



Discretionary Principles of Management: Justification of Practical Application in the Customs Service

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Abstract

In the context of globalization and internationalization of economic relations, there is an active development of customs services, in which regulation of a certain part of the customs service moves to the international level. The quality of services provided by the customs authorities influences not only the time needed to complete customs formalities, but also the financial risks and costs of all participants involved in foreign economic activity. The increasing foreign trade turnover requires improvement of the movement and processing mechanisms of goods and services across the customs border of the Russian Federation, which necessitates the active implementation of new services and technologies of customs clearance. Customs service is understood not only as a public service performed by public authorities, but also as a specific type of activity aimed at facilitating the implementation of foreign economic operations carried out by commercial organizations of the customs sphere.

Keywords: Customs service; Discretionary customs policy; Participants of foreign economic activity.

1. Introduction

In the context of globalization and internationalization of economic relations, there is an active development of customs services, in which regulation of a certain part of the customs service moves to the international level.

The quality of services provided by the customs authorities influences not only the time needed to complete customs formalities, but also the financial risks and costs of all participants involved in foreign economic activity.

In the context of globalization, people, goods, services, money, and information move freely among countries. Customs authorities are responsible for both organizing the legal movement of goods and services, and countering illegal transactions, as well as for the efficiency of customs services [1].

In accordance with the "Strategy of the customs service's development till 2020", improvement of customs regulation is aimed at enhancing the efficiency of existing customs services, technologies, and operations, as well as regulation of foreign economic activity, taking into account the active promotion of the interests of the Russian Federation (RF) in the international business, ensuring proactive response to threats to the security of the national economy [2].

At the same time, the issue of substantiation of the possibility and necessity to choose the model of discretionary economic policy becomes relevant both in the theory of customs and in the practice of application of customs regulations in the implementation of customs control procedures.

The status of foreign trade operations is actively influenced by political markets, the analysis of which is necessary to draw significant conclusions about the development of the national economy. It should be recognized that the analysis of the formation processes of national economic policy in modern

society should be carried out through the prism of approaches that are based on the behavior of all participants of financial relations in the economic and political spheres.

The increasing foreign trade turnover requires improvement of the movement and processing mechanisms of goods and services across the customs border of the Russian Federation, which necessitates the active implementation of new services and technologies of customs clearance.

The relevance and the need to study the development of customs services are confirmed by the studies of various authors, attributing themselves to different scientific schools and considering the services provided by customs authorities through the prism of their own views and opinions.

Due to the fact that the "customs service" as a scientific concept is not legally defined, and its content characteristic is not clearly traced, there is a certain "blurring" and vagueness of the proposed interpretations and definitions. It is considered basically as a special kind of "service function", which is carried out by the authorized body in the field of customs.

Various information sources are characterized by a wide variation in the problematics under study: customs services, service providing by customs, customs piece of service, custom-related services, etc. [3-10].

According to Ermilov I.S., the customs service was previously understood as the benefit or assistance to foreign trade participants, while now it is comprehended as a specific type of activity of customs authorities and customs-related structures, which is aimed at assisting in the implementation of foreign economic operations.

Customs services are understood not only as a public service performed by public authorities, but also as a specific type of activity aimed at facilitating the implementation of foreign economic operations carried out by commercial organizations of the customs sphere [11].

Boykova M. V. notes that the specifics of the customs services is due to industry affiliation, some of the customs services are mandatory for foreign trade participants, and therefore they can be called mandatory services, while other services are performed at the request of foreign trade participants and are not mandatory.

Most of the services provided by the customs system are nonmarket in nature, they are provided to the whole society, have no price for its individual members, though it has a cost which is usually equated to the cost of maintaining the customs system [12]. Under current conditions, the main attribute of the customs services should contain not only a wide list (range) of services provided to foreign trade participants, but also the partnership nature of relations between customs authorities and foreign trade participants, with a customer-oriented approach, which means equality of parties' interests.

Properly organized customs service simplifies the preparation of necessary documents, increases the efficiency of customs control, reducing the costs of goods and services exporters and importers.

In turn, the quality of customs services is understood as the competence of the subjects of customs activity most fully satisfying the interests of foreign trade participants aimed at minimizing costs.

2. Methods

In relation to the functioning of the Eurasian Economic Union (EAEU) and the Customs Union (CU), the Federal Customs Service of the Russian Federation faces an important task aimed at improving the performance of customs authorities that is determined by many factors, among which an important place is occupied by the organization of effective and quality customs services.

The customs system plays an important role in the development and implementation of customs policy, reducing internal and external threats to the economic security of the country. It increases the competitiveness of the national economy, strengthens food security, etc. through the application of customs-tariff and nontariff mechanisms of foreign economic activity regulation [13].

Currently, the world customs system is developing as a system of customs services, the purpose of which is to increase the efficiency of foreign economic activity, implying, first of all, the acceleration and simplification of customs procedures and ensuring at the same time the effective implementation of customs enforcement tasks.

The most important task of the customs service system is improving the quality of customs services, which is defined as the degree of compliance of custom services with the requirements of the state and foreign trade participants, which form the input flow of declarations [3].

Customs services are the activities of companies, having authority to carry out commercial activities in the field of customs in order to ensure the movement of goods and vehicles across the customs borders of the states in the promotion of goods from the seller to the buyer in accordance with the requirements of these states.

Services in the customs sphere are classified into four categories: services for customs clearance, consulting services, customs transportation services, and services for the storage of goods [5].

The priority direction in the transformation of the existing customs services system is the transition from regulation to management related services (using the customs management) in the field of administration, taking into account the interests of all participants of the foreign economic activities, i.e. the interests of the state, society, businesses, and private individuals.

In the current context, the customs service, being an integral part of the national economic system, along with the implementation of traditional functions, administration in the field of taxation and regulation of foreign economic activity, acts as a socio-economic

institution in which the customs services are manifested in the special form of public services [4].

Existing customs duties and tools represent a set of economic instruments insufficient in terms of their capabilities, while maintaining the old rules predetermined by the WTO, in order to get out of the state of inefficient equilibrium, i.e. "institutional economic trap". The final result should be seen in the fact that discretionary economic and customs policies, with their verified implementation, should lead to "creative destruction" of the existing institutions.

It is necessary to comprehend the importance of typology and classification of customs services that will contribute to the essential understanding of the category such as customs services, which should be understood as the organizational service activities of customs authorities with respect to foreign economic activity participants.

The main quality criteria of the customs services include the target object and subject, the fee for provided services, and the partnerships of foreign trade participants.

The specificity of customs services is due to the differences, characteristic of the state customs systems of different countries.

In general, the following segments can be distinguished in the field of customs services:

- state customs services, which are provided in the course of customs administration;
- services provided by customs authorities and paid in the form of customs duties;
- commercial services provided by customs-related structures.

3. Results

Discretionary customs policy has common roots with the discretionary fiscal policy well-known in the theory of finance, being its specific difference within the boundaries of the generic concept. In order to turn discretion from opportunity into reality, the competent official must possess discretionary powers that give him grounds to change the rules at his discretion, thus implementing his interests. Excessive rigidity of the rules and the predominance of peremptory norms are creating the environment to form the prerequisites for corruption.

This is manifested in cases where the customs official is given the opportunity to make an optional choice among sanctions against the violator of customs rules, and at the same time the choice of the type of liability measures characterized by blurred criteria.

The corruption mechanism comes down to the fact that the person who violated the customs rules can be subjected to less severe punishment according to the consent that the parties may mutually agreed upon. In this case, it becomes more difficult to detect the violation of customs law, because the official acted within his competence. However, lesser punishment could have been acquired on a specific shady, criminal market of customs services.

Thus, it should be recognized that the discretionary model of the customs organization management carries the risks of abuse, if the official within his competence uses alternatives, drawing unilateral conclusions in opportunistic behavior. In this regard, it should be noted that even under strictly regulated rules, there is no certainty that the official will not derive private benefits.

The openness and transparency of the entire customs system will be the most important prerequisite for avoiding abuses. At the same time, mandatory customs rules should be gradually replaced by dispositive rules, which will expand the field of freedom, while being at the same time within the legal customs framework.

The implementation of dispositive customs legal regulations of customs procedures is more focused on the implementation of discretionary models of public administration of the customs institution.

In practice, this is manifested in the fact that participants of the foreign economic activity are initially given the opportunity to choose the model of their behavior, when crossing the customs

border and passing customs control procedures. Substantiation of the possible need for a discretionary management model allows not only expanding the initiation of foreign trade participants, but also adopting necessary customs rules, thereby complementing the scope of freedom of the participant through the implementation of the principle of free disposition, linking acceptable models of optimal, rational behavior of both the foreign trade participants and customs officials. Thus it becomes possible to expand the range of technological methods due to discretionary customs technologies through discretionary legal arrangements..

It is expedient to change the essence of the discretionary approach to the state administration of the public institution of customs, when due to the unpredictability of economic, financial and political markets, public authorities have the opportunity to objectively initiate the adoption of new statutory instruments, new organizational rules of the socio-economic environment, creating a basis for resolving the conflict-compromise situation.

At that, when choosing state management models of customs services, we proceed from the basic judgment that almost at any interaction one can detect the interests of all participants in foreign economic activity.

Modern customs practice evolves from the rigid customs rules characterized by pronounced mandatory nature, towards softer rules, which are based on discretionary principles, which to a greater degree take into account the interests of participants of foreign trade activities, while providing additional powers to customs officials.

4. Discussion

The activities of the customs authorities are quite extensive. They are associated with the implementation of conventional functions to ensure foreign economic activity and providing "services" functions.

In present-day conditions, characterized by the transition from rigid customs administration to flexible customs services, the activities of custom authorities should be based on the use in everyday practice of tools that improve the efficiency of rendered services, as well as the implementation of new information and communication technologies (ICT) aimed at reducing transaction costs.

Today, the world customs system is developing as a system of customs services, the purpose of which is effective assistance to foreign trade participants, implying, first of all, the acceleration and simplification of customs procedures along with ensuring the effective implementation of law enforcement tasks [4].

Customs policy is an integral part of the national economic policy. It includes various subjects of customs administration related to the organization of customs service.

An ample argument for this statement is the ongoing economic policy, which was implemented by the EAEU and the United States during the crisis of 2014-2015, as well as is still implemented during the sanctions' confrontation with Russia since 2014 to the present.

Their place and roles are objectively predetermined by the unequal position in the system of redistribution of the world and national value product due to the dominance of the state institution of customs authorities, as well as the system of conflicting interests of all participants in this redistribution process.

Within the boundaries of the formed contradictory whole, for example, the WTO, EAEU, and CU, each country can no longer be content with some preagreed set of rules and norms, if other countries, being members of other economic unions, begin to violate them, bypass, or use the force of noneconomic dominance.

The shift of paradigm in the organization of the customs service touched upon the implementation of single customs tariff and nontariff regulation, the formation of new customs space of the union, the gradual abolition of existing restrictive measures of

tariff and nontariff nature in foreign trade, and the formation of single trade regime with other countries.

Taking into account the radical nature of customs innovations, these changes in customs service could be based not so much on the previously existing rules, but on new customs regulations, yet unknown by the nature of their impact on the countries' economies. This is an objective evidence of the need to switch to a discretionary model of the customs service organization management.

The concept of "customs services" has a complex structure, because the customs policy is focused on:

- the market of public services, from the standpoint of public authorities;
- the private services market in terms of the foreign trade organization;
- in broad terms, the provision of services to society;
- in narrow sense, the protection of interests of a particular foreign trade participant.

Depending on the manifestation and participants of economic interests, customs services are services related to the preservation of national economic security priorities.

The customs services result from actions aimed at the organization of customs procedures intended to meet the interests of all participants of foreign economic activities in terms of minimizing time and financial costs.

The analysis of the quality of rendered customs services revealed the following shortcomings of customs services:

- insufficient number of employees with specialized education and
- appropriate qualification for customs clearance of goods and services;
- slow implementation of modern ICT in customs services, etc.

Today, the priority areas in development of customs service should include the active implementation of modern ICT, modernization of information and software products and tools, reducing the time of services, and the organization of interagency cooperation.

The provision of online customs services, the use of modern ICT both in terms of clearance and control, will greatly facilitate the exchange and processing of information in the course of various customs procedures as well as affect the quality of customs services [14].

5. Conclusion

Methodologically, the use of the discretionary model is predetermined by the need to change the former customs institution along with its established set of rules, procedures, technologies, etc.

Within the boundaries of already established customs rules, a model is possible, which would combine and complement the discretionary nature of specifically implemented customs procedures, as well as the application of customs regulations when providing services to foreign trade participants.

Change of rules, modification of the institution and the relevant customs institutions objectively require new discretionary approaches to the customs service organization.

Optimization and transparency of customs procedures, expansion of the practice of informing and advising foreign trade participants, the development of appropriate infrastructure, as well as the use of modern ICT will contribute to improving the quality of customs services.

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