



**SCHOOL OF COMMERCE
COLLEGE OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

**THE EFFECT OF AUTHORIZED ECONOMIC OPERATOR ON
TRADE FACILITATION IN ETHIOPIA: THE CASE OF
ACCREDITED IMPORTERS**

**BY
ELIZABETH TIZAZU**

*(A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF
COMMERCE FOR THE PARTIAL FULFILMENT OF THE DEGREE OF MASTER
OF ARTS IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT)*

**ADVISOR
BUSHA TEMESGEN (PhD)**

**AUGUST, 2021
ADDIS ABABA, ETHIOPIA**

**THE EFFECT OF AUTHORIZED ECONOMIC OPERATOR ON
TRADE FACILITATION IN ETHIOPIA: THE CASE OF
ACCREDITED IMPORTERS**

BY

ELIZABETH TIZAZU

*(A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF
COMMERCE FOR THE PARTIAL FULFILMENT OF THE DEGREE OF MASTER
OF ARTS IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT)*

ADVISOR

BUSHA TEMESGEN (PhD)

AUGUST, 2021

ADDIS ABABA, ETHIOPIA

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE DEPARTMENT OF LOGISTICS AND SUPPLY
CHAIN MANAGEMENT

**THE EFFECT OF AUTHORIZED ECONOMIC OPERATOR ON TRADE
FACILITATION IN ETHIOPIA: THE CASE OF ACCREDITED IMPORTERS**

BY
ELIZABETH TIZAZU

APPROVAL BOARD COMMITTEE

Advisor Signature

Date

External Examiner Signature

Date

Internal Examiner Signature

Date

DECLARATION

I declare that the research entitled The Effect of Authorized Economic Operator on Trade Facilitation in Ethiopia. The case of AEO Accredited Importers is my original work and has not been presented in Addis Ababa University or any other University, and that all sources of material utilized for the investigate have been properly recognized.

ELIZABETH TIZAZU
(Researcher)

Date: August, 2021

STATEMENT OF CERTIFICATION

This can be to certify that Elizabeth Tizazu has carried out under my supervision on the subject entitled “The Effect of Authorized Economic Operator on Trade Facilitation in Ethiopia. The case of AEO Accredited Importers. This work is unique and can be displayed for the grant of master’s degree in Logistics and Supply Chain Management.

BUSHA TEMESGEN (PhD)

(Advisor)

Date: August, 2021

ACKNOWLEDGMENT

I would like to take this opportunity to first and foremost thank the Almighty God and Virgin Mary for being my strength and guide during this journey. I would also like to acknowledge and thank the following important people who have supported me, not only during in writing this thesis but throughout my master's degree.

Firstly, I would like to express my appreciation to my thesis advisor Dr. Busha Temesgen for his faithful support and guidance throughout this Thesis.

And finally, I would like to thank all my close friends and family. You all have encouraged, believed in me, helped me to focus on what has been a hugely rewarding and enriching process.

Especial thanks go to my brother Abiy Tizazu and my best friend Meseret Tadesse for their endless moral support during the entire journey.

Table of Contents

ACKNOWLEDGMENT.....	i
LIST OF TABLES.....	v
LIST OF FIGURES	v
ACRONYMS.....	vi
ABSTRACT.....	vii
CHAPTER ONE.....	1
INTRODUCTION	1
1.1. Background of the Study.....	1
1.2. Statement of the Problem.....	3
1.3. Research Question.....	4
1.4. Objectives of the Study	5
1.4.1. General Objective	5
1.4.2. Specific Objectives	5
1.5. Significance of the Study	5
1.6. Delimitation/Scope of the Study	6
1.7. Limitation of the Study	6
1.8. Definition of Terms.....	7
1.9. Organization of the Paper.....	9
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1. Theoretical Review	10
2.1.1 Trade Facilitation.....	10
2.1.2. Trade Facilitation Pillars	12
2.1.3 Trade Facilitation Measures	13
2.1.4. Trade Facilitation and Authorized Economic Operators concept in international level	14
2.1.4.1. World Trade Organization	14
2.1.4.2. World Customs Organization – SAFE Framework	14
2.1.5. WCO’s SAFE Framework Standards and Technical Specification	16

2.1.6. Objectives and Principles of the SAFE Framework and its core elements	16
2.1.7. AEO- Admission Requirement.....	17
2.1.8. AEO-Benefits	18
2.1.9. Trade Facilitation Measures for AEOs	19
2.1.10 WTO Trade Facilitation Recommendations under GATT Articles V, VIII and X	20
2.1.11. AEO Concept in Ethiopia	21
2.1.11.1. AEO- Legal Background of the program.....	22
2.1.11.2. AEO-Why in Ethiopia.....	22
2.1.11.3. AEO-Who can become, Authorization Criteria, Accreditation Process and Facilitation/Benefits offered.....	23
2.2. Empirical Review	24
2.3. Conceptual Framework	27
CHAPTER THREE	29
RESEARCH METHODOLOGY	29
3.1. Research Design.....	29
3.2. Research Approach	29
3.3. Target Population	29
3.4. Sampling Technique.....	30
3.5. Type and Source of Data.....	30
3.6. Data and Collection Methodology	30
3.7. Data Analysis	31
3.8. Validity and Reliability	32
3.8.1. Validity	32
3.9. Ethical Consideration	33
CHAPTER FOUR.....	35
ANALYSIS AND DISCUSSION OF RESULTS	35
4.1. Response Rate	35
4.2. Respondents' Demographic Information	35
4.2. 1. Demographic Characteristics of the Respondents	35
4.2.1.1. Gender Distribution of Respondents	35

4.2.1.2. Age of Respondents’	36
4.2.1.3. Educational Qualification of Respondents	37
4.2.1.4. Respondents’ Current Position in the Company.....	37
4.2.1.5. Respondents’ Year of Service in their Current Position.....	38
4.2.1.6. Year of Company Being AEO accredited/Certified	38
4.2.1.7. Importers’ AEO Status Certificate Level	39
4.3. Descriptive Analysis on Main Research Determinants.....	40
4.4. Qualitative analysis	46
4.5. Correlation Analysis.....	48
4.6. Regression Analysis	48
CHAPTER FIVE	50
SUMMARY OF THE KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS	50
5.1. Summary	50
5.2. Conclusion.....	51
5.3. Recommendations	52
REFERENCES	54
APPENDIX I. QUESTIONNAIRES	58
APPENDIX II. CORRELATION	63
APPENDIX III- LIST OF CURRENT AEOs	64

LIST OF TABLES

Table 2.1: Trade Facilitation Recommendation.....	Error! Bookmark not defined.
Table 3.1. List of AEO Accredited/Certified Importers used in Study	29
Table 3.2. Reliability Test.....	33
Table 4.1. Participants’ response towards: Priority in Customs control.....	40
Table 4.2. Participants’ response towards: Simplified Customs Control	41
Table 4.3. Participants’ response towards: Priority in other Government Organizations working with Ethiopian Customs Commission	43
Table 4.4. Participants’ response towards: Mutual Partnership with Customs.....	44
Table 4.5. Participants’ response towards: the effect of being AEO certified on Trade facilitation	45
Table 4.6. Model Summary	Error! Bookmark not defined.
Table 4.7. Coefficients table	49

LIST OF FIGURES

Figure 1: The Four pillars of Trade Facilitation (<i>Source: National Board of Trade, Sweden</i>).....	12
Figure 2. Conceptual Framework (<i>Source: Modified by researcher ((2010) Szelp, Attil.</i>	28
Chart 4.1. Gender Distribution of Respondents.....	36
Chart 4.2. Age of Respondents’	36
Chart 4.3. Qualification of Respondents.....	37
Chart 4.4. Position of Respondents.....	37
Chart 4.5. Respondent s’ Experience	38
Chart 4.6. Company AEO Accredited Year.....	39
Chart 4.7. AEO Certification level	39

ACRONYMS

AEO: - Authorized Economic Operators

AAK: - Addis Ababa Kality

CTPAT: - The Customs-Trade Partnership against Terrorism

ECC: - Ethiopian Customs Commission

EAC: - East African Community

ERCA: -Ethiopian Revenues and Customs Authority

GAAT: -General Agreement on Tariffs and Trade

MPC: - Mutual Partnership with Customs

PCA: -Post Clearance Audit

PCC: - Priority in Customs Control

PGO: - Priority in Other Government offices

RKC: - Revised Kyoto Convention

SAFE Framework: - Standards to Secure and Facilitate Global Trade

SCC: - Simplified Customs Control

TF: - Trade Facilitation

TFA: - Trade Facilitation Agreement

TFC: - Trade Facilitation Committee

UNCTAD: -United Nations Conference on Trade and Development

UN/CEFACT: - United nations center for Trade Facilitation and Electronic Business

USAID: - United States Aid for International Development

WCO: - World Customs Organization

WTO: - World Trade Organization

ABSTRACT

Trade facilitation is the harmonization, simplification, standardization, and modernization of trade procedures. Among several TF measures, AEO program, introduced by WCO Safe framework of Standards in 2005, with the main aim of improving revenue collection through voluntary compliance of companies. Ethiopia launched the program in 2010 using risk management as a tool to balance between facilitation and control. The study was conducted with main objectives of assessing the Effect of AEO on trade facilitation in Ethiopia considering 9 accredited importers through Census survey. The study employed mixed research methodology using primary and secondary data for the investigation. Questionnaires were used as a tool to collect primary data while secondary data was gathered through documents, records, and research paper analysis. For analysis, descriptive analysis of table, charts, mean, standard deviation, Correlation and regression were used. The findings include having AEO privilege minimizes clearance time for the accredited importers, also the respondents agreed that the privilege has brought a fair level of improvement on their trade volume, and which as well shows increment on the duty they paid for the regulatory government body. Thus, it is recommended; customs should majorly work on simplification of customs procedures, facilitating regular trainings, awareness creations of the program, promoting the privileged traders to customs community and regulatory bodies working with customs for better practice of the program and focus on working on mutual partnership with business community and other government bodies.

Key Words: *Trade Facilitation, Authorized Economic Operator, World Customs Organization (WCO) Safe Framework of Standards*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Trade facilitation (TF) is the harmonization, simplification (rearrangement), standardization, and modernization of trade procedures. It looks for to reduce transaction costs and minimization of processing time at the interface between business and government. Trade facilitation and regulatory control are the challenging issues in most African countries and a cause of delays and high transaction. Though, the execution of trade facilitation standards/principles/ is full of impediment/barrier/. To ensure appropriate balance between trade facilitation and regulatory control in customs procedures specifically in import clearance, there are enabler tools such as effective utilization of customs automation, proper implementation of risk management; human resource development, and customs cooperation and coordination with other government agencies involved in international transaction. Human resource management and development is the single most critical issues influencing the capacity of customs to attain its allotted targets successfully and productively (EC, 2007 and USAID, 2006).

According to WCO 2014a, p.3., there are several TF measures that could be used as a proxy for their effect on the national economies. Authorized Economic Operator (AEO) is one of the trade facilitation measures. It is characterized/ defined as a party included within the international movement of goods in whatever function that has been affirmed by or on behalf of national customs administration as complying with WCO or equivalent supply chain security standards”

Authorized Economic Operator (AEO) is a concept integrated in the World Customs Organization (WCO) to address the critical issues in the post 9/11 New York attack. After such devastating incident, the main issues on the supply chain were security of overall supply chain on one hand while the facilitation the global trade on the other hand (De Almeida, 2015). The United States operates a similar program, which is called CTPAT (the Customs-Trade Partnership against Terrorism).

According to Safe Framework of Standards,2014 Annex I/Page 1, Authorized Economic Operators may incorporate exports, imports, manufactures, freight forwarders, warehouses, brokers, carriers, consolidators, intermediaries; ports airports, terminal operators, integrated operators and distributors.”

The program is voluntary in nature based on the willingness of the companies. Companies’ participation in the program is their own discretion. However, for those companies opted to join the program, there are eligibility criterions. There is an application process that involves the self-assessment. Next to self-assessment to, the customs authority will so its own assessment of the applicant company based on the established criteria. ((Peterson and Treat 2008), (Butter, 2010)

The major aims of the AEO are establishment of corporate identity system and encouragement of business within the supply chain to maintain a high degree of safety and security in their operation while operating in the international trade (Chen and Ma, 2015).

Ethiopian Customs Commission(ECC) which is separated from the earlier “Ethiopian Revenue and Customs Authority(ERCA) and came into existence by proclamation number 1097/2018 plays fundamental part in the facilitation of movement of goods and person entering and exiting the border of the country , the core functions are enforcing Customs as well as related laws, collecting duties and taxes, ensure the social welfare of the citizen of the country by controlling the import/export prohibited restricted goods, ensuring timely clearance of goods and facilitate trade and movement of travelers, giving statistical information of the import and export goods.

Customs administrations have always played an important role in insuring compliances to customs and stakeholder laws including security issues. However, due to the improvement of the global logistic dynamism and continuous increase of transports around the globe, Customs administrations have become more and more dependent on one another to get better grip on international supply chains. Also, the increase of global trade and thus the number of shipments has forced Customs administrations to revisit their way of keeping supervision, without compromising Compliance requirement. The Authorized Economic Operator (AEO) program was started with legal background of

Proclamation no. 622/2008 of July 2008 the provisions of its articles 14(2) and 122(2) as a pilot project using 13 companies in 2010 using risk management as a tool to balance between facilitation and control. This helps the then ERCA to divert financial and human resources to high-risk Consignment and to provide high level of facilities for the legitimate traders/ taxpayers. By the time of this study is conducted (as 2021), around 48 companies involved different task like Manufacturing, import, export, and industry in the country are accredited the AEO privilege with different level of status; Diamond, Gold, Silver and Bronze and out of the 48 companies 9 of them are importers which are taken to conduct this specific study. (Source; Customs manual)

1.2. Statement of the Problem

Customs Clearance as defined by the WCO Revised Kyoto Convention (RKC) is “the accomplishments of the Customs formalities necessary to permit products/ goods/ to enter home use, to be exported or to be placed under another Custom procedure” and release as “the action by the Customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned” (WCO, RKC, General Annex Chapter 2).

UNCTAD Trust Fund for Trade Facilitation Negotiations¹ Technical Note No. 19; Customarily, Customs authorities don't discharge products until all issues related to the transaction are settled and obligations (duties) and charges (taxes) due are paid – in this way, the clearance completed. In any case, the ultimate /final/ clearance can be postponed for different reasons, such as pending decision on classification and valuation, lost documents, or appeal process against decision. Such delays have a negative effect on traders' supply chains, as the products (goods) are maintained in a Customs-controlled office and are not at the transfer of the dealer.

Portugal-Peers and Wilson (2009) estimated that each day delay at customs is equivalent to the country distancing itself from its trading partners by an additional 85 K.M. In terms of customs delays, Africa suffers from the height's average customs delay in the worlds which is 12-day average for Sub Saharan Africa while Latin America is 7 days, Central and East Asia 5.5 days and 4 days for Central and East Europe.

From personal experience/observation/ of the researcher, in our country's case also delays in the final clearance process majorly on imported cargos can arise due to physical inspection, assessment of the value, determination of the correct classification and determining origin of the cargos are few from many reasons which can lead to critical costs to firms involved in international trade and on timely collection of tax to the government. According to the study conducted by Lemlem (2018) the different problems involved in import customs procedure increases the international trade transaction cost and it also makes cost of doing business in Ethiopia high which affect the country's investment opportunity.

In Ethiopia many traders involved in different task are found. According to the information from Ethiopian customs Commission system, there are more than 11,000 traders who are involved in import and export business, as of 2021 only 48 firms in all business sectors are AEO status accredited which suggests a low recognition of AEO program in the country, regardless of the program benefits. This shows the cost of customs clearance in the country remains high, long clearance time and negatively playing an impact on timely collection of duty and tax for the government body.

The gap that encouraged the researcher to study this topic was the literature gap; there is a shortage of sufficient and constructed/compiled documents that indicates the status of AEO program in the country and mainly studies that discusses the effect AEO accreditation/certification has on trade facilitation in Ethiopia as per the researcher's knowledge. While there is such knowledge gap, it is noticeably challenging to have a clear image of the effect AEO accreditation/ certification has on trade facilitation. In addition, the limited research found conducted discusses on the implementation of the AEO program in the country. These are the gaps that initiate the researcher to study this topic.

1.3. Research Question

Considering the above-mentioned gaps and adopting the dimensions from previous study used by Tesfaye (2015), this study tried to assess the effect of AEO on trade facilitation and measures the program's effect in terms of the following dimensions: priority in

customs control, simplified customs clearance, priority in other government organs working with customs commission, mutual partnership with customs, and tried to answer the following research question.

- Does AEO have effect on the Clearance time?
- Does AEO have effect on Importer organizations' trade volume?
- Does AEO have effect on the amount of customs duty and tax paid by firms (AEO Privileged importers) to the government body?

1.4. Objectives of the Study

1.4.1. General Objective

To assess the effect of Authorized Economic Operator (AEO) on trade facilitation in Ethiopia for accredited importer companies.

1.4.2. Specific Objectives

The specific objectives of the study were: -

- To examine AEO effect on clearance time.
- To examine AEO effect on firm's trade volume.
- To examine AEO effect on the amount of customs duty and tax paid by firms (AEO privileged importers) to the government.

1.5. Significance of the Study

The study provides good information about AEO, its benefit and how it is being implemented in the country and the effect it has on the trade facilitation for those parties who are not part of the scheme/program/.

It indicates the effect of the AEO accreditation has on Trade Facilitation for those parties involved in import and Ethiopian Customs Commission so that, the authority will make the criteria more achievable for the importers and other stakeholders who are involved in the business and for the stakeholders to work towards meeting the criteria and enjoys the privilege.

As there are limited studies in this area, the study will use as a foundation for other researchers who would like to undertake research on similar or related area of study in the future since the AEO program is on its youngest stage in the country.

1.6. Delimitation/Scope of the Study

This Study confined itself on assessing the effect of being AEO certified/accredited on trade facilitation using dimension of priority in customs control, simplified customs clearance, priority in other regulatory organizations working with customs commission and mutual partnership and tried to assess its effect in accordance with clearance time, trade volume and duty and tax paid by firms/importers to the government body. In addition, AEO program Accreditation in Ethiopia is granted for traders who meet the criteria required by the program which includes manufacturers, importers, exporters, freight forwarders and carriers, customs clearing agents and warehouse operators. Conducting the study which assesses the effect of the scheme on trade facilitation with consideration of all the AEO granted actors would have showed the real picture of the program's effect in the country. But this study was restricted /confined/ itself assessing the effect of AEO accreditation/certification on trade facilitation using the Nine (09) AEO Accredited/Certified importers as a case study for the purpose of undertaking this research as studying the program's effect on trade facilitation in country wide is unachievable regarding money, time, human source and data.

1.7. Limitation of the Study

While conducting this study, researcher faced some limitations which blocks to further investigate the study. Among those limitations, lack of well-organized/complied secondary data, relevant literature, and empirical studies (mainly in our country's context) was the major constraint faced during conducting this specific research. As most of the literatures found were mostly from guidelines developed by international organizations like WCO, WTO, and USAID and from Ethiopian guidelines, proclamation. Lack of enough previously conducted research in related with AEO program and the role it has on trade facilitation which could have helped the researcher to see the existing research gap. In addition, during the collection of primary data,

researcher observed that respondents were unwilling to give a reply to open ended questions and on time response to the questions. At last, previously planned interview was excluded from the data collection instrument because of the current pandemic situation (COVID-19) caused unwillingness and unavailability of the targeted respondents.

1.8. Definition of Terms

The definition of terms is as per Revised Kyoto Convention (RKC, 1999), Ethiopian customs Proclamation no. 859/2006 and other different literatures.

- **Trade Facilitation:** - The World Trade Organization (WTO) defines is the harmonization, simplification (rearrangement), standardization, and modernization of trade procedures in the interests of reducing transaction costs between government and business. Trade Procedures being understood as activities, practices and formalities associated with the administration of the transference of goods and services across national borders (OECD, 2005).
- **Simplification:** Simplification: elimination of unnecessary procedures, documents, and administrative and commercial formalities. Batista L. (2012)
- **Harmonization:** alignment of national laws and regulations with international conventions, regulations and practices. (OECD, 2005).
- **Standardization:** is “the process of developing internationally agreed formats for practices and procedures, documents and information”. (Butterly 2003)
- **Administration:** The executive part of the government; the person collectively who are Interested with the execution of the laws and superintendence of public affairs. (Proclamation 859/2014)
- **Authorized Economic Operator /AEO/:** A party involved in the international movement of goods in function that has been accepted by or on behalf of a national customs administration as fulfilling with WCO of equivalent supply chain security standards.
- **Customs:** According to Revised Kyoto Convention of 1999, the Government Service which is responsible for the administration of Customs law and the collection of duties and taxes, and which also has the responsibility for the

application of other laws and regulations relating to the importation, exportation, movement, or storage of goods.

- **Clearance:** Revised Kyoto Convention of 1999 defines Clearance as “The achievement of the Customs formalities essential to permit goods to enter home use, to be exported or to be placed under another Customs procedure”.
- **Customs procedures:** According to Ethiopian customs Proclamation no. 859/2014, it is defined as all customs operations which might be carried out by the people concerned and by the authority to comply with customs law.
- **Post Clearance Audit/PCA/:** The United Nations Conference on Trade and Development (UNCTAD) (2011) emphasizes the essence of PCA and defines it as “audit-based Customs control performed after the discharge of the cargo from Customs custody.
- **Risk Management:** A system of management by which different risk bands are categorized based on their risk levels considering fair customs service provision and control with respect to goods brought to or taken out of customs territory. (Proclamation no. 859/2014)
- **Supply Chain:** All activities associated with the flow and movement of products/goods/, services, and associated information form the point of origin to the point of consumption/utilization/. (Yang, C.C and Wei, H. (2013)
- **Supply Chain Security:** is the application of policies, procedures, and technology to protect supply chain assets (product, facilities, equipment, information, and personnel) from theft, damage, or terrorism and to prevent the introduction of unauthorized contraband, people or weapons for mass destruction into the supply chain. Williams Z., Lueg J.E, and Lemay, S.A. (2008)
- **Duty:** According to Ethiopian customs Proclamation no. 859/2014,it is defined A charge required and collected on any imported or sent out nourishments/foods/ in agreement with the customs Tariff / Tax/ regulation issued compatible to this Proclamation and the international convention on the Harmonized product Description and Coding Framework/system/.

- **Pre-Arrival Clearance:** The electronic submission of the relevant goods and cargo declaration data to the relevant authorities prior to the arrival (for import) or prior to departure (for export) of goods.
- **Tax:** According to Ethiopian customs Proclamation no. 859/2014, it is defined as Payment collected in understanding with the existing tax laws on imported and exported products/ goods/.
- **Importation:** Bringing or causing to be brought goods into the customs territory. (Proclamation no. 859/2014)
- **Deferred duty/tax Payment:** The payment of duties and taxes for goods declared over a specified period, e.g., 14 days after the release of the goods, in one amount by bank transfer or other non-cash payment method to the customs bank account or by withdrawal by customs from the trader's customs account. (RKC)

1.9. Organization of the Paper

The research is structured into five chapters. The first chapter of the research includes background of the study, statement of the problem, research questions, objectives, significance, scope (delimitation), limitation of the study and Operations of terms. The second chapter provides a literature review (theoretical and empirical) and conceptual framework. The main aim of the third chapter is to describe the research methodology, research design, research data collection, research population and sample of the study. Chapter four presents the findings of the study, and interprets the findings along with the analysis, and chapter five provide conclusion, recommendations, and suggestion for future works.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Review

2.1.1 Trade Facilitation

Safety and security measures are unavoidable in international trade, and they sit under the umbrella of trade facilitation. Trade facilitation, in all its forms, has always played a role in the development of international trade and has been solidified in hard law, and even plays a role in the development of free trade agreements. From the customs authorities' perspective, safety and security measures are a key component of customs controls. Therefore, a key concern for all customs administrations is in what way to develop a legal framework that strikes the correct balance between trade facilitation and security related customs controls. It is extremely important that trade facilitation and security concerns have an established legal framework with 'hard law' characteristics to ensure certain standards are uniformly adhered to. Lillian Udell MSc, (2016)

The concept of trade facilitation is accepting exceptional consideration and is at the heart of various activities inside the customs world. Trade facilitation has become a substantive item within WTO trade round negotiations, it is frequently referred to in supply chain security initiatives and is a feature within many customs' modernization programs. Trade facilitation is also a significant item within wider aid-for trade and capacity building initiatives. The term 'trade facilitation' is to a great extent utilized by institutions that look for to progress the regulatory interface between government bodies and traders at national borders.

Trade facilitation (TF) is the harmonization, simplification (rearrangement), standardization, and modernization of trade procedures. It looks for to reduce trade transaction costs and minimization of processing time at the interface between business and government.

Trade facilitation and regulatory control are the challenging issues in most African countries and a cause of delays and high transaction. However, the execution of trade facilitation standards is full with impediments/obstacles/. To ensure appropriate balance

between trade facilitation and regulatory control in customs procedures specifically in import clearance, there are enabler tools such as effective utilization of customs automation, proper implementation of risk management; human resource development, and customs cooperation and coordination with other government agencies involved in international transaction. Human resource management and development is the single most vital issues influencing the capacity of customs to attain its allotted objectives successfully and efficiently (EC, 2007 and USAID, 2012).

Trade facilitation is further defined by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT,1974), defines TF as s the harmonization, simplification (rearrangement), and standardization of trade procedure associated information flows required to move goods from seller to buyer and to make payment’ (OECD 2003). By emphasizing payment procedures UN/CEFACT acknowledges the part those commercial methods/procedures/, banks and other financial institutions play in worldwide trade operations. In reality, much of the information necessary for customs purposes can be found within standard commercial invoices between seller and buyer. Occasionally, the term ‘trade facilitation’ is also used more literally and is extended to mean the improvement of transport infrastructure (that is, transport facilitation), removal of government corruption, lessening of customs duties/tariffs, removal of modified duties, determination of non-tariff trade barriers, export marketing and export promotion.

In common trade facilitation definitions is the aspiration to progress the trade environment and decrease or remove any transaction cost between business and government. UN/CEFACT, in its Recommendation No. 4 (1974) is quite explicit on the reformatory objectives of trade facilitation, stating that the trade facilitation program ought to be guided by the ‘...simplification, harmonization and standardization [of trade procedures] so that transactions become easier, quicker and more economical than before’. As such, trade facilitation is at once a political, economic, business, administrative, technical, and technological issue (Butterly 2003).

2.1.2. Trade Facilitation Pillars

Trade facilitation eases the cross-border movement of goods by cutting costs and simplifying trade procedures (OECD,2005).TF rests on Four core pillars:(i) transparency;(ii) simplification;(iii) harmonization and (iv) standardization.

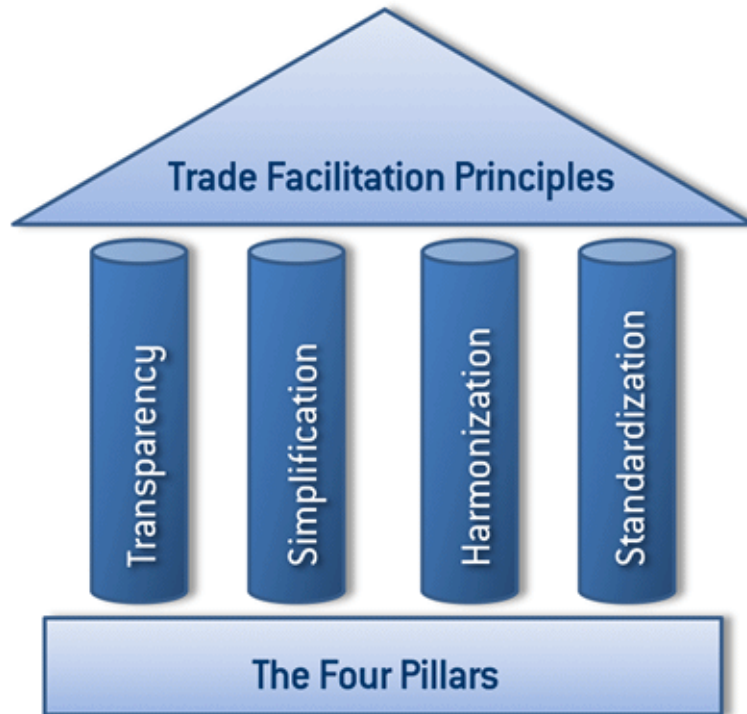


Figure 1: The Four pillars of Trade Facilitation (*Source: National Board of Trade, Sweden*)

Transparency: Within government promotes openness and accountability of a government and administration's actions. It entails disclosure of information in a way that the public can readily access and use it. This information may include laws, regulations and administrative decisions of general application, budgets, procurement decisions and meetings. Regulatory information should be published and disseminated, when possible, prior to enforcement to allow parties concerned to take note of it and make necessary changes. Furthermore, relevant stakeholders and the public should be invited to participate in the legislative process, by providing their views and perspectives on proposed laws prior to enactment.

Simplification: The process of eliminating all unnecessary elements and duplications in trade formalities, processes, and procedures. It should be based on an analysis of the current, “As-Is”, situation.

Harmonization: The alignment of national methods/procedures/, operations and documents with worldwide conventions, measures, and practices. It can come from adopting and implementing the same standards as partner countries, either as part of a regional integration process or because of business decisions.

Standardization: The process of developing formats for practices and procedures, documents and information internationally agreed by various parties. Standards are then used to align and, eventually, harmonize practices and methods.

To achieve these principles, full cooperation between government authorities and with the business community is essential.

2.1.3 Trade Facilitation Measures

There are several TF measures that could be used as a proxy for their effect on the national economies. Authorized Economic Operator (AEO) is one of the trade facilitation measures. It is characterized/ defined as a party included within the international movement of goods in whatever function that has been affirmed by or on behalf of national customs administration as complying with WCO or comparable supply chain security standards” (WCO 2014a, p.3).

The international community decided that there was a need for strategic guidelines to help countries around their world responds to these new security measures, but also to develop their own trade facilitation measures for safety and security. The WCO responded by publishing the SAFE Framework of Standards to Secure and Facilitate Global Trade, which among other trade facilitation measures, introduced the authorized supply chain scheme with the authorized economic operator (AEO). The AEO is to be compliant with the specific criteria defined by their country’s customs administration and will benefit from simplified data reporting requirements that will allow them to participate in simplified and expedited release processes. Igor Nestoryshen and Vitelii Turzhanskyi (2016)

2.1.4. Trade Facilitation and Authorized Economic Operators concept in international level

2.1.4.1. World Trade Organization

Across the international organizations supporting international trade the definition of trade facilitation is nearly identical. World Trade Organization (2012) defined TF as, “the rearrangement/ simplification/ and harmonization of worldwide trade procedures. Trade forms are doings/activities/, practices and formalities included in collecting, showing, communicating, and handling information required for the movement of products in universal trade.” It explains that trade facilitation is inclusive of a wide range of activities that incorporates both import and export procedures, transport formalities, payments, protections, and other budgetary or financial requirements. The WTO was established to facilitate trade agreements, provide a forum for trade negotiations, handle trade disputes, monitor changes in national trade policies, provide technical assistance for developing countries, and facilitate cooperation and dialogue with other international organizations.

The WTO’s Agreement on Trade Facilitation is modeled heavily on its own GATT agreement (Hans-Michael Wolfgang and Edward Kafeero, 2014). The WTO’s Agreement on Trade Facilitation was concluded in December 2013, amended, and then the decision was adopted on 27 November 2014 to insert this Agreement into Annex 1A of the WTO Agreement. The Agreement on Trade Facilitation includes arrangements for assisting the movement, discharge and clearance of goods, including products in transit. It also measures for successful cooperation between customs and other suitable authorities on trade facilitation and customs compliance issues. (WTO, 2017)

2.1.4.2. World Customs Organization – SAFE Framework

The WCO Council adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) in June 2005 to assist discourage terrorism, secure income collection, and encourage/ promote/ trade facilitation.. The SAFE Framework has been updated several times, include in 2007 with the addition of the conditions and requirements for Customs and Authorized Economic Operators, and most recently in 2015 to include the new Pillar III on Cooperation between Customs and other Government and Inter-Government agencies.(WCO,2016) The SAFE Framework defines

Authorized Economic Operator as a party included within the international movement of goods in whatever function that has been affirmed by or on behalf of national customs administration as complying with WCO or comparable supply chain security standards” may incorporate exports, imports, manufactures, freight forwarders, warehouses, brokers, carriers, consolidators, intermediaries; ports airports, terminal operators, integrated operators and distributors.” (WCO), 2015)

Authorized Economic Operator (AEO) is a concept integrated in the World Customs Organization (WCO) to address the critical issues in the post 9/11 New York attack. After such devastating incident, the main issues on the supply chain were security of overall supply chain on one hand while the facilitation the global trade on the other hand (De Almeida, 2015)

According WTO TFC, 2018, the idea of Authorized Economic Operator is on the basis of Customs to Business partnership presented by World Customs Organization. This indicates that the relationship between Customs and Authorized Economic Operator should be at all times based on the principles of mutual transparency, rightness, decency, and obligation. Customs anticipates the AEOs to act in accordance with customs legislation and to advise customs about any challenges to comply with the legislation and customs should provide support to achieve this.

The program is voluntary in nature based on the willingness of the companies. Companies’ participation in the program is their own preference. However, for those companies opted to join the program, there are eligibility criteria. There is an application process that involves the self-assessment. Next to self-assessment, the customs authority will do its own assessment of the applicant company based on the established criteria (Peterson and Treat 2008), (Butter, 2010)

The criteria include having an appropriate record of compliance with Customs requirements, a demonstrated commitment to supply chain security by being a participant in a Customs-Business partnership program, a satisfactory system for managing their commercial records and financial viability. To enhance supply chain security and harmonization of Customs procedures, Customs administrations should seek mutual recognition of AEO status between or among programs.” (Ibid)

2.1.5. WCO's SAFE Framework Standards and Technical Specification

The WCO's SAFE Framework sets out six standards and technical specifications for implementation under Pillar II (Customs-to-Business), which include:

- 1. Partnership:** - AEOs in the supply chain will complete a self-assessment to measure their existing security standards and best practices to ensure there are adequate safeguard measures in place.
- 2. Security:** - AEOs will consolidate pre-determined security best practices into their business practices.
- 3. Authorization** – The Customs administration and representatives from the traders 'community will design a validation process that incentivizes operators to gain AEO status.
- 4. Technology:** - All users will maintain cargo and container integrity using modern technology.
- 5. Communication:** - Customs administrations will keep the Customs-Business partnership program up to date to promote supply chain security best practices.
- 6. Facilitation:** - Customs administrations will work alongside with AEOs to maximize security and the facilitation of the international supply chain.

According to Szeelp (2010), three parties could benefit by effectively utilizing SAFE framework: **Nations:** will benefit as secure trade will eventually lead to growth and development; **Customs:** building a custom to customs networks could enable the flow of important Information in faster and accurate manner and **Businesses:** as goods move faster and more secure from seller to buyer, it will certainly reduce the cost of transaction.

2.1.6. Objectives and Principles of the SAFE Framework and its core elements

According to SAFE Framework of Standards 2018 edition , It targets to: - Set up measures that give supply chain security and help at a worldwide level to advance certainty and consistency; - Enable coordinates and harmonized supply chain administration for all modes of transport;- Enhance the part, capacities and capabilities of Traditions to meet the challenges and openings of the 21st Century; - Fortify co-operation between Customs organizations to move forward their capability to identify high-risk

consignments - Strengthen co-operation between Customs administrations, for example through exchange of information, mutual recognition of controls, mutual recognition of Authorized Economic Operators (AEOs), and mutual administrative assistance; - Strengthen co-operation between Customs administrations and other Government agencies involved in international trade and security such as through Single Window; - Strengthen Customs/Business co-operation and Promote the consistent movement of products through secure worldwide trade supply chains.

The essential components of World Customs Organization framework standards are: - Harmonizes the advance electronic information on incoming, outgoing and transit shipments; - Application of risk management approach to address security threats (Compliance threats); - Outbound examination of high-risk shipments being exported, preferably using non-intrusive detection equipment such as large-scale X-ray machines and radiation detectors and Customs will offer benefits to businesses that meet least supply chain security standards and best practices.

2.1.7. AEO- Admission Requirement

According to WCO (2006) AEO concept is a deal struck between government and trade. Under this scheme, if a business convinces customs that it normally complies with customs regulation, it expects to undergo predictable and rapid processing. Companies that are reliable in the context of customs related operations and have a good internal control system are entitled to apply for the AEO certificate and receive operational benefits from simplified customs procedures, preferential treatment, and lesser physical inspections. But in contrary, those companies that do not have AEO certificate remain subject to rigorous customs control with no guarantee on how long the inspection would take. Participation in AEO program is voluntary but self-control is obligatory requirement. (Burgemeestre, 2009)

The specific requirement which are explained on world customs organization (WCO, 2006):

Demonstrated compliance history: the company applying for AEO must have a demonstrated compliance history in not committing customs related offences

Commercial Records: the applying company must have satisfactory management of commercial records related to import and exports which are subject to customs audit at any time.

Financial Viability: the applicant must have financial solvency which is enough to fulfill its legal commitments.

Consultation, Cooperation and Communication: the applicant company should be willing to make a regular dialogue with customs on the issues of common interest.

Education, Training and Awareness: the applicant must develop a mechanism for education and training of personnel.

Information Exchange, Access, and confidentiality: companies need to protect sensitive information against misuse and unauthorized change.

Security: companies should always require increasing cargo security maintain security manuals and regularly examine and update of policies related to security.

Crisis Management and Incident Recovery: this relates to managing disaster and the possible terror attack and having the recovery plan

Monitoring Plan: Having plan of monitoring, measurement analysis and requirement (WCO, 2006), (Szelp, 2010)

2.1.8. AEO-Benefits

Safe framework provides benefits that could be granted to AEOs. Such benefits are expected to be meaningful, measurable, and reportable. Some of the important benefits for business community are Faster cargos release, shorter transit time and lower costs of storage which highly help to reduce cost of transaction, Access to valuable information for AEO members, Priority in the event of trade disruption and elevated threat level, Facilitation of other cargo processing initiatives.

The other very important benefits offered by safe framework are mutual recognition of AEO"s. By the mutual recognition, AEO approved in one country will the same treatment in another country as if it is certified domestically. Such recognition helps to

minimize the number of cargo inspection and other security related costs the cargo encounters during transit from origin to destination (Szelp, 2010)

Likewise, implementation of AEO program will benefit the customs administrations by Adoption of common AEO requirements by customs prevents conflicting requirements and unnecessary in efficiencies in a global supply chain, the voluntary programs of AEO will help to implement security measures based up on risk assessment, such program encourages collaborations of businesses with customs. It also allows flexibility of security policies and procedures which makes it convenient for various environments, AEO will help in creating the reliable and customs compliant traders, it is a win-win situation for both parties in as opposed to strained relations in the past filled with skepticism, it also helps customs reduce resource utilization on the control process as the control measures will largely shifted from customs to AEOs. The other benefit is that economic operators know the operations best and thus identify irregularities, from a Safety perspective, sooner than customs administrations (Customs and global trade, 2013)

2.1.9. Trade Facilitation Measures for AEOs

According to Article 7.7 of the WTO Agreement on Trade Facilitation- Authorized Operators Scheme: - The World Trade Organization Agreement on Trade Facilitation (ATF) offers for 'AEOs', who will need to meet specific criteria which may incorporate suitable record of compliance with customs and other related regulations, a framework of managing records for essential inside controls, financial solvency and supply chain security. None of these criteria are required and an Authorized Operator scheme may include any combination of the specified criteria.

The Agreement states that these Authorized Operators should enjoy at least three of the following trade facilitation measures: minimal/low/ documentary and data requirements as appropriate; minimal rate of physical checks and investigations as appropriate; fast discharge time as suitable; postponed /deferred/ payment of duties, taxes, fees and charges; use of comprehensive guarantees or reduced guarantees; a single customs declaration for all inbound or outbound in a given period; and clearance of goods at the properties of the AEOs or another place approved by Customs.

2.1.10 WTO Trade Facilitation Recommendations under GATT Articles V, VIII and X

Within the WTO negotiations, trade facilitation currently falls under GATT Articles V, VIII and X. These address the freedom of fees, formalities, transit, publication and administration of trade regulations. This General Agreement on Tariffs and Trade (GATT) articles are of immediate relevance to the customs world. In official communications from the WCO to the WTO, suggested content covers those ideas detailed in Table 2.1

Table 2.1. Trade Facilitation Recommendation

<p>Trade facilitation recommendations under Article V:</p> <ul style="list-style-type: none">• Accept commercial documents (e.g., invoice and transport documents) instead of mandating formal regulatory declarations• Set simple and clear procedures for identifying consignments• Ensure non-discrimination of goods• Use of international agreements, and a commitment to regulatory cooperation <p>Trade facilitation recommendations under Article VIII:</p> <ul style="list-style-type: none">• Regulatory fees ought not exceed expenses• Standardization and simplification of customs and trade documents• Coordinated intervention and convergence of regulatory controls• Simplification of governing trade procedures• The Single Window concepts• Use of risk management techniques• Use of information technology• Common data models• Time guidelines for border clearance• Adherence to international customs conventions <p>Trade facilitation recommendations under Article X:</p> <ul style="list-style-type: none">• Accessible publication of procedures and requirements• Active provision of information• Procedures for advance and binding rulings• Fair and efficient appeal and tribunal/trial procedures• Use of memoranda of understanding between regulatory bodies and traders
--

Sources: WTO 2002a; 2002b; 2002c

2.1.11. AEO Concept in Ethiopia

Ethiopia acceded to World Custom Organization (WCO) memberships since 1973 G.C (WCO) and attempted to satisfy its obligation as a member by taking legislative and administrative measures to make custom legal frameworks compatible with the convention that can facilitates international trade through customs administration.

All goods imported into the country or exported out of the country by sea, air or land are governed by the provisions of the Customs Proclamation 859/2014 currently modified and replaced by proclamation 1160/2019 and other laws of the country related to import and export issues. Ethiopian Customs Commission uses Risk Management, Information Technology, and Intelligence management, Coordinated Management, Cooperation, Post Clearance Audit and Engagement in specific schemes (AEO) as modern customs facilitation tools.

Customs administrations have always played an important role in insuring compliances to customs and stakeholder laws including security issues. However, due to the improvement of the global logistic dynamism and continuous increase of transports around the globe, Customs administrations have become more and more dependent on one another to get better grip on international supply chains. Also, the increase of global trade and thus the number of shipments has forced Customs administrations to revisit their way of keeping supervision, without compromising Compliance requirement.

The Authorized Economic Operator (AEO) program was started as a pilot project in 2010 using risk management as a tool to balance between facilitation and control. This helps the then (Ethiopian Revenue and Customs Authority (ERCA) currently called Ethiopian Customs Commission which came into existence by proclamation number 1097/2018 to divert financial and human resources to high-risk Consignment and to provide high level of facilities for the legitimate traders/ taxpayers. To pilot test 13 Companies were selected.

2.1.11.1. AEO- Legal Background of the program

By the means of the previous provisions of customs proclamation No 622/2008 of 14 July 2008 the provisions of its articles 14(2) and 112(2), the then ERCA offers operators with enhanced facilitation services on the foundation of reliability and level of compliance and current proclamation no.859/2014 of December 2014, Article 84. According to customs proclamation No. 622/2008 article 14(2). The Authority has issued a directive No 65/2011 for managing and regulating AEO's.

2.1.11.2. AEO-Why in Ethiopia

Adopted from AEO program and its Implementation in ERAC-2016 manual, it is necessary to reward who complies the law while Enforce noncompliance using administrative discretion or other means using administrative description while there are four pillars applied sequentially for the enhancement of compliance level of taxpayers. First Pillar: awareness creation and education, Second Pillar enabling environment by which customers could be empowered to properly comply with the laws, Third pillar :focus on providing every taxpayer with the right incentive (Reward compliance using administrative description) and The Last pillar goes with effectively enforcing the law.(Enforce noncompliance using administrative discretion or other means).With this view AEO introduced to provide recognition and the incentive of facilitation those comply as a response to pillar above.

The other reason is to achieve ERCA's (currently ECC) strategic objectives of creating a climate of voluntary compliance. One of the stated objectives of the then ERCA is to create a climate of voluntary compliance. Such a climate can be created only by developing a relationship of trust between the commission and its economic operators. With this goal in view, the AEO has been designed to provide recognition and the incentive of facilitation to economic operators who maintain high levels of compliance.

The last but not the least is to promote and support manufacturing industry: As it is stated in proclamation no. 859/2014 article 84/2 "The authority shall give special consideration to exporters and manufacturers in setting the criteria for the selection of authorizes persons" the provision can be addressed by AEO as a scheme support for the manufacturing industry.

2.1.11.3. AEO-Who can become, Authorization Criteria, Accreditation Process and Facilitation/Benefits offered

AEO-Who can become

Applications for AEO status might only be acknowledged from economic operators as defined in the Customs and Tax law of Ethiopia, Economic operator indicates; an individual who within the course of his business, is included in activities covered by foreign trade related tax and customs legislation”.

AEO-Authorization Criteria

In Ethiopia, Traders who wishes to have the AEO status accreditation needs to meet the authorization criteria set by the Ethiopian and customs commission. These criteria are: Contribution of the company to the national agenda, Leading by planning(execution and monitoring culture),Volume of business, Financial solvency ,Demonstrated Compliance history, internal control system:- Internal control procedures and Flow of goods, The applicant’s accounting and logistical administration:- Logistical administration and Financial administration/Accounting system, organization of the applicant’s computerized environment, Standing data, back-up, recovery ,protection of computer systems, fallback and archival procedures and security and safety requirements.

AEO- Accreditation Process

Having the filled application form and Self-assessment of the company Ethiopian Customs Commission Compliance auditors arrange a company visit to assess the company tax and customs system based on a compliance audit template elaborated from international standards and best practices focused on a deep analysis of how the company addresses the tax and customs risk areas in running the business from; volume and growth of business, compliance history, intelligence information, automated accounting system, logistical system, internal control system, flow of goods, financial Solvency and requirements for foreign suppliers and business partner’s reliability etc. The AEO accreditation process includes: AEO Application, Pre-Audit criteria, Self-Assessment and system Compliance Audit. The compliance auditor arranges a company tour to assess the company tax and customs operation system based on the compliance audit template.

AEO- Facilitation/Benefits Offered

There are different levels of facilitation denoted. These benefits are **Diamond:** Priority Control, Simplified Clearance on station or domicile Deferred Payment, Priority treatment in all government service provisions, VIP service and Pre arrival clearance.

Gold: Priority Control and Simplified Clearance on copied documents at station and/or domicile priority in all government service provisions and pre arrival Clearance. **Silver:** Priority Control and Simplified Clearance on copied documents at station/domicile priority treatment in all government service provisions and pre arrival clearance. **Bronze:** Priority service in all government services and **Customized-A** procedure developed for company/business specific requirements on Import or Export. This is not in practice in our country.

2.2. Empirical Review

According to Erceg (2014) before Authorized Economic Operator was takeover by world customs organization, AEO program was initially introduced by European Union. Based on the European customs code, AEO certificate has been granted to any economic operator that is fulfilling several requirements such as record of compliance with customs prerequisites, satisfactory framework of managing commercial and in a few cases transport records which allows customs controls. The other important requirement was financial solvency and where appropriate security and safety standards. The program is voluntary with certain benefits that include savings in import and export procedures, reputation that AEO certificate brings, potential lower insurance premiums and mutual recognition where customs in one country accepts certificate and provides benefits based on a company's AEO status in another country.

In June 2018, the Common Market for Eastern and South Africa (COMESA) has developed a COMESA Regional Authorized Economic Operator (AEO) Program implementation guideline at the regional level. Its aim is to create regionally harmonized procedures and criteria for allowing the status of Authorized Economic Operator in accordance with the COMESA Customs Management Regulations (CMR), World Customs Organization (WCO) guidelines, World Trade Organization (WTO) and Trade

Facilitation Agreement (TFA) and to simplify the execution of harmonized and standardized common AEO program and Mutual Recognition Agreements (MRAs) throughout the COMESA region. As respects to the execution of the program within the COMESA region, Twelve (12) member countries have executed acknowledgment of AEOs. To be specific, these members are Burundi, Djibouti, Egypt, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe. In any case, the names of the simplified program, choice criteria, the scope of the sectors and the benefits collecting to the AEO vary from nation to nation, thus the development of the COMESA guidelines. (Meet_Oct18_Zmb_e)

In 2006 the East African community (ECA) has conceived the regional Authorized Economic Operator (AEO) program after the adoption of the program by WCO councils in 2005 from the WCO SAFE Framework Standards. The ECA includes countries like Kenya, Burundi, Tanzania, Rwanda, Uganda and more as of late South Sudan together representing a population of over 145 million. The AEO program in the ECA region was developed with the help of the World Customs Organization and in partnership with EAC secretariat. Regional AEOs under this program will be commonly recognized in all member countries/states/ and get uniform benefits. By executing this particular regional program along with sound data management, East African Community Partner countries' Customs administrations will be able to supply what businesses working in their respective countries are seeking out for within the slightest burdensome way whiles reducing the cost of doing business. In most cases these Countries have been able to trade products and a few administrations with each other free of duties. . They have also synchronized and regularly decreased most of their external duties/tariffs/, which has brought down the transaction costs of international trade for exporters and minimized the probability of an East African country engaging in an expensive trade war with one or more of its neighbors. (WCO)

AEO- Kenya

According to Kwaje Rading, 2019, as the international trade supply chain gets to be more exposed the AEO program shift focus from the goods to the traders by building trust through deliberate /voluntary/ compliance. The status of AEO program is granted to compliant traders improves their experience when experiencing customs clearance process. Currently the East African Community (EAC) regional AEO program which was conceived in 2006 adoption of the program by WCO councils in 2005 is applicable to the member countries of Kenya, Uganda, Tanzania, Rwanda, Burundi, and Republic of South Sudan.

The Kenya Revenue Authority (KRA) manages the Authorized Economic program under the customs and border control department since the country employed the AEO in 2007. The program looks for to have Eighty (80) % incoming and outgoing in the country is controlled by the AEO privileged operators, translating to increased revenue collection. Kenya has three operational categories of AEOs: these are Importers/Exporters, Clearing Agent and Transporters. In Kenya there are 214 AEOs, who includes 135 Importers /Exporters 76 customs clearing agents and 3 transporters. Out of these AEOs, 19 are Regional (EAC) AEOs who enjoys Mutual Recognition among EAC partners. This can be key for upgrading trade inside the region where transporting shipments through road is the foremost favored method of moving goods within East Africa. In Kenya, some privileged of the AEO program at the national level testified to the increase and progress of the members businesses in terms of improved profits, advanced production levels, employment of more staff and faster turnaround time in the cargo clearance process. For the AEOs, the door to customs has been wide open and companies have taken the advantage of their status to build a connection with KRA.

AEO- Uganda

According to a study conducted by Michael Kyanzi (2018), Uganda launched the AEO accreditation program in 2012. The procedure of AEO certification is free, voluntary and takes a least of two months. It comprises six steps: submission of a written expression of interest to Uganda Revenue Authority Commissioner of Customs, initial consultation

with Customs Authorized Economic operator team, filling-in forms with supporting documents (on sound management of commercial records, good financial standing and good compliance history with Customs and other government regulatory bodies), examining of entitlement of the applicant, on-site inspection of applicant locations to approve information provided in the application, and authorization/approval of the entity as Authorized Economic operator by Commissioner of customs. At the time of the study is taken 28 companies involved in Uganda's international trade were certified between 2012 and 2016. The result appear that firms in Uganda that voluntarily looked for and accomplished AEO accreditation from Ugandan Revenue Authority (URA) experienced much decreased clearance time compared to peer firms that are not AEO licensed. The result of the research encourage shows that AEO licensed companies in Uganda were encountering exponential development in trade compared to peer firms that are not AEO accredited and the significant of tax paid to government by AEO certified companies was significantly higher than that paid b non-AEO accredited firms.

2.3. Conceptual Framework

The study used four dimensions of AEO privileges, and each dimension is explained as follows: -

Priority in Customs Control: AEO members assumed to have a constant priority when their shipping document reaches at document receiving point. Moreover, as there is minimum document scrutiny the release of documents such as customs declarations will be released at much faster duration than that of non- AEO members. Erceg (2014), Szeelp (2010)

Simplified Customs Clearance: As the risk base of AEO members is set at "green" which is lowest level, there is no physical inspection of AEO members" cargo. AEO members are also entitled to privileges such as fewer document requirements, acceptance of invoice value for duty calculation. Burgemeestre (2009)

Priority in Other Regulatory Organs Working with Customs Commission: there are government regulatory organs involved in inspection and release of cargo such as Food, Medicine and Health Care Products Control Authority, Standards, Road Transport Authority etc....The regulatory bodies support is equally important for successful implementation of AEO program. Szeelp (2010)

Mutual Partnership: refers to regular consultation and cooperation between Customs administration and AEO members on issues of common interest. WCO (2006), Batista (2012).

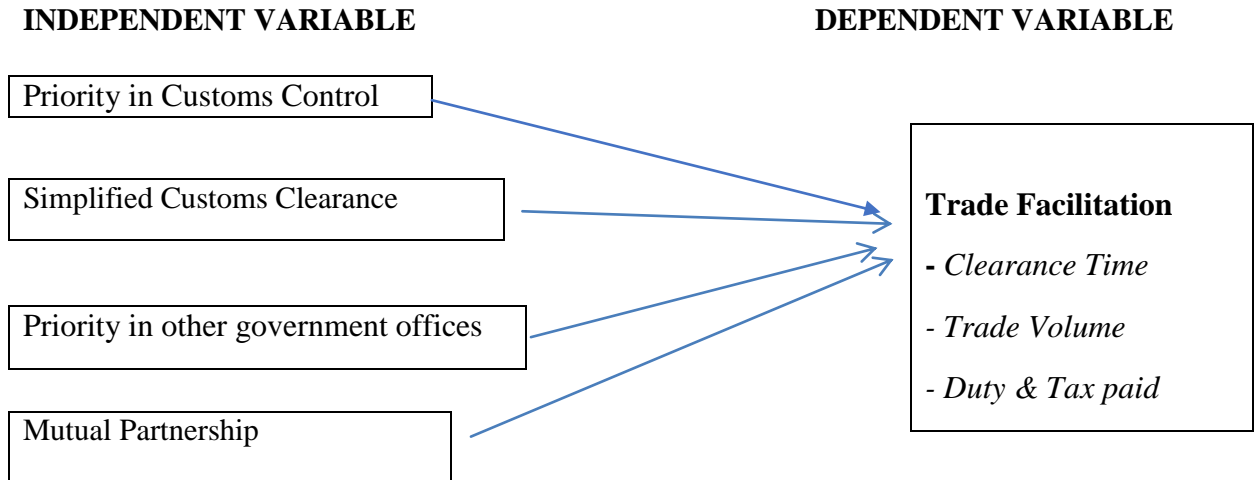


Figure 2. Conceptual Framework (Source: Modified by researcher ((2010) Szelp, Attila)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Design

According to Mouton, 1996:165, a research design is a plan or blueprint of how you intend to undertake the research. A research design refers to the many ways in which research can be conducted to answer the question being asked. For conducting this specific study, descriptive research and explanatory research design were employed.

3.2. Research Approach

Studies might employ either quantitative or qualitative research approach or mixed approach. A quantitative research approach employs strategies of inquiry such as experiments and surveys, and collects information using preset standardized instruments that can generate relevant statistical data. Qualitative research approach is one in which the investigator often makes knowledge claims based primarily on the multiple meanings of individual experiences, socially and historically constructed meanings, participation in issues, collaboration or change oriented with an intent of developing a theory or pattern (Creswell, J.,2002). To accomplish the objectives of this study, a mixed method research approach merging both majorly quantitative and on minor base qualitative research methods was applied.

3.3. Target Population

As of this study's date, Ethiopian Customs Commission has given AEO privilege status to around 48 companies involved in different tasks, among these 48 traders, 9 of them are importers. So, the Target population for conducting this specific study was all the AEO status privileged importing companies. Thus, Census survey was applied in the study.

Table 3.1. List of AEO Accredited/Certified Importers used in Study

No.	Company Name
1	The Motor & Engineering Company S.C. (MOENCO)
2	Nyala Motors S.C.
3	East Africa Bottling S.C.
4	Techno Style Plc

5	Oil Libya Ethiopia
6	Hagbes Plc
7	National Oil Ethiopia
8	Ries Engineering
9	Great land Motors and Engineering Plc

Source: AEO lists from Ethiopian Customs Commission data as of date June, 2021.

3.4. Sampling Technique

The total population for this study was finite and small (less than 100) and the study considered all the total population and for this reason, sampling technique was not applied.

Yet, the respondents who represent each company were selected using purposive sampling. A purposive sampling is an example of non-probability sampling technique. It includes subjects selected based on specific characteristics or qualities and eliminates those who fail to meet these criteria. Likewise, in purposive sampling, the researcher specifies the characteristics of a population of interest and then tries to locate individuals who have those characteristics to address the objectives of the study (Tayie, 2005). These respondents considered as participants for this study were managers, supervisors and Experts/senior officers /juniors in charge of import section, logistics, supply chain and foreign procurement as they are mostly believed the ones who face customs on daily operation and interact with customs on their company’s behalf on the issue of AEO matters.

3.5. Type and Source of Data

In this study both the primary and secondary data were used. The primary data were collected from AEO accredited importers, through close and open-ended questionnaires; secondary data were collected from various internet sources, customs proclamations and magazines, policy manuals, Ethiopian Customs Commission website, WCO guidelines, journals, and from different published and unpublished reports.

3.6. Data and Collection Methodology

For achieving the purpose of this study, questionnaire as primary data collection tools were used through likert scale and open-ended question, and secondary data was gathered through documents, records, and research papers analysis.

Questionnaire

For collecting the necessary information from the respondents, questionnaires containing both closed and open-ended types of questions were prepared and distributed to AEO status accredited importers. A total of 100 questionnaires for the nine (9) AEO accredited importers, were distributed through in person by visiting the respondents at their offices, email and to make more accessible and comfortable for respondents to give response; questionnaires were prepared using Google format and distributed by using a social network like Telegram. Out of the total 100 questionnaires distributed and 85 (85 %) were returned and the study was analyzed on the bases of these 85 participants response.

Interviews

As planned an interview which would have helped the researcher to collect detailed information that can address the research questions were not conducted due to the current pandemic (COVID-19) situation which resulted the unwillingness of the participants. Thus, three qualitative questions were added to acquire more information towards the study area.

3.7. Data Analysis

Quantitative Statistical methods were used to analyze the quantitative data. The researcher has applied charts to analyses the demographic information of the participants in the study. For analysis of the major dimensions of the study, descriptive statistical analysis methods of frequency, mean and standard deviation were used. In addition, correlation analysis was applied to assess the association between being AEO certified and trade facilitation while multiple regression analysis was conducted to analyze the extent of the relation of being AEO accredited and trade facilitation. At last, in depth interpretation of the result of the descriptive statistical analysis was given. All the analysis was conducted using computer applications of Statistical Package for the Social Sciences (SPSS) software package were used for data analysis purpose.

3.8. Validity and Reliability

3.8.1. Validity

Validity is the accuracy of a measure or the extent to which a score truthfully represents a concept. It refers to the degree to which an instrument measures what it is supposed to measure. Good measures should be both consistent and accurate. If a measurement is valid, it is also reliable (Joppe, 2000). The researcher worked closely and followed appropriately during the process of data collection by providing clarification about the questions demanded from the respondents personally, via phone and email to collect valid data. In addition, data collection instrument was determined through review of literature, adapting the instruments used in previous research, discussion with the researcher's advisor and adjustments of the instrument was undertaken by taking the valuable comments and corrections received from the research experts and mainly from the researcher's advisor.

3.8.2. Reliability

Reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Geoffrey et al, 2005). For measuring the reliability of the data collection instruments, an internal consistency technique using Cronbach's alpha were used for the purpose of this study. Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalization (Zinbarg 2005).

The general rule of thumb is that Cronbach's alpha between 0.60 and 0.70 indicates a fair level of reliability, 0.70 and above is good, 0.80 and above to be considered better while 0.90 and above is the best reliability while coefficient below 0.60 indicates a poor reliability. The coefficient is easily calculated by statistical software packages, such as SPSS (Zikmundet al, 2011). As shown below in Table 3.2. The Cronbach's alphas coefficients for the 5 items tested meet the minimum rules of thumb which have

indicated 4 of the items with good reliability of the questionnaires that was used in the study with 1 item scoring a Cronbach's alpha score 0.698.

Table 3.2. Reliability Test

No	Dimensions	No. of Items in the Dimension	Cronbach's Alpha
1	Priority in Customs Control	4	0.708
2	Simplified Customs Clearance	10	0.698
3	Priority in Other Government Organs working with ECC	4	0.780
4	Mutual Partnership with Customs	6	0.883
5	Trade Facilitations	3	0.714

Source: Own survey data (2021)

3.9. Ethical Consideration

According to Kumar and Kandasamy (2012) It includes the following: -

Right to Choose: everyone has the right to determine whether to participate in a marketing research project.

Right to Safety: research has the right to safety from physical or psychological harm. While it is unusual for a respondent to be exposed to physical harm, it is common for a respondent to be placed in a physiologically damaging situation. Individuals might experience stress when an interviewer presses them to participate in a study.

Right to be informed: research participants have the right to be informed of all aspects of a research task. Knowing what is involved, how long it will take, and what will be done with the data, a person can make an intelligent choice as to whether to participate in the project.

Right to Privacy: all consumers have the right to privacy. Consumer privacy can be defined in terms of two dimensions of control. The first dimension includes control of unwanted telephone, mail, e-mail, or personal intrusion in the consumer's environment, and the control of the second concern of information about the consumer.

Confidentiality: Moreover, ethically, confidentiality concerns must be observed. E.g., we use only number codes to link the respondent to a questionnaire and storing the

name-to-code linkage information separately from the questionnaire and refuse to give the names of respondents to anyone outside the research project. Individual respondents should never be identified in reporting survey findings; completely anonymous summaries, for example, in terms of tables and charts should be given. Respondents must be asked for their consent to participate in a survey, and their privacy and rights must be observed.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF RESULTS

This part of the study deals with presentation of data, findings from the Questionnaire and analysis of results.

4.1. Response Rate

A total of 100 questionnaires were distributed to the Nine (9) AEO privileged importers selectively to the company's logistics staffs, import section, procurement which were believed to have knowledge of AEO status and who is involved with customs in their daily activities. But, among the 100 questionnaires distributed to the importers, 85 returned representing about 85% of the questionnaires.

4.2. Respondents' Demographic Information

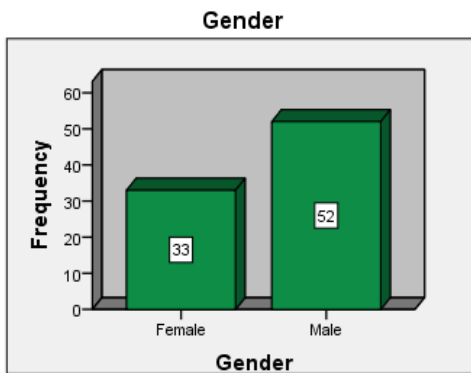
4.2. 1. Demographic Characteristics of the Respondents

This part of the study discusses about the demographic characteristics of the respondents related to gender, educational qualification, Current position in the company (Title), and year in the current position of respondents, Year of Importers being AEO certified/Accredited, and Certificate level of Importers are presented and analyzed with the help Charts, frequency.

4.2.1.1. Gender Distribution of Respondents

As shown below on chart 4.1. the distribution of respondents with respect to gender between male and female in overall consideration of the Nine AEO accredited importers; it shows that 61.1% or 52 of the respondents were males while the females take the proportion of 38.8 % or 33 out of the 85 respondents. Even though there was significant numerical difference in gender respondents, the study was not conducted on a particular gender.

Chart 4.1. Gender Distribution of Respondents

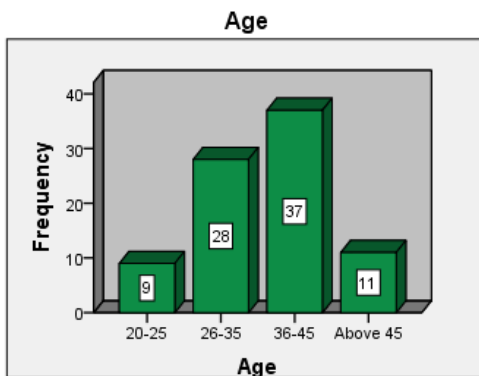


Source: Survey Result (2021)

4.2.1.2. Age of Respondents'

Looking into the age of the respondents on Chart 4.2., out of the total 85 respondents 10.5 % (9) were in the age between 20 and 25, 32.9% (28) were within the category of 26-35, 43.5% (37) were between the age of 36-45 years while the rest 12.9(11) out of the 85 respondents found to be above 45 years old.

Chart 4.2. Age of Respondents'

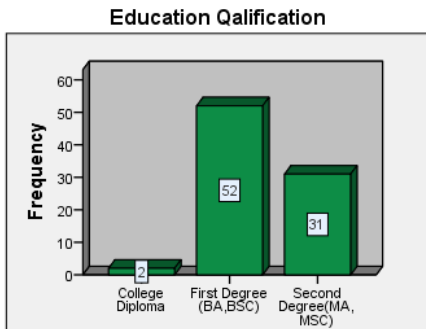


Source: Survey result, 2021

4.2.1.3. Educational Qualification of Respondents

The educational qualification shown below on Chart 4.3. from the total 85 respondents, 2.4 % (2) have college diploma, the majority of the respondents 61.1 %(52) possess first degree and the rest of 36.5 %(31) respondents are holders of Second degree while none of the respondents have below diploma or above Master's degree.

Chart 4.3. Qualification of Respondents

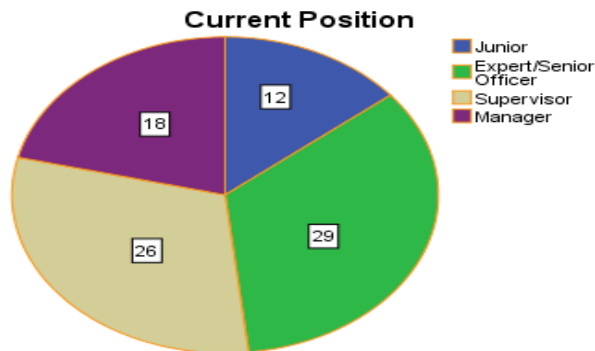


Source: Survey result (2021)

4.2.1.4. Respondents' Current Position in the Company

In case of respondents' current position status in their company shown in Chart 4.4, out of the total 85 respondents 14.1 % (12) are at Junior level, 34.1% (29) at Expert/Senior Officers, 30.6 % (26) were supervisors while the rest 21.2% (18) respondents are at Managerial level.

Chart 4.4. Position of Respondents

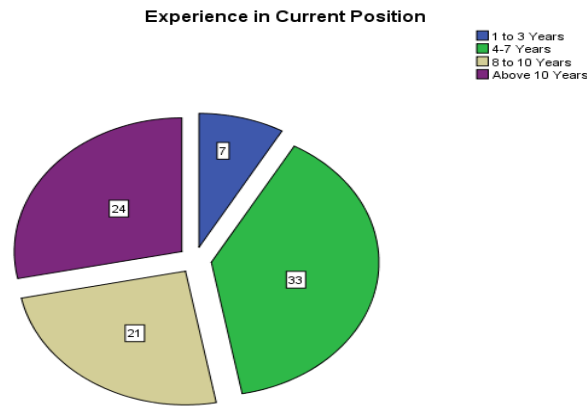


Source: Survey result (2021)

4.2.1.5. Respondents' Year of Service in their Current Position

As it can be seen on Chart 4.5, out of the total 85 respondents who participated in the study, 8.2%(7) have between 1 to 3 years' experience in their current position, 38.8% (33) from 4 to 7 years, 24.7%(21) between 8 to 10 years while the rest of 28.2%(24) have an experience of above 10 years in the position where they currently working at which indicated most of the respondents have a good experience towards their respective profession.

Chart 4.5. Respondent s' Experience

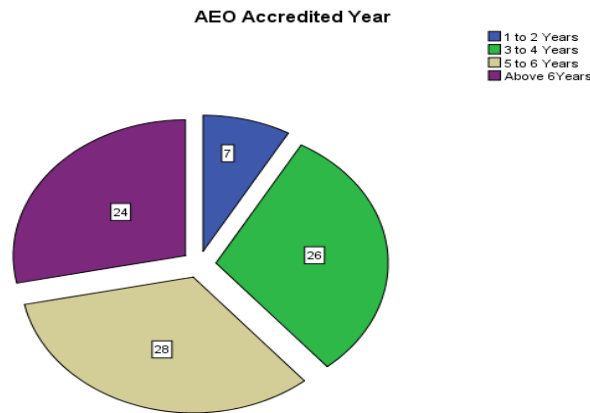


Source: Survey Result (2021)

4.2.1.6. Year of Company Being AEO accredited/Certified

A year of Company being an AEO accredited/certified is another subject of demographic information used for the assessment of this study. As shown below on Chart 4.6, 8.2 % (7) of the respondents mentioned their company have AEO implementation experience within the range of 1-3 years, while 30.6 % (26) of the respondents said the year their company accredited of the AEO privilege fall in the category of 4-5years, 32.9 % (28) of the respondents replied their company fall in the range between 5-6 years while the rest 28.2 % (24) of the respondents confirmed their company is in the range of above 6 years.

Chart 4.6. Company AEO Accredited Year

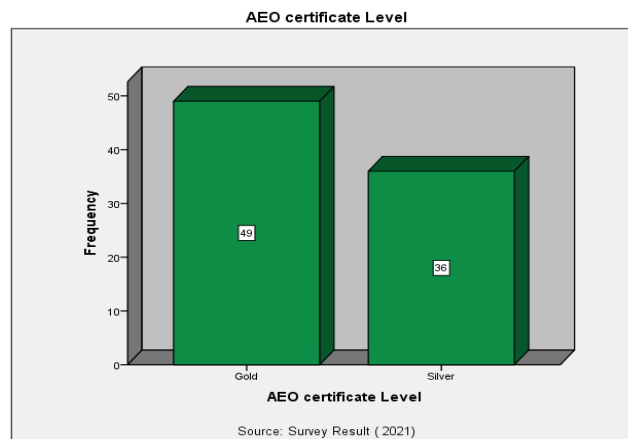


Source: Survey Result(2021)

4.2.1.7. Importers’ AEO Status Certificate Level

At the moment, Ethiopian customs commission is awarding AEO status in four levels naming Diamond, Gold, Silver and Bronze. Looking into the last demographic characteristics used for this specific study, Importers AEO certification levels, out of the nine AEO accredited importing companies used to conduct this study, 5 of them have a gold status while 4 of them have a silver status. As per the respondents reply from Chart 4.7. 49% (49) said their company is gold status owner and the rest of the respondents 36 % (36) mentioned their company is awarded silver status by Ethiopian Customs Commission. The participants’ response indicated that none of the accredited importers are awarded either a Diamond or Bronze level.

Chart 4.7. AEO Certification level



Source: Survey Result (2021)

4.3. Descriptive Analysis on Main Research Determinants

For the Purpose of conducting this study, Twenty-Four Items related to Independent Variables and Three items related to dependent Variable s was implemented for data collection. This part of the study tries to indicate participants’ response towards each variable and analyzed using Measures of Central Tendency (Mean) and Dispersion (Standard Deviation) of Descriptive analysis in combination of frequency and percentage, but the narration of the analysis was given based on mean value and standard deviation.

Table 4.1. Participants’ response towards: Priority in Customs control

PCC	Participants Response					Me an	SD
	SD	D	N	A	SA		
We have consistent and regular priority when we submit our documents for clearance at entry point	3.5 (3) *	9.4 (8) *	3.5 (3) *	47.1 (40) *	36.5 (31) *	4.0 35	1.05 1
We get priority in release of declaration and related immediately after clearance	2.4 (2) *	1.8 (10) *	4.7 (4) *	54.1 (46) *	27.1 (23) *	3.9 17	1.00 2
We have special window in charge of treating our document	22.4 (19) *	49.4 (42) *	14.1 (12) *	12.9 (11) *	1.2 (1) *	2.2 11	0.97 7
In case of disruption, we have priority to get quick inspection and release of cargo	1.2 (1) *	16.5 (14) *	15.3 (13)	49.4 (42) *	17.6 (15) *	3.6 58	0.99 4

* Frequency

N= 85

Source: Survey Result (2021)

As it can be seen above on Table 4.1. Respondents’ observation towards the four items under dimension of Priority in Customs Control is explained. When we look in to the Mean value of each item in the dimension, we can see that Item number 1 being with the highest mean value (4.035 and Standard Deviation 1.051 followed by Item number 2 and 4 with Mean value 3.917 and 3.658 respectively while Item number 3 scoring minimum Mean Value of 2.211 and Standard Deviation 0.977. From the result of the analysis, it can be taken that respondents awareness (view) by being AEO accredited/Certified, Importers are enjoying consistent and regular priority acceptance of documents for clearance at customs entry point, Release of declaration after clearance and a reasonable priority to get inspection in case of any disruption. Though, participants’ response

indicated that as majority of the respondents agreed on not getting a special window service from customs offices, Ethiopian Customs Commission should work on providing Special Window service for treatment of AEO status holder importers.

Table 4.2. Participants’ response towards: Simplified Customs Control

SCC	Participants Response					Mean	SD
	SD	D	N	A	SA		
There is Little or no physical inspection of us shipment during the clearance process	-	2.2 (2) *	-	41.2 (48) *	56.5 (48) *	4.51 7	0.628
The list of documents required for clearance are reduced as an AEO privilege	24.7 (21) *	64.7 (55) *	-	7 (6) *	3.5 (3) *	1.96 6	0.865
Clearance of shipments by fewer copy documents with no deposit or further guarantee requirement other than AEO status	-	7.1 (6) *	2.4 (2) *	64.7 (55) *	25.9 (22) *	4.09 4	0.750
Copy documents submitted are not required to be chamberized to save clearance time	16.5 (14) *	58.8 (50) *	20 (17) *	4.7 (4) *	-	2.129	0.736
AEO has different documentation format to make it distinct from non-AEOs	29.4 (25) *	57.6 (49) *	7.1 (6) *	3.5 (3) *	2.4 (2) *	1.917	0.848
Customs duty and tax is calculated/paid as per our invoice value (our commercial invoices are accepted)	7.1 (6) *	34.1 (29) *	18.8 (16) *	32.8 (28) *	7.1 (6) *	2.988	1.117
Our invoice is accepted during post clearance audit (PCA)	8.2 (7) *	54.1 (46) *	23.5 (20) *	14.1 (12) *	-	2.435	0.837
We have pre arrival clearance facility	-	15.3 (13) *	4.7 (4) *	67.1 (57) *	12.9 (11) *	3.77 6	0.864
We have cargo inspection, clearance of goods and release at the premises of AEOs or other place authorized by customs	-	7.1 (6) *	14.1 (12) *	60.0 (51) *	18.8 (16) *	3.905	0.781
Deferred payment of duties, taxes fees and charges	37.64 (32) *	47.05 (40) *	11.76 (10) *	3.53 (3) *	-	1.81 1	0.779

* Frequency

N= 85

Sources: Survey Result (2021)

Looking into the participants' response towards the second dimensions, Simplified Customs clearance on Table 4.2.; which includes 10 items under it, It can be seen that Item number 1 and 3 with high mean value of 4.517 and 4.094 and standard deviation of 0.628 and 0.750 respectively, Item 8 and 9 scoring 3.776 and 3.905 and standard deviation of 0.864 and 0.781 respectively which can be taken as a fair level of response. Item 4,6 and 7 with mean value ranging from 2.129-2.988 while item numbers 2, 5 and 10 scoring low mean value 1.966,1.917 and 1.811 respectively.

The above result indicated that the participants' view towards simplified customs clearance which is analyzed as follows.

- Respondents agreed on that Ethiopian Customs Commission is performing well on easing the procedure of physical inspection of the incoming shipments brought into country by AEO status holder importers
- Respondents also have positive opinion on customs facilitating clearance of shipments with copy document without further guarantee other than their AEO status, receiving Cargo inspection and release service at AEOs premises and other places authorized by customs and enjoying a pre-arrival clearance facility.
- However, participants' respond indicated that list of documents required for clearance, receiving service with copy documents without chamberization, different or little document format to distinct from non-AEOs, acceptance of invoice value during tax calculating and PCA in addition a privilege of deferred payment service being provided/practiced by customs is beyond their expectation and what customs should work on.

Table 4.3. Participants’ response towards: Priority in other Government Organizations working with Ethiopian Customs Commission

PGO	Participants Response					Mean	SD
	SD	D	N	A	SA		
We have priority in inspection at other government organizations like standards, RTA as they are aware that we have AEO status	21.2 (18) *	56.4 (48) *	10.6 (9) *	8.2 (7) *	3.5 (3) *	2.129	0.923
We have special area and priority treatment at customs branch offices like airport cargo and dry port terminals because of our AEO status	3.5 (3) *	29.4 (25) *	9.4 (8) *	51.8 (44) *	5.9 (5) *	3.270	1.062
All regulatory bodies working with Ethiopian Customs Commission are aware of AEO and provide special privilege	25.9 (22) *	55.3 (47) *	10.6 (9) *	8.2 (7) *	-	2.011	0.838
We have priority in multi modal shipment particularly in transport of our cargo from Djibouti	11.8 (10) *	41.2 (35) *	27.1 (23) *	20 (17) *	-	2.552	0.944

* Frequency

N= 85

Source: Survey Result (2021)

Coming to dimension of Priority in other Government organizations working with ECC which has 4 Items under the dimensions; the result shows that Item number 2 relatively with high mean value of 3.270 and standard deviation of 1.062, while Item 1, 3 and 4 scoring mean value of ranging from 2.011 -2.552 and standard deviation of 0.838- 0.944 which points out that respondents expressed their lower approval rating for this dimension.

The result shows that participants perceived that, mainly there is lower awareness about AEO privilege among regular bodies working with Ethiopian Customs Commission, Priority offered by government offices like standard, transport authority as well as little priority in multi modal shipments in related with transportation of cargo from Djibouti but relatively AEOs are enjoying priority treatment at Airport and dry port terminals.

Table 4.4. Participants’ response towards: Mutual Partnership with Customs

MPC	Participants Response					Mean	SD
	SD	S	N	A	SA		
There is an attempt to promote AEOs by customs so that awareness is created among customs officers, regulatory inspectors, and related government bodies	2.4 (2) *	61.2 (52) *	25.9 (22) *	9.4 (8) *	1.2 (1)	2.458	0.748
There is regular consultation between AEOs and Ethiopian Customs Commission on matters of mutual interest	2.4 (2) *	64.7 (55) *	16.5 (14) *	14.1 (12) *	2.4 (2) *	2.494	0.853
There is regular consultation between AEOs and Ethiopian Customs Commission to find solutions for problems that may arise	7.1 (6) *	57.6 (49) *	16.5 (14) *	15.3 (13) *	3.5 (3) *	2.505	0.958
AEOs have access to valuable information on a regular basis which help them update themselves with the new customs rules and regulations	-	34.1 (29) *	16.5 (14) *	47 (40) *	2.4 (2) *	3.176	0.940
There is a regular training program arranged for AEOs	18.8 (16) *	63.5 (54) *	11.8 (10) *	5.9 (5) *	-	2.047	0.738
Ethiopian Customs Commission prioritize consultation and advise in case of errors to promote the voluntary disclosure of information by AEOs	-	50.6 (43) *	36.5 (31) *	9.4 (8) *	3.5 (3) *	2.658	0.795

*Frequency

N= 85

Source: Survey Result (2021)

Table 4.4. Discusses about the last dimension used in this specific study “Mutual Partnership with Customs” which contains 6 items. As per the result from the table, Item number 4 has relatively a better mean value 3.176 and standard deviation of 0.940, the

remaining items scored a mean value between 2.047 and 2.658. From the results of the scores, it can be observed that the respondents' view towards the dimension "Mutual partnership with Customs" that apart from the Ethiopian Customs Commission is relatively doing well on providing access to valuable information to AEO status importers on regular bases; ECC is less involved: -

- In providing or facilitating trainings on regular base for AEO status holders in this case for importers,
- ECC is not doing well enough on preparing consultation programs with AEOs on mutual matters and for problems that may happen/arise,
- ECC is having a little effort on promoting /creating awareness about the AEO program to their officers, government bodies, and
- ECC is poorly practicing on creating opportunities to exposures of voluntary disclosure of information by prioritizing consultation in case of errors but prefers penalizing in case of wrongdoings.

Table 4.5. Participants' response towards the effect of being AEO certified on Trade facilitation

	Participants Response					Mean	SD
	SD	D	N	A	SA		
Being an AEO helped on minimizing clearance time	-	4.7 (4) *	7.1 (6) *	54.1 (46) *	34.1 (29) *	4.176	0.758
Being an AEO helped to increase the degree of our trade volume	2.3 (2) *	8.2 (7) *	24.7 (21) *	57.6 (49) *	7.0 (6) *	3.517	0.920
Being an AEO plays role increasing the amount of duty and tax paid to government	2.4 (2) *	9.4 (8) *	23.5 (20) *	51.8 (44) *	12.9 (11) *	3.423	0.792

*Frequency

N= 85

Source: Survey Result (2021)

Table 4.5. Shows that the dimension of being AEO accredited/certified effect on trade facilitation which comprises three items. Looking into the respondents' response towards

this dimension, the 1 item scores high mean value of 4.176 and standard deviation of 0.758 while the remaining items result registered a fair mean value of 3.517 and 3.423 and standard deviation of 0.920 and 0.792 respectively.

Taking the above data, one can understand that respondents recognize that having AEO privilege minimizes clearance time for their respective company, also the respondents agreed that the privilege has brought a fair level of improvement on their trade volume and shows increment on the duty they paid for the regulatory government body as the duty they paid related with the volume of their trade.

4.4. Qualitative analysis

To getting more views from the participants, the study included three qualitative questionnaires were.

1. Respondents were requested to select with rank which variable from (**Priority in Customs Control, Simplified Customs Clearance, Priority in Government Organs working with Ethiopian Customs Commission and Mutual Partnership with Customs**) plays a big role to facilitate the trade for them as AEO privileged importers.
 - *According to the respondents who participated in this study, dimension with the biggest role to trade facilitation in their view; Mutual Partnership with customs (ranked # 1), simplified customs control (ranked # 2), priority in customs control (ranked # 3) priority in other government organizations working with customs (ranked = 4) the list dimension in playing a role towards trade facilitation.*
2. Respondents were requested to select with rank the major blocks from (**Regulatory Restrictions, Lack of commitment on the part of Ethiopian Customs Commission, lack of Coordination between Ethiopian Customs Commission and other regulatory organs working with Customs and Lack of commitment on the part of AEO companies**) for the success as an AEO certified importers.

- *According to the participants' respond in study, Lack of Coordination between Ethiopian Customs Commission and regulatory organs working with Ethiopian Customs Commission selected as the number 1 draw back for the plane application of the AEO program followed by lack of commitment on part of Ethiopian Customs Commission as the 2 road block while regular restriction and lack of commitment by AEO companies viewed as the 3rd and 4th blocks for successful application of the AEO program respectively.*

3. In addition, the participants were given an opportunity to add their free opinion on what needs to be done to improve the success of AEO status privileged importers, where the following suggestion were provided by the participants:

- *Coordination with other regulatory government, private companies and service giving organizations for full implementation of the privilege and to be successful on the result*
- *Ethiopian customs office should create awareness of the privilege for both internal and external stakeholders like employees of the commission, importers/exporters and arrange trainings for partners and should work together with partners for better and smooth application of the program,*
- *Improve/upgrade advanced system to enable any clearance process from office*
- *Ethiopian customs should apply all AEO rights and responsibilities on daily basis*
- *Genuinely building the AEOs and customs commission relationship on mutual partnership*
- *Aligning the AEO privilege idea and service to be uniformly applied by regulatory bodies, carriers working with customs commission in order to facilitate any priority.*

4.5. Correlation Analysis

Correlation analysis for this specific study was conducted to achieve the objective of the study “Assessing the effect of being AEO accredited/certified on trading facilitation for the AEO status privileged importers” and to determine the association between independent variables used for the study (PCC, SCC, PGO and MPC) and the dependent variable TF.

According to Marczyk, Dematteo and Festinger, 2005 “Correlation analysis is the basic and useful measure of association between two or more variables. As a general guidelines’ correlation within the rage 0.10to 0.30 is considered small, 0.30 to 0.70 moderate, 0. 70 to 0.90 high and above 0.90 are considered very high correlation.”

As it can be seen from Appendix II. Generally, there is a statistically significant positive relationship between independent and dependent variable. As per the result all the dimensions fall in the ranges from 0.30 to 0.70 which can be conclude the independent variables have a moderate relationship with the dependent variable of trade facilitation for the nine AEO privileged importers.

4.6. Regression Analysis

Regression analysis is a method for investigating a relationship among variables. In the study, regression analysis was conducted to find the relationship that occurs between the dependent (Trade facilitation) and the independent variables (PCC, SCC, PGO and MPC). It was conducted to know to what extent the independent variables explain the dependent variable.

Table 4.6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691 ^a	.442	.438	.53348

a. Predictors: (Constant), MPC, PCC, PGO, SCC

Source: Survey result (2021)

The above table 4.6. Shows the coefficient of determinant R square is 0.422 and R is .691a. The coefficient of determinant R square indicates that 44.2 % of the variation in trade facilitation is explained by determinants of independent variables used in the study: priority customs control, simplified customs clearance, priority in government organs working with Ethiopian customs commission and mutual partnerships with customs. Thus, 53.3% of the variations are accounted for by other factors/aspects not presented in the model.

Table 4.7. Coefficients table

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.006	.613		3.270	.002
PCC	.413	.199	.293	2.077	.041
SCC	-.345	.252	-.301	-1.370	.175
PGO	.093	.140	.131	.662	.510
MPC	.302	.154	.413	1.964	.053

a. Dependent Variable: TF

Source: Survey result (2021)

As shown from the coefficient Table 4. 7., PCC=Priority in Customs Control ($\beta_1 = 0.413$, $P=0.041$), SCC = Simplified Customs Control ($\beta_1 = -0.345$, $P=0.175$), PGO= Priority in other government offices ($\beta_1=0.093$, $P=0.510$) and MPC = Mutual Partnership with Customs ($\beta_1=0.302$, $P=0.53$).The above coefficient table tried to show to what extent the independent variables have an effect on the dependent variables. As per the findings, the major significance is PCC with $P= 0.041$, MPC with $P=0.053$ followed by PGO with $P= 0.510$ respectively while based on the result, SCC is found statistically insignificant with the coefficient value of -0.345 .

CHAPTER FIVE

SUMMARY OF THE KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Summary

The main purpose of the study was to assess the effect of Authorized Economic Operator (AEO) on trade facilitation in Ethiopia for accredited importer companies. The study tried to assess the program's effect on trade facilitation in terms of clearance time, trade Volume and duty and tax paid to the government using dimensions of priority in customs control, simplified customs clearance, priority in other government organs working with customs commission and mutual partnership with customs.

Based on the discussion of the previous chapter, the following summaries of findings were drawn: amongst dimensions of variables used in the study, priority customs control is the most AEO certified importers are enjoying while simplified customs clearance offered to the status holders, Priority in other government offices and mutual partnership with customs being less practiced.

- From the result of the analysis, it indicated that importers are enjoying consistent and regular priority acceptance of documents for clearance at customs entry point, release of declaration after clearance and a reasonable priority to get inspection in case of any disruption. Though, the finding indicated that the privileged importers are not getting a special window service from customs offices, which the Ethiopian Customs Commission should work on for better result of the program towards trade facilitation.
- The other finding of the study towards simplified customs control application is that, Customs is performing well on easing the procedure of physical inspection on incoming shipments, facilitating clearance of shipments with copy document without further guarantee other than their AEO status, receiving Cargo inspection and release service at AEOs premises and other places authorized by customs and enjoying a pre-arrival clearance facility for the privileged importer companies. However, the service offered towards documents requirement for clearance,

documents formats, and acceptance of invoice value for tax calculation and during PCA is beyond expectation for the privileged importers and what customs should focus and work on for enhanced application of the program.

- The result of the study also revealed that there is lower awareness of the program and its privilege among regular bodies like Standard, transport authority working with Ethiopian Customs Commission and little Priority is being offered by these government offices for the privileged importers which are negatively impacting the clearance process and the program's effect towards trade facilitation.
- The finding of the study also shows that apart from customs relatively doing well on providing access to information to the AEOs', mutual partnership with customs and AEO status holders/government bodies is being practiced on lower level in accordance with preparing consultation on mutual matters, promoting the program and creating opportunities to exposure of voluntary disclosure of information by prioritizing consultation in case of wrongdoings.
- The result of the study also revealed AEO privilege minimizes clearance time, has brought a fair level of improvement on trade volume for the AEO status holder importers, and also shows increment on the duty the status holder importers paid for the regulatory government body as the duty they paid is related with the volume of their trade.

5.2. Conclusion

This specific study assesses the effect of AEO on trade facilitation in Ethiopia taking into consideration the 9 accredited importers. As per the finding of study, this was analyzed using descriptive analysis, participants view on the effect of the program on trade facilitation generalized below.

- Respondents recognize that having AEO privilege minimizes clearance time for their respective company, also the respondents agreed that the privilege has brought a fair level of improvement on their trade volume, and which shows increment on the duty they paid for the regulatory government body as the duty they paid related with the volume of their trade.

- Amongst dimensions of variables used in the study, priority customs control is the most AEO certified importers are enjoying while simplified customs clearance offered to the status holders, Priority in other government offices and mutual partnership with customs being less practiced.
- Respondents who participated in this study viewed mutual partnership with customs plays the biggest role for trade facilitation as an AEO accredited importers while observed that lack of coordination between ECC and other regulatory bodies working with the commission is the most problem/drawback for the plane application of the AEO program.
- From the result of analysis, it was perceived that, in general, the AEO accredited/certified importers are enjoying Three of trade facilitation measures: minimal rate of physical checks and investigations as appropriate; fast discharge time as suitable; clearance of goods at the properties of the AEOs or another place approved by Customs according Article 7.7 of the WTO Agreement on Trade facilitation of the Authorized Operator Scheme of the Seven trade facilitation measures in which the agreement states that AEOs should enjoy at least Three of the measures.
- According to the correlation analysis conducted there is statistically significant positive relationship between independent and dependent variables at 1% level of significance.

5.3. Recommendations

- ECC should work on facilitating a special window service for the AEO status holders which lets the holders enjoying a faster, smooth, and easy service that will play a big role on minimizing the clearance time. Providing such a special service window could be a drive factor for the non-AEOs to work on towards joining the program.
- The simplified procedures for Authorized Economic Operators have huge impact with respect to decreasing the cost related with the movement and clearance of goods. ECC should work on simplification on document requirements like minimized number/list of documents, legalization documents, which distinct

AEOs status holders from the non-AEOs. The current practice on document requirement is same for all traders which has its own impact on facilitating a better clearance service for the privilege holders.

- ECC should take the initiative on functioning towards mutual partnership with the stakeholders; traders, related government bodies by providing awareness about the program with other organizations working with the commission, its officers, the traders and create a system where AEO privileged importers could get a priority service at those government bodies as providing a priority service solely at customs branches might affect the major goal of the program which is trade facilitation and it reduce the delays in clearance due to lack of understanding of the program.
- ECC should also work on promotion of the program to traders to attract more companies to the program. Such promotion will improve the authority's revenue collection through voluntary compliance.
- ECC should work on foundation to create a commitment and coordination from all parties involved such as the commission itself, the traders' and other government bodies working with customs; such collective commitment is highly demanded for better application of the program and overall minimization of cost involved. In addition, customs should encourage voluntary disclosure of wrongdoings, also should facilitate a regular training programs arranged for the privileged companies for improved understanding of the program.
- Even though the commission is awarding certificate to the privilege holders' stating their AEO status level, practically there is an awareness gap by the commission's officers towards the program and the holders' privileged service. So, ECC should boldly publicizing the AEOs and their respective privilege towards its officers, other government bodies working with customs for a smooth application of the program.

REFERENCES

- Batista, L. (2012). Translating trade and transport facilitation into strategic operations performance objectives. *Supply Chain Management: An International Journal*, 17(2), pp.124–137
- Burgemeestre, B., Hulstijn, J. and Tan, Y.-H. (2013). Towards Architecture for Self-Regulating Agents. A Case Study in International Trade”, PGS IT Audit of the VU Amsterdam and the Integrated Project ITAIDE of 6th Framework of IST Program of European Commission.
- Butter, Frank A.G. Den, Liu, Jianwei, Tan, and Yao-Hua. (2010). “Using Trust and Reputation in Government-to- Business Relationships: The Authorized Economic Operator (AEO) as an example”, VU University, Amsterdam.
- Butterly, T. (2003). ‘Trade facilitation in a global trade environment’, in UNECE (Ed.) Trade facilitation: the challenges for growth and development, United Nations, Geneva.
- Chen, L. and Ma, Y. (2015). Study of the Role of Customs in Global Supply Chain Management and Trade Security Based on the Authorized Economic Operator System. *Journal of Risk Analysis and Crisis Response*, [online] 5(2), pp.87–92
- De Almeida T.C, Magaesh R. (2015). “Conceptual Relevancy of Deming Wheel with Respect to the Authorized Economic Operator Program of Indian Customs”, *International Journal of Recent Research*.
- EC.(2007). Customs Blueprints: Pathways to Modern Customs. [online] Available at: http://ec.europa.eu/taxation_customs/resources/documents/common/publication_S/infodocs/customs/customs_blueprint_en.pdf/ .[Accessed December 15, 2020]
- Ethiopian Customs proclamation no. 622/2008 and 859/2014.
- Marczyk, G.R., Dematteo, D. and Festinger, D. (2005). *Essentials of research design and methodology*. Hoboken, N.J.: John Wiley & Sons.
- Global Trade-Related Technical Assistance Database. ‘Trade Facilitation’ (World Trade Organization, 2012) [online] Available at: http://gtad.wto.org/trta_subcategory.aspx?cat=33121>.[Accessed December 15, 2020]

- Igor Nestoryshen and Vitelii Turzhanskyi. ‘Conceptualization of the Authorized Economic Operator: International Experience and Prospects of Its Implementation in the Customs Legislation of Ukraine’ (2016) 6(4) Customs Science Journal [online] Available at: <http://ccjournals.eu/ojs/index.php/customs/article/view/548>. [Accessed 26 December 2020]
- Lillian Udell MSc. (2016). AEO – Can the balance between trade facilitation and safety procedures be met?
- Michael Kyanzi. (2018). The impact of Authorized Economic Operator Accreditation/ Certification on Trade Facilitation: The Case of Uganda
- OECD. (2003). Quantitative assessment of the benefits of trade facilitation, Working Party of the Trade Committee, OECD, Paris.)
- Mouton, J. 1996: Understanding Social Research. Pretoria: Van Schaik publishers
- OECD. (2005). The Costs and Benefits of Trade Facilitation: Policy Brief. [online] Available at: <http://www.oecd.org/dataoecd/58/25/35459690.pdf/>. [Accessed 26 December 2020]
- Peterson, J. and Treat, A. (2009). The Post-9/11 Global Framework for Cargo Security. [online] Available at: https://www.usitc.gov/publications/332/journals/cargo_security.pdf [Accessed December 30, 2020]
- Revised Kyoto Convention (RKC). (1999)
- Safe Framework of Standards.(2014) Annex I/page1
- ‘SAFE Framework of Standards to Secure and Facilitate Trade’ World Customs Organization (June 2015) [online] Available at: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/_media/2B9F7D493314432BA42BC8498D3B73CB.ashx. [Accessed November 15, 2020]
- Szelp, Attila. (2010). “Cargo Security Initiatives in the EU and the USA, their Impact on Business Operations and Mutual Recognition with Focus on AEO and C-TPAT”, WU Vienna University of Economic and Business.
- Tesfaye Gelan. (2015). Investigating Impact of Authorized Economic Operator Program Implementation on Operational Performance of Member Companies

- Tewelde W/Gebriel. (2011). Challenges of Customs on Trade Facilitation in Ethiopia: The case of Customs clearance in ERCA, (Unpublished).
- Wto. org. (2017). WTO | Trade facilitation. [online] Available at: https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm
- Kewaje Rading. (2019). The Future of Trade Facilitation Lies with the AEO Program. [online] Available at: <https://www.kra.go.ke/en/media-center/blog/616-the-future-of-trade-facilitation-lies-with-aeo-program>) Kenya Revenue Authority. [Accessed July 10, 2020].
- UNCTAD Trust Fund for Trade Facilitation Negotiations¹ Technical Note No. 19
- UN/CEFACT. (1974). Recommendation No 4 – National Trade Facilitation Bodies CEFACT, UN, Geneva.
- UNCTAD. (2011). Trust Fund for Trade Facilitation Negotiations¹ Technical Note 5 Post-clearance audits.
- USAID.(2004). Customs Modernization HandBook: Establishing Risk Management/Selectivity. [Online] Available at: <http://www.bizclir.com/galleries/publications/Establishin%20Risk%20Management>. [Accessed December 5, 2020].
- WCO SAFE Package. (2016). [online] Available at: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package.aspx. [Accessed December 5, 2020].
- WCO, RKC, General Annex Chapter 2
- World Customs Organization. (2006). Authorized Economic Operator
- World Customs Organization (WCO). AEO Template, 2014 Edition. Brussels, WCO, 2014a.
- Williams, Z., Lueg, J.E., and Lemay, S.A. (2008). “Supply Chain Security: An Overview and Research Agenda, The International Journal of Logistics Management, Vol.19 Iss.2 pp.254-284.
- Yang, C. and Wei, H. (2013). “The Effect of Supply Chain Security Management on Security Performance in Container Shipping Operations”, Supply Chain Management: An International Journal, Vol.18, Iss.1pp.74-85

- Zikmund et al. (2010). Business Research Methods, 8th Edition. Mason, OH: South-WesternCengage Learning, United States.
- Zinbarg, M. (2005). Research methods. (1st Edition). New Jersey: Pearson Publishers, NewJersy.
- WCO News. (n.d.). EAC Regional AEO programme: a model for regional integration and trade facilitation. [online] Available at: <https://mag.wcoomd.org/magazine/wco-news-83/eac-regional-aeo-programme-a-model-for-regional-integration-and-trade-facilitation/> [Accessed December 5, 2020].
- Unpublished Customs Manual also used as a reference.

APPENDIX I. QUESTIONNAIRES

Addis Ababa University
College of Commerce school of Graduate Studies
Department of Logistics and Supply Chain Management

Dear respondents:

I am a graduate student at Addis Ababa University, College of Commerce in the department of Logistics and supply chain management, currently conducting a research entitled **The effect Authorized Economic Operator (AEO) on Trade Facilitation in Ethiopia: The case of AEO Accredited Importers**, as a partial requirement of Master of Arts Degree in Logistics and supply chain management.

The purpose of this questionnaire is to gather data for the proposed study, and hence you are kindly requested to assist the successful completion of the study by providing the necessary information. The participation in completely voluntary and the questionnaire is totally anonymous.

I assure that the information you provide will stay confidential and will only be used for the mentioned academic purpose. So, your candid, frank and timely response is important for the success of the study. I appreciate and would like to thank in advance for your kind cooperation and commitment to fill the questionnaire.

Sincerely,

Elizabeth Tizazu

Note:

1. No need of Writing names
2. Indicate your answers with a check mark (√) on the appropriate cell, both for Likert scale and multiple-choice questions.
3. For further explanation/discussion and for collection of completed questionnaire, Kindly call me on my cell phone: 0911-39-70-79/ 0929-90-84-76 or you contact me through my email: tizazuelizabeth@gmail.com

Section I: Respondents Profile

1. Gender Female Male

2. Age: 20-25 26-35 36-45 Above
45

3. Education Qualification
 Below College Diploma College Diploma First Degree (BA,
BSC)
 Second Degree (MA, MSC) PhD and above

4. Current position in the company Junior
Expert/Senior Officer
 Supervisor Manager

5. Year of Service in the current position
 1 to 3 Years 4-7 Years 8- 10 Years above 10
Years

6. Year of Company being AEO accredited/certified
 1 to 2 Years 3 to 4 Years 5 to 6 Years 5 to 6 Years above 6
Years

7. What is your business certificate level?
 Diamond Gold Silver Bronze

Section II. Main Questionnaire

8. Please indicate your answer by putting the tick mark (√) on the appropriate cell.
Where, 1 = Strongly disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A),5=
Strongly Agree (SA)

Please indicate the degree to which you agree with the following statements regarding
benefits your company is enjoying from being accredited/ certified of AEO privilege by
Ethiopian customs commission. (Please keep in mind when rating the statements, the
daily service of customs and regulatory organs the company is experiencing)

No.	Measurement Items	Score				
		1	2	3	4	5
	<i>Priority in Customs Control</i>	SD	D	N	A	SA
8.1	We have consistent and regular priority when we submit our documents for clearance at entry point					
8.2	We get priority in release of declaration and related immediately after clearance					
8.3	We have special window in charge of treating our document					
8.4	In case of disruption, we have priority to get quick inspection and release of cargo					
	<i>Simplified Customs Clearance</i>	Score				
		1	2	3	4	5
		SD	D	N	A	SA
8.5	There is Little or no physical inspection of our shipment during the clearance process					
8.6	The list of documents required for clearance are reduced as an AEO privilege					
8.7	Clearance of shipments by fewer copy documents with no deposit or further guarantee requirement other than AEO status					
8.8	Copy documents submitted are not required to be chamberized to save clearance time					
8.9	AEO has different documentation format to make it distinct from non-AEOs					
8.10	Customs duty and tax is calculated/paid as per our invoice value (our commercial invoices are accepted)					
8.11	Our invoice is accepted during post clearance audit (PCA)					
8.12	We have pre arrival clearance facility					
8.13	We have cargo inspection and release service at our premise					
8.14	Deferred payment of duties, taxes, fees and charges					
	<i>Priority in other government organizations working with Ethiopian Customs Commission (Transport, standards, Road Transport Authority (RTA), Ethiopian Shipping lines, at loading, unloading at dry ports etc..)</i>	Score				
		1	2	3	4	5
		SD	D	N	A	SA
8.15	We have priority in inspection at other government organizations like standards, RTA as they are aware that we have AEO status					
8.16	We have special area and priority treatment at customs branch offices like airport cargo and dry port terminals because of our AEO status					

8.17	All regulatory bodies working with Ethiopian Customs Commission are aware of AEO and provide special privilege					
8.18	We have priority in multi modal shipment particularly in transport of our cargo from Djibouti					
Mutual Partnership with Customs		Score				
		1	2	3	4	5
		SD	D	N	A	SA
8.19	There is an attempt to promote AEOs by customs so that awareness is created among customs officers, regulatory inspectors and related government bodies					
8.20	There is regular consultation between AEOs and Ethiopian Customs Commission on matters of mutual interest					
8.21	There is regular consultation between AEOs and Ethiopian Customs Commission to find solutions for problems that may arise					
8.22	AEOs have access to valuable information on a regular basis which help them update themselves with the new customs rules and regulations					
8.23	There is a regular training program arranged for AEOs					
8.24	Ethiopian Customs Commission prioritize consultation and advise in case of errors to promote the voluntary disclosure of information by AEOs					

9. Please indicate the degree to which you agree with the following statements regarding the effect of being AEO certified on trade facilitation for your company

Effect of Being AEO certified on Trade Facilitation		Score				
		1	2	3	4	5
		SD	D	N	A	SA
9.1	Being an AEO helped on minimizing clearance time					
9.2	Being an AEO helped to increase the degree of our trade volume					

9.3	Being an AEO plays role increasing the amount of duty and tax paid to government					
-----	--	--	--	--	--	--

10. Among the above listed major variables (main headings) of the questionnaire which one do you think plays a big role on trade facilitation? (Please indicate your answer with rank from 1-4)

	Major Variables (Main Headings)	Rank (1-4)
10.1	Priority in customs control	
10.2	Simplified customs clearance	
10.3	Priority in other government organs working with Ethiopian Customs Commission	
10.4	Mutual partnerships with custom	

11. What are the major blocks for the success of AEO accredited/ certified importers? (Please indicate your answer with rank from 1-4)

	Major Blocks	Rank (1-4)
11.1	Regulatory restrictions	
11.2	Lack of Commitment on part of Ethiopian customs commission	
11.3	Lack of coordination between Ethiopian customs commission, regulatory and service providing agencies	
11.4	Lack of commitment on the part of AEO accredited importers	

12. In your opinion, what needs to be done to improve the success of AEO status privileged importers? _____

APPENDIX II. CORRELATION

		PCC	SCC	PGO	MPC	TF
PCC	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	85				
SCC	Pearson Correlation	.721**	1			
	Sig. (2-tailed)	.000				
	N	85	85			
PGO	Pearson Correlation	.608**	.840**	1		
	Sig. (2-tailed)	.000	.000			
	N	85	85	85		
MPC	Pearson Correlation	.679**	.854**	.843**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	85	85	85	85	
TF	Pearson Correlation	.437**	.374**	.405**	.466**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	85	85	85	85	85

** . Correlation is significant at the 0.01 level (2-tailed) *Source: Survey Result (2021)*

APPENDIX III- LIST OF CURRENT AEOs

NO	Name of Investor /Trader Name	Sector	AEO Status Level
1	Belayneh kinde	IM. Manu. Export	Diamond
2	Redwa motors	Manufacturer	Diamond
3	The Motor & Engineering Company S.C. (MOENCO)	Importer	Gold
4	Beaeka General Business	IM. Manu. Export	Gold
5	Belay-AB Motors	Industry	Gold
6	Beaeka General Business	IM. Manu. Export	Gold
7	Kadisco Paint and Adhesive Industry S.C	Manufacturer	Gold
8	Ambassel Trading House	Industry	Gold
9	Adem kedir haji/Hora trading	Manufacturer	Gold
10	Kaki PLC	IM. Manu. Export	Gold
11	Beaeka General Business	IM. Manu. Export	Gold
12	Tamrin international trading	IM. Manu. Export	Gold
13	Tracon Trading plc	IM. Manu. Export	Gold
14	Two Brothers Food complex plc	Manufacturer	Gold
15	KK plc	IM. Manu. Export	Gold
16	Abereham Abebe	IM. Manu. Export	Gold
17	Zenith Gebes Eshet	Manufacturer	Gold
18	Equatorial Business Group	Industry	Gold
19	Horizon Addis Tyre Share Company	Manufacturer	Gold
20	Nyala Motors S.C	Importer	Gold
21	East Africa Bottling Share Company	Importer	Gold

22	BGI Ethiopia PLC	Industry	Gold
23	Metals and Engineering Corporation	Industry	Gold
24	Techno Style PLC	Importer	Gold
25	Habasha Brewery SC	Manufacturer	Gold
26	Oil Libiya Ethiopia	Importer	Gold
27	Dire Industries P.L.C.	IM. Manu. Export	Silver
28	Ethio-Lather Industry P.L.C. (ELICO)	Manufacturer	Silver
29	Ethiopia Tannery Share Company	IM. Manu. Export	Silver
30	National Tobacco Enterprise	Manufacturer	Silver
31	Nile Source PLC	IM. Manu. Export	Silver
32	BMET Energy, Telecom, Industry and Trade LLC	Industry	Silver
33	Burayu Development PLC	Industry	Silver
34	East African Tiger Brands Industries PLC	Manufacturer	Silver
35	Kanoria Africa Textile PLC	Industry	Silver
36	Adama Development PLC	Industry	Silver
37	Alema Koudijs Feed PLC	Industry	Silver
38	Batu Tannery PLC	Industry	Silver
39	Hagbes PLC	Importer	Silver
40	Medpharm Holding Africa LTD	Importer	Silver
41	National Motors Corporation	Industry	Silver
42	Red Fox Ethiopia PLC	Agriculture	Silver
43	Excel Plastic PLC	Industry	Silver
44	National Oil Ethiopia	Importer	Silver
45	Nefas Silk Factory PLC	Manufacturer	Silver
46	Steely R.M.I.PLC	Industry	Silver
47	Ries engineering s.c	Importer	Silver
48	Great land Motors and Engineering plc	Importer	Silver

*Source: AEO lists from Ethiopian Customs
Commission data as of date June,2021.*

..