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**PROBLEMS, PROSPECTS THE DEVELOPMENT OF FOREIGN  
AND CUSTOMS POLICY OF UKRAINE UNDER EUROPEAN INTEGRATION**

*The regulation of international economic activity of the country is done by implementing the principles and objectives that form as the foreign and customs policy. The essence and directions of foreign trade and customs policy, its content and implementation mechanisms in modern terms is the subject of research and are highlighted in this paper.*

*Key words: foreign policy; customs policy; regulation; government regulation mechanisms; european integration.*

Регулювання міжнародної економічної діяльності країни здійснюється шляхом реалізації принципів і завдань, які формують як зовнішню й митну політику. Сутність та напрями зовнішньої торгівлі та митної політики, її зміст і впровадження механізмів у сучасних умовах є предметом дослідження і висунуті на перший план у цій статті.

Ключові слова: *зовнішня політика; митна політика; регулювання; механізми державного регулювання; європейська інтеграція.*

**Problem formulation.** The entry of Ukraine into the world economic system is a keys factor in the development of national economy. Therefore, the activation of the European integration vector is the main prerequisite for creating an enabling environment for the restoration of economic potential and foremost foreign investment. In addition, moving Ukraine into the EU is a necessary condition for further revival of its war-torn economy.

A significant role in advancing Ukraine towards European integration and the implementation of its economic interests play a balanced and prudent foreign policy, which is an integral part of the customs policy of the state. Currently, the customs component is the most vulnerable link in the implementation of foreign policy and requires the urgent attention of specialists in public administration.

Entry into Ukraine's associated membership in the EU opens up significant opportunities in international trade. However, we may remember the consequences and socio-economic cost of these steps state. Research areas of the formation of foreign policy and influence the results of customs policy at the state of the economy is particularly important given the current state of Ukraine's economy and its place in the global division of labor.

**Analysis of recent researches and publications.** Theoretical aspects of the order of formation and implementation of foreign policy and customs representatives studied ukrainian science in areas public administration, law, economics. Thus, O. Borisenko prepared doctors monograph which examines the conceptual framework and mechanisms for the implementation of foreign economical policy. Individual articles L. Ivashova and monographs

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L. Pismachenko highlight features of customs policy in Ukraine and abroad. L. Adashys addressed the formation of customs policy in the context of European choice, and L. Demidenko into account the influence of factors of globalization in its development. Specific action of institutional mechanisms of customs policy was writing V. Chentsov, D. Pryimachenko and P. Pashko. The constitutional basis for the formation and implementation of customs policy highlighted in the works of O. Dyachok. Effect of order of formation and mechanisms of customs policies to the economic security of the state are revealed in the works of L. Pismachenko and S. Kolyada. However, the constant evolution of foreign economic and political relations require new forms and areas of implementation of customs policy, its adaptation to the international environment of cooperation.

**The purpose of this article** is the disclosure of foreign trade and customs policy, their interdependence and interrelation principles of their formation, institutional mechanisms for implementation and future directions of development in terms of European integration.

**Main material.** The rapid development of globalization has led to the formation of innovative approaches to prioritizing economic development of countries. They are based on the principles of protecting the interests of national producers through a balanced foreign policy. National customs services took personal responsibility for realization this policy in all developed countries. That customs service, ensuring the state customs policy, is one of the main institutions of the system to protect national economic interests. Modernization of the customs system of Ukraine and the gradual approximation of its activity with European standards is an important prerequisite for European integration.

One of the basic principle of the modern era is the increasing role of foreign economic activity of the states. Ukraine is gradually into the global economy, and how this process will take depends on not only the dynamics of foreign trade [1; 2], but also the possibility of further economic and social development of the nation as a subsystem of the world economy.

At this stage of foreign trade policy of Ukraine is mostly haphazard nature that manifests itself through episodic trade, which are grouped around the efforts of the government for its “liberalization”. However, foreign economical policy is not only trade, investment, scientific and technical cooperation. This solution of problems related to the integration of the national economy of Ukraine into the world economy. The major goal of this integration – the maximization of its global revenue.

In the process of integration into the world economic space, each state usually occurs with great difficulty. Today’s realities of Ukraine foreign economic relations have many unprepared areas for efficient form of economy to foreign economic cooperation.

For Ukraine’s foreign trade at the present stage of development is characteristic of these major trends:

- deterioration of exports of services (predominance of raw materials and low technology products);
- improving the structure of imports by increasing the share of machinery and equipment and reduce energy and its broader diversification compared to the export structure;
- reorientation of foreign trade structure towards partners from abroad, a generator that apparently was the accelerated loss of Ukrainian producers’ Russian market.

The main problem of Ukrainian goods exports are low potential external competitiveness of products with high benefit, low technology and knowledge-based products.

The import structure is unsustainable due to large volumes of import of finished products produced or in principle could be successfully produced by national manufacturers.

That is the future development of foreign trade of Ukraine should provide the fullest realization of potential by effective international cooperation in science and technology, trade, financial and investment cooperation, the establishment of a competitive economy.

Therefore, the strategic objectives of foreign policy should be:

- system integration into the world economy with providing real international competitiveness;

- effective international specialization, coordinated modernization of internal structure and focused on progressing available segments of the world market;

- cooperation with international economic organizations through participation in shaping the institutional infrastructure for the country's rapid adaptation to international norms unified economic and trade behavior in the relevant segments of the global market;

- ensuring an adequate level of economic security with effective mechanisms of protection against adverse changes in international competition and financial crises.

Since gaining independence, Ukraine within realization of foreign policy of the state began to form a separate customs policy [2]. Along with the development of this process is redefining: first, the nature and objectives of customs policy according to their own interests of Ukraine's national security and the requirements of the international community; second, the tools used to achieve these objectives.

Customs policies should be understood as a state policy with trade tariffs, international agreements, protectionism, free trade principles, administrative tools. This is parts of the internal and foreign policy, a set of measures taken to ensure the most effective use of customs control and regulation of commodity exchange in the customs territory.

Proper understanding of the term “customs policy” makes it possible to clearly ascertain its purpose, which affects the content of legal regulation [3]. Customs terminology is not a separate concept, it should be considered, especially in the context of foreign trade, stimulating the development of the national economy. In this context, the Customs encyclopedia [4] of customs policy has the following meaning: customs policy – reference system (framework standards) customs regulations, focused on ensuring the economic interests and goals of the state.

It should be noted that today Ukraine defines and implements a uniform customs policy aimed at accelerating trade, stimulating the development of the national economy, protection of the domestic market and domestic producers, as well as the development of customs in accordance with the generally recognized international norms.

Basic principles of customs policy based on the principles of the Law of Ukraine “On Foreign Economic Activity” dated April 16, 1991 № 959-XII, which indicates that economic operators are guided by the following principles:

- sovereignty of Ukraine in foreign trade activity;
- freedom of foreign trade business;
- legal equality and non-discrimination;
- protecting the interests of economic operators;
- equivalent exchange, the inadmissibility of dumping the importation and exportation of goods [5].

The Constitution of Ukraine in 1996 for the first time in the history of Ukrainian statehood enshrined constitutional foundations of Ukraine customs and clearly defined the main

principles of the customs policy as part of state policy of Ukraine. In particular, Art. 18 states that the foreign policy of Ukraine aimed at ensuring its national interests and security by maintaining peaceful and mutual cooperation with the international community. Art. 85 defines the Verkhovna Rada of Ukraine as a state agency, which determines principles of domestic and foreign policy; p. 9 Art. 92 regulates that only the laws of Ukraine principles of foreign relations, foreign trade and customs. P. 8 Art. 116 defines the Cabinet of Ministers of Ukraine as a body that organizes and provides foreign economic activity of Ukraine, customs [6].

The central moment, which until recently provided the introduction to life state customs policy, organized functioning customs system and bore full responsibility for her condition, was State Customs Service of Ukraine [1]. However, the results of a number of pseudo reform measures this institution was destroyed. Instead, now the State Fiscal Service of Ukraine, which in function is responsible for implementing tax and customs policy. Given the fact that the world customs primarily performs regulatory functions, and only then, fiscal, customs service in Ukraine redirected mainly on fiscal activities.

I believe that the main task of the customs policy of Ukraine, within the protection of national interests, must remain – to ensure an effective balance between protecting national security, the national economy as a tool for wealth creation of the nation, on the one hand and consumer rights regarding access to high-quality imported goods at reasonable prices on the other [2].

The formation and implementation of customs policy has provided an effective mechanism that would be able to put it into practice. State regulation of customs should not be based on isolated and episodic existing state institutions, public organizations, and the complex combined single purpose, methodology and organizational structure of government agencies and other institutions that are coordinated from the center and work on permanent basis to form and practical implementation of customs policy [2; 7]. The state should have a system of institutions and organizations with exhaust and efficient technologies, mechanisms regulating customs legal action. Given the rate at Ukraine's accession to the EU, such institutional mechanism should be based on clear performance of EU procedural rules relating not only laws, but also departmental regulatory acts and actions of public officials.

The main organizational and legal forms of state influence on the customs activity is to create the legal framework for its regulation (control and correction), the organization and functioning of public bodies involved in its implementation. Taken together, these institutions provide legal legitimacy customs, protection of national interests, rights and legitimate interests of legal customs of their responsibility for failure or improper implementation of the legislation [8].

Current institutional mechanism for the formation and implementation of customs policy as a whole The basic provisions set out in the Constitution of Ukraine, the Customs Code of Ukraine, laws and regulatory legal acts, but it is not without some drawbacks that creates some difficulties especially in identifying sub' of the object of the participants, lines of authority, responsibility for decisions.

Recognition of the customs policy of complex social phenomenon leads to thoughts about the pointlessness of restricting the formation of customs policy only public authorities. This range is much wider, because it, in addition to public authorities, includes a variety of social and political institutions, pressure groups and other entities representing the interests of some sectors of society whose activities are equally important for the decision-fu related to the creation of customs policy.

Formation of the studied institutional mechanism is subject to significant influence political, economic and institutional factors and depends on the nature of economic and

political relationships in the state. Exploring this institutional mechanism is proposed to separate the subjects of customs policy – institutions that are directly or indirectly involved in the formation or implementation of customs policy, customs policy and objects – those who apply to or affect customs policy.

The first group offered include public bodies (Parliament of Ukraine, President of Ukraine, the Cabinet of Ministers of Ukraine, Ministry of Finance of Ukraine, Ministry of Economy of Ukraine, State Customs Service of Ukraine etc.), permanent and temporary working bodies, advisory bodies at central government agencies (Customs and Tariff Council by Cabinet of Ministers of Ukraine, the Council of importers by the Cabinet of Ministers of Ukraine, Public Council under the State Customs Service of Ukraine), industry associations, enterprises, various interest groups and political groups associated with foreign trade activities (Commerce and Industry of Ukraine, Association Ukraine customs brokers, customs carriers Association of Ukraine etc.).

And the second group – economic agents, various social groups and individuals [7].

Institutional mechanism for the formation and implementation of customs policy is implemented, especially in the organization of institutions, combined with related purpose – participation in the formation or implementation of customs policy. Thus, the institutional mechanism for the formation and implementation of customs policy – a certain system of interacting actors (institutions) that ensure integrity and continuity of the process of social relations in the customs activity, and create the necessary conditions to meet the recurring and most important needs about customs policy objects.

Analysis of customs policy indicates that their place in this institutional mechanism is determined primarily performed functions – function of formation or function of the state policy in the field of customs.

Function customs policy formation involves activities concerning institutional awareness (need clarification), finding solutions to the problem, a political solution, providing conditions for its practical implementation, which finds its reflection in external regulatory consolidation of strategic goals, objectives, principles and activities in this area in the form of concepts, development programs, legislation and more.

Awareness of the importance and significance of emergency for the state and society activities associated with the formation of the state customs policy requires a special analysis of the subjects of these activities and their competence. Therefore, the need to focus on the fact that a direct part in the formation of the customs policy are not all public authorities, but only some of them, which is directly identified as a problem (such as Parliament, the President of Ukraine, the government and individual ministries). Other customs policy actors involved in the formation of the customs policy only indirectly, within its powers in this area.

The function of customs policy covers activities for the implementation of its life, to achieve the intended results, analysis and formulation of proposals for its correction [1]. Performing this function aims to achieve tactical and operational objectives, providing specific tasks, which finds its external expression in complex organizational forms and methods of work.

Noteworthy is that some actors customs policy simultaneously perform both functions, for example, the Cabinet of Ministers of Ukraine or the Ministry of Finance of Ukraine.

It is the complex nature of these functions and determine multi and variety of some of the customs policy, different amounts and how they participate in the formulation and implementation of customs policy. However, despite their belonging to different branches

of government, unlike their organizational and legal levels, the volume of public authority, we can conclude that the need for a systematic approach to the analysis of their activities. The said activities aimed at achieving concrete results within a single institutional entity, objective of which is to protect national interests and security of individuals, society and the state in the field of customs.

Given the fact, which Ukraine's integration into the world economy provides for the opening of the Ukrainian market for foreign goods and services under agreements with the WTO and the EU for Ukraine priority is to conduct a reasonable customs policy, which in turn is an important part of economic security [2]. It is very important to consider all the features of the current state of Ukraine's economy, such as imperfect legislation – regulatory framework discrepancy with European standards, use in production of obsolete technology, low level of security of the population.

Currently, we must make improving the institutional mechanism for the formation and implementation of customs policy, which provides:

- forming a proper legal framework that would ensure a clear separation of functions and powers of public authorities and the implementation of international standards and standards of the European Union;
- improving the management elements of the institutional framework and establishing effective cooperation between them;
- unification process application of administrative, legal and economic levers of state regulation in the sphere of customs activity;
- introduction of modern information technologies in the activities of the institutions involved in the formation of the customs policy;
- ensuring openness and transparency of activities of customs policies to the public, their active involvement in this process;
- active involvement in the implementation of European integration measures Ukraine;
- cooperation with international organizations in this field.

State Customs policy as part of foreign policy must be scientifically justified and based on a synthesis of different theories different fields.

The efficiency of governmental bodies in coordination with nongovernmental provided accurate and correct interpretation of the term “customs policy”. We believe that the problem is solved grouping interpretations of the nature of customs policy in four main areas: administrative law; organizational management (institutional); financial and economic; social and psychological.

Administrative and legal treatment of customs policy focused on the disclosure of its key provisions because of the actions of regulations aimed at the use of the government in the regulation of foreign trade. From this point of customs, policy is treated as a system or set of activities, rules regulating foreign trade activities primarily administrative as ordering in this area by means of regulatory legislation.

Organizational and management definition characterizes customs policy across government organizations and institutions in which it developed, defined and implemented. First of all executive and legislative authorities, the various competent organizations and relevant ministries and agencies, developing-prohibitive or restrictive licensing system in the movement of goods and individuals across the customs border of Ukraine, organize and carry out their control.

Financial and economic interpretation of the customs policy associated with the implementation of the foreign and domestic economic and financial policy, which is based on protectionism or free trade on, or in harmonious combination of the previous two directions. Depending on the

choice of a direction and degree of action (protection may be reasonable, moderate, hard) in practice are different measures of economic policy, customs and tariff regulation and taxation.

Socio-psychological interpretation of customs policy due to the fact that the concept of policy includes social and psychological components that outline the area of conflict-consensus thoughtful steps maneuvers forced compromises, agreements, assignments, pressures and barriers to the conditions of the social environment and psychological state of participants in foreign economic activity. The presence of political will to hold, directly adjustment or change of customs policy is an important characteristic of relations arising in customs activities.

**Conclusions and further researches directions.** Given the above definition, summarize the essence of the category “Customs policy” as follows: a complex multidimensional concept that combines administrative, institutional, economic and social mechanisms that determine the order of its implementation to achieve the main goal – to protect the economic interests of the state.

The presence of different approaches to defining the essence of foreign and especially customs policy explains the versatility and complexity of activities that require serious research. It is therefore necessary to not only understand and define the place of customs policy in modern customs, but also to clarify its relationship with such categories as political will, mission and principles of customs. An important task is to determine the object and subject of customs policy, and the relationship of change from large and small economic cycles with other scientific concepts.

All these questions must find reflection in the large-scale scientific program of theoretical and methodological problems of customs policy of Ukraine.

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