

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

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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.



Belarus has implemented fundamental WCO conventions. The Republic of Belarus has become the 72nd country acceded to the International Convention on Harmonization and Simplification of Customs Procedures.

The main procedures on implementation of the Convention are planned to be completed after adoption of the Law “On customs regulation in the Republic of Belarus” that along with the Customs Code of the Customs Union in force will form the basis of Belarusian customs legislation.

The draft Law includes practical approaches to customs regulation that ensure Belarusian economic operators to reduce their foreign economic operations’ costs and to enhance competitive capacity. The draft Law is being developed considering achievements of the customs service in application of information and communication technologies, its best practice regarding electronic declaration of goods, up-to-date interaction networks for production of high technology articles and logistics of goods.

For the purposes of goods classification in accordance with the Common customs tariff of the Customs Union and its further application with a view to consider the rules of origin the Republic of Belarus is implementing provisions of the International Convention on the Harmonized Commodity Description and Coding System.

The customs authorities of the Republic of Belarus introduce the provisions of the Convention on Carnet ATA and Convention on Temporary Admission simplifying the import of goods intended for sports, concerts and exhibition activities.

Legal principles of cooperation and interaction in fight against smuggling and other customs offences, mechanism of mutual assistance in Belarus are based on the International Convention on mutual administrative assistance in prevention, investigation and suppression of customs offences.

In the present time the Republic of Belarus is a contracting party of 2 multilateral international agreements with CIS countries and member-states of the Customs Union. Furthermore 15 bilateral international agreements on cooperation and mutual assistance in customs matters are concluded with Azerbaijan, Italy, Iran, Libya, Latvia, Lithuania, Poland, Vietnam, Slovakia, Turkey, Czech Republic, Estonia, Ukraine, Finland and Turkmenistan.

Moreover about 30 international agreements between respective authorities on different cooperation matters are concluded: advance information exchange on transported goods and vehicles, customs statistics data exchange of bilateral trade, cooperation on matters of customs value control, mutual recognition of documents etc.

The work is continued on conclusion of international agreements on cooperation and mutual assistance in customs matters with Georgia, Austria, Belgium, Rumania, Serbia, South Korea, France, Japan, Bulgaria, China, Indonesia, Great Britain, Germany, Montenegro, Syria, Macedonia, Slovenia, Albania, as well as regarding conclusion of interagency agreements with Iran, Turkey, Italy, and Ukraine.

The Customs service of the Republic of Belarus participates in implementation of the three modernization elements within the World Customs Organization concept – “3Ps”: Political Will, People and Partnerships.

Political Will – improvement of customs regulation is going forth in accordance with the concept document – Strategy and main directions of development of the customs service of the Republic of Belarus for the period till 2015.

The implementation of the Action plan on implementation of the Strategy and main directions of development of the Customs service will ensure achievement of goals determined on the basis of the current status in the customs sphere and according to strategic guidelines for implementation of provisions within directions on national level.

In particular:

- ensuring favourable environment for business community: simplification, reduction of existing and refusal to introduce new administrative procedures, reduction of costs related to customs clearance of goods, and as a consequence increased competitive capacity of Belarusian enterprises, improved investment climate;

- organizational and legal compliance with international customs standards, ensuring efficient functioning of the Customs Union within the Eurasian economic community, as well as within ongoing integration of Belarus into global economic relations.

In regard to capacity building the Customs service is implementing such pillars as “Customs – Research”, “Customs – Business”.

Strategy and main directions of development of the Customs service for the coming 5 years and Action plan on its implementation are closely connected with enhancement of the performance quality of customs clearance procedures.

To address quality problem a universally recognized tool is used, namely, a package of international standards ISO 9001 “Quality management systems”. Aspects concerning introduction of requirements set in international system ISO are included in the Strategy and main directions of development of the Customs service of the Republic of Belarus for the period till 2015.

The Action plan on implementation of the Strategy and main directions of development take into account the provision stipulating that the customs services shall target and satisfy the requests and expectations of consumers – business entities and natural persons.

Three key elements of comprehensive quality management system have been taken into consideration as well: definition of objectives, strategic and medium-term planning, and assessment of results. Programme-based and targeted approach to Customs service development is based on provisions set out in Concept of national security and takes into account performance measurement indicators in index numbers.

Methodology and planning approaches to ensure quality correspond with indicative planning of social and economic development guidelines of the state. The activity of the Belarusian Customs service is being annually assessed pursuant to performance and efficiency indicators and criteria what totally complies with ISO 9001 standards.

The legal environment is now being created that is essential to move from planning and assessing based on achieved outcomes towards programme-based and targeted approach as well as evaluation in terms of deflections and performance measurement indicators. Integral objects of monitoring and analysis of the customs service development are set. The product “customs services” is defined in index numbers, this product’s quality is and will be developed by the Service.



At first instance the customs services quality means the compliance with the established standards: the Customs Code of the Customs Union, requirements recognized by the World Customs Organization and set in the International Convention on Harmonization and Simplification of Customs Procedures and the Framework of Standards to Secure and Facilitate Global Trade.

Concerning the element “Partnerships” the following should be emphasized: since 1993 the Customs Service of the Republic of Belarus is a member of the World Customs Organization, it cooperates dynamic in a wide range of issues with the customs authorities of the Republic of Kazakhstan and the Russian Federation within the Customs Union, with the customs bodies of the CIS and those of neighboring countries, it interacts with the European Union and other international instruments in matters related to technical assistance.

The World Customs Organization has dedicated the year 2012 to the promotion of “Connectivity” – extensive support and promotion of information exchange on official and informal levels between the members of the global customs community: customs administrations, customs officials.

The prerequisite to efficient fight against smuggling and other offences of customs legislation in the territory of the Customs Union is to organize valuable exchange of information between the customs services of Belarus, Russia and Kazakhstan. By means of information provided by the Russian colleagues a number of supply chains for smuggled goods across the Belarusian segment of border has been detected and prevented. In its turn the Belarusian side also provides to the Russian colleagues the information contributing to interception of goods transported in violation of legislative provisions.

The customs bodies of Belarus apply extensively information exchange for the purposes of customs matters in the following directions: “Customs-to-Customs”, “Customs-to-Business”, “Customs-to-Governmental bodies”. The exchange of information is a core element of customs services’ cooperation on national level.

The State Customs Committee participates in meetings of ad hoc Working Group on Globally Networked Customs of the World Customs Organization.

The WCO Secretariat has invited Belarus to take part in development of information exchange procedure for railway traffic of goods between the European Union states and countries of Eurasian community.

Training of personnel

In relation to element “People” it should be mentioned that the training of customs officials and participants of foreign economic activity as to customs legislation issues is provided within the recently established State Institute of Advanced Training and Development of Human Resources of the customs bodies.

The basic principle of personnel training system in the customs service is continual, sustainable and results-oriented process of training at stages of higher and advanced education.

Training course “Customs” as special subject based on high education is available in the Belarusian State University, Belarusian National Technical University, Belarusian State University of Transport.

Annually graduates of secondary schools from Belarus become students of full-time course of study in the Russian Customs Academy.

The customs officials visit retrain courses in the “State Institute of Advanced Training and Development of Human Resources of the customs bodies”, Academy of Public Administration under the aegis of the President of the Republic of Belarus, National Security Institute, Institute of Governmental Service and Institute of Managerial Human Resources in the Academy of Public Administration under the aegis of the President of the Republic of Belarus and other institutions.

The process of training in the course of customs officers’ service includes officials’ duties and physical education, weapons training, retraining, and advanced training, executive development and personnel reserve training, secondments. Much attention is paid to practice and training exercises to develop skills of the officials in emergency situations.

Moreover an English language training programme has been designed for the customs officers within the course “English language for special purposes: customs issues” in association with the Minsk State Linguistic University.

On regular basis diverse workshops are held for heads of customs inspection and customs checks support units, for officials from tariff regulation divisions concerning issues of customs charges collection, for legal services and tariff regulation divisions in matters related to development of unified cases treating in court proceedings, and development of common approaches to use of legislation of the Republic of Belarus and the customs legislation of the Customs Union.

The customs officials participate in international meetings to study the best practice of European Union member states in preventing corruption and promoting integrity, in establishing and introducing preliminary informing system, in developing the Concept of Integrated border management of the Republic of Belarus within the flagship initiative “Integrated border management” of Eastern partnership; as well as the customs officials take part in regional seminars on post clearance audit for customs administrations of the Customs Union member states organized in cooperation with the World Customs Organization.

One of the crucial parts for the customs service development was establishment of sectoral research frameworks. The scientific component is developed within the State Institute of Advanced Training and Development of Human Resources of the customs bodies, as well as by means of department “Customs” in Belarusian State University, Belarusian National Technical University, Belarusian State University of Transport and National Security Institute.

The State Institute of Advanced Training and Development of Human Resources is considered as educational and scientific centre for the benefit of customs interests. Establishing the departmental educational institution has ensured the creation of unified and system-based approach to training and advanced development of the customs officials. The Institute provides the opportunity for advanced training of teachers from institutions of higher education from the whole republic who lecture in customs course disciplines.



Automatization of customs processes

A weighty contribution to development of customs bodies in the coming years was the fact that a separate subprogram “Electronic Customs” has been included into the National programme of accelerated services growth in IT and communication technologies for the period 2011 – 2015. The projects objective is to create conditions for comprehensive electronic declaration of goods. The main goals are defined as follows: development of IT and communication technologies infrastructure, application of risk analysis and management system, upgrading information and analytical support, and facilitating introduction of electronic commercial documents.

About 82% of export and 50% of import consignments are performed today using electronic customs declaration. The introduction of computerized (without a human involvement) performance of several customs operations is foreseen in the future that will enable to reallocate officials among crossing points, in the first instance aiming at solving tasks within the Customs Union.

The pre-arrival electronic information system is designated to focus the Customs service’s resources on control of goods not compliant with the established requirements of safety for consignments and taking into account the necessity to speed-up the customs clearance. The utilization of this system allows reducing time required to complete formalities for transit and release of goods according to any customs procedure.

Introduction of pre-arrival electronic information system in global supply chain prevents illicit trafficking in drugs, weapons and ammunition, commercial fraud.

More than 30% of freight vehicle transit traffic passing the Republic of Belarus is executed using pre-arrival informing of the customs bodies. It is planned to launch the mentioned technology in relation to shipments by rail.

Pre-arrival information enables to implement selectivity principle of customs control while ensuring its high efficiency, eliminating cases of shipping documents replacement, and declaring under false code according to goods nomenclature, as well as understatement of transported goods weight.

Border equipment

Along with its fiscal and enforcement duties the Customs Service of the Republic of Belarus is implementing today the next five-years-term Comprehensive development programme of road crossing points infrastructure at the State Border of the Republic of Belarus.

During the last 5 years the reconstruction of the following crossing points has been completed: “Kotlovka” and “Beniakoni” – at the border with Lithuania, “Bruzgy” and “Berestovitsa” – at the border with Poland, “Mokransy” and “Novaya Rudnya” – at the border with Ukraine.

In 2011 the crossing point “Domachevo” has been build at the Belarusian-Polish border. The total capacity of the crossing points has increased more than in two and a half times – from 8200 to 20950 vehicles per day. It is planned to achieve the index 34000 vehicles per day till the year 2015.

The Belarusian part of the external boundary of the Customs Union territory is equipped both in line with the national programme and by means of international technical assistance within the Cross-border cooperation programmes “Poland – Belarus – Ukraine” and “Latvia – Lithuania – Belarus”. It is expected to provide full reconstruction of the crossing point “Peschatka”, it is foreseen to build scanning systems in the crossing points “Privalka” and “Grigorovshchina”.

Suppression of illicit drug trafficking, fight against smuggling

Within the Customs Union and considering intensive growth in international trade, liberalization of approaches to foreign trade transactions, the key objective of improving enforcement activities of the customs bodies became sufficient to address challenges and threats emerging in relation to national security matters within the Customs Union member states.

The every day practice of the Belarusian Customs Service includes modern operational tools based on risk management system, use of technical means of customs control, intelligence and enforcement instruments and canine service facilities, as well as post clearance control.

Specific conditions for enforcement activities within common customs area are directly associated with increase of such risks and threats as illicit trafficking in drugs, weapons and explosives, import and involvement in economic turnover of smuggled goods.

In two recent years about 114 attempted violations of smuggled trafficking in drugs and psychotropic substances in total weight more than 2 tons have been suppressed at the border with the European Union and Ukraine. A number of proceedings have been initiated in line with smuggled trafficking in weapons and ammunition.

It becomes a high level threat that the crime actively participates in organizing fraud mechanisms aiming at evasion of customs payments while importing goods into the territory of the Customs Union. In 2011 about 55 criminal proceedings were initiated in line with mentioned facts. Attempted consignments of smuggled goods and vehicles have been also prevented that were transported under the guise of temporary import into the common customs territory in order to evade customs payments.

Taking into account the actual trends of development in smuggling and illicit business activity and widely using the available capacity and resources in order to combat the described threats the Customs service of Belarus has moved from the practice of large-scale operations to targeted work of mobile groups.

In the custom houses located on major drug-traffic routs the canine service units are established. In the present time in collaboration with colleagues from the Federal Customs Service of Russia a concept of perspective development of canine services of both countries is being developed.

Innovative technologies of customs control

In the process of Customs service modernization particular attention is paid to innovative methods of detecting and suppressing illegal actions while performing foreign economic activity, notably, use of X-Ray scanning systems. The Custom houses operate 6 mobile X-



Ray scanning systems, in the nearest future it is planned to equip the border crossing points with further 4 systems.

The introduction of customs control system with involvement of X-Ray scanning systems resulted in increase of customs inspection efficiency up to 40%. Furthermore the number of detected customs offences committed by means of hidings has increased as well. In parallel the time required for performance of customs operations in the crossing points across the State border has been reduced what therefore resulted in increased capacity of the crossing points.

Facilitation of customs formalities while transportation of goods across the customs borders and reduced time of customs clearance is balanced by measures on development and improvement of customs control after release of goods. The system of post clearance control also builds on risk management system. Measures of control are applied in relation to goods released for free trade or production process. The effectiveness of customs checks is not lower than 90%.

Transit and logistics

The developed network of transport and logistics centers, equipment of crossing points at the border aim at efficient service of goods turnover, inter alia transit. The development of this branch within governmental programmes takes place in active participation with the customs bodies.

The necessity to use advantages of logistics system in modern customs environment is stipulated by the requirement to reduce time of customs services and accordingly delivery of goods to users, the need to enhance receipt of required information about flows transferred across the custom houses.

The adoption of the Customs Union Customs Code has unified formalities in relation to transit across three countries. The standard form of transit declaration is applied and harmonized with the corresponding document of the European Union. The following documents are possible to be used as transit declaration: shipment documents, package of documents stipulated by the Convention on International road transport and temporary import of goods, documents of Universal Postal Union.

A transport operator crossing the Belarusian-Russian and Russian-Kazakhstan borders does not face the necessity to undergo customs control and to complete the national transit declaration. The single system of delivery control is established. The exchange of electronic messages between the customs houses of departure and destination has eliminated the need to transmit paper documents.

In practice the goods imported into the customs territory of Belarus can be placed under the procedure of customs transit in Belarus and forwarded to Russia or Kazakhstan without completing any additional transit customs declarations when entering the territory of these countries.

The dynamics of goods turnover across the Belarusian part of the customs border of the Customs Union is consistently a positive trend. In 2011 comparing to 2010 up to 13% growth of freight vehicles crossing the border ha been established. All means of transport forwarded up to 14% more goods across the border in comparison to 2010.

Measures taken in Belarus in relation to improvement of transit environment and development of transport logistics enable to enhance interest of foreign operators in using the territory of the Republic for purposes of cargo transportation and investment of capital in transport and customs infrastructure.

For the same purpose is intended development of legislation, reduction of customs formalities, modernization of data communication networks necessary for informational support of consignments and for usage of electronic systems to monitor the movement of cargo.

Customs and Business, Authorized Economic Operators

One of the main achievements of the Customs Service of the Republic of Belarus is strengthening of reliable cooperation between the business and customs authorities. The Strategy and main directions of development of the customs bodies of the Republic of Belarus for the period till 2015 define one of its core objectives ensuring favourable environment for business community: simplification, reduction of existing and refusal to introduce new administrative procedures, reduction of costs related to customs clearance of goods, and as a consequence increased competitive capacity of Belarusian enterprises, improved investment climate.

One of the efficient tools of such cooperation is institute of authorized economic operators. For business entities granted this status is foreseen a number of specific benefits related to movement of goods across the customs border as well as prevention of violations against the customs legislation and effective use of business entities' and customs authorities' resources. For example, the goods from the producer warehouse is transmitted to the border or from the border – to the warehouse with involvement in economic turnover, furthermore the customs payments are to be paid later.

In the present time there are registered about 305 authorized economic operators. Development of this institute is pursued by means of granting benefits while customs clearance in relation to how the business entities comply with established requirements.

Constructive dialog with business community takes place during meetings of Social Council of the State Customs Committee. Its best practice stipulates that Council members participate in consideration of the most crucial decisions on customs matters, at the same time the State Customs Committee a priori positively aims at taking into account interests and proposals coming from business community.

Cooperation of customs bodies with business community representatives concerned in creation of favorable environment for lawful foreign trade transactions is considered as key element of action framework on prevention and detection of violations in customs matters and damage ceased thereof.

The used risk management system has significantly reduced the number of control that business entities have been previously subjected to. The number of performed checks comparing to 2004 is lower more than in four times. At the same time the efficiency of customs inspections has increased from 2005 to 2011 more than in seven times.

The reduced number of field customs checks and retargeting to office customs checks (performed without visiting the business entity and based on documents available at the customs bodies) has become the objective of work carried out by the customs authorities



towards minimization of their involvement in business processes, characterizing the control as a preventive measure.

The approaches to assess insignificance of offences committed in foreign economic activity have been specified, notably, regarding offences not ceasing significant damage to economic interests of the country. They are the following:

when discrepancies occur in transport (shipping) and commercial documents;

when facts are established regarding wrong classification of goods implying failure to pay customs charges.

In 2011 based on insignificance criteria the customs authorities have dismissed 1425 cases regarding administrative offences without be brought before court.

Participation in “Columbus” programme of the World Customs Organization

In 2005 in order to coordinate customs bodies’ activity on implementation of Framework of Standards to Secure and Facilitate Global Trade adopted by the Chairpersons of 170 customs administrations worldwide, the WCO Secretariat has developed the “Columbus” programme. The Republic of Belarus has launched this project since 2006.

Within this Programme in June 2007 the WCO diagnostic mission has been conducted to research the Customs service. The main purpose of the performed study was to provide assessment of the service’s opportunities to introduce in practice the SAFE Framework of Standards. The WCO experts have emphasized that core principles and approaches set within the SAFE Framework of Standards have been included in strategic documents of development of the Customs service in the Republic of Belarus. The experts noted the high level of efficiency in strategic management system and high competence and qualifications of the personnel. The experts estimated the high level of border crossing points’ infrastructure and their operation. In accordance with the mission’s findings the Customs service has launched the 2nd phase within the “Columbus” programme.

In the course of the past years the World Customs Organization has provided support to the Customs service of Belarus in improving customs administration regarding the areas as nonintrusive control, information and communication technologies, as well as pre-arrival electronic information exchange, concerning classification of goods and post clearance audit issues.

Expert groups of the World Customs Organization visited twice the State Customs Committee and noticed the high level of management in the customs authorities of Belarus, their compliance with international standards.

The Republic of Belarus became the 3rd country in the world invited to participate in the 3rd completion phase within the “Columbus” programme stipulating monitoring and evaluation of outcomes achieved by the Customs service. The mission of WCO experts is expected to visit Belarus in April 2012.

Summary and concluding remarks

The guideline in development of the Customs service of the Republic of Belarus aims at knowledge and technologies, international best practice and experience, harmonization of activities within the Customs Union with the Russian Federation and the Republic of Kazakhstan.

Ensuring free circulation of goods and assuring fulfillment of legal provisions and regulations the customs officials contribute to establishment of required environment for sustainable economic growth of the country, for providing coordinated governmental support of high priority branches and enterprises, for increasing competitive capacity at international market of goods and services.