INSIGHTS INTO THE DEFINITION OF CUSTOMS LOGISTICS

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Abstract. The article deals with the concept of a relatively new social phenomenon, namely, customs logistics. The authors seek to draw the attention of the scientific community to the changes in logistics determined by globalisation and integration processes and new functions of customs in exercising supervision of international trade, regulating and controlling it. It is pointed out that the goals and objectives of the entities carrying out these activities (states, organisations, companies) do not necessarily coincide, hence scientific research into this phenomenon should involve an international integrated team of researchers and scientific partnership.

Keywords: customs logistics, customs supervision, flow, logistic activity, operation, resources, supply chain.

Introduction

Some of the traditional elements of logistics have been important for enterprises as well as in the activities of merchants and traders since ancient times; however it is only relatively recently that logistics has been recognised as being of vital importance for management, effective implementation of functions and pursuit of profit. In recent decades, businesses and other organisations have recognised and appreciated logistics as one of the decisive factors to gain competitive advantage. Scientific literature quite extensively explores different concepts of logistics and discusses the issues of business logistics, marketing logistics, logistics of specific areas of activity or of individual entities.

It is a broad enough field of scientific research, and the author of this article has set a specific task from both theoretical and practical points of view: to explicate a new phenomenon, namely, customs logistics, in the international supply chain and to encourage scientific discussion on this topic.
Presently, all agree that the relationship between business and the state has fundamentally changed. The state seeks to create favourable conditions for business development and to support legitimate business interests. In this area, the main authority representing the interests of the state is customs, which plays an important role in the international supply chain. Modern customs authorities, in implementing the functions delegated to them, ensuring the security of flows of goods and seeking to facilitate international trade conditions, not only carry out the logistic activity characteristic of them, but also significantly affect the performance of logistic activity of economic entities. Moreover, a new, autonomous and specific area of logistics – customs logistics – is rapidly emerging.

Logistics can be understood as a science, art, type of activity, management methodology or its instrument, competition strategy, process, concept or approach. In this article, logistics and, at the same time, its specific area (customs logistics) are understood primarily as a certain activity.

The article pursues the aim of defining the concept of customs logistics, reviewing the role of customs logistics in the international supply chain, its changes driven by changing relationships between customs and business, its features and other factors affecting this research issue.

1. Characteristics of customs logistics

For centuries and even millennia, in the area of warfare logistics has been understood more or less in the meaning assigned to it today, however in the areas of production, trade, business and many other areas of activity logistics has long been associated only with calculation, thinking, cost control, rather than with flows, resources and their management.

Since times immemorial, material assets have been accumulated, managed, distributed or otherwise used in different areas of activity (warfare, mining, transport nodes, construction, etc.), but it is only in the second half of the past century that benefits and often also the need to manage the flows of material assets and resources in seeking to attain goals were clearly perceived.

Modern logistics pursues diverse objectives. They include not only cost minimisation or profit maximisation in managing flows of goods, but also gaining of competitive advantage, optimal flow and resource management and a number of other pragmatic goals. The availability of goods to the consumer, their placing on the market at the right time, the ability to identify non-saturated markets and to saturate them with desired products constitute significant distinguishing features of the present-day competitive activity.

The term ‘logistic activity’ is widely used in logistics and is often taken for granted, and only a small number of logistics professionals explore it in greater detail or even

define. D. M. Lambert and J. R. Stock attribute over fifteen areas of activity (consumer service, demand forecasting, cargo processing, order processing, packing, carriage of cargoes, etc.) to logistic activity and at the same time note that logistic activity must be examined in an integrated way as a certain network of inter-related activities basically intended for the management of material and personnel flows both within a company and in the supply chain².

Even more areas of activities suitable for logistic activity are perceived by D. Waters, who points out that logistic activity can cover also other areas of activities; however all of these activities must be considered as a whole in order to ensure the efficiency of material flows³.

In their analysis of logistic activity, D. Bauersoks and D. Kloss identify some of its functional areas: transportation, warehousing, packaging, supervision of materials (control of quality standards), taking of orders, forecasting, production planning, purchasing and location selection⁴.

R. Palšaitis⁵ and R. Minalga⁶ divide logistic activity into main and auxiliary. According to the first author, the main areas of logistic activity cover customer service policies and standards, order management, stock management, transportation and warehousing. Auxiliary areas of activity include the processing and management of information, forecasting of demand, selection of the location of production sites and warehouses, material handling, sourcing (procurement), supply of spare parts and post-transaction customer service, packaging, production waste management and handling of returned goods.

It is appropriate to consider logistic activity just as other (e.g., economic, commercial, voluntary, financial) activities and to perceive it as individuals’ work, occupation, activity in a certain area; as organised actions of individuals, their performance, work, and/or other effort of the individuals in seeking to attain their goals, to address arising issues and tasks⁷.

Despite the diversity of approaches to logistic activity and its interpretations, it is possible to identify several characteristic features of this activity.

Logistic activity is all about the logistic duo “flow & resources”. It includes their planning, organisation, control, motivation, servicing, administration and/or other impact on the flow and its resources. Flows are quite often considered in the context

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of the supply chain, distribution channels, addressing supply chain management issues, and this is done by focusing on entities and their interactions, customers and provision of services to them, while the flow and resources are, in this case, merely a tool and precondition for tackling business, marketing, management or other (to some extent also logistic) issues.

Logistics focuses on a flow and its resources, the actions undertaken with them, which, in turn, affect the output of production, distribution, marketing and other activities. The persons generating flows, forming resources and carrying out actions with the flows and resources are not eliminated from the scope of study of logistics, but the focus is on the flows and resources rather than on entities or their activities in which the flows and resources are merely a means of achieving the objectives of such activity. A logistics professional seeks to ensure an effective, rational, cost-saving, reliable, safe and otherwise optimal movement of a flow (e.g., household appliances), its servicing and is usually not interested in the amount of profit to be earned by a company selling or supplying such household appliances, the level of satisfaction with the appliances by the customer who has purchased them and many other processes of the supply chain (the level of demand and competitiveness of these household appliances in the country of sale, the cost and efficiency of the appliances’ after-sales service), unless the mentioned processes of the supply chain are considered to be an important component of the logistics service of the household appliance flow.

Logistics deals with controlled, pre-determined and laminar flows, which in turn can be discrete or continuous, rhythmic and non-rhythmic, etc. According to the nature of their constituent elements, the flows are divided into material, transport, people, money, energy, information and other types of flows, according to the manner of packaging of objects of a flow – into flows in bulk, flows in containers and flows in vehicles.

Measurability is yet another feature of the flows considered by logistics. In respect of logistic activity, only the flows which are measurable in absolute units (tonnes, litres, pairs, meters, etc.) over a given time period are analysed.

A flow is a dynamic category, while a resource is a static category. Both the flow and resources consist of elements of the same nature (computers, furniture, documents). The resources are described in terms of structures (tonnes, meters, litres, pairs), while the flow – in dynamic units (tonnes/day, litres/hour, containers/year).

A flow is a totality of material objects, or elements of a flow, moving or being carried simultaneously from one place to another (cargoes, goods, luggage, consignments, vehicles, messages, information media, etc.). Below, the term ‘flow’ will be understood as a ‘flow and its elements’, unless the flow and/or its elements are considered or discussed separately.

The second feature of logistic activity is its complexity and integrity. Logistic activity is understood as a integrally and continuously (as opposed to fragmentarily) considered and researched combination of certain more or less autonomous activities (e.g., transportation, warehousing, loading, etc.), while emphasizing the necessity to analyse this totality of activities in a comprehensive and exhaustive way.

The development of trade, production and other areas of activity has shaped the need to coordinate and consolidate separate stages of the physical movement of raw
materials, consumables, finished products and other objects: sourcing of raw materials, energy sources, stockpiling and stock management, processing of raw materials, packaging of products, transportation, warehousing, waste disposal and other areas of activity. The main purpose of such coordination is to obtain benefits which are often equated with profit, cost reduction, increase of volumes or other pragmatic goals.

Emerging challenges, such as pollution of the natural environment, ecological requirements, increasing competition, combating terrorism, growing customer needs and tightening requirements for meeting them, make logistic activity even more complicated and confusing. The importance and impact of logistics become evident in international and global processes that focus on a comprehensive and integrated analysis of various aspects of different areas of activity or of a specific activity in one, several countries or even globally.

The second half of the last century witnessed the rapid development of interaction between senders and recipients of flows and those providing services to them, which empowered to achieve and implement competitive advantage, created added value and increasingly often demonstrated an international character. It was perceived and felt that intermediaries are necessary and inevitable, primarily in the course of disposal and distribution of products. While in the first stage of logistics development (the first half of the 20th century) few were interested in the services provided by customs, insurance, finance, trade or other intermediaries, today it is difficult to find any areas of activity in which intermediaries would be absent.

Interaction among senders, recipients and intermediaries, which covers cooperation, competition, convergence, social partnership, networking and other forms of interaction, affects an increasingly wider circle of individuals around the world. Such interaction among the individuals in aiming at additional benefits, which is developing, taking new forms and likely to become increasingly inevitable, is the third feature of logistic activity.

Logistic activity is a complex and integrated compound of specific areas of activity, and the logistic activity needs of businesses and other persons are adequately met when all areas of logistic activity and functional areas of this activity are linked into a single system, an integrated whole, while logistic competence is achieved through the coordinated management of these areas.

The complexity of the study is determined by the fact that we have to deal with a large variety of this activity’s actions and phenomena, its objects and entities as well as interactions among them.

Phenomena (queues at the border, icy roads, traffic jams) and actions (cargo transportation, warehousing of goods, luggage delivery, vehicle insurance) are a part of logistic activity and its components. A phenomenon is more coherent, unstructured part of the activity often not dependent directly on the actor, and an action is always

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directed towards a specific object (their group) and involves specific persons. Actions are
an active, dominant component of logistic activity which is influenced by persons, while
phenomena are a more passive, relatively small part of logistic activity which is usually
difficult to link with a specific object. A phenomenon can be understood as a specific
action with an empty set of persons.

It is objects of logistic activity towards which logistic activity is directed, for which
it is intended, with which the actions attributed to logistic activity are carried out and
which are influenced by phenomena of this activity. They include goods, cargoes, postal
items, vehicles, containers, packages, tourists, information media, money and other
objects of logistic activity (warehouses, terminals, loading equipment, roads, logistic
services, activities of operators of logistic activity, interactions among the persons
servicing flows and resources, etc.).

Entities of logistic activity are the persons who initiate, carry out, are engaged in
actions with objects of logistic activity and/or are otherwise related to these actions, as
well as the persons who initiate, are engaged in, control, regulate and/or otherwise affect
the phenomena influencing these objects and/or related to them. In other words, entities
are the persons engaged in actions involving the objects of logistic activity.

In logistic activity, as a certain totality of actions, persons act and affect the objects
with which the actions attributed to logistic activity are performed in order to make
specific changes to them. Changes of the objects of logistic activity are ongoing: the
objects change in time, may change in space, their consumer properties change. A change
is the consequence of an action carried out with an object of logistic activity, the result of
this action that results in changes in the features of the object.

Objects of logistic activity have different properties. There exist countless properties
of an object. Some of them are important for transportation, others – for warehousing,
third – for sale. Some properties of the object are taken into account, others are not, and
the assessment of the importance of all these properties is usually subjective: what is
important for one, may not be important for another, and vice versa.

We will refer to the properties of an object of logistic activity which are evaluated,
analysed, monitored, controlled or otherwise influenced in logistic activity and are
considered important as the characteristics of the object.

The effect of actions of an activity, including logistic activity and the result of
their influence on objects of this activity is called a change, processing, reformation,
conversion, transformation or other rather generalised terms, reflecting the possible
results of the effect on an object of the activity.

In order to describe the result of the effect of an action and its influence on an object
of logistic activity, we will use the term 'transformation', which includes all possible cases
of conversion, turning into, alteration, (self-) reformation, (self-) reshaping and/or other
changes to objects, results of the influence on them. Repackaging of goods at a terminal,
placing of a postal parcel under customs procedure, rerouting of cargoes and reselling of
goods at a customs warehouse are just some examples of the transformation of objects of
logistic activity during which transformations of the objects occur.

Operation is an action intended to achieve a goal or a totality of such actions.
An operation in logistics means the actions undertaken to achieve the goals of logistic
activity and considered as a certain totality of such actions. Sometimes an operation is equivalent to a particular action, but usually it means a certain totality of actions.

In logistics, an operation is understood as a totality of the actions attributed to logistic activity and carried out by persons during transformations. Both a transformation and an operation are understood as a certain totality of actions. In the case of the transformation, the actions under consideration are combined into a whole taking into account the influence of these actions on the objects of logistic activity, changes in their characteristics, whereas the actions not leading to transformations are eliminated from the field of research. In the case of the operation, only the transformation-related actions affecting the characteristics of the objects of logistic activity are considered and are combined into the whole according to the objective of logistic activity to achieve which they are used. The operation can be understood as a transformation ‘filtered’ through a certain objective of logistic activity and serving it. When discussing logistic activity and its actions, we will use the term ‘operation’, because it is precisely this term that, in our opinion, is one of the main and primary terms of logistics (international logistics, customs logistics), which can be used to analyse and explore this activity in more detail and in depth.

The increasing number of authors study logistic activity through the perspective of the term ‘operation’, offering various groupings and classifications of operations11,12,13,14,15.

Main operations from the point of view of logistic activity (target) are the actions carried out by flow generators (senders, recipients, exporters, importers, sellers, buyers), resource managers (goods owners, distributors, warehouses, terminals), intermediaries servicing flows and resources (carriers, freight forwarders, warehouses, loading companies, etc.) and bringing about changes in the characteristics of these flows and/or resources (formation of a consignment, cargo reloading to another vehicle, cargo insurance, transportation, clearance procedure, etc.). These are the necessary steps whose non-fulfilment will lead to a failure to achieve the intended target of logistic activity; they are planned, carried out or commissioned by the flow generators and/or the resource managers, and this constitutes the key part of operations of logistic activity (referred to as logistic operations).

Expert examination, sampling, vehicle repair and many other actions of logistic activity also constitute operations. If these actions are considered relevant to the achievement of the objectives of logistic activity, they will be classified as logistic operations. Otherwise, these actions will not be main and pre-scheduled operations, but they may also be actions which influence flow/resource characteristics: it may be

12 Бауэрскс Д. Д., Клосс Д. Дж. Логистика: интегрированная цепь поставок. Москва: ЗАО Олимп-Бизнес, 2005, с. 64.
15 Garalis A. Logistika (bendrieji pagrindai) [Logistics (Basic principles)]. Šiauliai: Šiauliai University Press, 2003, p. 67, 82.
necessary to carry out an expert examination of goods, although it has not been planned to do so, it may be necessary to sample the goods if customs authorities require it, it may be necessary to perform repairs if a vehicle is damaged. It is inappropriate to attribute these actions to logistic operations, but they can neither be ignored, so they are considered as auxiliary operations.

There is yet another specific group of actions distinguished in logistics. These are the actions of authorities and/or other persons which are carried out in the course of the supervision and control of flows, vehicles, persons and other objects of logistic activity and regulation of processes of logistic activity. Such actions include the actions of border authorities carried out with the persons and/or vehicles crossing the border, actions of customs officers in the course of customs supervision, actions of representatives of the transport inspectorate in the course of control of the use of vehicles, actions of representatives of the State Tax Inspectorate in the course of regulation of the carriage and warehousing of the goods subject to excise duties. These operations (referred to as supervision operations) should be considered in the context of logistic activity as they have a significant impact on flows, resources and other objects of logistic activity. Similar control, regulation, inspection or other operations involving objects of logistic activity which are performed not by authorities or other persons authorised by legal acts, but by the entities generating and servicing flows or resources (cargo movement control, protection of goods, convoys, inspection of consignments of goods) are classified as logistic or auxiliary, but not as supervision operations.

Logistic activity is understood more broadly or more narrowly and so far almost always subjectively, because we still do not have a generally acknowledged definition of logistic activity and there is no legal or any other acceptable regulation of such activity. Several cases of the interpretation of logistic activity may be conditionally distinguished:

- logistic activity in the global sense: all possible operations with objects of logistic activity, activities of the entities involved in these operations and interaction of persons;
- logistic activity in the broad sense: certain operations with objects of logistic activity and interaction of the entities involved in these operations;
- logistic activity in the strict sense: some operations with objects of logistic activity, specific aspects of activities of the entities involved in these operations and interaction between such entities and persons.

Logistic activity in its broad sense is the increasingly widespread and diverse manifestation of the interaction of persons in today’s and probably tomorrow’s everyday life as far as the organisation, administration, coordination and control of activities of entities of logistic activity are concerned. Today, in pursuing set goals logistic activity is often undertaken by a number of persons in different countries and covers an increasingly diverse and wide range of areas of activity. Therefore, we will focus on this interpretation of logistic activity.

A flow is one of the main concepts of logistics and a dominant object of logistic activity in the international supply chain, since the main transformations taking place in logistic activity are directed specifically towards the flow and its resources.

A logistic activity carried out in one country or within one customs territory is
subject to supervision (goods may only be transported on certain roads, dangerous goods must be marked in accordance with the established procedure, cargoes are taken on board airplanes only through designated terminals), but in respect of the logistic activity carried out in several or more countries, there is much more of such supervision, it is more diverse, regulated by laws of different countries and is exercised by various authorities.

Supervision operations are an important factor influencing the movement of flows in the international supply chain. Inappropriate performance of these operations or a failure to perform them may lead to a significant disturbance in the movement of the flow, and everyone is interested in minimizing such disturbances.

The part of the objects of logistic activities involved in international trade, international exchanges, international business and other areas of activity, in particular as regards flows, is subject to control and regulation as specified by customs legislation, a wide range of specific auxiliary operations is performed with these objects, and an increasingly wide and active use in the interaction of entities of these operations is being made of the forms of interaction generating synergistic effect that have already been tested and proven, as well as newly emerging interactions. This is becoming increasingly evident in the current stage of development of international trade, business and exchange, when long-prevailing foreign trade regulatory measures are gradually giving way to non-tariff tools of foreign trade regulation, with a growing focus on business-to-customs, public-private partnerships, innovations of logistic activity.

The movement of the flow is planned, controlled, administered and/or otherwise affected by a number of persons. The impact on flows and other objects of logistic activity is multidimensional. Nevertheless, certain processes of logistic activity (specific requirements for packaging and labelling of cargo, prohibition of performance of certain handling operations in a customs warehouse or of transhipment of goods without an additional authorisation) take place only in specific cases (when carrying dangerous goods, handling goods under customs supervision). In such specific cases of performance of logistic activity, the objects are subject to special supervision (including customs supervision), which otherwise does not apply or even cannot be applied.

Customs supervision is an integral part of customs policy and trade policy. As it is reflected by its name it is closely related to customs, that is, it is one of the means that regulates economic relations with foreign countries16. Customs supervision means the actions taken usually by customs authorities with a view to ensuring that customs legislation and, where appropriate, other provisions applicable to goods subject to such action are observed17, this is a specific case of special supervision applicable to flows and resources. Customs control processes are analysed by academicians from different point

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of views e.g. customs control and risk management\textsuperscript{18,19}, simplifying control processes\textsuperscript{20}. According to Sawhney and Sumukadas\textsuperscript{21}, the government acts as a supplier of key regulatory services, many of which are not optional. The uncertainty that the government introduces is a critical factor that must be considered in customs analysis.

Customs supervision is governed by legal acts drafted, as a rule, according to the standards set out in the Kyoto Convention, which provide that it is limited to the measures necessary to ensure compliance with customs legislation through the adoption of risk management techniques, audit-based controls and other legal means of inspection\textsuperscript{22,23}.

Customs legislation and other international and national legal acts\textsuperscript{24,25,26} apply to the majority of objects and entities involved in international trade, international exchanges and other areas of international activity: goods, vehicles, containers, persons, activity of the entities and other objects of logistic activity.

From the point of view of scientific analysis, it is appropriate to distinguish the flows and resources which are under customs supervision and those which are not under customs supervision. Unsupervised flows (carriage of goods in free circulation within the customs territory, carriage and warehousing of goods within the territory of a distribution warehouse) are not under customs supervision and customs inspections, the operations performed with them, the functions performed by them and the processes taking place in relation to them are not affected by customs and other authorities exercising customs supervision. Flows under customs supervision are the flows imported into the customs territory and exported from it as well as some flows carried within it (goods carried from one customs warehouse to another). The transportation, at the same time and by the same vehicle, of objects under customs supervision and those not under customs supervision leads to a case of mixed flow. The mixed flow (at least a part of it) is subject to

\begin{itemize}
\item\textsuperscript{18} Elmane-Helmane, K., Ketners, K. Integrated Customs Control Management in Latvia: Lessons Learned.// Economics and Management 17(2), 2012, p. 528-533.
\item\textsuperscript{19} Komarov, O. Customs control and risk management system on the example of the Ukrainian customs. //Customs Scientific Journal Customs, № 6(2), 2016, p. 85-97.
\item\textsuperscript{20} Czermińska, M. Management of the EU Customs Union-Challenges and Activities// Przedsiębiorczość i Zarządzanie 17.8, cz. 2 Mechanizmy i procesy zarządzacze w procesie gospodarowania, 2016, p. 173-186.
\item\textsuperscript{22} International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention, 1973) [In Lithuanian]. Official Gazette. No 126-5736; No 77-2664, 2002, Chapter 6.
\item\textsuperscript{23} Lyons, T. EU Customs Law. Oxford University Press, 2018.
\item\textsuperscript{26} New version of Republic of Lithuania Law No IX-2183 on Customs (Law No XII-2694 of 3 November 2016).
\end{itemize}
customs supervision, hence it can also be attributed to flows under customs supervision.

When moving within the international supply chain, flows under customs supervision cross customs and national borders in accordance with the established procedure, they undergo customs procedures and other procedures related to international cargo movement, logistic activity is carried out and regulated in compliance with provisions of international and national law, the activities of entities of logistic activity are characterised by cross-border cooperation, competition and other interaction, they are subject to foreign trade regulatory measures and other legal sanctions applicable by authorities, and the entire logistic activity related to flows and resources is attributed in scientific literature to a specific area of logistics, namely, customs logistics.

In order to explicate the term of customs logistics and to understand the role of this area of logistics in the international supply chain, it is necessary to disclose the influence of authorities exercising supervision, in particular customs authorities, on flows, resources and the logistic activity associated with them.

2. Debate on the concept of customs logistics

The flows moving within the international supply chain are created, managed, serviced and otherwise handled by entities of logistic activity. In order to protect the financial interests of countries, the domestic market and its participants against unfair and illegal trade and in ensuring the safety and security of the country and its population as well as implementing their other goals, customs authorities exercise a considerable and sometimes decisive influence on these flows.

In many countries, it is customs authorities, in particular customs administrations and other authorities exercising customs supervision, that has been conferred exclusive special powers to inspect the cargoes and goods imported into, carried through and exported from the country27 and is responsible for supervision of international trade, ensuring of security of the supply chain and implementation of customs and trade policy and other measures assigned to it.

The shift of Western democracies away from the over-rigorous regulation of business and the rapid development of information and communication technologies have resulted in the emergence of a completely new social environment which requires a change in attitude towards interaction between the state and business, the role of non-profit organisations and communities of interest. The Western economies and the community have resolved to pool their efforts in developing welfare through the implementation of the idea of freedom (free movement of goods, services, capital and persons) as a value of the new coexistence. Following the new philosophy, customs aims at making the movement of goods simpler, faster, cheaper and safer. The importance of the increasingly extensive and efficient integration of supervision exercised by customs and other public authorities into the management of international flows and the impact

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of such integration on the performance of not only public authorities, but also businesses are becoming prominent.

Particular attention is paid to new functions of customs, including ensuring of the safety and security of flows\textsuperscript{28}, with a special focus on risk management. By applying reliable risk management, customs authorities are able to determine where, when and how to best carry out inspections and effectively respond to emerging threats\textsuperscript{29}, without interfering with or causing minimal effect on less risky flows of goods. In assuming obligations to ensure security, the customs authorities must apply to all economic entities uniform control standards, while safety and security must be ensured in such a manner that actions of the authorities would minimise obstacles to legitimate business. Innovative logistics technologies and modern supply chain management techniques are introduced and partnership of international business and the state is developed with the aim of ensuring effective economic development and attaining other common goals.

Globalisation and trade liberalisation, the increased volume of international trade, modernisation of logistic activity and the growth of e-commerce pose new challenges to customs administrations. Customs is increasingly focused not on the physical control of flows and resources, but on audit-based controls and issue of specific authorisations.

One of the main functions of the customs of the 21st century is customs supervision of international trade, the flows of goods, resources involved in it and other elements of logistic activity. This is the administrative customs activity which pursues the objective of protecting the public, the market, the environment and financial interests against damage caused by illegal international trade by facilitating conditions for legitimate business. Customs seeks, by employing the powers conferred to it, to create favourable conditions for legitimate business and to provide administrative services\textsuperscript{30} while increasing the interest of business in providing assistance to customs in the performance of its functions.

Explication of the term of customs logistics can proceed in at least two different ways. The first way is the identification, in the activities of customs and other authorities exercising customs supervision, of the processes related to logistic activity and focus on such processes (inspection, regulation, controls, public administration, etc.). In this case, customs logistics stands for the customs activity ‘filtered’ through the filter of ‘logistics’, the totality of certain specific segments and areas of such activity; it is an integral part of

\begin{thebibliography}{9}
\bibitem{29} Press release by Algirdas Šemeta, Member of the European Commission: Customs. The Commission has adopted EU Strategy and Action Plan for customs risk management [In Lithuanian]. Brussels, 21 August 2014.
\bibitem{30} Administrative service shall mean activities of an entity of public administration comprising the issuing of authorisations, licences or documents confirming particular legal facts, the acceptance and processing of persons' declarations, the provision of consultations to persons on issues regarding the competences of the entity of public administration, the provision to persons of information of the entity of public administration as defined by the law, the performing of administrative procedure (Article 2 of Law of the Republic of Lithuania on Public Administration No XI-1259 (Official Gazette, No 4-125, 2011)).
\end{thebibliography}
customs and other authorities exercising customs supervision, but not of logistic activity.

The second way opts for the ‘supplementation’ of areas of logistic activity (transportation, warehousing, loading, surety, insurance, etc.) with the segments of activities of customs and other authorities exercising customs supervision in which supervision operations (inspection, regulation, controls, public administration, etc.) are carried out. In this case, customs logistics is a specific area of logistics in which the processes characteristic of national logistics are eliminated, or rather ‘transferred’ to the background and which includes as its integral part the specific segments of activities of customs and other authorities exercising supervision that are related to logistic activity.

M. Taranov, I. Smirnov, V. Yukevich and other logistics professionals may be regarded as proponents of the second way, just as the author of this article\(^\text{31,32,33}\). M. Taranov perceives customs logistics as an area of the application of logistics which covers two distinct though interrelated areas, namely, logistic and customs activities, and as a separate type of international logistics\(^\text{34}\). I. Smirnov also links customs logistics to logistic and customs activities\(^\text{35}\).

V. Yukevich defines customs logistics as the common activity of different entities in integrating all processes related to the movement of goods across the customs border through unconditional addressing of specific tasks of general cost reduction\(^\text{36}\).

The concept of the term of customs logistics is complicated not only by the different perception and evaluation of links between logistic and customs activities, but also by some disagreements over the terms used in the area of customs activity. Malevich\(^\text{37}\) argues that logistization of customs procedures covers the wide scope of issues – managing material export and import flows; financial aspects of logistics in pricing regulations; information support and maintenance of customs operations; customs and related operations.

E. Martsiusheuskaya links customs activities with the economic security of the member states of the Eurasian Economic Union (EEU) and the preservation of their sovereignty in developing the customs union. When examining the concepts of customs activity, the author draws attention to the fact that the disagreements over the definition of functions of customs activity often arise due to the different use of the key concepts, such


\(^{34}\) Таранов М. В. Таможенная логистика. Учебно-методическое пособие. Минск: БГУ, 2011, с. 8, 3.

\(^{35}\) Смирнов И. Г. Таможенная логистика как фактор экономической безопасности Украины в условиях глобализации. // Логистика: проблемы и решения. 2010, N. 6, с. 76.


\(^{37}\) Malevich, I., Berezkina, N.N. Conceptual aspects of the development of logistics management as part of the customs authority. // Review of European studies 7.9, 2015, р. 32.
as таможенное дело [customs affairs], таможенное администрирование [customs administration], таможенная деятельность [customs activity], таможенная политика [customs policy]38,39,40. In her works, the author notes that lawmakers of the EEU do not have a clear position as regards these and other concepts related to customs activity, and legal acts assign (delegate) the definition of the concepts to national legislation41. It needs to be noted that the above-mentioned article by E. Martsiusheuskaya also considers many other concepts which are of importance for the scientific analysis of customs activity and are difficult to translate into English, hence in examining customs logistics as a specific area of logistics, scientific debate would be of considerable significance that helps to reveal their contents.

The identification of customs logistics as an object of scientific research is methodologically justified also by the fact that it is characterised as an independent and specific area of logistics whose activity (actions, operations, functions, processes) is regulated by international and national legislation government customs, international trade, international business and international cooperation, and the objects and entities of this activity are subject to customs supervision, customs inspections and other actions of the authorities involved in supervision. This determines the autonomy of customs logistics, because only in this area of logistics and not in others (transport, warehousing, sports, war, etc.) that activity with flows and resources under customs supervision is carried out and may be carried out.

The specificity of customs logistics as an area of logistics is manifested in the form of operations characteristic exclusively of customs logistics (customs status of goods, customs value of goods, determination of the origin of goods, verification of guarantee), the functions performed in the course of supervision (determination and recovery of customs debt, risk management in the international supply chain, control of the activities carried out by customs warehouses and customs agents), participation of special entities of logistic activity (customs authorities, border guard services and other authorities exercising supervision, agents providing customs surety, customs warehouses, customs carriers, etc.) in the activity attributed to customs logistics, as well as specific interaction of the entities influencing this activity and its outcome (partnership of the public and private sectors, international networking, etc.).

The primary and key object of customs supervision is goods and flows of goods moving within the international supply chain. In exercising customs supervision of the flows, customs examines not only goods, but also vehicles, luggage, documents, the information provided, the registers used, premises, activities of entities and other objects of logistic activity. Border guard, veterinary and other services as well as other businesses having a relevant mandate (customs warehouses, authorised economic operators, etc.) can participate in customs supervision.

Flows under customs supervision, resources and other objects of customs logistics, the specific auxiliary operations performed with them, functions, activities of entities of such operations and their regulation by international and national legislation, interaction of the entities and the public-private partnership being developed reflect the essence, autonomy, exclusivity of customs logistics as a specific area of logistics and its features.

Conclusions

1. In order to ensure an effective, rational and value-adding flow management in the international supply chain, cooperation of economic entities and public authorities is necessary at various levels. For interference and obstacles in the movement of flows to be minimised and for the authorities exercising customs supervision to promptly receive the relevant information, it is necessary to coordinate, to the fullest extent possible, the cooperation of the authorities in charge of cross-border customs inspections42.

2. Customs logistics allows for the implementation of objectives of different entities and realisation of interests of the public and private sectors. The objectives of the entities exercising customs supervision do not necessarily coincide and sometimes are even opposite to those pursued by international businesses and other participants in logistic activity. Nevertheless, all of these entities also seek common goals by performing operations jointly with entities of logistic activity.

3. There is a general agreement that customs logistics is a new social and economic phenomenon which has actually come into existence and requires a detailed theoretical analysis and cooperation of researchers and practitioners in assessing its prospective role and dealing with the issues of development of its application in practice. To conclude this brief examination of the issues of customs logistics, we would like to ask a rhetorical question: who if not the international community of scientists, experts and researchers of the International Business and Customs Logistics Centre of Mykolas Romeris University should take the initiative to foster customs logistics?

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