Customs and logistics activities in ensuring financial and economic security

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Abstract. Geopolitical and geo-economic factors of influence on the country’s economy impose new requirements in ensuring the financial and economic security of the state. A significant place in ensuring the economic security of the state is assigned to the customs authorities. Along with the functions of budget revenue administration, customs control, in importance, is customs and logistics activities. The purpose of customs logistics is to ensure the financial and economic security of the country, taking into account possible external and internal threats, during the movement of cargo across customs borders. The methodology of the research includes the substantiation of the conceptual apparatus, the purpose and the main tasks of the logistics there. The positions of the EAEU member states on the Logistics Efficiency Index are analysed, common difficulties of the customs and logistics systems of the EAEU member states are identified; it is concluded that the countries for the period under study have not reached the optimal level of logistics infrastructure formation. A strategy for managing threats and risks of the customs and logistics sphere, logistics innovations is proposed. Based on the proposals, a forecast of the trade turnover of the Russian Federation for 2023 and a forecast for exports and imports of the EAEU member states with China and India has been compiled. The innovative component of improving customs and logistics activities is associated with the use of Cargo tracking technology, electronic declaration, and the introduction of a logistics process automation system that allows forecasting sales, purchases, and inventory balances. Strategic management of the development of customs and logistics activities is associated with the formation and implementation of ideas, the choice of technologies, tools and mechanisms for planning, forecasting, motivation, stimulation and controlling, integrating operations and functions into a single complex that guarantees the financial and economic security of the state.

1 Introduction

Logistics activity identifies the rules for the holistic administration of foreign trade activities in global trade, and customs logistics is faced with the task of ensuring the financial security of the country in the course of globalization and integration of the global

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economy. The subject area of logistics in the customs sphere is formed from various kinds of foreign trade flows (informative, economic, commodity, service) that arise during the transportation of goods.

Improving logistics is required in order to increase business revenue. In order to increase the ability of their own goods/products to compete, manufacturers strive to reduce the costs of their production. Practical efficiency has demonstrated that the best way to accomplish the assigned task and minimize losses during the entire commodity route is what the term “logistics” means, in particular customs logistics [1].

The primary goal of customs logistics is built around ensuring the financial and economic security of the country, taking into account possible external and internal threats, during the movement of cargo across customs borders. Currently, there are a large number of companies operating in the transport and logistics sector and providing logistics services in the Russian Federation [2-3].

The purpose of the study is to develop proposals for the development of customs logistics by identifying and reducing risks and threats that arise in the process of supply chains.

2 Research Methodology

Customs logistics is a set of actions whose main goal is to solve various problems that arise during the preparation of procedures, as well as when collecting accompanying documentation necessary for the movement of goods, through their movement between the customs borders of different states [4]. The direct duties of customs logistics include the supervision of compliance of the transported cargo with the declaration submitted to the authorities, accompanying documents, the compilation of all necessary documentation, and so on. The same logistics regulates a whole range of complex issues required to perform procedures for the import and export of goods by the most efficient method, that is, technological processes that will be minimal in monetary costs and at the same time, not spending a lot of time on customers [5].

Logistics in the field of customs activity is guided by the overriding goal: to organize the implementation of a complex of logistics operations for the transportation of all kinds of goods and products across the customs border. Their specific sequence, correlation and correlation perform processing of cargo customs traffic [6].

The fundamental task of logistics consists of ensuring the consistency and balance of material, economic and informative cargo flows in the customs sphere, the use of an optimal and more financially advantageous cargo transportation scheme when crossing the customs border, as well as with minimal temporary losses of foreign trade participants, of course, provided that they do not violate the established rules of the customs legislation.

The formation of a set of measures for customs and logistics work is based on the elaboration and creation of specific procedures at different levels. Some experts who have studied an integrated approach to the overall organization of customs and logistics activities ambiguously characterize the structure of the hierarchy of the customs space [7-8].

3 Results of the Research

The criterion for the win-win structuring of foreign economic activity is considered to be the integration in the aggregate merger of customs authorities, foreign economic activity member firms and the objects of the near infrastructure that form the customs and logistics mechanism.
The customs and logistics system assumes a labor-intensive, coordinated financial concept that encompasses a large number of components – links interconnected in the overall process of regulating import and export cargo flows.

First of all, the customs authorities implement the fiscal function assigned to them, its significance lies in the fact that in the implementation of this function, the revenue share of the state budget of the Russian Federation is replenished, that is, income is generated from taxes and fees collected by the authorities. In addition, customs authorities carry out special law enforcement work, which helps to guarantee the untouchability of national state security, the well-being and life of people in the country, natural resources, prevents the legalization of illegal profits [9-10].

When considering the areas of interest of participating firms, it can be noted that they choose solutions related to reducing monetary and time losses that may arise during the transportation of goods or vehicles within the borders of customs. Due to the search for alternative transport and logistics supply chains, the improvement and development of the regional customs infrastructure follows, but when searching for alternatives, it is necessary to take into account the existing customs legislation.

During the modernization of customs logistics, which is perceived as the main element of international logistics, the following factors receive assistance and influence.

1. Increasing monetary relations in the foreign market among the countries that form the overall improvement of the international economy;
2. The growing importance of scientific and technological progress;
3. Increase in integration and regionalization activities;
4. The growing importance of international companies;
5. Removal of some restrictions in the economies of many countries.

In application, state and international logistics have significant differences and are based on non-identity in the formation of corresponding concepts. The use of state logistics should be within national borders, they do not combine in any way and do not come into contact with already built logistics chains, which is different with the use of inter-national customs logistics, which involves the intersection of national (state) borders of the country. A company participating in international trade relations, which uses the services of customs logistics, should not lose sight of the specificity of state policy in the field of foreign trade, and also keep in mind the specificity in the organization of interstate transactions. Many large foreign freight forwarding companies, such as “Ryder”, “Schenker”, “FederalExpress”, “Leasnay”, “TNT”, “Bilspedition”, “ASG”, and others, implement a huge number of actions and functions in the field of customs logistics. Their work supports manufacturing firms, consignees and shippers in the combined support, transportation, cargo handling, storage, improvement of logistics services throughout the logistics chain, and, as a result, a significant reduction in costs [11]. In addition, customs logistics is necessary in the case of the formation of a global logistics system of foreign trade turnover, in this situation, customs becomes a link in the logistics chain.

The fundamental problems for which it is very important to identify ways of regulation are thrift in the transport corridor, reducing the costs associated with customs declaration of goods, avoiding overloads, downtime of vehicles in customs zones. Prompt delivery of goods from the manufacturer to the buyer is likely only if the listed issues are worked out in a timely manner. All these tasks provide an explanation of the need of firms for the services of customs logistics [3].

The administration of flows of international logistics procedures is identified by the commonality of the following correlated factors: the direction of export-import commodity flows; procedures at the customs point that are most appropriate for the use of goods; customs rate; economic and non-economic measures.
Thus, the logistics approach to the administration of import-export commodity flows has fundamental differences from the traditional one in that it develops the most effective system of cooperation of all members of the foreign economic activity in the course of customs operations in order to achieve the best cumulative effect.

This leads to the conclusion that the field of customs logistics includes the interaction of members of foreign economic activity with customs authorities in the international flow of goods supplies and originates when customs authorities are presented as an officially approved member of this way of goods supplies. When customs procedures for foreign trade members are mandatory, customs logistics, in fact, is a mechanism for optimizing cooperation between customs authorities and foreign trade members. The condition for this optimization should be considered the speed of flow (material, financial, information) [4].

The functional essence of logistics, in the field of customs actions over cargo, is formed in the formation of actions according to the processing of goods by customs and the unified procedure for the execution of customs operations, interrelated with the material or monetary component when moving cargo flows through the passage through the customs border. Logistics in the customs sphere should guarantee the interconnection of commodity-material, monetary and information flows, while performing its functions, detect more effective methods of moving goods or vehicles across the borders of countries, in order to reduce time costs in the implementation of these actions, and comply with typical logistics standards as well as customs procedures, so are the operations of foreign trade participants.

The customs actions performed during the period of customs administration and clearance of the transport are standard and do not depend on the country where the transport vehicle is registered, the country of arrival or departure of the transport, except for situations pre-established by international agreements and relevant norms of international acts regarding the use of penalties and restrictions in trade with individual states. Customs supervision over the international movement of products/goods is carried out by customs authorities and other proper control services according to common technological schemes with the calculation of the time and order of implementation by all services of their direct duties.

4 Discussion and Conclusion

In modern reality, requirements have been created within the EAEU that serve as the basis for the formation of a single transport zone, namely, a project for the gradual lifting of restrictions on coastal cargo transportation until 2025 has been approved, and a unified approach to the implementation of transport (automobile) settlement has been found. In order to improve air transportation, the "Single Eurasian Sky" project is being prepared, which will be aimed at forming a common market for aviation services and a joint field of cargo transportation by means of air transportation means, and the rates established within the state for railway transport services are also unified. Within the economic limits of the Union, the requirements and operations for the admission of cargo carriers to the border zones of the participating states are formally established [12].

The customs and logistics systems of the EAEU member states have common difficulties, which consist in an insufficiently developed potential of warehouse capabilities; a small number of logistics functions outsourced; a shortage of software (software); a significant share of depreciation of used transport; a shortage of large investment flows into logistics; insufficient development of road services and other things.

The presence of substantial difficulties is proved by the calculations of logistics productivity performed by the method investigated by the World Bank together with the institute in the city of Turku, located in Finland.
We are talking about an integral indicator of the LPI index, which is calculated according to the following indicators:
- simplicity of modeling and organization of a network of international transports;
- the ability to monitor and control the movement of cargo flows;
- the degree of service or understanding of the qualifications of personnel working in the transport and logistics field in the studied state;
- the efficiency of cargo transportation, which includes the provision and forecasting of the final delivery, and also takes into account the possibility of delivering the goods in the designated period;
- quality and efficiency of border and customs declaration;
- the organization of transport infrastructure schemes is considered (same-road communication, roads, ports or airports) [5].

The table shows the numerical values of the logistics efficiency index for the EAEU Union countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Integral LPI indicator (the country's place in the ranking of 160 countries)</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Kazakhstan</td>
<td>77</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Russian Federation</td>
<td>85</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Republic of Belarus</td>
<td>110</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Republic of Armenia</td>
<td>116</td>
<td>141</td>
<td></td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>132</td>
<td>146</td>
<td></td>
</tr>
</tbody>
</table>

Based on the table, it can be concluded that the highest position among the EAEU member states on the Logistics Efficiency Index is occupied by the Republic of Kazakhstan (77-76 place), followed by the Russian Federation (85-99 place), the Republic of Armenia (116-141 place), the Republic of Belarus (110-120 place) and the Kyrgyz Republic (132-146 place).

Summarizing the above understandings, customs logistics is the management of the process of customs operations, as well as adaptation and influence on environmental factors that create threats or risks in the process of transporting goods. It is important to know that these structures will be developed with the help of innovations, management, technologies, etc. In the strategy of threat and risk management in the logistics sector, logistics innovations are an important link and are present throughout the entire process of goods movement.

Figure 1 shows a diagram of a possible strategy for managing threats and risks in the customs and logistics sector in the context of globalization.
Fig. 1. Scheme of a possible strategy for managing threats and risks in the customs and logistics sector in the context of globalization [4].

In the presented strategy, the managed system refers to the employees of companies, this is the initial level of the strategy, where ways to overcome risk situations in the field of organization of the customs and logistics chain should be identified, predicted and assumed. The management system is proposed to be understood as the top management of the company, which in turn takes care of the financial operational and strategic well-being of the company, that is, by means of determining target results, they give directions and motivation to the managed system (employees). The information system in this concept serves as an auxiliary tool for the managed and managing system, it can reduce the risks of the customs and logistics system, for example, by means of constructing forecast values or scenario analysis, as well as improve and refine the map of frequently occurring risks, as a result, to work out ways to overcome these dangers in the customs and logistics sphere.

With the combined interaction of strategies for the administration of threats and risks in the field of customs and logistics and a compromise between key logistics installations, it becomes possible to forecast Russia’s trade turnover for the planned year 2023. The value volume of the world market of transport and logistics services is shown in Figure 2.
Based on the results of the previously found values, the variation indicator for the turnover for 2022 was calculated, provided that the coefficient of variation is not higher than 33%, the combination of values is considered homogeneous. Also, if the calculated indicator is less than 10%, then the sign of variation is weak, if above 10%, but below 25% - average, if more than 25% - strong. Thus, the calculated variation shows the uniformity of Russia’s trade turnover for 2022, which also indicates a low risk of shortfall in the state budget due to a decrease in imports or exports in the future.

At the same time, the growth of the 3PL (Third Party Logistics) services market is projected at 15% by 2023. And the increased consumer demand for 24/7 (24 hours / 7 days a week) services tightens competition. Therefore, the preservation and development of their positions in the market depends on how quickly, accurately, and productively provider companies will integrate new technologies and innovations into their activities.

It is also worth predicting and analyzing forecasts taking into account the previously proposed recommendations for improving the TCM “North-South” and “East-West”, presented in Figure 3.
As a result of the implementation of the proposed ways of developing the transport and logistics systems of the EAEU with other countries, the share of exports and imports of China and India in the total turnover of the union for the planned 2023 will increase, which will help the countries to reduce the impact of external factors on the economies of the participating countries (for example, risks associated with sanctions), the budgets of the countries can count when planning to receive income from these operations, and will also help to implement parallel imports.

As a recommendation for improving customs and logistics activities, it is proposed to use Cargo tracking technology. This system will help to increase the efficiency of logistics flow management. For example, tracking the movement of cargo, for planning further actions, that is, the co-payment of payments, the preparation of labor for the acceptance of goods on the warehouse. In addition, Cargo tracking refers to secure tracking systems from the point of view of IT technologies [14-15].

Almost all Russian logistics companies, including “City Express”, are implementing logistics process automation systems that allow forecasting sales, purchases, and inventory balances. Access to capital, information, and labor markets is necessary to ensure innovation activity and meet the needs for financial, intellectual, and other resources. In the process of investment activity, there is a need for end-to-end optimization of investment, shifting the emphasis from the organizational and technical to the organizational and economic plane [16].

It should be concluded that the strategy involves simplification and acceleration of customs procedures, reduction of overhead costs of participants in foreign economic activity. The introduction of measures such as electronic filing of applications, preliminary disclosure of information, monitoring and close attention to control, the development of a risk management system and the introduction of an automated information exchange system between customs administrations in different countries make it possible to make the service comfortable, high-quality and effectively provide public services by customs authorities.

Strategic management of innovative development of the customs and logistics system is associated with the formation and implementation of ideas, the choice of technologies, tools and mechanisms for planning, forecasting, motivation, stimulation and controlling, integrating all operations and functions into a single complex that guarantees a synergistic effect at the level of the client, firm, company, and state.

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