

In other words, for the successful performance of the main tasks of the customs authorities, it is necessary to use systematized information on general and special requirements for the labeling of goods. Knowledge of the requirements and principles of product labeling will contribute to making informed decisions during customs control and will reduce the risks of counterfeit products entering the territory of the Republic of Belarus, causing damage to the country's economy, public health and the environment.

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«Factoring and Forfaiting as Tools for Financing International Trade»

Research Field:

Modern Technologies in International Trade

At the current stage, in the context of the global economic crisis caused by the COVID-19 pandemic impact and increased political and economic ambiguity, the importance of such tools for financing foreign trade operations as factoring and forfaiting is increasing. The economic crisis commonly accompanied by delays in payments between counterparties, high interest rates on loans, and insufficient floating capital, deals a severe blow primarily to the entities engaged in foreign economic activity. Under such circumstances factoring and forfaiting are increasingly popular tools for financing foreign economic activity entities, being forms of progressively developing bank facilities.

Factoring means a trade and commission transaction combined with the organization working capital loan and associated with the sale to a bank or a non-bank credit and financial organization of unpaid payment requests arising between counterparties in the process of trading in goods and services¹. In other words, receivables are collected during the factoring transaction. From a financial point of view, factoring is considered as financing the importer on assignment of pecuniary claims to the exporter².

The main objective of factoring is the prompt collection of debts in order to minimize losses from late payments and prevent the arrears.

Nowadays, factoring is widely used in foreign countries, some of which are leaders in the international factoring market. According to the international association Factors Chain

¹ Tarasov, V. I. Money, credit, banks : a tutorial / V. I. Tarasov. – Minsk : BSU, 2012. – 375 p.

International (hereinafter referred to as FCI), China, France and the United Kingdom have the highest rates of total factoring turnover, expressed in millions of EUR (Figure 1).

Figure 1 – Total Factoring Turnover in Certain Countries

Note: own development based on the source¹

At the same time, despite the political and economic world instability, according to the FCI, the global factoring market continues to grow steadily², reaching a volume of 2 917 105 million euros in 2019, having increased by 5,4 % compared to 2018³³.

In the context of single customs territory of the Eurasian Economic Union (hereinafter referred to as EAEU), the volume of factoring transactions in the EAEU member states is certainly an important aspect to study. Based on the available data, there is presented the dynamics of the factoring market in certain EAEU member states over the past 5 years in Table 1.

Table 1 – Dynamics of the Factoring Market in Certain EAEU Member States, millions of EUR

	2015	2016	2017	2018	2019	Var 2018/2019
The Republic of Armenia	75	100	120	135	150	11,1 %
The Republic of Belarus	320	330	250	380	570	50 %
The Russian Federation	23 332	28 004	33 792	43 840	45 125	2,9 %

Note: own development based on the source³³

As seen in Table 1, the prevalence of using such a financing tool as factoring by foreign economic activity entities is steadily increasing. It should be noted that the factoring market in the Republic of Belarus increased by 50 % in 2019 compared to 2018. This was due to the improvement of the regulatory framework governing the conduct of factoring transactions, an improved service package provided by banks and non-bank credit and financial organizations, as well as an increase in the customer base of foreign economic activity entities by informing them about the factoring benefits.

However, as seen in Figure 1, in comparison with other foreign countries, the factoring market volume in Belarus is relatively modest, which is the result of many reasons. It should be noted that factoring transactions in the Republic of Belarus are bank transactions that are carried

¹ FCI Annual Review 2020 / C. Radu [et al.]. – Amsterdam : Factors Chain International, 2020. – 29 p.

² Gilmanova, D. R. The world practice of using the latest forms of international lending / D. R. Gilmanova // Interdisciplinary Scientific Forum : collection of articles / Samara State University of Economics. – Samara, 2019. – P. 17–24.

out exclusively by banks and non-bank credit and financial organizations. At the same time, in European countries, many of which are world leaders in the factoring facilities delivery, factoring is carried out by specialized companies providing facilities for the accounts receivable management¹. Thus, the highest growth rates of factoring transactions were observed in the countries where not only banks, but also specialized factoring companies operate in the factoring facilities market. This may lead to the conclusion that it is advisable to expand the range of entities offering factoring facilities to include a number of specialized legal entities in order to develop the factoring market in the Republic of Belarus.

There are also a number of other problems hindering the factoring transactions development in the Republic of Belarus:

inability to access modern factoring technologies²;

lack of scientific and methodological literature;

lack of practical experience on factoring in the EAEU member states;

unstable financial situation of some foreign economic activity entities;

weak competitiveness of goods in the domestic and international markets.

Forfaiting is another modern tool for financing foreign trade operations which has not yet been fully developed in the Republic of Belarus. To date, only 2 companies providing forfaiting facilities are in the register of the National Bank of the Republic of Belarus: the private enterprise “Diamondinvest” and closed joint stock company “Aigenis”. There are no data on export forfaiting transactions in the Republic of Belarus.

Forfaiting is a form of export financing through the purchase of the importer's debt obligations by a bank or a forfaiter without the right of recourse. It is an effective tool in cases where instalment of payment for the goods is required³.

The only regulatory legal act of the Republic of Belarus directly related to the regulation of one of the types of forfaiting transactions is the Decree of the President of the Republic of Belarus of February 17, 2015 No. 69 “On the use of promissory notes”. The decree provides Belarusian export organizations with the opportunity to receive operational financing in the framework of operations on accounting for promissory notes received from non-residents as payment for export.

¹ Uglov, V. Directions for improving the tools of foreign trade financing in the Republic of Belarus / V. Uglov, I. Legchilova // Bank Bulletin. – 2018. – № 6. – P. 46–51.

² Delendik, K. Y. Factoring and forfaiting as modern tools for financing foreign trade operations / K. Y. Delendik, L. I. Tararyshkina // Collection of abstracts of the 77th Scientific and Practical Conference of Students, Undergraduates and Postgraduates of the Faculty of International Relations of the BSU. Minsk, 23 April 2020 / ed.: V. G. Shadursky [et al.]. – Minsk : BSU, 2020. – P. 260–262.

³ Tarasov, V. I. Money, credit, banks : a tutorial / V. I. Tarasov. – Minsk : BSU, 2012. – 375 p.

At the same time, forfaiting as a tool for financing foreign trade operations is relatively well-developed and popular in many economically advanced countries. According to the International Chamber of Commerce, for instance, the volume of China's forfaiting transactions is estimated at 30 billion US dollars, accounting for 7% of the global figure¹. The capacity of the CIS countries forfaiting market is about 6,6 %, which in money terms is estimated at 25-28 billion US dollars, and the capacity of the global forfaiting market is about 430 billion US dollars². With reference to the above-mentioned, the forfaiting transactions market development in the EAEU member states, a large share of whose foreign trade turnover is carried out with the CIS countries, is increasingly relevant.

Thus, factoring and forfaiting are modern, dynamically developing and widely used tools for financing foreign economic activity in the world, but there is a need to be improved and promoted in the market of the EAEU member states.

Taking into account the above, there is proposed the following ways to solve the forfaiting development problems in the Republic of Belarus and other EAEU member states:

- improvement of the regulatory framework governing the forfaiting transactions sphere;
- harmonization of the rules for conducting forfaiting transactions, taking into account the accepted international standards in the field of financing foreign trade operations;
- digitalization and use of the latest information technologies³.

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«The problems related to the application of X-ray scanning complexes during non-intrusive customs search in the Republic of Belarus»

Research Field:

Data analysis for the effective border management

Today, the use of X-ray scanning complexes is an important part of non-intrusive customs search.

¹ Rethinking Trade and Finance 2016 : ICC Global Trade and Finance Survey 2016 / D. Bischof [et al.]. – Paris : International Chamber of Commerce, 2016. – 178 p.

² Uglov, V. Directions for improving the tools of foreign trade financing in the Republic of Belarus / V. Uglov, I. Legchilova // Bank Bulletin. – 2018. – № 6. – P. 46–51.

³ Delendik, K. Y. Factoring and forfaiting as modern tools for financing foreign trade operations / K. Y. Delendik, L. I. Tararyshkina // Collection of abstracts of the 77th Scientific and Practical Conference of Students, Undergraduates and Postgraduates of the Faculty of International Relations of the BSU. Minsk, 23 April 2020 / ed.: V. G. Shadursky [et al.]. – Minsk : BSU, 2020. – P. 260–262.