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Konstyantyn Pyvovarov
Ph.D. in Public Administration,
Doctoral student at the Academy of Municipal Management

**STATE CUSTOMS CONTROL IN THE CONTEXT
 OF ECONOMIC SAFETY OF A STATE**

In the article problems of organization and methods of conducting customs control are being lighted up - as one of the instruments of defense of economic interests of a state along with the considered possibility to use analytical procedures at defining probabilities of the violation of customs regulations during realization of a state control of legality of foreign economic activity by the custom organs of Ukraine. Long-lasting economic crisis had affected all spheres of national security. Ukraine is nowadays facing the problem which is a contradiction between the need to integrate into the world economy on one hand and the protection of its domestic market, producers and own national interests on the other. It should be noted that the issues of organization and application of analytical methods of control aimed at protecting the economic security are not brand new, but always remain relevant. At the same time, scientific analysis of data sets in order to detect possible violations of customs rules had been so far studied very narrow and one-sided, excluding the factor of turnover of time. Therefore more work should be done in this area.

Keywords: *customs control, violation of customs regulations, economic safety, smuggling, criterias of risk, post-audit.*

Пивоваров К.В. Державний митний контроль у контексті економічної безпеки держави

У статті висвітлені проблеми організації та методів проведення митного контролю як одного із інструментів захисту економічних інтересів держави, та обґрунтована можливість використання аналітичних процедур при визначенні ймовірності порушення митних правил при здійсненні державного контролю законності зовнішньоекономічної діяльності митними органами України.

Ключові слова: *митний контроль, порушення митних правил, економічна безпека, контрабанда, критерії ризику, пост-аудит.*

Пивоваров К.В. Государственный таможенный контроль в контексте экономической безопасности государства

В статье рассмотрены проблемы организации и методов проведения таможенного контроля как одного из инструментов защиты экономических интересов государства, и обоснована возможность использования аналитических процедур при определении вероятности нарушения таможенных правил при осуществлении государственного контроля законности внешнеэкономической деятельности таможенными органами Украины.

Ключевые слова: *таможенный контроль, нарушение таможенных правил, экономическая безопасность, контрабанда, критерии риска, пост-аудит*

Introduction

Long-lasting economic crisis had affected all spheres of national security. The decline in production, the loss of scientific and technical capacity, lowering of living standards had led to the strengthening of so called "shadow economy". Social impoverishment of the big amount of the population, a significant difference in the income level of different groups of citizens, disbelief in their own abilities and the authority of state structures impede the consolidation of the nation and constitute significant threat to the national

security, including the economic one. There have been attempts undertaken from the side of some developed countries and Russia to use the economic weakness of Ukraine in their national interests.

Ukraine is nowadays facing the problem which is a contradiction between the need to integrate into the world economy and to ensure internal economic integration on one hand and the protection of its domestic market, producers and own national interests on the other. It should be

borne in mind that the global economy continues to be the scene of the clash of interests of different countries. Therefore creating its own system of economic security will be the only solution on the way of avoiding any possible damaging consequences of rapid opening of the national economy and ensuring its competitiveness along with the protection of domestic producers and interacting effectively with international financial and economic institutions.

Thus, nowadays more than ever before the acute issue of ensuring the economic security of Ukraine arises, which is one of the most important national priorities and requires enhanced attention from the side of authorities, political parties, academics the general public. Ensuring economic security is a guarantee of independence of Ukraine, prerequisite of its progressive economic development and the welfare of citizens.

The role of customs authorities, which main task is to protect the economic interests of Ukraine is extremely high. They bear the brunt of both filling the state coffer and ensuring economic security, including through improvement of the customs control. Theoretical aspects of the organization and carrying out of customs control using advanced methods of improving its performance have been studied in the works of the representatives of both domestic and foreign economic science such as: P.Pashko, S.Tereschenko, V.Shlemko, I.Binko, S.Naumenko, O.Doronin, I.Rushaylo, R.Ronin and others.

Therefore, there's a need to constantly conduct research on the development of analytical component in the direction of identifying possible violations of customs regulations, search for new forms and methods of processing information that will enable to enhance the efficiency of detection of attempts to undermine the economic security of the state.

Statement of research objectives

The purpose of this paper is to outline the prospective areas of analytical work aimed at detecting violations of customs regulations. In order to achieve this, the analysis of existing systems for the selection of risks had been undertaken with the possibility of using methods of statistical analysis whilst new directions for the analysis of information on external activities of foreign trade units had been suggested.

Results

Concealment of foreign exchange earnings by external economic entities as well as export

of domestic products at dumping prices causes considerable damage to the economic security of Ukraine. These lost funds would have become an important investment resource for the reformation and restructuring of Ukrainian economy as they could exclude the need for foreign loans, which are being currently granted at harsh conditions and enhance debt bondage of Ukraine.

The issue of ensuring economic security of Ukraine is being widely studied in scientific literature. Thus, authors V.Shlemko and I.Binko in their monographs pay enough attention to external economic security of Ukraine while they reveal the basic principles on which it is being based. According to these authors, the level of external economic security is characterized by a wide range of indicators such as: the rate of national economic openness (ratio of exports and imports to GDP); import-export ratio; the ratio of exports to GDP; and so on. [1]

Among two dozen of indicators one should, considering the specifics of the functioning of customs authorities, distinguish the following ones: commodity structure of exports and imports; energy intensity and raw materials exports; correlation between domestic production and exports to certain countries. While agreeing with the authors about the need to carry out continuous monitoring of the aforementioned basic indicators, it should be noted that, if for the evaluation of the overall level of economic security these indicators would be enough, in order to detect violations of customs regulations their quantitative and qualitative level should be much broader.

There are three types of customs controls in the world consisting of preliminary, current, and final one. Operation of the Customs Service of Ukraine is based mainly on the current control. Preliminary control is based solely on the information about the legality of the external trade entity, the origin of its goods etc. Therefore in Ukraine the product is being checked only at the state of its import into the customs territory. Unfortunately customs service is not entitled of broad powers to control the product on its traffic route on the roads of Ukraine and to conduct a full follow-up audit after the release of goods for free circulation. These functions belong to other state regulatory and law enforcement agencies.

At sufficient grade, the absence of opportunity to conduct complete preliminary and final control can be compensated by the application of analytical development, work based on the risk criteria.

Experience had shown sufficient effectiveness of such measures, but for the most part, such work is carried out haphazardly, or with the help of very narrow range of risk criteria. As a rule those criterias of risk, which are associated with the carrier, specifics of goods origin, rates of duty etc that are being checked. But illegal activities of some external economic entities is based not only on the experience gained, previously-applied “schemes”, but also on brand new developments while talking into account all changes applied towards current legislation and market conditions.

In the work of S. Tereshchenko qualified risk assessment of smuggling and detection of customs violations at the stage of customs control and customs clearance is being studied [2]. He defined the range of risk factors that are essential in the process of making decisions by customs officials, provided the classification of typical types of fraud. Unfortunately, the work contains mostly obsolete, ‘waste’ schemes of fraud. Making decision by the indicated in the aforementioned work discreet criteria of detecting risk, at the current state of the development of international economic relations will not give effective results because it does not take into account the dynamic indicators of economic development that significantly affect the margins and levels of risk.

Interesting ideas on the use of available sources of information with the aim to analyze risks at the stage of transit provides us author V. Lugovets. Unlike previous author, he proposes to analyze “information massives” and “modelate trade flows, established over certain considerable period of time” [3, p. 1-2]. Recommendations of experts from the European Customs Control Service concerning the use of the RAS system as the effective tool to detect and evaluate risks within EU countries are being considered.

State Customs Service while using the system of evaluation and selection of risks at the stage of transit and movement of goods across the customs border of Ukraine established a widely-used practice of distributing relevant information materials and sample flow sheets to customs officers with the aim of acknowledging them with the newly-introduced methods of monitoring, identification of risk factors and possible sources of information about them.

Analysis of aforementioned materials indicates that the main criteria at the process of evaluating risk factors that are being taken into consideration are as the rule single, statistical

factors. These consist of: the route of traffic of goods, the quality of the supporting documents provided, the nature of transported goods, their cost and weight, country of origin, the existence of potential previous violations of customs rules from the side of the carrier and etc. But, to our point of view, such a narrow “one-sided” estimation makes it impossible to conduct accurate assessment of the situation and can lead to making wrong decisions.

Currently, customs authorities of Ukraine are not eligible for the operational-search activity, but those forms and methods of data collection and processing with its further analysis, which are being described in the textbook of I. Rushaylo can be used in the daily work of representatives of state economic control including customs controllers. Thus, in the context of this article, we would like to note one of the methods of analytical data procession being described in the aforementioned textbook.

This technique is being called by authors as the analysis of linkages. The essence of its is in carrying out research work in the following stages:

- The first stage - the accumulation of source data. The main task of the analyst is getting the maximum amount of data that relates to the subject of analysis in order to ensure completeness, accuracy and relevance of these findings;
- The second stage - the selection of the most significant objects. After gathering all the relevant essential information basic elements of the analysis, which play key role, are being distinguished;
- Third stage - construction of a matrix of associations (links). Preliminary pre-ordering of major and minor elements is being performed, which enables to minimize the risk of information loss and to avoid unnecessary duplication;
- Fourth stage, as it is being called by the authors is “application of associative points.” It is a method of determining the coupling power between the elements of the matrix. Conclusion on the level of relevant correlation is being drawn based on previously study data;
- Fifth stage - determining the initial element. The starting point for further analysis is usually the element that has the largest number of associated links;
- Sixth stage - the creation of so called “pre-cut”;
- Seventh stage- acquiring the final picture of all correlations of the matrix.

Authors are not only describing in detail each of the aforementioned stages, but are accompanying their description with some mathematical formulas, which makes it possible to automate the analysis of large amounts of information, which is otherwise difficult to handle manually, quite easily and clearly.

The process of organization of analytical work with large data sets as well as the basics of ensuring informational security while guaranteeing the effectiveness of measures aimed at detecting violations of customs rules and regulations are being described by author A.I. Doronin. The author examines in detail possible sources of information while providing systematic list of measures for ensuring its security, assessment and practical application [5]. Those operational activities of customs agencies and bodies that are proposed by the aforementioned author and concern the implementation of customs control methods of determining risk areas are relevant in today's realities as being widely applied in practice, even when there are problems with the development and use of a common informational base by customs officials.

According to point 15 of the Art. 1 and Article 40 para 2 of the Customs Code of Ukraine (hereinafter - ICU) "customs control is a set of measures undertaken by customs authorities within their jurisdiction with the aim to ensure compliance with the national legislation of Ukraine in the field of customs regulations..." [6, p.5; 21].

It should be noted that for each decision taken by a customs officer such a category as "risk" is quite common.

In general terms "risk - is the probability of making an incorrect decision or the right decision with a package of possible alternatives at each stage." In this particular paper, under the term "risk" probability of presence of contraband goods or customs violations at customs control and customs clearance of goods at the stage of them crossing the customs border as import, export or transit is being understood.

Quantitative risk analysis involves determining risk factors (as its influential components), all stages of their appearance or elimination, as if we have to put it in other wording, the goal of it would be to identify possible areas of potential risk (for instance: goods, country of origin, duty rates, carrier, etc.) with respect to possible contraband or possible violation of customs regulations.

The purpose of risk analysis is to obtain data required by customs authorities for making a decision on the feasibility of the search of channel for smuggling or violations of customs rules with respect to a particular consignment. The presence of risk in the process of customs clearance is being determined by:

- the system of state regulation of economic activity of external trade entities;
- the state of market economy in the country;
- the presence or absence of an effective system of customs control;
- availability of competent customs officers etc.

Organization and operation of customs control consists of a system of customs authorities, customs control zones, routes of movement of goods, the availability of customs provisions and controls for compliance with the terms of customs regulations (export, import, transit).

Organization of customs control is the category that correlates executors of specific purpose (customs authorities, customs posts, checkpoints, departments of internal customs) and the current system of rules and procedures (technology of customs control, etc.) that determine the order of execution of the main objectives:

- Creating favorable conditions for the external economic activity;
- Control over the order of movement of goods and declared items across the customs border of Ukraine.

Operation of customs control should contribute to the fight against smuggling and customs violations, to ensure payment of the required customs duties and customs and provide sufficient information to relevant statistics.

Based on the scheme of the organization of customs control, we shall consider the most appropriate algorithm for risk assessment and determination of customs operations.

As input information, that will be processed by customs authorities for the risk assessment, the following data should be used: the real product that is being transmitted across the customs border of Ukraine; shipping documents; data on exporter or importer; data the carrier; information about an individual; possessions of individuals and other.

The problem that the aforementioned algorithm is designed to resolve is the dilemma of detecting smuggling of goods and violations of customs regulations.

All the input data passes through a common system of risk factors, which may include: the country of origin; type of a product (commodity code); value of the product (invoice, customs one); payments at the stage of release for free circulation (duty, VAT, AZ); possible bans (the system of tariff regulation) for these products on the basis of customs regulations (EC, IM, TR); the degree of trustworthiness (to the carrier, recipient, sender) and others.

The second block of the algorithm, taking into account input information, is the analysis and selection of risk factors for the purpose of selecting the most important of them for further evaluation.

The third block of the algorithm is designated to determine the feasibility of smuggling and customs violations based on the barrier (threshold) level of risk, which is being usual for certain factors. The next, fourth block exists to assess the current technologies of customs clearance in order to obtain reliable information concerning risk factors and, if deemed necessary, identify additional measures to reduce the risk of smuggling.

Due to the fact that risk factors are closely interrelated between each other, only their aggregate consideration will allow to determine the range of protection methods that affect risk factors.

The last block is taking the decision on admission (customs clearance) of items and goods, with possible variations of the process being expressed in continuation of the clearance, evaluation of documents, admission of goods without further consideration, notification of customs posts etc. Certain actions regarding items and goods are being carried out on the basis of the decision taken on the evaluation and selection of possible risks.

The algorithm that had been evaluated and discussed by us above is quite common in the practice of customs institutions of Ukraine, but it is classified as the type of current control. In other words, this technique makes it possible to take a throughout decision at the stage when items and goods are passing through custom clearance. For the purpose of setting preliminary and final control it is necessary to use a different approach towards resolving the problem, which is the subject of further scientific research.

Conclusions

Summing up the results of this article it should be noted that the issues of organization and application of analytical methods of control aimed at protecting the economic security are not brand new, but always remain relevant. At the same time, scientific analysis of data sets in order to detect possible violations of customs rules had been so far studied very narrow and one-sided, excluding the factor of turnover of time.

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