



International Finance

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**WORLD CUSTOMS ORGANIZATION
AS INSTITUTE OF CUSTOMS SERVICE
MANAGEMENT ON INTERNATIONAL LEVEL**

Abstract

In the article the purpose of forming World Customs Organization and its organizational structure are explored, the stages of its development, key principles of modernization of customs services and administrative influences on customs service of Ukraine are classified; recommendations and suggestions concerning the adaptation of customs system of Ukraine to the requirements of WCO are formed.

Key words:

World Customs Organization, administrative influences of WCO, Convention of Kyoto, Frame standards of WCO.

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Introduction

International agreements on questions of customs regulation change the functions of customs agencies, influence the processes of organization of customs agencies and all customs service. The customs system of every country was formed separately under influence of various economical, historical and social factors, typical for this country. Therefore there was an objective necessity of elaboration of world customs standards, simplification and harmonization of customs procedures which would provide safety and comfort of world trade system and help in the construction of the international customs system.

With development of customs collaboration between countries there was a necessity of founding an organization which would be engaged in regulation of these relations on international level and would give practical recommendations concerning their realization, set the proper balance between national, regional and international requirements in the field of customs service.

The questions of founding and functioning of World Customs Organization were studied by such researchers as Grebelnyk O. P., Dodin E. V., Yegorov O. B., Yershov O. D., Perepelkin S. M., Sandrovskiy K. K., Chencov V. V. and others.

However, the aspects of administrative influence of World Customs Organization on national customs services are not researched enough. Problems in the sphere of adaptation of customs service of Ukraine to the world's requirements need to be complex analyzed.

The purpose of this article is to research the aims of founding and stages of functioning of World Customs Organization, its influence on customs service of Ukraine, and to form recommendations and suggestions concerning adaptation of the customs system of Ukraine to the requirements of Organization.

1. Managerial goals and main tasks of World Customs Organization

Today there is only one worldwide international intergovernmental organization which competence includes determination of questions concerning customs services – it is the Customs Cooperation Council (CCC) or World Customs Organization (the name is unofficial and is used since 1994, farther as WCO). It counts 172 states-participants that are why sometimes it is named United Nations Organization on customs questions [8: 290].

In the modern terms of internationalization and globalization every country aims to extend the external economic relations and to assist development of for-

eign trade with all countries of the world. An important role in this process is played by the customs system. Central place in the world in regulation of international relations, connected to the determination of questions of customs service belongs to WCO.

WCO proclaims honest, transparent and provident customs environment. Development of national economy and increasing of social welfare of countries-members of Organization must be the results of creating such environment. Certainly, a strong national economy of country will be attractive for other countries and therefore will facilitate the prosperity of international trade and simultaneously will make an effective fight against possible criminal activities [20].

Founding and development of World Customs Organization can be divided into several stages. To our opinion, it is necessary to assume organizational and managerial goals as a classification feature.

The first period can be named the foundation stage.

In 1947, the period of founding GATT, began to function the Customs committee, which was founded by thirteen countries of Western Europe with the purpose of comparative research of different aspects of customs service, including customs procedures in countries-participants, unification of these procedures, creation of unified commodity nomenclature, and also acceptance of unified rules of goods, with customs aims. At the end of 1950 three projects of conventions which became the basis of modern international customs law were prepared. One of them – Convention about founding Customs Cooperation Council, signed in Brussels on December, 15 in 1950 became the constituent act of the biggest international organization on customs questions. It came into force on November, 4 in 1952, and this date appears to be the beginning of functioning of CCC. Session which is the highest organ of CCC, on the item of article 7 of Convention must be convoked no less than once in a year [5: 170].

Functioning of Council began with work of first session on January, 26 in 1953 in Brussels. An opening of the first session day – on January, 26 – began to be honored as an annual professional holiday – International day of customs officer. On the first meeting there were present representatives of 17 states-members of Council, including: Austria, Belgium, France, Germany, Greece, Spain, Sweden, Switzerland, Turkey, Great Britain, and Northern Ireland. In 1961 Council counted 29 states, in 1971 – 66, 1981 – 93, 1986 – 97, 1987 – 103, 1997 – 132 states [9:503].

In obedience to an article 3 of Convention about founding of Customs Cooperation Council as its functions were determined followings questions:

- 1) Studying of all questions related to customs cooperation. Contractual sides consented to assist such cooperation in obedience to the main purpose of this Convention;
- 2) Studying of technical aspects of the customs systems, and also economical factors related to those aspects, with the purpose of offering practical

facilities of achievement of possibly higher level of coordination and harmonization to members of the Council;

3) Preparation of projects of conventions and amendments to already existent conventions, and also carrying out recommendations regarding their acceptance to the interested Governments;

4) Development of recommendations, which provide the harmonized explanation and application of conventions which were arranged both as a result of work of the Council, and conventions, which concern a nomenclature for classification of goods in customs tariffs and valuation of goods in customs aims, prepared by a study group of possibility of creation of the European customs union, and also with this purpose realization of functions which can be foreseen by these conventions in accordance with their positions;

5) Development of conciliatory recommendations for the solution of disputes, related to interpretation and application of conventions, in accordance with positions of these conventions; the sides of dispute can agree to consider recommendations of the Council obligatory for themselves beforehand;

6) Providing for distribution of information related to the customs regulation and procedures;

7) Giving the interested governments from own initiative or on their request information or advices on customs questions in accordance with the main purpose of this Convention and making recommendations in this relation;

8) Cooperation with other intergovernmental organizations on questions which are included in competence of the Council.

The superior organ of World Customs Organization is the Council which consists of representatives of the states-participants and must be convoked no less than two times per a year. Delegations of countries-participants, as a rule, are represented by the leaders of national customs services. Every state-participant has one vote except for cases, when a councilor does not have a voting right on any question of interpretation, application or making changes, in any of operating conventions, which does not have a relation to this member [6] and represented correspondingly by one delegate, who can have one or several deputies, and also advisers. The work of the Council also can be looked after by the representatives of governments which are not members of the Council. Decisions of session are taken by 2/3 voices of present members of WCO, who must have voting right [9: 504].

The Council on its session annually elects a Chairman and, as it is foreseen in a constituent act, not less than his two deputies from a number of delegates which are sent by countries-participants.

It is necessary to select two major subdivisions in the structure of representative organs of CCC except for Chairman and deputies: the General Political commission and Financial committee [5: 172].

The general Political commission (farther as Commission) was founded in 1978 and must conduct meetings no less than two times per a year.

Its plenary powers include the discussion of important questions of functioning and development of world customs system, which in future are carried out for consideration of the Council: development, implementation and proceeding of international conventions and other legal instruments in the field of customs service, application of resolutions of WCO about safety and simplification of international trade, strategy of increasing of potential of customs services, questions of the Harmonized system. Commission approves the order of functioning and plans of for working organs of Organization, and also observes questions of its strategic planning.

Commission within the limits of its jurisdiction can give recommendations to the Council, and in those questions which need urgent decision, can come to the Secretary general of the Council with a requirement of realizing such actions which Commission considers to be necessary in interests of the Council.

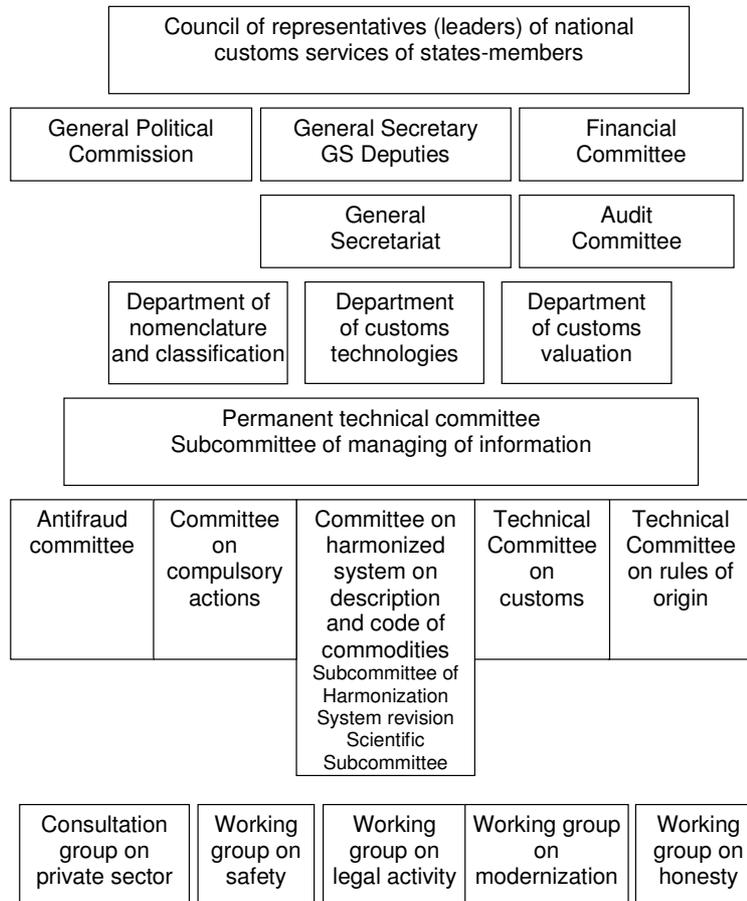
Memberships in Commission is limited to 24 representatives, and of them 17 representatives of the states-members are elected on regional basis from the most active members of concrete region, and other 7 members are occupied by Chairman of the Council and his deputies. The members of Commission are elected by the Council on a two-year term, but Chairman and deputies – on 1 year. As a rule, the leaders of customs services or their deputies take part in meetings of Commission.

Decision of Commission which need financing, before their consideration on the session of the Council are passed for consideration of the Financial committee which take decisions on these questions.

Financial committee is the elected body which is formed the by common vote of members of WCO on its sessions in composition of 17 members. Committee has the task: to control correctness of financial charges of WCO funds by the Secretary general and persons which he has a right to turn signing the financial expense documents of Secretariat of WCO over to; to prepare financial documents (in profitable and expendable parts) for the session of WCO about the sizes of annual financial annual payments to WCO from its countries-members and about expenses in directions of activity of WCO for the next year [8:292]. The size of payments answers the system of payments in UNO. Payments of the states-participants make up so: The USA – 25%, Japan – 17%, Germany – 8%, Italy – 5%, France – 5%, Great Britain – 4%, Canada – 3%, Spain – 2%, Ukraine – 1,72% [9: 504].

Financial committee conducts meetings depending on necessities and in accordance to the decisions of sessions of WCO, but not less than once a year. On its (annual) meeting Financial committee gives a financial estimation (on the basis of materials of audit) for functioning of Secretariat of WCO and draws up an annual financial draft (incomes and expenses) of WCO on the basis of political decisions which were accepted by Political commission.

Figure 1.

Structure of World Customs Organization

For implementation of aims of Organization, Council can create committees, which also can have subcommittees, and also form precession or constantly operating working groups for their necessities.

The workings organs of CCC are so-called Technical committees.

Among working organs the one which is engaged in customs technologies is to be considered as superior. This organ is the Permanent technical committee. Customs technologies include everything that touch study and definition of practical measures for achievement of purpose that was set – to attain harmonization and unification of customs systems.

Permanent technical committee forms out of the representatives of all countries – members. Each of them can appoint in Committee as their representatives of one delegate and one or several deputies. According to an item X of Convention, representatives, must be public servants with the special knowledge of questions of customs practice, they can have experts with them.

Permanent technical committee is convoked not less than four times per year. Committee develops methods of simplification and harmonization of customs legislation and procedures. Up to this time major result of work of Committee is still The International convention of simplification and harmonization of custom procedures adopted in 1973. Besides Committee conducts comparative researches, publishes the dictionary of international customs terms, develops the projects of international custom conventions and gives recommendations about simplification and harmonization of customs procedures.

If at the moment of founding and in the couple first years of existence Customs Cooperation Council consisted only of West European countries, at this time it is universal organization which is engaged only in customs questions.

The constantly operating executive organ of the Council is the General secretariat which is placed in head-office of Organization in Brussels. In the structure of this there are: General Secretary, his deputy, directors of departments of nomenclature and classification, of customs technique, of customs valuation and deputies of directors. It is a leading link. Public servants are elected in Secretariat by contract for 5 years.

The second stage is the stage of Customs Cooperation Council's work towards unification of customs systems.

The purpose of formation of CCC was not only forming an executive apparatus necessary for implementation of conventions, developed under protection of organization, which was formed for cooperation of the states in customs questions. Organization has authority wide enough for, as it is registered in a constituent act, «providing for possible higher level of coordination and unification of customs systems and intensification the study of problems which arise during development and improvement of customs technology and customs legislation» [7:184].

Under protection of CCC were accepted such universal international agreements as International convention about simplification and harmonization of custom procedures (Convention of Kyoto of 1973), Customs convention about carnet of ATA for the temporal importation of commodities (Convention of ATA of 1961), International convention about description and code of commodities of 1983, Istanbul convention about the temporal importation of 1990, International convention about a mutual administrative assistance in non-admission, investigation and stopping of customs offences (Convention of Nairobi of 1977), and many others.

World Customs Organization from the moment of its foundation is working in fields of harmonization and unification of the customs systems, improving of

customs legislation, development of international cooperation. Recommendations of World Customs Organization are directed on creation of such customs system which would be adjusted to these terms and would effectively operate in them.

Considering the amount of the states-members and their wide geographical representation with the purpose of acquaintance with the necessities of all of states-members in 1984 Organization made a decision about using the system of regional representation, which can be considered as the beginning of the stage regionalization of CCC.

Based on the spectrum of factors, such as working language, geographical closeness, current system of regional structures of other international organizations, was accepted a decision about foundation of six workings region of the Council, namely:

- East and South Africa;
- Western and Central Africa;
- North America, Near and Middle East;
- Far East, South and South-east Asia, Australia and Pacific islands;
- North, South, Central America and Caribbean pool;
- Europe.

Ukraine is in the structure of region of Europe, along with other new independent states which appeared after disintegration of the USSR.

So the main activity of WCO is directed on helping states-members in achievement of the most effective realization of procedures of customs registration, organization of work of customs organs.

Every year members of WCO develop the Strategic plan which appears to be the base of their activity for the next year. In the context of priorities fixed in the Strategic plan, at this time Organization gives priority to other new main priorities which are built on safety and help for the international trade delivery system.

For this time such priority tasks are:

- providing safety for global system of international trade;
- fighting against customs commercial falsification;
- fighting against smuggling of tobacco and cigarettes;
- fighting against violation of intellectual ownership rights;
- assisting for better exchanging of information between customs organs;

- fighting against money laundering;
- assisting in simplification and harmonization of trade;
- using informational and communicational technologies in work of customs organs;
- fighting against corruption in customs organs;
- partnership in customs academic research and development;
- organizing of development of institutional abilities.

Though functions and duties of customs remain unchanged for many years, the ways of implementation of functions and duties of customs administrations changed significantly. Motive forces of these changes can be:

- globalization and constant growth of volumes of international trade;
- growth of international disturbance by the cost of implementation of ineffective and out-of-date customs procedures on border;
- growth of using and accessibility of new informational and communicational technologies;
- more difficult requirements, related to the international obligations (including entering to WTO);
- growth of international competition in international investing;
- signing of regional trade agreements which complicate control after custom procedures significantly;
- growth of work and expectations of governments with the unchanged or diminished locating of financial and human resources;
- growing awareness of effective management and honesty in customs structures;
- after terrorist attacks on September, 11, 2001 understanding of necessity to play more important role in protection of society from threats to national safety by customs administrations became significantly stronger.

As a result of these factors, both among businesses and among most international financial institutions grew up an awareness of importance of effective customs administrations, for economical and social development in countries which develop. Correctly formed and ethical customs administrations make a great deposit to forming of budget of country and help governments to help trade and investments, and also promote confidence in quality and honesty of state institutions.

Offered by us stages of development and classification of main administrative results of WCO are placed in a table 1.

Table 1.

**Stages of development of administrative influence
of World Customs Organization**

Period	Main purposes	Amount of countries-participants	Basic managerial results
Stage of foundation (1947–1952)	Comparative analysis of customs business in countries-participants, unification of customs procedures, creation of the unique commodity nomenclature, acceptance of the unique rules of custom valuation of commodities	13 states-members of Council	Convention about founding of Customs Cooperation Council
Stage of unification (1953–1984)	Creation of executive apparatus, providing for coordination, and unification of the customs systems and studying of problems of development and improvement of customs technologies and customs legislation	1953 – 17 states-members of the Council 1961 – 29 states 1971 – 66, 1981 – 93.	Convention of ATA of 1961, Convention of Kyoto 1973, Convention of Nairobi of 1977, International convention about description and code of commodities in 1983
Stage of regionalization (1984–2001)	Introduction of the system of regional representation in WCO	1986 – 97, 1987 – 103, 1997 – 132.	Istanbul convention of 1990. Foundation of six working regions of Council: <ul style="list-style-type: none"> • Eastern and Southern Africa • Western and Central Africa; • North America, Near and Middle East; • Far East, South and South-east Asia, Australia and Pacific islands; • North, South, Central America and Caribbean pool; • Europe.
Stage of safety (2001 – to thereby)	Strengthening of anti-terrorist control on borders without negative influence on international trade	171 states-members	Convention of Johannesburg of 2003 Standards of safety of 2005

Table 2.

Classification of key principles of modernization of customs services

Principles of forming of customs legislation	Principles of behavior of customs administrations
<p>Customs legislation, orders, instructions and procedures, must:</p> <ul style="list-style-type: none"> • be public and offered to the clients in a very accessible form (principle of transparency); • be realized in a standard and universal form (principle of foreseeing); • be simplified as much as possible in order for customs registration to be carried out without excessive expenses (principle of simplification); • - be harmonized, where it is necessary, in accordance with international standards (principle of standardization). 	<p>Custom administrations must:</p> <ul style="list-style-type: none"> • be free of corruption and must support the greatest levels of honesty (principle of honesty); • report for the its actions by transparent and easily accessible administrative and/or juridical verifications (principle of responsibility); • provide necessary establishment of customs legislation and orders, assist in unimpeded realization of trade by a managing of risks (principle of assistance and control); • widely apply systems of managing of risks and control with the help of audit for determination of too risky types of activity, people, cargo and transport vehicles, and limit the level of customs intervention (principle of minimum intervention); • use informational and of communicational technologies for assistance in introduction of principles, determined in renewed Convention of Kyoto (principle of informational and communicational technologies); • constantly improve the level of service of customers (principle of service of customers); • develop partnership with state institutions, businesses and other customs administrations (principle of cooperation and partnership); • -set the standards of work and apply the systems and procedures which improve efficiency and effectiveness of all of processes constantly (principle of permanent perfection); • constantly work with clients for increasing a level of their voluntarily consent (principle of improvement of agreement).

So the mission of WCO is establishment of effective and efficient customs administrations by harmonization and simplification of customs procedures. It will result in simplification of trade, which was the purpose of WCO since its foundation. With the purpose of further simplification of trade WCO developed and put into practice Conventions, standards and programs, and also provided technical support of institutional possibilities.

While there is not universal model for modern customs administrations, world custom community considers that all steps of development of institutional possibilities on customs must be concentrated on the improvement of customs activity in accordance with every key principle, determinate in new release of Kyoto Convention.

To our opinion, key principles of modernization of customs services can be divided after two classification signs: principles of forming of customs legislation and principles of behavior of custom administrations.

All attempts of modernization of reformation of customs must be focused on establishment or strengthening of managerial and administrative possibilities of the customs systems.

2. Influence of World Customs Organization on customs service of Ukraine

The processes of globalization, integration, expansion and expanding of international economic connections, determine the rules of participation of national economies in a world economy, require standardization of the system of adjusting of foreign economic activity in Ukraine with the generally accepted international principles and norms. Especially it relates to organization of the customs service in the country.

Formally it is possible to consider that influence of the WCO on the development of the customs service in Ukraine has begun with tacking to the Convention about creation of Council of customs cooperation from December, 15 in 1950[19], which took place in June, 1992 [18].

The international agreements of Ukraine, which have been concluded, play an important role in the management of the customs service.

Under the influence of the WCO Ukraine became the participant of such international customs conventions, worked out by the World Customs Organization: Customs convention about international transportation of loads with application of book of international travelling transportation; International convention about a mutual administrative aid in a distraction, investigation and stopping of violations of customs legislation; International convention about the concordance of terms of ways of control of loads on scopes from October, 21, 1982 (Geneva convention); International convention about the Harmonized system of description and code of commodities from June, 14, 1983 with changes and additions, made by Protocol from Junes, 24, 1986 (Convention about HS); Convention about a temporal import from June, 26, 1990 (Istanbul convention); International convention about simplification and harmonization of customs procedures (Convention of Kyoto in a release from June, 26, 1999).

Customs service of Ukraine constantly carries out work about expansion of contractual and legal base of international cooperation in customs questions.

In 1997 and 1998 Ukraine was elected to the two higher leading organs of the WCO – the General Political commission and Financial committee for a term of 2 years. To the Financial committee Ukraine was elected on 1997–1999, to the General Political commission – on 1998–2000. According to the rule that one country can not sit at once in two leading organs of the WCO, Ukraine has chosen the General Political commission and, thus, yielded the membership in the Financial committee. Customs Service of Ukraine repeatedly received suggestions to send the candidatures of employees of customs organs of Ukraine to work in the Secretariat of the WCO.

The display of high estimation of work of the Customs Service of Ukraine was carrying out in Kiev the Open doors day of the WCO in May of 2000. It was for the first time the Open doors day was conducted outside of headquarters of this authoritative international organization. The participants of the forum familiarized with basic directions of development of the customs service in Ukraine.

The prior work began from joining to the Convention of Kyoto about simplification and harmonization of customs procedures in 2001. The consonantal project of Decree of the President about tacking to International convention about the concordance of terms of ways of control of loads on scopes from October, 21 in 1982 (Geneva Convention) [10:66], which was signed in July, 2002. In May of the same year domestic procedures related to tacking of Ukraine to the International convention about the Harmonized system of description and code of commodities were completed and the Decree of the President of Ukraine about tacking of Ukraine to this convention came to force [11: 114].

Within the framework of work related to the adaptation of the customs legislation of Ukraine to the generally accepted standards and providing of participation of Ukraine in the international integration processes, the Customs Service of Ukraine carried out all domestic procedures, which were necessary for tacking of Ukraine to the Convention about a temporal import in 2003, the project of law of Ukraine «About tacking of Ukraine to the Convention about a temporal import and Additions A, B1 – B9, C, D and E, to it» was worked out and it was given for consideration to the Cabinet of Ministers of Ukraine, the translation of the International convention about simplification and harmonization of customs procedures was done, the work related to the coordination by ministries of the project of Law of Ukraine about tacking of Ukraine to the appointed convention was conducted [12: 61].

Monitoring of the process of coming into force of the Johannesburg convention about a mutual help in customs services from June, 27, 2003 is conducted with the purpose of further carrying out of domestic procedures, which are necessary for tacking of Ukraine to it.

At the beginning of 2004 the delegation of the Customs Service of Ukraine took part in the 103/104 sessions of Council of the WCO, where was approved

the Strategic document of the WCO with suggestions to pay more attention by customs organs to the requirements of legal international trade and to arrange a complex informative exchange [13:60].

The attempts of improvement of the state of technical armament of the customs system were done. On the 22 of September, 2004 the Cabinet of Ministers of Ukraine by its decision asserted the Governmental program for a specified purpose for providing of customs organs with the facilities of customs control on 2004-2010.

In accordance with the regional structure of representations of the WCO Ukraine is the member of the European region of the WCO, at conference of chairmen of customs administrations of which the Customs Service of Ukraine in 2005 took part in discussing the questions of preparation of report by the Political commission of the WCO, co-operation of customs administrations of the European region and expansion of institutional possibilities of the WCO [14: 91].

105/106 sessions of Councils of the World customs organization, which took place in June, 2005 appeared the most considerable for the determination of the reference points of integration of Ukraine in the world customs community and for choosing of the reference points of its customs policy. Participation in their work also took the delegation from Ukraine, led by the head of the Customs Service. The importance of this session lies in the acceptance on it of the Frame standards which outline the ways of further development of customs administrations, including the Customs Service of Ukraine [3; 10].

During 2006 prior work for introduction of the Frame standards of the WCO was conducted. In July, 2006 the Customs Service of Ukraine provided preparations and carrying out of the joint meeting of Sub-committee Ukraine – EU № 5 «Customs and trans-border cooperation» as a result of which was accepted the decision about conducting by the World Customs Organization of diagnostics of readiness of the Customs Service of Ukraine to implement the Frame standards of safety and simplification of international trade [15: 2–83].

In October, 2006 Ukraine joined to the International convention about simplification and harmonization of customs procedures (Convention of Kyoto), General addition and Special additions A, B, C, D, E, F, G, H, J and K to it, in release from 26 June, 1999, that was asserted by the Protocol about the change of International convention about simplification and harmonization of custom procedures. The purpose of joining of Ukraine to the Convention was fixing of the common standards and approaches of regulation of identical legal relationships [8:289].

Acceptance of the Frame standards is very important for Ukraine. Exactly the Frame Standards allow Ukrainian Customs Administration:

- to apply advanced international standards in development of national customs service;

- to create more favorable conditions for the development of international trade;
- to improve ability to discover and control loads which fall under the criteria of risk;
- to increase efficiency of control of traffic of commodity streams;
- to reduce duration of procedures of customs control and output of commodities in a free circulation [1: 9].

On the whole the Ukrainian customs legislation answers the requirements of WCO, in particular Kyoto Convention and Frame standards. Although, certainly, there are some aspects which need to be worked off. Ukrainian Customs Administration should coordinate the determination of separate terms. Also in the Ukrainian legislation there are no norms which touch access of customs service to the computer bases of the subjects of foreign economic activity. We also do not have practice of settlement of customs offences on the basis of compromise. Although Kyoto Convention stipulates consolidation of these norms.

In accordance with the requirements of WCO the subjects of foreign economic activity have the right to change the customs organ of prescription without a previous report and overload commodities from one transport vehicle in the other without permission of customs organ. But in Ukraine they do not have such right.

It is also suggested to Ukrainian Customs Administration to extend the list of circumstances in which the articles of citizens can be placed on bonded warehouses, namely to inculcate norms in accordance with which objects can be placed on bonded warehouses on the request of citizen.

As to the declaration, convention of Kyoto in certain circumstances gives possibility to make alteration in the given declaration, and also provides a right for brokers to recall declaration on commodities and appeal with the request about application of other customs regime. In Ukraine additions or recall of declaration can be carried out with permission of customs organ only to the moment of acceptance of customs declaration by customs organ to customs registration [4].

Frame standards are difficult and complex instrument of management of customs service, most members of WCO must be able to begin the process of implementation of the national customs systems.

Ukrainian Customs Administration answers criteria related to a receipt of help from World Customs Organization and WCO sent a diagnostic group for carrying out, both general estimation of possibilities of Ukrainian Customs Administration and estimation of accordance to the Frame standards. A diagnostic group worked in Ukraine in October, 2006.

A diagnostic group visited the Central apparatus of Ukrainian Customs Administration, met with a top management, guidance of structural subdivisions of customs establishments and operative composition, and also familiarized with

procedures and operations and met with representatives of both private and government sector.

With the purpose of analyzing of administrative influences of WCO on the control system of customs service in Ukraine, we are going to consider the conclusions of the Diagnostic group, problems of Ukrainian Customs Administration and recommendations of WCO related to the increase of possibility of Ukrainian Customs Administration, both in the scale of general modernization and in relation to the accordance to the requirements of the Frame standards [2].

On the whole, the Diagnostic group drew a conclusion, that Ukrainian Customs Administration is a contemporary customs service with the proper systems and procedures, has modern control system with well-defined priorities [15:3]. All the representatives of Ukrainian Customs Administration have good understanding of the prospect of simplification of world trade, even if they were not well-informed in the details of Frame Standards.

With the purpose of approaching to the Frame standards, Ukrainian Customs Administration must develop the plan of implementation. Ukrainian Customs Administration also needs subsidiary resources mainly in the sphere of expenses on equipment. Complete introduction of the risks control system will allow Ukrainian Customs Administration to move personnel to the sphere of complex verification of commodities of increased risk and to simplify trade procedures.

Development of the risks control system and creation of legislative basis for the system of post audit will give Ukrainian Customs Administration possibility to develop full conception of subject of foreign economic activity.

Ukrainian Customs Administration has a stable educational curriculum, in which the Frame standards can be provided.

Other boundary services, polled by the diagnostic mission, agree to cooperate with customs organs in the aspects of further development of the system of the Single window.

Ukrainian Customs Administration has good relationships with the Ukrainian trade and service communities. However, there is always a possibility for further development of existent contacts.

Warning of corruption is an important question. Ukrainian Customs Administration and Government have already accepted certain measures to fight against corruption in customs organs.

Making a conclusion, coming from foregoing, priority recommendations are offered as to introduction of the Frame standards:

1. To assert the long-term Strategic document this also will take into account Frame Standards. This document should include the increase of awareness related to benefits from introduction of Frame Standards.

2. To work out the plan of introduction of Frame Standards, in which short-term, medium-term and long-term aims and actions must be mentioned.

3. Possibilities of carrying out of research, lighted up in the budget of Frame Standards by involvement of employees of Ministry of finance.

4. To ascertain, that all of new achievements and innovations fit with the Frame Standards (for example, new terminal in Odessa port).

5. To inculcate entirely the programs of general management risks, including the requirements of Frame Standards on questions of safety.

6. To purchase additional equipment, such as scanning devices of containers, detectors of radiation, mobile laboratories. It will cause a reduction of amount of physical verifications.

7. To extend rights of customs organs concerning access to information this is conducted by other organs, and also related with possibilities of customs organs to prosecute an inquiry.

With the purpose of achievement of these long-term aims, it is needed to conduct experimental tests before their complete introduction.

Diagnostic group was positively amazed by the professional level of the staff of central administration. At the same time, during an interview there was marked an existence of duplication of functions between structural subdivisions.

With the purpose of perfection of activity exactly in the administrative sphere offered:

- to develop a strategic plan with the help of consultations with the stakeholders (internal and external);
- to make a strategic plan accessible for the staff and for proper interested sides and to move him forward actively;
- to consider possibilities for granting of budgetary facilities for implementation of Frame Standards;
- to make the implementation of Frame Standards a part of strategic plan;
- to guarantee that there is no duplication in roles and responsibility due to establishment of clear position requirements.

These recommendations are instrument of influence on the strategic management of customs service in Ukraine.

Concerning corruption, there is mentioned about existence of a very active subsection of internal safety in the structure of Ukrainian Customs Administration. The main function of this subsection is prevention of corruption, for example by developing of prevention measures (investigation of corruption actions is out of framework of jurisdiction of the subsection).

For adaptation to the requirements of WCO the following is recommended:

- to teach customs officials to use the system of analysis of risks;
- to combine a personnel management with high-quality and quantitative indicators, based on a strategic plan;
- to teach a group in the sphere of international standards management; to include changes in standards management at the educational program;
- to develop the training program related to integrated risks, that includes not only the analysis of risks but also resources related to risks.

In this group are incorporated recommendations related to administrative influence on customs service due to the proper studies of personnel of the customs system.

A very important sphere is legislation. Within the framework of implementation of the Frame standards it is suggested to develop a legislation related to the use of electronic signature, as it is not yet foreseen, to develop a legislation concerning the post audit, access to financial information related to electronic documentation and service, confiscation and investigation of violations of customs regulations, to allow customs to obtain information concerning «who stands after companies».

Customs procedures are under the special attention of experts of WCO.

For most commodities with the Ukrainian origin the customs clearance takes place in internal customs that simplifies procedures on the point of admission.

Previous customs clearance is not wide spread. The import and export procedures are executed in electronic and paper forms. At the moment direct access and access on the base of the Internet is impossible.

The system of risks estimation exists, but this system is yet on the initial stage.

Automated national and regional system of risks management introduced only in a certain measure. Concentration takes place in greater measure on economic indicators, than on the indicators of safety. It is forbidden to take into account information about a proprietor or personnel of company.

There is the so-called «white list». Today only limited amount of companies is included into this white list. The main reason of these is absence of the personal servicemen interest, as they have no desire to give customs organs complete access to the documents circulation. A weak side of this system from the point of safety is that out of company a person or persons can not be checked up.

As to the post audit a diagnostic mission found out a problem concerning the receipt of customs organs of access to the documents of company.

The organization plan of Ukrainian Customs Administration has a department from law-enforcement work and department of analysis and management risks. In many administrations these two directions are combined into one subsection. In the issue of revision of functions and responsibility of these two subsections there was found out some duplication of responsibility.

The department of analysis of risks and audit should process Recommendations of WCO as to the audit, which have been recently approved. A legislation that gives access to Ukrainian Customs Administration to internal information of companies must be accepted as soon as possible.

It is suggested to decrease the amount of customs inspections due to the improvement of methods of risks management for perfection of accordance of import. Capital investments must be done for acquisition of equipment such as x-ray photography devices, scanner devices and other control facilities.

The problem of imperfection in risks management also exists at an export. In general, export control is considered to be less important than the import control, taking into account absence of financial interests (import taxes).

It is recommended to conduct customs control on the stage of loading containers, to use the analysis of risks, developed by WCO, for making a decision related to the choosing of loads for carrying out of customs inspection, and also related to implementation of customs inspection upon inquiry of customs administration of other country.

Another important customs regime is transit. Transit passes under customs control. There are technical facilities on border for unloading of containers for carrying out of inspection. At the moment transit control was not the main area of work, but lately Ukrainian Customs Administration observes the increase of transit from Iran, Turkmenistan, and Azerbaijan in the marine ports.

The system of electronic checking of transit is very professional. Less than 1% of loads is not delivered. Rather strict system of financial guarantees, as well as accompaniment of commodities of high risk, is used.

An inalienable constituent of activity of the customs organs is information technologies and communications. Ukrainian Customs Administration invested a considerable capital in the development of its information technologies.

A diagnostic group made a conclusion about the wide use of information technologies and communications in the customs system of Ukraine. Plans of further development in this sphere are rather obvious. In the context of future development of the information systems Ukrainian Customs Administration have to do minimum efforts for implementation of positions of the Frame standards of WCO.

Customs brokers confirmed good relationships with customs organs, but reported about existence of problems related to infrastructure and main control equipment. They marked the necessity of introduction of complete electronic declaration and investments into infrastructure.

Ukrainian Customs Administration must conduct communicative and marketing initiatives related to the Frame standards of WCO, for implementation of requirements of SS, which need joint efforts of Ukrainian Customs Administration and its partners (ministries, commercial organizations, and others like that).

Ukrainian Customs Administration should prolong its collaboration with other ministries and organizations. Working groups which will be engaged in the questions of implementation of the Scope standards of WCO have to be created. The plan of cooperation of customs service with other organs and organizations must be put in the strategic plan.

The representatives of Ukrainian Customs Administration take part in the annual sessions of WCO, are engaged in the conferences of chairmen of customs administrations of the European region of WCO, and also in the activity of committees on different directions of customs service, which are working organs. In particular, in 2007 the representatives of Ukrainian Customs Administration took part in 109 and 110 sessions of Council WCO. The plan of measures for implementation of the Frame standards of safety and simplification of international trade for Customs Administration of Ukraine is ratified. The government supports suggestions of Ukrainian Customs Administration as to implementation of positions of the Frame standards in activity of customs organs of Ukraine [16: 2].

Also in February, 2008 Conference of the European region of WCO took place in Dublin, where vice-chairman of Ukrainian Customs Administration was present on. During the Conference a number of important questions was considered concerning the collaboration of customs administrations of WCO of the European region, in particular, development of conception «Customs in the 21st century» in which a strategic role and functions of customs organs in the 21st century will be represented, creation of the Regional center of WCO for strengthening of institutional possibilities, exchange information between customs administrations of countries-members of EU and other countries, including absence of effective exchange of information and necessity of development of the proper mechanism with participation of experts of WCO and EU [19].

During the meeting of Chairman of Ukrainian Customs Administration with Director of institutional development of WCO is discussed an issue of creation of the Regional center of WCO from institutional development on the territory of Ukraine, and also other aspects of customs cooperation, between WCO and Ukraine.

Delegation of Ukrainian Customs Administration took part in meetings of 111-112 sessions of WCO, during which is summed up activity of organization for year, and also a new General Secretary of WCO is elected.

Ukrainian Customs Administration conducted preparatory work, directed on tacking of Ukraine to Recommendation of Council of customs cooperation in relation to making alteration in Convention about creation of Council of customs cooperation. In particular, it is developed and sent to MFA of Ukraine for further direction in accordance with established procedure to Secretariat of President of Ukraine the project of Law of Ukraine „About tacking of Ukraine to Recommendation of Council of customs cooperation in relation to making alteration in Convention about creation of Council of custom cooperation». Adoption of mentioned Law of Ukraine will assist further development of cooperation between customs administrations of Ukraine and other countries-members of World Customs Organization [17: 64].

Measures, directed on bringing in and use of international technical help which is given by foreign states and heads for the development of customs organs of Ukraine were taken. During 2008 Ukrainian Customs Administration attracted near 13,5 millions dollars of technical help within the framework of realization of international projects.

So, the conducted research allows to classify administrative influences of WCO on customs service in Ukraine (figure 2) and to make the following conclusions.

The mechanism of realization of administrative influence of WCO on the national customs systems is based on the aims of organization.

World Customs Organization uses different forms of influence on the national customs systems, in particular political, legal, economic, technical and training, and carries out its influence both on international and intergovernmental, and even on interdepartmental levels International agreements, worked out by WCO, play a very important role in the legal regulation of international customs cooperation of each country-member of the organization.

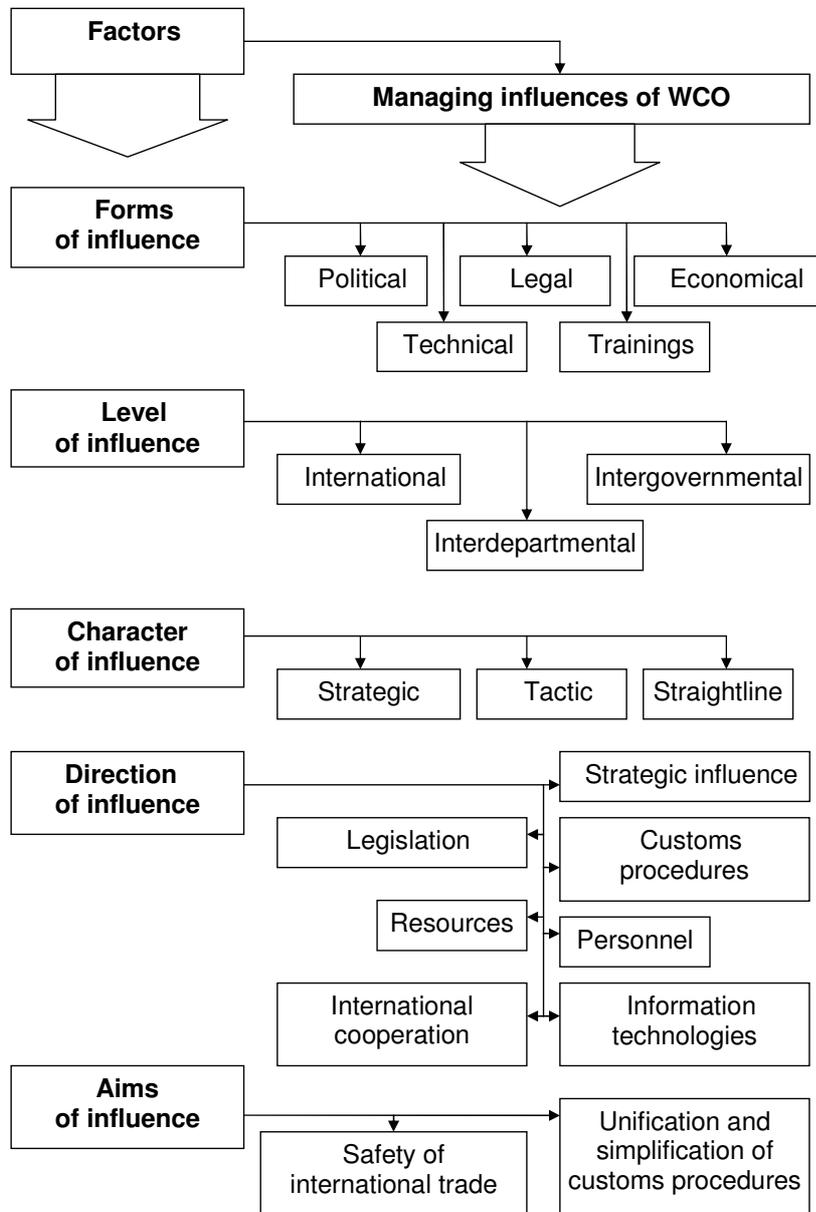
The basic administrative instruments of WCO are conventions and standards accepted by it and by other international organizations.

Except for conventions and standards of safety, as an instrument of managing of customs service, WCO actively uses the system of recommendations related to their implementation into the national customs legislation. Special attention is given to strategic management and budgetary financing of the programs of adaptation of the customs systems to the international requirements. The system of proper trainings of personnel of customs, and also the grant of technical help makes the influence of WCO comprehensive.

Concerning the collaboration of Ukraine with World Customs Organization, it is possible to say, that tacking of Ukraine to this organization and conventions worked out by it and to the offered Frame standards of safety will allow to simplify customs procedures, which will assist the development of international trade, activation of information technologies, expansion of legal and technical base for effective realization of customs control.

Figure 2.

Classification of administrative influences of WCO



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