

An Analysis of the Evolution and Influencing Factors of Customs Function

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Abstract: The evolution and influence factors analysis of the contemporary customs function is an important research topic. The purpose of this paper is to probe into the evolution of China's customs function under the current complex international trade environment and analyze the influencing factors. Based on the in-depth study of the basic theories of the traditional and non-traditional functions of the customs, this paper analyzes the impact of the international situation on the evolution of the customs functions in combination with the "merger of customs and inspection" and the "Belt and Road International Cooperation Summit Forum". At the same time, combining with the customs measures of developed and developing countries, this paper discusses the influencing factors of the evolution of contemporary customs functions. Finally, through comparative analysis and comprehensive study, the paper draws a comprehensive conclusion on the evolution of contemporary customs functions, which provides theoretical and practical guidance for further understanding and promoting the development of China's customs functions.

Keywords: Customs; Traditional Functions; Non-traditional Functions; Function Evolution

1. Introduction

The evolution of customs function is given by the times. With the progress of the times, the traditional and non-traditional functions of the customs will evolve and expand, and the specific responsibilities of the customs in different times will be different.^[1]

2. Significance of research

The theoretical significance of the evolution of customs function lies in that it can probe into the role and function of customs in international trade and border management, understand the history and present situation of the evolution of its function, and provide theoretical support and guidance for the future development of customs.^[2] Customs plays an important role in international trade, through tariff and non-tariff measures to manage imports and exports of goods and services to protect national economic security and interests.

3. Customs functions

3.1 Traditional functions

The traditional functions of customs include "supervision", "taxation" and "anti-smuggling".

3.1.1 Traditional functions of China Customs "supervision"

The evolution process of Chinese customs traditional function "supervision" can be traced back to ancient times. In ancient times, China's customs was mainly responsible for keeping duties and checking smuggled goods in order to safeguard national finance and security. With the development of history, the functions of China's customs gradually expanded, including the supervision of import and export commodities, tariff collection, border management.^[3-5]

3.1.2 Traditional functions of China Customs "levying taxes"

The evolution process of traditional function of Chinese customs "taxation" has also changed. In the past, China's customs was mainly responsible for the collection of tariffs, import value-added tax, consumption tax and other taxes to maintain the country's fiscal revenue and trade balance.

3.1.3 Traditional functions of China Customs "anti-smuggling"

Under the new international trade situation, the evolution of the traditional function of Chinese customs "anti-smuggling" has been affected and challenged. With the confirmation of cooperation documents such as "One Belt, One Road", "BRICS" and "APEC", China's trade with the world is increasingly frequent, which puts forward new requirements for the anti-smuggling function of Chinese customs.

3.2 Non-traditional customs functions

For the first time, the non-traditional functions of China's customs were defined at the 2008 National Conference of Customs Chiefs. The meeting listed seven non-traditional functions: maintaining trade security and facilitation, protecting intellectual property rights, performing duties of origin management, assisting in the settlement of international trade disputes, implementing trade remedy and trade guarantee, participating in anti-terrorism and preventing nuclear proliferation, and being responsible for port planning and management. However, in the subsequent 15 years of practice, customs gradually formed five non-traditional functions including but not limited to the following.^[6]

4. “One Belt, One Road” Forum

The important international conferences organized by the Belt and Road Summit Forum on International Cooperation began in 2017 to promote international cooperation in the Belt and Road Initiative. The Belt and Road Summit Forum on International Cooperation is the promotion of the Belt and Road initiative, and the Customs has evolved its functions under the promotion of the government.^[7]

In terms of cross-border trade facilitation functions, the Belt and Road Forum on International Cooperation will further promote trade between China and countries along the Belt and Road, which will lead to more types of goods and more types of trade patterns. China's customs need to adjust and strengthen regulatory measures to adapt to more complex and diversified forms of trade.^[8] This may include efforts to strengthen the classification management of goods and to improve risk identification and regulatory levels.

5. Research on the evolution of non-traditional customs functions in developed and developing countries

Table 1: Average Trade Facilitation Performance Top 10 Countries/Regions and China Scores

Country/Region	Score	Ranking
Taipei, China	1.84	1
Lithuania	1.79	2
Singapore	1.79	3
Hong Kong, China	1.76	4
Australia	1.75	5
Holland	1.73	6
Ireland	1.72	7
Canada	1.71	8
Austria	1.71	9
Switzerland	1.70	10
China	1.41	51

Table 2: Per capita GDP of world countries and regions in 2022 (IMF version)

Per capita GDP of world countries and regions in 2022 (IMF version)							
The data is from the International Monetary Fund (IMF) released in April 2023. Table: Gong Crowd: Chongzhi Nebula							
		Per capita GDP in 2022 (USD)	Per capita GDP in 2021 (USD)	Nominal increment	Nominal growth rate	population (10000)	Total GDP in 2022 USD100mn
1	Luxembourg	127580	134802	-7222	-5.4%	65	823
2	Norway	106328	90764	15565	17.19%	545	5793
3	Ireland	103176	100145	3031	3.0%	513	5297
4	Switzerland	92371	92239	132	0.1%	874	8072
5	Qatar	84425	68622	15803	23.09%	267	2255
6	Singapore	82808	77710	5098	6.6%	564	4668
7	United States	76348	70160	6189	8.8%	33353	254645
8	Iceland	73998	69287	4711	6.8%	38	278
9	Denmark	66516	68202	-1686	-2.5%	587	3907
10	Australia	65526	63896	1630	2.6%	2597	17019
-	North American average	57618	53106	4512	8.5%	-	-
-	【 G7 country average 】	56581	55489	1091	2.09%	-	-
11	Holland	56489	57997	-1508	-2.69%	1759	9937
12	Sweden	55689	60930	-5240	-8.69%	1052	5859
13	Canada	55085	52388	2698	5.19%	3885	21398
14	Israel	54710	52152	2558	4.9%	955	5225
-	On average in developed countries	53084	52381	703	1.3%		

15	Austria	52265	53529	-1264	-2.4%	903	4717
16	UAE	51306	43422	7884	18.20%	989	5075
17	Finland	50655	53595	-2940	-5.5%	555	2810
18	Belgium	50114	51451	-1336	-2.6%	1162	5822
19	San Marino	49555	51580	-2024	-3.9%	3	17
-	Hong Kong, China	49226	49845	-619	-1.2%	733	3610
20	Germany	48636	51238	-2602	-5.1%	8379	40754

A comparison of the two charts shows that there is no direct relationship between the degree of trade facilitation and the development level of the country or region.

5.1 Essential differences between traditional and non-traditional functions

In view of the history of the development of China's customs, when the new China was founded, the customs functions only included the three traditional functions of export supervision, customs duty collection and border inspection. The non-traditional functions such as intellectual property (IPR) protection, trade facilitation and regulation, border security and anti-smuggling, public health and safety, and environmental protection are more embodied in the current law enforcement of our customs.^[9]

5.2 Single reference customs development model

After excluding the developed countries and economies, it is found that the customs development model that countries can refer to is very simple, which is to achieve domestic trade development by lowering the trade bottom line, strengthening customized trade services and then raising the trade bottom line.^[10] Although the current development of customs in different countries, but the development path is single, are to stabilize the traditional functions, priority to develop non-traditional functions such trend.^[11]

5.3 World trade trends

For the country, the most important traditional function of the customs is to levy taxes. To effectively raise the amount of taxes is to increase trade volume. Because the development of customs varies, the effect of traditional functions can achieve huge differences, non-traditional functions can have customized services become one of the more valued services.

6. Conclusions

Traditional function is the bottom line of a country's customs trade, non-traditional function is a country's customs trade cap. Keeping the traditional functions and enriching the non-traditional functions is the trend of customs development in the world.

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