### **BELARUSIAN NATIONAL TECHNICAL UNIVERSITY**

# FACULTY OF MANAGEMENT TECHNOLOGIES AND HUMANITARIZATION

# DEPARTMENT OF CUSTOMS AFFAIRS DEPARTMENT OF FOREIGN LANGUAGES

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Materials that deal with topical theoretical and practical issues of customs regulation, border security and international trade are presented in the collection of scientific articles of the III Republican Youth Scientific-practical Conference "i-Customs.by". This collection of articles is addressed to employees of the customs authorities, graduate students, undergraduates, students, professors, as well as to all interested persons studying the problems of international trade and customs.

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### «Importance of the correct determination of the country of origin of goods for the national economy»

Research Field: Customs in the age of globalization and regionalization

Nowadays, in the context of globalization, the process of production of goods is carried out either within one state or in several countries, from raw materials made in the country of production from imported as a result of foreign trade or from both national and imported raw materials. So there is a need to determine what country the manufactured goods relates to, because this affects the size of import customs duties, the duties that are levied on goods in order to protect the country's domestic market and many other aspects of customs.

This was reflected in the development of the institute of the origin of goods, which determines that the goods come from the country where they were completely received or produced or where they were processed and subsequently recognized as originating from the country. Moreover, it is possible to obtain the status of goods of a group of countries, the customs union and even a separate part of the state. An important tool for the determination of the country of origin is the criterion of substantial processing. It establishes that the goods belong to the country where the last significant processing operation allowing the goods to obtain the status was performed. This criterion can be expressed in a change in the product code at the level of n positions of the HS code, in compliance with the rule of the ad valorem share (the establishment of the percentage of the value of imported products or value added in the final cost of the goods), in the performance of established technological operations. It varies in each country depending on the regulatory framework, but the general principle remains the same. Countries only specify it, for example, by establishing the exact percentage of the ad valorem percentage, specifying the level of change of the HS code, detailing the list of operations and also establishing the need to apply either one of these criteria or several at once.

The country of origin is closely connected with trade regimes. The type of the trade regimes influences on the size of import customs duties. For example, the countries of the EAEU in relations with other states use the following regimes:

1) Most-favored nation / most-favored nation treatment that reflects the principle of nondiscrimination of goods. It implies that the goods from the countries-users of this regime use the same privileges while importing into the territory of the state with such a regime. Providing any of these states with more favorable import conditions means providing other countries with these conditions automatically. Similarly, the provision of less favorable conditions also applies to all states using this trade regime.

- 2) The free trade regime is a regime when according to free trade agreements tariff and quantitative restrictions in mutual trade in goods are canceled subject to all established conditions. The list of such goods may be limited to exemptions from the free trade regime. At present, the EAEU provides this regime to such countries and integration associations as the CIS, Serbia, Georgia, Vietnam and Iran. It is also planned to enter into force a free trade agreement with the Republic of Singapore [1].
- 3) The general system of preferences, implying the provision of tariff preferences by developed countries to developing and least developed countries. According to the fundamental principles of this regime, they are established by all developed countries in relation to all developing countries unilaterally and in the same volume. It means imposing customs duties on goods at reduced rates or at zero rates [2, p. 91-95].

Why is it still necessary to determine the origin of goods? This institute is used for:

- 1. Selecting the size of the import customs duty rate: reduced, zero, unchanged rates.
- 2. The calculation of special, anti-dumping and countervailing duties.
- 3. Applying quantitative restrictions, in particular tariff quotas.
- 4. Conducting government procurement, for example, goods recognized to be originating from any particular country may use additional advantages during choosing the winner of this tender.
- 5. Compiling foreign trade statistics to analyze the country's integration into the world economy, the geographical structure of foreign trade, the effectiveness of participation in economic integration associations, etc., and subsequently determine further directions of the foreign trade policy of the state.

The fact that the movement of goods, for example, within free trade zones or under the regime of the general system of preferences allows participants in foreign economic activity to reduce their costs contributes to the risk of violation of customs legislation related to the country of origin. For example, a product can move under the guise of a preferential one, although in reality it is not. So, according to the operational data of the State Customs Committee of the Republic of Belarus on the results of customs control after the release of goods for 2019 the share of customs violations related to the statement of inaccurate information about the country

of the origin of goods amounted to 14% [3]. The examples of the violations of customs regulations related to the country of origin:

- a) declaring of an unreliable HS code in order to ensure compliance with the free trade regime for the goods, "trying to get away" from the HS code falling into the list of exemptions;
- b) issuance of a certificate of the origin of goods confirming the country of definition of the goods on the basis of false information;
  - c) incorrect completion of the certificate;
  - d) non-compliance with the conditions of direct delivery and other violations [4].

Thus, the institute of the country of origin is one of the most important elements of customs regulation. Its widespread use is the reason for the increasing importance of the correct determination of the origin of goods. This allows the state to implement its foreign trade policy effectively. For example, to ensure the legitimacy of the provision of tariff preferences precisely to those countries that are users of the preference system, while providing assistance to developing and least developed countries, ensuring the completeness of budget revenues. In addition, the legitimacy of the provision of tariff preferences helps to reduce the cost of imported raw materials used in national production by providing support to domestic producers, increasing the competitiveness of its products and reducing the import intensity of production. If the country provides the conditions for the reliable determination of the country of origin and for the minimization of the likelihood of customs offenses in the field of this institute, other countries are more interested in developing trade relations with this country and signing agreements on free trade zones. It is because they are sure that all the fundamental principles and conditions for this regime are observed, and violations of customs legislation are revealed. This determines the importance of the correct determination of the country of origin for the national economy, which implies an increase in the attention of customs authorities to this direction.

#### List of sources used:

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## «Management of intellectual property (for example, the unitary municipal production enterprise «Information and Computing Center of the regional agricultural enterprise»)

Research Field: Intellectual property as an object of international trade

Over the past decade, new approaches to the technological process have emerged, in particular, the rational use of intellectual property, as well as improving the educational level of managers. All this has led to the fact that the introduction of intellectual property management in the enterprise is a necessary condition for their successful work in the market conditions of management.

The purpose of the research is to manage intellectual property in an enterprise (for example, the unitary municipal production enterprise «Information and Computing Center of the regional agricultural enterprise»).

The subject of the research is the management of intellectual property in the enterprise.

As the object of study was chosen the unitary municipal production enterprise «Information and Computing Center of the regional agricultural enterprise».

The company's activity is the creation and implementation of a unified automated system of information and information support in the agricultural sector of the region, the development and implementation of new automated control systems and their support, the acceleration of scientific and technological progress in agricultural enterprises and organizations using the latest achievements of science and technology, and organization of production.

In accordance with this goal, the following tasks were set and solved:

- study the theoretical aspects of intellectual property management;

- to analysis the effectiveness of intellectual property management on the example the unitary municipal production enterprise «Information and Computing Center of the regional agricultural enterprise»).
- develop measures to improve the efficiency of intellectual property management on the example the unitary municipal production enterprise «Information and Computing Center of the regional agricultural enterprise»).

As a result of the research, it was found:

1. Intellectual property (IP) – a set of exclusive rights to specific results of human intellectual activity in any field (industrial, scientific, literary, artistic, etc.), as well as rights to means of individualization of legal entities, products, works performed, services.

IP is divided into two main areas of rights:

- copyright and related rights (works of science, literature, art, computer programs;
   performances, performances, phonograms, broadcasts of broadcasting and cable organizations);
- industrial property (solutions in the field of technology, means of individualization, selection achievements, know-how, etc.)

Intellectual property of an enterprise is developed, systematized and specific knowledge about creating the necessary product. This knowledge can be expressed in a new technological process, previously unknown, in a device, in an innovative product model. The main feature of such knowledge is that with their primary immateriality, they find a concrete embodiment.

2. The effectiveness of the use of intellectual property rights must be evaluated through the indicators of profit and profitability, precisely because the use of new technology and achievements of STP, directly affects the change in profit and profitability of the enterprise as a whole.

The main goals of the company in the field of intellectual property are: to attract additional funds from activities in the field of protection and commercialization of intellectual property; to increase the level of scientific research by activating creative activities.

In order to achieve these goals, the enterprise or organization must implement an appropriate intellectual property policy. This policy concerns the management of factors that provide certain advantages of the enterprise in the market.

Analysis of economic and financial indicators makes it possible to assess the potential of the enterprise. Overall, the development trend is positive, but there are also negative development factors. It is worth noting the instability of some indicators.

Based on the analysis of the effectiveness of intellectual property management, the following conclusions can be drawn: the share of intellectual property in the company's capital

and the share of the company's profit that falls on intellectual property is insignificant, but during the period under review, there is an increase in the profit of intellectual property.

Based on the analysis of the intellectual property management system at the unitary municipal production enterprise «Information and Computing Center of the regional agricultural enterprise», the following conclusions can be drawn: the main division responsible for intellectual property management is the information technology development and maintenance department, which reports to the chief engineer. The development and implementation of effective intellectual property management systems is an urgent task for the company. To increase the level of efficiency of intellectual property management, it is also necessary to improve the level of qualification of employees of departments responsible for intellectual property management.

Based on the analysis, ways to improve the efficiency of intellectual property management were proposed:

- 1. Increasing the level of automation of the information technology department, development and maintenance. The introduction of an automated patent search system will significantly reduce the complexity of operations, reduce the likelihood of errors and allow you to save up to 518.4 rubles.
- 2. Increasing the level of qualifications of the department responsible for the management of IP. Operating costs per year will be: 21450 rubles for the new version; 121450 rubles for the basic version. Cost savings will amount to 11372.52 rubles.

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### **«Directions for improving the mechanism of application of protective measures in the EAEC»**

Reseach Field: Customs in the age of globalization and regionalization

Customs regulation is one of the important methods of state influence on the economy. The system of customs regulation includes tariff, non-tariff measures, as well as other measures used by the state to protect national interests.

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The unified tariff regulation of foreign economic activity is carried out by the EAEU Unified Customs Tariff, which is a set of customs duty rates applicable to goods imported into the EAEU customs territory from third countries.

EAEU member states have the right to apply special, anti-dumping and countervailing duties to protect the economic interests of national producers from threats caused by increasing imports, dumping or subsidized import of goods into the customs territory.

The Customs Code of the Eurasian Economic Union is the main legal act, which regulates the application of special protective, antidumping and countervailing duties

<sup>1</sup>. Appendix eight to the Treaty on the Eurasian Economic Union defines the procedure for distributing special protective, anti-dumping and countervailing duties, as well as the procedure for conducting an investigation<sup>2</sup>.

Part of the current measures is related to automotive products. In particular, the measures in relation to crawler bulldozers, truck tires, rolling bearings and alloy wheels are included in this list.

The statistical authorities of the EAEU member states conduct research on the import of certain categories of goods to introduce new or extend existing measures to protect the domestic market. The Eurasian Economic Commission uses this data during the investigation.

Crawler bulldozers with a fixed and rotary blade with a capacity of up to 250 hp. is the first product in the automotive industry to which a protective measure is applied. This measure was introduced in December 2015 as a result of the investigation<sup>3</sup>. Table 1 shows data on the volume of imports of this category of goods in the period from 2014 to 2018.

Table 1 – Import of crawler bulldozers from the People's Republic of China to the EAEU member states from 2014 to 2018

Country	2014	2015	2016	2017	2018
The Republic of Belarus,	762746	1869517	176460	871447	1028068
US dollars					

<sup>&</sup>lt;sup>1</sup> Customs Code of the Eurasian Economic Union. – M.: Prospect, 2018. – 512 c. (in Russian)

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<sup>2</sup> Treaty on the Eurasian Economic Union [Electronic resource]: [signed in Astana on 29.05.2014] // ConsultantPlus. Belarus / LLC "YurSpektr", National legal inform center. Rep. Belarus. - Minsk, 2020. (in Russian)

<sup>&</sup>lt;sup>3</sup>Domestic market protection measures in force in the EAEU [Electronic resource] // Eurasian Economic Commission. – Access mode: http://www.eurasiancommission.org/en/act/trade/podm/investigations/Measures.aspx.

<sup>-</sup> Date of access: 23.02.2020. (in Russian)

Russian Federation, US	118060654	32170212	38714863	96880375	136756921
dollars					
The Republic of	41895962	17453169	7005699	2166877	34578098
Kazakhstan, US dollars					
Kyrgyz Republic, US	4098765	5108302	4177993	4114094	6610204,00
dollars					
The Republic of	408821	245890	558319	1285076	1762156
Armenia, US dollars					

According to the data obtained, from 2014 to 2016, the total volume of imports of this category of goods decreased by 75,3%. For the Russian Federation, the largest decline is in 2015 in comparison with 2014 – 72,8%, and for the Republic of Belarus, the Republic of Kazakhstan and the Kyrgyz Republic in 2016 – 90,6%, 59,9% and 18,2%, respectively<sup>1</sup>. This is due to a 38,9% reduction in the supply of crawler bulldozers manufactured by Caterpillar over the period under review. In 2017, there was a significant increase in the volume of deliveries to all EAEU member states with the exception of the Kyrgyz Republic, due to the higher quality of imported products compared to products manufactured by the EAEU enterprises, as well as the devaluation of the yuan in 2016 on average from 5 to 15 thousand dollars<sup>2</sup>. In 2018, the volume of imports also continued to grow, that in the future may lead to a complete rejection of the products of the member states of the Union.

In December 2015, the Board of the Eurasian Economic Commission decided to introduce an anti-dumping duty on Chinese tires for trucks, buses, trolleybuses, dump trucks, trailers and semi-trailers. The reason was the data as a result of the investigation that for the period from January 1, 2011 to June 30, 2014, the total volume of import of truck tires to the EAEU countries increased by 9,2%; at the same time, truck tire imports from China increased by 27,1%. At the same time, the dumping margin of Chinese manufacturers ranged from 14.79% to 35.35%<sup>3</sup>. In the period from 2015 to 2018, imports of this category of goods took the following values, which are shown in table 2.

 $<sup>1\</sup> UN\ Comtrade\ Database\ [Electronic\ resource]\ //\ United\ Nations.-Access\ mode: https://comtrade.un.org/data.-Date\ of\ access: 23.02.2020.$ 

<sup>2</sup> On the results of the anti-dumping investigation in relation to crawler bulldozers with a fixed and rotary blade with a capacity of up to 250 hp originating from the People's Republic of China [Electronic resource] // Eurasian Economic Commission. – Access mode :

http://www.eurasiancommission.org/en/act/trade/podm/rassledovaniya/AD-

<sup>17/</sup>materials/AD17\_report\_dated\_101115.pdf. – Date of access: 23.02.2020.

<sup>&</sup>lt;sup>3</sup> The ECE may introduce anti-dumping duties on imports of Chinese truck tires [Electronic resource] // Vedomosti. — Access mode: https://www.vedomosti.ru/business/articles/2015/08/14/604936-eek-mozhet-vvesti-antidempingovie-poshlini-na-import-kitaiskih-gruzovih-shin. — Date of access: 23.02.2020.

Table 2 – Import of truck tires from the People's Republic of China to the EAEU member states from 2014 to 2018

Country	2014	2015	2016	2017	2018
The Republic of	3289730	1323907	3310277	3709040	5281413
Belarus, US dollars					
Russian Federation, US	202785147	112807899	76392792	97854656	105098673
dollars					
The Republic of	30349181	25639382	17241272	27869261	32467098
Kazakhstan, US dollars					
Kyrgyz Republic, US	2843654	1516783	3633468	6583226	8933464
dollars					
Republic of Armenia,	2107063	1397637	1550065	1765864	1978543
US dollars					

For the Republic of Belarus and the Republic of Armenia, the largest volume of imports is in 2014, in 2015 there is a decrease of 59,8% and 44,4%, respectively. Over the next years, the value of imports is gradually increasing. For the Russian Federation and the Republic of Kazakhstan, recession periods are in 2015 and 2016<sup>1</sup>. The import of this category of goods into the Kyrgyz Republic has an uneven structure: a sharp decline in 2015 by 46.7% is replaced by a significant increase by 139.6% in 2016 and 81.2% in 2017, which continued in 2018. The decrease in imports in these periods is associated with the reducing of the automotive market, as well as with sharp changes in exchange rates. The significant increase in truck tire deliveries in 2017 and 2018 was the result of a reorientation of Chinese manufacturers from the European Union market to the EAEU market due to an increase of import customs duty rates by the European Union, which should force manufacturers to refuse to supply the cheapest tires from China. At the same time, deliveries of this kind are not desirable for domestic producers of the EAEU member states, therefore, duty rates need to be revised again.

The decision to impose an anti-dumping duty on rolling bearings from the People's Republic of China was made in 2013, but in 2018 its effect ended. In the period from 2007 to 2011, the average weighted price for bearings from third countries exceeded the price of Chinese exporters by 2,5-5,7 times, and in the first half of 2012 this ratio was 3,7 times<sup>2</sup>. Therefore, in 2018, it was decided to extend the anti-dumping measure in order to prevent the increase in the supply of bearings to the customs territory of the EAEU by Chinese exporters at dumping prices,

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<sup>&</sup>lt;sup>1</sup> On the results of an anti-dumping investigation regarding truck tires originating from the People's Republic of China [Electronic resource] // Eurasian Economic Commission. – Access mode: http://www.eurasiancommission.org/en/act/trade/podm/rassledovaniya/AD-18/materials/AD18\_report\_final.pdf. – Date of access: 23.02.2020.

<sup>&</sup>lt;sup>2</sup> The EEC extended the anti-dumping duty on Chinese bearings and notified Russia of the need to comply with the EAEU law [Electronic resource] // Eurasian Economic Commission. – Access mode: http://www.eurasiancommission.org/en/nae/news/Pages/22-08-2018-2.aspx. – Date of access: 23.02.2020.

from 2014 to 2018, the import of this product had the following focus in accordance with Figure 1.

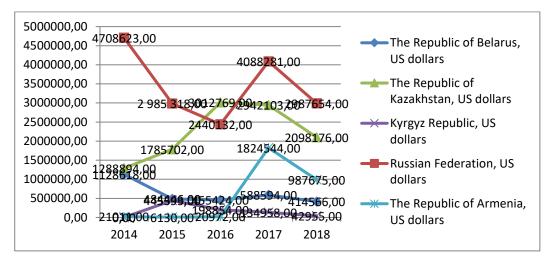


Fig. 1. – Import of rolling bearings from the People's Republic of China to the EAEU member states from 2014 to 2018

The main trend in the development of import of bearings for the Russian Federation and the Republic of Belarus is a significant decrease in volume in 2016 in comparison with 2014 by 48,2% and 59,7%, respectively, and then an increase in 2017. For the Republic of Kazakhstan, the volume of imports reached its maximum in 2016 and exceeded the value of 2014 by 133,7%, and then decreased in 2017 and 2018. A similar trend is observed with regard to deliveries to the Kyrgyz Republic, however, it should be noted that such deliveries began only in 2015. The volume of imports of rolling bearings in the Republic of Armenia in 2017 was 86 times higher than the same indicator in 2014, however, this indicator slightly decreased in 2018. In general, in the period under review, different dynamics of consumption of this product was observed. However, the growth in the volume of import of bearings from the People's Republic of China in the period from 2014 to 2016 amounted to 3,3%, and from September 2017 to August 2018 – 16,2%, it was ahead of the growth rate of visible consumption by 4%. This is due to the ratio of price and quality of delivered goods, because the cost of the EAEU bearings exceeds the cost of imported ones, and the quality is on the same level. In the future, the development of production of goods within the Union may become more profitable if modern equipment will be used.

Investigation in respect of alloy wheels was started in 2018 at the request of the company LLC «Casting and Mechanical Plant «SCUD». At the same time, a significant increase in the supply of this product over the past five years was revealed in accordance with Figure 2.

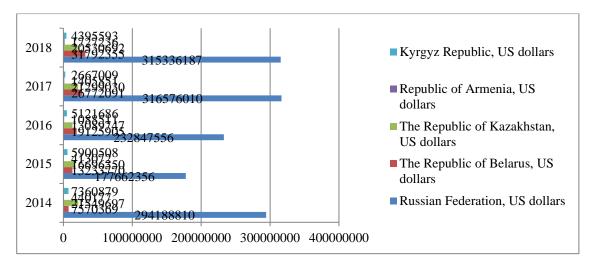


Fig. 2. – Import of alloy wheels from the People's Republic of China to the EAEU member states from 2014 to 2018

The dynamics of the import of this category of goods from the People's Republic of China into the customs territory of the EAEU is various. From 2014 to 2016, there was a decrease in the total supply, however, if in 2015imports decreased by 66,1% in comparison with 2014, then in 2016 only by 17,3% in comparison with the previous year, respectively. Since 2017, there has been a gradual increase in the import of alloy wheels. At the same time, in 2017 the price of alloy wheels imported from the People's Republic of China decreased by 11,3%, while the price of EAEU goods increased by 9%. As a result, the declared value of Chinese goods only slightly exceeded its cost. This contributed to the growth of dumped imports in 2017 and 2018 by 18,9% and 17% respectively. The leader among the EAEU member states in importing this product is the Russian Federation. In general, the data indicate that the application of the duty does not always have the desired effect and is often leveled by external factors. In this regard, there is a need to improve the current mechanism for applying protective measures. One of the main areas of improvement should be the introduction of a retroactive mechanism for the application of duties.

The mechanism of retroactive application of protective measures involves additional charges of antidumping, countervailing or special duties for goods already delivered to the customs territory of the EAEU in cases where the fact of violations has been conclusively proven and a specific branch of the EAEU economy has suffered significantly. The application of retroactive duties will have a significant positive economic effect for the production sector of the EAEU member states, because the damage will be compensated. For example it can consider crawler bulldozers, for which the antidumping measure has been effective since 2015. The average weighted cost of this product, including customs duties and without them, is shown in table 3.

Table 3 – The average weighted price of crawler bulldozers from 2011 to 2014

Type of value	2011	2012	2013	2014
Average weighted price of a unit of goods imported into the EAEU customs territory from all countries, US dollars	119 876,2	109 556,9	103 141,6	105 688,2
Average weighted price of a unit of goods imported into the EAEU customs territory from the People's Republic of China, US dollars	79 882,0	77 053,5	79 487,3	79 766,7
Average weighted price of a unit of goods imported into the EAEU customs territory from third countries, US dollars	153 919,5	150 366,0	143 965,0	157 000,2
Average weighted price with customs duty of a unit of goods imported into the EAEU customs territory from all countries, US dollars	131 904,4	120 331,3	112 902,9	114 625,1
Average weighted price with customs duty of a unit of goods imported into the EAEU customs territory from the People's Republic of China, US dollars	88 070,8	84 201,5	87 113,7	87 344,5
Average weighted price with customs duty of a unit of goods imported into the EAEU customs territory from third countries, US dollars	169 215,8	165 693,5	157 411,1	168 627,7

According to the data, the average weighted cost of crawler bulldozers imported from third countries was reduced annually until 2014. In 2012, the cost decreased by 8,8% in comparison with 2011, and in 2013 in comparison with 2012 it decreased by 6,2%. The cost of goods in 2014 remained almost at the level of 2013 and only slightly increased compared to the previous period.

As for the quantity of imported goods, it should be noted that there are features in accordance with table 4.

Table 4 – The crawler bulldozers import volume from 2011 to 2014

Indicator	2011	2012	2013	2014
The total volume of import of goods into the customs territory of the EAEU, pieces	2 227	2 445	2 426	1 746
The total volume of imports of goods from the People's Republic of China into the customs territory of the EAEU, pieces	1 024	1 361	1 536	1 160
The total volume of imports of goods from third countries into the customs territory of the EAEU, pieces	1 203	1 084	890	586

The data presented in the table indicate that in the period from 2011 to 2013 the total volume of imports of crawler bulldozers increased by 8,9%, however, in 2014 this indicator decreased by 28% in comparison with 2013.

During the period under review, the share of bulldozers from the People's Republic of China also constantly increased and by 2014 amounted to 66.4% of the total volume of imported goods.

All this indicates that there have been dumping imports for four years.

As the normal value, the average weighted cost of goods from third countries will be considered. As a result, the difference between the normal value and the value of goods from the People's Republic of China was as follows:

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in 2011, without a duty -74037.5 US dollars and with a duty -81145.0 US dollars; in 2012, without a duty -73312.5 US dollars and with a duty -81492.0 US dollars; in 2013, without a duty -64477.7 US dollars and with a duty -70297.4 US dollars; in 2014, without a duty -77233.5 US dollars and with a duty -81283.2 US dollars.
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According to the results, the difference in the cost of the goods is about 70 thousand dollars without including duties and more than 80 thousand when they are taken into account.

As a result, this decrease in value led to a significant amount of profit for Chinese manufacturers during the period under review:

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75814400,0 US dollars in 2011;
99778312,5 US dollars in 2012;
99037747,2 US dollars in 2013;
89590860,0 US dollars in 2014.
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The obtained profit values do not include money that was saved as a result of the payment of customs duties in a smaller amount.

As for the customs duty, during the period under review, 32402418,7 US dollars was not received in the EAEU budget. These losses would be compensated if the retroactive mechanism for the anti-dumping duty were used. In order to determine the validity period of the duty, the dumping margin must be taken into account.

As you know, the validity period of duties cannot exceed five years for anti-dumping and countervailing duties and four years for special protective duties. However, during this period it seems inexpedient to maintain rates at the same level. This level should gradually decrease at regular intervals as the competitiveness of companies in the Eurasian Economic Union that produce similar or directly competing goods increases. In general, the protectionist policies of

the Eurasian Economic Commission should be moderate enough, limited in time and decreasing in degree of support for the economic sector of the Eurasian Economic Union.

In this regard, it seems advisable to provide an opportunity for foreign importers to appeal to the Department for the Protection of the Internal Market with proposals to reduce rates. If in this case it is established that the goods of national producers of the EAEU are sufficiently competitive, then the duty rate should be reduced.

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### **«The Rotterdam Convention and the Republic of Belarus: adherence matters»**

Reseach Field: Customs in the age of globalization and regionalization

In the 21st century the human influence on the environment has become widespread which has a negative impact not only on nature but also on a human. Customs Authorities play a key role in the environmental issues. Particularly, they are at the forefront in suppressing the movement of hazardous substances.

The Green Customs Initiative is an implementation of collaborative effort for improvement control and promote legitimate trade through multilateral environmental agreements: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Cartagena Protocol on Biosafety; Convention on International Trade in Endangered Species of Wild Fauna and Flora; the Montreal Protocol on Substances that Deplete the Ozone Layer; Prior Informed Consent (PIC) Procedure for Certain Hazardous Chemicals and pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutant; Minamata Convention on Mercury.

The Green Customs Initiative is international legal platform for cooperation between governments and international organizations: World Customs Organization; The International Criminal Police Organization; Organization for the Prohibition of Chemical Weapons; United Nations Office on Drug and Crime; United Nations Environmental Programme and Secretariat

for the Vienna Convention for the Protection of the Ozone Layer and for the Montreal Protocol on Substances that Deplete the Ozone Layer<sup>1</sup>.

The Republic of Belarus is a participating country to all of the above mentioned organizations and multilateral environmental agreements except the Rotterdam Convention. The Russian Federation (2011), the Republic of Kazakhstan (2010), the Republic of Armenia and the Republic of Kyrgyzstan (2009) are Parties (participating countries) to the Convention on the basis of which the Technical Regulation "About safety of chemical products" has been developed. The Republic of Belarus is not a Member State and cannot ensure compliance with the requirements of the Technical Regulation.

Belarus works proactively to adhere to the Rotterdam Convention. Thus, in the National Strategy of Sustainable Socio-Economic development of the Republic of Belarus until 2020 the need to ratify the agreement on Certain Hazardous Chemicals and pesticides in International Trade was identified<sup>3</sup>; in the National Strategy for Sustainable Socio-Economic Development of the Republic of Belarus until 2030 the aim is to become a Party to the Rotterdam Convention. However, it is necessary to note that NSSD has peremptory character of the latter in Belarus, i.e. the stated goals are advisory rather than binding<sup>4</sup>.

Problems preventing accession:

- 1) undeveloped legislative framework that does not allow unhindered implementation of the requirements not only Technical Regulations on the territory of the EEU, but also the requirements of the Rotterdam Convention;
- 2) underdeveloped specialized laboratories for the identification and assessment of chemicals and pesticides;
- 3) lack of awareness of stakeholders: the private sector, agriculture, customs and border authorities about the rules for handling, moving and selling chemicals and pesticides.

Ignoring measures to accession to the Rotterdam Convention may lead to a deterioration of the country's ecological condition through the spread of hazardous chemicals and pesticides as well as increasing cross-border crimes which affect human life and health and implement negative impact on the country's environment.

<sup>&</sup>lt;sup>1</sup> The Green Customs Initiative [Electronic resource] – Mode of access: <a href="https://www.greencustoms.org/">https://www.greencustoms.org/</a>. – Date of access: 20.04.2020

<sup>&</sup>lt;sup>2</sup> Правовой интернет-портал «Консультант плюс» [Electronic resource]. – Mode of access: http://www.consultant.ru/document/cons doc LAW 216966/.– Date of access: 20.04.2020

<sup>&</sup>lt;sup>3</sup> Национальная стратегия устойчивого социально-экономического развития Республики Беларусь на период до 2020 г./Национальная комиссия по устойчивому развитию. Респ. Беларусь; Редколлегия: Я.М. Александрович и др. — Мн.: Юнипак. — 200 с

<sup>&</sup>lt;sup>4</sup> Министерство экономики Республики Беларусь [Electronic resource]. – Mode of access: <a href="https://www.economy.gov.by/">https://www.economy.gov.by/</a>. Date of access: 20.04.2020

In order to avoid these risks, it is necessary to provide safer conditions for handling chemicals throughout their entire life cycle (from creation to disposal) and also take the following measures:

- 1) prepare a Decree of the President of the Republic of Belarus on adhering the Rotterdam Convention, taking into account measures to minimize risks in meeting the requirements of the Convention. This measure is a standard accession training procedure to determine the necessary provisions, rights and obligations of the Parties in order to comply with them;
- 2) improve the legislative framework in accordance with the requirements of the convention, namely, prepare justifications for updating the Decision of the Board of the Eurasian Economic Commission dated April 21, 2015 № 30 "On non-tariff regulation measures" containing requirements for the circulation of chemicals regulated by the Rotterdam Convention on the territory of the EEU; prepare a draft Annex to the EEU TR 041/2017 "About Safety of Chemical Products" containing a list of chemicals regulated by the Rotterdam Convention¹ with the aim of introducing standards that comply with the requirements of the Convention as well as fulfill one of the conditions of accession: preparation of analyzes and collection of documentation;

According to the Order of the Council of Ministers of the Republic of Belarus dated March 29, 2016 No. 03 / 503–122 / 3918, the relevant state bodies developed a preparation plan for the implementation of the EEU TR 041/2017 "About Safety of Chemical Products".

- 3) the creation and improvement of existing specialized laboratories for assessing the hazard level of chemicals and pesticides as well as chemicals that are regulated by the Stockholm, Minamata and Basel Conventions;
- 4) training, exchange of experience and advanced training in the field of technical regulation and standardization in relation to chemicals and pesticides. So, in 2017, on the basis of the Republican Unitary Enterprise "Scientific and Practical Center of Hygiene" of the Ministry of Health, an industry toxicology laboratory with the resource of a chemical safety training center was created. This scientific and practical center holds regularly various seminars and conferences to learn how to implement the project;
- 5) the establishment of a national register of chemicals and pesticides, including those regulated by the Convention;
  - 6) fulfill obligations regarding the export and import of chemicals and pesticides;

<sup>&</sup>lt;sup>1</sup> Республиканское унитарное предприятие Научно-практический центр гигиены [Electronic recourse]. – Mode of access: <a href="http://chemsafety.rspch.by/">http://chemsafety.rspch.by/</a>. – Data of access: 20.04.2020.

7) ensure the collection of information and analysis of data on chemicals online, available to the public in order to implement the requirements of the Convention as well as prepare preventive measures to prevent the risks of chemical poisoning by the private sector and agriculture.

The implementation of all these measures can be ensured through the implementation of the Green Customs Initiative and the accumulated knowledge gained by acceding to such conventions as Stockholm, Basel and Minamata, as they are inextricably linked to the regulation of the transport of hazardous substances and waste. Upon joining the Convention, the Republic of Belarus will exclude or restrict the import of hazardous chemicals included in Appendix III of the Rotterdam Convention. By informing interested Parties about precautionary measures to be taken our country will vouch environmental safety yet today.

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### «Analysis of the effectiveness of the modern distribution channel of finished products"

Research Direction:
Modern technologies in international trade.

In modern conditions, for the successful functioning of the enterprise and maximum profit from the main activity, the company must have a well-developed sales system for finished products. This refers to the use of all possible distribution channels of finished products. It also means a timely response to changes in market trends, which avoids loss of profit.

The purpose of this work is to analyze the effectiveness of the online store OJSC "Lenta". The relevance of the work is that the online store belongs to direct sales channels, which allows direct trading with consumers avoiding intermediaries, this channel also refers to modern marketing methods, which are characterized by minimal costs and the use of modern technologies.

Lenta OJSC is the largest manufacturer of textile haberdashery in the Republic of Belarus. The main types of products manufactured at the enterprise are textile and haberdashery products, curtain fabric and curtain products, clothing, medical dressings."

Table 1 presents an analysis of the effectiveness of the online store Lenta OJSC for 2016-2018.

Tadiostors	Year value			Growth rate, %		
Indicators	2016	2017	2018	2017/2016	2018/2017	
A	1	2	3	4	5	
Turnover, thousand rubles	12.35	11.28	10.10	91.34	89.55	
Cost of goods sold, thousand rubles	6.12	5.60	5.17	91.40	92.38	
Gross income, thousand rubles	4,58	3.91	3.35	85.28	85.69	
average mark-up percentage	69.89	71.07	72.25	-	_	
VAT, thousand rubles	2,32	1.88	1.47	81.05	78.02	
Costs, thousand rubles	2,34	2.14	2.00	91.46	93.49	
Profit, thousand rubles	2.24	1.76	1.35	78.83	76.22	

Table 1 - Analysis of the effectiveness of the online store OJSC "Lenta" for 2016-2018

Note - Developed on the basis of enterprise statistics.

For greater clarity of data in table 1, a diagram was constructed, which is presented in figure 1.

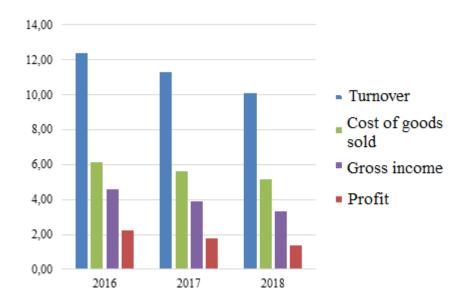


Figure 1 - Dynamics of changes in turnover, cost of goods sold, gross income and profit.

From table 1 and figure 1 there is a negative tendency to decrease indicators of trade, cost of goods sold, gross income and profit. This indicates the inefficiency of the Internet site of JSC "Lenta", which is morally obsolete and requires modernization. The solution to this problem will contribute to the development of B2C and B2B markets not only in the Republic of Belarus, but also in European countries. Since in Europe sites have long been used for the wholesale and retail purchase of products, and not through a request to the sales department.

A site is an important business tool, its visiting card. 2-3 years after the creation of the site, its functionality ceases to satisfy the needs of potential customers and partners. Since the Internet is an extremely dynamic environment, the site constantly needs to make changes and

adjustments. The completion of the site is a natural and integral stage in the development of any resource, aimed at improving its performance and more efficient implementation of the tasks assigned to it. Site modernization is a complex of works on changing the general style of an Internet resource, updating or changing a CMS, adding new functions and changing old ones.

Site modernization for Lenta OJSC should include the following types of work:

- redesign of the site and individual pages;
- website usability improvement;
- adding new modules;
- filling the site with content;
- creation of text content in a foreign language, copywriting;
- integration with payment systems and accounting;
- integration with social networks;

In this case, the site is being upgraded for the following reasons:

- 1. Technical. Over time, the requirements for functionality have changed, there are fresh trends in web design and new management systems. In other words, now the site does not use all available technical features.
- 2. Marketing. Since the site was created, new products and services have appeared in the company, the working scheme and commercial policy, corporate identity has changed, the information on the site is outdated, it is not enough. The content of the site will not only attract the interest of potential consumers, but also help optimize content forspecific searches.

Table 2 shows the costs of upgrading the website of Lenta OJSC.

Table 2 & The cost of upgrading the website of JSC "Lenta"

No.	Cost category	The amount of costs, rub.
1 Website Design Development		22,000
2	Development of modern software for the site	41,000
3	Site support per year	2,200
	Total	65,200

Note - Developed by the author on the basis of a marketing analysis of the Internet services market.

The total capital investment of the enterprise related to the modernization of the website of Lenta OJSC is 65,200 rubles. The company has such funds, therefore, to upgrade the site you can use the funds of the company without attracting loans.

Modernization of the site consists of 3 stages: development of the site design, development of modern software for the site and support for the site. In stage 1, a modern design is developed that will reflect the corporate identity of Lenta OJSC and will be attractive to

potential buyers. In stage 2, based on the design, the site's functionality is developed and the usability is worked out. Stage 3 is understood as updating the assortment of goods, correcting minor technical errors of the site, updating the site's news feed.

The calculation of indicators of economic effect in the forecast period from the modernization of the site is presented in table 3.

Table 3 - Analysis of the level of dynamics of indicators of the economic effect of the modernization of the site of JSC "Lenta"

Indicators	Current status	Forecast		Growth rate,	
	2018	2019	2020	2021	2021/2018
A	1	2	3	4	5
Turnover, thousand rubles	10.10	13.14	15.76	18.91	1.85
Cost of goods sold, thousand rubles	5.17	6.72	8.06	9.68	1.88
Gross income, thousand rubles	3.35	4.35	5.22	6.27	1.82
Costs, thousand rubles	2.00	65,20	2.20	2.20	1.10
Profit, thousand rubles	1.35	-60.85	3.02	4.07	3.12

Note - Developed by the author.

According to table 3, we can say that thanks to the modernization of the site, profits from 2018 to 2021 increased 3 times, which is estimated positively. The loss is observed only in 2019 due to one-time costs of modernization. There is also a steady increase in indicators of turnover, cost of goods sold, gross income, which over the forecast period increased by more than 80% compared to the current state.

Modernization of the web site of Lenta OJSC is a necessary solution that will increase the volume of sales of finished products through the Internet distribution channel, not only in the domestic market, but also in foreign markets.

Used sources

Logistics. Full MBA course / Dybskaya V.V., Sergeev V.I. - Moscow: Eksmo, 2017 .-- 944s.

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### «Customs-to-business Partnership»

Research Field: Modern technologies in international trade. International trade is the main form of international economic relations, as it includes trade not only in goods in the material sense of this category, but also in a wide range of services<sup>1</sup>.

The role of international trade in the system of international economic relations is due to the fact that, firstly, through it the results of absolutely all forms of world economic relations are realized - the export of capital, production cooperation, scientific and technical cooperation. Secondly, the development of international trade in goods ultimately determines the dynamics of international exchange of services. Third, the growth and deepening of interregional, as well as interstate interrelationships are a significant message of international economic integration. Fourthly, international trade activities thus contribute to the further deepening of the international division of labour and the internationalization of economic relations.

Major trends in international trade:

- Intellectualization;
- increasing share of high-tech products;
- growth in trade in patents and licenses;
- reduced demand for raw materials and fuel;
- concentration of international trade in industrialized countries.

Technological change is not new to the global trading system. The invention of transport containers has laid the foundation for globalization. More recently, technologies such as Optical Character Recognition (OCR) for reading container numbers, Radio Frequency Identification (RFID) and QR codes for identifying and tracking goods, as well as basic digitization of trade documents, have increased the reliability and efficiency of international trade.

At the same time, from paper-intensive trade agreements to trade finance that still depends on traditional banking methods, the global trading system has not been able to take full advantage of advanced technologies that can make trade more efficient, more inclusive and less costly.

The world is now on the verge of change. Different technologies, combined with each other, can fundamentally change the way resources are allocated and how international trade functions. Governments and business people need to understand current trends in order to stay one step ahead:

-In addition production (3D printing) can affect future trade flows. Most experts believe that it will not replace mass production over the next decade; its cost, speed and quality are still

<sup>&</sup>lt;sup>1</sup>Fomicheva N. V., International Trade: Textbook for students specializing in "International Economics". - Donetsk: DonNU, 2001. - 4 p.

limited. But it is gaining momentum in prototypes, spare parts, toys, shoes and medical equipment. Because 3D printing can be produced in close proximity to where it is used, it eliminates the need for international shipping<sup>1</sup>.

-Blockchain. This is a distributed database where storage devices are not connected to a shared server. This database stores a constantly growing list of ordered records called blocks. In trade, it solves many problems. First of all, it excludes the possibility of substitution or retroactive recording of data. This, in turn, minimizes corruption risks and ensures that the information remains unaltered, as well as tracking all interactions between customs authorities and commodity carriers. In other words, all cargo information, processing form, bill of lading, insurance, as well as inspection bodies such as carriers, customs officers and auditors can interact with each other in real time within a single ecosystem.

-An artificial intelligence. It can be used to optimize trade delivery routes, manage the movement of ships and trucks in ports, and translate e-commerce search queries from one language into other languages and respond with translated resources. Logistics technologies also continue to evolve. "The Internet of Things" can track deliveries in real time, while artificial intelligence can guide trucks based on current road conditions. Automatic document processing can speed up the delivery of goods through Customs. Some companies are developing a fleet of self-propelled trucks, and many ports around the world have introduced automated cranes and driven vehicles that can unload, stack and reload containers faster and with fewer errors. The Blockchain has the potential to track deliveries and launch faster automatic payments, although it will take some time before its scalability and trading success can be measured.

-Mobile payments. From Apply Pay to Alipay, mobile payments are changing the way we live and connecting more people to market opportunities. According to the World Bank Global Inclusion Database, the number of people accessing bank accounts increased by 20 per cent between 2011 and 2014, and mobile cash accounts have become a major stimulus for financial integration, especially in emerging economies<sup>2</sup>.

Public and private stakeholders should work closely together to create a framework and enabling environment for these new technologies to reach their positive potential while reducing potential harm.

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<sup>&</sup>lt;sup>1</sup>World Trade Organization (2018), World Trade Report 2018: The Future of World Trade: How digital technologies are transforming world trade, October.

<sup>&</sup>lt;sup>2</sup>Internet resource: the World Bank Global Inclusion Database.

Technological innovation offers an exciting future for international trade in the face of current uncertainties and, if properly managed, will pave the way for more inclusive and effective trade growth in the years ahead.

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#### «Modern IT-solutions in the International Trade»

Scientific approach:
Modern technologies in the International Trade

Modern research in the field of international trade reflects the importance of technological innovation to achieve sustainable economic development of the country. A competitive environment appears with the introduction of innovative technologies in the field of international trade, that allows us to regulate supply and demand in the market, as well as create additional precedents for the development of an entrepreneurial initiative. These actions push the business of various lines of trade to refine themselves in search of a unique market supply, as well as go deeper into consumer demand research. According to Schumpeter<sup>1</sup>, economic development is a dynamic process resulting from industry and trade. In our opinion, there are various reasons for economic development in the field of international trade, such as: introducing a new product quality or new use (functionality), a new production method, opening a new market niche, and also a change in the organization of the economy. As a result, technological innovations can be represented as a process (method) or a physical product that allows you to radically change the way you sell products or services that play a significant role in the international trade and economic development. The author notes that the innovation is technological development implemented on the market (i.e., released to the market for purchase). Until then, technological development is only the embodiment of the creator's ideas on paper. An

<sup>&</sup>lt;sup>1</sup> Technology in New Institutional Economics – Comparison of Transaction Costs in Schumpeter's Capitalist Development Ideology [Electronic resource]: China-USA Business review, February 2016, Vol. 15, No. 2, 64-93 — NY, USA, 2015. — Mode of access: http://www.davidpublisher.com/Public/uploads/Contribute/5714a829f1888.pdf. — Date of access: 21.03.2020.

example of technological innovations in the field of trade (both domestic and international) can be the telematic services market.

Telematics is a field of information technology covering telecommunications. Based on the author's professional experience, the products of this business allow trade organizations to save on fleet maintenance, as well as the logistics business, to reduce the cost of transporting goods in international trade. All of the above mentioned can demonstrate the process of how innovative technologies in the Fourth Industrial Revolution transform trade, making processes more inclusive and effective. Thus, one of the reasons for economic and technological development in the field of trade is the introduction of a new quality product and its use, as well as reducing production costs in order to optimize business processes.

In practice, a telematic product for international trade is a system (program, software) that allows you to regulate trading processes, as well as processes in the supply chain through many functional capabilities and tools. For instance, the Wialon, system of the Belarusian IT company Gurtam<sup>1</sup>. The company has been on the market for 18 years and during this time has created a hosting solution for GPS tracking (monitoring) of objects. The solution can be used in various areas of business, logistics, transportation, international trade, as well as financial and personal monitoring. Wialon is a computer program for the operation of which the circuit is used: monitoring object-GPS-tracker-SIM-card-Internet-Satellite. Using satellite tracking and the ability to transmit data about a dynamic unit, international traders and their clients can track the status of goods, location, regulate the work of drivers, as well as the quality of deliveries. And if a GPS-device and a SIM-card with the Internet are enough to track the location of a car with a load, then other tools are used to monitor the state of the load and the quality of work of drivers, such as video monitoring, temperature and motion sensors, optical character recognition (OCR) for reading container numbers, radio frequency identification (RFID) and QR codes to identify and track deliveries, tachographs to track driver dynamics and control, as well as basic digitization of sales documents, and much more.

According to McKinsey Global Institute international research<sup>2</sup> in 2019, this technology group can reduce delivery and customs clearance times by 16–28%, and also potentially increase total trade by 6–11% by 2030 compared to the base level, which will amount to about 4.7 trillion US dollars in annual turnover. In addition, a decrease in trade costs of 1% may lead to an

<sup>&</sup>lt;sup>1</sup> Wialon – the platform for GPS tracking and IoT [Electronic resource]: Gurtam.com. — Minsk, 2020. — Mode of access: <a href="https://gurtam.com/en/wialon">https://gurtam.com/en/wialon</a>. — Date of access: 13.04. 2020.

<sup>&</sup>lt;sup>2</sup>Next-generation technologies and the future of trade [Electronic resource]: CERP Policy Portal, 2019. — Mode of access: <a href="https://voxeu.org/article/next-generation-technologies-and-future-trade">https://voxeu.org/article/next-generation-technologies-and-future-trade</a>. — Date of access: 12.03.2020.

increase in trade flows by 0.4% <sup>1</sup>. Thus, the growth of the global telematic market is justified as a driver for the development of international trade. This dynamic is presented in the Figure 1. It is expected that in 2022 the global market for telematics vehicles will have a size of about \$ 103 billion<sup>2</sup>.

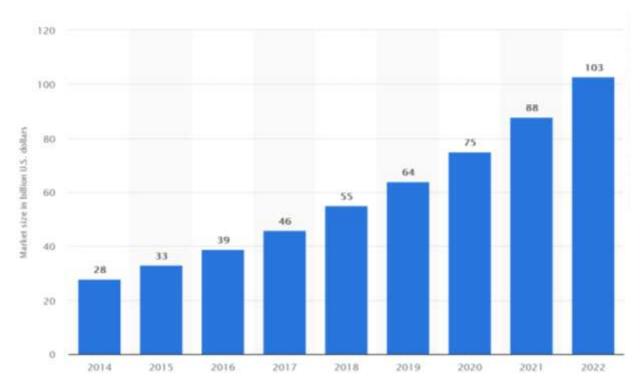


Figure 1 — Volume of Global market of telematics services 2014-2022, USD

Summarizing the advantages of telematics solutions for international trade, we emphasize their importance for tracking cargo and shipments, which increases operational efficiency, allows for real-time configuration and makes logistics systems more secure. For example, the Internet of Things (IoT) sensors can reduce global trade costs by improving transport efficiency. Firstly, they reduce the amount of goods lost during transportation. Secondly, shipping tracking systems allow companies to optimize routes for the efficient use of shipping containers. On average, shipping containers have a utilization rate of only 20 percent, because companies often ship goods to different world locations. Tracking each container using IoT technology can improve container usage by 10–25 percent and reduce annual container costs by nearly \$ 13 billion by 2025<sup>3</sup>. The practical experience of Belarusian companies also shows that the introduction of

<sup>&</sup>lt;sup>1</sup> Djankov, S, C Freund and C S Pham (2010), "Trading on time," The Review of Economics and Statistics 92(1).

<sup>&</sup>lt;sup>2</sup> Global Telematics Market report (2014-2022) [Electronic resource]: Market Research report Store, 2019. — Mode of access: <a href="https://www.marketresearchreportstore.com/reports/123839/global-telematics-market#description">https://www.marketresearchreportstore.com/reports/123839/global-telematics-market#description</a>. — Date of access: 14.04.2020.

<sup>&</sup>lt;sup>3</sup> The economics of how digital technologies impact trade [Electronic resource]: World Trade Report, 2018. — Mode of access: <a href="https://www.wto.org/english/res\_e/publications\_e/wtr18\_3\_e.pdf">https://www.wto.org/english/res\_e/publications\_e/wtr18\_3\_e.pdf</a>. — Date of access: 10.03. 2020.

telematics solutions in the field of logistics for international trade reduces the cost of refrigerated transport by 60%, and the cost of servicing fleets and labor costs by 35% <sup>1</sup>.

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### «Export control as a tool of national security»

Research Field: Current issues of border protection

Export control is a measure of non-tariff regulation of foreign economic activity. Nowadays the application of export control is very relevant due to existing armed conflicts, outbreaks of war and other hotbeds of tension throughout the world. The purpose of export control as an instrument of national security is to eliminate risks that can do harm to States security.

States should apply export control measures and develop relevant legislation so that there are no obstacles to civilian goods but has exercised strict control of goods that may constitute a threat at the national and international levels.

The goals for creating the Eurasian Economic Union (EAEU) are innovational development, cooperation and improvement of national economies' competitiveness as well as creating conditions for the stable economic development of the Member States in order to improve the living standards of the population<sup>2</sup>. In accordance with these goals the unified measures are used to regulate foreign trade in goods with third parties, a unified regime of trade in goods is applied to third countries and a single customs regulation is carried out.

According to the EAEU the law export control is included in the system of prohibitions and restrictions on foreign trade in goods along with measures such as non-tariff and technical regulations, sanitary-epidemiological, veterinary and quarantine phytosanitary requirements. All

<sup>&</sup>lt;sup>1</sup> Wialon helps to control ice cream transportation in Sri Lanka [Electronic resource]: Gurtam.com, 2020. — Mode of access: <a href="https://gurtam.com/en/case-studies/wialon-helps-to-control-ice-cream-transportation">https://gurtam.com/en/case-studies/wialon-helps-to-control-ice-cream-transportation</a>. — Date of access: 10.04.2020.

<sup>&</sup>lt;sup>2</sup>Treaty on the Eurasian economic Union [Electronic resource]: [Signed in Astana on 29.05.2014] // ConsultantPlus. Russia / ZAO "Consultant Plus". - Moscow, 2016.

these measures are different, have their own scope of application, objects of regulation, features and forms of confirmation of compliance with the prohibitions and restrictions.

Despite the common goals in establishing the EAEU export control is a unique measure in this system, since there are no single practical measures for its implementation unlike other prohibitions and restrictions which means the priority of national interests and the application of export control measures in mutual trade between the EAEU Member States. In other words, for export control there is no division of trading partners into countries that are part of an integration association and form consolidated customs territory and third countries that aren't the members of the EAEU.

Export controls have discrepancies in the following:

The Legislative Framework

The export control system in the EAEU operates under the national legislation of each Member State, this legislation establishes a package of measures to ensure the implementation of a procedure for authorizing the import, export, transit, use of export control objects and brokering activities in relation to them on the territory of the country concerned. The content of such regulations of the Member States governing the export control is made up of harmonized norms and rules governing foreign economic activity in respect of dual-use goods, their uniform application taking into account the international obligations of each EAEU Member State in the field of non-proliferation of weapons of mass destruction and their missile delivery vehicles as well as export controls and national security interests.

A competent authority in Customs Control

Each member state has its own competent authority in the field of export control. In the Republic of Belarus, the State Authority for Military Industry of the Republic of Belarus<sup>1</sup> is the main executive body in the field of export control. The coordination of the activities of federal executive bodies and the organizational and methodological management of export control in the Russian Federation is provided by Federal Service for Technical and Export Control<sup>2</sup>. In the Republic of Armenia, the authorized body is the Export Control Commission<sup>3</sup>. In the Kyrgyz

<sup>&</sup>lt;sup>1</sup>On export control [Electronic resource]: Law of the Republic of Belarus, may 11, 2016, no. 363-3 // ConsultantPlus. Belarus / Yurspektr LLC, National center for legal information. Rep. Belarus. - Minsk, 2016.

<sup>&</sup>lt;sup>2</sup>On export control [Electronic resource]: Federal Law of the Russian Federation, July 18, 1999, No. 183-FZ // ConsultantPlus. Russia / ZAO "Consultant Plus". - Moscow, 2016.

<sup>&</sup>lt;sup>3</sup>On export control [Electronic resource]: Law of the Republic of Armenia, April 27, 2010, no. 3P-42 // Legislation of the CIS countries. Russia / Soyuzpravoinform LLC. - Moscow, 2003.

Republic it's the Commission on military-technical cooperation and export control<sup>1</sup> and in the Republic of Kazakhstan the procedure for export control is determined by the government<sup>2</sup>.

The Single List of Dual-Use Goods and Technologies

In accordance with the Agreement between the Government of the Republic of Belarus and the Government of the Russian Federation "About a Unified Export Control Procedure" dated 13.04.1999<sup>3</sup>, the States have a unified list of export control objects but at the same time he list of each country corresponds to the control lists of international export control regimes in which the State consists in. Such lists in Kazakhstan were created based on the lists of the European Union and the Russian Federation. At the same time The List of Dual-Use Goods and Technologies of Armenia and Kyrgyzstan was developed on the basis of economic profiles and aims of the States.

Permit Documents during Export Control

Currently in Russia and Belarus export and import of specific goods (labour, services) is carried out under licenses issued by the relevant competent authority. In Armenia and Kazakhstan such a document is an end-user certificate and in Kyrgyzstan it's a written end-user undertaking.

Participation in International Regimes. The Purpose of Export Control

Armenia and Kyrgyzstan don't participate in any of the international regimes aiming to protect the interests of the state as well as prevent and reduce unauthorized exports. Russia participates in such international regimes as the Wassenaar Arrangement; the Missile Technology Control Regime; The Zangger Committee and the Nuclear Suppliers Group and aims to not only ensuring the country's security, but also fighting international terrorism. Kazakhstan and Belarus are the members of the same international regimes such as the Zangger Committee; the Nuclear Suppliers Group however they set different export control goals for themselves. For Belarus, it is primarily ensuring the country's national security; for Kazakhstan it's preserving the peace and security of the country and international communities.

In general we can say that there are some differences in the organization of the application of export control in the EAEU Member States but the principle of such control in all Member States is quite similar.

<sup>&</sup>lt;sup>1</sup>On export control [Electronic resource]: Law of the Kyrgyz Republic, January 12, 2003, no. 30 // Legislation of the CIS countries. Russia / Soyuzpravoinform LLC. - Moscow, 2003.

<sup>&</sup>lt;sup>2</sup>On export control [Electronic resource]: Law of the Republic of Kazakhstan, July 21, 2007, no. 300 // Legislation of the CIS countries. Russia / Soyuzpravoinform LLC. - Moscow, 2003.

<sup>&</sup>lt;sup>3</sup>Agreement between the Government of the Russian Federation and the Government of the Republic of Belarus on the unified export control procedure [Electronic resource] ]: [concluded on April 13, 1999.] // ConsultantPlus. Belarus / Yurspektr LLC, National center for legal information. Rep. Belarus. - Minsk, 2016.

In the Republic of Belarus, export control is not only control over the import, but also the export of dual-use and military goods. Such bilateral control and its role as a tool of national security related to the increased export potential of specific goods, primarily weapons and military equipment.

Today in the Republic of Belarus the situation is the following:

more than 25 military industries produce weapons and military equipment;

more than 250 military industries of the Republic of Belarus and the Russian Federation carry out mutual deliveries of component parts, individual weapons and military equipment;

more than 70% of the output of Belarusian military equipment goes to the external market;

more than 70 states (including the EAEU countries) have modern samples of Belarusianmade military products in their armies and law enforcement agencies (the most important strategic partners are the Russian Federation and the People's Republic of China);

the volume of production of industrial products (works, services) by organizations that are part of the State Authority for Military Industry of the Republic of Belarus system increased almost 7 times (from 94.3 million to 654.5 million US dollars) from 2004-2019.;

the volume of exports of goods and services of the organizations of the State Authority for Military Industry of the Republic of Belarus from 2004 to 2018 increased by 7 times (from 143.8 million to 1 billion 49 million US dollars)<sup>1</sup>.

However, such high rates also lead to increasing level of export control. Illegal entry of military goods to other countries with the aim of using weapons not as protection of the country but as attack can provoke outbreaks of military conflicts around the world.

Thus, a responsible and strict attitude to compliance with international legal norms and obligations, improvement of legislation in the field of export control will contribute to the growth of exports of weapons and military equipment (to more than 70 countries, including the EAEU countries) and at the same time to a more thorough implementation of export control in order to prevent the illegal export and import of military goods which determines this measure of non-tariff regulation as a tool of national security in the Republic of Belarus.

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<sup>&</sup>lt;sup>1</sup>The State Authority for Military Industry of the Republic of Belarus [Electronic resource] - access Mode: http://www.vpk.gov.by. - access date: 15.04.2020.

### «Modern technologies for the organization of warehouses in wholesale and retail trade»

The direction of the study:

Modern technology in international trade

Innovation becomes an objective condition for the development of modern trade and the competitiveness of enterprises in the long term. By innovating, the company responds to changes in the macro and micro environment and adapts to market conditions.

The purchasing power of the population is now declining. Trade enterprises are forced to refocus on low-price goods. Stores strive to win over the buyer on a long-term basis, to make sure that he becomes a regular buyer, improving the quality of service. At the moment, trading enterprises often take a defensive position on threats from market players and only a few of them retain a leading place in the trading business. One of the main ways for them is to use innovation. Innovation requires financial investment, which can be afforded by large trading organizations. In most cases, the purpose of financial investments is not so much to make additional profit, but rather to maintain a leading position in the market and the ability to develop the business. Large retail chains cannot develop without the introduction of progressive technologies in the system of commodity movement, management of commodity and financial flows, technological processes. The introduction of innovative technologies contributes to better management of inventory and supply.

The development of the warehouse economy in many countries is directly related to the development of retail and wholesale trade. The ever-increasing requirements for retail services and procurement policies have affected the warehouse industry. In Russia, the impetus for the development of the warehouse economy was the entry into the Russian market of foreign companies producing technological equipment for equipping warehouses. Gradually, modern software products were introduced, which allowed to automate information flows in the warehouse and manage the flow of goods. After that, the attitude to the logistics infrastructure in Russia changed a lot, it began to pay direct attention, using as its competitive advantage.<sup>1</sup>

An example of this development is the company e'UITONE engaged in the production of facade decor products. For six years the company faced a number of difficulties and problems, one of which was a warehouse of finished products. The production warehouse is located directly in the production building next to the production line. About 400 moulds were stored in the production building on an area of 1840 m2, which is the entire free area. As a result, the

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<sup>&</sup>lt;sup>1</sup> Virabov S.A. Warehouse and Tar farm: Textbook. - Kiev: Higher Shko-la, 2009. 293s.

management of the warehouse industry had to solve the following list of tasks: to increase the volume of stored products; Determining storage technology Compliance with the conditions for storing complex forms for casting products; free access to each form at any given time.

As a result of the study of a number of modern equipment for the organization of the warehouse, a system of mobile racks with electric drive was proposed. At the same time, the system with 4.5 meters wide was replaced with a system of mobile shelving with only one pass. As a result, the 600m2 (considering a 4.5 metre wide pass) received a system of 866 press forms. The system of mobile shelving can be controlled directly by the operator of the equipment, which drives and takes away the molds with the remote control or from the general remote control of the entire system.

Also for smaller goods on the site of 7m<sup>2</sup> was installed automated elevator system "Kardex remstar." This system has a height of 12m and fully uses the height of the room, which allowed to place a huge volume of products on 7 m<sup>2</sup>, which significantly reduces the storage area of products compared to the original version, when the products were on racks 60m long and 2m wide.

As a result of this optimization of the warehouse economy, the range and volume of stored products has tripled, and the area occupied has decreased from 1960 m<sup>2</sup> to 607 m<sup>2</sup>.

You can also consider the example of a larger warehouse, for example, the largest retailer (retailer) in the world is Amazon. It is one of the most popular Internet sites and the largest online trading platform in the world. The company delivers up to 4 million deliveries a day. And in order to cope with such a flow of applications, a control system was developed, subject to strict algorithms. Each employee of this company is focused on the work, as the system monitors the effectiveness of the person, and if he does not meet the norm, he is immediately fined or fired, so none of the employees does not allow himself to spend even an extra minute.

There is no need to memorize departments with goods here. The warehouse is in complete "chaos" and without sections. The fact is that this system works on barcodes that are stored in the database of the warehouse. This system consists of the following operations:

- 1. the item receives its barcode and is sent to a free cell;
- 2. from the site receives an order for goods;
- 3. the nearest employee on his scanner "gun" receives a message about the number of the row and shelves with the goods;
  - 4. the employee reads the barcode to confirm the item;

5. the scanner shows the cell number and the time it takes to deliver the item to the pipeline.<sup>1</sup>

It is also monitored for the movement of employees through the scanner - "gun."

The shelves in the warehouse are divided into small sections and things in them are stored like books. Each cell has a barcode and a literal-digital code, and the code says nothing about the content, the code example is presented in Figure 1.

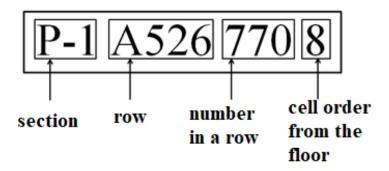


Figure 1 - An example of a literal-digital code at Amazon

Note - Developed by the author.

In the system of "chaos" there is only one rule - two identical goods can not be in neighboring cells, it is done in order to minimize the human factor.

After the goods get on the conveyor belt, it arrives at one of the packing stations, after which the workers place the goods on high shelves on wheels, then the shelves roll to the place of packaging, where algorithms again indicate the time for packaging and the size of the optimal box for order. As a rule, it takes thirty seconds to assemble one order. The packaged order is sent on another conveyor belt to the machine, which puts markings and postage stickers, after which orders go down into a large concrete basement to wait for loading.

Amazon believes that everything should work as efficiently as possible and delays in delivery are not acceptable, even if it is a couple of hours. Since the use of drones for delivery in cities was not allowed, and for transport on the roads there are speed limits, the only option to reduce the time to deliver goods to the final consumer is to optimize the operation of the warehouse itself. Despite the well-established mechanism of search and delivery of goods, the lack of this system was the human factor, which significantly increased the time for processing and delivery of goods. Based on the requirements of the company, the employee must lift up to 22kg, spend 10 to 12 hours on his feet and on average for a shift to pass from 12 to 20 km

<sup>&</sup>lt;sup>1</sup> Habr [Electronic resource]. – Access mode: https://habr.com/ru/company/pochtoy/blog/429622/ – Access date: April 20, 2020.

between the shelves. Given these factors, avoiding errors in the work was quite difficult, which led to an additional slowdown in the process.

As a result, it was decided to robotize the warehouses. The robot does not get tired, can work an unlimited amount of time and lift any weight, as a result it completely replaces the employee.

Developed infrastructure and huge scale allow this company to keep minimum prices. Amazon Robotics is also continuing to improve and is exploring options to reduce drone delivery times.

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### «Provision of tariff preferences in relation to developing countries in the EEU»

Research Field:
Customs in the age of globalization and regionalization

Tariff preferences are one of the elements of customs tariff regulation. Preferences are granted to promote the development of developing and least developed countries by expanding their exports. The country providing tariff preferences regulates the import of goods to the domestic market, taking into account primarily its economic interests and the interests of the national commodity producer. And the beneficiary country exports its goods at a reduced or zero customs duty rate, which contributes to the development of its foreign trade activities.

The unified system of tariff preferences of the Eurasian economic Union (further USTP EEU) takes into account the level of development of the state. The list of countries that established is based on the size of gross national income. The structure of the USTP EEU user countries is numerically dominated by developing countries – 67.3% (103 countries), so we consider the validity of granting tariff preferences to these countries in terms of their level of development.

Many developing countries increase their share of the global export market by producing competitive products. This is confirmed by UNCTAD data, according to which the volume of exports of developing countries tends to increase. If in 2010 it was 6.4 trillion us dollars, in 2018 it was 8.7 trillion us dollars (table 1). At the same time, developed preference-granting countries

have begun to review their national schemes, changing the list of countries and products for which preferences are granted.

Table 1 – Exports by countries <sup>1</sup>, trillion US dollars

Group of countries	Export volume by year				
	2010 2015 2018				
Developing country	6,4	7,4	8,7		
Countries with economies in transition	0,6	0,5	0,7		
Advanced Countries	8,3	8,6	10,1		
The volume of world exports of all	15,3	16,6	19,5		

To assess the validity of including countries in the list of users of tariff preferences of the EEU ETS, we will analyze their rating by the size of gross national income (table 2).

Table 2 – Ranking of countries by gross national income per capita for 2018 <sup>2</sup>

Place	Country	GNI per capita, US dollars
10	Qatar	61 190
13	Singapore	58 770
17	Hong Kong	50 310
26	United Arab Emirates	41 010
29	Kuwait	33 690
30	Korea	30 600
40	Bahrain	21 890
42	Saudi Arabia	21 540
59	Chile	14 670
72	Turkey	10 380
73	Russia	10 210
75	China	9 470
77	Maldives	9 310
79	Brazil	9 140
83	Kazakhstan	7 830
102	Belarus	5 670
116	Armenia	4 230
169	Kyrgyzstan	1 220

As the analysis of table 2 shows, many countries in this list have a higher annual level of national income per capita than in the Republic of Belarus and other EEU member countries. In this case, in our view, it is not economically justified to grant tariff preferences for the import of goods, for example, from Qatar (GNI per capita – 61,190 US dollars), Hong Kong (58,770 US dollars), Korea (30,600 US dollars) and a number of other countries.

To assess the effectiveness of the USTP EEU application, we will consider the dynamics of imports of goods to the Republic of Belarus from countries that are granted tariff preferences (table 3).

Table 3 – Imports of goods to the Republic of Belarus from selected developing countries, 2010 - 2018  $^3$ 

Country	Im	Import volume, million US dollars				
·	2015	2016	2017	2018		
Bahrain	_	_	_	_		
Brazil	124,5	82,8	72,6	125,7		
Qatar	_	_	_	_		
China	2 401,2	2 129,5	2 745,3	3 158,2		
Korea	113,2	85,4	118,2	124,5		
Mexico	37,9	23,3	28,2	36,7		
UAE	4,7	8,5	11,8	14,3		
Saudi Arabia	88,2	75,6	59,1	65,6		
Singapore	16,9	18,5	18,2	32,4		
Turkey	487,9	734,9	807,6	802,4		
Chile	13,2	10,6	14,6	22,1		
Volume of import	30 291,5	27 609,9	34 234,9	38 441,1		

The analysis of table 3 data shows that trade relations with some States are not significant in the system of Belarus 'foreign trade relations: the share of goods deliveries in the total volume of all imports of the Republic of Belarus is on average 0.1% (for example, Mexico, Singapore, Chile), while imports of goods from Bahrain and Qatar to Belarus are absent. The granting of preferences to these States does not significantly affect the revenue part of the Republican budget of the Republic of Belarus at the expense of revenues from foreign economic activities. A country like China exports to Belarus in large volumes (3,158. 2 million US dollars in 2018) and the negative consequences of granting preferences will be the lack of receipt of customs payments to the budget of our country.

In our view, the revision of the parameters of the USTP EEU should be based on reducing the scale of preferences provided. Thus, tariff preferences can only be granted to countries that are not classified by the world Bank as countries with an upper-middle and high income (12,616 US dollars and more).

However, the exclusion of countries from the list may have an adverse impact on political, trade and economic relations with them and will contradict the current international practice of granting tariff preferences, which may have a negative impact on the trade and political relations of the EEU with other countries. In this aspect, the experience of the United States is interesting, which is on the way to expand the overall territorial coverage of swaps while reducing the volume of actually granted preferences in order "not to harm economic and political relations with these States" [4, p. 12]. A country that enjoys preferences can be excluded from the list if it has reached a certain level of GNP per capita (set by American law) and if there

is significant progress in trade and economic development. Also, if the supply of goods from this country exceeds 50% (in some cases -25%) of all imports of this product to the United States, or if the cost of imports exceeds a pre-established amount, then tariff preferences will cease to apply to such goods.

Currently, in order to revise the list of countries that use preferences, a draft decision of the EEC Council on the revision of the list of developing and least developed countries that use tariff preferences has been approved. The proposed list will include 31 developing countries, instead of the current 103.

Thus, some developing countries were able to take the advantage of the provisions of the Common system of preferences more effectively and achieve an increase in their economic level (for example, the United Arab Emirates, Korea, Singapore, China, etc.). in this regard, the current system of tariff preferences in the EEU needs to be revised. Reducing the number of countries subject to preferential treatment will lead to a significant increase in the effectiveness of preferences and will allow us to focus on compliance with the principles on which they are granted. In our opinion, the main directions for improving the effectiveness of the USTP EEU should also be the introduction of quotas for certain goods depending on the country's "sensitivity" and level of development, the division of the list of goods for developing and least developed countries, and the establishment of criteria for excluding goods from such a list.

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