to be cleared: staff members (officers) of border-guard, customs, sanitary-quarantine, veterinary control bodies,

and also employees of State service of plants quarantine, who shall carry out customs clearance and control of vessels and crews at arrival from or departure for a foreign country (further: Commission),

16. Clearance of vessels arriving from abroad by the Commission is carried out after their sanitary survey. Up to the termination of the sanitary survey and lowering of a quarantine flag access to the vessel is not authorized.

17. As agreed with the border control bodies the officers of customs bodies can come aboard at any time to discharge their official duties. The shipmaster is obliged to give them all required documents necessary for conducting the customs control. The shipmaster shall provide household and office accommodations necessary for performance of official duties.

2.5. Customs clearance and customs control of vessel at arrival

18. To avoid unreasonable delay of vessels after their arrival and with a view to reduction of time necessary for customs clearance and exercising of customs control, the Customs body shall be informed in advance (in any form) about estimated time of arrival of vessel in port.

19. The shipmaster (or a person authorized by the shipmaster) shall notify in writing the Customs body on crossing the customs border of the Russian Federation by the vessel. The notice shall be signed by the shipmaster (or a person authorized by the shipmaster)

The customs body registers the notice in the logbook of notices and keeps it with other files.

The notice should contain the following data:

- Name of the vessel;
- Nationality of the vessel;
- Name of the ship-owner;
- Number of passengers on the vessel;
- Number of crew members;
- Name and total quantity of cargoes (goods);
- Estimated time of arrival;
- Date and time of the submission of notice

20. Not later than 30 minutes after arrival of a vessel in port

the shipmaster (or a person authorized by the shipmaster) is obliged to notify in writing the Customs body about arrival of the vessel, with updated information submitted earlier and exact place to anchor (to berth) being specified. The notice shall be signed by the shipmaster (or a person authorized by the shipmaster). The notice shall be received by an officer of the Customs body and attached to the information submitted earlier and kept among the files of the Customs body.

21. Before boarding a vessel the designated officer of the customs body, included in the commission, shall register in the Log-book of registration of foreign-going vessels (Annex 2) the fact of arrival of the vessel (column 1 – 4) and assign a serial number to ship's file which is formed as follows:

00000000/000000 / 00000,

1 2 3 4 5

Where "1" stands for an eight-place digital code of the Customs body, carrying out customs clearance and customs control of vessels and goods according to the Classifier of the Customs bodies of the Russian Federations and their structural divisions;

"2", "3" and "4" stand for day, month and the last two figures of the current year;

"5" stands for a serial number according to the Log-book of registration of foreign-going vessels, which is formed in ascending order (at the beginning of a new year the numbering should be started afresh).

22. To carry out customs clearance and customs control of vessel arrived at port the Shipmaster (or a person authorized by the Shipmaster) submits two copies of the following documents to the officer of the Customs body:

- General Declaration;
- Cargo Declaration (Manifest)
- Ship's Store Declaration;
- Crew's Effects Declaration;
- Crew List;
- List of Passengers;
- Waybills CN 37;
- Certificate on currency and currency valuables available at a ship's cash department (cash box);
- List of arms and ammunition;

- List of medical products which contain narcotic, drastic, psychotropic and poisonous substances;

- Ship Manifests – on all cargoes (goods).

Since the moment of delivery of the above documents to the officer of Customs body and presentation of cargoes (goods) such cargoes (goods) are considered to be in temporary storage under the customs control.

23. At arrival of a vessel the members of crew and passengers are required to declare in the established order their goods for the cases determined by the normative legal acts of the State Customs Committee of Russia

24. In exercising customs clearance and customs control of the vessel the officers of the Customs body shall:

- Check reliability of the declared information contained in the submitted documents;

- Check records in the logbooks of material accounting and documents on the ship equipment, ship spare parts and ship supplies imported by the vessel;

- Place means of customs identification on spaces (rooms), where the following goods are kept:

- Tobacco products and alcoholic drinks (except for the spaces where there are tobacco products and alcoholic beverages, which will be consumed on board the vessel during its staying in port);

- Arms;

- Medical products;

- Goods which have been not intended for unloading in port.

25. In carrying out customs clearing and customs control of vessel the embarkation and disembarkation of passengers presented by officers of the Customs body shall be authorized by the body of border control.

26. After verification of the submitted documents and completion of customs control of vessel and goods the officer of Customs body:

- a) shall press a stamp on the General declaration and fill in the imprint (Annex 3), sign and append his personal numbered seal to the declaration, make notes about means of customs identification, give other information necessary for the customs control;

- b) shall stamp "CUSTOMS CARGO" on waybills CN 37, Cargo Declaration or Ship Manifests on the cargoes (goods) subject to unloading in a certain place determined by

Customs body, point out a place to unload cargoes (goods) and append his personal numbered seal to the above documents;

c) if there are currency and currency valuables on the vessel, shall make the entry "Checked up for arrival, true" in the certificate on available currencies and currency valuables, date, sign and append a personal numbered seal to the document;

d) shall put down the number of ship's file in the Crew List and the List of Passengers and append his personal numbered seal to these documents;

e) shall make the entry "Checked up for arrival, true" in the Ship's Store Declaration, date, sign and append his personal numbered seal to the document. When placing means of identification on spaces where tobacco products and alcoholic beverages are present, the same officer shall specify these spaces and numbers of means of identification and append his personal numbered seal to the documents;

f) if medical products are available on vessel, shall put down the number of ship's file in the list of medical products and append his personal numbered seal, and make the following notes: "It is sealed in space N, in safe N, means of identification N " and also append his personal numbered seal;

g) if there are arms and ammunition on board the vessel, shall specify the number of the ship's file, and make the note "Examined, sealed in space N, safe N, means of identification N" and also append his personal numbered seal.

The number of copies of documents with notes of the customs body can be increased at the request of the shipmaster.

27. After completion of drawing up ship's paper the officer of customs body shall give permission for unloading of goods at a temporary storage warehouse (TSW) or in another place determined by the normative legal acts of the State Customs Committee of Russia.

28. The officers of the Customs body shall get access at their request to any spaces in the vessel.

The authorized members of the crew shall accompany examination of the vessel.

Examination of personal items of passengers shall be made in their presence.

Examination of personal items of members of crew shall be made directly on the vessel in the presence of the owner and a member of crew.

29. In case of absence of shipping documents on any consignment during the work of the Commission the shipmaster (or a person authorized by the shipmaster) shall

produce a written explanation regarding circumstances of import of such cargoes (goods) to the customs territory of the Russian Federation.

Such cargoes (goods) are subject to immediate customs examination in the presence of the shipmaster (or a person authorized by the shipmaster).

30. On return from the vessel the authorized officer of the Customs body fills in columns 5 – 9 of the foreign ship's registration book and also forms ship's file regarding vessel's arrival.

2.6. Customs and customs control of vessel at departure

31. Customs clearance of a vessel at its departure shall be carried out after completion of all cargo handling operations, preparation of the vessel for sea, embarkation of passengers and fulfilling of all formalities with the Port Authorities.

32. The shipmaster (or a person authorized by the shipmaster) shall notify in writing the Customs body (of the port of departure) of the intention to cross the customs border of the Russian Federation not less than three hours before the expected time of departure of the vessel from the port.

The customs body shall register the notice in the log-book of notices and keep them in its files. The notice should contain the following data:

- Name of vessel;
- Nationality of vessel;
- Name of the shipowner;
- Number of passengers on vessel;
- Number of members of crew;
- Name and total number of goods;
- Senders of the goods;
- Ports and countries of destination;
- Estimated time of vessel's departure from port;
- Date and time of submission of the notice;
- Seal and signature of the person who has submitted the notice.

33. To carry out Customs clearance and customs control of a vessel at its departure the shipmaster (or a person authorized by the shipmaster) shall submit the following documents in duplicate to a customs body officer, who was included in the Commission:

- General Declaration;

- Cargo Declaration;
- Ship's Store Declaration;
- Crew List;
- List of passengers;
- List of medical products which contain narcotic, drastic, psychotropic and poisonous substances;
- Certificate on currency and currency valuables available at a ship's cash department (cash box);
- List of arms and ammunition;
- Waybills CN 37;
- Ship's Manifests (Declarations) – on all cargoes (goods).

Customs clearance of vessel is considered as started from the moment of presentation of the above mentioned documents to the officer of the customs body.

34. Data on the supplies loaded on ship at the Customs

Territories of the Russian Federation shall be included in the Ship's Store Declaration.

No presentation of a particular Declaration on ship's supplies having being specified at arrival of the ship is required.

35. The cargoes (goods) loaded on a vessel in the Customs Territory of the Russian Federation shall be included in the Cargo Declaration.

36. At ship's departure a copy of Crew List, which was drawn up at ship's arrival and was again signed by the shipmaster (or a person authorized by the shipmaster) can be submitted if the document points out that no changes have occurred in this respect.

37. At ship's departure members of crew and passengers shall declare their goods to be exported in the cases determined by the normative legal acts of the State Customs Committee of Russia; this process shall be carried out according to the existing procedure.

38. During customs control of a vessel the officers of the Customs body shall:

- Check up reliability of the information contained in the submitted Documents and exercise customs control over the vessel and goods according to the Customs Legislation of the Russian Federation;
- Check up means of customs identification (stamps and seals etc.) set on at arrival of the vessel, and, if necessary, remove them;

- Check up the availability of shipboard equipment, ship supplies and ship spare parts declared at arrival of the vessel and

used during staying in port; check up their conformity to records made in the Ship's Store Declaration, logbooks of material accounting and other documents;

- Verify actual number of loaded ship spare parts, ship supplies and shipboard equipment indicated in ship and customs documents (Ship's Store Declaration, logbooks of material accounting and other documents).

39. An officer of customs body after checking up the submitted

Ship's Papers:

- shall press a stamp on the General Declaration (Annex 3), fill in the impress, sign and affix his personal numbered seal to the document;

- shall make the following notes in the Ship's Store Declaration: "Checked up for departure, true", fill in the date of departure, sign and affix his personal numbered seal to the document;

- shall stamp "CLEARED" on waybills CN 37, the Cargo Declaration or on Cargo Manifests, sign and affix the documents by his personal numbered seal;

- shall put down the number of Ship's File in the Crew List and in the List of passengers and affix his personal numbered seal to the documents;

- shall indicate in the List of medical products, Certificate on currency and currency valuables, and the List of arms and ammunition that all information in these documents represents the facts and then shall sign and attest the entry by his personal numbered seal.

The number of copies of the documents with notes of Customs body can be increased at request of the shipmaster.

40. On return from the vessel the designated officer of customs body shall fill in columns 10 – 15 of the Log-book of foreign-going vessels and form the ship's file concerning departure of the vessel.

2.7. Customs clearance and customs control of goods imported by vessels into the Russian Federation

41. Customs clearance of goods shall be carried out after completion of customs clearance of vessel in the places determined by the Regulations, or at a temporary storage warehouse (TSW) where the goods can actually be carried to.

42. Customs clearance of goods can be started in the cases established by the Normative Legal Acts of the State Customs Committee of Russia and before the goods will come into the Customs Territory of the Russian Federation.

43. It is not required to actually place goods in TSW under the following conditions:

- If customs clearance of the goods imposed under the customs regime of free circulation is completed prior to the beginning of unloading vessel;
- If within a day from the moment of presentation to the customs body the goods were under the customs control and their customs clearance was completed;
- If the goods are transferred under customs control from marine transport (vessel) to other mode of transport in the port of arrival in order to carry them to the Customs body of destination according to the procedure established by the customs body;
- In the cases established by the normative legal acts of the State Customs Committee of Russia.

It is obligatory to place particular categories of goods in TSW in cases determined by the normative legal acts of the State Customs Committees of Russia.

44. The officer of Customs body designated to control unloading operations has the right to demand weighing the goods again at any moment of cargo handling operations.

The said requirements of the officer of Customs body shall be submitted in written form (as an order for examination of the goods). The persons responsible for conducting the above operations shall meet the requirements at the time established by the Customs body.

According to the results of these operations the officer of the Customs body shall draw up a customs examination (survey) report according to the procedure established by the normative legal acts of the State Customs Committee of Russia.

The customs examination report shall be attached to the general report and (or) to the report-notices and kept with the above-mentioned documents in ship's file.

45. The Customs body has the right to take samples of the goods and carry out their research according to the procedure established by the normative legal acts of the State Customs Committee of Russia.

Taking samples of the goods, which are under the customs control, can be made also by persons entitled to make such kind of operations, by their representatives and the representatives of the State Control bodies.

46. The results of unloading of cargoes (goods) from a vessel shall be recorded in the General Record (Act), with records-notices, if any, being drawn up.

The General Record (Act) with the appendix of records-notices, if any, should be made out in accordance with the terms and order determined by the legislation of the Russian Federation, and accepted by the Customs body as a document confirming the data on actual quantity of goods unloaded from the vessel.

2.8. Customs clearance and customs control of goods exported by vessels from the Russian Federation

47. Customs clearance of particular categories of goods in the cases determined by the State Customs Committees of Russia, can be made completely by customs bodies the scope of activity of which covers sea and river ports open for international cargo and (or) passenger transportation according to the order determined by the Normative Legal Acts of the State Customs Committee of Russia.

48. To obtain permission to load goods cleared according to the established procedure on vessel the person moving the goods, shall submit to customs body four copies of a loading order drawn up in arbitrary form.

The following data should be specified in the loading order:

- Serial number of the order and date;
- Name of vessel, its nationality;
- Port of loading;
- Name of shippers;
- Port of unloading;
- Name of consignees;
- Name of goods, number of places, weight (in kg), volume (in m³), marks, type of packing and other data allowing one to identify the goods unequivocally;
- Referential numbers of customs declarations according to which customs clearance of the goods has been carried out;
- Goods codes according to the Foreign Economic Activity Commodity Nomenclature (FEACN) of Russia.

The order shall be signed by a person moving the goods.

An amount of goods (weight, volume, etc.) indicated in the order should not exceed the amount of the goods declared in a customs declaration (the delivery control document).

The time of consideration of the loading order by the Customs body shall not exceed 24 hours.

49. A person moving goods shall submit the following documents to the custom body simultaneously with the loading order:

- A copy of the customs declaration which have been made out according to the established customs legislation procedure;

- A Delivery control document or books of International Roads Transportation (IRT (МДП)) (if the procedure of goods delivery was applied);

- Shipping and goods accompanying documents with notes of the customs body which operates in the shipper's area (in the area where the shipper is.)

(If customs clearance of the goods was made by the customs body which operates in the shipper's area);

- Licenses, sanctions (approvals), certificates of an origin of goods, certificates of inspections (examinations) and other documents which are issued by authorized bodies exercising control of cargoes (goods) moved outside of the customs territory of the Russian Federation in accordance with the legislation of the Russian Federation.

50. The officer of customs body after checking up the submitted Documents shall make out an order and stamp it with "LOADING IS PERMITTED", sign, and affix his personal numbered seal to the documents.

51. Properly made-out copies of the order are distributed:

- To Customs body for the control;

- To the shipmaster;

- To a person moving the goods;

- To the owner of TSW or the customs warehouse, located in the port.

If necessary, the number of copies of the order with notes of the Customs body can be increased.

52. The officer of customs body exercising the control of loading goods has the right to demand opening, recounting and re-weighing goods at any time of loading.

The said requirements of the officer of customs body shall be drawn up in writing (the order of customs examination of goods). The persons responsible for the foregoing operations, shall comply with the requirements and dates established by the Customs body.

On the basis of carried-out actions the officer of the Customs body shall draw up the customs examination (inspection) report according to the order established by the normative legal acts of the State Customs Committee of Russia.

53. The Customs body has the right to take samples of goods and carry out their research according the procedure, established by the normative legal acts of the State Customs Committee of Russia.

54. On completion of loading cargoes (goods) on board a vessel the documents concerning the cargoes (goods) shall be drawn up. These documents are as follows: Bills of Lading, Cargo Declaration, Ship's Manifests and other documents.

55. On completion of loading cargoes on board a vessel the officer of customs body shall verify the data declared in the orders against the data specified in the documents concerning the cargoes

(goods), and also he (she) can set on means of customs identification (stamps, seals etc.).

Relevant notes on number (quantity) and numbers of the set-on means of customs identification shall be made in Ship's Manifests and Cargo Declarations.

(1), (2), (3) – the concepts determined in items 9, 7, 8 of the Merchant Marine Code of the Russian Federation are applied there.

(Collection of Laws of the Russian Federation, 1999, N 18, item 2207).

(4), (5) – Convention on Facilitation of International Maritime Traffic (further – IMO Convention), section 1.

(6) – IMO Convention, section 1.

(7) – The concept determined in item 52 of the Merchant Marine Code of the Russian Federation Codes (Collection of Laws of the Russian Federation, 1999, N 18, item 2207).

(8), (9) – IMO Convention, section 2.

(10), (11) – IMO Convention, section 2.

(12), (13) – IMO Convention, section 2.

(14) – The executive rules (Bern, 16.02.95), World Postal Conventions (Seoul, 14.09.94).

Annex 2.1

To Regulations for customs clearing and customs control of vessels used for merchant shipping purposes, and of goods moved by the vessels across the customs border of the Russian Federation

Time (Hours) needed for customs clearing of vessels

Type of vessel	Carrying capacity, t			
	up to 3000	3001–5000	5001–15000	over 15000
Dry cargo ship	1,5	2,5	3,0	3,0
Tanker	1,0	1,5	1,5	2,5

Annex 2.2

To Regulations for customs clearing and customs control of vessels used for merchant shipping purposes, and of goods moved by the vessels across the customs border of the Russian Federation

Item	Ship's file	Name of the ship	Ship's flag	Port of departure	Crew members		
					Russian citizens	Foreign citizens	
1	2	3	4	5	6	7	
Weight of goods (t)	Signature of officer	Date of departure	Port of destination	Crew members		Weight of goods (t)	Signature of officer
				Russian citizens	Foreign citizens		
8	9	10	11	12	13	14	15

Annex 2.3

To Regulations for customs clearance and customs control of vessels used for merchant shipping purposes, and of goods carried by the vessels across the customs border of the Russian Federation

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|XXXXXXXXXXXXXXXXXXXXX CUSTOMS|
+-----+
||
| ARRIVAL (DEPARTURE) of VESSEL IN PORT|
| _____ |
||
| COMMENCEMENT of WORK of CUSTOMS TEAM "__" |
|"__" MIN. |
||
| COMPLETION of WORK of CUSTOMS TEAM "__" |
|"__" MIN. |
||
| CHIEF of CUSTOMS TEAM _____ |
||
| SIGNATURE _____ |
||
|"__" _____ 20__ |
L-----

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3. FOREIGN PRESS ON THE CUSTOMS CONTROL IN RUSSIA

3.1. General

If your company is registered in the CIS or the Baltic States or carries out its activity within the territory of these States you should bear in mind that providing transport services in this region is a rather difficult business owing to a number of reasons. This is connected with both the huge size of territory and constantly changing legislative base. The volume of transportation (the number of voyages) to outposts of the region is growing every year. The brief analysis of the transport situation at the territory of the CIS and the Baltic States is given below.

3.2. Customs system of the Russian Federation

The number of customs houses in the region was doubled after breakdown of the USSR in 1991. Now on the territory of Russia there are 148 customs houses and 497 customs posts which employ more than 53 thousand persons. Nevertheless, volumes of illegal external economic operations are increasing, and until the mechanism of interaction of various State bodies is adjusted, it will be very difficult to reduce the number of such operations. In the near future the reorganization of the customs system is planned within the framework of the program of transition to a new administrative-territorial division of the Russian Federation with a view to reduce corruption in profit-making organizations and customs houses.

High import customs tariffs negatively affect the volumes of goods imported and, in this connection, carriers are extremely worried about the growth of number of the counterfeit customs stamps frequently used by corrupt customs officials. Therefore senders should give precise instructions on delivery of cargoes to forwarders, agents, carriers and drivers and undertake in advance all necessary actions to carry out successfully the procedure of customs clearing. If a particular customs terminal of delivery is designated it will allow one to considerably decrease the possibility of cargo delivery to an unauthorized consignee.

Despite of great staff of the Customs, its employees do not cope with a great volume of paper work and so there is a necessity for senders to cooperate with consignees or agents with a view to have and present all necessary documentation. Whenever possible, the notice of arrival of cargo should be given to the consignee

beforehand so that he could manage to prepare all necessary documents. Basically, it is necessary to use all means which can help to reduce official circumlocution and to facilitate mutual relations between customs bodies and clients. It would be reasonable to take advantage of service of a customs broker what would permit one to save much time, money and nerves.

3.3. Legal acts on sea transport

Ten largest Russian Shipowners are in possession of 280 vessels. An increasing number of sea carriers are flying the flags of other States. The last data shows that about 6 of 11 million tonnage of the Russian merchant marine navigate under flags of other countries. The life time of vessels in the Russian Federation averages 20 years, whereas the relevant time abroad is 6 years.

The Merchant Marine Code which has replaced the Code of the USSR of 1988 has come into force in Russia since 1 May 1999. The new Code has brought the legislative base of the Russian Federation in the field of maritime law into line with existing world provisions of laws, in particular, in the field of restriction of the liability of Carriers and Shipowners by inclusion of the Hague–Visbyisk rules.

The basic international legal acts on sea transport are the Brussels Convention on unification of some bill-of-lading rules of 1924 with amendments made in the Protocol of 1968 and the UN Convention on marine transportation of cargo, 1978, (the Hague-Visbyisk rules and the Hamburg rules, respectively).

Russia is not a participant of any above-mentioned conventions, however, the standards of the internal legislation stated in the Civil Code and in the Merchant Shipping Code of the Russian Federation as applied to the international communications almost fully comply with the provisions of the Hague-Visbyisk rules.

The Merchant Marine Code of the Russian Federation has brought the Russian legislation into line with the international marine law, and restricted, in particular, the liability of Carrier and Shipowners SDR 666.67 for a package or SDR 2.00 for 1 kg gross weights, with standard provisions of the Hague-Visbyisk rules being incorporated. After breakdown of the USSR Russia are short of port capacities. Half the ports of the former USSR are located in the Ukraine and the Baltic States.

In Russia there are 41 ports, capable of handling only 154 million tons of cargoes. An eternal problem is mutual relations between ports and railway. Except for a problem of capacities, 60 % of the Russian ports are too shallow to accommodate modern large vessels hence feeding transportations will be in demand in the foreseeable future. Now a great stress is being given to the development of container terminals.

3.4. Legal acts on river transport

Activity of river Carriers, ports, dockyards and other accompanying organizations in the Russian Federation is supervised by "Rosrechflot", the navigation department of the Ministry of Transport of Russia. 1675 companies, which own about 32 thousand river vessels carrying about 114.9 million tons of cargoes and 22 million passengers, are in Register 11 of "Rosrechflot". Now the river traffic intensity makes only 10-15 % of its greatest value registered in 1989.

According to the requirement of the World Bank, Russia should restore and streamline the system of river transport since up-to-date barges are capable of delivering cargoes to cities and industrial regions. Nevertheless, there are a number of problems; for example, the lack of investments in the infrastructure and of necessary cargo-handling facilities, expensive use of tugs and so on. The vessels can spend 60% of time staying in ports, waiting for loading or unloading, owing to inefficient port-authorities management and unaccommodated port equipment. During the winter period when the majority of the rivers in Russia become frozen, a large number of river vessels are chartered by Foreign Carriers or used in sea transportation.

The last TACIS researches have shown that 40 % of foreign trade of Russia falls on the countries of the European Community, and 90 % of this volume passes through seaports. A great many of industrial and consumer centers are concentrated along river system. The best example is Moscow which accounts for up to 60 % of all volume of trade. In particular, the efficiency of a river-sea container line between the European ports (Hamburg, Rotterdam etc.) and Moscow with a special regime of customs transit is under study. Russia and EU have concluded an agreement that provides for mutual opening of internal waterways for foreign navigation. However, the European investments and participation will be limited, until the river navigation under foreign flags is authorized legislatively.

River transport relations are regulated by the Civil Code of the Russian Federation, the Internal Water Transport Charter and the Rules for Transportation of Cargoes and Passengers by River Transport.

3.5. Forwarding service

In connection with the increase of traffic volumes in Russia the number of the special organizations (forwarding organization engaged in carrying out auxiliary operations connected with transportation of cargoes by railway, sea, river, air and road transport) has been growing for the last few years. The activity of these organizations is in the making.

Forwarding activity in Russia is regulated by Chapter 41 of the Civil Code of the Russian Federation, and also by the Law of the Russian Federation "On Transportation and Forwarding Activity"

4. NEW CUSTOMS CODE OF THE RUSSIAN FEDERATION

To improve customs control the Government of the Russian Federation has put into force since 1 January 2004 a revised version of the Customs Code which includes 6 basic sections.

Section 1 General provisions of the Customs Code

Chapter 1 General

Chapter 2 Main principles of transportation of goods and vehicles across the customs border

Chapter 3 Activity in the customs field

Chapter 4 Giving information and advice

Chapter 5 Customs statistics

Chapter 6 A country of origin of the goods. The commodity nomenclature of foreign trade activities

Chapter(Head) 7 Appeal against decisions, actions (inactivity) of customs bodies and their officials

Section 2 Customs procedures

Subsection 1. Customs registration

Chapter 08 Basic provisions concerning customs clearance

Chapter 09 Arrival of goods at the customs territory of the Russian Federation

Chapter 10 Internal customs transit

Chapter 11 Customs carrier

Chapter 12 Temporary storage of goods

Chapter 13 Departure of goods from the customs territory of the Russian Federation

Chapter 14 Declaring of goods

Chapter 15 Customs broker (representative)

Chapter 16 Release of goods

Subsection 2. Customs regimes

Chapter 17 General provisions concerning customs regime

Chapter 18 Basic customs regimes

Chapter 19 Economic customs regimes

Chapter 20 Closing customs regimes

Chapter 21 Special customs regimes

Subsection 3. Special customs procedures

Chapter 22 Moving of vehicles

Chapter 23 Moving of goods by physical persons

Chapter 24 Moving of goods as international mailings

Chapter 25 Moving of goods by particular categories of foreign persons

Chapter 26 Moving of goods by pipeline transport and by transmission lines

Section 3 Customs payments

Chapter 27 General provisions concerning customs payments. Types of customs payments

Chapter 28 Calculation of customs duties and taxes

Chapter 29 Order and times of payment of customs duties and taxes

Chapter 30 Change of time of payment of customs duties and taxes

Chapter 31 Provision of customs payments

Chapter 32 Collecting customs payments

Chapter 33 Return of customs duties, taxes and other money resources

Section 4 Customs control

Chapter 34 GENERAL PROVISIONS CONCERNING CUSTOMS CONTROL

Chapter 35 FORMS AND PROCEDURE of CUSTOMS CONTROL

Chapter 36 EXAMINATIONS AND SEARCHES UNDER CUSTOMS CONTROL

Chapter 37 ADDITIONAL PROVISIONS CONCERNING CUSTOMS CONTROL

Chapter 38 MEASURES TAKEN by CUSTOMS BODIES in RELATION to PARTICULAR GOODS

Chapter 34 GENERAL PROVISIONS CONCERNING CUSTOMS CONTROL

Section 5. Customs Bodies

Chapter 39 CUSTOMS BODIES AND MAINTENANCE of THEIR ACTIVITY

Chapter 40 INFORMATION SYSTEMS AND INFORMATION TECHNOLOGIES IN CUSTOMS WORK

Chapter 41 BASES AND PROCEDURE of GOODS AND VEHICLES MANAGEMENT

Chapter 42 CONTROLLABLE DELIVERY of GOODS MOVED ACROSS CUSTOMS BORDER

Section 6 Final provisions

A detailed description of each Section can be found by the following Internet address: <http://moscow-customs.com/kodex4.php>

4.1. Work of the Northwest Customs Administration under the New Customs Code of the Russian Federation

The Russian Customs having exhausted an extensive way of development of frontier infrastructure, actively changes over to new technologies of control over the foreign trade operations, moving of cargoes and vehicles.

The Northwest Customs Administration (NWCA (C3TY)) was the first of seven regional Administrations of customs service of new Russia to be organized in 1990.

NWCA today is 23 customs houses which unite 128 posts in an area of more than 1600 sq. km. 71 passage (check) points (aviation, automobile, railway, sea and river points) work directly at the Northwestern customs border.

To transfer NWCA activity to new progressive technologies of control over foreign trade operations and moving of cargoes and vehicles is in the long run the only way-out of the difficult situation. Now this work is in progress.

So, the introduction of the complex automated system of customs clearance (registration) (CASCC (KASTO)) "AIST RT-21" has allowed one to increase the speed and quality of data processing by a factor of ten.

An automated account of goods and motor transport in an electronic format has been introduced. Customs clearance (registration) of goods and vehicles with implementation of an electronic format of declaring began in December 2004 at three customs houses of NWCA: St.-Petersburg, Baltic and Northwestern custom houses. Furthermore, up to the end of 2005 this system is planned to be introduced at 12 customs posts. This technology makes it possible not only to speed up the process of customs clearance but also to reduce the influence of subjective factor in customs operations.

The decision-making procedure for extending the list of goods declared in the electronic format has been made essentially simpler; the "right of extension" is delegated to the Customs.

NWCA carries out the international customs project "Green corridor" ...This project is transferred to so-called "industrial" use in the Vyborg and St.-Petersburg customs houses, and also in the Customs bodies of the Central Customs Administration. Moreover,

in addition to Russia, Sweden and Finland such countries as Estonia, Latvia and Poland also are going to join this project. Due to exclusion of the double customs control the time of customs clearance (registration) of legal persons has been essentially reduced.

The new Customs Code of the Russian Federation has essentially changed the approach to the customs control. Now it is possible to apply a risk management system which underlies the simplification of customs procedures. Drastic change has been made in the normative base existing from 1993, and in customs technologies

The new Customs Code of the Russian Federation has significant reserves for further acceleration of customs clearance (registration), increase of transparency of customs activity for fair foreign trade participants, which are in the majority in the Northwest Federal district.

4.2. Concept of Development of the Federal Customs Service

At a recent briefing the deputy head of the Federal Customs service Leonid Lobzenko has declared: "A concept of development of the Federal Customs Service will be framed in 2005". An overall objective of the reform is to make the Custom control transparent, simple and efficient. The document is planned to present to the State Duma till the second half of March.

It is, in particular, planned to reduce the number of customs control points, eliminate double (that is, repeated) customs control, introduce the systems of electronic monitoring of cargoes – from the border up to the region of sale etc. The system of the through electronic control is used now on the majority of routes running through Russia – Finland – Sweden (it is planned to extend the system to Norway and Iceland) and Russia – Mongolia, which has made it possible to speed up customs operations with goods of mutual and transit trade by a factor of two and more.

The customs regime and procedures along the external borders of the CIS countries (participants of blocs within the CIS) shall be simplified and made similar to those of Russia; to be more precise, the borders, referred to above, are the borders of the CIS countries excepting the borders with Russia and with each other. Negotiations on these questions have been held since the latter half of the 1990th, and, by expert estimations, "all-bloc" coordination of all customs standards is expected to be not earlier than 2008. (The newspaper "Morskije vesty Rossyi" # 5-6, 2005 p. 17).

4.3. Review of normative-legal and normative-technical base on the Northern Sea Route

The basic normative-legal and normative-technical acts concerning management of operations on the Northern Sea Route (NSR) are given in “Guide to Navigation through the Northern Sea Route”. The given Guide was issued by the Administration of the NSR and the State Hydrographic Enterprise of the Ministry of Transport of Russia in 1995 (# 4151) in Russian and English.

The content of the Guide is shown in Fig. 4.1.

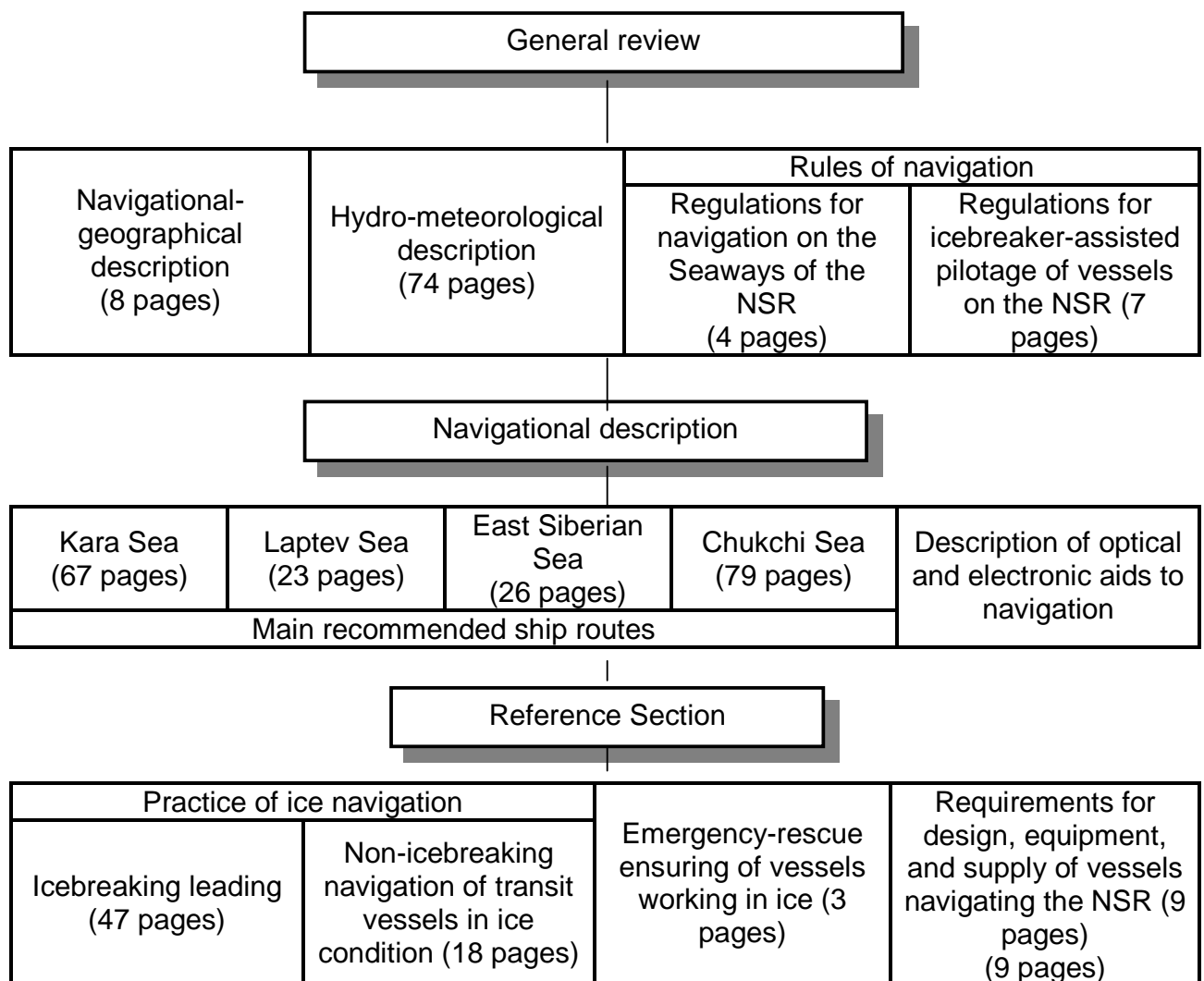


Fig.4.1. Structure of the “Guide to Navigation through the Northern Sea Route (NSR)”

“Guide to Navigation through the NSR”, 1995, developed on the basis of navigational-hydrographic and hydrometeorological (ice) conditions of navigation gives recommendations on piloting of vessels in the Arctic seas on the seaways of the NSR under rather favorable ice conditions, regulates navigation, determines rules of icebreaker-assisted pilotage, rescue support and requirements for vessels.

“Rules for navigation on the seaways of the Northern Sea Routes” authorized by the Ministry of Merchant Marine of the USSR in 1990, regulate on non-discrimination basis the navigation of vessels of all States along the NSR with a view to provide safety of navigation and prevent the pollution of the sea environment from vessels. To navigate the NSR a vessel should comply with special requirements and be issued and have onboard a certificate on financial provision of civil liability of the Shipowner for possible damage from pollution of the sea environment. The vessel, accepted under pilotage, shall navigate the routes recommended by the Marine Operations Headquarters.

“Rules for icebreaker-assisted pilotage”, 1995, establish a filing for pilotage of a vessel, the organization of piloting, and determine duties and responsibilities of the shipmaster, the master of icebreaker and the State ice pilot during icebreaker-assisted pilotage of the vessel along the seaways of the NSR. The navigating rules state that the shipmaster intending to navigate the NSR, should have the Russian nautical charts and navigational instruments.

“Requirements for design, equipment and supply of vessels navigating the NSR”, 1995, allow the vessels of ice-strengthened categories LU4 – LU7 of the Register of the Russian Federation to navigate the NSR. The vessels shall have double bottom, appropriate mechanical installations, stability and unsinkability. The vessels shall be equipped with conventional navigational aids. The shipmaster shall have a minimum knowledge on navigation in ice.

“Regulations on the Marine Operations Headquarters on the NSR”, authorized by the Ministry of Merchant Marine of the USSR in 1975, determine the organization and realization of direct management of marine operations in the Arctic regions along the Northern Sea Route. The Marine Operations Headquarters of the western area of the NSR are located in the port of Murmansk and of the eastern area – in the port of Pevek.

A central body that coordinates the work of both Headquarters is the Administration of the NSR.

The Government of the Russian Federation promulgates annually the permit for foreign cargo vessels to enter the Arctic ports and points. In particular, in 2005 and 2006 vessels flying the foreign flags were permitted to call at 40 ports and points and vessels flying the foreign flags and manned with citizens of the Russian Federation – at 27 ports and points.

The passage (check) points located in the areas open for foreign vessels (Murmansk, Arkhangelsk, Onega) are used to pass vessels under foreign flags across the border of the Russian Federation and to conduct customs inspections.

In 2005 the CNIIMF developed following documents by order of the Ministry of Transport of Russia:

The draft of new «Rules for Navigation on the Seaways of the NSR» to be authorized by the Government of the Russian Federation; (4.4.)

“Recommendations for marine insurance of vessels navigating the NSR”.

4.4. Rules for navigation on seaways of the Northern Sea Route

The Rules are developed according to the Federal law "On Internal Sea Waters, Territorial Sea and Adjacent Zone of the Russian Federation".

1. Terms and definitions

The following terms and definitions are used in the Rules:

"Northern Sea Route" – means historically developed national uniform transport communications of the Russian Federation in the Arctic regions, including the Vil'kitskogo Strait, Shokal'skogo Strait, Dmitriya Lapteva Strait and Sannikova Strait;

"Borders of the Northern Sea Routes" means water area located in internal sea waters and in lower reaches of the rivers of Ob, Yenisei, Khatanga, Anabar, Kolyma with sea mode of navigation, in the territorial sea and an exclusive economic zone of the Russian Federation, including suitable to ice pilotage waterways the extreme points of which are limited on the West to the western entrances of the Kara Strait and the Yugorski Shar Strait, east entrance to the the Matochkin Shar Strait and a line connecting the Mys Zhelania Cape with the Grant Cape of the George Land Island of the Franz Josef Land archipelago, its prolongation up to Longitude 44°55'E and further to the North along this meridian, and on the East, in the Bering Strait, to a parallel of Latitude 66°N and to a meridian of Longitude 44°58'37"W and further on the north along this meridian;

«Seaways of the Northern Sea Route» (further SNSR) means routes of movement of vessels in the water area of the Northern Sea Route suitable for navigation with regard to navigational and ice features.

"Administration" means a Federal executive body entitled to act in the field of sea transport, exercising functions of rendering State services and managing State property in the sphere of sea transport;

“Administration of the Northern Sea Route” means a structural division of the Federal executive body entitled to act in the field of sea transport;

"Vessel" means any self-propelled or non-self-propelled floating craft;

“Special requirements” means technical and operational standards and the standards issued by the Federal Agency of Sea and River Transport according to the present Rules including those established by the Guide to Navigation through the Northern Sea Route (Admiralty number – 4151 and 4151B (English), further is referred to as Guide);

“Representative of the Administration” means a chief, deputy chief, chief State inspector and State inspectors of the Administration of the Northern Sea Route, and also officers of Marine Operations Headquarters, Hydrographic bases, Sea pilots and other persons authorized by the Federal Agency of Sea and River Transport to exercise functions within its competence;

“Icebreaking fleet” means nuclear-powered icebreakers, diesel engine-electric icebreakers and vessels of nuclear technological service included in the infrastructure of the Operator of the icebreaking fleet, which provide piloting of vessels and cargo transportation on the seaways of the NSR;

“Operator of icebreaking fleet” means a legal person who carries out management of icebreaking fleet according to established procedure including trust or rent agreement and rendering pilotage services on the seaways of the NSR in his own name;

“Marine Operations Headquarters” means special navigating service of the Operator of icebreaking fleet, directly supervising the realization of piloting vessels on the Seaways of the Northern Sea Routes.

For the purposes of management of sea operations the Northern Sea Route is conditionally divided by a meridian of Longitude 125°E into the Western and Eastern areas. The management of marine operations in these areas is assigned respectively to the Marine Operations Headquarters of the Western area and the Marine Operations Headquarters of the Eastern area of the Northern Sea Route.

General coordination of work of the Marine Operations Headquarters is carried out by the Administration of the Northern Sea Route. Postal requisites of the Administration of the Northern Sea Route and Marine Operations Headquarters are given in the Guide and specified in the Instructions on communication during the current Arctic navigation;

“Pilotage of vessels” means paid service rendered to the Ship-owner by the Operator of icebreaking fleet from the moment of arrival of his vessel at SNSR to the moment of its departure from SNSR, including a set of measures to be taken for maintenance of safe navigation of the vessel on SNSR and (or) cargo transportation on SNSR. Such measures are as follows:

- Establishing optimum terms and routes of navigation on SNSR with allowance for navigating conditions, current and predicted weather and ice conditions;
- providing shipmasters with necessary navigating, weather and ice information and forecasts as well as recommendations for safe navigation;
- organizing icebreaker support of navigation on SNSR, providing, if necessary, use of one or several icebreakers simultaneously in icebreaker leading escort and in towage of vessels (including a pushing method);
- organizing air-support to navigation of vessels on SNSR;
- presentation of sea pilots, if necessary;
- providing navigational and hydrographic support to navigation;
- working on prevention and liquidation of oil and mineral oil spills in the sea from vessels and objects of sea transport.

The Marine Operations Headquarters shall determine and take separately or fully the specified measures in the course of the year depending on developing ice and meteorological conditions on SNSR.

2. Purposes of regulation

The present Rules using a nondiscrimination basis for vessels of all States regulate navigation on the seaways of the Northern Sea Route with a view to provide safety of navigation, prevention, reduction and control of marine pollution from the vessels.

3. Request for pilotage

3.1. The ship-owner, planning to direct his vessel along SNSR (or the shipmaster working on behalf of the ship-owner), shall send to the Administration of the Northern Sea

Route and the Marine Operations Headquarters (depending on an area of entrance to SNSR) not less than two months prior to voyage his request for pilotage of the vessel on SNSR with the following data being indicated:

- 1) Name and nationality of the vessel;
- 2) Name of the Ship-owner and freighter, their full address;
- 3) Net and gross tonnage of the vessel;
- 4) Load displacement;
- 5) Main dimensions, power of the main engine, draft, speed and the year of building of the vessel;
- 6) Category of ice strengthening (ice class) of the vessel with a classification society, date of the last classification survey;
- 7) List of deviations from "Requirements for design, equipment and supply of vessels navigating the Northern Sea Route";
- 8) Estimated time of passing through the Northern Sea Route or the period required for the vessel to pass to (from) the terminal with a view of shipping extracted natural resources;
- 9) Existence of a Certificate of insurance or other financial provision of civil liability for damage from possible pollution of the Northern Sea Route;
- 10) The route of the vessel, with ports of call and road cargo operations being indicated;
- 11) The purpose of voyage (commercial navigation, tourism, research activities);
- 12) Name (package, nomenclature) and amount of transported cargo.

In case of need the Shipowner can submit an urgent request for piloting his vessel along the Northern Sea Route, but not later than a month prior to the planned voyage.

3.2. The Administration of Northern Sea Route and the Marine Operations Headquarters shall consider the request within 15 days from the date of its reception. If the request was not refused (not received) by the Administration of the Northern Sea Route in the specified terms the Operator of icebreaking fleet (Marine Operations Headquarters) within the next ten calendar days shall inform the applicant on the possibility and terms of pilotage and also about other circumstances (including the necessity for Representatives of the Administration to survey the vessel with a view to determine its conformity to the

Guide's special requirements established for reception of the pilotage permit, which should be taken into account by the Shipowner (the Shipmaster).

3.3. If pilotage of a vessel does not contradict operating requirements the Operator of icebreaking fleet shall conclude a contract with the shipowner. Such civil-law contract is a legal ground (according to the procedure established by the legislation of the Russian Federation) for piloting the vessel (rendering service) on the NSR. If the Operator of icebreaking fleet and the Ship-owner is the same person, obligations to pay for services rendered by the Operator of icebreaking fleet are established in the relevant contract of sea carriage (chartering), concluded between the Operator of icebreaking fleet and the sender or freighter.

4. Requirements for vessels and their officers

To navigate the seaways of the Northern Sea Route a vessel should meet special requirements established by the Guide, and receive the Sanction of the Administration of the Northern Sea Route to piloting on SNSR; the shipmaster or a person who substitutes him, should have experience in navigation of vessel in ice – if they have no such experience or at the request of the shipmaster, the Administration of the Northern Sea Route (Marine Operations Headquarters) can send a sea pilot for rendering on-board assistance in piloting the vessel on the seaways of the Northern Sea Route.

In case of non-conformities with the requirements established in the Guide and other acting statutory acts the vessel can be refused to navigate the seaways of the Northern Sea Route.

It is prohibited to navigate the Seaways of the Northern Sea Route without permission of the Administration of the Northern Sea route (Marine Operations Headquarters) and (or) without the contract concluded with the Operator of icebreaking fleet.

The Marine Operations Headquarters shall inform the Federal Security service of the Russian Federation on the commencement and the completion of navigation on NSR of vessels flying the flag of the Russian Federation Marine Operations Headquarters.

5. Due provision of civil liability of the ship-owner

Any vessel, irrespective of its type, form, class as well as ownership and nationality, when it is proceeding along the Seaways of the Northern Sea Route, shall have onboard a

certificate of funding of civil liability of the Ship-owner; the funding of civil liability shall be within a limit not less than the limits of restrictions of the liability stipulated by Chapter 21 of the Merchant Shipping Code of the Russian Federation, including damage from marine environmental pollution in conformity with:

item 324 of the Russian Federation – a vessel carrying more than 2000 tons of oil in bulk as cargo;

item 335 of the Merchant Shipping Code of the Russian Federation – a vessel carrying by sea dangerous and noxious substances;

other statutory acts according to the Legislation of the Russian Federation.

6. Control surveys of vessels

6.1. In case of adverse ice, navigating, meteorological and other conditions creating danger to vessel occur, or in case of threat of pollution of the marine environment or northern coast of the Russian Federation the Representative of the Administration has the right to embark on the vessel and make control survey of the vessel during its navigation on the Northern Sea Route.

6.2. In case of danger of pollution of the marine environment or northern coast of the Russian Federation control surveys of vessel can be carried out also by the Representatives of other Federal executive bodies authorized for this purpose.

6.3. Control surveys under the discretion of the Representative of Administration can include familiarization with the documents confirming conformity of a vessel to special requirements and with cargo documents, and also, depending on particular circumstances, – direct check up of state of the vessel, its equipment, rigging and navigational aids, readiness and ability of the crew to comply with the requirements for prevention of marine environment pollution

The shipmaster is obliged to render necessary assistance to the Representative of the Administration in the fullest and fastest control surveying.

7. The order of navigation

7.1. Pilotage of vessels along the seaways of the Northern Sea Route for the Ship-owners intending to direct their vessels on the Northern Sea Route is compulsory during all calendar year. The initial and final period of navigation regarding the permit to navigate SNSR are determined by the Administration of the Northern Sea Route together with the

Marine Operations Headquarters with allowance for the forecast and actual ice, navigating, meteorological and other conditions.

7.2. If a vessel accepted for piloting by the Operator of icebreaking fleet (Marine Operations Headquarters) is proceeding along the Northern Sea Route, the Owner and the Master of the vessel are obliged:

a) To follow the instructions and recommendations of the Marine Operations Headquarters using separately or fully measures to be taken to provide safe navigation of the vessel on SNSR, to update a route in view of changes in ice, hydro-meteorological conditions, occurrence of any circumstances which can affect safety of navigation or be dangerous to ecological situation;

b) To keep contact with a relevant Marine Operations Headquarters, icebreakers and other vessels navigating SNSR according to the Communication Instructions; in making a voyage to (or from) the terminal for the purpose of shipping extracted natural resources in the period specified in the request, in each voyage the Owner and Master shall give notice of the time of the beginning and completion of piloting;

c) To follow the provisions of agreement concluded with the Operator of icebreaking fleet.

Pilotage of vessels on SNSR by the Marine Operations Headquarters is obligatory during all calendar year.

7.3. In view of difficult navigating and ice conditions, the Operator of icebreaking fleet shall take obligatory measures to use icebreakers and provide sea pilots for the purposes of safety of navigation in the Vil'kitskogo Strait, Shokal'skogo Strait, Dmitriya Lapteva Strait and Sannikova Strait.

8. Prevention of sea environment pollution

8.1. In case of real danger of marine environment pollution or to the safety of navigation the Administration of the Northern Sea Route or the Marine Operations Headquarters may suspend navigation of vessels on particular parts of the Seaways of the Northern Sea Route for a period of existence of the circumstances which have caused such measure.

8.2. In addition to the requirements provided for by international contracts of the Russian Federation concerning reports on the marine environment pollution, the Master of

the vessel proceeding along the Seaways the Northern Sea Route, is obliged to notice immediately the Administration of the Northern Sea Route and the Marine Operations Headquarters of any fact of dumping pollutants from the given vessel or having been found by it.

8.3. According to item 234 of the UN Convention on the Law of the Sea, 1982, with a view to prevent, reduce and keep under control the marine environment pollution from vessels, the present Rules shall apply to the following water areas adjoining the Northern Sea Route:

a) the areas of the Barents Sea lying to the east from a line connecting the Kanin Nos Cape and the Mezhdusharsky Island (Kostin Nos Cape); further to northeast from a line connecting point of crossing of a parallel of Lat. 76°N with the western coast of the Novaya Zemlya Island and the Grant Cape of the George Land Island of the Franz Josef Land Archipelago;

b) the areas of the Bering Sea lying to the West from a line connecting points (Lat. 66°N, Long. 168° 58' 37" W) and (Lat. 64°N, Long. 172°W) with the Navarin Cape.

9. Removing of vessel from a seaway

If a vessel proceeding along the Northern Sea Route violates the present Rules, it can be removed outside the NSR.

The direction of removing of vessel is determined by the Marine Operations Headquarters with allowance for safety of the vessel, its passengers, crew and cargo, and necessary measures for marine environment protection.

10. Service fee

The fee for services rendered to vessels proceeding along the seaways of the Northern Sea Route, by the Operator of icebreaking fleet, is charged on the basis of civil-law contracts on pilotage of the vessel (according to the procedure established by the civil legislation of the Russian Federation).

Service fee of the Operator of icebreaking fleet for pilotage (escort) of vessels is charged with allowance for the cost of maintenance of the icebreaking fleet and terms of the pilotage contract, concluded between the Ship-owner and the Operator of icebreaking fleet, according to the current legislation of the Russian Federation.

11. Responsibility for pilotage of vessel

The Administration and the Operator of icebreaking fleet do not bear the responsibility for the damage caused by pilotage to the Ship-owner, vessel or property onboard if it is not proved, that the damage is caused through their fault.

12. Coordination of pilotage

The Administration coordinates the questions of organization of piloting vessels flying foreign State flags, including warships and military-auxiliary ships, along the Seaways of Northern Sea Route (type of piloting, routes of movement, organization of the control and reporting on movement), with the Ministry of Defense of the Russian Federation and the Federal Security Service of the Russian Federation.

On trading-off the questions of piloting of vessels along the Seaways of the Northern Sea route (see the first paragraph of the present item) the Ministry of Defense of the Russian Federation may impose additional time restrictions on the areas to be closed and designation of laying-up points, as well as points of anchorage, calling, wintering etc.