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CUSTOMS SERVICE OF INDEPENDENT AZERBAIJAN IS SUCCESSFULLY WALKING THE PATH OF DYNAMIC DEVELOPMENT

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Abstract

The article is devoted to research of dynamic development of Customs Service of the Independent Republic of Azerbaijan. The issues of strengthening the legal framework and modernization of the customs service have been analyzed. The principle of "Single window" has been highlighted as the main factor to simplify transport and trade flows. The results of combating illicit trafficking have been shown.

Keywords: development, modernization, strengthening, customs, authorities, changes.

Introduction

20 years ago when Azerbaijan has gained its independence, on January 30, 1992, there has been formed the State Customs Committee. The State Customs Committee being of the same age as the independent Republic of Azerbaijan, has passed through difficult but successful path of development during the last period. Over the years in the country the Customs Service has been formed that is compatible with the recognized world standards.

In the nineties of the last century, there had been achieved tremendous successes in socio-economic development of the country, its integration into the global economic system owing to the far-sighted policies and hard work of our national leader Heydar Aliyev, in spite of the harsh conditions of the first years of independence.

Today, the realization of the course, defined by Heydar Aliyev upon the comprehensive development of the country and ensuring a decent future for our people and carried on successfully by the President Ilham Aliyev, provides a favorable economic climate in the country and the rapid development of the state. Heydar Aliyev enabled the Azerbaijani government and the economy of the country to get through the chaos and degradation of the early nineties and set to work for the implementation of urgent measures in those years aimed at rehabilitation and economic development of the republic. At the same time an important task brought forward was the maximum use of natural resources and ensuring the national output of goods in foreign markets. At the same time one of the main goals was working out trends in the development of foreign trade relations. That is why the implementation of a unified customs policy, as an integral part of the domestic and foreign policy, was regarded as the primary task of the customs service.

Highly appreciating the role of Customs in economic development, Heydar Aliyev has always kept in focus the activities of this body. Namely the exactingness of Heydar Aliyev was the key guarantee of success of customs authorities of the country, which eventually became a credible tool to protect national and economic interests of the state, promoting the socio-economic development.

In 1997, Heydar Aliyev delivered a keynote speech at an enlarged meeting dedicated to the fifth anniversary of the State Customs Committee of Azerbaijan Republic, where he has outlined the priorities of the Customs Service for that period and subsequent years as well as has given his instructions for organization of customs control and strengthening the fight against smuggling and enhancing financial discipline.

Positive results of personnel changes in the guidance of the State Customs Committee, made in 1995, didn't take long to have an impact since the first months. First of all, the customs authorities have recruited educated, capable and qualified personnel. On the other hand, as a major challenge has been put forward to meet the obligations of the annual budget forecasts taking into account the role and importance of the customs service in the creation of a new structure of the State Customs Committee, opening new customs offices and posts and at the same time, implementation of capital construction and renovation of office buildings, development of logistics, acquisition of new control devices and equipment, harmonization of customs legislation with modern standards and budgeting. For this purpose, the tasks of strengthening the financial discipline, the collection of customs duties for the goods and vehicles imported into the country and strengthening the control over the suppression of facts of evasion from the tax have been



put forward as priorities. Systematic measures are aimed at fulfilling these tasks. Thus, the positive results were achieved in the short term.

During 20 years, especially since 1995, there was done extensive work on the development and modernization of the customs service. During these years, there were strengthened the legal framework of customs, adopted normative-legal acts meeting the European standards, established close cooperation with influential international organizations. During the past 15 years there have been also implemented measures to enhance the customs infrastructure: renovation and construction of border crossing points and customs offices and posts were completed, being provided with modern equipment and facilities. On the basis of government programs for socio-economic development, as well as the "State Program of development of customs system of the Republic of Azerbaijan for 2007-2011", approved by the relevant decrees and orders of the President of Azerbaijan Ilham Aliyev, all sectors of the economy, including the customs service were rebuilt. During the same period the infrastructure of customs system has been completely updated. Only within 2010-2011, the border checkpoints of Astara Customs Office and the "Bilasuvar" - Bilasuvar customs administration, as well as customs posts "Sinig korpu" - Tovuz Customs, "Mazimchai" - Balakan Customs Administration and the "Samur" - Khachmaz Customs were built and handed over with the participation of Azerbaijani President Ilham Aliyev to the use of customs employees. At the present time, in accordance with the decree of the President of the Republic of Azerbaijan "On approval of "the State Program for Socio-Economic Development of Regions of Azerbaijan Republic during 2009-2013" of April 14, 2009, the Khudat border crossing point, as well as the Customs and warehouse terminal in Bilasuvar, Tovuz and Balakan districts are under construction. In addition, since January 1 of 2009, the border-crossing procedures were considerably simplified and created favorable conditions for transport and trade flows due to the introduction of the principle of "Single window" on the state border checkpoints, with the result that the time loss reduced to a minimum in accordance with the decree of the President "On application of the principle of "Single window " on checking the goods and vehicles transported across the border checkpoints of the Republic of Azerbaijan" of November 11, 2008. In accordance with the decree, the authorities of a single state agency to implement the principle of "Single window" on checking the goods and vehicles transported across the border checkpoints of the Republic of Azerbaijan has been assigned to the State Customs Committee.

In Azerbaijan, measures aimed at improving the customs administration, including the modernization of material-technical base of the customs authorities have always been in the spotlight. From this point of view, the opening a new administrative building of Motor Transport Customs Administration of the State Customs Committee in Baku in October of the last year was of great importance. The construction of the new facility was made possible due to the instructions to the relevant authorities of the republic for the simplification of procedures based on the principle of "Single window" of the customs clearance, maintaining of the State Registration and recording of vehicles imported into the country, issuing the state licenses of registration and the mark of state registration, as well as rights to own, operate and dispose of property in light of the decree of the President of Azerbaijan, signed on February 25, 2011. Simultaneously with the decree "On some

measures to strengthen social protection of the State Customs Committee of Republic of Azerbaijan, facilitation and transparency in customs affairs," the State Customs Committee was requested to ensure receipt of all customs payments only through banks or with the help of plastic cards.

In this connection, the customs clearance of all types of vehicles and equipment of various purposes on the import-export operations is carried out in the new administrative building of the Motor Transport Customs Administration, provided with necessary technical means based on the "E-priority". In addition, two electronic "information cabins" were installed in the building of this administration in order to inform people addressing the department for customs clearance and other requests.

Thus, the development of customs affairs in the Republic of Azerbaijan is based on several key areas. One of them is the implementation of fiscal policy. However, in the early years of forming the customs service in the country, the situation in this area left much to be desired.

The current state budget allows the government to aim at resolving social and economic problems of society and customs fiscal function, making a significant contribution to budget revenues is diverging considerably in comparison with the period of the first years of its formation. This is also evidenced by the statistics of customs duties. If the customs authorities have allocated to the state budget 13.6 million manat in 1993, this year is projected to increase this amount to 1 billion 200 million manats. Meanwhile, in 2011, there were transferred 1 billion 41 million 528.5 thousand manats of customs duties and taxes (1 manat is equal to 1, 272 U.S. dollars) against the projected revenues of \$ 1 billion 140 million manats.

The last year there was also carried out the work, which was important for improving the legal framework of customs. Thus, in order to improve legislation on customs affairs of the Republic of Azerbaijan, study and pursue the implementation of international standards relating to customs affairs, as well as reflection of the provisions of the Kyoto Convention "On the Simplification and Harmonization of Customs Procedures" in the State Customs Committee in the national customs legislation within the project of "Improvement of the Azerbaijan Customs Service" prepared by the European Union and United Nations Development Program, there was developed and submitted for consideration to Milli Majlis the new Customs Code of the Azerbaijan Republic, adopted by the Parliament of the Republic, approved by Presidential Decree of 15 September 2011 and entered into force on 1 January of 2012.

To protect the economic interests and security of the Republic of Azerbaijan, there were also taken targeted arrangements in 2011 to combat smuggling and other offenses in the customs sphere. All the activities of operational units of customs authorities being mostly of precautionary, preventive and operative-search nature were pointed to the detection and suppression of smuggling channels, evidence of evasion of customs payments and other offenses, as well as the investigation, preliminary investigation of the facts of crime, as a result of which the guilty ones were held responsible.

First, I have to note that as a result of measures taken to enforce the "Programs to combat illicit trafficking in narcotic drugs, psychotropic substances and their precursors and drug abuse (2007-2012)", approved by Decree of the President of Azerbaijan on June



28, 2007, 461 facts of attempt of illegal distribution of various drugs were registered for the period from 2007 to 2011, detained and removed from circulation the extremely dangerous "heavy" and hard drugs in quantities greater than 1 ton of 345 kilograms, including more than 924 kilograms 344 grams of hashish, 203 kilograms 666 grams of heroin, 188 kilograms 469 grams of opium, 747 kilograms of four grams of marijuana and 24 kilos 400 grams of methamphetamine. On the facts of drug trafficking were prosecuted 531 suspects, 70 of whom were women. In general, the growth of the cases of using the children as drug couriers has given rise to the serious concern in recent years.

As to the year of 2011, 245 of 18 330 offenses identified at the time were of the criminal nature. Last year, 455 legal persons and 17,594 individuals were attracted to the administrative proceedings on 18,085 facts of administrative violations of customs rules and they were imposed fines of \$ 1 million 418 000 022 manats, and confiscated goods amounting to 123 000 541 manats. In addition, last year 227 kilograms 565 grammes of narcotic drugs and psychotropic substances seized on 138 facts.

I have to note that in 2011, the facts of illicit traffic in narcotic drugs and psychotropic substances dominated in the statistics. Despite the preciosity of the methods of fighting against smuggling and drug trafficking in many countries, the international drug mafia is in progress. Unfortunately, the geographical location of Azerbaijan attracts drug traffickers, increasing the possibility of transforming our area into a kind of illicit drug trafficking corridor. However, Azerbaijan undertakes resolute measures against this evil.

Particular attention is paid also to the automation of information support of law enforcement activities of customs authorities, to improve the risk management system, suppression and prevention of addiction to the actions of a criminal nature in foreign economic activities for the sake of increasing the percentage of crime detection and other offenses in the customs. The State Customs Committee is implementing its noteworthy work to create a system of risk management, enhance operational and search activities, introduction of modern technical means of verification and the rising the professional staff. Along with law enforcement activity in the fight against customs offenses, the Azerbaijan Customs Service is pursuing educational work too. One of these events was the final exhibition of the contest posters and photos "Let us say no drugs!", opened in January 2011 in the Museum Center in Baku. Along with the State Customs Committee and the Ministry of Culture and Tourism, the Union of Artists of the Republic took a direct part in organization of the event. The State Customs Committee has opened Exhibition under the same name in the 54th session of the Commission on Narcotic Drugs of the Economic and Social Council of the United Nations, held in Vienna in March 2011. During the exhibition, visitors were provided with information on measures taken in Azerbaijan against the illicit trafficking of drugs, preventive and educational work in the community to explain the serious consequences of drug consumption.

Another event was held in the Museum Center in October of the last year as part of the International Conference on combating illicit trafficking in narcotic drugs held in Baku. An exhibition of the International Cartoon Contest "Molla Nasreddin - Azerbaijan" was opened under the slogan "No to Drugs!" and then there was taken place a victory

ceremony. 307 artists from 63 countries have taken part in the competition, supported by the State Customs Committee, Ministry of Culture and Tourism, the International Federation of Cartoonists Organizations (FECO) and organized by the Association of Cartoonists of Azerbaijan. 670 works were represented. Creative people from different countries brought very interesting and original works to Baku, thus elevating his voice against such a serious social ills like drug addiction.

One of the main strategic directions of the State Customs Committee involves the projects of information and communication technologies. In recent years, important steps were undertaken in simplification of customs procedures and trade facilitation due to the implementation of a number of projects. Development of ICT has been carried out on the basis of the "State Program on development of the customs system of the Republic of Azerbaijan in 2007 - 2011." In general, a large-scale planning and development and implementation of information and communication technologies have been started in Azerbaijan Customs Service after 1995. The period from 1995 to 1999 became the first years of the priority direction of setting corporate networks. At the same time, the information traffic between customs authorities were carried out only by the physical data collection and recording them in a single database.

In 1999, the ICT's strategy for the customs service has been built to international standards. Thus, the project "Strengthening the capacity of the State Customs Committee of Azerbaijan Republic and the creation of networks of information" has a positive voice in the development of the customs service in the sphere of development of an automated control system. In the course of the project implementation there was provided the direct information exchange between the State Customs Committee and the customs authorities in on-line regime as well as coverage of a network of border posts, embedded radio channels and the technology "frame-relay".

Already in the period from 2000 to 2009, we have started to implement the projects for automation of customs affairs, the use of computer technology in business management, software development of the corresponding customs procedures and creating a single database.

Beginning from 2009, the State Customs Committee passed on a new phase - the organization of an automated control system of customs affairs on the Web-based technologies. Over the years, the SCC corporate network has been built on new technologies based on fiber-optic lines and the appropriate server system has been reformed. There was also designed and implemented the project "Single Automated Management System (SASU)." Currently, the SASU is working in the main areas of customs affairs in all the customs authorities, covering customs clearance and other customs procedures.

The successes of the Azerbaijani Customs in this direction were the subject of discussion at various international events and excited considerable attention of many countries. In witness whereof, the representatives of the customs services of Uzbekistan, Russian Federation, Ukraine, Macedonia and Argentina visited Azerbaijan to review the projects and the ICT strategy in the field of electronic customs services in the State Customs Committee of Azerbaijan.



The State Customs Committee holds its third year international scientific-practical conference devoted to information and communication technologies in customs in order to study the experience of adoption of information systems and information technology in customs activity and to determine the future direction of information technology in customs. In the course of these conferences there have been discussed information and communication technologies and electronic customs services, as well as the role of ICT in customs and business cooperation and the organization of electronic services in state agencies. So, in September of the last year there was held the Third International Scientific Conference on "Electronic Customs Service: a Look into the Future" in Baku, which was attended by over two hundred representatives of governmental and nongovernmental organizations from around 20 countries.

The State Customs Committee makes all-out efforts in the direction of the development and strengthening of international cooperation. Since 1995, there had been signed various documents from forty countries on customs cooperation. As a result of consistent effort to strengthen the contractual framework for development of bilateral customs cooperation, only during 2011, the intergovernmental agreement on cooperation and rendering of mutual assistance in customs affairs was signed with the Republic of Argentine, United Arab Emirates, the Republic of Serbia and the State of Israel. It should be noted that the cultural measures are appropriated a broad place in the State Customs Committee. By this means, it is made a significant contribution to the dialogue of cultures of East and West. Thus, in March 2006, there was created Museum of Customs of the State Customs Committee of the Republic of Azerbaijan and in January 2007 the first visitors of the Museum to the memory of Heydar Aliyev and the Customs subdivision of the Museum of History of the State Customs Committee were received in the administrative building of self-financing foreign trade association "Azerterminalcomplex". The State Customs Committee of the Republic of Azerbaijan has organized various exhibitions in Belgium, Switzerland, the Vatican and the Russian Federation, Austria, France and Argentina, where were presented the examples of the modern pictorial art, reflecting the history of the Azerbaijani customs, as well as various items of cultural and historical value that confiscated by customs authorities at different times.

Summary and concluding remarks

As a whole, the Azerbaijani Customs Service, taking its worthy place in the World Customs family, constantly extends ties with relevant international organizations. It is notable that as early as 2003, the Regional Training Center of the World Customs Organization has set up its activity in Baku and in October 2011, there was opened the Regional Office for Capacity Building of the World Customs Organization in the capital city of Azerbaijan. The selection of Azerbaijan for the establishment of the Regional Office to strengthen the capacity of the WCO was entirely natural in view of management's attention to our country's customs service and simultaneously, the impressive success achieved by the customs service. Meanwhile, many countries of the European Union would like this office would be opened namely in their territory, but at the last moment the question was decided in favor of Azerbaijan. It is to be noted that 174 countries voted for

opening of an office in our country, as a result it was decided that the activities of one of the six regions of the WCO will be coordinated from Baku. The activities of the office, covering customs services of fifty-one countries of the European continent and CIS countries will undoubtedly contribute to further increase the international prestige of Azerbaijan and the level of knowledge of national staff in accordance with international standards and will provide an opportunity for further professional development.

JEL Classification: G18, K42, K49

CUSTOMS CONTROL IN THE 21st CENTURY

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Customs of the National Tax and Customs Administration of Hungary

Abstract

The article is devoted to reviewing the general concept of customs and customs duties. The main characteristics of Customs Unions have been analysed. Customs procedures and customs control as essential functions of customs activity have been considered.

Keywords: customs, procedures, control, union, duties, policy, tariffs, regulation.

Introduction

The institution of customs is as old as human civilisation. In the history of mankind the collection of customs duties appeared together with the production of goods and with the regular exchanging of goods, as an important income source of the prevailing power. Decision makers with different contents, but practically in all the eras of history preferred to apply it as a source of treasury income and for regulating the commerce of specific products.

It is our firm belief that the concepts and theoretical /scientific/ groupings included in the first section of our study should be managed as facts, however, in the case of an academic study; from the aspect of our topic they cannot be circumvented. Establishing modern age customs control is essential in order to allow customs to exert the widest impact possible for the purpose of protecting and developing the economy.

I. The concept of customs, the grouping of customs

I.1. The concept of customs

Customs is an economic and commercial policy device applied in the form of public tax, which is integrated into the domestic prices of goods imported from abroad, and through this it may be used for industry protection and commercial policy purposes.