

Improvement of customs statistics in Georgia

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Abstract

Purpose of the article: Purpose of the present article is to identify drawbacks in the field of customs statistics of Georgia and to formulate concrete steps for their correction.

Methodology/methods: The methods of induction, deduction, analysis, synthesis, statistical observation and grouping have been used in the research process. The aim of the scientific work is to determine the principles for improving the statistical registration of commodity at the customs in Georgia.

Results: Countries of origin are not yet completely reflected in the cargo-customs declaration at the Georgian customs; the field “means of transport at the border” in the cargo-customs declaration is not filled in; data on estimated market value of the means of transport in the databases of Service Agency of the Ministry of Internal Affairs of Georgia is not complete; detailed coding of imported vehicles is carried out incorrectly; the simplified customs declarations are not completely filled in with reference to countries, 11-digit item coding and value. In terms of registration, certain problems are caused by the fact that a sender and a country of final destination are not always filled out in the declaration. Problems exist in producing foreign trade price indices, the issue being that the information on foreign trade statistics is classified according to the Harmonized Commodity Description and Coding System while price indices are calculated according to the classification of types of economic activity on the 4-digit level; in filling in declarations there are frequent errors related to registration of commodity code, weight and additional units of measurement.

Conclusions: Empirical data related to production of Foreign Trade Statistics are characterized with certain errors, as a part of foreign trade operations remains unregistered. It means that registered value of exports and imports does not fully correspond to the value of actual flows.

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1. Introduction

Proper production of customs statistics has a great importance for government regulation of economic processes in the country. The customs statistics are in very close connection with the foreign trade statistics, which plays a major role in establishing effective external economic and customs policies of the country. In particular, monetary

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and fiscal policy of the country depends on the data of foreign trade balance and vice versa. For instance, the more the national currency appreciates, the more the imports increase, while the larger is the national currency depreciation, the higher is the increase in exports. In addition, the amount of foreign currency reserves should be in a certain proportion to the volume of imports, in order to maintain an effective monetary policy (Uridia and Rukhaia, 2009).

One of the main principles of Georgia's economic policy is liberal foreign trade, which implies simplified foreign trade regime and customs procedures, low import taxes and minimal non-tariff regulations. It has been achieved by the Georgian government through tariff policy, as well as through the reforms of technical regulations.

Currently Georgia is the beneficiary of the generalized system of preferences (GSP) of the following countries: European Union, the USA, Japan, Canada, Switzerland and Norway. The main essence of GSP is to set low base tariff rates on products imported from beneficiary countries, which simplifies entry of exports from developing countries into the developed markets (Abesadze O., 2015a). In addition, according to the Georgian legislation, exports and re-exports from Georgia are exempt from taxes. Due to the fact that since 1 September, 1997 Georgia uses value-added tax by destination country, exports from Georgia are exempt from VAT. According to the Tax Code of Georgia, rates of value-added tax and excise tax are equal for local and imported products.

According to the Law of Georgia on Licenses and Permits, non-tariff restrictions of any kind (licensing, quotas, prohibitions, etc.) are not envisaged in foreign trade, except for the cases when it is necessary for health, security and environment protection.

In the conditions of the above-mentioned liberal foreign trade policies, today when the goals of introducing advanced European practices and achieving European Integration represent Georgia's main priorities (Abesadze, Nino 2014), the capacity building of national statistical system in accordance with international standards is especially urgent. This, surely, means the perfection of the activity of the National Statistics Office and its maximum harmonization to the international standards (Abesadze, Nino 2015). However today, when European economic integration of Georgia is underway, problems of statistical registration in the customs become very obvious. Solutions to the above-mentioned problems create new challenges for the National Statistics Office.

Theoretical basis of the research represents the articles of Georgian and foreign scientist-economists concerning the above-mentioned topic. Among them are: V. Papava, G. Ghaghanidze, G. Uridia, N. Terashvili, L. Korganashvili, T. Kandashvili, N. Aslamazishvili, M. Khmaladze, N. Paresashvili, N. Abesadze, L. Dzebisauri, O. Abesadze and others. Their articles reflect economic aspects of the ongoing processes at the customs, challenges of Georgia's customs statistics, problems, etc.

The purpose of the present article is to identify drawbacks in the field of customs statistics of Georgia and to formulate concrete steps for their correction.

Methodology/methods – in the research process the methods of induction, deduction, analysis, synthesis, statistical observation and grouping were used in order to acquire, process, analyse the empirical materials and draw reasoned conclusions. The errors of information support of customs statistics were revealed on the basis of current, periodic and one-time statistical observations. As a result of typological, structural and analytical grouping, the problems were identified.

Scientific aim - the aim of the scientific article is to improve the methodological basis for commodity registration as a result of revealed shortcomings in the Georgian customs system and, consequently, to determine the principles for improving statistical registration.

2. Results

In terms of improving Customs Statistics and harmonization with the EU standards main problems of statistical registration currently faced by the National Statistics Office of Georgia are obvious.

First of all, it should be mentioned that the field of a country of origin is not appropriately filled in the customs declaration. In the foreign trade databases a trading country is mainly recorded, but not a country of origin. For example, in the database of June 2015, a country of origin is not recorded in 61% of declarations, while according to the new methodological recommendations of the UN, it is mandatory to register country of origin.

On the other hand, it is noteworthy that one of the problems of foreign trade registration is related to filling the field of "means of transport at the border" in the cargo-customs declaration. In regard to the UN recommendations, producing international merchandise trade statistics is necessary in line with the breakdown by means of transport.

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