Proceedings of 4th International Conference CNDCGS'2024
ISSN 2669-2023 (print) / ISSN 2538-8959 (on-line) / DOI 10.3849/cndcgs.2024.532

Risk Analysis of Strategic Commodities in Customs Procedures in Relation to Global Security Threats

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Abstract
The paper analyses the impact of technological innovation on the risks associated with strategic commodities, means of control of the international trade with strategic commoditites and the need to adapt security measures to current needs. The paper analyses the risks of strategic commodities in customs management in the context of global security threats as a key element of the security and protection of national borders and the Union space in the context of national economic interests. The first step is to identify commodities that are key to the functioning of the national economy and the security of the country. The paper identifies and assesses potential threats and risks associated with strategic commodities, analyses the activities and activities of key suppliers of strategic commodities to the Czech Republic and their vulnerabilities. The paper identifies the geographical areas where these commodities are exported and the imbalance of exports due to political changes. The paper substantively identifies vulnerabilities in customs management and puts forward feasible measures to improve the situation in this area and looks at strategic commodities from two an economic and a security perspective. The second step, is interpretation of the results of export of the strategic commodities within third countries. The results shows that changes in the regulatory environment and legislative requirements have a significant impact on trade in strategic commodities. The last step - risk analysis presented in this area includes an assessment of the potential impact of changes in security and trade regulations and policies.

KEY WORDS: *Dual-use items, military material, safety, security, simplified customs procedure, strategic commodities.*

Citation: Markup, J., Naplavova, M., Roznak, P. (2024). Risk Analysis of Strategic Commodities in Customs Procedures in Relation to Global Security Threats. In Proceedings of the Challenges to National Defence in Contemporary Geopolitical Situation, Brno, Czech Republic, 11-13 September 2024. ISSN 2538-8959, DOI 10.3849/cndcgs.2024.532.

1. Introduction

The commodities trade is as old as mankind itself. The classification of commodities as strategic has changed over the centuries due to changing needs and the identification of the importance of the commodities in question. Generally speaking, a strategic commodity is any good or technology whose production, possession or trade gives those who possess it an advantage over those who do not possess, produce or trade it. Strategic commodities can be viewed from two perspectives. From an economic point of view, they are valuable items that are easily monetised. From a security perspective, they are means of protecting the population, natural resources and nature itself. From a safety and security point of view, these will be dual-use goods and military material, which are currently more attractive

Security has been, given the location of the Czech Republic, a very important part of state policy. In the past, a considerable amount of financial and human capital has always been spent on it. The primary reason for this was both the location and the changes in the political situation during the 20th century. Due to the presence of the Iron Curtain and stable natural conditions, the focus on industry and mining was an absolutely logical direction to set the orientation of the Republic. The paper analyses the risks of strategic commodities in customs management in relation to global security threats as a key element of security and protection of national borders and the EU area, in the context of national economic interests. The first step is the identification of commodities that are key to the operation of the national economy and the security of the country. The paper includes raw materials, energy resources, foodstuffs, pharmaceuticals and others essential for the functioning of society and industry. As a second step through exports of strategic commodities for 2022 and 2023 to third countries, it analyzes possible threats in the area of safety and security. Last step proposes possible countermeasures - more accurate electronic risk analysis in combination with maximum cooperation of all security forces and state authorities.

The paper identifies and assesses the potential threats and risks associated with strategic commodities that may be important to national security, the economy and public health. The paper analyses the activities and operations of key suppliers of strategic commodities to the Czech Republic and their vulnerabilities also the geographic areas where these

Peer-review under responsibility of General Jonas Žemaitis Miltitary Academy of Lithuania and University of Defence, Czech Republic

commodities are produced and highlights their unreliability and associated vulnerability to supply disruptions, particularly as a result of global negative events such as conflicts, natural disasters or pandemics.

The paper targets security threats and risks. Primarily, terrorism, cyber-attacks, organised crime, but also the proliferation of weapons of mass destruction. The paper substantively identifies the vulnerabilities in customs management and puts forward feasible measures to improve the situation in this area. The paper looks at strategic commodities from two perspectives. From an economic and a security perspective. The aim of the paper is to analyze and evaluate the structure of exports of selected strategic commodities to selected third countries. These countries were chosen as high-risk due to the increase in the volume of exports of dual-use goods from the point of view of safety and security. The documents were obtained through a request to the General directoriate of the customs and are official data that are provided for the processing of the European Commission's annual report. Based on the analysis and evaluation of this data, development trends related to the security situation not only in Europe, but also worldwide can be seen.

2. Basic legal instruments for trade in strategic commodities

While foreign trade in military material is regulated directly by law in the Czech Republic [1], the basic instrument for trade in strategic commodities is the Act implementing the European Community regime for the control of exports of dual-use goods and technology [2]. "The Act directly regulates the Council Regulation and defines the control of exports of dual-use goods, including software and technology (hereinafter referred to as "dual-use goods"), the provision of brokering services related to dual-use goods and transit in compliance with international regimes, international treaties and arrangements, the Czech Republic has undertaken to fulfil, as well as certain rights and obligations of intermediaries of exporters of dual-use goods and other persons involved in the export, rights and obligations of persons transporting dual-use goods from the territory of the Czech Republic to the territory of another EU Member State. These international treaties and arrangements are also binding on all EU Member States. The Act also regulates the control of the provision of technical assistance relating to certain military end-uses, the rights and obligations of persons importing dual-use goods into the Czech Republic." [2].

The main partner for the trader of such goods is primarily the Ministry of Industry and Trade, which implements the measures entrusted by the EU to the Member State. These are mainly licensing procedures for the export and transport of dual-use goods, communicating to the subject whether a licence will be required for the export or brokering of trade. It is also responsible for deciding on transit bans, cooperating with the competent authorities of the Czech Republic (in particular the Customs Administration of the Czech Republic) and cooperating with the competent EU Community authorities. It is also authorised to provide and request information within the scope of the law, in particular from the Customs Administration of the Czech Republic, the Office for Foreign Relations and Information, the Security Information Service, the Ministry of the Interior or the State Office for Nuclear Safety. The authorization procedure shall take place if all the requirements laid down are met. The basic requirement is a certain determination that the goods are dual use and are in the Council Regulation. If it is directly stated or so designated by the Department, the form of the permit must be specified. This is for reasons of public safety or protection of human rights and applies not only to exports but also to the transport of goods.

Another equally important document is the Council Regulation (EC) establishing a Community regime for the control of exports, transfer, brokering and transit of dual-use items [3]. "The subject of this Council Regulation is dual-use goods, which are goods, including software and technology, that can be used for both civilian and military purposes and includes all goods that can be used for both non-explosive purposes and for any form of support for the production of nuclear weapons or other nuclear explosive devices." [3]. This Regulation applies from 2021 and is binding on all EU Member States. The list of goods forming an integral part of this Regulation is regularly updated in the framework of meetings of the International Control Regimes Groups. Due to the breadth of the subject, for the purposes of this article, aggregated data will be used.

3. Customs Management of Trade in Strategic Commodities

3.1. The customs procedure initiation

The customs procedure is initiated by lodging a customs declaration, which may be written or electronic, but the law does not exclude the oral form. For the purposes of the customs procedure in trade, the person lodging the customs declaration, hereinafter referred to as the declarant, shall use the single administrative document. This document is the basic document accompanying the customs procedure and contains all the essential elements for the customs procedure. It includes information on the consignor, the consignee, the end user, the goods in question and their weight, value and customs classification. Additional documents, licenses, delivery and transport notes are also an integral part of the customs procedure. The declarant may be a natural or legal person established in the EU and may act for himself or on his own behalf. The representation may be direct or indirect. Representation is advantageous for the declarant if he is not technically, professionally or financially equipped to deal with customs or government authorities. Customs procedures are therefore a comparison of the declared information in the documents with the actual situation. The customs authorities may proceed to a documentary check or compare the condition physically as part of a random or full inspection of the goods. [4] Very specific in the customs procedure is possibility to become Authorize economic operator (AEO). This is big benefit for companies, but it is very dangerous for safety and security area. It is very simple to be AEO. The registration into this program is very easy and fulfilling the conditions is also simple. Every company who is paying taxes and doing foreign trade can be AEO.

Big advantage of this simple custom procedure is for example easier admittance to customs simplifications or fewer physical and document-based controls [5]. It will be described below.

The customs authority uses the Common Customs Tariff to determine the amount of duty and tariff classification. The Customs Tariff 4 (TARIC application) is the basic instrument of the EU's common customs policy. This tariff is continuously updated, promulgated irregularly in the form of a Council Regulation according to the current needs and interests of the EU. The Customs Tariff is a complex system of combining the numerical designation of goods and their classification into groups. The groups are indicated by Roman numerals and are not part of the nomenclature of goods. Within each class, goods are further subdivided by a four-digit code for the designated chapters and subchapters and a six-digit code for the groups. The resultant code is the final code on the basis of which the goods are accurately identified and the calculation of customs or excise duties and VAT takes place. From a security perspective, TARIC is important for the accurate allocation of the resultant code (HS code), which helps to identify whether the goods are subject to documentary or physical control [6].

3.2. International control regimes

Today, more than ever, the illicit handling of dual-use goods and technologies is being addressed not only by the relevant state authorities, but also by the public. Dual-use goods and technologies can be used in peaceful, i.e. civilian, applications in the energy sector, in engineering, but also in the chemical industry or in the IT sector. However, the danger lies in the ease with which they can be misused for military or terrorist purposes. There is also a risk that their transport to selected targets could be misused or that certain technologies could be made available.

International control regimes set conditions for the legal import, export, transit and other handling of these selected commodities. Technological developments, availability and the speed of logistics operations result in the constant updating of the listing of these commodities and the regulation and monitoring of trade. This applies not only to the producers and transporters of these commodities, but also to trade intermediaries. The cost and time complexity of trade in strategic commodities forces end-users of dual-use goods and technologies to use specialised agencies that provide turnkey delivery of the required goods - i.e. ordering, financing, delivery and training of operators. This trend was particularly evident in Russian companies, which were often linked to Czech producers. According to the Ministry of Foreign Affairs of the Czech Republic (2020), the international control regimes include the following groups and committees:

The Australia Group (AG) - focusing on the control of exports of biological and chemical agents, as well as facilities misused for the production or development of chemical and biological weapons [7].

The Nuclear Suppliers Group (NSG) - provides international control of nuclear items (components intended for civil nuclear purposes) [8].

The Wassenaar Arrangement (WA) is aimed at controlling a wide range of conventional weapons and dual-use goods and technologies, mainly located in the industrial sector. It has the widest scope of action as it covers both military technology and dual-use goods (The Wassenaar Arrangement, 2020) [9].

The Missile Technology Control Regime (MTCR) is a set of export measures implemented to prevent the proliferation of missile technology and related equipment and substances that are necessary for the development and production of missile systems [10].

The Zangger Committee focusing not to export directly or indirectly nuclear material and equipment to non nuclear weapon states unless the export is subject to International Atomic Energy Agency safeguards [11].

4. Method of Investigation

4.1. Quantitative analyses of the data

Quantitative analyses of the data provided by the General Directorate of Customs for the period 2013-2023 shows that for the total period, more than EUR 6 billion worth of military material was directly exported from the Czech Republic to third countries, and more than EUR 7 billion worth of dual use. Thus, these are goods worth more than EUR 13.25 billion, which are a security risk. The volume of data that has been provided for the purpose of writing this article is too extensive in its volume, and can be categorized by HS codes. However, the limitation of this data is due to its generality - at the moment it is not possible to disambiguate specific data and identify a specific recipient from it, as the law does not allow us to do so. However, it is possible to disambiguate the specific item that was exported to the state, which gives us the ability to see what items are most heavily traded and why this is the case. Even so, this data is valuable and provides relevant information on trade trends and possible trends. The table and the following chart compare trade trends for 2022 and 2023 for countries of interest in particular, or alternatively analyses the excesses, which are mainly unexpected changes in the volume of exports of military equipment and dual-use goods. The reason for the refinement of this analysis is mainly due to changes in the security situation in Europe, the Middle East and the Ukrainian conflict. Second method of investigation if synthesis of the hard data combined with changing of the security situation in world. Third method is risk analysis based on the outputs analysis and synthesis.

4.2. Risk Analysis

In the context of customs management, the main task of risk analysis is to prevent illegal export of strategic commodities to risky third countries in the area of safety and security. This is the most important task to which the Czech Republic is committed through Article 46 of the EU Customs Code (Regulation (EU) No 952/2013 of the European Parliament and of the Council). Here, the requirements for the collective implementation of EU risk analysis are set by common risk criteria. A secondary task, which is no less important from a methodological point of view, is the monitoring and gathering of information that leads to innovative solutions to the risk analysis, its refinement, and ultimately reflects trade trends.

Risk analysis can be carried out manually or electronically. Both methods have their advantages and disadvantages. Manual risk analysis in a customs environment is heavily dependent on the availability of skilled customs officers who are able to process a limited amount of data in a set amount of time. However, their results will be based on in-depth research and the extraction of information from open sources and internal registers. This analysis is carried out by customs officers in real time, which means that enormous pressure is placed on them to process quickly and accurately. However, it will not be possible to process large amounts of data given the number of export permits.

In contrast, the electronic analysis will act as a rapid tool, but will rely on perfect interconnection with the electronic customs management tools. Its principle is based primarily on the selection of risky commercial transactions on the basis of predefined risk profiles. These profiles are stored, modified and maintained according to predefined criteria and draw on data stored in the data warehouse. Such data include export and import declarations, licences and permits, offence and criminal proceedings. The e-analysis risk profiles are set by the customs officer according to the customs classification of the goods, as well as the name of the exporter, the destination of the goods, the price, the name of the consignee and, of course, the previous behaviour of the client. By setting up such a profile, it is possible to achieve that out of hundreds of thousands of customs declarations, the e-analysis will evaluate as risky even one tenth of the trade transactions [12].

However, even here there is, of course, a way around the system. If the declarant (exporter) intentionally or unintentionally enters an incorrect customs classification code or hides the name of the consignee, the analysis will obviously not be accurate. If the declarant suspects or knows that Customs is checking the shipments or operations of a foreign consignee, he can always try to export the goods through another Member State where the chances of success may be higher. Reason for improving current rules and conditions and setting new rules and conditions is very simple. Russia was in past one of the biggest business partner in area of strategic commodities. Russia focused for selected electronic equipment and items, which are very important for producing new technologies dedicated for Russian Armed Forces. Now, they have reached a comparative high level of the digitalization of equipment and interconnetivity among own participants [13].

5. Investigation Results

The biggest jump compared to other years in the volume of military equipment was in exports to Ukraine, where military equipment worth more than EUR 1.6 billion was exported in the period 2022 - 2023. Also of interest is the significant increase in exports of military equipment to other countries, which this article will look at in more detail. Historically, the Czech Republic has always cooperated in the arms industry with countries of the former socialist bloc or countries that cooperated with the Soviet Union. These ties remained even after the fall of the Iron Curtain and the Warsaw Pact. It is logical, therefore, that companies involved in the production and sale of military equipment and strategic commodities would have focused on these markets. The situation in Ukraine, the armed conflicts in the Caucasus or Israel, and the re-imposition of sanctions against states, companies or individuals have changed the nature of trade transactions and the availability of the items of greatest interest. Apart from Ukraine, NATO countries - i.e. the US and Turkey - have long been the largest buyers of military material. What has changed a great deal, however, has been the increase in exports to countries where there is very free access to trade and where there has been a noticeable increase in volume, especially after the conflict in Ukraine - Indonesia, Malaysia, Vietnam or the United Arab Emirates. There has also been an increase in trade in military equipment in African countries (Uganda, Ethiopia).

In the dual use category, the situation is similar. Although it does not currently reach the same numbers as the trade in military material, there have been changes in this category as well. Again, trade was based on historical ties. Historically, the largest trading partners in the dual-use category were China and Russia, which mainly took machine tools, chemicals or spent nuclear fuel from the Czech Republic. As a result of international sanctions, trade with China has been reduced and trade with Russia has defacto ceased, but interestingly the volume of trade in these products with Russia's trading partners has increased. A specific role here is played by the increase in trade with Serbia, which in 2023 took goods worth more than 63 million Euros, although in 2021 it took goods worth only 673 thousand Euros. The purpose was to purchase converters that can be used in the military industry, as well as chips and cellular networks [14].

Analysis of the available data clearly shows an increase in the volume of customs declarations in trade in strategic commodities. It can be assumed that the current upward trend in the volume of customs declarations will continue due to technological progress and the security situation in the world. The dynamic development of the world, international trade and the process of information sharing, technological advances, requires the customs authority or other governmental institution to expedite and facilitate trade. Efforts to maximize the speed of customs procedures entail the risk of increased errors in control activities and insufficient communication across institutions. This daunting task can only be managed if there is good cooperation in providing complete, correct data in the required format so that even the data warehouse managers can

accurately prepare the data for the selected analysts. Only data prepared in this way and collaboration working in this way can be the basis for effective risk analysis.

Table 1.

Volume of the exports of the military material and dual-use items within 3rd countries in ths. Eur

Country	Military material		Dual-use items		Total Export	
	2022	2023	2022	2023	2022	2023
Albania	0 €	666 €	183 €	73 €	**183 €**	**739 €**
Armenia	1 €	1 538 €	371 €	3 073 €	**372 €**	**4 610 €**
Azerbaijan	51 €	4 106 €	502 €	1 608 €	**553 €**	**5 714 €**
Bangladesh	3 333 €	1 683 €	30 €	6 945 €	**3 363 €**	**8 628 €**
Bosnia and Herzegovina	632 €	3 223 €	247 €	179 €	**879 €**	**3 402 €**
Ethiopia	1 032 €	4 696 €	0 €	0 €	**1 032 €**	**4 696 €**
Georgia	1 694 €	1 013 €	140 €	1 288 €	**1 835 €**	**2 301 €**
Guinea	0 €	0 €	19 €	4 842 €	**19 €**	**4 842 €**
China	7 615 €	2 038 €	136 636 €	92 169 €	**144 250 €**	**94 207 €**
Indonesia	2 641 €	48 956 €	841 €	238 €	**3 481 €**	**49 194 €**
Iran	0 €	0 €	909 €	1 192 €	**909 €**	**1 192 €**
Israel	26 790 €	33 855 €	8 424 €	16 920 €	**35 214 €**	**50 775 €**
Japan	0 €	0 €	57 830 €	53 085 €	**57 830 €**	**53 085 €**
Kazakhstan	15 137 €	12 202 €	4 423 €	5 477 €	**19 560 €**	**17 679 €**
Kosova	1 357 €	1 469 €	67 €	107 €	**1 424 €**	**1 576 €**
Kyrgyzstan	1 €	0 €	1 €	1 699 €	**1 €**	**1 699 €**
Lebanon	1 155 €	2 725 €	0 €	0 €	**1 155 €**	**2 725 €**
Malaysia	1 485 €	2 973 €	212 €	869 €	**1 697 €**	**3 842 €**
Montenegro	5 571 €	14 657 €	98 €	265 €	**5 669 €**	**14 923 €**
Morocco	26 883 €	2 827 €	1 840 €	3 607 €	**28 723 €**	**6 434 €**
Nigeria	21 660 €	5 988 €	1 109 €	3 892 €	**22 769 €**	**9 880 €**
Pakistan	6 108 €	1 022 €	1 783 €	597 €	**7 891 €**	**1 619 €**
Peru	1 036 €	259 €	34 €	89 €	**1 070 €**	**349 €**
Qatar	3 037 €	57 €	2 621 €	2 132 €	**5 659 €**	**2 189 €**
Russia	0 €	0 €	2 854 €	545 €	**2 854 €**	**545 €**
Serbia	1 378 €	2 397 €	38 982 €	63 283 €	**40 360 €**	**65 680 €**
Singapore	0 €	0 €	78 707 €	144 155 €	**78 707 €**	**144 155 €**
South Africa	239 €	2 123 €	7 943 €	8 100 €	**8 182 €**	**10 223 €**
Switzerland	11 047 €	23 138 €	47 003 €	55 900 €	**58 050 €**	**79 038 €**
Tanzania	263 €	154 €	169 €	1 172 €	**432 €**	**1 326 €**
Thailand	4 427 €	3 513 €	869 €	699 €	**5 296 €**	**4 212 €**
Turkey	27 115 €	23 024 €	23 486 €	23 064 €	**50 601 €**	**46 087 €**
Uganda	2 523 €	30 203 €	1 093 €	196 €	**3 616 €**	**30 399 €**
Ukraine	620 623 €	998 319 €	23 973 €	17 399 €	**644 596 €**	**1 015 718 €**
United Arab Emirates	6 755 €	23 348 €	4 964 €	12 857 €	**11 719 €**	**36 205 €**
USA	34 297 €	40 005 €	371 291 €	305 921 €	**405 589 €**	**345 926 €**
Uzbekistan	33 €	35 €	44 €	923 €	**77 €**	**958 €**
Vietnam	29 883 €	84 228 €	1 740 €	125 €	**31 622 €**	**84 353 €**
Zimbabwe	0 €	0 €	329 €	897 €	**329 €**	**897 €**

Source: General Directoriate of the Customs

Equally important is the correct implementation of the acquired knowledge, the use of such knowledge in joint cooperation meetings of state institutions and the setting of uniform rules so that the exporter cannot get a double interpretation of the law, implementing regulations or European Commission regulations. It must not be forgotten, however, that even the best prepared data, the most sophisticated electronic risk analysis cannot replace the human factor, its suspiciousness, its ability to empathise with the perpetrator, its experience of previous cases, its sensitivity and anticipation.The harmonious use of both combinations of the risk analysis, quality training, system updates and more accurate open source work make risk analysis telling and applicable to patrols and field operations. This paper highlights historical facts, analyzing relationships between regions, without which a quality analyst cannot work; it is not the goal to cover every commodity in detail (see Table 1).

6. Discussions and Conclusions

Technological advances and developments are constantly moving forward. There is also enormous pressure on state organisations and security forces involved in inspections, particularly to speed up and automate the inspection process. The European Commission is exerting systematic pressure to electronic documentary checks and minimize the number of physical checks. The customs administrations of the countries of the European Community are creating electronic risk analysis systems, which they are of course trying to improve, but the problem remains that even the best electronic tool cannot replace the work of an experienced customs officer and cannot incorporate current knowledge so that he or she can work fully. These tools can only act as a complementary tool, as a sieve to facilitate the customs officer's control activities by sending the riskiest cases to automatic control. At present, the very imperfection of the above mentioned legal norms is evident; although they are being amended and Member States exchange their experience in control activities and interceptions at regular meetings, the speed of development of technologies and their availability to users of the timely axis makes this work more difficult. The political situation, the risks of terrorist attacks and the arms race and technological developments put pressure on the continuous and above all systematic training of security forces, their synergy in combating illegal activities and the creation of common policies, working places and workshops in which they can share common information. Technological advances are often linked to the affordability of older technologies, but these are just as much of a threat as they were before. Just as dual-use technologies are evolving, particularly in the area of drones, so too is the availability of information that can be obtained from open sources on the Internet. Technologies that were previously not in the dual-use category are being improved and are now represented there. 3D printers are a phenomenon in the same way that drones were in their early days. Any 3D printer that can use metal powder for its operation belongs to the dual-use category, as it can also produce a specialised component that can be used in a military programme. Working with open sources is much easier than it used to be, the amount of information about technologies, AEO subjects or companies involved in development, production and sales is growing every year. It is clear that in the future there will be a greater proportion of trade in these commodities that is conducted outside traditional shops, especially in the area of auction portals where the anonymity of both buyer and seller is guaranteed. The darknet environment should not be underestimated, where the absence of traditional financial means, the anonymity of the environment and the difficulty of monitoring all contribute to illegal trade. The conditions of state institutions, i.e. the method of issuing export permits to third countries and the method of control by customs authorities, as well as sanctions and pressure from lobbyists on the export of goods to third countries, will also depend heavily on the trend of trade in strategic commodities. The trend of accelerating trade and transport will lead to a relaxation of controls and a pro-client approach will facilitate this trade. The demand for computerisation, automation and accessibility of customs systems has presented customs authorities with a new challenge of linking their systems to one that will serve as a place to share messages, alert on risks and threats, archive and build a pan-European data warehouse that will be available 24/7 to registered users. The data in it will be in dedicated mode. This system, which will be primarily built for supervisory departments, should have business intelligence status. That is, it will manage and design surveillance activities based on set objectives and priorities, retrieve detailed information on surveillance subjects, and become an aid to field patrols. From the author's point of view, the basic rule is to set priorities - i.e., focus on controlling and monitoring trade or promoting trade in every possible way in order to promote employment and the receipt of money for the state budget. It is also necessary to remember that the Czech Republic, as an EU member state, is bound by international treaties and is a member of international organisations.

The current problem is primarily pressure on the speed of customs operations. This pressure is being exerted by foreign companies on the customs administration and the EU, which is trying to order customs administrations to behave in a pro-client manner by taking completely nonsensical steps. Customs is a security force whose job should be to support and protect the market, the country and its people. It cannot operate on the principle of trust in an individual or an organisation. This principle has already backfired, for example, in the migration crisis. Therefore, given the investment in electronic customs systems across the EU, a more acceptable option would be to use intelligent systems that can model crisis scenarios with design measures based on previous modus operandi. However, the condition would be full ownership and management of the system by the Customs Administration of the Czech Republic, so that the system could not be abused by the development company and, of course, the system would have to be fully compatible with other similar systems operating in other EU Member States so that simplified information exchange could be carried out.

The next step should be to tighten up the penalties for companies and individuals for breaches of customs regulations so that, although the fine is enforceable, it faithfully replicates the seriousness of the breach and takes into account the economic situation of the offender.

Acknowledgements

It would be not possible to produce this paper without data received from General Directoriate of the Customs. Well prepared data, knowledge and experience of the staff was a greatest inspiration. This paper is dedicated to prof. Ing. Roman Rak, Ph.D., who passed away in 2023. He was respectable member of Ambis University, his knowledge and experience will missed.

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