

STATE ADMINISTRATION

THE IMPACT OF STATE CUSTOMS POLICY ON THE DEVELOPMENT OF UKRAINIAN DOMESTIC MARKET

Olena Makarova¹

DOI: <https://doi.org/10.30525/978-9934-26-076-6-32>

Intensification of state regulation of foreign economic activity in general and customs regulation in particular at the present stage of trade relations are becoming increasingly important in conditions of global competition and protection of national economic interests. In modern conditions, Ukraine is at the stage of active search for its place in the system of international economic relations, so the study and usage of economic mechanisms and instruments of influence, including customs and tariff regulation, is a priority. All over the world, customs and tariff regulation is the «locomotive» of economic regulation and meets the requirements of market relations and market economy.

As the historical experience of many developed countries shows, customs is an essential element of a highly efficient organization of society and, above all, the functioning of its economy. Solving a number of important tasks, the customs system becomes a significant lever to maintain balance and create in social production the most favorable conditions for the development of its own economy. As for our country, along with these tasks, the customs system must become and is already becoming an important factor in market transformation.

The main work in improving customs policy should be aimed at optimizing the customs tariff by reducing the tax burden on various nomenclatures of goods, the import of which is economically impractical. The existing differentiation of customs duty rates (minimum duty rates on materials, raw materials, components; maximum – on finished products) creates more attractive conditions for the manufacture of goods in Ukraine compared to their imports and facilitates the transfer of production to Ukraine. However, the limitation for the application of differentiated duty rates

¹ Odesa Regional Institute for Public Administration,
National Academy for Public Administration
under the President of Ukraine, Ukraine

depending on the purpose of the goods is the legal and economic uncertainty of the status of individual goods.

Balance of tariff regulation of imports taking into account the needs of producers and consumers is currently provided by:

a) the use of special tariff instruments in the agricultural sector (seasonal duty, tariff quotas);

b) flexible response to the needs of producers and consumers to the pricing policy by temporarily reducing import duty rates;

c) application of special protective, anti-dumping and countervailing measures.

In turn, it is recommended to continue work on further reduction of import duty rates on technological equipment that has no domestic counterparts, while maintaining protective import duties on highly competitive equipment produced by domestic enterprises. Priority in this case should be given to the import of high-tech equipment, the use of which will increase the competitiveness of domestic products. In addition, it is necessary to abandon unreasonably high duty rates, especially for industrial and social goods that are not produced in Ukraine. Maintaining the rates of customs duties for fiscal purposes leads to higher prices and, consequently, the burden on the consumer.

The use of basic instruments of customs regulation, firstly, involves interference in the sphere of private enterprise, and therefore requires clear regulations, and secondly, the harmonization of foreign trade policy to generally accepted standards of international trade.

Reduction of import duty rates on technological equipment will promote the active import of such equipment to Ukraine, which is quite important today, given the high degree of depreciation of fixed assets at most domestic enterprises. The import of modern special technological equipment, designed for the manufacture of means of production and consumer goods (especially products of light and food industries), will have a positive impact on the development of Ukrainian industry.

The main directions of increasing the efficiency of export-import operations of Ukrainian enterprises are the following:

- stabilization of the situation in the country;
- identification of priority areas and appropriate state support for the development of sectors of the economy and types of production that will meet the needs of the domestic market in high-quality competitive goods similar to those imported into Ukraine;
- development of import-substituting industries with their subsequent export orientation, provided that the domestic market needs for these goods are fully met;

- increasing the competitiveness of domestic products in the domestic and foreign markets through the introduction of new technologies and the use of modern equipment;
- attracting foreign investment to create a strong export sector;
- ensuring the functioning of mechanisms for lending and export insurance with the participation of the state, as well as the provision of state guarantee obligations for export credits;
- focus on expanding the use of local resources and other competitive advantages of Ukraine;
- assignment effective agreements, taking into account timely pricing practices;
- promoting measures for the integration of the economy into European and world economic associations and organizations [1].

In addition to measures of customs and tariff regulation of the impact on the domestic market, one of the main tasks of customs authorities defined by the Customs Code of Ukraine (Article 544) is to implement measures to prevent the movement across the customs border of Ukraine of goods which are subject to movement prohibitions and / or restrictions, as well as goods that do not meet the requirements of quality and safety.

Customs proper control of products that reach consumers is a guarantee of safety and protection of Ukrainian citizens, as substandard goods may contain substances harmful to life and health.

During the control of products available in the sectoral plans of market surveillance for 2021, customs authorities conduct documentary checks and sample inspections of product samples, as provided by the Law of Ukraine «On state market surveillance and control of non-food products» [2].

According to the customs authorities, market surveillance authorities make decisions on the application of restrictive (corrective) measures to goods when they are imported to the customs territory of Ukraine.

Due to non-compliance with safety and quality requirements for one week from 8 to 15 February 2021, the customs authorities in accordance with this law did not release goods for free circulation under 22 customs declarations. Among the goods that were banned from free circulation were detergents, auto parts, medical devices, household goods, and diesel fuel.

Decisions on the application of restrictive (corrective) means to goods that do not meet the established requirements, which were to enter the Ukrainian market, were made by such government authorities as Ukrtransbezpeka, Derzhprodspozhyvsluzhba, Derzhliksluzhba and Derzhhekoinspektsiya [3].

Making a conclusion, the customs authorities of Ukraine through the use of customs-tariff and non-tariff regulation have the opportunity to influence the range of goods, their quality, as well as to stimulate the production of

certain categories of goods within the country. That's why the effective implementation by the State Customs Service of Ukraine its functions within the framework of the national economic policy that creates favorable conditions for the development of the domestic market of production and consumption.

References:

1. Jedynek V., Pljeshkova V., Nizhnichenko S. (2014) Vplyv mytnoi polityky na zovnishnjoekonomichnu dijal'nist' pidprijemstv [The impact of customs policy on foreign economic activity of enterprises]. *Efektivna ekonomika*, no. 11. Available at: www.economy.nayka.com.ua/?op=1&z=3581 (accessed 3 May 2021).
2. Official website of the Verkhovna Rada of Ukraine. Available at: <https://zakon.rada.gov.ua/laws/show/2735-17#Text> (accessed 3 May 2021).
3. Official website of the State Customs Service of Ukraine. Available at: <https://customs.gov.ua/news?news> (accessed 3 May 2021).