

Scientific and practical conference «Actual issues of security and customs: new challenges and prospects»

**SCIENTIFIC AND METHODOLOGICAL APPROACHES  
TO ASSESS THE LEVEL OF DEVELOPMENT  
OF CUSTOMS REGULATION IN THE MEMBER STATES  
OF THE EURASIAN ECONOMIC UNION**

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# STRATEGIC DIRECTIONS FOR THE DEVELOPMENT OF EURASIAN ECONOMIC INTEGRATION UNTIL 2025

Стратегические направления  
развития евразийской  
экономической интеграции  
до 2025 года



## Direction 3. Improving customs regulation within the Union:

3.1.1. Improving the Customs Code of the Union;

- 3.1.6. Determination in the Treaty on the Peculiarities of Criminal and Administrative Liability for Violations of the Customs Legislation of the Customs Union and the Member States of the Customs Union dated July 5, 2010 of general principles and approaches for establishing liability for non-compliance with the requirements of Union law in the field of customs regulation.
- 3.1.7. Development and conclusion of an international agreement on a harmonized system for determining the country of origin of goods exported from the customs territory of the Union.
- 3.1.8. Development of a unified system for the transit of goods.
- 3.1.9. Elaboration of the issue of conducting coordinated customs control at the places of customs operations in the customs territory of the Union in relation to imported goods
- Ensuring a single standard for customs operations, customs control, information exchange, unification and implementation of risk management systems in the Union.
- Development and implementation of an action plan to create conditions to ensure the unimpeded movement of goods of the Union from the territory of one Member State (or part thereof) to the territory of another Member State (or part thereof) that does not have a common border with any of the Member States, with taking into account the control of transportation using electronic navigation seals of the Union.

## RESEARCHED METHODOLOGICAL APPROACHES

Tools of the Customs Services of the EAEU  
Member States

WCO Instruments, Experience of the WCO  
Working Group on Performance Measurement

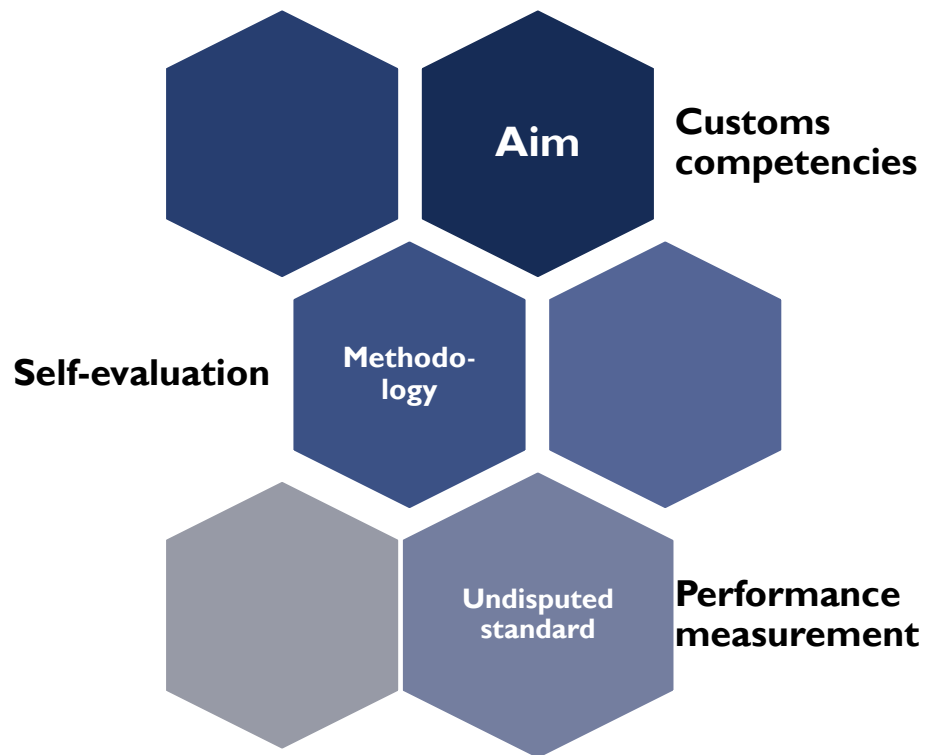
Research of the Russian Customs Academy

Scientific publications

Experience of the European Union



# WCO WORKING GROUP ON PERFORMANCE MEASUREMENT



## June 2018, meeting of the WCO Policy Commission

It is recognized «the need for Customs to take ownership and begin to conduct self-evaluation, preferably using a **performance measurement tool** developed by the WCO».

It is underlined, that «Organization should have its **own robust, comprehensive and fully scientific methodology** for performance measurement, thus ensuring that the product is recognized politically, being the «**undisputed standard**» for measuring Customs performance, covering all **major Customs competencies** and going beyond the Time Release Study».

### Scope and purpose of the tool are the following:

**Scope:** the tool should focus on providing key performance indicators (KPIs) for all Customs competencies (*revenue collection, trade facilitation and economic competitiveness, enforcement, security and protection of society*), although this may be broken down into *modular elements* to target specific areas or specific business processes of strategic interest to Members.

In addition, indicators for this assessment should monitor the extent to which WCO tools, instruments and recommendations have been applied, as well as support their evaluation in line with emerging international practice.



## PURPOSE OF THE WCO PERFORMANCE MEASUREMENT MECHANISM

**Purpose of the WCO Performance Measurement Mechanism** - to provide a politically recognized evidence-based, scored assessment that can be used to improve the Customs performance while making an impact on the economic development and business environment at national and international level.

### Specific objectives of the mechanism

enable strategic and evidence-based policy-making process in Customs administrations

incorporate all the Customs competences (revenue collection, trade facilitation and economic competitiveness, enforcement, security and protection of society, etc.) for assessing and improving efficiency and effectiveness

reflect the extent to which the relevant WCO tools and Conventions are applied in support of revenue mobilization and safe and smooth movement of people and goods

contribute to an introspective view of the effectiveness of the WCO process on Members' performance



## STRATEGIC OBJECTIVES OF THE ASSESSMENT TOOL



Under **SO1**, Trade facilitation, the Secretariat will pay particular attention to the Revised Kyoto Convention, E-Commerce, the WTO Trade Facilitation Agreement, SAFE and AEO, Coordinated Border Management, the Data Model and waste-related issues.

Under **SO2**, Revenue collection, work will continue to focus on the Harmonized System, valuation, origin and resource mobilization.

Under **SO3**, Protection of society, the work will be articulated around risk management, revenue fraud, passenger control and SAFE, anti-money laundering and counter-terrorism financing, and drugs/medicines.

Under **SO4**, Organizational development, the main tasks will be related to performance measurement, gender equality and diversity, integrity, human resources management, the implementation of the capacity building strategy, and the improvement of the pool of expert



# WCO PILOT PROJECT

Expected Result	Indicator
I. Increased trust in the relationship with trade	– KPI C2B «Capability Score»
II. Smoother movement of goods	– KPI Physical release time for import; – KPI Physical release time to export
III. Increased quality of services	– KPI service commitment; - KPI Service Delivery
IV. Increased compliance with classification rules	– KPI The ratio of binding rulings on classification; – KPI Degree of non-compliance with classification rules; – KPI Proportion of appeals against binding rulings
V. Increased voluntary revenue compliance	– KPI Percentage of voluntary revenue paid by traders as a result of compliance with Customs legislation including self-assessments of the Customs declaration and voluntary disclosure adjustments
VI. Increased use of technical targeting and detection capabilities on goods and passengers	– KPI Percentage of goods intercepted on the basis of risk profiles versus other inspection sources; – KPI Percentage of persons intercepted because of pre-arrival targeting versus post arrival.
VII. Increased effectiveness in combatting illicit trade in excisable products (tobacco, alcohol, petroleum and oil...)	– KPI Quantity of alcohol seized in liters by Customs per year; – KPI Number of illicit cigarettes seized by Customs per year
VIII. More accurate budget-based strategic planning	– KPI Accuracy of the budget allocation for strategic planning; – More competent and engaged staff Implementation rate of the Strategic plan
IX. More competent and engaged staff	– KPI More competent and engaged staff; – KPI Competency development.



## EU CUSTOM BLUEPRINTS. PATHWAYS TO BETTER CUSTOMS



**Indicators** - are specific, observable and measurable characteristics that should be used to determine whether the corresponding objective has been achieved. There is at least one indicator per objective. The indicator is focused, clear and unambiguous and gives a relatively good idea of what is required, but does not quantify the level of achievement. When conducting a blueprint exercise, a customs administration may decide to include additional indicators.

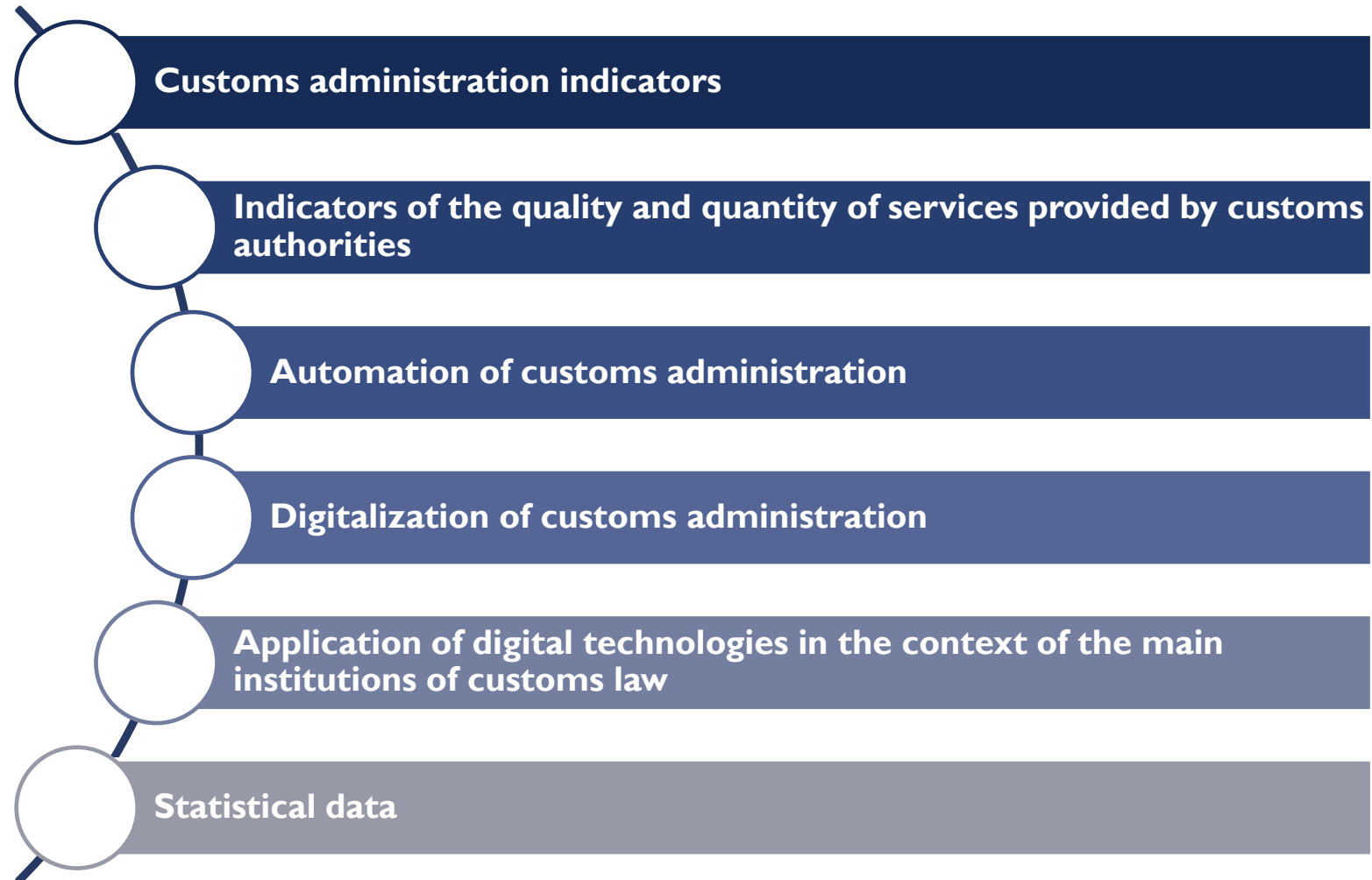
**The blueprints (standards – author's note)** - are practical guidelines based on EU best practice. They provide a valuable standard to be used by a customs administration to assess its performance and organize its own pathway to a better customs.

- legislation
- organization and management
- human resources management
- customs ethics
- training
- communication
- customs liabilities
- trade facilitation
- supply chain security
- risk management
- border and inland control
- Investigation and enforcement
- customs transit
- post-clearance control and audit
- intellectual property rights
- information and communication technologies
- infrastructure and equipment
- infrastructure and equipment
- internal audit





## PROPOSED METHODOLOGICAL APPROACHES IN THE EAEU



# CUSTOMS ADMINISTRATION INDICATORS (I) (EXAMPLES)

## I. Creation of favorable conditions for the implementation of foreign trade and effective interaction between participants in foreign economic activity (economic operators) and customs authorities

1.	Analysis of public services provided by the customs authorities (See tables of indicators on the quality of services № 1-2)
2.	<p>Does the customs authorities have an established mechanism that allows them to periodically interact with traders (economic operators) to discuss topical issues arising in practice in the field of customs regulation that affect their commercial operations? If yes, please indicate the name of such advisory bodies (conference platforms), as well as their format.</p> <p>Examples would be an advisory council, a public-private advisory group, a Customs-to-Business working group, etc.</p>
3.	<p>Do such advisory bodies meet to discuss specific topics, how often?</p> <p>Possible examples: AEO, customs procedures, technology, digital customs, single window, intellectual property rights, etc.</p>
4.	<p>Are mechanisms in place to ensure that the work of the advisory body is transparent to the public?</p> <p>Possible examples include pre-announced meetings, open access to the agenda and materials discussed, and the established opportunity to provide written and oral comments to interested parties.</p>

## II . Trade Facilitation

5.	Indicate the average time required to complete customs operations from the arrival of goods (by all modes of transport) to their physical release (for imports)
6.	Indicate the average time required to complete customs operations from the submission of an export customs declaration (by all modes of transport) to the actual departure of goods from the customs territory of the Union (for export)
7.	Indicate the average time required to complete customs operations during the transit of goods
8.	Specify the average time of customs operations when releasing goods
9.	The share of consignments in respect of which a customs inspection was carried out to the total number of executed customs declarations for the analyzed period
10.	Efficiency of customs inspections (ratio of effective customs inspections to the total number of customs inspections carried out for the analyzed period)
11.	Number of AEOs in the Member State's registry
12.	The total volume of goods moved by AEOs, including: <ol style="list-style-type: none"> <li>1) in value terms to the total volume of goods transported by the Member State of the Union for imports.</li> <li>2) as a percentage of the total volume of goods transported by the Member State of the Union on imports</li> <li>3) in value terms to the total volume of goods transported by the state - a member of the Union for export</li> </ol>

## CUSTOMS ADMINISTRATION INDICATORS (I) (EXAMPLES)

### III . Goods classification

17.	Indicate the total number of decisions made on the classification of goods for the analyzed period:
	1) before the release of goods
	2) after the release of goods
	3) including preliminary decisions
18.	The ratio of preliminary decisions made on the classification of goods to the total number of foreign economic activity participants (economic operators) involved in the import of goods for the analyzed period
19.	The share of cases of incorrect classification of goods detected by the customs authorities during their customs declaring (the number of violations in the classification of goods to the total number of customs declarations for the analyzed period)
20.	The share of complaints of participants in foreign economic activity (economic operators) on the adopted (taken) classification decisions for the analyzed period (the share of complaints about classification decisions from the total number of complaints about all decisions of the customs authorities)
21.	Indicate the total number of preliminary decisions appealed by traders in national courts during the analyzed period
22.	Indicate the total number of classification decisions appealed by participants in foreign economic activity (economic operators), adopted by customs authorities in national courts for the analyzed period, including:
	1) before the release of goods
	2) after the release of goods

### IV . Customs payments

23.	The share of paid (collected) customs payments in the total amount of customs payments additionally calculated based on the results of customs control
	1) in connection with the adjustment of information on the customs value;
	2) in connection with the correction of information on the origin of goods;
	3) in connection with the adjustment of information on the classification of goods
24.	The share of customs payments returned as a result of customs control carried out by the customs authority, including:
	1) in connection with the adjustment of information on the customs value;
	2) in connection with the correction of information on the origin of goods;
	3) in connection with the adjustment of information on the classification of goods
25.	The share of customs payments returned as a result of appealing against decisions, actions (inaction) of customs authorities, including:
	1) in connection with the adjustment of information on the customs value
	2) in connection with the correction of information on the origin of goods
	3) in connection with the adjustment of information on the classification of goods

## INDICATORS OF THE QUANTITY AND QUALITY OF SERVICES PROVIDED BY CUSTOMS AUTHORITIES (ESTABLISHED BY LAW)

### Indicators of the quality of services provided by customs authorities

№	Service name	legal act	In fact, it turns out		View (form)	
			Yes	No	writing (paper)	electronic
1	2	3	4	5	6	7
1.	Service 1					
2.	Service 2					
...	Service 3					

### Number of services rendered by Customs authorities in 202\_

№	Total number of services established by law	Total number of services rendered	including in electronic form	Improving the quality of services in% (column 3 / column 2 * 100)	Share of services provided electronically in % (column 4 / column 3 *100)
1	2	3	4	5	6

# AUTOMATION OF CUSTOMS ADMINISTRATION

№	Name of the automation element
1.	Availability personal cabinet for interactions with customs authorities
2.	Electronic declaring: – including electronic transit declarations; – electronic declarations on goods for express cargo
3.	Automatic registration of goods declarations
4.	Automatic registration of transit declarations
5.	Auto release of declarations
6.	Automatic control of the correctness of the classification of goods and the detection of violations related to the statement of false information about the classification code of goods
7.	Electronic preliminary informing
8.	Remote release
9.	Automation of customs control processes after the release of goods (electronic customs check)
10	Automatic selection of control objects
11.	Automation of the selection of objects of customs control after the release of goods
12.	Integration of information resources of customs authorities with the basic components of the e-government infrastructure
13.	Application of contactless interactions methods by subjects of customs legal relations
14	Electronic transit declarations
15.	Customs payment in a centralized manner (a single personal account)
16	Independent management of the payer's own funds

# DIGITALIZATION OF CUSTOMS ADMINISTRATION (I)

No. n / n	Name of the automation element
<b>Supranational projects in the EAEU</b>	
1.	Implementation of a traceability system for goods
2.	Use of navigational seals. End-to-end control of the movement of goods across the territory of the EAEU
3.	Unified customs transit system (electronic transit)
4.	Implementation of information interaction within the framework of common processes through the integrated information system of the Union
5.	Implementation or participation in digital pilot projects, such as: digital transport corridors, labeling of goods, digitalization of railway transportation within the framework of trade and economic cooperation with China, and other similar projects
<b>Single window mechanism</b>	
6.	Ensuring the exchange of information with interested parties through a single access point, as well as the absence of the need to submit relevant documents on paper
7.	Transition from electronic document management to data exchange
8.	Creation of an ecosystem for managing foreign economic activity based on the principles of managing data, processes, interaction and changes
9.	Implementation or participation in pilot projects under the National Single Window Mechanism
10.	Coordinated Border Management: <ul style="list-style-type: none"> <li>– inside the country;</li> <li>– within the framework of interstate information interaction with the Customs authorities of neighboring states;</li> <li>– combining the functions of customs and border control</li> </ul>

<b>Electronic commerce</b>	
11.	Interaction of information systems of customs authorities with electronic trading platforms
<b>Customs infrastructure</b>	
12.	Availability of Electronic Declaration Centers (EDC)
13.	Application of centralized automatic dispatching: * <ul style="list-style-type: none"> <li>– between EDCs</li> <li>– between inspectors</li> </ul>

# DIGITALIZATION OF CUSTOMS ADMINISTRATION (II)

Customs control		Intellectual checkpoint	
14.	Intelligent, flexible, self-configuring RMS (consignment risk assessment)	32.	«Electronic ticket» system
15.	Digital twins (predicting response to change)	33.	Automatic check-in
16.	Customs monitoring	34.	Real-time categorization of consignments
17.	Real time monitoring	35.	Verification of the possibility of automatic release of goods in accordance with the declared customs procedure
18.	Preliminary decisions on the choice of forms of customs control before the arrival of goods	36.	Automatic placement (introducing of goods) under the customs procedure of transit
19.	Automation of the process of monitoring the correctness of the classification of goods	37.	Automatic reading and recognition of vehicle plates
20.	Electronic systems for verification of the country of origin of goods	38.	Automatic passage of radiation control
Copyright protection		39.	Automatic passage of weight control (weight and size complex)
21.	Switching to exclusively electronic interaction with the right holder (when maintaining the customs register, as well as when counterfeiting is detected)	40.	Automatic passing of inspection using inspection complex
Customs declaration		41.	The use of artificial intelligence for the analysis of images of the portal inspection complex
22.	Conducting a semantic analysis of information from the goods customs declaration, as well as accompanying documents (transport, commercial) and permits obtained through interdepartmental interaction	42.	Image recognition (automatic detection of control objects)
Digital technologies		43.	Intellectual analysis of images of inspection and screening systems
23.	Big data	44.	Other types of control using technical means of customs control
24.	Artificial intelligence	45.	Unified information network of technical means
25.	Cloud computing	46.	Integration of a unified information network of technical means with information systems of state regulatory bodies
26.	Internet of Things	47.	Automatic decision-making on the choice of the order of transactions.
27.	Blockchain		<i>Note: data from the technical systems of customs control are automatically transferred to the unified system of customs authorities and are used when the vehicle is directed along the red or green corridor and in the automatic execution of customs operations</i>
28.	Machine learning		
29.	Mobile technologies (wireless communication technology), including the use of mobile devices		
30.	Biometrics		
31.	Augmented reality technology		

## CONCLUSIONS

- 1. The issue of developing an effective legal tool for analyzing the level of development of customs regulation, including the development of an appropriate methodology and indicators (criteria), is on the WCO agenda and is discussed at the expert level.**
- 2. Such a tool is of interest for assessing customs administration in the Member States of the EAEU.**
- 3. The Commission's experts have developed methodological approaches, questionnaire forms for analysis, defined the basic elements (characteristics, indicators) for the analysis of modern customs (the developers are Mozer Sergei, Sekerbayeva Dinara, and Zelenov Vitaly).**
- 4. Within the framework of interaction with the Customs services of the Member States of the Union, these forms were tested, and practical results were obtained based on the results of their comprehensive analysis. The matrix analysis method used by the experts made it possible to visualize the results of the study at the level of histograms in the basic areas (characteristics, indicators) of the work of customs in the Union countries, as well as to prepare recommendations for «aligning» customs practice in the EAEU.**
- 5. The subsequent activities within the framework of Eurasian integration in the customs aspect require the development of the Code of Customs Standards of the EAEU.**
- 6. In the subsequent development of a new strategic planning document that sets the main vectors for further integration interaction in the Union in the medium and long term for the development of customs regulation, for example, from 2025 to 2040, the creation of the EAEU Code of Customs Standards should become one of the main priorities.**
- 7. In the future, the methodology developed, tested and agreed by the Member States for analyzing the development of customs regulation in the EAEU should be approved by a legal act of the Board of the Commission, and the results of the analysis should be announced at the level of the authorized bodies of the EAEU with a certain frequency in order to improve the Union's law in the field of customs regulation and strategic planning in general.**



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**The research-paper can be found at the [link](#)**