

Research Paper

The Role of Customs Control in Ensuring Economic Security in the Conditions of European Integration Trends in the Development of Public Administration Systems

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ABSTRACT

The article considers the theoretical foundations of public administration in the field of customs regulation and control in the context of the EU integration processes and the formation of the Customs Union. A study was made of the process of reforming the EU customs legislation in the context of the dynamic development of integration processes, and the role of customs control in ensuring economic security as a component of national security was analyzed, in particular, pointing to the example of Brexit implications.

HIGHLIGHTS

- ① The article is devoted to the analysis of EU customs control functioning for ensuring economic security within European integration trends landscape.
- ② The obtained results demonstrated the necessity of systemic approach and balancing in public management of customs control, including its legislative support, taking into account both the interests of EU as a whole and its individual member states, in particular in the context of economic security challenges.
- ③ The practical significance of the research lies in outlining implications and challenges of the EU Customs Union in its role of providing economic security and enhancing public administration landscape for better effectiveness of integration processes.

Keywords: Security policy, Customs sphere, Customs Union, Public administration system, Reforming the public administration system, Organizational and legal mechanism, Policy

Economic security and organizational and legal mechanism of its provision is, first of all, an element of the general system of national security of the country, as well as an important qualitative characteristic of the economic system of the state. It is inextricably linked with such concepts as ensuring defense capability, maintaining social peace in society, and protecting against environmental disasters. In other words, economic security

concerns most aspects of the life of the state, society, and economy.

The threat to economic security consists in a combination of circumstances and factors that

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form a direct or indirect probability of harming the country's national interests in the economic sphere. The Customs Service is actively involved in ensuring the economic security of the state by performing the functions entrusted to it fiscal, regulatory and law enforcement. First of all, ensuring the observance of the economic interests of the EU countries occurs through the collection of mandatory payments, which are regulated by the customs authorities, that is the main factor in providing economic security. Other functions that are assigned to the customs authorities also play a significant role. For example, one of the ways to increase the degree of investment attractiveness of the economic sphere is the degree of development of legal protection of intellectual property rights, and, in addition, the observance of the national economy interests through the mechanisms of customs regulation.

It is important that not a single state in the European Union has any doubts that the function of customs is not just to physically be present at the border, collect duties or clear customs clearance of goods. In the vast majority of EU countries, customs are endowed with law enforcement tools (Arivazhagan *et al.* 2023). Customs has the primary responsibility for controlling international trade and taking steps to protect the EU from unfair and illegal trade, ensuring that goods entering the EU are safe for the public and respecting fair trade rules.

These actions are carried out in close cooperation with other institutions, and where necessary, taking into account national border duties. Customs has broad powers it can carry out any customs checks it deems necessary in particular, based on risk analysis.

It is not surprising that the EU Customs Code, which establishes general rules and procedures for goods entering or leaving the customs territory of the EU, establishes the institution of customs, whose main task is not to collect duties or simply control goods at the border, but it endows customs with all kinds of tools to control the safety of goods and assigns it the role of the so-called "cargo police".

Of course, the mentioned checks should be carried out on the basis of a qualitative risk analysis. It should be noted that physical control is carried out only in relation to a small part of the goods crossing the border. And here the question arises: how to

choose from the general stream those who do not 'play by the rules', how to make an effective risk management system?. Control based on risk criteria is provided for by the EU Customs Code (Klymenko *et al.* 2016). Thus, there is a need for the state to create an efficient customs office that owns high-quality information. And this is basically impossible without legal instruments – first of all, the ability to receive and analyze high-quality information from operational sources in symbiosis with customs data. In this context, the main principles of public administration and regulation in the field of customs control should also be mentioned (Rohatynska, 2019):

- ♦ The rule of law;
- ♦ Legality and supremacy of the customs law;
- ♦ Protection of economic and political interests of the state;
- ♦ Balancing the interests of the state, individuals, and legal entities – that is, the principle of justice;
- ♦ Inadmissibility of double taxation; uniformity of customs regimes;
- ♦ Unity of regulation of customs relations, stability of customs legislation;
- ♦ Observance by customs authorities (officials) of the rights of legal entities and individuals and their responsibility for illegal decisions and actions;
- ♦ Publicity.

The customs services of the vast majority of EU countries are endowed with law enforcement tools, that is, they can conduct full-fledged investigations in the field of customs offenses.

Even those countries that do not have problematic external borders or ports see the institution of customs as a full-fledged player in the field of law enforcement (Gaman *et al.* 2022). In turn, all this is possible only under the condition of competent and thoughtful public administration in the environment of integration processes in the EU.

As the world experience of integration processes shows, one of the most problematic areas is namely customs relations, since the creation of a customs union is the most important stage in international economic integration. Namely at this stage of

integration, tariff and non-tariff barriers in domestic trade between the member states of integration associations are eliminated and the foundations for building a common market are laid (Adamski, 2018; Camargo and Carvajal, 2020; Kramer-Hoppe, 2020; Rogmann, 2019; Zielinski, 2017).

The EU became the first integration association in the world, in which in 1992 a codified act in the field of customs regulation was adopted the Community Customs Code, and since the early 2000s, the reform of customs legislation was launched in the European Union, and on May 1, 2016 the Customs Code came into force.

A systematic study of these processes is of great scientific and practical interest.

MATERIALS AND METHODS

The methodological basis of the study was general scientific and particular scientific methods. Among the general scientific ones, one should mention the dialectical method of cognition, analysis, synthesis, complex and other approaches; among particular scientific methods, there are method of cognition of social and legal phenomena, as well as the historical-legal, systemic-structural, comparative-legal and logical-theoretical methods in combination with a systematic approach and analysis.

The theoretical and methodological basis of the study was the developments of scientists in the field of international and customs law, the regulations of the European Community and its individual member states.

Using the historical and legal method of cognition, a study was made of the development of customs legislation in the pre-reform period (Kryshtanovych *et al.* 2022). The system method made it possible to consider the content of the current legal acts of the EU as an interconnected set of regulations that form the system of sources of the customs law of the European Union.

LITERATURE REVIEW

As it is emphasized in the literature, in the European Union, the formation of a customs union from the very beginning of the development of integration processes was one of the priorities. Even in the Treaty on the European Economic Community of 1957, it was stipulated that the Community is

based on a customs union (Kormych, 2017). In the Treaty of Lisbon, amending the Treaty on European Union and the Treaty establishing the European Community, the customs union was assigned to the exclusive competence of the EU (Berend, 2019).

The customs union as a form of economic integration of states is an indispensable condition and a basic stage for further, deeper integration processes – Begg (2023) claims. But for the successful development of such processes within the framework of the customs union, an independent system of legal regulation should be created, extending not only to the states participating in the union, but also to private individuals of these states (Kryshtanovych *et al.* 2022). A simple combination of international legal and national means of legal regulation does not ensure the effective implementation of the goals of the customs union and the possibility of moving to higher levels of economic integration.

Two main tasks solving by the system of customs regulation in the European Union are distinguished (Adamski, 2018): firstly, ensuring the uniform application of the common customs tariff in trade relations with third countries and, secondly, ensuring the freedom of movement of goods within the EU one of the four fundamental freedoms proclaimed in the founding acts of European Communities. The need to solve these two problems is due to the peculiarities of the norms of the EU customs law.

RESULTS

Customs regulation applied by the customs authorities in order to ensure the economic security of the state in the field of foreign economic activity, includes a whole range of economic, legal, organizational, and other measures, as well as programs used to optimize development processes, ensure the protection of the economic interests of the state and enable efficient foreign trade relations.

The essence of the economic security of the EU, as a logical abstraction, remains unchanged depending on the level of economic ‘matter’, which is taken as the basis for analysis and understood as the process of managing internal and external threats (risks) to the sustainable development of the country’s economy. However, considering economic security within the framework of an open economy model qualitatively complicates the mechanism

for achieving a dynamic social macroeconomic equilibrium, when the parameters of the economic situation are set by the world economy (Byrkovych *et al.* 2023). If to take into account the time steps and multiplier effects arising from foreign economic activity, then the implementation of an effective, stable (primarily through customs control) state policy is the most important tool and condition for ensuring economic security.

The universal recognition and *de jure* declaration of customs control as the most important component of the program for ensuring the economic security of the countries, designed to perform control, fiscal, and regulatory functions, does not mean their implementation *de facto*, which directly affects the development of a system of criteria and indicators of economic security in the field of customs policy. In the case of the EU, this is also complicated by issues of harmonization and unification.

The history of European integration shows that in the first decades the course was taken towards total harmonization. It was assumed that not only common long-term conceptual guidelines would be developed, but also common policies would be created for all, including similar goals and tools to achieve them (Novak *et al.* 2022). In other words, national legislation, practice of its application and administration were to be completely replaced by the norms of the European Communities.

In this case, three thematic levels can be clearly identified: these are conceptual (long-term) goals, goals in a specific area of activity, and, finally, mechanisms and ways to achieve these goals. The goals of the first level were to create conditions for economic recovery and further sustainable development, improve the welfare of citizens, and prevent armed conflicts and clashes in Europe in the future. The objectives of the second level (concrete political) were, for example, the common market, competition policy, environmental protection, stimulation of scientific research, development of transport infrastructure, etc. These areas provided tangible strategic guidelines for development. Finally, the tools prescribed ways to achieve both conceptual and concrete political goals.

The consistency of the three levels was critical; moreover, actions at three levels mutually supported and strengthened each other. When long-term goals

became vague (as, for example, in the 1970s during the period of “Eurosclerosis” or “Eurocepticism”, when a certain fatigue from the rapid progress made in previous years, unwillingness to take new frontiers were observed), precisely the specific goals kept the European integration process afloat (Begg, 2023; Berend, 2019; Berend, 2020; Hanf and Soetendorp, 2017). On the other hand, modern European integration suffers not from a lack of conceptual goals, but from the lack of clarity on how to implement them, what specifically needs to be done in the medium term (Levytska *et al.* 2022).

In the European Union, at the initial stage, the unity of methods (the third thematic level) was intended to ensure the identity of processes. However, it soon became clear that while the unity of conceptual and concrete political goals is necessary, still instrumental homogeneity, the replacement of all national measures by single communitarian ones leads to high financial, legal, administrative, and time costs. As a result, in the 1980s, under the influence of several court decisions, this approach was modified. The choice was made in favour of convergence of only basic norms and specific goals on one or another front of cooperation with the possibility of their flexible implementation by member countries with the tools that are acceptable to them (Limbach, 2015).

Moreover, in many areas where common standards and rules were unprincipled, the course was taken towards mutual recognition of the norms and rules of the member countries. This led to the replacement of the so-called positive integration (i.e., the creation of common norms and rules for all) with a negative one (when new norms are not created, and barriers to the movement of goods, services, capital and people disappear due to the recognition by participants of national legislation and standards of each other). For example, if the goods are manufactured in compliance with the laws of France, then additional certification will not be required in other EU countries; if a company is established in Germany, then it can operate freely in the entire internal EU market (Kormych, 2017).

From a procedural point of view, this was marked by a shift at first to directives as a form of legal act, which prescribes only goals and time indicators for member countries, leaving them the opportunity to choose their own ways to achieve it. Subsequently,

in the 1990s, the trend towards more flexible instruments in the EU only intensified; another type of instrument emerged optional (for example, open method of coordination, voluntary exchange of best practices, etc.).

Instrumental flexibility performs another function: it allows taking into account the specifics of the participating countries. It is really important. Firstly, countries are different and integration does not imply the erasure of their national specifics. (It is no coincidence that the slogan of the European Union is “Unity in Diversity.”) Consequently, countries can achieve the same goal in different ways due to administrative and cultural differences. Moreover, instrumental flexibility reduces the resistance of citizens to change due to the fact that new policies are disseminated by mechanisms that are consonant with the national mentality and culture.

Secondly, often on the way to the same goal, countries have to solve different problems (some need to reduce customs tariffs, some need to increase them; somewhere the legislation will become tougher, while somewhere it can become more flexible and loyal) (Kalyayev *et al.* 2019; Kryshtanovych *et al.* 2021). Consequently, instrumental flexibility makes it possible to take into account the different starting positions of countries that are moving towards a common goal.

Thirdly, integration does not eliminate competition among member countries; it can be carried out, among other things, through competition between the instruments for the implementation of a particular policy (Khomiuk *et al.* 2020). Moreover, this competition, as a rule, is beneficial, since, in general, it allows reducing the costs of moving towards a particular goal, and national capitals, seeing that business suddenly began to prefer to be based on the territory of one of the states, gradually copy the best practices, and also work over the defects of their own legislation.

At the same time, the experience of the European Union shows that flexibility at the instrumental level should be treated with caution. Many of the current problems of economic and monetary union are related namely to it. Having begun to increase the flexibility of its instruments in the 1980s, the European Union moved steadily along this path, not

paying attention to the fact that the enlargements of 1995, 2004, and 2007 increased its internal diversity. Moreover, the transition to economic and monetary union was based on a combination of hard currency union and soft macroeconomic coordination. As a result, weak countries, primarily Greece, appeared to be able to use a stable currency, borrow funds in the financial market, but at the same time did not change the parameters of labor markets, budget expenditures, and ownership structures (Litvinova *et al.* 2020). This exploded the situation in 2008. In fact, the current reforms in the European Union are an attempt to tighten macroeconomic convergence, to make the tools for building an economic union more mandatory and homogeneous (Kramer-Hoppe, 2020; Lyons, 2018). Obviously, the higher the member states ‘climb the ladder’ of integration (free trade area, customs union, single or common market, economic and monetary union), the more limited flexibility, the more important is a single, shared interpretation of political and legal norms and their homogeneous implementation (Panasiuk *et al.* 2020). The greater the internal diversity of the EU, the more necessary is the harmonization of integration instruments.

DISCUSSION

In previous years, European Court of Auditors identified “significant risks and problems related to customs controls. We concluded that the UCC’s predecessor, the Community Customs Code (CCC), gave Member States excessive discretion in their post-clearance audit strategy; that a level playing field between EU ports was lacking 10; and that non-uniform application of customs controls by Member States allowed fraudulent operators to target specific border entry points. The Commission, in its reply to our observations, stated that the common EU criteria and standards for financial risks would address the weaknesses we had identified. These were under preparation at that time. Statistics collected by the Commission show that the level of controls currently varies significantly between Member States: from less than 1 % of import declarations in some countries to more than 60 % in others” (European Court of Auditors, 2021), as Fig. 1 shows.

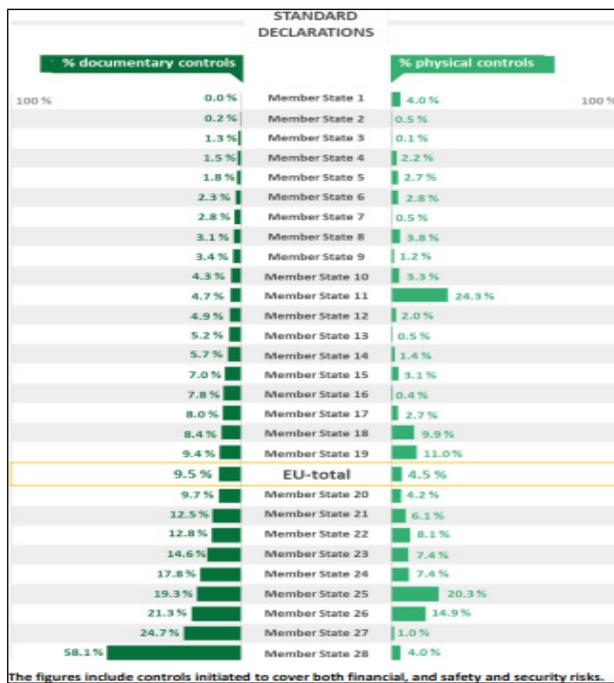


Fig. 1: Percentage of controls on standard declarations by Member States (documentary and physical) applied at the release stage during 2019 (European Court of Auditors, 2021)

Back in November 2005, the European Commission presented a justification for the modernization of customs legislation, which became the implementation of the EU Lisbon Strategy of 2000. The commission identified the following main tasks that were set during the development of the Customs Law draft:

- Introduction of “electronic administration” in the field of customs regulation;
- Simplification and creation of transparency of customs law and systematization of different customs law in a single document;
- Increasing the competitiveness of European enterprises and their partners from third countries, which should contribute to economic development;
- Increasing security at the external border from the moment of the introduction of uniform standards regarding the analysis and management of risks using common information systems;
- Improving the relationship with other Community policies in the fields of taxes, agriculture, trade, environment, health and consumer protection;

- Creation of an efficient process for making executive decisions by the customs authorities of the member countries and the interpretation of EU customs law.

In the interests of entrepreneurs and the customs authorities of the Community, all the provisions of customs law were codified into a single normative act (Panasiuk et al. 2021). The updated Customs Code contains general principles and procedures in the field of application of tariff and non-tariff means of those EU policies that are related to the exchange of goods between the Community and third countries (Gupta et al. 2021).

The structurally updated Code consists of 188 articles, united in nine sections (title), which in turn are divided into chapters and sections. Compared to the 1992 Code, the number of articles has been reduced from 253 to 188. This reduction was due to the systematization and unification of the norms for individual institutions of customs law and the exclusion of those that did not justify their purpose or were recognized as not meeting the modern level of development of customs relations.

An innovation is also the definition of a rule on the binding force of decisions of any customs authority from any EU member state throughout the Union (Gupta et al. 2021). Each interested person can apply to the customs authorities in order to obtain a decision in his favor. Such a decision is taken by the customs authorities in accordance with EU customs law and is binding throughout the Community.

The institution of customs regimes has undergone the greatest changes. Instead of 12 customs regimes and customs designations of the old Code, the new Code provides for only three groups of customs regimes:

- Admission to free circulation (release for free circulation);
- Special customs regimes (special procedures);
- Export.

The division of customs regimes into three groups made it possible to simplify the norms of customs law regarding the application of each type of customs regime.

Particular attention in section VI is given to the customs regime for release for free circulation. In addition, this section provides for the rules for

exemption from customs taxes and fees in case of import of goods.

Admission to free circulation in the EU is possible only after the application of all tariff and non-tariff measures to regulate foreign trade (Byrkovych *et al.* 2023). The application of tariff means provides for the collection of duties for goods transported across the customs border of the EU. In accordance with European legislation, the duty is one of the sources of filling the Community budget. Regardless of which of the Member States the goods are transported through to the customs territory of the EU, the duty is transferred to the Community budget.

The EU Customs Code has given customs offices in EU member states a fundamentally new role. To the usual internal function of the collector of customs payments, the external mission of facilitating international trade was added (Troschinsky *et al.* 2020). This main innovation of the fundamental EU customs document reflects the new realities of the modern globalized world and integrated Europe. However, in order to implement the relevant provisions of the Customs Code, EU countries have to implement many different IT solutions.

One of the priorities in the EU today is the creation of an e-Customs system. The EU customs code and the "Electronic customs initiative" include a well-defined list of 17 IT systems and a strict timetable for their implementation, mandatory for each of the EU member states.

This is not about tactical improvement of individual customs processes, but about a strategic approach to both the development of customs and digitalization (Kulikov *et al.* 2022). The planned changes are laid down in many multi-level documents, which ensures the sustainability of the process of creating "e-Customs". The EU e-customs initiative is based on the European Commission Communication on e-Government and the Council of Europe Resolution on a paperless environment for customs and trade. This directly relates to the Decision on e-Customs, the EU Customs Code (UCC; another name is EU Regulation No. 952/2013) and its Work Program (UCC Work Program).

These documents provide a solid legal basis for this initiative. By adopting them, EU Member States committed themselves to achieving the goals of

the e-Customs Initiative. The Annex to the Work Program contains a list of 17 electronic systems to be developed either by the participating States themselves (national systems) or by the participating States in cooperation with the European Commission (trans-European systems) (Novak-Kalyayeva *et al.* 2018).

In addition, the EU has a multi-annual strategic plan for customs (MASP-C) a planning document that covers all customs projects related to IT. On the one hand, it represents the basis for the mentioned list of 17 systems and sets the framework for the development of electronic customs systems. On the other hand, it is a "rolling plan" for the implementation of the Work Program of the EU Customs Code.

"E-Customs" in the EU should provide: information exchange between economic operators and customs authorities, interaction between customs authorities, as well as operations related to the storage of information (Gavkalova *et al.* 2022).

In order to build such a system, the Commission and the participating States have agreed that they will strive to ensure that this system provides for the following:

- ♦ Electronic data interchange between customs throughout the EU (if required) for any customs procedure or any other purpose related to the movement of goods across EU borders;
- ♦ Submission by entrepreneurs of their summary and/or customs declarations in electronic format, from their premises, regardless of the Member State in which the goods enter or leave the EU;
- ♦ Implementation of the collection and return / write-off of customs duties by the customs authority responsible for the location of the importer/exporter and keeping his customs records;
- ♦ Selection of goods for customs control at border and internal customs based on automated risk analysis using international, general, and national criteria;
- ♦ Registration of traders for customs purposes in only one EU Member State, even if they carry out customs operations in other EU Member States;

- ♦ - Possibility for traders to access information portals and single electronic access points for import/export transactions and for customs procedures related to security regardless of which of the EU Member States the operation begins or ends;
- ♦ Interaction (as needed) of computerized customs systems with existing and future systems in areas other than customs (e.g., an excise control and movement system to monitor the movement of excisable goods within the EU);
- ♦ The possibility of exchanging electronic information for all bodies and agencies involved in import and export operations, including with third countries, if this is provided for by an international agreement. In doing so, Customs will play a leading role in creating a one-stop-shop for these bodies and agencies;
- ♦ Implementation (ideally) of all physical checks in a “single window” (in one place, at the same time).

A striking example of the direct impact of customs control on economic security, and at the same time a clear example of the positive aspects of European integration, as opposed to entropic, centrifugal processes, is Brexit.

The most obvious are losses and difficulties of the UK in trade with the EU. After Brexit, Britain faced a shortage of the most unexpected things. Mineral water, salad, cheese periodically disappear from supermarkets. There is a lack of building materials, various spare parts and fuel. Half of all food in Britain is imported. The EU at the time of Brexit was the UK's main trading partner, accounting for 53% of imports and 44% of exports (HM Government, 2022).

Trade with the EU is now accompanied by sanitary checks, import and export declarations, the need to provide a certificate of origin of goods, on the basis of which a decision is made whether the goods can be imported duty-free. Although Britain has postponed the introduction of its customs rules until January 2022, in the EU the new terms of trade with it were already in full force in 2021. According to John Springford from the Center for European Reform, the total volume of UK trade with the EU decreased by 11-16% in 2021. Imports experienced

the hardest hit. According to the calculations of specialists from the UK trade policy observatory, from January to July 2021, imports of goods from the EU decreased by 29%, and exports to the EU by 6%; import of services and their export to the EU by 37% and 11.5%, respectively (*How a year outside the EU's legal and trading arrangements has changed Britain*, 2022). According to other estimates, compared with 2020, exports of goods to the EU in January 2021 decreased by just over 10%, while exports to non-EU countries increased by almost 5% (*The cost of Brexit becomes apparent*, 2021).

While this data is distorted by pre-Brexit trade stocks, it reflects a new reality. First, trade with the EU suffers more than trade with other destinations. Secondly, the difference in the volumes of exports and imports indicates that one of the determining factors is the new border rules (*The cost of Brexit becomes apparent*, 2021).

While Britain, by signing a trade agreement, avoided introduction of tariffs, trade with the EU is now subject to non-tariff restrictions. Sanitary and phytosanitary checks have not only added new costs, but also created delays, a particular problem for perishable goods such as shellfish. Overall, the Office for Budget Responsibility (OBR), the fiscal regulatory body, has estimated the damage from border “frictions” at about 0.5% of GDP in the first quarter of 2021 (*The cost of Brexit becomes apparent*, 2021).

The British Chambers of Commerce reports that almost half of exporters to the EU have faced obstacles. While the TCA promises zero tariffs and quotas, much depends on the rules-of-origin requirements, which demand a certificate of origin to be provided to ensure that exported goods were not first imported from countries outside the EU. In turn, strict sanitary regulations hinder the export of seafood and many agricultural products (HM Government, 2022).

The chances of lowering these barriers are slim. Experts believe that some mitigation at the border is possible, but in order for the improvements to be significant (for example, bringing British sanitary standards into line with EU standards), the UK will need to give up part of the reclaimed sovereignty, which it is unlikely to do (*Counting the cost of Brexit's impact on trade*, 2021).

The export of farmed fish is now also burdened with bureaucratic procedures. While in December 2020, fish grown on Scottish farms could move freely throughout the European Union, now it undergoes sanitary and phytosanitary checks for compliance with EU standards (SPS) at the border. In January 2021, British salmon exports to the EU were down 98% compared to January 2020. In February 2021, the value of salmon exports recovered to £25.6m. Art., but it was more than 10% less compared to the previous year. For example: Norway is not a member of the EU, but is located within the single European market, and salmon grown on Norwegian farms is not subject to SPS verification (*Norway shows the scale of salmon farmers' Brexit problems*, 2021).

One of the most difficult issues in the Brexit process concerns the situation of Northern Ireland. The parties agreed not to build a land border between the Republic of Ireland and Northern Ireland (Akimova *et al.* 2020). However, in order to avoid uncontrolled entry of British products into the Republic of Ireland an EU member, a *de facto* customs border between Northern Ireland and the UK in the Irish Sea is being introduced. On the island of Ireland itself, the border should remain transparent and free from inspections in order to preserve the Belfast Agreement of 1998. However, after Britain left the EU, due to numerous bureaucratic difficulties, the supply of British products to Northern Ireland was significantly hampered, which caused discontent among the local population, that directly affects not only economic security, but the national security of the region as a whole.

In the traditional sense, customs law is a system of rules governing the following legal relations (Dumanska and Matviiets, 2021):

- (a) Related to the passage of goods across the customs border (customs taxation, customs control, customs regimes, etc.);
- (b) Aimed at the institutional organization of the customs mechanism;
- (c) Regulating responsibility for offenses in the commodity sphere and the procedure for resolving customs disputes.

With regard to EU customs law, this understanding is only partly true. So, for example, the legal regulation of the customs mechanism is the subject of the constitutional and administrative law of the

EU member states and is not carried out at the level of the European Union (Deyneha *et al.* 2016). Questions of responsibility for customs offenses are also the subject of mainly national law. An international treaty has certain prospects here.

The customs union is the foundation of the European Union and an important element in the functioning of the single market. The single market can only function properly when common rules apply at its outer borders (Karpa *et al.* 2021). To this end, the national customs administrations of the EU act as a single entity. These general rules that they apply go beyond the Customs Union *per se* with its common tariff and apply to all aspects of trade policy such as preferential trade, health and environmental controls, common agricultural and fisheries policy, protection of economic interests, non-tariff instruments, and foreign policy measures.

The Union Customs Code and the provisions supplementing or implementing it, whether adopted at EU or national level, form the bulk of autonomous Union customs legislation. Thus, first of all, through the Customs Code and its implementation, the EU ensures compliance with its international obligations regarding, *inter alia*, trade and customs facilitation, supply chain security and risk-based customs controls. The Union Customs Code Legal Package abolished and replaced the previous customs law framework contained in the Community Customs Code and the implementation provisions of the Code, and revised the Modernized Customs Code to bring EU customs law into line with the requirements of the Treaty of Lisbon. The Union Customs Code defines the legal basis for customs rules and procedures in the customs territory of the EU, adapted to modern trade patterns and means of communication.

The concept of the EU Customs Union is shown in Fig. 2 below.

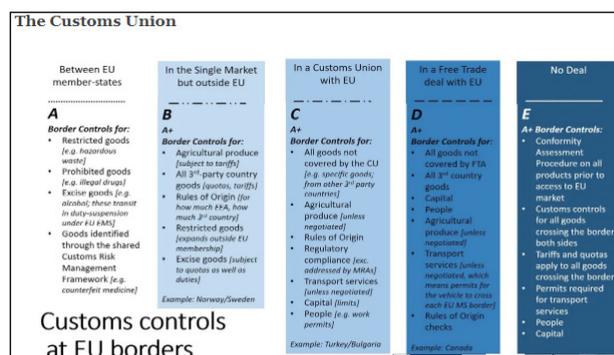


Fig. 2: Concept of the EU Customs Union (Lyons, 2018)

The customs authorities have the primary responsibility for supervising the international trade of the Community, thereby promoting fair and open trade, the implementation of the external aspects of the internal market, the common trade policy and other common Community policies of relevance on trade and overall supply chain security. The customs authorities shall take measures aimed, in particular, at the following:

- ♦ Protection of the financial interests of the Community and its Member States;
- ♦ Protecting the Community from unfair and illegal trade while supporting legitimate business activities;
- ♦ Ensuring the safety and security of the Community and its inhabitants, and protecting the environment, where necessary, in close cooperation with other authorities;
- ♦ Maintaining a proper balance between customs control and facilitating legitimate trade.

CONCLUSION

Thus, it can be said that the Union Customs Code is a key element of the ongoing efforts to modernize EU customs. It provides a comprehensive framework for customs rules and procedures in the customs territory of the EU, adapted to modern trade realities and today means of communication. The EU Customs Union allows goods to move freely within the borders of the EU and helps businesses through simplified procedures in the Union's internal market. It is administered by 28 national customs services acting as one. They protect consumers from dangerous imported goods, protect the budgets of the EU and its member states, animals and the environment, and also fight against organized crime and terrorism, thereby contributing not only to the economic security of the EU and each of its countries individually, but also to strengthening European integration processes and appropriate public administration landscape.

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