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DIGITAL CUSTOMS AS A PART OF E-GOVERNMENT; STATE, PROBLEMS AND PROSPECTS (UZBEKISTAN EXPERIENCE)

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Abstract:

The speed of customs operations, the reduction of costs of customs procedures, the timely payment of customs duties, the promptness of criminal investigations and the reduction of administrative offenses are the main aspects of customs performance evaluation. While customs operations are efficient, there are always ways to improve them. For example, better computerized data processing systems must be introduced into the organization of customs control procedures. This allows for the integrated reception and processing of information about goods and vehicles before they pass through Customs and border crossing points, including the integrated analysis of electronic baseline risk data (EBRD).

Keywords:

1. INTRODUCTION.

The speed of customs operations, the reduction of costs of customs procedures, the timely payment of customs duties, the promptness of criminal investigations and the reduction of administrative offenses are the main aspects of customs performance evaluation. While customs operations are efficient, there are always ways to improve them. For example, better computerized data processing systems must be introduced into the organization of customs control procedures. This allows for the integrated reception and processing of information about goods and vehicles before they pass through Customs and border crossing points, including the integrated analysis of electronic baseline risk data (EBRD).

The introduction of effective technologies in customs control procedures will undoubtedly strengthen the integration into the global economic, legal and political systems, which will increase the effectiveness of customs control, the optimal allocation of time and labor resources of customs authorities in carrying out customs control procedures. optimize the analytical activities of customs authorities, creating PR-image of customs administration for the business community. It should be noted that all countries need to introduce new methods to simplify customs clearance by creating electronic (digital) information systems. They must have functionality and interoperability similar to other systems around the world, as well as be accessible, secure, integrated and, most importantly, manageable. Digital customs services will be a multifunctional integrated institution that integrates information and communication technologies in the implementation of necessary customs services. Along with ensuring economic security, the quality of customs regulatory procedures and customs administration processes is expected to improve. Provide digital support and technical support for digital systems to evaluate their successful operation and the quality of customs operations, as well as technological support for the continuous flow, collection, analysis and processing of data between customs authorities and government agencies.

One of Digital Habit's main goals is to reform customs and remove barriers. The main goal of reforming existing customs systems is to accelerate the implementation of two strategic directions that are important for all customs services in the world today. That is, to increase the efficiency of customs procedures and reduce the time of their implementation. The introduction of this system will allow participants of FEA *(participants in foreign economic activity)* to simplify the electronic use of customs data, to optimize export-import procedures, to move to paperless customs operations, including at the checkpoints. In general, the automated system of customs administration procedures will be aimed at simplifying trade.

In short, economic efficiency is achieved through the introduction of digital technologies in the customs sphere. These are the main reasons for the "digitization" of industries for any state.

Therefore, this article examines the structure of e-government "digital customs" and analyzes the existing prospects and the challenges.

2. MATERIALS AND METHODS.

The issues of management in customs authorities are considered in the works of N.M. Blinova, V.G. Draganova, E.G. Anisimova, R.F. V. Rozhkova, L.A. Popova, N.N. Prosyannikova and others [1].

The key ideas of digitalization of public administration are considered in the works of C. Bwalia, S. Muchual, K. Ruddick, M. Barranekia, T. Jenkins, W. Eggers, S. Falk, A. Remmele, M. Silverman, A. Binay, E.G. Inshakova, A.A. Sidorova, S.Y. Kabashova, Z.V. Arkhipova, V.I. Drozhzhinova, V.P. Kupriyanovskii, Works of O.V. Alekhina, V.V. Kasheev, Y.B. Poroshin, D.M. Lyamin, I.S. Ermilov, G.V. Ignatyeva, I.S. Nikitchenko, L.A. Filippov, G.R. Kurtseva, L.A. Malakhova, E.S. Matveeva etc. are devoted to use of digital technologies in customs and foreign economic activity[2]. However, in the works of the above authors there are no methodological developments on the organization of management of the activities of state bodies, including the customs service, using digital technology.

In order to achieve the goal of the study, it was necessary to investigate the pace of digitalization of customs services, namely to identify the problematic and most difficult areas for informatization. For this purpose, quantitative and qualitative research methods were used.

Given that the implementation of the possibility of automatic release of goods is one of the key areas of digitalization of customs services, the automation of information about the goods in the customs declarations was identified as a key benchmark by the customs authorities of Uzbekistan.

Therefore, the article compares the results of work on the digitalization of the industry as a whole by analyzing the time spent on export-import operations (declarations).

Also in the research work, methods such as observation, generalization, grouping, comparison, induction and deduction were used

3. RESULTS AND DISCUSSION

Nowadays the role of Customs authorities in ensuring the sovereignty and economic security of any state becomes critical as a result of economic integration and rapid growth of export-import operations across its borders. So an important aspect of trade facilitation is an implementation and application of the international conventions. The Revised Kyoto Convention, to which the majority of states *(including Uzbekistan)* have acceded, entered into force on February 3, 2006. It provides for a maximum practical use of information technologies and considers them as one of the principles of Customs clearance, which implementation will contribute to the simplification and harmonization of Customs procedures.

In our opinion, before thinking about digital customs, it is appropriate to dwell on the international legal framework, which reflects its elements. Such bases include:

Revised Kyoto Convention, Revised Kyoto Convention (RKC) [3], Guidelines on Application of Information and Communication Technology [4], Single Window Compendium [5], IT Guide for Executives [6], Model Bilateral Agreement on Mutual Administrative Assistance in Customs Matter & Guidelines for Developing a Mutual Recognition Arrangement/Agreement [7], Risk Management Compendium [8], WCO Cargo Targeting System [9], Customs Enforcement Network (CEN) suite [10], Recommendation on the Use of Unique Consignment Reference [11], WCO Data Model and the Recommendation related to its use, and the WCO Study report on Disruptive Technologies [12], Revised SAFE Framework of Standards 2021 [13],amongst others.

In addition to the documents listed above, the following can be considered as grounds for the introduction of "digital customs":

Trade Facilitation Agreement Implementation [14], Guidance Globally Networked Customs [GNC] Recommendation on use of UCR [15], Recommendation on the use of the WCO Data Model [16], Recommendation on WCO Data Mapping Guide for UN / EDIFACT [17], Recommendation on UN / EDIFACT Rules for EDI [18], Recommendation on use of CCC / IATA Data Interchange Standards [19], Recommendation on Use of UN-TDED, Recommendation on Use of Codes for Representation of data elements [20], Recommendation on use of API / PNR and API PNR Guidelines [21], WCO Data Model and Integrated Supply Chain Management Guidelines [22].

It is not possible to give a clear definition of the term digital (electronic) customs. After all, there is no limit to digitalization, and it is impossible to create a single concept of the digital industry. However, below we will try to define the term "digital customs" and explain the general concept of digitalization of the customs sphere.

The term digital customs is defined by S. Moser as any automated or electronic activity that promotes efficiency and coordination of customs activities (e.g. automated customs clearance systems, the concept of "single window", electronic data exchange), the use of any websites and smartphones that provide information and transparency). [23]

In his article, C.Alfredo argues that the digitalization of customs involves the use of ICT in today's world to collect and store customs duties, control the flow of goods, people, vehicles and money, and protect cross-border trade from crime, including international terrorism [24].

Although a number of other scholars have expressed their views on digital customs, its features and basic principles in articles and other popular science publications, they do not provide a clear definition of "digital customs".

In our view, "digital customs" is a set of any systematic electronic programs and platforms aimed at simplifying and coordinating customs procedures and automating processes related to each customs clearance.

Definition of the "Electronic Customs"[1] concept

In the decisions of the European Union "Electronic Customs" is the basis for the creation of "Single Window", which other agencies involved in Customs matters are obliged to use. Similar targets of the new technologies implementation into Customs activities are put by Customs administrations of the CIS countries, Asia and America [25]. They differ only in terms of implementation and specific details. Therefore, "Electronic Customs" is not only the programs of certain countries, but also the future of the world Customs community.

The main objectives of E-Customs are:

- automation of Customs control and Customs clearance of goods, items and vehicles being transported across the Customs border;
- maintenance of electronic workflow system;
- maintenance of risk analysis system;
- promoting the protection of intellectual property rights in foreign trade activities by means of appropriate automated systems;
- provision of information sharing between Customs and law enforcement agencies or other public authorities under bilateral agreements or general decrees;
- creation of an electronic Customs database;
- information security of an electronic Customs database.

The "Digital Customs" concept in Uzbekistan

In order to promote non-stop export-import operations, support the activities of business entities during the Coronavirus pandemic worldwide, public service bodies are set a number of tasks, which become the basis for new reforms. Including for bodies of state customs service.

The Decree of the President of the Republic of Uzbekistan "About reformation of customs administration and improvement of activity of bodies of the state customs service" of June 5, 2020, No. UP-6005 became continuation of carried out measures on radical reformation of the state customs service and a new stage of service of employees of customs bodies of our country.

It should be noted that this Decree covers the development of such areas as: further improvement of the regulatory framework in the customs sphere, ensuring transparency and efficiency of the customs authorities through the introduction of modern and advanced information and communication technologies in the customs sphere in the digital economy, the fight against smuggling and violation of customs legislation, training, retraining and further improvement of qualifications and skills of customs officers, strengthening of their social protection, improving the implementation of the fiscal function of customs authorities, simplification of tariff and non-tariff regulation of foreign economic activity, development of the institutional framework of activities and intellectual property objects using the best available forces and means, further development of mutually beneficial cooperation with international organizations with the customs services of foreign countries [26].

To this day, when improving the legal framework of customs administration, the implementation of national legislation on the recommendations and norms of international organizations, especially the World Customs Organization, the World Trade Organization, as well as bringing the customs procedures into conformity with international standards is relevant.

Thus, the adoption of the Law of the Republic of Uzbekistan "On the accession of the Republic of Uzbekistan to the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto, 18 May 1973, as amended on 26 June 1999)" of 21 December 2020, № ZRU-654, contributed to bringing customs procedures in line with established international standards.

In addition, in order to ensure simplification of customs procedures as part of the improvement of customs administration, the relevant amendments and additions were made to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to implement pilot projects to expand the list of products subject to mandatory digital marking" of May 20, 2021, No. 322 to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to simplify customs procedures for goods and vehicles staying in the customs dated September 25, 2018, No. 762.

In particular, it approved the Regulation defining the procedure for the provision, registration and use of preliminary electronic information on goods and vehicles intended to be imported into the territory of the Republic of Uzbekistan, which further contributes to the simplification of the declaration of goods and vehicles [27].

Customs administration as a type of managerial activity of customs authorities is one of the main elements of the effective functioning of the customs system. At present, the State Customs Service of the Republic of Uzbekistan is increasingly introducing modern information technologies into daily practice, and is constantly working to improve customs administration in the highest priority areas.

As evidence of this, we can point out the adoption of the Decree of the President of the Republic of Uzbekistan "On Simplification of Customs Procedures and Further Improvement of Organizational Structure of the State Customs Service Bodies" dated 10 September 2021, No. UP-6310.

In accordance with this Decree, a system of remote customs clearance of electronic declarations submitted by participants in foreign economic activities is being introduced by remote customs electronic declaration stations.

[1] In many literatures, electronic and digital customs are used almost in the same meaning.

Based on the aforementioned regulations, the following results have been achieved [28]:

The "Digital Customs" has 66 information systems and interactive services for 30 businesses quality and operational services are provided to subjects and citizens;

During 2020, 13 information systems and 13 interactive services were developed and implemented. During the past period of 2021 12 information systems and 3 interactive services were developed and implemented.

The role of risk management system in reducing the time of customs clearance and optimization of customs workload can be seen in the following figures:

Currently 67.4% of goods are subject to simplified customs clearance. This has resulted in 1.9 times fewer inspections, 1.5 times faster processing times and 1.7 times shorter clearance times for exports and 1.4 times shorter clearance times for imports[2];

This system encourages entrepreneurs to be honest and law-abiding, and in the first year of its introduction about 700 organizations were considered honest, and today their number has exceeded 1,800;

Automatic clearance of cargo customs declarations and their distribution to employees, which previously took 2-3 hours, now it takes 5 minutes;

Implemented the procedure for issuing 23 permits of 7 bodies through the "Single Window" system, 35 permits were issued by 6 bodies[3].

Challenges of digitalization and recommendations.

There are major challenges that customs administrations face in implementing customs automation/digitalization, which are mainly related to resistance to change from both external and internal stakeholders and a lack of resources (both financial and human). In many cases, there is a lack of appropriate legislation, as most countries do not have an adequate regulatory framework, e.g. for accepting electronic signatures and dealing with data security issues, allowing third-party access to data, etc. In addition, automation/digitalization is hampered by a lack of necessary IT skills; lengthy procurement processes; and high costs associated with technology acquisition, infrastructure, procedural and organizational changes.

The above are common problems of the digitalization of the customs sphere, in addition, the following can be noted:

1) absence of an agreed position about the mechanisms of electronic information sharing between government agencies;

2) slow transition to electronic workflow and creation of the single global "e-government" system, including the "e-Customs" subsystem;

3) absence of a convenient access to tariff and statistical information (similar to the European system TARIC);

4) out-of-date legislation in the field of electronic declarations and electronic documents, because the current legislation is focused on the use of paper documents.

To capitalize on the digital transformation of ICT, the Uzbekistan Customs Administration could consider the following:

a) Expanding the use and application of WCO tools and instruments, for example with regard to the digitalization of customs processes and procedures to ensure smoother, faster, more efficient and transparent clearance of goods. In addition, strengthening support for the implementation of WCO TFA measures.

b) Using ICT technologies to apply intelligent risk management embedded in customs clearance systems to ensure fewer physical interventions, resulting in fewer delays and faster clearance of goods. This can be achieved by improving already existing automated customs clearance systems.

c) Using new technologies such as blockchain, artificial intelligence and big data to optimize customs management. This can be achieved through the recommendations contained in the WCO's "Disruptive Technologies" study report.

d) Implementation of national single window systems as a trade facilitation tool, allowing stakeholders in the customs supply chain to have a single point for filing and processing documents/permits, etc. This is usually done as a joint initiative between Customs administrations and cross-border trade stakeholders *(with Customs in the lead)* to ensure their interest and hence successful use of the system.

4. CONCLUSION

As a consequence, it can be argued that the Digital Customs System is an important factor in the regulation of foreign economic relations. The electronic declaration of goods, regardless of the declared mode, is a multiple reduction in time, as well as the ability to exchange information about the cargo between customs offices. However, the Digital Customs System is not yet perfect. There are currently problems such as the adoption of uniform customs standards, imperfect legislation on electronic declaration, and the reluctance of some ministries and agencies to switch to full electronic document management. Changes in legislation concerning electronic document management, modernization

[2] 61% of imports were transported by rail, 31% by road, and 6.7% by air, through the 4 lanes of the Risk Management system. 82.9% of exports and 62.4% of imports went through the system in a simplified manner.

[3] 40,052 TIF participants were registered in the system, and 856,385 permits were issued electronically by the competent authorities. As a result, certificates and permits were converted to 100% electronic form, which reduced the time for submission of these documents from an average of 7 days to 2 days, and the costs of enterprises from an average of $270 to $57.

of local networks, and the development of new software for customs purposes are the main ways to solve some of these problems.

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