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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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.

Although the above concept contains a satisfactory definition only for import duties, we should not forget that customs duties may be grouped according to several aspects as well.

I.2. Grouping of customs duties

A) Based on its subordinating impact:
- Budget revenue source
- Internal economic regulation (within the state borders)
- External commercial policy function (outside the state borders)

B) On the basis of the direction of traffic:
- Import duty
- Export duty
- Transit duty

C) According to the impact of customs as regards timing:
- Permanent duty: customs applied continuously without any time limitation
- Seasonal duty: applied in a defined calendar season generally for the purpose of economic interests (e.g. in the case of agricultural products)

D) According to the extent of protection provided by the customs:
- Countervailing customs duty: its purpose is to ensure the equal opportunities got the domestic market by taking away the difference between the higher domestic price and the lower world market price in the form of a customs duty
- "Nurturing customs duty": its purpose is to limit the import of certain products with the aid of high customs duties

E) Based on the base of customs levying:
- Ad valorem duty: the value of the imported product expressed in money (customs value) represents the basis of levying the customs duty
- Unit based customs duty: a permanent amount established for a natural measurement unit of the imported product is the customs duty payable
- alternative duty: using from the ad valorem customs duty or the unit based customs duty the one that is more favourable from the aspect of the state revenues
- Compound duty: applying ad valorem customs duty and unit based customs duty simultaneously

F) According to the method of establishing the customs:
- Autonomic duty: it is defined independently based on the sovereignty of the given state
- Contractual duty: it is established by two or more states in an agreement through international negotiations

G) According to commercial political objectives:
- Preferential customs duty: applying a lower customs level than the average in order to facilitate the import originating from some country or country group
- Customs duty based on the "principle of most favoured nation": WTO (World Trade Organization) defines for its contracting partners the application of the principle of most favoured nation.

- Discriminative duty: a customs duty that is higher than the average customs duty, possibly a prohibitive customs duty

II. Customs policy and its system of means

1) Customs policy is an integral part of economic policy and trade policy. As it is reflected by its name it is closely related to customs, that is, it is one of the means that regulates economic relations existing with foreign countries.

2) Customs policy has a wide array of means for implementing the foreign trade related objectives of the economic policy. It uses not only customs duties, but in addition to customs duties a number of other means as well in the interest of achieving the targets set. Its system of means may be divided into internal and external means, and the internal system of means may be further broken down to customs type means and other means beyond customs.

We will review the role of the customs type means that is relevant from the aspect of our topic.

3) Customs has three important roles:

A) Customs due to its public tax nature means revenue for the state budget. This is the oldest function of customs, since for the purpose of gaining revenues already in the Middle Ages they collected customs duties at the bridges, at the entrances of the castles.

T he higher is the customs level of a country the greater is the budget revenue. Thanks to the different international negotiation series the average customs levels of the specific countries have been significantly reduced, and as a result customs already does not play a decisive role in respect of the revenue of any of the countries.

There are also customs duties that are exclusively levied to gain revenues, that is, they do not protect any domestic production, and they cannot be used for trading policy objectives either. Usually the products involved in these kinds of customs are not produced domestically, or the customs duty is so low that it does not influence the importer in decision making. These customs duties are called fiscal customs duties.

B) Customs duties had an important role since the starting of industrialisation in protecting domestic production. High customs duties cause a disadvantage for foreign suppliers on the market, since the customs duties are integrated into the prices of the import goods and thus it is more difficult for the foreign products to compete with the domestic products. Therefore customs duties may reduce or terminate the competitiveness of a given import product on the domestic market. These protective customs duties implement their tasks if there is domestic production that has to be protected from competition permanently. (E.g. newly launched industrial sectors, employment policy objectives, etc.). When establishing the level of customs protection the development level of the country also plays a role in addition to the mentioned aspects. A less developed country protects its market with higher customs duties against the more competitive products of the more developed countries.

However attention has to be paid, since these customs duties cannot be applied in the long term, since companies that are protected are not forced to improve their competitiveness.

As a result of integration and international negotiation these protective customs duties are gradually eliminated. However, we think it is important to note that this cannot be realised from one moment to the other, that is, it is not possible to force domestic production that has been protected till now by customs duties to face competitive import. Therefore in Ukraine there is a need for a so-called transitional period, during which period the given industrial sector may get prepared for competition. In Hungary this transitional period lasted for ten years.

C) The previous element already includes the most important role of customs, that is, the fact that they may be used for trade policy objectives as well.

Till now we primarily examined the economy of a given country from the side of import. Naturally one of the main objectives of trading policy is to increase export revenues. In the interest of facilitating export activities in the most important relations it is necessary to ensure the conditions of better market entry, which may be achieved by reducing the customs duties.

Customs duties may be used for achieving advantages through the allowances given from them, that is, to provide for the export products a more favourable entry to the market. Naturally this is true the other way around as well, that is „in the case of a disadvantageous distinguishing" the country may expect a similar response. A customs system that serves the regulation of import efficiently may be the basis of international customs contracts. The contractual form means stability, security for the exporter as well.

III. Customs Union

The essence of customs union is the fact that the countries participating in it do not apply in respect of trade taking place between them customs duties or fees that have the effect of customs duties, while they apply against other countries a common customs tariff.

The customs union theory is one of the decisive directions of neoliberal economic theory. Its main theorist is *Jacobo Viner* (1892-1970) – Canadian economist, who between the two world wars headed together with *Frank H. Knight* the school of C*hicago* –, and who introduced the concepts of "trade creation" and "trade diversion". The "trade creation" concept refers to the fact that customs unions create internal market (the market "expands" within the customs union), while the "trade diversion" concept refers to the fact that customs duties do provide protection from the external market (the members of the customs union prefer to purchase from each other without customs and not from third countries). Therefore a customs union may provide a solution for both the believers of liberalism and the believers of protectionism, since a customs union may be interpreted as the first step taken towards global integration (liberal aspect), or as a mechanism that provides protection against the global tendencies (protectionist aspect).

According to *Viner,* a customs union has three main features: Complete elimination of the customs duties between the member countries, unified customs is levied to import arriving from outside the customs union, and they distribute the customs revenues according to the rules that are laid down in the contract that is signed by the member countries.

Establishing and operating the customs union has taken place several times during history, and even at present there are customs unions operating at several places in the

world: e.g. customs union of Russia-Belarus-Kazakhstan, or the customs union of the European Union. The currently existing customs unions are listed in Appendix 1.

After having clarified the above concepts we have to examine who is authorised to collect the customs duties. It may be clearly declared that each state manages the right of customs collection as a state monopoly. We may say this also when in this section we will examine in detail the European Union. The fact that customs revenues are introduced into the budget of the European Union is due to the fact that the specific countries transferred this monopoly right of theirs to the Union in a contract. However, it has to be mentioned that 25 % of customs revenues are paid to the budget of the country that implemented customs clearance, under the legal title of refunding the costs of customs clearance.

The basic purpose of establishing the European Economic Commission was to establish the common market of the member states. The common market - that had been already replaced since the "Single European Act" with the concept and objective of the unified or internal market – has been the decisive reason for establishing and operating the European integration from the start till our days, and it is an essential aspect that is integrated into all other targets.

The common market is a territory, within which the products, services, the capital and the workforce may freely move without any limitation. In the European Union they have been already interpreting the principle of free movement more widely than the workforce, that is, they have been interpreting it for people in general, since the Maastricht Treaty.

The essence of the concept of the unified market is the fact that the EU is a single economic region, which operates similarly to a national market. Exactly because of this the free movement of the goods altogether is the essence not only of the unified market, but of the operation of the EU as a whole.

The free movement of the goods, that is, the free trade of products within the EU is ensured by the setting up of the customs union and the elimination of the quantity limits that existed between the members.

GATT (General Agreement on Tariffs and Trade) was signed in 1948. Article 24 of GATT already dealt with the issue of customs union.

According to the Treaty of Rome signed in 1957 in the interest of establishing the Customs Union they eliminated the customs duties that existed between the member states and also the "customs like" fees having the same effect as customs duties, and they prohibited the levying of new ones. Council Resolution (66/352/EEC) that was passed on July 26, 1966 defined the deadline of July 1, 1968 for achieving this target.

The Customs Union means the elimination of customs duties and fees of the same effect as customs duties within the Community, and the conducting of a common trade policy based on a common customs tariff in respect of the non-member states.

However in addition to customs duties the Treaty of Rome also ordered the elimination of the application of quantity limitations that existed between the member states (quotas) and the elimination of measures that are equivalent with quotas. However, while it was easy to implement the elimination of the quantity limitations similarly to the elimination of customs duties, the elimination of measures that have similar effects as quantity restrictions caused serious difficulties. Since these measures appeared in the

member states in the most diverse forms, moreover they have proven to be a means that limited trade efficiently.

In addition to eliminating customs duties and fees of similar effect the other component of the Customs Union is represented by the common external customs tariffs. The common customs tariffs represent the main means of regulating trade with the external, so-called third countries. The essence of common customs tariffs is that the same customs duty has to be paid everywhere independently of the place of entrance for all products arriving from outside the Community to any of the countries of the Community, and if the customs duty had been already paid at the time when a product entered any of the member states, then the product may be freely moved to any other member state.

In addition to eliminating customs and fees of similar effect and applying common customs tariffs against third countries the full implementation of the customs union had been achieved by the unifying of the customs legislation and the customs procedures, the simplification of the formalities of control and the development of customs co-operation.

In view of the fact that Ukraine implements a significant part of its trade with the European Union, in the following I will quote the legislative definitions from the Common Customs Code of the Community.

IV. Customs procedures and customs control

IV.1. Customs control

The concept of 'customs control" is defined as follows in Point 14 of Article 4 by the Common Customs Code, among the interpreting provisions:

14. 'Customs controls' means specific acts performed by the customs authorities in order to ensure the correct application of customs rules and other legislation governing the entry, exit, transit, transfer and end-use of goods moved between the customs territory of the Community and third countries and the presence of goods that do not have Community status; such acts may include examining goods, verifying declaration data and the existence and authenticity of electronic or written documents, examining the accounts of undertakings and other records, inspecting means of transport, inspecting luggage and other goods carried by or on persons and carrying out official inquiries and other similar acts.

When interpreting the legislation it may be established that the primary task of customs control is to implement the customs procedures, to implement the different examinations that are to be done during these procedures (goods, utilisation, authenticity, documents, etc.).

However, according to our opinion customs control may be done in several forms as well:

A) Total customs control

The purpose of this kind of technology is to check each person and consignment that is involved in the customs procedure. It is an obvious disadvantage of this kind of customs control system that it may make the operation of the economy significantly more difficult, and in many cases it may make it even impossible. The reasons of this include on one side the fact that customs administration does not have a capacity that would allow - in the case of operating this kind of customs control - the implementation of customs

procedures in a short time without a long time of waiting. On the other side there are such product types, e.g. commodities, in the case of which the justification of total control can be strongly questioned.

B) Spot-check based customs control

The existence of risk management is already an essential prerequisite of establishing spot-check based customs control. Since this type of customs control may be efficiently applied only if there is a system in the background that is able to filter out those consignments, which may represent risks, and the above mentioned examinations are implemented in the case of these consignments.

C) Administrative customs control

The essence of administrative customs control is to implement the physical examination of the consignments in the basic procedures only in exceptionally justified cases. The existence of the risk management system already mentioned in the previous point is a prerequisite of this type of customs control system as well. Moreover it is necessary to operate such a post-clearance control system as well, which is capable of implementing the general or special purpose examination of the specific economic operators in case already all the papers and documents needed for implementing control are available. We will deal both with risk analysis and with post-clearance control in a separate chapter.

IV.2. Customs procedures

The concept of customs procedures is defined by the Community Customs Code among the interpreting provisions in Point 16 of Article 3, as follows:

16. 'Customs procedure' means:
a) release for free circulation;
b) transit;
c) customs warehousing;
d) inward processing;
e) processing under customs control;
f) temporary admission;
g) outward processing;
h) exportation.

The customs procedures summarise those rules, which based on the different legal titles have to be applied in the course of the customs clearance of goods that are imported to the territory of the community.

It is important to note that the Community Customs Code took also into consideration in the course of defining the customs procedures the demands of the economy and the market, and for this end so-called economic customs procedures had been also established.

The primary purpose of customs procedures with economic impact is to define special rules, with the aid of which the customs clearance of goods delivered in the framework of specific, certain type of economic contracts should take place with the least disturbance possible, facilitating through this as well the operation of the economy, its growth.

V. Demands of the economy

Examining the economy related, market demand of the 21st century existing in respect of customs we may conclude that on the basis of the demands the path of the development of customs is determined. Its pre-defined nature is given by the fact that it has to clearly fill in an assisting role within the economy of today. This assisting role, in addition to the previously outlined function means that it should slow down the processes of the economy and of trade the least extent possible, and at the same time it should be able to meet its core tasks that have been outlined above.

Examining the economic processes of today from the aspect of customs we may conclude that more and more companies plan their operation according to a „just in time" system, that is, they try to spend the least time possible for on warehousing and storing the goods. The basic danger of this system is represented by the consignments not arriving by the deadline to the premises of the company, because e.g. customs clearance procedures last longer than what may be "expected". Therefore the reduction of costs may be approached from the aspect of customs from two sides. On one side the storing capacity should be reduced to the least level possible, and on the other side the waiting time, "idle time" should be reduced to the minimum level or it should be eliminated.

Naturally there is no economic interest that could dictate the state to give up its customs duty collection right or not to exercise its related control right. There is only one question, namely, in what form the exercising of this right should take place. This statement is especially true, since if the state would not implement customs control, then non legal trade would spread, which would reduce the competitiveness of the legal enterprises.

It is very important to simplify the procedures as far as possible. We will deal with this issue in a separate chapter. These simplifications are also a kind of specialties as well, since they define for defined situations a procedure practice that deviates from the general practice exactly in the interest of speeding up the procedures, and to minimise the time that is spent with customs clearance.

In order to implement the above targets the economic operators are ready to bring sacrifices and in certain cases to even take over the execution of certain tasks from the authorities. Implementing this will yield a "double benefit" for the state, since on one side it will be able to reduce its expenditures by having to use less resources for implementing authority work, and on the other side he enterprises create workplaces with undertaking this task. The workers employed in this field will pay tax, will purchase, thus they will contribute to the fostering of the development of the economy.

Naturally it is a key issue to whom and under what conditions it is possible to transfer the tasks of the authority, that is, the way we should enforce the "principle of trust". We think that the state may give out from its hands these tasks only after a defined "filtering". Obviously this one-time filtering means an additional burden for the authority. However the authority may achieve a significant saving of the resources after implementing this filtering. The way the EU wishes to solve this problem is discussed in a separate chapter.

VI. Simplifications, economic customs procedures

VI.1 Simplifications

As we have mentioned in the previous chapter it is the essential interest of the enterprises that special procedural rules should be applied in certain cases, which will allow less administration compared to the usual one and which will allow the implementation of customs clearances without the presence of the authorities.

According to Article 76 of the Community Customs Code and Article 253 of the Implementation Order it is possible to implement customs clearance with a simplified procedure:

Article 76

(1) In order to simplify completion of formalities and procedures as far as possible while ensuring that operations are conducted in a proper manner, the customs authorities shall, under conditions laid down in accordance with the committee procedure, grant permission for:

a) the declaration referred to in Article 62 to omit certain of the particulars referred to in paragraph 1 of that Article or for some of the documents referred to in paragraph 2 of that Article not to be attached thereto;

b) a commercial or administrative document, accompanied by request for the goods to be placed under the customs procedure in question, to be lodged in place of the declaration referred to in Article 62;

(c) the goods to be entered for the procedure in question by means of an entry in the records; in this case, the customs authorities may waive the requirement that the declarant presents the goods to customs.

The simplified declaration, commercial or administrative document or entry in the records must contain at least the particulars necessary for identification of the goods. Where the goods are entered in the records, the date of such entry must be included.

(2) Except in cases to be determined in accordance with the committee procedure, the declarant shall furnish a supplementary declaration which may be of a general, periodic or recapitulative nature.

(3) Supplementary declarations and the simplified declarations referred to in subparagraphs 1 (a), (b) and (c), shall be deemed to constitute a single, indivisible instrument taking effect on the date of acceptance of the simplified declarations; in the cases referred to in subparagraph 1 (c), entry in the records shall have the same legal force as acceptance of the declaration referred to in Article 62.

(4) Special simplified procedures for the Community transit procedure shall be laid down in accordance with the committee procedure.

Article 253

(1) The procedure for incomplete declarations shall allow the customs authorities to accept, in a duly justified case, a declaration which does not contain all the particulars required, or which is not accompanied by all documents necessary for the customs procedure in question.

(2) The simplified declaration procedure shall enable goods to be entered for the customs procedure in question on presentation of a simplified declaration with subsequent presentation of a supplementary declaration which may be of a general, periodic or recapulative nature, as appropriate.

(3) The local clearance procedure shall enable the entry of goods for the customs procedure in question to be carried out at the premises of the person concerned or at other places designated or approved by the customs authorities.

(4) Any person may apply for an authorisation for the simplified declaration or the local clearance procedure, to be granted to himself for his own use or for use as a representative, provided satisfactory records and procedures are in place allowing the authorising customs authority to identify the persons represented and to perform appropriate customs controls.

Such application may also concern an integrated authorisation without prejudice to Article 64 of the Code.

(5) The use of the simplified declaration or the local clearance procedure is conditional on the provision of a guarantee for import duties and other charges.

(6) The holder of the authorisation shall comply with the conditions and criteria laid down in this Chapter and the obligations resulting from the authorisation, without prejudice to the obligations of the declarant, and the rules governing the incurrence of a customs debt.

(7) The holder of the authorisation shall inform the authorising customs authority of all factors arising after the authorisation is granted which may influence its continuation or content.

(8) A reassessment of an authorisation for the simplified declaration or the local clearance procedure shall be carried out by the authorising customs authority in the following cases:

a) major changes to the relevant Community legislation;

b) reasonable indication that the relevant conditions are no longer met by the authorisation holder.

In the case of an authorisation for the simplified declaration or the local clearance procedure issued to an applicant established for less than three years, close monitoring shall take place during the first year after issue.

As it can bee seen on the basis of the above legal provisions, the quoted simplifications had been introduced without exception in order to minimise the customs clearance time and to be able to implement the customs procedure even without permanent customs authority supervision.

If we look at the background of these simplifications then we may see that these simplifications may take place only in those cases when the possibility of inspection is ensured for the customs authority (the state). In addition to ensuring the possibility of inspection, simplification is possible only if certain defined conditions are met, after a separate customs authority authorisation.

VI. 2. Customs procedures with economic impact

As we have mentioned it in the previous chapter, in case goods are delivered under certain legal titles the application of the general rules of customs clearance is very bureaucratic without any justification and in certain cases it does also mean significant financial burdens for the economic operators. In order to avoid these unjustified burdens the Community Customs Code defines certain customs procedures that have to be applied in these special cases.

Naturally these special rules similarly to the simplifications may be applied only on the basis of the prior authorisation of the customs authority. Let us briefly review these customs procedure with economic impact.

A. Customs warehousing

Customs warehousing has to be applied in case the fate of the customs law fate of the non-community goods cannot be settled.

The essence of this procedure is the fact that the party requesting customs warehousing is not obliged to pay the customs debt until the customs law fate of the goods is not settled.

Approaching the issue from the other side, customs warehousing is important in the case of export as well, since in the case of export goods under customs warehousing such measures may be applied that are generally connected to the exporting of these kinds of goods.

B. Inward processing

In the case of inward processing the application of the customs procedure may be closely connected to "jobwork" type of economic contracts, although we have to mention that other legal titles may be applied also in the case of these customs procedures. This kind of customs procedure of economic impact assists primarily the operation and development of less developed economies, particularly in countries, where the labour expenditure costs are significantly lower than in the states that order "jobwork".

Therefore from the above it can be concluded that in the given country the goods managed with the inward processing customs procedure (with added value) are returned to the country of their origin.

C. Processing under customs supervision

This type of customs procedure of economic impact allows the using of such non community goods within the customs territory of the community in the case of which the import customs duty payable is higher than the import customs duty of the goods that will be produced from them or into which they will be integrated.

This customs procedure type clearly serves the interests of the processing industry in order to allow the production of the product with the least expenditure possible.

The procedure is seemingly similar to inward processing, however while the destination of the end product of inward processing is the country that sends the raw material or the semi finished product, in the case of processing under customs supervision the end product will definitely stay within the territory of the community.

D. Temporary import

The purpose of temporary import is to allow bringing into the community the non community goods temporarily with exemption from under the import customs duties and with disregarding the application of trade policy measures.

It is important to emphasise the temporary character in the case of this customs procedure of economic impact as well as that significant difference compared to inward processing that these goods have to leave the territory of the community in an unchanged form.

E. Outward processing

Practically this is the same as inward processing, if it is viewed from the other side. Thus in this case community goods are taken out from the territory of the community temporarily, and the goods will be brought back to the territory of the community after being processed.

If we have said that inward processing helps the developing countries, in the case of this customs procedure we may unambiguously declare that it serves the interests of countries that have developed economies.

VII. Authorised economic operator – as a prerequisite

As we have indicated in the previous chapters already several times in order to implement simplified procedures, for transferring the authority tasks in the case of certain clients it is necessary to conduct preliminary examinations, before starting the apply the "principle of trust". According to the concepts of the Community Customs Code the client may receive the so-called authorised economic operator status as a result of this examination.

Article 5a of the Customs Code prescribes the following as regards of issuing this status:

Article 5a

(1) Customs authorities, if necessary following consultation with other competent authorities, shall grant, subject to the criteria provided for in paragraph 2, the status of 'authorised economic operator' to any economic operator established in the customs territory of the Community.

An authorised economic operator shall benefit from facilitations with regard to customs controls relating to security and safety and/or from simplifications provided for under the customs rules.

The status of authorised economic operator shall, subject to the rules and conditions laid down in paragraph 2, be recognised by the customs authorities in all Member States, without prejudice to customs controls. Customs authorities shall, on the basis of the recognition of the status of authorised economic operator and provided that the requirements relating to a specific type of simplification provided for in Community customs legislation are fulfilled, authorise the operator to benefit from that simplification.

(2) The criteria for granting the status of authorised economic operator shall include:

- an appropriate record of compliance with customs requirements,

- a satisfactory system of managing commercial and, where appropriate, transport records, which allows appropriate customs controls,

- where appropriate, proven financial solvency, and - where applicable, appropriate security and safety standards.

The committee procedure shall be used to determine the rules:

- for granting the status of authorised economic operator,

- for granting authorisations for the use of simplifications,

- for establishing which customs authority is competent to grant such status and authorisations,

- for the type and extent of facilitations that may be granted in respect of customs controls relating to security and safety, taking into account the rules for common risk management,

- for consultation with, and provision of information to, other customs authorities; and the conditions under which:

- an authorisation may be limited to one or more Member States,

- the status of authorised economic operator may be suspended or withdrawn, and - the requirement of being established in the Community may be waived for specific categories of authorised economic operator, taking into account, in particular, international agreements.

From the quoted legal provisions it can be seen that when the authorised economic operator status is granted, the required conditions may be broken down into four large groups.

A. Record of compliance

In the case of this group it has to be examined that in the last three years preceding the issuance of the permit whether any customs rule infringement took place or not, and if yes then what kind it was.

B. Keeping records

In respect of this group the applicant has to certify that its record system is suitable for allowing appropriate customs control even if the authority presence is implemented partially or not at all in the course of the basic procedures. For this end such requirements have to be implemented, which ensures the possibility of checking all the data that are relevant from the aspect of customs.

C. Solvency

Similarly to the contents of Point a), here also the data that refer to the preceding last three years have to be certified. This certificate has to be suitable for proving that in the possession of the permit the customs duties are surely paid, even if they have to be paid only after the releasing of the goods.

D. Security standards

In the case of this group the capability of taking over those customs authority tasks that primarily serve not economic, but security purposes. These include without covering all the aspects the provisions that involve the protection of the consignments, the regulation of the entry and exit of goods, security scanning system, etc.

Reviewing these four core groups it can be concluded that obtaining the authorised economic operator “licence” is preceded by a comprehensive company audit in order to allow nothing to endanger the meeting of the lawful right of the state.

Why did we use in the title of the section the expression “prerequisite”? Only because we consider it to be a prerequisite of applying the fastest customs control that the given economic operator group should have the authorised economic operator status.

VIII. Risk analysis, risk management, as a prerequisite

VIII.1 Customs risk management, risk analysis, in general

A. Risk management – risk management of the basic procedures of the customs professional field (profiles).

In the authority environment of today, when speed became an outstanding aspect and the simplified procedures implemented in electronic forms – which involve a decreasing number of goods and document examination cases – are gaining an increasing foothold, it is indispensable to operate a control system that is based on an efficient risk management, implemented on exact basis, without any discrimination. Since based on an efficient risk management and analysis upon the exploration of the specific risks the protection of the market, of the financial interest and of the citizens are equally implemented. In the area of customs the efficiency of risk analysis if in the interest of the European Union as well, and its role has become increasingly important with the spreading of faster and more simple customs procedures that are implemented electronically and this process by its nature forced out the increasing of the number and of the role of post-clearance control. The successful implementation of these post-clearance controls is significantly influenced by the efficiency of the risk management and analysis activity.

The primary function of risk management integrated into the process is to get the information still during the process of customs clearance to the county directorates executing the customs procedure that are able to use them.

Risk management integrated into the process manages equally both the fiscal and the security risk types. The security and protection type risks does not simply mean the risks that are connected to terrorism, but they do cover all the risks that involve the citizens, thus the risk that is caused by counterfeit or poor quality products or products that are dangerous to health have to be included here as well. The presentation of security and protection type risks is an EU obligation, which requires 24 hour task implementation in view of the fact that – depending on the mode of transportation – it is necessary to continuously ensure a reaction capability even within an hour.

B. Risk analysis

When implementing the risk analysis activity the risk information must be collected, recorded and examined, and therefore the fast and continuous of information and getting them to the risk analysis implementing organisation has to be ensured.

This activity does supports efficiently by handing over the risk information obtained through the exploration and evaluation of assumed law infringements in addition to selection for control, daily professional work as well.

The periodical control plans prepared during the central risk analysis activity (e.g. customs post-clearance control plan) are indispensable means of the efficient and successful implementation of planned and harmonised control activity. Risk information explored as a result of evaluations and analyses that represent the basis of this activity – their weight, dangerousness, possible financial impacts – may demand the immediate implementation of the control activities, to clarify these issues without delay in the course of implementing the basic procedures, and thus for the organisations implementing the basic procedure in addition to planned inspections special purpose inspection proposals beyond the plans are also prepared.

In the course of this activity information that may be obtained through international contact keeping has a great importance (e.g. member state requests, information received from OLAF), and also the risks that are received from the risk management areas that are integrated into the customs process.

Based on bilateral agreements international data exchanging is done on regular basis and the databases sent by the specific countries undergo risk evaluation from customs aspect.

VIII.2 Risk management activity integrated into the customs process

Risk management integrated into the customs process may be defined the best way as an activity done in connection with customs procedures and authorisation procedures concerning goods that are imported or exported in the framework of trade between the countries and their customs law fate, the purpose of which is to observe the national (community) and international measures, to protect the financial interests, security, health, environment and consumers of the community and of the member states.

In practice this means that the authority endeavours in the course of its procedure to prevent the law infringements I has already learnt – that is identified – and to reduce the threat of possible unlawful practices that are assumed on the basis of specific information.

From the above it can be seen that one of the main activities of the Customs Authority is to protect both the domestic and the EU financial interests, to ensure the customs and tax revenues, nevertheless it exerts its market protecting impact over a far wider scope. An efficient means of this is customs risk analysis done on the level of the Community and the member states.

A. Risk management system incorporated into the customs process

In the Hungarian system the specific partial tasks form a unified system with bridging all the levels of the customs authority.

Risk management due to the nature of the activity – due to its integrated into the process character – is implemented through the electronic processing the goods declarations that are connected to the customs procedures with the aid of risk profiles adjusted to the specific IT systems, which profiles provide information for the people implementing processing the already known risks and the risks that are assumed on the basis of other information.

The risk management activity that is connected to the basic procedures of the bottom level customs organisations is untied by a specialised, objective central organisation unit, which supports their efficient and successful operation, the filtering out of the unlawful motions and assists unified law application with national and international level information and through operating the IT system (KOCKA module).

Risk analysis involving the area of customs has a direct impact on the processing systems and it involves the procedures that are initiated both on paper and electronically.

The most important prerequisite of efficient and successful risk management is the availability to the organisational units implementing this activity of as much information and as good quality information as possible. For the provision of this information a number of sources and channels have been established both on domestic and on international level.

Generally it may be said that risk related information may be directed at the client – as a specific economic operator or an economic operator group, or to some topic or product group (e.g. issue of origin or the issue of tariff), or even jointly, to the combination of these.

During risk analysis a number of internal and external information sources are available, which due to their nature provide information of different weight and content. Let us see a couple of these, without trying to cover the issue fully.

The first and probably the most important information sources are the territorial and local customs organisations. The territorial customs organisations do send information through regular and ad hoc data services about the risks that came into their vision concerning customs.

Due to their similar properties the goods classification information and conclusions of the Export Institute do also have an outstanding importance, which are based on information it obtains during the sample taking it has done and its Mandatory Tariff Information Providing procedures.

One significant group of information that points beyond financial risks is characteristically based on the activity and indications of the Consumer Protection Authority that may be tied to market supervision measures (e.g. information on dangerous clothing for children, toys, food products, and technical articles).

Due to the Union character of customs activities a wide range of community level information is integrated into the domestic system. This is not only an opportunity, but it is a member state level obligation as well.

One of the most significant channels is the system of risk notifications between the Member States, which contains risk information that are connected to specific consignments, economic players or product groups, which had been revealed in the course of the own procedures of one of the member states (its controls and sample taking procedures).

B. Characteristics of the risk profiles

The risk profile from the aspect of the KOCKA module is practically a data or the relation of data, which in the defined processing systems, based on preset values displays an examination proposal in the course of the processing procedures for identifying practices that endanger the income, or the circumvention of some limitations or prohibitions.

The risk profiles are defined with validity periods, and before the expiry of these periods an impact examination is done. This ensures that unjustified profiles should not burden the system, however keeping the successful profiles in the system should be continued.

Therefore the risk profile is prepared as a result of the process that was described above. The profile developed is present in the system with a specific examination proposal, and it exerts its impact target consciously in the interest of managing the risk relationships that are defined in advance, during its period of validity.

It is important to emphasise that one of the advantages of in process risk management activity is the fact that the explored risks are already displayed in the course of the customs procedures, thus they ensure the lawfulness of the procedures that are to be conducted.

VIII.3. Risk management activity done in the area of customs:

The primary target of risk analysis assisting selection for post-clearance control in the area of customs is to identify through examining the database of customs procedures done in the past the customs procedures that are qualified risky from the aspect of customs law and the operator organisations that are involved in them.

It is important to differentiate it from the previously detailed in process risk analysis, which with the aid of profiles integrated into the customs data processing system manages the risks that incur in the moment when the customs procedures are done. The two areas closely co-operate by exchanging the available information.

The basis of risk analysis is the risk related information that is created in daily practice in the largest numbers in the area of in process risk management. In general we differentiate internal and external (originating from other public administration organisations, market players, press, etc.) risk information.

During risk analysis the first step is to register, process and execute the primary evaluation of information received. This is followed by risk analysis implemented with examining the customs database.

Analysis may be basically either a company or topic oriented examination.

In the case of examining a company the risk information contains a specific economic operator, and the analysis examines the customs procedures within the period of lapse in respect of the risk factors included in the alarm and those that may have been possibly explored in the course of database analysis.

In the case of topic examination the risk information does not refer to a specific economic operator, but to a group of products (e.g.: footwear involved in anti dumping customs), or to a customs procedure type (e.g.: releasing to marketing freely from customs law aspect of procedure code 4200). After identifying the risky customs procedures characteristically several economic operators may be attached to them.

Therefore as a result of risk analyses the customs declarations involved in the indicated risk and the other risk factors that had been explored during analysis and the economic operators that may be connected tot them, or in the lack of these the indicated risk information is dismissed.

The main purpose in the case of risk analysis based on the customs database is to exploit the available controller capacity the best way possible, and the examinations should focus on economic operators that execute activities the risk of which is higher than the average, and on their customs procedures.

As a result of customs risk analysis basically there may be three types of control proposals suggested:

- Including the economic operator involved in the customs post-clearance control plan of the next year,
- Proposal for the post-clearance control of the given economic operator beyond the plan
- Proposal for reviewing the customs goods statements involved in the risk of the given economic operator in line with Article 78 of the Community Customs Code.

It is important to say a couple of sentences about the ex post customs control plan that represents the centre of gravity of this activity.

The ex post customs control plan is a document that is prepared annually. It contains in a tabular format broken down by territories the economic operators involved and the risk topics that had been identified in respect of them, the post-clearance control of which will be done in the given year.

IX. Post-clearance control, as a solution

The Community Customs Code contains 2 different such control forms, the common feature of which is that they have to be conducted after customs clearance has been already done:

Article 13

(1) Customs authorities may, in accordance with the conditions laid down by the provisions in force, carry out all the controls they deem necessary to ensure that customs rules and other legislation governing the entry, exit, transit, transfer and end-use of goods moved between the customs territory of the Community and third countries and the presence of goods that do not have Community status are correctly applied. Customs controls for the purpose of the correct application of Community legislation may be carried out in a third country where an international agreement provides for this.

(2) Customs controls, other than spot-checks, shall be based on risk analysis using automated data processing techniques, with the purpose of identifying and quantifying the risks and developing the necessary measures to assess the risks, on the basis of criteria developed at national, Community and, where available, international level.

The committee procedure shall be used for determining a common risk management framework, and for establishing common criteria and priority control areas.

Member States, in cooperation with the Commission, shall establish a computer system for the implementation of risk management.

(3) Where controls are performed by authorities other than the customs authorities, such controls shall be performed in close coordination with the customs authorities, wherever possible at the same time and place.

(4) In the context of the controls provided for in this Article, customs and other competent authorities, such as veterinary and police authorities, may communicate data received, in connection with the entry, exit, transit, transfer and end-use of goods moved between the customs territory of the Community and third countries and the presence of goods that do not have Community status, between each other and to the customs authorities of the Member States and to the Commission where this is required for the purposes of minimising risk.

Communication of confidential data to the customs authorities and other bodies (e.g. security agencies) of third countries shall be allowed only in the framework of an international agreement and provided that the data protection provisions in force, in particular Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of

individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data are respected.

Article 78

(1) The customs authorities may, on their own initiative or at the request of the declarant, amend the declaration after release of the goods.

(2) The customs authorities may, after releasing the goods and in order to satisfy themselves as to the accuracy of the particulars contained in the declaration, inspect the commercial documents and data relating to the import or export operations in respect of the goods concerned or to subsequent commercial operations involving those goods. Such inspections may be carried out at the premises of the declarant, of any other person directly or indirectly involved in the said operations in a business capacity or of any other person in possession of the said document and data for business purposes. Those authorities may also examine the goods where it is still possible for them to be produced.

(3) Where revision of the declaration or post-clearance examination indicates that the provisions governing the customs procedure concerned have been applied on the basis of incorrect or incomplete information, the customs authorities shall, in accordance with any provisions laid down, take the measures necessary to regularize the situation, taking account of the new information available to them.

The important difference between the two types of controls is that controls based on Article 78 are connected to a specific customs clearance, and they target the control of its declaration, while controls done based on Article 13 contain a complex procedure that covers all such facts and particulars that are relevant from the aspect of customs.

In order to be able to implement post-clearance controls at an appropriate level in an appropriate number an appropriately deployed organisation is needed.

Post-clearance control is differentiated from the rest of the controls mentioned above by the fact that implementing the commercial deal and control are separated from each other. Another important feature is the fact that the premises of conducting the control are generally separated from the place where the specific customs procedures are conducted. Due to this it is a disadvantage that in the lack of physical contact it certain cases the goods delivered earlier already cannot be examined and we are not able to check its quantity either in this manner directly, however it is possible to exploit a number of such possibilities that are not possible in the case of physical and document controls done at the customs border on in the course of transportation. In connection with examining the book keeping, the accounting, bank certificates, records, production processes we are able to obtain such information, which we are unable to capture when applying the other two control methods mentioned. If needed we may extend control to other economic operator organisations as well and we may involve into control other authorities, even from other countries. While physical control has an outstanding importance when the goods are classified according to the tariff, post-clearance control may obtain valuable information primarily in connection with the origin and customs value of the goods, although it should not be forgotten that in many cases it becomes possible to examine or to have examinations, studies done in connection with the tariff classification.

In view of the previously phrased specialties it is practical to establish the organisation system of post-clearance control separately. It is practical to define the

territory of competence of the organisation that is to be established in such a manner that it should be the same as the territory of competence of the country. The reason of this that we should not face competence limits when executing the control of organisation that have several premises scattered within the country and the organisations that are connected to it, and in the case of this solution the controls do not have to be prolonged because of having to contact others, since controls taking a longer time done by the other organisations deteriorate not only the success of the control, but it is not favourable for the economic operator undergoing control either, in view of the fact that the non closed control operates as an uncertainty factor. The advantage of the mentioned organisation model is the fact that implementing action like controls is also the simplest in this form, since regrouping the human resource adapted to the current tasks does not have to face any obstacles. Another advantage of this solution is the fact that this is the way it is possible to implement in the easiest way unified control practise and through this unified law application as well.

When establishing the organisation system it should not be forgotten that the officers represent the basic pillar of the organisation. Without an appropriate number of excellently trained staff even with the best technical equipment we cannot achieve results in the area of control. The organisation has to have a human resource strategy, in which it has to be defined what education requirements have to be met by those people, who with to work in this professional area, and the system of further trainings have to be elaborated broken down by task scopes, which will ensure that knowledge acquired earlier is continuously updated.

When establishing the structure of the organisation it has to be also kept in mind that implementing the controls is not an independent, isolated activity, but it is a part of a process. This process is started with collecting information and risk analysis, then it is continued with planning the controls, and this is followed by the implementation of the specific controls, prescribing the subsequent payment of public debts that are prescribed on the finding of the controls and the implementation of the possible required legal remedy procedure. The process ends with the evaluation-analyzing work done on the basis of the evaluation of the results of the controls and legal remedies and the contents of the plans. It is practical to have certain elements of the outline process done with the organisation unit that includes the experts that have the special knowledge, which is separated within the organisation.

It is a general expectation in connection with the legal remedy procedures that the forum systems should be separated from each other from organisational aspects as well, in order to be able to ensure through this the influence free judgement of the appeal applications.

X. Draft of the modernised customs code

Originally the Modernised Customs Code would have been applied when the implementation order came into effect, but at the latest on June 24, 2013, however meanwhile it became obvious that due to the delay of other projects that are needed for full introduction – primarily of the IT developments and the elaboration of the implementation order – the starting date of applying the Modernised Customs Code had to be postponed.

This modification cannot be avoided, since the majority of the IT systems needed for implementing the Modernised Customs Code it would not be possible t commission till the application date of June 24, 2013, and introducing the Modernised Customs Code without IT systems would be contrary to one of the principles of the Modernised Customs Code, according which customs data exchange and data storage may be done only electronically as a main rule. The member states and the European economic interest representations reached a complete agreement that in this situation the appropriate solution is the postponement of the Modernised Customs Code. This modification at the same time provides an opportunity for harmonising the provisions of the new legal provision with the Treaty of Lisbon, moreover to correct the problems and mistakes that were detected in the Modernised Customs Code meanwhile.

Therefore the modification altogether serves 3 main purposes:

Postponement of the application of the Modernised Customs Code, with realistic, phases based, mandatory introduction deadlines. The Committee will present a proposal later on in respect of the new application deadline.

- Harmonising the provisions of the Modified Customs Law with the contents of the Treaty of Lisbon, and for this end the transferred and the implementation acts have to be separated.
- Correcting, adjusting some of the provisions of the Modernised Customs Code:

However we wish emphasise that in this chapter we may talk only about such a law draft about which each member state has to express its opinion and which each member state has to accept.

In view of the fact that Ukraine nurtures an excellent partnership relation with the European Union, it would be advantageous for both parties and we recommend for Ukraine to also present its professional standpoint as regards the draft of the modernised customs code.

X. 1. Necessity of the Modernised Customs Code

The Modernised Customs Code replacing the present Customs Code (that is Regulation 450/2008 of the European Parliament and of the Council on the establishment of the Community Customs Code): There were a number of factors in the background of its establishment. From among these factor one of the most important one is that the paper based data carrier and procedures spread a t present I in the profession of customs became obsolete, their role is more and more taken over by electronic data carriers and IT systems. Beyond this the Modernised Customs Code will simplify the previous customs rules and administration procedures both for the customs authorities and for the players of the economy.

This means especially the following:

- it will reduce the number of customs procedures and it will facilitate the traceability of the goods;

  it will ensure the computerisation of all the customs formalities, in harmony with the contents of Regulation 70/2008/EC of the European Parliament and of the Council on paper free customs and commercial environment by:

- introducing as a main rule the submission of declarations and their attached documents electronically (contrary to the current situation, when it depends on the given customs procedure whether it has to be requested electronically or not);
- it prescribes electronic information exchange between the customs authorities of the member states and other authorities;
- it facilitates central customs management, in the framework of which the economic players will have a chance to request the customs procedure electronically at that place and to pay the customs debt at that place, where they are settled, independently of the fact to which member state the goods are imported or from which member state the goods are exported, or in which member state its "actual consumption" important from the aspect of VAT is taking place";
- it establishes the framework for the concepts of Single Window administration and One-Stop-Shop control for those cases, when the data that are to be submitted have to be provided for other authorities (e.g. vet authority), and as a result controls may take place at the same time and venue in the future;
- moreover it harmonises the system of customs authority guarantees (which is harmonised at present only in respect of transit);

The modernised customs code naturally contains the so-called security modification elements of the present customs code, the concept of authorised economic operator and the system of entry/exit collecting declarations.

In view of the challenges the modernised customs code is directed at implementing some strategic targets, as e.g. the enhanced protection of the EU and its citizens, increasing the competitiveness of the European economic players, protection of the financial interests of the Union and its member states, facilitating legal trade, and fighting against unfair and illegal trade.

In the interest of achieving the mentioned strategic objectives the modernised customs Code serves several specific targets:

- simplification, unification and making more transparent the customs legal provisions;
- accelerating customs administration and procedural processes, and making them more efficient and cheaper;
- accelerating the crossing of borders;
- making controls more efficient and more targeted with the aid of computerised risk analysis;
- implementation of e-governance in respect of customs affairs (customs documents and the documents will have to be submitted electronically as a main rule, and the customs IT systems of the members states and of the Commission will be connected with each other);
- restricting national customs law regulation to the possible least scope.

X.2. Novelties included in the modernised customs code draft

From the customs code draft we wish to introduce those legal aspects, which are relevant from the aspect of our topic, our purpose is not to analyse the draft.

A. Mission of the customs authority

The draft defines the mission of the customs authority, according which the authority is primarily responsible for managing the movement of goods crossing the external border of the customs union, and in the course of this it ensures the undisturbed implementation of the movement of goods, it enforces the trade related community policies, and it protects the safety and security of the supply chain.

B. Central customs clearance

Central customs clearance will be introduced, the essence of which is the following: the importer/exporter may submit electronically its declaration and its accompanying documents to the customs office that is located at the place where it settled (where its customs affairs general ledgers are kept), this is the place where the customs debt is created, and this customs office executes the formal tasks that are connected to the checking of the declaration, to the collection of the customs debt, and the releasing of the goods, independently of the fact where, in which member state the products are located within the customs territory of the Community at the time when the declaration is submitted. The customs office, where the goods are brought under customs clearance physically, executes the examination of the goods – if required – based on the information it receives from the customs office of the place where the importer/exporter settled.

It is expected that central customs clearance will significantly reduce the administration burdens of the economic operator participants, who will have the chance to administer within the Community at one given customs authority their customs clearances directed at introducing the goods to free circulation and at other customs procedures, and thus these procedures will be simpler, faster, free of language barriers and cheaper for them.

At the same time from the aspect of reducing the administrative burdens central customs clearance will be really significant, when the customs offices involved are in different member states. The draft allows central customs clearance for the rest of the member states only for economic operator players, who meet the outstanding reliability conditions, who have the so-called authorised economic operator (AEO) status.

In addition to the rules that are included in the draft and its implementation order that will be accepted later on it is worthwhile to keep in mind that central customs clearance will be of full value according to the opinion of the economic players, if statistical data provision and the payment of circulation taxes will be also centralised. An additional problem connected to central customs clearance is the division of the currently still 25 % national part of customs revenues between the centre and the participating member state, and the enforcement of the partially national import/export limitations and prohibitions.

C. Economic operator self evaluation model

According to the so-called economic operator „self-evaluation" model the customs authorities may permit for economic operator participants to implement such customs formalities, which theoretically should be done by the customs authorities, and within this the regulation names the establishment of the export and import customs duties through self evaluation, and the implementation of specific controls under customs surveillance.

Issuing this authorisation assumes a high level of reliability on the side of grantee, for this reason the draft ties its granting to the AEO status.

Self evaluation significantly decreases the administrative burdens of both the economic operator participants and of the customs authorities. The capacities free this way the customs authority may focus in the future on the more strict control of the less reliable economic operator participants.

D. Risk analysis

According to the draft the non spot customs controls have to be based primarily on risk analyses that are based on data processing procedures, based on national, community and in specific cases internationally established criteria for the purpose of identifying and evaluating the risks and for defining the counter-measures required.

Accordingly the member states in co-operation with the Commission will develop, maintain and apply such a common risk management framework system, which is based on exchanging and analysing the risk related information between the customs administrations, and among other defines common risk evaluation criteria, control measures and outstanding control areas.

E. One-stop-shop

Customs authorities have to make efforts to introduce the "one-stop-shop", which may reduce significantly the time of the customs clearance of the goods and the costs of the economic operator participants. The essence of this concept is the following: the authorities competent as regards the customs clearance of the goods (customs, animal health, plant health, etc.) will implement the inspection of the goods at one place and at the same time.

One-stop-shop service is closely connected to the single window administration, the essence of which is the following: the economic operator participants on the occasion of importing, exporting or transiting the goods do submit simultaneously through a single electronic portal all the standardised data requested by the different control authorities, which are forwarded by the customs authority implementing the co-ordinating task to the appropriate partner authorities.

The examples mentioned in the chapter also reflect well the demand that as far as possible the operation of a cheap, fast, and at the same time efficient customs control system is needed in the 21st century.

Summary and concluding remarks

Based on the arguments and reasons listed in the study it can be unambiguously established that in case the needed prerequisites will be met, the customs control model of the 21st century will be a so-called mixed / universal model, which will merge the based case and the post-clearance customs procedures.

The only question is to what ratio these procedures will be applied compared to each other. According to my opinion it is necessary to accelerate the basic procedures in the widest scope possible, highlighting the fact that naturally on the basis of well founded reasons the different examination cannot be disregarded even in this case. At the same time it has to be emphasised that in general or as a main rule the focus of control should be moved towards the post-clearance procedures.

It has to be emphasised that customs control in the 21st century already cannot be operated efficiently without background IT support established at the appropriate level.

The different IT systems have to take care of ensuring the flow of information with an appropriate speed, of ensuring the storage of information, etc. However analysing these issues may be the subject of a subsequent study.

I firmly believe that operating the above outlined customs control system will ensure an opportunity for the Ukrainian customs service to support the protection and development of the economy of the country as far as possible, not giving up the concept that „ Give to *Caesar* what is *Caesar's*".

Appendix 1

NAME	MEMBER STATES
In South America	
Andean Community	Bolivia, Columbia, Ecuador and Peru
Mercosur	Argentina, Brazil, Paraguay and Uruguay
On other continents	
European Union	27 member states
EU – Andorra	EU and Andorra
EU - San Marino	EU and San Marino
EU – Turkey	EU and Turkey
South African Customs Union (SACU)	Botswana, Lesotho, Namibia, Republic of South Africa and Swaziland
East African Community	Burundi, Kenya, Ruanda, Tanzania and Uganda
Customs Union of Belarus-Kazakhstan -Russia Customs Union of Switzerland-Lichtenstein	Belarus, Kazakhstan and Russia Switzerland, Liechtenstein