

## PRINCIPLES OF CUSTOMS MANAGEMENT FORMATION IN CUSTOMS ACTIVITIES

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**Abstract:** *This article is dedicated to studying the methodology for forming customs management in improving customs administration. It describes the main causes and factors for improving the administrative activities of customs authorities. The article also develops scientific and practical proposals and recommendations for implementing the main principles of the ISO 9001:2015 quality management system in the activities of customs authorities.*

**Keywords:** *customs administration, management, customs, customs security, digital customs, modern customs system.*

**Introduction.** The concept of customs management is a relatively new term in science, which is why there is no single approach to understanding and shaping it. In developed countries, it is seen as the process of managing customs operations aimed at creating favorable conditions for entrepreneurs, while in developing countries, it is understood as managing the activities of customs and related organizations or managing customs work itself.

According to Article 15 of the Customs Code of the Republic of Uzbekistan, customs work is a set of methods and tools aimed at achieving economic, regulatory, and law enforcement goals, ensuring compliance with customs legislation [1]. According to this, in the national customs system, the formation of customs management can be concluded to be primarily focused on monitoring compliance with legislation by customs authorities and the individuals, organizations, and business entities associated with their activities. According to researchers, considering that "customs management" is a type of "management" and management itself is the science of managing organizations, the definition of customs management as the management of customs activities is considered one of the most acceptable definitions.

**Materials and Methods.** Considering that one of the key elements influencing the development of foreign trade is customs administration, it can be concluded that one of the main tasks of countries in creating favorable conditions for business is the proper formation of customs management. Naturally, the issue of organizing customs management correctly remains highly relevant in the context of the expanding international relations. In this process, the customs authorities' ability to improve their effectiveness in fulfilling their assigned tasks, ensuring transparent, honest, fast, and

high-quality service, is certainly linked to the methodology of shaping customs management.

Looking at international best practices, we can observe that all of them are based on a methodology considered effective in addressing a number of emerging threats influencing international relations, such as the sharp increase in foreign trade volume, the growing variety of goods and services offered, and incomplete enforcement of customs procedures. Furthermore, the changing nature of international market dynamics creates the need for the continuous improvement of customs management. For instance, in May 2008, 35 management theorists and practitioners, along with scholars and “new era” ideologists, developed the “Management 2.0: A New Version for a New Century” concept at the international conference “The Management Lab” held with the assistance of McKinsey & Company [2]. In this conference, they identified 25 key tasks for management in the 21st century [3].

Customs management is implemented through the identification of its object, subject, and tasks. According to researchers, the object of customs management is the management issues of customs authorities in the context of limited economic resources [4]. Therefore, the specific object of customs management can be understood as the customs authorities, while the subject of customs management can be seen as the leaders of these authorities.

According to Article 6 of the Law of the Republic of Uzbekistan on the State Customs Service, the customs authorities of the Republic of Uzbekistan include the Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan, the territorial departments of the Customs Committee in the Republic of Karakalpakstan, regions, and the city of Tashkent, the specialized customs complex “Tashkent-AERO,” customs posts, the Customs Institute, as well as the National Cynology Center [5].

Furthermore, the subject of customs management includes all components of the management system of organizations: principles, methods, forms, tools of management, legal foundations and conditions, organizational-economic mechanisms, personnel, corporate culture, and others [6]. Based on this, the formation of customs management in the activities of customs authorities of the Republic of Uzbekistan requires the application of a methodology that ensures the continuous and efficient operation of the system, fully meets the criteria for effectiveness and efficient use of resources.

In accordance with the Law of the Republic of Uzbekistan on Foreign Economic Activity, which was approved on May 26, 2000, under the number 77-II, the regulation of participants in foreign economic activity by customs authorities is one of the key elements of the state regulation system of foreign economic activity [7]. Therefore, when forming customs management, it is necessary to consider not only the management of customs authorities' activities but also the coordination of activities in collaboration with other state bodies.

Additionally, the introduction of effective management mechanisms in customs authorities requires modeling customs management from the smallest customs unit, the customs post, up to the central apparatus of the Customs Committee. This process

demands a complete understanding of the operational environment of the customs post and the factors that influence its activities.

**Results and Discussion.** As is well known, in recent years, the activities of customs authorities have been constantly evolving through the improvement of their management. The following can be considered the main reasons and factors for this development:

- The acceleration of Uzbekistan's integration processes into the international economy;
- The increasing relevance of Uzbekistan's membership in the World Trade Organization;
- The elevation of cooperation issues with the World Customs Organization to a new level;
- The growing volume and spectrum of the production of goods replacing imports and exports in the country;
- The increasing impact of international conflicts and various situations on trade processes, among other factors.

The most effective customs management system in Uzbekistan, as mentioned earlier, requires initially systematizing its management processes.

According to this model, the main elements of the management system of customs authorities in Uzbekistan are as follows:

- **Customs authority management processes** - this involves the continuous system of interrelated tasks implemented by the management apparatus of the customs authorities based on existing management mechanisms;
- **Customs authority management mechanisms** - these include the laws, principles, methods, forms, tools, and organizational structure of management, the customs and other legal frameworks of Uzbekistan, as well as the general system of external trade legislation that regulates and becomes the object of customs authorities;
- **Feedback and management system improvement mechanisms** - this involves implementing changes within the system aimed at the development of the management object.

The improvement of management in customs authorities is also related to the economic reforms being implemented by the state. Specifically, between 1991 and 2018, the national customs system operated as a regulatory body with a law enforcement role, where customs management was applied in the form of managing the customs authorities. However, on August 31, 2017, the President of the Republic of Uzbekistan, Sh.M. Mirziyoyev, introduced the principle that "State bodies should serve the people, not the state institutions" [8], which led to directives aimed at transforming customs authorities into service-oriented institutions rather than merely regulatory bodies. As a result, there is now a necessity to radically change the existing customs management system.

Thus, the methodology for forming customs management at the modern stage must be developed by integrating all structural elements involved in the management of customs authorities. In this process, if the focus is not placed on the competence of the decision-



maker, any problematic situations arising in the management activities will lead to increased time and financial costs for resolving them.

When forming customs management, it is necessary to take into account international standards in management, considering that customs management is a specific branch of general management. Currently, there are seven key principles of the ISO 9001:2015 quality management system that must also be considered in the activities of customs authorities. These principles are as follows:

- **Customer focus principle** - the modern customs system should introduce a working environment under the principle of "Customs for Business" [9] to ensure that business entities are consistently satisfied with customs operations;
- **Leadership principle** - one of the most important conditions for establishing a corruption-free customs system is that leaders should act as personal role models;
- **The principle of full coverage of personal content** - it is necessary to introduce a KPI system to monitor the performance of all personal content assigned to them;
- **Process approach principle** - management decisions should be made based on the general situation to prevent problematic and stressful situations in customs operations;
- **Improvement principle** - the implementation of the "Digital Customs" concept will continuously improve the service quality of customs authorities;
- **Evidence-based decision-making principle** - decisions should be made based on information from internal and external factors, circumstances, and data from information systems;
- **Relationship management principle** - the improvement of customs authority activities is closely linked to the introduction of a feedback system with entrepreneurs, which, through data obtained from such interactions, will continuously improve system performance indicators.

Additionally, it is considered advisable to base the formation of customs management on the following algorithm:

- **Risk assessment:** the first stage in forming customs management is identifying and evaluating risks affecting management activities. Through this, factors that lead to the illegal transportation of goods across the customs border, smuggling, and other violations of customs laws will be identified. Measures will be taken to eliminate these risks by amending relevant international agreements and national legislation;
- **Strategy development:** after risk evaluation, customs management strategies will be developed to ensure a favorable environment for business by implementing quality and efficient customs services. These strategies should define clear goals, tasks, and methods for implementation;
- **Technology implementation:** the digitalization policy being implemented in customs authorities also requires the adaptation of customs management to these processes. Digital technologies reduce the time spent on customs procedures, improve the quality of customs control, and provide new opportunities for decision-making processes;

- **Personnel training:** Improving the quality of customs management can be achieved through the training of customs management personnel based on international practices and standards, utilizing both online and traditional seminars and training sessions;

- **Monitoring and analysis:** one of the key elements of effective customs management is continuous monitoring and analysis of the implemented system. This process should ensure continuous improvement through regular feedback and analysis of the system's performance.

**Conclusion and Recommendations.** In conclusion, it is worth emphasizing that the failure to address the emerging issues in the current national customs system in a timely manner, the inefficiency of the new information systems being introduced under the digitization policy, and the continuous creation of new jobs, with an increasing number of employees, instead of gradually reducing the workforce through decreased workload based on the effectiveness of these systems, are some of the causes behind the increasing number of employees. Furthermore, the occurrence of cases of law violations by customs employees and violations of customs rules by citizens, resulting in significant damages to the state budget, can be linked to mistakes made in the formation of customs management. Based on the algorithm proposed by the author, and the principles of the ISO 9001:2015 quality management system, it is believed that the effectiveness of customs authorities can be improved through the development of customs management for the management activities of the national customs system.

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