

policy brief

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# CUSTOMS, BUSINESS AND PUBLIC:

## how to achieve effective coordination?

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The effectiveness of the State Customs Service of Ukraine's interaction with business and the public is an important factor in supporting and developing foreign economic activity.

This policy brief aims to provide an assessment of the current state of coordination and consultations process between the State Customs Service of Ukraine, business and the public.

To achieve this goal, a comprehensive methodological approach was used, including analysis of the legal framework, content analysis, and empirical research (surveys, focus group discussions, and interviews).



The research methodology is available by following the [link](#) and QR code

The findings allow formulating targeted proposals for improving the mechanisms of coordination and consultations.

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# EXECUTIVE SUMMARY

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Effective interaction between customs, business and public is key to successful customs administration, but the process currently faces several barriers. Businesses are less optimistic about their role in the changes than the public (22% vs. 45%, respectively) due to the complexity of the legislation, lack of trust in the work of customs and a shortfall of effective feedback mechanisms.

The State Customs Service of Ukraine emphasises the strengths of its cooperation with business and civil society, such as the Public Council, the HelpDesk service and dialogue with stakeholders on various platforms. Despite the large number of references to public participation and dialogue, it is important for the authorities to develop the capacity not only to receive but also to process it and provide feedback. At the same time, representatives of the authority want to increase the capacity and expertise of stakeholders and to involve more businesses (“new faces”) in the dialogue. Digital solutions for interaction are considered promising and desirable for development by all parties. Businesses rate coordination overall at 3 out of 5, and consultations on regulations at 2.4 (the lowest of all the ratings given).

The Public Council at the SCS plays an important role in coordination, participating on behalf of the public in the consultative and advisory process at the State Customs Service of Ukraine, the Ministry of Finance of Ukraine, and the relevant committee of the Verkhovna Rada. It is also a platform for training and awareness raising activities. In its own reports, the Public Council mentions that not all proposals are considered by the Ministry of Finance in a reasoned manner. In addition, in some issues related to the SCS representatives of the Public Council receive promises and assurances of solving problems that are not followed up.

The effectiveness of the Public Council is limited by regulatory gaps (CMU’s Resolution No. 996), problems with the traceability of the effectiveness of its decisions (they are partially published and sometimes unspecified, and the responses to them are difficult to track) and the composition of the Council, which has been working beyond the specified term due to the introduction of martial law in Ukraine (more than 4 years without rotation). The draft law proposed by the NACP on the Public Council in its current form reinforces the need to define the focus and scope of the body's participation in the processes at the SCS.

Feedback on regional coordination points to its unsystematic manifestations due to the lack of permanent platforms for dialogue on the ground and different practices of interpreting norms.

To solve the problems, it is proposed to create a platform with explanations of customs legislation, update the regulatory framework of the Public Council, rotate its members, establish regional advisory groups with the involvement of small and medium-sized businesses, introduce transparency and traceability tools in the response of the authorities to the decisions of the Public Council and improve access to information on the website of the State Customs Service of Ukraine.

These measures are aimed at overcoming such obstacles to cooperation as distrust, partial transparency and inclusiveness, and increasing the effectiveness of coordination and consultations. It is expected to improve the effectiveness of the work of the Public Council, increase business confidence in the work of the SCS, and activate SMEs in influencing decision-making in customs policy.



# WHAT DO CUSTOMS, BUSINESS AND PUBLIC THINK ABOUT COORDINATION?



To comprehensively assess the effectiveness of coordination, surveys, focus groups and interviews were conducted with all parties — representatives of the State Customs Service of Ukraine, business and the public.

NB: in the information provided in this section, it should be taken in mind that business and public representatives have different approaches and practices of interaction with customs due to their own needs.

Businesses are mostly characterised by client and representative relations. This is due to the fact that business essentially interacts with customs as a counterparty, a partner whose efficiency also affects the success of business activities and vice versa. This should determine its interest in establishing coordination and providing quality feedback on customs policies.

At the same time, the role of the public is assigned to establishing cooperation, public oversight of the work of the authority, and support in implementing changes. Among the civil society representatives, charitable organisations have a broader scope of interaction, as they also mentioned client relations with customs (import of humanitarian aid to Ukraine).

## **1 Business and civil society have different perceptions of their ability to interact and contribute to positive changes at customs**

- Representatives of civil society organisations (NGOs) are more positive about their impact on improving the work of customs: 45% of NGOs compared to 22% of business representatives believe that they influence positive changes in the customs authorities' activities.

During focus groups and interviews, business representatives pointed to possible reasons for the relatively low sense of agency, such as the complexity of legislation, distrust of customs authorities, and problems with access to effective tools for interaction and consultation.

## 2 Main tools for interaction

- Businesses rely on customs brokers as the main instrument of interaction with customs in 62% of cases (which follows from the fact that the lion's share of their relations is with the State Customs Service), while NGOs use appeals to customs authorities in 55% of cases.

For more convenient interaction, businesses would prefer to create a bank of legal advice in the customs area at the State Customs Service, similar to the existing “ZIR” database at the State Tax Service, and to work on simplifications for business entities. At the same time, the public also reported the need to establish feedback in the regions.

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## 3 Barriers to effective coordination

Participants highlight the main barriers:

- Lack of an effective and permanent feedback tool (61% of businesses, 68% of NGOs).
- Lack of comprehensive assistance in non-standard situations (61% of businesses).
- Lack of a single coordination algorithm (42% of businesses, 68% of NGOs).

These problems highlight the need for clear, effective and accessible mechanisms of interaction.

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## 4 Assessing the effectiveness of advisory bodies

- Businesses rate the effectiveness of the State Customs Service advisory bodies lower (2.8 points out of 5) than NGOs (3.2 points). This can be explained as follows:
  - Almost half of business representatives ( $\approx 50\%$ ) are unaware of the activities of such bodies, especially SMEs;
  - among NGOs, the share of people who are not familiar with the activities of the advisory body is only 18%, which indicates a weaker connection of the surveyed SMEs with the Public Council.
  - NGOs report positive experience of interaction much more often than businesses (36% vs. 13%). This reinforces the need for closer interaction between business and the customs advisory body.

Thus, increasing the involvement of small and medium-sized businesses in the work of the Public Council is a priority to strengthen the role of business in consultations and improve interaction with the State Customs Service.

## **5 Promising tools for interaction**

- Both business and the public see the creation of a comprehensive digital solution for remote interaction with the State Customs Service of Ukraine as the most promising:
    - business means the development of digital solutions that relate to its customer interaction with customs authorities and facilitate the availability of services;
    - at the same time, NGOs require digital products that will increase transparency and public awareness of customs work.
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## **6 Problems at the regional level**

Focus group participants highlighted poor coordination and communication with regional customs offices. In particular, businesses pointed to different interpretations of regulations and ad hoc solutions to similar issues in different regions. Similar problems were also reported by committees under the Public Council.

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## **7 The impact of the war**

All parties noted improved coordination after the start of the full-scale invasion in 2022. However, businesses and public tend to see these changes as temporary, experiencing a return to pre-invasion levels of coordination within 3-5 months from 24.02.2022. In contrast, customs authorities maintain that their improved interaction with businesses and the public is ongoing and sustainable.

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## **8 A look at the state of coordination through the eyes of the State Customs Service**

The State Customs Service sees its strength in the coordination of the existing Public Council, HelpDesk service and interaction with stakeholders on various platforms.

- Customs recognises the Public Council as an active platform for communication — in their view, it is a link between customs and business in advisory and training practices;
- the HelpDesk tool is an effective support service for communications with business within the framework of the NCTS. In the future, the State Customs Service intends to expand the work of the unit to other areas;

- Thematic seminars, roundtables, and explanatory sessions are regular events where business and the public are engaged. Certain events with a focus on the implementation of the laws are organised by customs officers on their own or at the platforms of leading business associations. In terms of developing and submitting proposals for legal regulation, the relevant committee of the Verkhovna Rada and the Ministry of Finance of Ukraine are the platforms for dialogue.

When asked about the weaknesses in cooperation, representatives of the State Customs Service mentioned cases of poor professionalism on the part of some business and public representatives.

For example, informants from the SCS pointed to cases of low awareness of customs legislation on the part of companies and associations, and the use of outdated regulations. According to customs officials, the expert community has cases of incorrect conclusions regarding customs statistics while media tend to confuse the responsibilities of customs and migration, border and tax services.

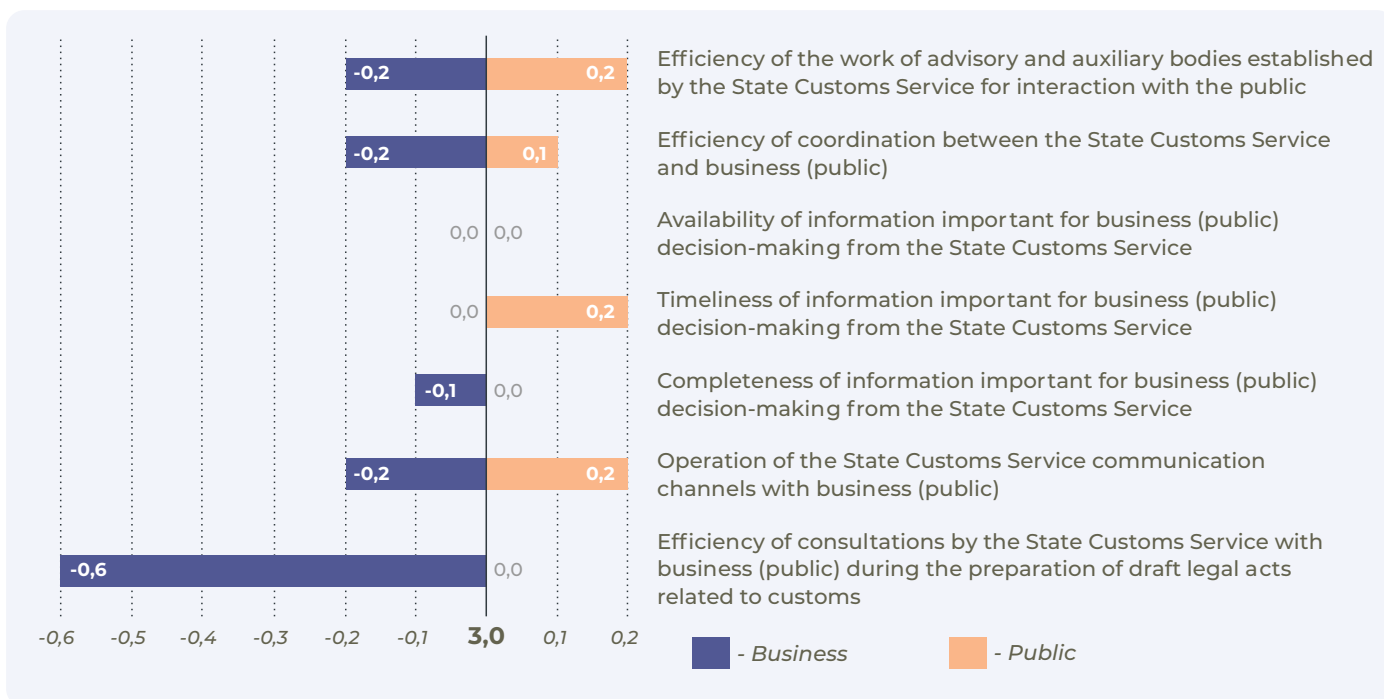
Customs officials also attribute difficulties to problems on the part of other central executive authorities with which the State Customs Service interacts, the speed of legislative changes and the corresponding need for time to adapt. Two informants mentioned the need to expand the competence of the HelpDesk unit. Other two informants made one point each, mentioning the reassessment of the level of corruption in the eyes of society and the need to engage SMEs in a broader dialogue.

Informants also believe that customs should reach a systematic level of communication with business, implement educational activities, and increase the efficiency of decision-making through the introduction of IT products.

The solution to the problems is seen by customs officials in following the measures set out in the National Revenue Strategy of Ukraine until 2030 (NRS). It is worth noting that the leading role was assigned to the NRS, while other strategic documents that guide the State Customs Service were not mentioned in the responses. According to customs officials, the NRS is a comprehensive document that will help to strengthen cooperation between customs and business. The NRS also envisages measures that customs officers consider to be a priority for the development of cooperation: work on the implementation of AEO, expansion of the functionality of the HelpDesk unit, and development of the customs competence centre.

## 9 Final assessment of the effectiveness of coordination with the State Customs Service

Business and civil society representatives rated the effectiveness of coordination with the State Customs Service at 3 points out of 5. Business representatives gave a particularly negative assessment of the effectiveness of consultations with the State Customs Service in the preparation of draft legal acts related to customs, with an average score of 2.4 points in this regard. The data is shown in more detail in **Chart 1**.



*Chart 1. Amount of change in the average score of various aspects and instruments of coordination between the State Customs Service and business (public) from neutral (three)*

In our opinion, there is work to be done to improve consultations:

- 1) Business and the professional community — should explain in more detail to the State Customs Service and the Ministry of Finance what exactly the problems are with both the draft act and implementation of the law (clear, specific, factual comments and ways to correct them).
- 2) The State Customs Service, for its part, should ensure a transparent process of reviewing proposals with mandatory feedback and justification. It should develop the capacity not only to receive feedback but also to turn it into a response and a position.
- 3) Given the division of powers, the State Customs Service should communicate its proposals and engage business in discussions with the Ministry of Finance. The Ministry of Finance, as the body responsible for formulating customs policy, should establish systematic coordination between its own rulemaking and practical law implementation through interaction with the State Customs Service and business.

# PUBLIC COUNCIL AT THE STATE CUSTOMS SERVICE AS A COORDINATION PLATFORM



## 2.1. How the decisions of the Public Council are implemented in practice

In addition to organisational issues, initiating working meetings, conferences, and conference calls with stakeholders, the **Public Council was involved in a number of important rule-making initiatives**, such as:

- staff reset of the customs, in particular, recommendations were made to the [draft law No. 6490-d](#), which were partially taken into account in the law [3977-IX](#);
- a working group on the development of [Law of Ukraine No. 3926-IX](#);
- preparation of the professional standard “Customs Inspector”;
- development of the Maritime Checkpoint Logbook software product;
- Developing proposals for the Anti-Corruption Programme for 2023-2025 in terms of criteria and performance indicators for customs.

Some decisions taken at the meetings of the Public Council relate to the interaction between customs and business. These include decisions on:

- training activities for business:
  - conducting an advisory training on obtaining simplified taxation by enterprises (December 2022);
  - organising a practical seminar at the Odesa Customs on the export security regime for exports of certain types of goods (November 2024);
  - implementation of a series of seminars on the innovations of the Law of Ukraine [No.3926](#) dated 22.08.2024 (November 2024);

- hearing of representatives of the State Customs Service on establishing cooperation with business associations, NGOs and media structures (June 2023);
- summarising and sending questions from the business community on the practical implementation of post-clearance control to the State Customs Service for discussion during a working meeting (February 2024);

At the same time, a number of reports and communications suggest that there is a problem at the level of interaction with the Ministry of Finance of Ukraine. In particular the Committee for the Practical Application of Customs Legislation under the Public Council of the State Customs Service points that not all proposals of the Public Council members are considered in a reasoned manner.

The Ministry of Finance, in its turn, responded to 3 appeals from the Public Council of the State Customs Service regarding the formation and implementation of the state customs policy in 2021-2024. They concerned:

- verification of the validity of the departmental order of the State Fiscal Service of Ukraine No. 689 dated 11.09.2015 — *the validity of this order was confirmed as of the requested date;*
- proposals of the Public Council to the Order of the Ministry of Finance of Ukraine No. 517 dated 27.09.2021 “On Certain Issues of Customs Brokerage” — *it is impossible to determine from the content of the letter whether (and if so, which) proposals of the Public Council were supported;*
- proposals to involve representatives of the Public Council in the working group to develop proposals to the Resolution of the Cabinet of Ministers of Ukraine No. 1092 dated 27.09.2022 “Some Issues of Implementation of the Provisions of the Customs Code of Ukraine on Granting Authorisations” — *the Public Council was informed that public consultations will be held in accordance with the procedure established by law.*

In addition, some representatives of the Public Council also reported problematic interaction with individual customs offices within the structure of the State Customs Service. In particular, regarding the consideration of complaints about the inaction of individual officials, problems with determining the forms of customs control “in

manual mode” in regional customs offices, but the body only constantly promises to deal with these problems.

## 2.2. Problematic aspects of the Public Council's activity

### **Problems with the legal framework for regulating public councils in Ukraine.**

Government Resolution [No. 996](#), which defines the model regulation on a public council at a central executive body and on the basis of which the Public Council at the State Customs Service was established and is operating, has systemic problems and needs to be revised and updated.

In addition, the changes made during martial law regarding the possibility of not publishing information on the activities of a public council by decision of the authority contradicts its essence and purpose. It is intended to monitor the functioning of the authority and inform the public about it.

**Lack of information on the State Customs Service's response to the decisions of the Public Council.** According to the Regulation on the Public Council, its decisions are binding on the State Customs Service. Information on the decision should contain information on the consideration of the proposals of the Public Council or the reasons for their rejection. At the same time, **we were unable to find information on the website about the results of the State Customs Service's consideration of the decisions of the Public Council.** From the practice of informing about the results of consideration of decisions in other central executive bodies (CEBs), it is known that feedback is mostly provided by sending an email to the Public Council. Or by a representative of the authority speaking at a meeting on the issue.

We assume that the State Customs Service could inform the members of the Public Council about the implementation of their decisions “in any other way”, as provided for by the Regulation. At the same time, the failure to publish such information on the website makes it impossible to assess the effectiveness of the decisions of the Public Council.

**The problem with the renewal of the composition of the Public Council.** One of the important principles of the functioning of such a body as a public council is the rotation of its members, which is not currently implemented in Ukraine in general, including in the State Customs Service (the current composition has been in place for more than 4 years).

In contrast, some authorities, which are extremely important in wartime, are actually already forming bodies that essentially perform the functions of public control and monitoring, but the legislation governing their activities exists in parallel to Resolution [No. 996](#).

For instance, the State Agency for Reconstruction and Development of Infrastructure of Ukraine approved the regulations on the Transparency and Accountability Council in April 2023. The Ministry of Defence announced a competition for members of the Public Anti-Corruption Council in November 2024, and the NABU announced the results of the voting for the Public Control Council in June 2024.

Failure to renew the composition of public councils carries the risk that the public will lose its function in policymaking and implementation, as happened recently with the Public Council under the Asset Recovery and Management Agency (ARMA), which [ceased to function](#).

At present, the renewal of the composition of the Public Council can be resolved either by revising Resolution No. 996 or by removing the Public Council at of the State Customs Service from its regulation through the adoption of the draft Law of Ukraine “On Amendments to the Customs Code of Ukraine on Determining the Legal Status of the Public Council at the Central Executive Body Implementing the State Customs Policy”, which is currently being prepared by the NACP as part of the implementation of the Anti-Corruption Strategy.

However, it should be noted that the draft law prepared by the NACP establishes a different nature of the body, defining its powers for public oversight and control. Given the different specialisations of these bodies, the adoption of the draft law should at least resolve the issue of the format and framework of institutional interaction between the public and the State Customs Service. Potential solutions regarding the State Customs Service may include:

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- 1 A public council with extended powers and internal specialisation. In this case, the requirements for the composition of this body may differ depending on the function that the members of the Council are involved in.
  - 2 Two structures, one of which performs a control and supervisory function, and the other an advisory one. With this approach, it is important to avoid duplication of functions. There may be confusion for business and the public as to which body to interact with on specific issues.
  - 3 Preference for one of the functions — advisory or control and supervision — within the activities of one body under the State Customs Service. Thus, there is a risk that one of the functions will be given insufficient attention.
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In addition, in case of renewal of the composition, rotation should be real. Some current members of the Public Council under the State Customs Service have already been members of the advisory body that previously operated under the State Fiscal Service.

**The Regulations do not provide for the possibility of self-representation of small and medium-sized businesses in the Public Council at the State Customs Service.**

The Model Regulation on the Public Council does not distinguish these entities as representatives of the public. In fact, they can become members of the Public Council only as representatives of public associations, which makes it difficult for SMEs to directly participate in customs policy decision-making.

The European principle of “think small first” emphasises the priority of taking into account the needs of small and medium-sized businesses (SMEs) when developing policies and regulations. These entities are the backbone of the economy but often face disproportionate barriers due to their limited resource base.

Instead of simplifying access for small and medium-sized enterprises to the customs policymaking process, the current Model Regulation creates additional institutional obstacles, ignoring the limited capabilities of SMEs compared to large players.

This situation not only limits the representation of SMEs in advisory bodies, but also deprives the State Customs Service of valuable practical experience and expertise of direct participants in foreign trade operations. As a result, the state customs policy is formed without sufficient consideration of the needs and interests of one of the key stakeholders, which negatively affects its effectiveness and fairness. It is necessary to revise the Model Regulation to ensure that SMEs can be directly represented in advisory structures under the authorities whose activities directly impact the business environment.

**Today, the problem of coordination at regional customs offices remains unresolved and requires attention.** This issue was raised at a meeting of the Public Council in November 2020. During the discussion, it was found that the creation of public councils at customs offices is impossible due to the loss of their legal entity status.

Instead, some members of the Public Council proposed alternative forms of public councils and the format of their activities, but they were not implemented. The minutes of the Public Council also show that it held offsite meetings in the regions, but the possibility of holding such meetings on a regular basis at more than 20 regional customs offices is questionable.

Therefore, the question of the feasibility of creating platforms for communication at regional customs offices remains unresolved. In this regard, in order to ensure inclusiveness and representation of the opinions of public representatives operating in the regions, it is worth considering possible ways to create sustainable platforms for interaction between regional customs and business and the public.

**Problems with the publication and content of documents of the Public Council.**

There is a discrepancy in the number of minutes published on the official website of the State Customs Service and the data of the annual Reports on the work of the Public Council. The number of meetings is higher than the number of published minutes. This can be partly explained by the fact that, in accordance with the [amendments](#) introduced by the Government in August 2022, by decision of the executive authority, information on the activities of the public council may not be made public or not in full during the period of martial law.

**The reports on the activities of the PC of the State Customs Service sometimes lack information on specific results of their activities**, such as the implementation of specific recommendations or the resolution of identified problems. In addition, the absence of some minutes on the official website of the SCSU and specific results in the Performance Reports does not allow for a full assessment of the effectiveness of the SCSU's PC.

In addition, the publication of minutes of the Public Council's subcommittees needs to be streamlined for transparency and consistency in the Council's work.



# WHAT IS THE PROPOSED SOLUTION TO THE PROBLEMS?



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To overcome the identified problems in coordination and consultations between the State Customs Service of Ukraine, business and the public, as well as to increase the effectiveness of interaction, a set of actions is proposed to remove barriers, increase transparency and create inclusive mechanisms of cooperation. These measures take into account both subjective aspects (distrust, low awareness, complexity of customs legislation) and objective factors (regulatory gaps, regional issues) identified in the study. Below are specific actions, their description, and expected outcomes.

## Proposal 1

### Create a publicly accessible database of customs legislation explanations

**Addressee:** Ministry of Finance, State Customs Service of Ukraine.

**Description and expected outcomes:** The issue with the complexity of customs legislation and the need for a platform with explanations has been recorded by the professional community [for years](#). The digital system can provide up-to-date explanations of customs law implementation, integrate the functions of filing requests, receiving real-time consultations and tracking the status of requests.

The platform will facilitate coordination, in particular by increasing the availability of information (especially given the 61% of businesses that report a lack of consultation), reducing the time required to resolve non-standard situations and increasing trust to the SCS through a transparent and convenient channel of interaction.

At the same time, it is expected that the HelpDesk unit, whose competence is to be extended to other areas of customs affairs in accordance with the National Revenue Strategy of Ukraine until 2030, will also provide advisory support.

## Proposal 2

Update the [CMU Resolution No. 996](#)



**Addressee:** Cabinet of Ministers of Ukraine.

**Description and expected outcomes:** The changes introduced by the Government during the martial law period turned public councils into a closed advisory body with a select group of informed individuals. This is contrary to the purpose of the body, as the public council is supposed to facilitate public participation in policymaking and implementation. To solve the problem, the CMU is proposed to remove this provision and set a deadline for public councils to publish all documents developed during the martial law period.

The establishment and operation of bodies other than public councils for interaction with the public, in particular those aimed at ensuring transparency and public control and oversight of the body's activities, also need to be streamlined.

In addition to the functions of monitoring the activities of CEBs, which are currently mainly assigned to the PC, it is also necessary to provide an advisory voice in such important processes as competitive selection, performance appraisal, consideration of disciplinary complaints, and assessment of the body's performance.

In addition, in order to increase efficiency and ensure that CEBs provide feedback on the decisions of public councils, it is necessary to enshrine the obligation to respond publicly and reasonably to the proposals of the PC.

## Proposal 3

**Ensure traceability of appeals and feedback to the Public Council. Publish all minutes of the Public Council meetings. Add the decisions of the State Customs Service adopted after consideration of the proposals of the Public Council to the official web portal in the section "Public Council"**

**Addressee:** State Customs Service, Public Council of the State Customs Service.

**Description and expected outcomes:** Publication of materials on the activities of the Public Council, including issues addressed by stakeholders to the Public Council, minutes of meetings and responses of the State Customs Service to its decisions of the advisory body will increase transparency and trust in the Council. In addition, it allows

stakeholders to objectively assess and track the results of their appeals to the Public Council and the State Customs Service.

The subjects of customs policymaking and implementation should publicly respond to the decisions of the Public Council by publishing an official response on their website within 10 working days after consideration. To this end, it is proposed to amend the Regulations on the Ministry of Finance, the State Customs Service and the Public Council under the State Customs Service, setting out the timeframes and the obligation to provide reasoned responses to the proposals of the PC, indicating their consideration or reasons for rejection, and to ensure public access to these materials.

All responses should be published on the publicly accessible website, and the annual activity report should include statistics on the accepted/rejected proposals of the PC. To ensure control, it is proposed to involve the public in monitoring through regular surveys on the quality of response.

Eliminating the problem of lack of information on the response to the PC's decisions will increase the trust of business and the public in the consultation process.

#### Proposal 4

**Develop Work Plans and Reports of the Public Council with a focus on the desired/achieved long-term sustainable performance results**

**Addressee:** Public Council of the State Customs Service of Ukraine.

**Description and expected outcomes:** The reports for 2023-2021 indicate the issues on which the Public Council focused in its activities in the respective year, while sometimes there is a lack of information on the practical results of the Public Council's activities (cases of successful resolution of business issues with the participation of the Public Council and the State Customs Service). Such information would, firstly, allow assessing the results of interaction between the public, represented by the Public Council, and the Customs, and, secondly, increase the level of transparency and trust in the State Customs Service.



## Proposal 5

**Initiate a pilot project to establish regional advisory groups as structural units of the Public Council at 5 key customs offices (e.g. Lviv, Odesa, Kyiv, Volyn, Zakarpattia) with the participation of local NGOs, businesses, and representatives of the State Customs Service**

**Addressee:** State Customs Service, Public Council of the State Customs Service.

**Description and expected outcomes:** The groups will hold quarterly meetings to discuss regional issues and submit recommendations to the local offices and the central office of the SCS. The project can be scaled up after evaluation of its effectiveness. The solution eliminates the risks of weak coordination at the regional level (identified by the focus groups), while increasing the level of involvement of local stakeholders, reducing discrepancies in the application of legislation and increasing the efficiency of complaint resolution.

## Proposal 6

**Hold a dialogue with SMEs, identify their needs and develop ways to improve the mechanism of coordination between the State Customs Service and small and medium-sized businesses.**

**Addressee:** small and medium-sized enterprises engaged in foreign economic activity, the State Customs Service, the Ministry of Finance.

**Description and expected outcomes:** Establishing an effective dialogue between the State Customs Service of Ukraine and representatives of small and medium-sized businesses is a critical element of the development of Ukraine's customs system, given the role of SMEs in the country's economy.

The first step should be to find out the position and needs of SMEs, which may include a desire to increase their influence on customs policymaking, exercise public control and supervision over the activities of the State Customs Service, establish a response to feedback, etc.

This dialogue should continue in the future as part of a more sustainable formalised relationship, reflecting [the “think small first”](#) principle. It will also be important for the Ministry of Finance of Ukraine to ensure a detailed and mandatory analysis of the impact of innovations on SMEs. Implementation of a systematic approach to

assessing the impact of (customs) policy on SMEs will help to avoid unforeseen economic losses, increase entrepreneurs' trust in government institutions, and ensure balanced development of the sector.

Without prejudice to future discussions, at least three possible options for institutionalising SME participation in the consultation process can be considered within the current legal framework.



***Option 1: SME Subcommittee in the Public Council***

The first option envisages the creation of a specialised subcommittee within the structure of the existing Public Council under the State Customs Service. This unit would focus exclusively on small and medium-sized businesses and would be integrated into existing public oversight mechanisms.

A key advantage of this approach is the ability to implement quickly, as it uses an existing organisational structure. This also means minimal administrative costs and the ability to use existing communication channels. The Subcommittee will have access to all the developments of the Public Council and will be able to effectively use its experience.

However, this option has certain limitations, in particular, the creation of a subcommittee within the existing structure may cause functional competition with other existing committees. In order to implement this option, it is necessary to amend the regulations on the Public Council, appoint a subcommittee coordinator and ensure organisational support from the council members.



***Option 2: SME Advisory Group at the State Customs Service***

The second option proposes the creation of a separate advisory body under the State Customs Service. Such a group would have the opportunity to interact directly with the management of the State Customs Service through regular meetings and consultations. Within the group, thematic subgroups could be created to work on specific areas.

The main advantage of this option is the independence in setting the agenda and direct access to the leadership of the State Customs Service. This will ensure that the Service is able to respond quickly to the problems of SMEs and focus exclusively on issues related to this business segment.

However, the implementation of this option requires significant additional resources and changes to the regulatory framework. There is also a risk of duplication of functions with the Public Council. Implementation of this option requires the development of a regulation on the advisory group, the formation of a secretariat, the organisation of regular meetings and the provision of adequate communication support.

➔ **Option 3:** *Regional advisory groups with SME representatives*

The third option involves the creation of a network of advisory groups at regional customs offices with the inclusion of SMEs (corresponds to Proposal 5). This approach would allow for maximum consideration of local specifics and ensure greater accessibility for business representatives on the ground.



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