

IMPLEMENTATION OF THE WCO STANDARDS

JEL Classification: O2, O4, P21

STRATEGIC ASPECTS OF RUSSIAN FEDERATION CUSTOMS SERVICE DEVELOPMENT

Andrei Yu. Belyaninov

Federal customs service of the Russian Federation

Abstract

The report gives a brief analysis of the current state and tasks facing The Federal customs service of the Russian Federation and sets forth the main guidelines for its development in the period of up to 2020.

Keywords: foreign trade, economic security, the Russian Federal Customs Service (FCS), development, strategy.

Introduction

Today the Federal customs service has the following complex strategic tasks to solve (Federal Law 2010): to promote the advancement of the state's interests in the foreign trade sphere, to bolster domestic production, to effectively counteract the threats to the Russian Federation's economic security, to combat crime and administrative violations, to address issues involving federal budget revenues collection, to create favorable conditions for development and intensification of foreign trade activities, to promote cost minimization for participants in foreign trade activities and interested parties by reducing the time needed for the completion of customs operations, to enhance the quality of state services in customs business. The above tasks are being addressed under dynamic conditions.

Beginning from July 1, 2010 the international agreements between the member states of the Customs Union (CU) and legislative acts of the CU agencies enacted in compliance with the CU Customs Code, have become a foundation for liberalizing provisions contained in the customs legislation. The streamlined statutory framework that has resulted, defines common principles of customs tariff regulation, unifies customs documentation forms, the ways and procedures of filling in customs declarations; establishes common rules for defining, declaring and monitoring the customs cost of goods, determines a uniform nomenclature of goods to be granted full conditional customs duty and tax exemption during temporary importation; defines common principles and rules for placing goods under the customs procedure of a free customs area and a customs procedure of a free warehouse; establishes uniform rules for goods relocation by physical persons, and, finally, creates a mechanism of import customs duties transfer and distribution. A unified Foreign Economic Activity Commodity Nomenclature for the



Customs Union (FEACN CU) and the Common Customs Tariff (CCT) have been prepared and approved (The Customs Code of the Customs Union 2009; CU CNFTA 2011; CCT 2010).

There has also been considerable improvement in the quality of customs regulation and administration related to innovative business, however the fiscal component still continues to prevail over the incentive one.

The main purpose of improved law-enforcement activities is to counteract national security challenges and threats. The chief menace to the Russian Federation's economic security during the relocation of goods and conveyances across the customs border stems from unfair actions by entities engaged in foreign economic activities which contain essential elements of offence and administrative violations deemed to fall the customs authorities' jurisdiction.

The Russian customs service has made much progress in the fight against illegal trade in counterfeit goods. The annual WCO Council session, held in Brussels in June 27, 2008, summed up the results of a competition among national customs administrations in the fight against counterfeit products and named the Russian Customs Service as the best among the customs administrations of the 174 WCO member states (which account for 98 percent of world trade).

The international co-operation of the Russian Federal customs service is aimed at simplifying the process of goods and vehicle movement by harmonizing and unifying the legislation of the Russian Federation in the customs sphere with the norms of international law and standard international practice.

Currently, the Russian FCS is actively engaged in interacting with the customs services of the Republic of Byelorussia and the Republic of Kazakhstan in order to address issues concerning the functioning of the common customs space and practical implementation of the CU mechanisms. Simultaneously, it continues to bolster integration processes in the territory of the CIS, the EuroAsian Economic Community (EurAsEC) both on a bilateral and multilateral basis. Work is being done to bring closer the norms of their customs legislations, to develop their IT systems and facilitate the relocation of goods and conveyances.

The Russian FCS continues its co-operation with the customs services of European states within the framework of the Russia - EU co-operation projects as well as on a bilateral basis.

Representatives of the Russian FCS participate in the work of the World Customs Organization, the Russia - EU Subcommittee for customs and transboundary co-operation, in events held under the auspices of the Asia-Pacific Cooperation Forum, the Shanghai cooperation organization within the framework of its Special working group on customs cooperation. The Russian FCS and the WCO have signed the Memorandum of Co-operation in training, education, modernization and research in the customs sphere.

Being an integral part of state control over foreign trade activities the Customs service acts simultaneously as a major regulatory mechanism combining the functions of a fiscal, law-enforcement supervisory body with those designed to promote foreign trade activities. This signifies that as part of the state's economic system the customs service of the Russian Federation fulfills today not only the traditional functions of state

administration in the area of foreign trade tax collection but also acts as a social and economic institution in which its customs activities manifest themselves as a special form of service. One of the ways to accomplish the Russian FCS's strategic mission international trade promotion is to provide high-quality state services in the customs sphere to participants in foreign trade activities.

The Russian FCS provides its services based on world expertise in the area of interaction with the business community. Presently, it has elaborated 15 administrative sets of rules concerning the performance of state functions and provision of state services and introduced them in its customs agencies.

Today, modern IT technologies have become the cornerstone of customs processes by forming a common information space for Customs Union member states. In order to ensure the economic security of the Russian Federation, improve the quality of the customs administration and provide state services great efforts are being made to introduce modern IT technologies in the work of the customs agencies and update the existing software, including the infrastructure that ensures fault-free performance of all the components of the Unified Automated Data System of the customs agencies (CA UAIS).

The milestone event in its recent history is a wide spread of the goods and conveyance electronic declaration technology that was made possible largely by equipping the customs bodies with adequate hardware and software capabilities on a massive scale.

In the period between 2008 and the present day the Federal customs service has concentrated its main efforts on developing its customs infrastructure. To promote the infrastructural development of the frontier constituents of the Russian Federation, on the one hand, and to minimize the transport load on big cities in the Russian Federation due to increased foreign trade, on the other, the Russian Federal Customs Services has elaborated the Concept of Customs Registration and Customs Inspection of Goods in Places Close to the Russian Federation Border (hereinafter, the Concept).

Much attention is paid to the enhancement of the HR potential and formation of the customs agencies' professional personnel structure since the latter warrants a high quality of state services. That is why raising the personnel potential requires constant improvement of staff management methods, technologies and methods of providing personnel management, and the regulatory and legal framework of the organizational structure of administration.

In view of the above personnel recruitment and training for the customs agencies are carried out on a basis of scientifically proven methods that take into consideration rapidly growing demands on human resources and forecast future needs first and foremost by monitoring human resources on a regular basis and forecasting the demand for qualified customs specialists.

The Federal customs service pays special attention to the solution of social questions. The amount of the budgetary appropriations earmarked in the past few years as material incentives for customs authority officials has made it possible to maintain customs officers' monetary allowance and upkeep on the same levels as those that had existed prior to the 2008 financial crisis.

The Russian FCS has also been persistently working on ways to provide pensions to those who had served in the customs agencies and to their family members which is not



only a socially important dimension of the customs administration's activity but also a major element of its social protection net.

Special attention has been given to questions of its medical services and expansion of its resort and healthcare facilities.

Effectivization of the Federal customs service is linked with measures to improve its organizational and administrative activity, and, first of all, to elaborate a customs management theory, to introduce systematic methodologies for managing the performance and development of the customs agencies, to bring all the customs service components in line with international standards, to build up the competency potential of the managerial staff, to enhance analytical work in the customs bodies at every managerial level.

Given the new conditions, the reforms of customs administration should take into account the needs for an adequate feedback from an object of its administration - a participant in foreign trade activities who exists and operates in a market environment. This calls for modernization of the traditional autocratic administrative model to bring it closer in line with that of client-centered management in a commercial firm. This approach allows the customs authorities to realize to the full the concept of state services in the customs sphere based on international quality standards in conformity with the ISO 9000 family of international standards.

The first pilot project to introduce elements of the ISO 9000 family of international standards was carried out in the Privolzhsky customs office (the Volga river basin). The analysis of its results shows a high efficiency index in the activity of the customs bodies.

Several strategic guidelines have been worked out to serve the interests of further innovative development of the Russian Federation customs service.

Improved customs regulation calls for effectivization of tariff and non-tariff regulation measures in foreign trade activities, a prompt and well-grounded decision-making about remote goods release, daily preliminary information and transition to an electronic form of data presentation for customs purposes, development of customs technologies during the implementation of the Concept of Customs Registration and Customs Inspection of Goods in Places Close to the Russian Federation Border, further development of the Customs Union's risk management system (CU RMS).

Following goods release Customs control envisages to develop its legal framework and methodological foundation, to optimize its organizational and staff structure of customs bodies on the departmental vertical.

An improved fiscal function is based on effective control and supervision of its compliance with the legislation of the Russian Federation on customs business and laws on taxes and duties, correct calculation and prompt collection of duties, taxes and revenues by using modern IT technologies and complying strictly with the law on the federal budget regarding revenues administered by the customs authorities.

Enhanced law-enforcement activity, intensified struggle against other crimes and administrative violations in the customs sphere are all aimed at raising the level of the state's economic security.

International co-operation with foreign states' customs and other competent agencies, international organizations involved in customs business and the struggle against international crime is carried out in the interests of creating favorable conditions for

foreign trade and ensuring a full compliance with the Russian Federation customs legislation. Introduction of international standards and rules into the Russian FCS's practice by actively involving it in international institutions of co-operation and regional economic associations, promoting integrational processes in the EvrAzEs territory and strengthening the CIS, the Shanghai cooperation organization and other international organizations in which the Russian Federation participates.

State services can be improved by enhancing the quality and accessibility of state services in customs business; raising the efficacy of the RF customs agencies' activity in provision of state services in the field of customs business; integrating customs agencies' data systems into the existing infrastructure of the services to ensure their accessibility and enhanced quality of state services in customs business; elaborating a system of indicators that measure the methodological support and setting up a system to monitor the quality of the state services provided in the sphere of customs business.

A developed customs infrastructure requires that border points for entry into the Russian Federation be established and opened in the order prescribed by the RF legislation, the existing check points be reconstructed to meet the modern requirements of the customs agencies, relevant procedures be followed to shut down nonfunctioning check points, and the existing and new facilities be reconstructed and created to ensure customs bodies' effective performance, border check points of entry into the Russian Federation, including railway and marine points, be further equipped with modern means of customs control, inspection customs complexes (ICC) and radiation monitoring instruments on a planned basis.

Streamlined personnel management should aim to enhance the work of customs bodies, to provide an all-around development of a customs officer, to ensure a systematic and integrated administrative, economic, social and psychological effect on customs authority officials and to raise the level of their professional skills.

Modern approaches towards realization of customs operations and customs inspection, use of cutting-edge customs technologies make great demands on the professional activity, training and retraining of customs authority officials at the Russian customs academy and its branches.

Stepping up anticorruption activity and struggle against offences in the sphere of customs business calls for :

- A higher level of anticorruption awareness among officers at the Russian Federation customs agencies by using effective motivation methods to minimize conditions that lead to illegal activities;
- Creation and effective performance of the departmental anticorruption centre attached to the Federal customs service;
- Struggle against corruption practices in accordance with departmental programs/ plans to fight corruption and malfeasance in the Russian Federation customs bodies with the aim of raising the level of anticorruption awareness among customs authority officials, preventing and suppressing wrongful acts and enhancing the quality of educational and preventive measures in respect to customs officers, providing a prompt response to corruption practices and



uncovering corruption schemes, combating effectively the infiltration of criminal elements into the system of customs agencies.

The social safety net which covers customs authority officials, Is one of the major factors that contribute to the successful solution of problems that face the customs authorities.

Currently, there exist numerous factors that call for an improved management system. They include both optimization of the managerial staff size, its functions and organizational structure, introduction of automated management systems and decision-making systems.

The urgency of developing this direction arises from the need to successfully adapt to new conditions and changing requirements of the national and international legislation that demand a constant analysis of vast amounts of incoming data in order to meet the strategic target of the Russian FCS's development.

The above aspects represent the main essence of the Development strategy for the Federal customs service of the Russian Federation for the period of up to 2020.

Stage One (2012-2014) of the Strategy implementation is aimed at creating an institutional basis and technological conditions necessary to effect a systemic transition of the Federal customs service to a qualitatively new level of development.

Further institutional development of the Federal customs service will be carried out on a modern theoretical and methodological and technological basis of customs business.

Stage Two (2015-2020) of the Strategy implementation envisages further effectivization of the Federal customs service's activity in all directions. This stage will see the institutional and customs infrastructures continue to develop and improve aiming to create a new technological basis (IT, innovative customs technologies) and the development of the social sphere of the customs bodies.

Summary and concluding remarks

A positive image of the customs agencies of the Russian Federation will be created by publicizing it in the mass media and interacting closely with state and public organizations and associations. The institutional and infrastructural potential to be accumulated through innovative customs and IT technologies and best practices of the world's most advanced customs administrations will be used as a foundation for sustainable development of the Federal Customs Service.

References

The Customs Code of the Customs Union (an appendix to the Agreement on the Customs Union Customs Code, adopted by the Interstate EvrAzEs Council Summit Decision dated from November 27, 2009 № 17).

The Customs Union Commodity Nomenclature of Foreign Trade Activities (CU CNFTA), M., 2011.

The Common Customs Tariff (CCT), M., 2010

The №311-FZ Federal Law dated November 27, 2010 *On Customs Regulation in the Russian Federation* (adopted by the RF State Duma in November 19, 2010).

JEL Classification: O15, O18, O21, O22

INTERNATIONAL EXPERIENCE AND PROGRAMME-ORIENTED AND TARGET-BASED APPROACH IN MODERNIZATION PROCESS OF THE CUSTOMS SERVICE OF THE REPUBLIC OF BELARUS

Aleksandr Shpilevsky

State Customs Committee of the Republic of Belarus

Abstract

The present article reports on periods of establishing the customs environment in the modern Republic of Belarus, and issues of international cooperation. The concept of programme-oriented and target-based approach in the context of modernization of the Customs service of Belarus is under consideration. In regard to capacity building the article includes the following aspects: information exchange for the purposes of customs matters in format “Customs-to-Customs”, “Customs-to-Business” and “Customs-to-Governmental bodies”. The article provides analysis of development stages of the Customs service with regard to international experience, support to establishment of necessary prerequisites for sustainable economic growth of the country, implementation of coordinated state support for strategic branches and enterprises, increasing competitive capacity at international market of goods and services.

Keywords: business, international, approach, customs, government, modernization.

Introduction

All stages of customs developments in the modern Belarus took place taking into account international experience in customs administration. Initially the following was determined as core elements in customs sphere: international cooperation, implementation of Conventions developed by the World Customs Organization (WCO) and World Trade Organization.

As a result of participation in WCO activities Belarus has the opportunity to study and use in its practice information about international customs cooperation, technical issues, proposal of WCO regarding practical tools to achieve connectivity and uniformity of customs systems.