

UDC (УДК) 342.9
JEL Classification: F 40; K 42

Живко Зінаїда Богданівна,
доктор економічних наук, професор,
професор кафедри менеджменту
Львівського державного університету внутрішніх справ
(Львів, Україна)
e-mail: professor2007@ukr.net
ORCID ID: 0000-0002-4045-669X

Висоцька Інна Борисівна,
кандидат економічних наук, доцент,
доцент кафедри фінансів та обліку
Львівського державного університету внутрішніх справ
(Львів, Україна)
e-mail: inna_vysot@ukr.net
ORCID ID: 0000-0003-4252-987X

КОНТРАБАНДА ЯК ЗАГРОЗА МИТНІЙ БЕЗПЕЦІ ДЕРЖАВИ

Анотація. Розкрито особливості інтеграції України у світовий економічний простір. Досліджено сутність поняття «митна безпека». Встановлено, що наявні підходи можна поділити на дві групи: розуміння митної безпеки як стану захищеності митних інтересів держави та як комплексу заходів держави у митній сфері. Визначено, що основною загрозою митній безпеці України є контрабанда. Досліджено походження терміна «контрабанда». Проаналізовано обсяги зовнішньоекономічного товарообороту та визначено, що обсяги імпорту перевищують обсяги експортних операцій, що свідчить про імпортозалежність держави. Проведено оцінку обсягів «товарної» контрабанди. Розкрито головні зовнішні та внутрішні причини поширення контрабандних схем. Охарактеризовано основні наслідки поширення контрабанди для економіки країни. Проаналізовано суми втрат державного бюджету через існування контрабандних схем. Запропоновано заходи щодо боротьби з ними.

Ключові поняття: митна безпека, контрабанда, зовнішні та внутрішні чинники контрабанди, наслідки контрабанди, втрати державного бюджету.

Zhyvko Zinaida,
Doctor of Economic, Professor,
Professor of the Department of Managtment,
Lviv State University of Internal Affairs
(Lviv, Ukraine)
e-mail: professor2007@ukr.net
ORCID ID: 0000-0002-4045-669X

Vysotska Inna,
PhD (Economic), Associate Professor, Associate Professor
of the Department of Finance and Accounting,
Lviv State University of Internal Affairs
(Lviv, Ukraine)
e-mail: inna_vysot@ukr.net
ORCID ID: 0000-0003-4252-987X

SMUGGLING AS A THREAT TO THE CUSTOMS SECURITY OF THE STATE

Abstract. The article reveals the essence of the concepts of «customs security» and «smuggling». It is established that the main threat to the customs security of Ukraine is the prevalence of smuggling schemes.

Analyzed the volume of foreign trade turnover, the volume of «commodity» smuggling, the amount of state budget losses due to the existence of smuggling schemes. The main external and internal reasons for the spread of smuggling schemes were disclosed. The main consequences of the spread of smuggling for the economy of the country are characterized. Measures to combat smuggling schemes are proposed.

Key concepts: customs security, smuggling, external and internal factors of smuggling, consequences of smuggling, state budget losses.

DOI 10.32518/2617-4162-2021-3-149-155

Introduction

Integration of Ukraine into the world economy should take place at the same time ensuring an appropriate level of its economic security. Globalization processes, the openness of national economic borders, the lack of a clear protectionist policy create a lot of threats and risks for the national economy. Customs security is an important component of economic security. Non-compliance with customs interests of the state affects various areas of the economy: it reduces the level of competitiveness of domestic producers, increases the volume of shadow economic flows, reduces the level of state budget revenues, contributes to the outflow of capital and currency values outside the state, creates conditions for job cuts, etc. Significant threat to customs security of Ukraine is a significant volume of smuggling.

Analysis of recent research and publications

The problem of ensuring customs security of the state has been the subject of research by many scientists, in particular M. Huba [1], N. Havlovska [2], M. Kuleshyna [3], N. Levko [4], A. Nedo-behga [3], I. Novosad [5], A. Osadchuk [2],

P. Pashko [6], P. Pisnoy [6], E. Rudnichenko [2] and other leading scientists. However, the consideration of smuggling problems through the prism of threats to state customs security is little studied and therefore requires further study.

Purpose

The purpose of the article is to study smuggling as a threat to the customs security of the state, the disclosure of the main causes and consequences of its commission.

Results

Ensuring the economic development of the state cannot be achieved without the protection of its foreign economic interests and, in particular, customs security. The importance of regulating the relations in the customs sphere increases in view of its importance for the economy and filling the state budget. Analysis of the volume of foreign trade turnover of Ukraine during 2010–2020. It showed significant volumes of export-import and dependence of domestic economy on imported goods (Fig. 1).

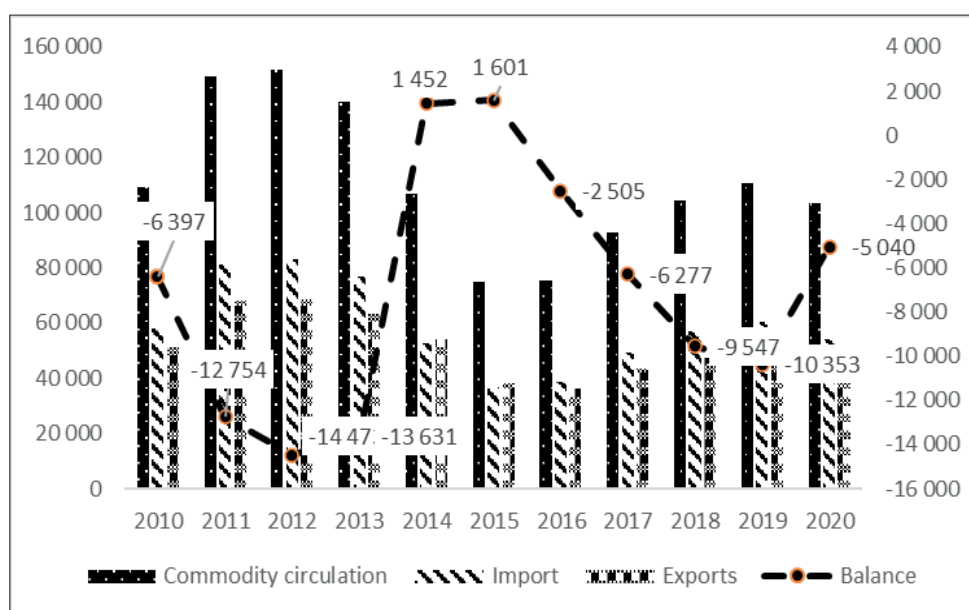


Fig. 1. Volumes of foreign trade turnover of Ukraine in 2010–2020, \$ billion. USA

Source: [7]

Foreign trade turnover is also important for filling the state budget. Budget revenues from foreign trade operations are formed not only from customs payments, but also from VAT on imported goods and excise tax on imported excisable goods. Thus, in particular in 2020. The amount of excise tax on imported excisable goods was 57,8 UAH billions or 5,38% of total state budget revenues, the amount of VAT on imported goods – 274,1 UAH billions or 25.7%, customs fees – 30,5 UAH billions or 2,83% of state budget revenues respectively. The aggregate share of customs payments in the structure

of state budget revenues in 2020 is about 35% of total budget revenues.

Customs security and protection of customs interests of the state have always been the subject of scientific research. However, despite the existence of a large number of scientific publications, there is still no unity in the understanding of the essence of the concept of «customs security» among scientists. The existing approaches can be grouped into two subgroups: understanding of «customs security» as a state of protection of customs interests of the state «and as a set of measures of the state in the customs sphere (Table 1).

Table 1

Approaches to the interpretation of the essence of the concept of «customs security»

Author, source	Definition of «customs security»
<i>Understanding «customs security» as a certain state of the economy</i>	
Customs Code of Ukraine [8]	Customs security is a state of protection of customs interests of Ukraine
P. Pashko [6]	Customs security is a state of protection of economic interests of the state in the customs sphere, which makes it possible in various external and internal conditions regardless of any conditions to ensure the movement of goods across the customs border, customs regulations, customs control procedures and combat smuggling
I. Novosad [5]	Customs security is a state of protection of fiscal interests of the state, provided by measures of customs administration, aimed at countering the deviant behavior of the subjects of the customs system and the effective implementation of customs policy of the state
M. Huba [1, p. 80–81]	State customs security is defined as the state of protection of customs interests of Ukraine, provided through effective implementation of state tax policy and state customs policy, characterized by the reliable functioning of the customs system, the security of the customs space of the country, the openness of the national economy and an acceptable level of export-import dependence of the state and is based on the consideration of fiscal-regulatory priorities of the country and the interests of taxpayers
M. Levko [4, p. 17]	Customs security is a protection of customs interests of economic entities, the state and the international community, which ensures sustainable development, timely identification, prevention and neutralization of real and potential threats to national interests in the customs sector and other areas of government when there are negative trends to create potential or real threats to national interests, the neutralization of which lies within the competence of customs authorities
<i>Understanding «customs security» as a set of measures of the state in the customs sphere</i>	
N. Havlovska, O. Osadchuk, E. Rudnichenko [2, p. 53]	Customs security is a complex of effective economic, legal, political and other measures of the state to protect the interests of the people and the state in the customs sphere. It plays an important role in the system of economic security of the state as a whole and financial security in particular, because it is focused on ensuring economic interests in the foreign economic and financial spheres simultaneously
O. Nedobega, M. Kuleshyna [3]	Customs security is an integral part of economic security, primarily through the focus on the protection of national economic interests and the protection of national producers

Smuggling is a significant threat to the customs security of the state. Smuggling (from Italian *contra* – against, *bando* – decree) is the illegal movement of goods across the customs border. Despite the fact that the Customs Code of Ukraine [8] regulates the relations arising between different subjects in crossing the customs border, defines the powers of customs authorities in the field of counteraction and prevention of smuggling, the very definition of «smuggling» is not given. At the same time, the Criminal Code of Ukraine defines smuggling as the movement across the customs border of Ukraine beyond customs control or with concealment from customs control of cultural values, poisonous, potent, explosive substances, radioactive materials, weapons or ammunition (except smooth-bore hunting weapons or ammunition for it), parts of firearms, as well as special technical means of covert information acquisition [9].

Without detracting from the importance of combating illicit trafficking in narcotic substances and weapons to ensure the economic security of the state, it is the «commodity» smuggling that is important (Fig. 2).

– The predominance of raw materials in exports;

– The openness of the domestic economy, the lack of strict export and currency controls;

– High level of dependence of the domestic market on imported goods;

– Lack of an effective mechanism to support domestic commodity producers. Among the factors for the spread of smuggling it is advisable to include the following:

– Technological backwardness of the domestic economy and, as a consequence, the low level of its competitiveness;

– The domestic commodity producers are being squeezed out of the domestic market by foreign producers;

– Unfavorable economic situation in the country, low income level of the population;

– Imperfect national legislation, low level of legal, financial and organizational culture of economic entities;

– Lack of negative attitude of the population to smuggling. According to a survey [11] conducted in 2020 by the Institute for Economic Research

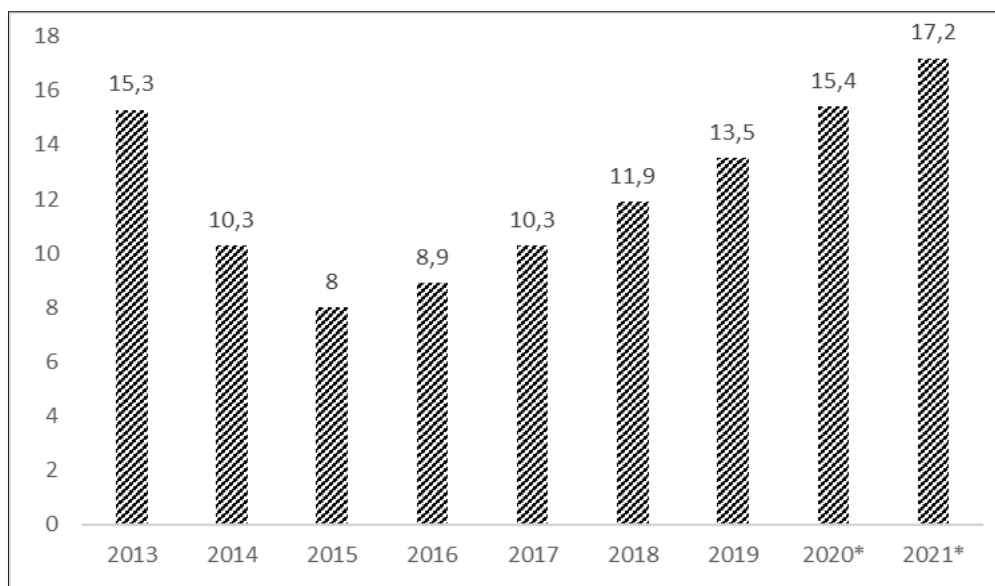


Fig. 2. Volumes of smuggling of goods to Ukraine in 2013–2021, USD billion

* Data for 2020–2021 forecast

Source: [10]

Given the volume of «commodity» smuggling, the openness of the domestic economy and its import dependence, we can assume that in its absence, the volume of customs revenues to the budget would be equal to domestic tax revenues.

Both internal and external factors influence the spread of smuggling. The external factors include the following:

– Loss of markets for domestic products on the world market;

and Policy Consulting, more than half of the respondents (55%) indicated the negative impact of smuggling on the economy of the country, while 42% of respondents indicated the negative impact of smuggling on the economy, but positive for citizens. That is, 97% of respondents recognized the negative impact of smuggling on the economy.

However, when studying such a negative phenomenon as smuggling, priority is given not only to the causes of its spread, but also to the

consequences of its impact on the economic security of the country. The consequences of smuggling are of a general nature and manifest themselves in various areas:

– *creates a threat to the life and health of the population of Ukraine.* Goods smuggled into the customs territory of Ukraine are not subject to state control and therefore may contain poisonous substances, be of inadequate quality, which may cause both increased morbidity and lethal outcomes;

– *smuggling contributes to an increase in crime.* The entrenchment of smuggling contributes to the creation of transnational criminal groups that have significant financial resources. This has a negative impact on the economic, political and social security of the country. For example, in 2020, 114 criminal offenses under Article 201 of the Criminal Code «Smuggling» were counted [12];

– *creates a decrease in the revenue part of the budget.* Smuggling is actually the exemption of imported goods from any taxes and fees on the territory of Ukraine [10, p. 3]. Since, as noted above, customs payments constitute a significant part of the revenue part of the budget, the prevalence of smuggling schemes reduces the volume of tax revenues of the budget (Fig. 3).

and excise tax are much lower at \$ billions 1,3 and \$ billions 0,2 USD, respectively. The cumulative budget losses are as high as \$ billions 5,2 in 2021 [10].

Because of the existence of smuggling schemes tax burden on legal businesses is growing. Undoubtedly, it is impossible to combat smuggling in its entirety, but reduction of its volumes by 20% will reduce the rate of personal income tax by 2%, corporate income tax by 4% and VAT by 1%. If smuggling is «whitewashed» by 60%, the rates of these taxes can be reduced by 5%, 13% and 3%, respectively [10];

– increases the volume of the shadow economy and reduces the competitiveness of domestic commodity producers. «Commodity» smuggling makes domestic goods uncompetitive in price, stimulates demand for imported products and thereby supports foreign producers. As a consequence, the demand for domestic products is reduced, the volume of sales of domestic goods is reduced, the number of jobs and wage fund is reduced, labor migration increases, the demand for foreign currency increases, which in turn contributes to the devaluation of the hryvnia.

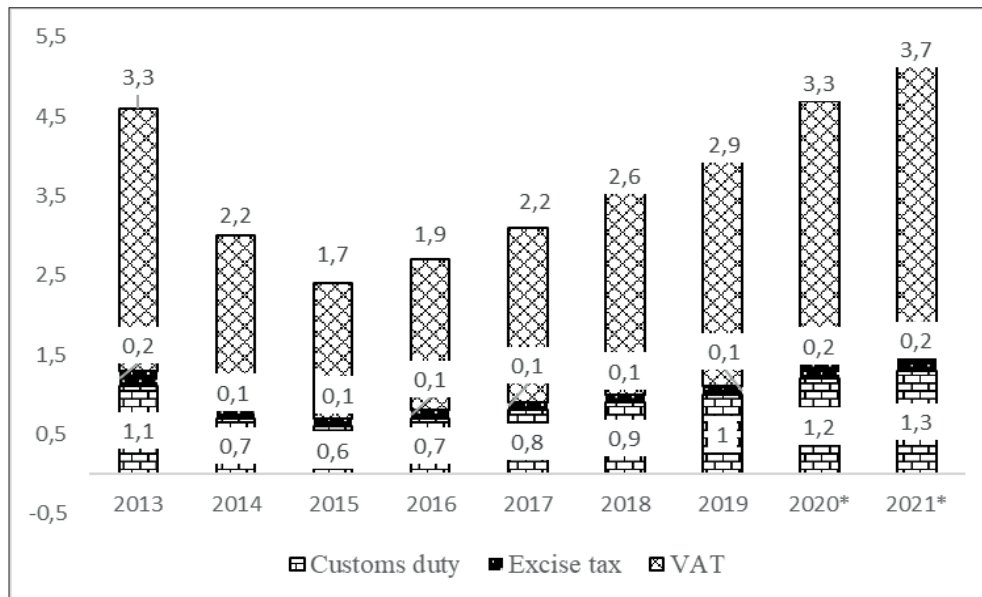


Fig. 3. Volumes of losses of the state budget of Ukraine in 2013–2021. Due to the existence of smuggling schemes, billion USD

* Data for 2020–2021 Forecast

Source: [10]

The biggest loss of budget revenues is expected from the shortfall of VAT revenues from imported goods. Thus, more than \$3 billions will not be received by the state budget. The sums of duty and excise tax are much smaller, amounting to \$ billions 1,3 in 2021. The amounts of duty

Conclusions

In summary, we note that the macroeconomic «effect» of smuggling is manifested not only in the shortfall in payments to the budget, the increase in the shadow economy, economic losses and damages. The real harm caused by smuggling is

the violation of the principle of fair competition, which affects, first of all, the legal business. The problem of smuggling is complex and therefore to overcome it it is necessary to develop a number of measures in different spheres:

– to introduce a system of control over the movement of goods not only through the customs border of the country, but to introduce a national

system of control over the movement of goods;

– to establish cooperation between the State Customs Service of Ukraine and the customs services of partner countries to exchange information on the movement of goods across the border;

– to form a negative attitude in the society towards smuggling.

Список використаних джерел

1. Губа М. О. Фактори підвищення ефективності здійснення державної митної справи в Україні. *Дослідж. теорет. аспектів та розробка сист. оцінюв. ефективності митних процедур* : матеріали наук.-практ. конф. (м. Хмельницький, 25 верес. 2014). С. 80–81.
2. Гавловська Н. І., Осадчук О. В., Рудніченко С. М. Вплив митних органів на економічну безпеку держави. *Митна безпека*. 2011. № 1–2. С. 52–56.
3. Недобега, О. О., Кулешина М. І. Митна безпека як складова економічної безпеки України. *Наук. вісти Далів. Універ.* 2013. № 9. URL: https://rep.polessu.by/bitstream/123456789/16425/1/Nedobega_EA_Mitna%20bezpeka%20iak%20skladova%20ekonom%d1%96chno%d1%97%20 bezpeki%20Ukra%d1%97ni.pdf
4. Левко М. М. Системний підхід до визначення ролі та місця митної безпеки у забезпеченні економічної безпеки держави. *Наук. вісн. Херсон. держ. універ.* 2015. № 15. С. 16–20.
5. Новосад І. Митна безпека як важлива складова економічної безпеки держави. *Світ фінансів*. 2015. № 2. С. 145–155.
6. Пашко П., Пісной П. Митна безпека України. *Вісн. Нац. акад. держ. управл.* 2006. № 2. С. 139.
7. Офіційний сайт Державної митної служби України. Статистика та реєстри. URL: <https://customs.gov.ua/statistika-ta-reiestri>
8. Митний кодекс України : Кодекс України від 13.03.2012 № 4495-VI. URL: <https://zakon.rada.gov.ua/laws/show/4495-17>
9. Кримінальний кодекс України : Кодекс України від 05.04.2001 № 2341-III. URL: <https://zakon.rada.gov.ua/laws/show/2341-14?find>
10. Аналіз обсягів контрабанди в Україні обсяги, прямі та непрямі втрати бюджету та економіки. URL: <http://ua-outlook.com.ua/wp-content/uploads>
11. Популярність «контрабандних» товарів серед споживачів. Результати online-опитування. Інститут економічних досліджень та політичних консультацій. URL: http://www.ier.com.ua/files/Projects/2020/customs_initiative/goods.pdf
12. Офіційний сайт Офісу Генерального прокурора України. Статистика. URL: <https://www.gp.gov.ua/ua/1stat>

References

1. Huba, M. O. (2014). Faktory pidvyshchennia efektyvnosti zdiisnennia derzhavnoi mytnoi spravy v Ukraini [Factors of increasing the efficiency of state customs procedures in Ukraine]. *Doslidzh. teoret. aspektiv ta rozrobka syst. otsiniuv. efektyvnosti mytnykh protsedur: materialy nauk.-prakt. konf.* (Khmelnytskyi, 25 veres. 2014) [in Ukr.].
2. Havlovska, N. I., Osadchuk, O. V. & Rudnichenko, Ye. M. (2011). Vplyv mytnykh orhaniv na ekonomichnu bezpeku derzhavy [The influence of customs authorities on the economic security of the state]. *Mytna bezpeka*, 1–2, 52–56 [in Ukr.].
3. Nedobieha, O. O. & Kulieshyna, M. I. (2013). Mytna bezpeka yak skladova ekonomichnoi bezpeky Ukrainy. [Customs Security as a Component of Economic Security of Ukraine]. *Nauk. visti Daliv. Univer*, 9. Retrieved from https://rep.polessu.by/bitstream/123456789/16425/1/Nedobega_EA_Mitna%20bezpeka%20iak%20skladova%20ekonom%d1%96chno%d1%97%20 bezpeki%20Ukra%d1%97ni.pdf [in Ukr.].
4. Levko, M. M. (2015). Systemnyi pidkhid do vyznachennia roli ta mistsia mytnoi bezpeky u zabezpechenni ekonomichnoi bezpeky derzhavy [A systematic approach to determining the role and place of customs security in ensuring the economic security of the state]. *Nauk. visn. Kherson. derzh. Univer*, 15, 16–20 [in Ukr.].
5. Novosad, I. (2015). Mytna bezpeka yak vazhlyva skladova ekonomichnoi bezpeky derzhavy [Customs security as an important component of the economic security of the state]. *Svit finansiv*, 145–155 [in Ukr.].
6. Pashko, P. & Pisnoi, P. (2006). Mytna bezpeka Ukrainy [Customs Security of Ukraine]. *Visn. Nats. akad. derzh. Upravlinnia*, 2, 139 [in Ukr.].

7. Ofitsiynyi sait Derzhavnoi mytnoi sluzhby Ukrainy. Statystyka ta reiestry [The official site of the State Customs Service of Ukraine. Statistics and registers]. Retrieved from <https://customs.gov.ua/statistika-ta-reiestri> [in Ukr.].
8. Mytnyi kodeks Ukrainy : Kodeks Ukrainy [Customs Code of Ukraine. Code of Ukraine 13.03.20120] № 4495-VI. Retrieved from <https://zakon.rada.gov.ua/laws/show/4495-17> [in Ukr.].
9. Kryminalnyi kodeks Ukrainy : Kodeks Ukrainy [Criminal Code of Ukraine. 05.04.2001] №. 2341-III. Retrieved from <https://zakon.rada.gov.ua/laws/show/2341-14?find> [in Ukr.].
10. Analiz obsiahiv kontrabandy v Ukraini obsiahy, priami ta nepriami vtraty biudzhetu ta ekonomiky [Analysis of smuggling into Ukraine volumes, direct and indirect losses to the budget and the economy]. Retrieved from <http://ua-outlook.com.ua/wp-content/uploads> [in Ukr.].
11. Populiarnist «kontrabandnykh» tovariv sered spozhyvachiv. Rezultaty online-opytuvannia. Instytut ekonomichnykh doslidzhen ta politychnykh konsultatsii [The popularity of «contraband» goods among consumers. Results of an online survey] Retrieved from http://www.ier.com.ua/files/Projects/2020/customs_initiative/goods.pdf [in Ukr.].
12. Ofitsiynyi sait Ofisu Heneralnoho prokurora Ukrainy. Statystyka [Official site of the Office of the Prosecutor General of Ukraine. Statistics]. Retrieved from <https://www.gp.gov.ua/ua/1stat> [in Ukr.].

*Стаття: надійшла до редакції 19.07.2021
прийнята до друку 29.08.2021
The article: is received 19.07.2021
is accepted 29.08.2021*