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## CUSTOMS COMPETENCIES IN UKRAINE: EMBRACING INNOVATION FOR ENHANCED EFFICIENCY

**Nazarko A.,***PhD student,**Department of Maritime and Customs Law,**National University Odesa Law Academy*

ORCID: 0000-0002-4190-7288

e-mail: nazarkoaa@onua.edu.ua

### **Nazarko A. Customs competencies in Ukraine: embracing innovation for enhanced efficiency.**

This article provides a comprehensive analysis of the concept and features of the competencies of Ukrainian customs authorities considering ongoing innovations in the customs sector. As Ukraine follows its Euro-integration path, aimed at modernizing its economic infrastructure, addressing technological gaps, attracting foreign investments, and enhancing its international competitiveness, the role of customs authorities becomes vital in facilitating effective foreign economic activities.

The article underscores the critical need to update the competencies of customs authorities to meet global standards and incorporate advanced innovative technologies, as envisioned in Ukraine's Innovation Development Strategy up to 2030. It explores the impact and relevance of innovations such as the 'Smart Customs' initiatives, 'Single Window' system, pre-arrival cargo information systems, radio-frequency identification, and blockchain technology in improving customs control, management, and interactions with external partners.

A major focus of the article is on the new competencies required by customs authorities to successfully implement these innovations. It highlights the importance of developing digital, intellectual, partnership, and security skills. Furthermore, the article examines the effects of economic and political instability, particularly the ongoing conflict in Ukraine, on the innovation processes within customs operations. It identifies significant challenges such as the difficulties in exporting high-tech goods, offering incentives for the import of innovative equipment, and the application of non-tariff regulatory measures, including certification, quotas, and licensing.

The article provides detailed recommendations for enhancing the organizational structures of customs authorities and calls for updating the legal and regulatory framework to align with

current demands and standards. It advocates for the creation of a modern, intelligent customs system that can rapidly and effectively adapt to changes using state-of-the-art digital technologies and security methods. Emphasis is placed on the necessity of enhancing the qualifications of customs professionals, which is deemed essential for the successful integration of innovations in customs control.

**Key words:** customs competence, customs innovation, customs affairs, customs authorities, innovation processes, customs efficiency.

### **Назарко А.А. Митні компетенції в Україні: впровадження інновацій для підвищення ефективності.**

Ця стаття містить комплексний аналіз поняття та особливостей компетенції митних органів України з урахуванням поточних інновацій у митній сфері. Оскільки Україна рухається шляхом євроінтеграції, спрямованим на модернізацію економічної інфраструктури, подолання технологічних розривів, залучення іноземних інвестицій та підвищення міжнародної конкурентоспроможності, роль митних органів стає життєво важливою у сприянні ефективному веденню зовнішньоекономічної діяльності.

У статті підкреслюється критична потреба в оновленні компетенцій митних органів відповідно до світових стандартів та впровадження передових інноваційних технологій, як це передбачено Стратегією інноваційного розвитку України до 2030 року. Основна увага в статті приділена новим компетенціям, необхідним митним органам для успішного впровадження цих інновацій. Підкреслюється важливість розвитку цифрових, інтелектуальних, партнерських навичок та навичок безпеки. Крім того, у статті розглядається вплив економічної та політичної нестабільності, зокрема конфлікту, що триває в Україні, на інноваційні процеси в митній сфері. Виявлено значні виклики, такі як труднощі з експортом високотехнологічних товарів, стимулюванням імпорту інноваційного обладнання

та застосуванням нетарифних заходів регулювання, включаючи сертифікацію, квотування та ліцензування.

У статті надаються детальні рекомендації щодо вдосконалення організаційної структури митних органів і міститься заклик до оновлення нормативно-правової бази відповідно до сучасних вимог і стандартів. Вона виступає за створення сучасної, інтелектуальної митної системи, здатної швидко та ефективно адаптуватися до змін, використовуючи найсучасніші цифрові технології та методи безпеки. Наголошується на необхідності підвищення кваліфікації фахівців митної справи, що вважається важливим для успішної інтеграції інновацій у митний контроль.

Розглядаючи теоретичні та практичні аспекти, у статті стверджується, що чітке визначення та реалізація компетенцій митних органів в умовах безперервних реформ в Україні мають вирішальне значення для забезпечення ефективності митних операцій та досягнення стратегічних цілей держави.

**Ключові слова:** митні компетенції, митні інновації, митна справа, митні органи, інноваційні процеси, ефективність митної справи.

## 1. Introduction

The ongoing European integration process is a pivotal aspect of Ukraine's strategic development, symbolizing the country's commitment to aligning with the standards and practices of the European Union. This strategic direction not only emphasizes political and economic collaboration but also highlights the importance of adopting a comprehensive approach to modernization. The European integration journey encompasses a wide range of reforms and improvements across various sectors, ensuring that Ukraine remains competitive and sustainable in the global landscape.

Central to this integration effort is the modernization of Ukraine's economic framework. By focusing on the reduction of technological lag, Ukraine aims to foster an environment conducive to innovation and growth. The integration process is expected to attract substantial foreign investments, providing a much-needed boost to the economy. In turn, these investments are anticipated to bring cutting-edge technologies and practices to the country, facilitating the development of new industries and the enhancement of existing ones.

The European integration vector of Ukraine is a step towards the modernization of the country's economy, overcoming technological backwardness, attracting foreign investments and innovative technologies, creating new jobs, enhancing the competitiveness of domestic producers, and gaining access to global markets, as outlined in the Innovation Activity Development Strategy for the period until 2030 [1]. This process involves

all state authorities, including the State Customs Service of Ukraine, since it is the customs authorities, through their servicing of business entities, that must implement global methods and practices of leading countries in customs activities. The customs service's aspiration to apply innovative processes at all stages of data exchange with foreign partners and at all phases of the movement of goods from producer to consumer, data exchange for goods movement control, the development of customs infrastructure, and the establishment of communications among all foreign economic activity (FEA) subjects, among other things, demands comprehensive changes in the processes of forming and developing new competencies for customs authorities, especially in the context of the innovative component of customs affairs in Ukraine.

The article aims to explore the concept of customs competencies within the framework of Ukraine's Innovation Activity Strategy. This involves modernizing the operations of Ukraine's customs service in alignment with global practices. The focus is on developing and implementing innovative technologies and methods to enhance the effectiveness and efficiency of customs operations. It is crucial for Ukraine to align its customs practices with international standards to foster economic growth and ensure seamless integration into the European economic and legal space.

## 2. Literature review

Despite the extensive body of research on customs authorities' competencies, several key areas remain underexplored and subject to ongoing debate. Many of the existing studies focus on the theoretical aspects of customs administration and regulatory frameworks, but there is a noticeable gap in practical insights related to the real-world application of these competencies, particularly in the context of technological advancements and innovation [2; 3; 4; 5].

A significant area of discussion is the adaptation of customs practices to incorporate global standards and innovations. Scholars such as N.O. Armas and I.V. Borshchevskiyi have provided foundational insights into the historical evolution of customs functions and the importance of aligning with international norms. However, more recent contributions, including those by O.V. Kuzmenko and S.V. Kivalov, emphasize the need for an updated approach that integrates emerging technologies and modern data management techniques. This highlights a pressing need for empirical research that examines how customs authorities can effectively implement these innovations while maintaining regulatory compliance and operational efficiency.

Furthermore, there is a growing recognition of the role that customs authorities play in

facilitating economic development through their regulatory and enforcement functions. The works of M.P. Karpa and A.T. Komzyuk have underscored the importance of customs in supporting international trade and investment. However, the application of these principles in the context of Ukraine's European integration efforts has not been thoroughly addressed.

In summary, while there is substantial scholarly work on the competencies of customs authorities, there remains a critical need for research that addresses the practical implications of integrating innovative processes and technologies within the customs framework. This includes exploring the challenges and opportunities associated with such integration and developing strategies to enhance the effectiveness of customs authorities in the context of ongoing European integration and global economic shifts.

### **3. Understanding and Defining Customs Competencies**

With Ukraine's integration into the European economic and legal space, compliance with EU requirements concerning innovation policy and information security becomes crucial. This is related to significant events and processes directly affecting Ukraine's customs affairs and transitioning customs operations to a global administrative model. For instance, European countries have been successfully using developed programs for decades, which integrate information customs systems into a streamlined mechanism. These include the 'Import Control System' (ICS), 'Export Control System' (ECS), and 'Economic Operators Registration and Identification System' (EORI). Based on these systems, the unified European electronic customs control system 'New Computerized Transit System' (NCTS) was developed.

Innovative activities in customs can be seen as a set of interrelated measures by customs authorities aimed at implementing, disseminating, and executing innovations in the field. A useful classification of innovative customs technologies includes product-based technologies (such as remote release, advance cargo information technologies, the 'Single Window for International Trade,' and 'Smart Customs') and process-based technologies (like Homo-scan, which are technical tools for customs control, and Radio Frequency Identification (RFID) and blockchain technologies used for identification) [6, p. 26].

Ukraine is not lagging behind other countries and global standards in adopting innovative technologies in customs affairs. However, the complex economic situation under martial law negatively impacts the implementation of innovation in customs. Challenges include difficulties in exporting high-tech goods from

Ukraine, providing incentives for importing innovative equipment, and applying non-tariff regulation measures (certification, quotas, licensing), among others.

These processes demand that customs officials acquire new innovative competencies, aimed at achieving a qualitatively new level of customs organization and operation, and well-trained customs professionals. Addressing these tasks is impossible without scientific research on customs competencies in light of Ukraine's innovation strategy. Thus, overcoming the crisis in applying innovative technologies in customs requires examining the concept and specifics of customs competencies to implement modern innovations amid ongoing reforms in Ukraine.

The term 'competence' is a complex legal phenomenon composed of interrelated and interdependent elements. This partially explains the lack of a unified stance among scholars on the content, essence, and structure of the term 'competence.' Nevertheless, analyzing all elements of this concept and studying its structure has significant theoretical and practical implications. Without a thorough examination of the structural elements of competence, it is impossible to fully substantiate the concept and conduct a scientifically grounded analysis of the competencies of Ukraine's customs authorities.

The development of competencies among customs officials should focus on both theoretical knowledge and practical skills. This involves continuous professional education and training programs that incorporate the latest advancements in customs technologies and methodologies. Additionally, fostering international cooperation and exchange of best practices with customs administrations of other countries can enhance the competencies of Ukrainian customs officials.

In light of the ongoing reforms, it is essential to establish a comprehensive framework for developing and assessing customs competencies. This framework should be aligned with the European Union standards and practices to ensure that Ukrainian customs operations are efficient, transparent, and in compliance with international norms. It is also crucial to support research and development in the field of customs to identify innovative solutions and strategies that can address the unique challenges faced by Ukraine.

Overall, strengthening the competencies of customs officials is a key factor in achieving a modern, efficient, and responsive customs system that can support Ukraine's economic growth and integration into the global economy. This will require a concerted effort from policymakers, educational institutions, and the customs administration to create a sustainable and effective professional development system for customs officers.

A detailed analysis of scientific and legislative sources reveals that the concept of 'competence' is a complex composite term, with no unequivocal interpretation in scientific literature and legislation. To address this, we consider various scholarly perspectives on defining the term 'competence.'

#### **4. Scholarly Perspectives on Competence**

In the large explanatory dictionary of the Ukrainian language, 'competence' is defined in two main ways: 1) good knowledge of something; 2) the scope of authority of an organization, institution, or individual [7, p. 98]. Theoretical scholars often view the concept of 'competence' for state bodies (government, ministries, parliament, judiciary, police, prosecutors, etc.) as a legally established set of authoritative powers (rights and duties), legal responsibilities, and areas of jurisdiction (subject of activity, functional purpose) [8, p. 87].

Some scholars see a state body as an internally organized group of public servants holding legally defined positions, thus endowed with the corresponding competence to perform certain authoritative management functions and state tasks [9, p. 87]. Representatives of administrative law science often treat 'competence' as an element of legal status, determining the scope of functions and powers that ensure the fulfillment of their main duties [10].

In this context, it is agreed that any body operates within a certain system of social relations, and its creation presupposes the primary areas of social relations it engages with. Therefore, defining the competence of a governmental body starts with defining its operational field. In other words, the sphere of activity of an authority should be legally defined and reflected in its competence. The requirement to delineate the spheres of activity of bodies necessitates corresponding legal concepts for their designation, such as 'areas of jurisdiction' [11, p. 40].

Constitutional law scholars often reduce the concept of 'competence' to the rights and duties of bodies assigned to resolve issues within their jurisdiction [12]. The term 'competence' is frequently associated with 'authority,' as competence is viewed as a set of authoritative powers in constitutional law [13]. This is agreed upon since competence is defined by the subject's position within the system of state bodies. The normative-legal basis of competence includes constitutions, laws, statutes, regulations, and other legal acts. When establishing the competence of a government body or official, constitutions and other normative-legal acts do not always clearly distinguish functions from powers. Functions define the directions and spheres of the body's activity, while powers are its rights and duties concerning a specific area of activity.

Legal literature suggests that the concept of 'competence' typically includes two components: the subject of activity and the powers (rights and duties) of the body. However, there is no consensus on defining the subject of the body's activity. For some scholars, areas of jurisdiction are considered a structural element of competence, representing the legal designation of the spheres of life defined as the subject of the body's own actions [14].

It is evident that the concept and content of competence for government bodies are often analyzed as a unity of the subject of activity and powers. Therefore, the subject of activity as a legal category requires separate attention. The subject of activity is a complex, multi-faceted phenomenon requiring various legal and organizational forms and methods of influence, involving different spheres of the body's authority. This issue is particularly significant for bodies involved in law enforcement, administrative actions (preventing, stopping violations), and holding offenders accountable.

#### **5. Role and Functions of Customs Authorities**

An interesting example is the executive body regulating relations arising, changing, and ceasing in the customs sphere. The activities of Ukraine's customs authorities are multifaceted, including economic, financial security, law enforcement, service provision, and foreign trade activities. Customs authorities' activities are universal and specific, with no direct analogs. Their multifaceted nature manifests in various social functions, outlined in the Customs Code of Ukraine and detailed in the Regulation on the State Customs Service of Ukraine [15].

The structure of customs authorities includes three levels: the State Customs Service of Ukraine, customs offices, and customs posts. Norms defining the competencies of customs authorities, termed 'competency norms,' should clearly outline the rights and duties of customs authorities and their officials to make independent decisions while staying within the limits set by current legislation.

Thus, the customs authority system can be generally defined as a set of independent units functionally united by common goals and tasks and vertically subordinated. Each unit within the customs system plays a specific role, performing a greater or lesser volume of functions within its competence.

Analyzing the Customs Code of Ukraine and the Regulation on the State Customs Service of Ukraine shows that customs authorities have certain management functions, which can be categorized as: fiscal; organizational; intermediary; control (customs and currency control, processing); law enforcement; foreign trade; and staffing. These functions are closely linked with the authorities'

powers, and each function typically requires specific powers for its realization. For example, customs officials may use administrative detention to address violations and ensure proper and timely handling of cases.

According to their primary tasks, customs authorities are endowed with state powers for law-making, law enforcement, and other functions. However, their independence is limited to the powers granted by the state. Thus, the competence of customs authorities represents a combination of the subject of activity and the powers (rights and duties) assigned by the state, with a close interconnection between them. The state grants customs authorities specific powers to fulfill their functions and tasks. Competence is established by the state and realized through corresponding legal relations. Customs authorities, like any other government bodies, cannot alter or refuse to implement their competence, or officials may face accountability. The realization of competence by customs authorities and their officials is defined by legislative acts, departmental regulations, and job instructions.

Clear definitions of competence are essential for maintaining legality and discipline in the authorities' activities, necessitating specific considerations when formulating the competencies of customs authorities:

- a) Define the place of customs authorities within the system of government bodies and their sphere of influence based on their subject of activity.
- b) Determine the subject of activity, i.e., the scope of social relations and subjects under the authority of customs bodies.
- c) Define the tasks assigned to customs authorities.
- d) Approve the management functions performed by customs authorities in their activities at the legislative level.
- e) Outline the rights and duties (powers) of customs authorities and their officials in fulfilling their functions.

Competence of customs authorities as executive bodies can be seen as a set of powers, functions, and tasks performed within their subject of activity, as outlined by legislative acts. The state endows customs authorities with specific powers to perform assigned functions and tasks. The powers of customs authorities consist of rights and duties established by the state and realized through appropriate legal relations.

Traditional components of Ukraine's customs affairs include operational, auxiliary, managerial, and professional (behavioral) competencies of customs authorities. Innovative components include intellectual, digital, partnership, oversight, and security competencies. Consequently, the

State Customs Service of Ukraine should focus on strategic tasks, such as creating a qualitatively new intellectual customs service that interacts swiftly with internal and external partners using advanced digital technologies, modern security methods, and oversight functions, achieving effective outcomes for the state and foreign economic entities.

## 6. Conclusion

During the study of the competencies of Ukraine's customs authorities in the context of innovative processes, several key aspects have emerged that define the current state and future development of this field.

Firstly, the concept of customs competencies encompasses both the scope of activities and the powers that define the boundaries of their operations. This concept is complex and multifaceted, incorporating not only legal aspects but also functional elements that regulate the work of customs authorities.

Secondly, innovative activities in the field of customs affairs are a crucial factor influencing the efficiency of customs procedures and ensuring alignment with European standards. Technologies such as remote release, advance cargo information, 'Single Window,' 'Smart Customs,' RFID, and blockchain significantly ease customs control, enhance data processing, and ensure transparency of customs procedures. Integrating such technologies into customs operations is critical for improving their effectiveness.

Thirdly, Ukraine's adaptation to the European economic and legal space requires customs authorities to comply with new demands regarding innovative policies and information security. This involves reforming the customs system, improving its structures and processes to meet European standards. In the face of current challenges such as wartime conditions and economic crises, it is especially important to ensure the effective implementation of innovations in the customs sector.

Considering the above, it is crucial to focus on several key areas for the development of customs authorities. First and foremost, specialized training programs should be developed and implemented to enhance the qualifications of customs service employees, with an emphasis on cutting-edge technologies and European standards of customs control. This will not only improve the professional skills of customs officers but also ensure the effective implementation of innovative solutions.

Additionally, a detailed analysis and updating of the legislative framework regulating customs competencies are necessary. This should include a clear definition of the functions, rights, and duties of customs authorities, as well as mechanisms for their implementation. Legislative changes

should promote better organization of customs procedures and provide a legal foundation for the adoption of new technologies.

It is also important to establish and implement a unified electronic customs control system based on advanced European models such as NCTS, ICS, ECS, and EORI. This will integrate Ukraine's customs system with the European customs space, facilitate the processing of customs declarations, and more effectively monitor the movement of goods. Further collaboration with European partners is essential for exchanging experiences and best practices in customs control. This will enable Ukraine to adapt innovative technologies to national conditions, improve customs administration processes, and enhance the level of security and transparency.

Lastly, but by no means least, there is a need to refine the legal regulation of innovative activities in customs affairs. This includes supporting scientific research, development, and attracting investment for the implementation of new technologies. Creating favorable conditions for innovative development will help Ukraine effectively integrate into the global economy and ensure a high level of service in customs affairs.

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