

## THE ROLE OF CUSTOMS REGULATIONS IN REDUCING RISKS OF FOREIGN TRADING ACTIVITIES OF ENTERPRISES

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The article deals with the problem of the opportunity of reducing risks in the process of the implementation of foreign trading activities of enterprises with the help of a wider use of customs regulations.

The growing rate of the involvement of Saratov region enterprises in globalization processes reflects in the development of their foreign trade activities, which from one side stimulates the enterprises growth and from the other creates additional risks for their functioning. After finding the buyer in the world market, the enterprises face additional difficulties, which restrict export operations, produce risks connected with foreign trade activities, both for the seller, and for the buyer. These risks are the result of a peculiar international trade and other forms of realization of the enterprises foreign trade activities. Current research shows that today there exists a set of definitions of a category - "the risk", connected with many spheres of economy and opening its essence from a position of different sciences. The analysis of historical evolution of the risk theory allows us to assert that the economic literature has three basic approaches to risk as economic category: likelihood, profitable and administrative supporters of the first approach (J.Mill, N.U.Senior, A.Smith, I.Shumpeter, V.D.Rudashevsky, P.G.Grabovyi, S.N.Petrov) define risk as probability of the events approach with negative consequences as a result of certain decisions or actions. The risk is one of the kinds of danger connected with economic, social and political activity of people, partially realized and approximately estimated.

Participants of foreign trade activities estimate risk as:

- risk of time and space;
- currency risk;
- legislative risk.

In foreign trade transactions the goods pass from the seller in one time and in one place to

the buyer in other time and other place. It complicates the foreign trade activity, increases risk. Representatives of the profitable approach (A.Marshall, A.Pigu, L.Rastigan, B.Rajzberg, M.G.Lapusta, L.G.Sharshukova) hold the opinion that the risk is a threat of that and a businessman (an enterprise, an organization) will have additional expenses or will receive incomes below as expected. This approach also reflects features of risk in the system of foreign trade activities. Especially often it is shown at change of exchange rates, introduction of new customs charges etc. Supporters of the administrative approach (T.Bachkai, D.Messen, A.P.Algin, V.G.Makarenko, V.A.Abchuk) consider that the risk is a unity of circumstances and individual group preferences or criteria of a situation assessment based on which the operative decision is taken in this or that area. The given approach underline a problem of knowledge and understanding of the legislation and customs rules of the countries where there are trading partners, the government decrees, concerning international trade which can act as a serious obstacle for the parties carrying out foreign trade activities.

Management of risks the enterprises foreign trade activities can be carried out by various means. However it is necessary to recognize that their prevention substantially does not achieve the aim owing to insufficient use of customs means. Customs activity is carried out on the basis of legislative restrictions in the field of export-import as follows:

- ◆ currency control - restrictions of the government to movement of a foreign currency for the purpose of national currency protection;
- ◆ the licensing of export and import operations;

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◆ trading embargoes - a prohibition of export or import of certain kinds of the goods by the government;

◆ import quotas, import duties;

◆ the quality standards which are established by each government for the imported goods.

The Saratov region enterprises participate actively in foreign trade activities that can be illustrated with foreign trade turnover growth:

ation of deliveries export of the industrial enterprises follows that mechanical engineering production takes the extremely insignificant place in the export of goods. The export of machine technical production takes about 2% of all export; the export of electric machines and the equipment is only 0.7% (16476 thousand dollars) of the export total volume. The analysis shows the tendency to a reduction. The "far abroad" coun-

Table 1

The Foreign trade turnover of the Saratov region

	2003	2004	2005	2006	Growth for 2003-2006 rr., %
With all countries					
Goods turnover thousand dollars	1 299 831	1 731 290	2 174 973	2 572 390	200
Export, thousand dollars	1 106 339	1 496 112	1 861 113	2 242 629	202
Import, thousand dollars	193 492	235 178	313 860	329 761	170
With the CIS countries					
Goods turnover, thousand dollars	126 135	167 496	258 319	273 768	217
Export, thousand dollars	88 099	113 099	183 462	223 585	254
Import, thousand dollars	38 036	54 397	74 857	92 586	240
With the countries of the "far abroad"					
Goods turnover, thousand dollars	1 173 696	1 563 794	1 916 654	2 294 344	196
Export, thousand dollars	1 018 240	1 383 013	1 677 651	2 019 048	198
Import, thousand dollars	155 456	180 781	239 003	275 296	177

The statistical data given in table 1 show the essential growth of goods turnover: from 2003 to 2006 it increased twice. The increasing role of the Saratov region enterprises in economic communications reflects the development of the enterprises export activity as well (table 2).

The analysis of the data table 2 shows the growth of export of some the Saratov region enterprises. We should notice that the basis part of region export is formed by the enterprises of two branches: fuel and chemicals. In consider-

tries (Italy, Finland, Belgium) and the CIS countries (Kazakhstan and Ukraine) are the large partners influencing volumes of export.

World practice shows that the structure of the Saratov region enterprises export does not reflect real possibilities of an export potential. It is common for the least developed countries in the system of the world economy, which exchanges unrenovable natural resources for the equipment. At the same time it is necessary to notice that the increase in cost of import of

Table 2

Dynamics of export of production of industrial enterprises

Participant of foreign trade activities of	2003		2004		2005		2006	
	thousand dollars	%	thousand dollars	%	thousand dollars	%	thousand dollars	%
Open Society "Saratovsky НПЗ"	648 951	59	865 921	58	1 031 630	56	1 231 515	55
Open Joint-Stock Companies "Lukoil-neftehim"	91 598	8	112 368	8	179 290	10	240 087	11
Companies "Balakovskiy mineral fertilizers"	59 490	5	110 408	7,8	81 663	5	107 382	5
Open Societies "Volsk Cement "	10 061	1	20 875	1,4	29 568	1,6	39 675	1,8
Open Companies "Henkel-south "	-	-	2 805	0,2	16 305	0,9	43 305	1,9
Joint-Stock Companies "Втормет "	6 164	0,6	20,178	1,3	19 449	1,1	25 494	1,2
Open Societies "Saratov Strojsteklo"	3 636	0,3	4 068	0,4	11 924	0,6	27 204	1,3

machines and the equipment confirms positive changes in import structure. The increase in import of machine technical products provides different branches of region economy with the modern process equipment; finishing and commissioning the range of industrial objects constructed with the use of the import equipment and technologies, and will expand the base of foreign trade activities of the Saratov enterprises in the future. Expansion of foreign trade activities of the enterprises is connected to the formation of additional risks, as for the buyer, so for the seller. A risk of the seller:

- ◆ the seller after delivering the goods does not receive money;
- ◆ the seller can incur losses owing to impossibility of a commercial translation performance after concluding it;
- ◆ the seller sent documents for the collection, the buyer does not accepted documents;
- ◆ the seller gets lower price as a result of increasing the prices after the date of the delivery contract conclusion and before the payment, and also owing to prolongation of customs procedures terms;
- ◆ the seller receives less currency because of recession of payment exchange rate in relation to the rate of the chosen currency from the date of the contract delivery conclusion to date of the payment fulfillment.

The risk of the buyer can be expressed as follows:

- ◆ the buyer receives the goods either with a delay or of inferior quality or damaged;
- ◆ the buyer pays higher price because of decreasing the price after the date of the contract signing and before the payment;
- ◆ the buyer pays more because of the increase of payment exchange rate after the date of the contract signing and before the payment.

Risk of the seller for the Saratov region enterprises can arise as a result of double appointment production. We should notice that on the one hand there are considerable reserves for increase in export of production, but on the other hand there is a range of problems that are brightly illustrated by the example of the export activity of a large range of enterprises in Saratov region. Relating to the export of such production and its separate nomenclature elements, a risk of trading embargo can appear. As a result appear both the risk of the seller and risk of the buyer. We

can say that participation in foreign trade activities generates higher risks for trading partners in comparison with trade in the country on the one hand, export-import transactions are often more profitable on the other hand.

Therefore it is necessary to decrease the arising risks of the seller and the buyer on the basis of the risks management. Risk management is a main basic principle of the customs control modern methods. This method allows using totally the resources of customs, without reducing efficiency of the customs control and releases the majority of participants of foreign trade activities from the excessive bureaucratic control. The procedures based on the risks management allow supervising the customs registration on sites with the greatest risk that allows a major part of the goods to move through customs rather freely.

The customs control acts as a way of guaranteeing the appropriate application of the customs legislation and observance of instructions, other subordinate and statutory acts should be carried out with the maximum simplification of conditions for the organizations and the enterprises participating in the international trade.

The customs control should be easier for achievement of the customs regulation and the main objectives to be carried out on the basis optionally and at the application of the risk management methods. There are two components of the modern customs control: cooperation of customs services and their agreements to mutual support for the purpose of the customs control perfection, and also cooperation of custom services with the participants of foreign trade and the conclusion of memorandums of mutual understanding with them for the purpose of perfection of customs control. When carrying out the customs control the customs bodies based on the principle of optionality and as a rule are limited only by those forms of the customs control which are sufficient for providing the observance of the customs legislation of the Russian Federation. The risk management arising from realization of foreign trade activities of the enterprises can be named as a system.

The risks system is based on an effective use of customs legislation of the Russian Federation having steady character connected with the evasion from the payment of the customs duties, sizeable taxes undermining competitive-

ness of the domestic commodity producers, influencing other important interests of the state the observance of which is assigned to customs bodies. The risks control system assumes realization of cooperation with participants of the foreign trade activity at different stages of realization of the foreign trade contract starting its conclusion to its realization. Interaction with customs bodies at a stage of execution of the foreign trade contract is inevitable for any enterprise and possibility and efficiency of realization of the foreign trade transaction in many respects can depend on the given process. Various customs means should be used actively for expansion of the foreign trade activity of the enterprises and reduction of risk both during the preparation of the foreign trade contract and during the support of the foreign trade operation; specialized agencies should carry out full pre-contract check reliability and solvency of the partner; use possibilities of the state insurance for export deliveries, receipt of free consultations at the customs bodies for more detailed study of process of customs; use services of customs brokers. Evidently, large organizations and enterprises can develop a line of independent customs registration on the basis of their department of foreign economic relations; to employ young experts who have grad-

uated from high schools as customs business specialists that allow cooperation more effectively with the customs bodies, to introduce progressive forms of customs of customs registration to their practical activities, such as electronic declarations with the help of modern software. It is significant that it is required to continue the scientific and practical work to increase customs' role and this means a decrease of risks in the foreign trade activity of the enterprises and creation of new, more difficult modern schemes of realization of the external economic operations with deeper use of the possibilities given by the customs legislation of the Russian Federation.

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