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**TRADE FACILITATION AND LEGAL SECURITY RISK
IN CUSTOMS COMPLIANCE MANAGEMENT
AT INTERNATIONAL TRADE IN GOODS COMPANIES –
THEORETICAL AND PRACTICAL APPROACHES**

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The paper presents the analysis of the customs compliance [1, 32] as the relatively new subject for scientific understanding. The article has been prepared using a systematic, comparative legal, organizational, managerial as well as law and economics (L&E) approach methods.

As the customs legislation is complicated, extensive and often changing, the problem of customs compliance becomes more important and complex. The study focuses on several aspects of the customs compliance, its importance and relevance for business and the customs compliance management process in companies. The special attention is paid to the customs compliance risks.

In the context of customs compliance and a broader involvement of the international business community into cooperation with customs authorities, the legal category of an authorised person/authorised economic operator (AEO) is analyzed: the legal base, the role of AEO in the facilitation of international trade, the challenges and risks related to the AEO status - with particular emphasis on SMEs.

The current world is characterized, on the one hand, by globalization and regionalization processes going towards uniformization and clarifications of customs regulations. On the other hand, one can observe the growing tendencies to defend regional and national interests by individual states, which introduce into practice various specific tools, particularly non tariffs measures, in favor of their economies and companies.

As has been the case for many centuries, trade in goods has continued to be accompanied by many barriers: tariff and non-tariff measures, cultural differences, language, organizational problems, etc. All of these barriers

still present legal, organizational and managerial challenges for both main stakeholders – customs authorities and business community as well as risks for business connected with the compliance requirements introduced by customs.

The term “customs compliance” is used in various documents related to customs and international trade matters. However, it is missing there the direct explanation of this category.

The paper - on the one hand - points out the importance of good partnership and cooperation between correctly acting companies with customs authorities and - on the other hand - emphasizes the necessity to take stronger measures towards non-compliant traders. According to the customs law requirements business is obliged to observe custom compliance. Companies non-compliant with customs norms may be charged with strong penalties.

Despite the term “customs compliance” is used in customs legislation, there is lack of the legal definition of this category [2]. It is probably assumed, that its meaning is commonly known, based on the term compliance, which the International Compliance Organization (ICO) explains in the following way: “The term compliance describes the ability to act according to an order, set of rules or request”[3]. In this context the author proposes to define (de lege ferenda) the term “customs compliance” as follows: “Customs compliance describes the ability and the obligation for stakeholders in international trade in goods to act within customs regulations and requirements.”

In the paper author analyzes in detail various problems associated with the implementation of customs compliance in an international trading in goods company.

The conclusions point to, among other things, that:

1) Customs compliance is fundamental for trade facilitation, security of supply chain and effective risk management in international trade companies.

2) The term “customs compliance” is used in various documents related to customs and international trade matters. However, it is missing there the direct explanation of this category. The author proposes to define (de lege ferenda) the term “customs compliance” as the ability and the obligation for stakeholders in international trade in goods to act within customs regulations and requirements.

3) The main challenge for international trade business is to minimize risk and future potential costs of non-compliance. This requires from customs compliance managers to be current with applicable laws and policies.

5) According to the current customs laws at global, regional and national levels, the most effective tool for companies' customs compliance is the status of authorised person/ *AEO* and its mutual recognition by national customs.

6) The security component in the *AEO* programmes is difficult to fulfil for SMEs: required investments and administrative burdens versus potential business benefits, still constitute the barriers.

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