



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE, GRADUATE STUDIES
DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT
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***Assessment of challenges on import customs procedure in
relation to trade facilitation and control in the case of ERCA
Addis Ababa Kality branch***

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***A thesis submitted to Addis Ababa University, School of Commerce,
Graduate Studies, in partial fulfillment of the requirements for the
Degree of Masters of Arts in Logistics and Supply Chain Management***

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**May, 2018
Addis Ababa**

DECLARATION

I, the undersigned declare that the thesis comprises of my own work. In compliance with internationally accepted practices, I have duly acknowledged and referenced all materials used in this work. I understand that non adherence to the principles of academic honesty and integrity, misrepresentation (fabrication of any idea/data/fact source will constitute sufficient ground for disciplinary action by the university and can evoke penal action from the source which have not been properly cited or acknowledged.

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This is to certify that Lemlem Desta has carried out her research work on the topic entitled “*The Challenges of Import Customs Procedure In relation to Trade Facilitation: The Case of Ethiopian Revenues and Customs Authority Addis Ababa Customs Branch Office*”. The Work Is Original in nature and is suitable for submission for the award of Master Degree in Logistics and Supply Chain Management (M.A in LSCM).

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APPROVALS

The thesis entitled “*The Challenges of Import Customs Procedure In relation to Trade Facilitation: The Case of Ethiopian Revenues and Customs Authority Addis Ababa Customs Branch Office*” is approved for the degree of Master of Arts in Customs Administration.

As members of the Board of Examiners Board of the Final MA Thesis open Defense Examination, we certify that we have read and evaluated the Thesis prepared by: Lemlem Desta and examined the candidate . We recommended that the Thesis be accepted as fulfilling the Thesis requirement for the degree of Master of Arts in logistics and supply chain management.

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List of Acronyms

AAKCBO	Addis Ababa Kality Customs Branch office
AEO	Authorized Economic Operator
ASYCUDA++	Automated System For Custom Data Base
BPR	Business Process Reengineering
CSP	Customs security program
DA:	Disagree
EU	European Union
EC	European Commission
EDI	Electronic data exchange
ERCA	Ethiopian Revenue and Customs Authority
HRD	Human Resources Development
ICC	International Chamber of Commerce
IBM	Integrated Border Management
ICT	Information Communication Technology
N:	Neutral
PCA	Post Clearance Audit
UN	United Nations
RKC	Revised Kyoto Convention
SA:	Strongly Agree
SDA:	Strongly Disagree
SAFE:	Safe Frame Work
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization

ABSTRACT

Ethiopia Revenue and Customs Authority perform differing activities to improve trade facilitation. The strategic activities for improving trade facilitation are automation, risk management, human resource management, customs procedure, cooperation and coordination with stakeholder on the three departments of Customs clearance, transit, and warehouse. By improving activities in this area of operation it can assist ERCA making a valuable contribution to the achievement of their strategy. This study aimed at directing ERCA of Kality Branch performing trade facilitation towards gaining benefits through better discharging of its responsibilities. The study employed mixed research methodology .The data for this current investigation was collected from both primary and secondary source. For the study the concerned bodies were interviewed, questioners are distributed for staffs and customs clearing agents. Finally descriptive analysis of table, Bar charts, and narration was used to interpret the different data obtained through questionnaire and interview method of data collection and based on the findings the study recommended suggestions.The findings of the study revealed the following major challenges Risk management in import clearance , lack of proper information flow for risk profiling purposes,lack of cooperation with other departments in the Branch Office as well as lack of coordination with the national intelligence unit for third party information sharing for risk profiling, lack of experienced and trained customs employees, lack of skills in order to utilize ASYCUDA++ for trade facilitation, automation,Unclear, inconsistent, unpredictable, non-harmonized and complicated criteria to obtain import customs formalities, and Lack of cooperation and coordination among customs and other agencies in Branch Office.To overcome the challenges it is important to create sound human resource management system that is suitable for employees, the branch should significantly implement automation system that support the warehousing procedure, continuous training and coaching, Customs administration should design effective cooperation and coordination mechanisms through the aid of modern technology to ensure effective and efficient information flow for risk profiling and for the development of organized and updated risk profile database. This also should be supported by proper learning and training, performance evaluation programs that improve staff competency in risk management.

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CHAPTER ONE

INTRODUCTION

1.1. Introduction and Background of the Study

The advantages of international trade and investment are today more widely accepted around the world than at any time in recent history. At the government level, faith in these benefits has encouraged many countries to adopt international economic policies that enhance greater trade and investment. A major feature of these international economic policies is a commitment to reducing global barriers to trade and investment. Chris Milner (2005).Explains that measures to actively facilitate trade are increasingly considered as critical to help developing countries in expanding trade and benefiting from globalization. Trade Facilitation is important to development enhances countries' competitiveness by allowing them to trade goods and services on a timely basis with lower transaction costs. Conversely, inefficient logistics, procedures and infrastructure can pose high obstacle to trade, by making it difficult for countries to tap new market opportunities or improve their overall competitiveness in the trading system.

“The WTO website defines trade facilitation as the simplification and harmonization of international trade procedures for collecting, presenting, communicating and processing data required for the movement of goods in international trade’(WTO 2001 cited in Carolin Eve Bolhofer 2007 P32).In the revised Kyoto convention, Customs is defined as 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 (WCO 1999).

Customs Procedures usually consist of Transit, Warehousing, and Clearance of both Imports and export cargoes. The modern Customs administration should response change in the business of international trade by facilitating trade and providing adequate control without sacrificing Customs objective of revenue generation and protection of national security.

Customs clearance in the developing world is in rapid evolution. The development in customs can be described in three stages. In the first, the customs authority concentrates on physical inspection and paperwork, in the second, the customs authority works to reduce fraud and maximize revenues, and in the third, the customs works to facilitate trade through internal checks, process management and the development of electronic data exchange (Appels and Henry, 1998). Hence, trade facilitation is among the integral customs functions which need high attention.

The term trade facilitation has emerged as a focus of studies aimed at reducing these transaction costs imposed through international trade. The World Trade Organization (WTO) defines trade facilitation as “The simplification, harmonization, 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).

Ethiopian Revenue and Customs Authority plays an integral role 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, collected 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.

The WCO has already created an important platform through the adoption the SAFE Framework of standards and a range of international instruments for sharing of information, increasing standardization regulatory requirements of managing international trade, strengthening risk management and detecting fraud and other threats (WCO, 2008). Similarly, following the international practices, the Ethiopian customs administration has been trying to modernize its customs procedures so that to smooth the ground for trade facilitation, though still there are remaining spaces for improvements.

This is because Ethiopian international trade has faced many challenges .Ethiopian Revenue and Customs Authority plays an integral role 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, collected 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.

The concept of trade facilitation is receiving unprecedented attention and is at the heart of numerous initiatives within 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 largely used by institutions that seek to improve the regulatory interface between government bodies and traders at national borders (Grainger, 2008).Customs has tremendous effect on trade facilitation all over the world. Specially, when customs controlling systems is stronger than its facilitation, trade activities become in great challenge this study were assessed&discussed challenges of import custom procedures in relation to import trade facilitation and that may lead to improvement in the pursuit of operational changes to trade procedures. The study is conducted in the Ethiopian Revenue and Customs Authority AddisAbeba Kality Customs Branch office.

1.2. Problem Statement

Trade facilitation is the simplification, harmonization, standardization and modernization of trade procedures. It seeks 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 implementation of trade facilitation principles is fraught with 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 important issues affecting the ability of customs to achieve its assigned objectives effectively and efficiently (EC, 2007 and USAID, 2012).

Problems contributing to the challenges of trade facilitation includes issues related with custom clearance such as classification of tariff, valuation, lack of making timely & accurate decision, not using fair and & standardized physical examination of goods for all customers ,not examining goods according to the procedures. Although trade facilitation concepts and recommendations are reasonably well understood and are a substantial agenda item within many worthy organizations, their implementation is wrought with obstacles those obstacles includes factors such as Considering the trade environment's complexity, many different often conflicting interests are at work, Institutional limitations add further to implementation difficulties, Policy executives tasked with identifying transaction cost problems, evaluating scope for trade facilitation and implementing trade facilitation programs require a wide range of experience and skills. These are seldom found within one single organization. (Andrew Grainger's, 2007).

Regarding customs role in trade facilitation and control challenges, a number of surveys have been conducted globally. But in the cases of Ethiopia there are few researches related to the challenges of customs import clearance procedure on trade facilitation and control as far as the researcher's knowledge is concerned. Additionally from the researcher's practical experience in customs operation, there are different challenging factors to facilitate legitimate trade as the same

time to implement appropriate regulatory control without compromising one another. To cope up the challenges, the government has taken various measures in order to minimize factors that affect trade facilitation and control. However, those challenges still sensitive and burning issues for both the government and trading communities. This is supported by empirical evidence that According to, (Tadele mengesha, 2014). Delay time brings effects on delay in the clearance of imported goods for many days, implying a) 0.8% ad-valorem tariff per day, because the goods cannot be inspected unless they are unloaded; b) welfare loss to consumers of imported goods as they are forced to pay higher prices as a result of the delays; c) Loss of welfare and competitiveness to producers which use imported inputs for export production. d) a total loss to the importer, if a cargo is disposed of by Customs. The increasing positive engagement of business with Customs has helped identify major trade facilitation weaknesses that if addressed can help reduce transaction costs in Africa. These include the lack of a service across all customs management levels, adversarial relationship between Customs and business, insufficient or inefficient supporting infrastructure, lack of a facilitation culture in other government departments, corruption and illicit trade. The challenges present opportunities for businesses to engage with Customs to bring about the desired change. (World Customs Journal 2011).

Thus, the purpose of this study was to investigate the challenges of customs procedures on trade facilitation and control in Addis Ababa kality Customs Branch Office from risk management, custom procedure, customs automation, human resource developments and management, as well as cooperation and coordination among customs and other government agencies framework. This is integration among stakeholders, branches coordination, applications of modern technologies, consultation of traders', document requirements to accomplish import activities, updating of data base system (importer risk profile) and Competency of the staffs are the points were assessed in this study.

1.3. Research question

- What are the challenges of custom transit procedures in relation to trade facilitation and controlling from the five frameworks.
- What are the challenges of import custom warehousing in relation to trade facilitation and controlling from the five frameworks.
- What are the challenges of import custom clearance in relation to trade facilitation and controlling from the five frameworks.

1.4. Objectives of the study

1.4.1. General objectives

To assess the challenges of import custom procedures in relation to trade facilitation and control in Addis Ababa Kality customs branch office

1.4.2. Specific objectives

- To assess challenge of import transit customs procedures in relation to trade facilitation and control from the five frameworks.
- To assess challenge of customs import warehousing procedures in relation to trade facilitation and control from the five frameworks.
- To assess challenge of import customs clearance in relation to trade facilitation and control from the five frameworks.

1.5. Scope of the study

The study focused and delimited on identifying and measuring the challenge of import customs procedure in ERCA of Kality Branch. So this study has examined data collected from transit, clearance warehousing departments related with the job and customs clearing agents to understand the challenges of import customs procedure in trade facilitation and control. There by to find out and suggest the possible administrative interventions and remedies to improve trade facilitation and control to succeed and realize the organizational visions and objectives.

The research title is limited with five variables of risk management, customs procedures, customs automation or information technology, human resource development and management, and the customs' cooperation with other governmental, non-governmental, national and international agencies or organizations so the study areal scope of the study is limited in one branch of ERCA of Addis Ababa kality customs branch office in which the data was collected from the three

department staff of warehousing, customs clearance, transit, using stratified sampling as well from customs clearing agent's.

1.6. Significance of the research

There are a number of studies conducted on customs administrations but most of them are concentrated on import clearance and other aspect of custom trade facilitation and there are few researches that tried to include as a point of focus for trade facilitation globally. However, the researcher is unaware of any research on the challenges of customs in import procedure on trade facilitation in Ethiopia. Hence, the finding of this paper assumed to have the following academic, economic and organizational values. These can be:

- providing insight and information for administrators, practitioners, and researchers about challenge of import customs procedure.
- Administrators of ERCA may benefit from the survey findings and feedback, and could implement strategies for change that address participant responses and that can enhance its service delivery
- Administrators of the organization can also benefit by understanding how critical issues related with challenge of import customs procedure in trade facilitation are
- Once issues related with the challenge of import customs procedure is measured, administrators can develop and implement change strategies that would actually improve their operation, there by potentially increasing the overall effectiveness of the organization and possibly decreasing the challenge
- The research will show ERCA where or the area to focus (like customs clearance procedures, automation, risk management, human resource management and cooperation with business and other stakeholders which improve the country's import procedure f trade performance in the global arena) to minimize the unnecessary lengthy procedures to ensure and maximize the benefits of trade facilitation and lessen its impact of business.
- Benefit to other researchers conducted similar study: This study can serve as a base for future and further research in the area of by other researchers and play significant role in reducing the existing empirical literature gap.
- Benefit to the country: this research will support ERCA to minimize the procedural problems with trade facilitation and control using this study as a problem indicator in the areas like customs procedures, efficient utilization of automation, proper implementation

of risk management, improved human resource management and efficient cooperation with business and other stakeholders which improve the country's trade performance in the global arena.

- The study will also serve as a springboard for future and further research in the area by other researchers.

1.7. Definitions of Key Terms

The definitions of the following terms are as per Revised Kyoto Convention (RKC, 1999) and as per Ethiopian custom proclamation no.859/2006.

Administration: The executive part of the government; the person collectively who are interested with the execution of the laws and superintendence of public affairs.

Challenge: difficulties that countries, institutions, and individuals facing in the process of doing some activities to achieve pre specified objectives in different levels.

Customs: 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: The accomplishment of the Customs formalities necessary to allow goods to enter home use, to be exported or to be placed under another Customs procedure.

Customs procedures: It's all customs operations which shall be carried out by persons concerned and by the authority in order to comply with customs law.

Clearing agent: It is a person's issued with customs clearing agent license pursuant to regulation issued hereunder and includes an employee of declarant issued, by the authority, with certificate of professional competence in respect of customs' clearance.

1.8. Description of the Study Area

Addis Ababa Kalitiy Customs branch is one of the branches of ERCA (Ethiopian revenue and customs authority) which is located at the south eastern part of Addis Ababa administrative city. As the branch is located at Addis Ababa kaliti around Saris Abo round about inside comet transports' compound, it is expected by the government to be effective and efficient in carrying out its roles and responsibilities. The major responsibilities of ERCA in general and the branch in

particular are: revenue collection, trade facilitation, protection of the society, provision of reliable data and statistics.

1.9. Limitation of the Study

In this study the researcher has faced a dozen of limitations and constraints when she conducts this thesis. Some of the impediments encountered, among other things, include; Lack of well-organized secondary data in the areas, like performance reports that can indicate the actual annual work performance of transit, warehouse and clearance customs procedures, lack of customer complains survey, lack of reference materials and previously conducted research in customs on the challenges of import custom procedures in relation to import trade facilitation which could help the researcher to see the existing research gaps were the major limitations. In addition to this, primary data were collected using an interviews and questionnaires. Hence, respondents were reluctant to give response and to fill questionnaires particularly in open ended questions because of lack of time and willingness to overcome the limitation of primary data collection the researcher closely communicate with respondents until the required data were collected. This study was intended to undertake on challenges of import custom procedures in relation to import trade facilitation which involve a number of parties and activates from place of departure of goods up to office of destination due to time and cost constraint the study limited to challenge of custom import procedures from the destinations point of view that are Addis Ababa kality branch office. Finally the researcher faced with shortage of time to conduct in-depth investigation.

1.10. Organization of the study

This paper has five chapters. Chapter one dealt with introduction/back ground of the study, a statement of the problem with research questions, objectives of the study, significance, scope and Limitation of the study. The second chapter presented the review of theoretical and empirical literatures. Research design and methodology of the study was presented in the third chapter. The Fourth chapter explained data analysis and presentation. Finally, the fifth chapter of this paper contained the findings, conclusion and recommendations.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1. Theoretical Literature

2.1.1. Customs

According to Revised Kyoto Convention (1999), “Customs” means 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? Customs organizations throughout the world hold a unique position within the country’s government and the international community. From a national point of view, border protection, revenue collection and the operation of a customs administration are uniquely sovereign responsibilities. Customs administrations also have a special alignment with the international community to provide service. Customs are often the first contact with foreign business and travelers have with the government.

2.1.2. The Role of Customs

Traditionally, however, Customs has been responsible for implementing a wide range of government policies spanning areas as diverse as revenue collection, trade compliance and facilitation, interdiction of prohibited substances, protection of cultural heritage and enforcement of intellectual property laws. This breadth of responsibility, reflect the fact that Customs authority have long been entrusted with administering matters for which other government ministries and agencies have policy responsibilities; such as, health, agriculture, environment, trade statistics and in some cases, immigration. This is generally achieved through the implementation of an advice range of service level agreement, with Customs having regulatory responsibility stem from the more traditional Customs role of collecting duties on international traded commodities, a common extension of which is the collection other forms of tax. In many developing and least developed countries, import duties and related taxes represent a significant proportion of the national revenue In developed countries in other hand, with relatively little reliance on imports as a source of government revenues, there is an increasing focus on border

protection with particular emphasis on the enforcement of import and export prohibition and restrictions, including

Those arising from a free trade agreement. Nevertheless the current trade toward global free trade and the recent heightening of international terrorism concerns has been boarder security emerge as a priority across all economies (Widdowson, 2007 cited in W/Gebreal,2011).

2.1.3. Views on Trade Facilitation

There are different views that describe trade facilitation. The predominantly traditional view of trade facilitation focuses on the removal of barriers to the international movement of goods and in particular, on the procedures in and around the borders (e.g., simplification of customs procedures). The trade facilitation part of the WTO negotiations, for example, focus on transactions at the border, such as documentary requirements, transparency of customs clearance and transit procedures, and disciplines on fees and taxes. This traditional view of trade facilitation is motivated to improve border and transit management procedures and their implementation and thereby remove obstacles to trade in goods at the border; less attention is paid to “behind and between the border” issues. In more recent years, trade facilitation has grown above and beyond “fixing borders” and includes a comprehensive examination of the costs that traders and producers face from production until the delivery of their goods and services to the overseas buyer and thereby includes all the transaction costs both directly and indirectly associated with the trading process.

According to Jeker (2008), the International Chamber of Commerce (ICC) defines trade facilitation as “the adoption of a comprehensive and integrated approach to simplifying and reducing the cost of international trade transactions, and ensuring that the relevant activities take place in an efficient, transparent and predictable manner based on internationally accepted norms and standards and best practices”. The WTO Secretariat has circulated a “checklist of issues” that summarizes the central issues of trade facilitation. These include: Physical movement of consignment (transport and transit) and border-crossing problems; Import and export procedures, including customs; Information and communication technology; Payment, insurance and other financial requirements that affect cross-border movements of goods in international trade; and International trade standards.

2.1.4. The Role of Trade Facilitation in Custom

the authority is responsible to facilitate international trade, which it does by providing expedited clearance of goods through simplified and harmonized customs procedures as envisaged under the revised Kyoto convention (proclamation 859/2009).

According to a study conducted by Asian Development Bank (2009): Trade facilitation may contribute many advantages to the Government; Increased effectiveness of control methods , efficient deployment of resources, Correct revenue yields, Improved trader compliance, encouragement of foreign investment and Accelerated economic development. The study also describes advantages which will be gained by traders including: lower costs and reduced delays, faster customs clearance and release through predictable official intervention, simpler commercial framework for doing both domestic and international trade, Enhanced competitiveness.

Another research conducted by OECD, (2011) trade facilitation aims to simplification of trade documents, reducing document and data requirements and aligning them to international standards. According this study, simplified and standardized trade documentation yields tangible benefits including: fewer documents and forms that are easier to complete; reduced time, money and human resources resulting in lower total transaction costs; harmonized data elements that facilitate the document transmission between country and remove language barriers; easier reproduction and fewer mistakes as data is entered only once; Improved administrative controls; and smoother transition to automation and electronic document submission.

Trade facilitation programs may reduce trade transaction costs, increase customs productivity and improve the collection of trade taxes. As a direct consequence of the expedite clearance process, storage and warehouse fees together with insurance costs for goods under storage will be reduced. Post-clearance audit allows Customs to change the approach from a purely transaction based control to a more comprehensive, company-oriented control. Inspection selectivity programmes make use of risk profiles benefit its custom administration; better human resource allocation, increased revenue, improved compliance with laws and regulations, improved collaboration between traders and customs, reduced release time, lower Transaction costs (United Nations, 2011).

2.1.5. Customs Control

Much of the literature in this field has adopted the definition and concept of ‘customs control’ as Defined in 1 of the revised Kyoto Convention and the WCO Glossary of Customs Terms, which refers to the measures applied by customs administrations to ensure compliance with customs-related laws and regulations. The revised Kyoto Convention (WCO, 1999) outlined the principle of customs control as representing “the proper application of customs laws and compliance with other legal and regulatory requirements, with maximum facilitation of international trade and travel”. In other words, customs controls should be kept to the minimum necessary to meet the main objectives of ensuring regulatory compliance and should be carried out on a selective basis using risk management techniques to the greatest extent possible (WCO, 1999).

2.1.6. Customs Procedures

The term Customs procedures refers to the treatment of goods by Customs administrations which is enshrined in national legislation. Customs procedures cover the whole spectrum of the Customs system of control and facilitation of imported and exported goods, the movement of passengers, and goods in transit. Customs Procedures usually consist of Transit, Warehousing, and Clearance of both Imports and export cargoes. The modern Customs administration should response change in the business of international trade by facilitating trade and providing adequate control without sacrificing Customs objective of revenue generation and protection of national security.

From a trade facilitation perspective, the world Customs Organization’s (WCO) international convention on the simplification and Harmonization of Customs procedures, that was extensively revised and adopted in June, 1999. And commonly known as the revised Kyoto convention, is acknowledged as the main international instrument covering trade facilitation as it pertains to the role played by Customs administrations in the global trading system (www.gfptt.org ,Global facilitation partnership for Transportation and Trade).

According to the WCO guide of time measurement (2002), in the modern business environment of just in time production and delivery it has become ever more important that traders are guaranteed fast and predictable release of goods. Since Customs is the foremost agency at the border and pays a prominent role in the release of goods, Customs should strive to reduce the complexity of clearance procedures and to limit their information that is really necessary.

Moreover , modern business administration have recognized that streamlining and simplifying clearance procedures is of benefit to their importers, exporters and their national economies. To achieve the goal of offering efficient and effective clearance procedures, while continuing to maintain their traditional duties of revenue collection and enforcement activities, Customs administrations are increasingly introducing simplified procedures. In order to ensure that these are applied in an effective manner, the procedures have to be reviewed and updated at regular intervals. In addition, to determine the level of effectiveness of normal Customs operations as well as that of simplified procedures, many Customs administrations conduct regular reviews and audits to assist them in streamlining their operations. In order to make these facilities available to importers the national legislation of most administrations provide for Customs warehousing procedures that allows for the storage of goods without the payment of import duties and taxes while the goods remain in the warehouse (WCO, 1999).

2.1.7. Transit Procedure

Customs transit, which is “Customs procedures under which goods that are temporary suspended from the payment of taxes and duties are transported under Customs control from one Customs office to another” is a procedure which implies that: Customs normally allow goods to be transported under Customs transit in their territory: (a) from an office of entry into the Customs territory to an office of exit from the Customs territory (through transit); (b) from an office of entry into the Customs territory to an inland Customs office (inward transit); (c) from an inland Customs office to an office of exit from the Customs territory (outward transit); (d) from one inland Customs office to another inland Customs office (interior transit). Customs transit movements as described in (a) - (d) above are termed "international Customs transit"(UNCTAD, 2008). Goods under Customs transit may not be used in the territory being transited. If the goods are brought into use, a further Customs procedure is first necessary. In fact, transit is always followed by another Customs procedure, such as clearance for home use, warehousing, temporary admission or a new transit procedure.

There is internationally accepted transit facilitations approach for ease of transit procedures. Some of these are; simplification and standardization of transit procedures and related documentary requirement, Procedures and related documentary requirements applying to goods in transit share several objectives in common with border procedures and documentary

requirements related to importation and exportation (OECD, 2003). Generally applicable to transit goods and traffic. As the trade facilitation measures evolve, new trends of transit facilitation have emerged. Through case studies of several landlocked and transit countries, emerging trends and their practical implementation of transit facilitation related to Customs measures were reviewed in seven areas: information sharing, guarantee systems, operators with high compliance, pre-arrival information, border infrastructure, IT application and performance measurement (United Nation, 2003). Poor transit procedures are a major obstacle to trade and penalize many landlocked developing countries. A transit system aims to facilitate the transport of goods through a customs territory, without levying duties and taxes in the countries of departure and transit, in accordance with the destination principle of taxation states that indirect taxes should only be levied in the country of consumption (De Wulf ,B. Sokol,2005).

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2.1.8. Transit Procedures in Ethiopia

Typically, transit commences at ports of entry(Unimodal Transit). As Ethiopia is, landlocked country commencing transit operations from destination customs stations (for instance, from Kality in Addis Ababa) has become necessary. Import operations commence by submitting complete basic import documents prepared by declarants(ERCA web site).

The different bodies involved in the transit process, are listed below (ERCA, manual).

1. Trucker/Agent
2. Destination Customs Station
 - Provides transit permit after verifying the documents required for transit permit.
 - Records the declaration in a form and notifies the ERCA Coordinating Office in

Djibouti by fax or email.

- Transmits the declaration issued with a transit permit and customs bond to the bond officer.

➤ Verifies the authenticity of the customs bond by communicating with the dispatch officer of the insurance company through email or fax.

3. Importer/ Agent/ Declarant
4. ERCA's Coordinating Office in Djibouti
5. Agent of the Importer in Djibouti

2.1.9. Destination Transit Procedures

Upon arrival of the cargo, the customs inspector receives the T1 from the trucker, verifies that the cargo is as was loaded at the port of entry, the seal is intact, and passes the document to the transit officer. The transit officer compares the information registered in the T1 against the information registered in the ASYCUDA++ System and closes the automated transit manifest. The transit officer permits the temporary warehousing of the cargo until final procedures are completed for customs clearance. Finally the transit officer provides receipt to the trucker after assigning a parking lot for the cargo truck or a warehouse for the cargo (ERCA, manual 2012).

2.1.10. Customs Transit Management Standard in Ethiopia

Unaccustomed goods shall be transported under customs control from one customs office to another or from entry to exit or clearance office. Goods in transit should be transported through the prescribed routes designated by customs within a given limited standard time period as set by customs. Ethiopia's import and export promotion strategy is expected to facilitate through promoting effective and efficient transit system in all modes of transport in the corridors. Multimodal transport system is one of the strategies believed to facilitate international trade with the development of dry port. Following the strategy the implementation of Ethio-Djibouti protocol agreement is signed. By implementing multimodal transport system and to get the benefit from it, the government gave due attention and following the effectiveness of it.

2.1.11. Customs Warehousing Procedures

Customs warehousing procedure means the Customs procedures under which imported goods are stored under Customs control in a designated place (a Customs warehouse) without payment of import duties. As stated in the introduction to the Annex, it is in the nature of international trade

practice that in a great many cases it is not known at the time of importation how imported goods will finally be disposed of. This means the importers are obliged to store the goods for more or less long periods (WCO, 1999). In many developing countries, there is no automated inventory control over bonded warehouses, with Customs instead relying on cumbersome manual ledgers that can be easily manipulated in collusion with Customs officers posted almost permanently at these warehouses.

The main purpose of the Customs warehousing procedure is to facilitate the trade to a great extent. Goods deposited in a Customs warehouse do not become liable to the payment of import duties and taxes until the goods are cleared for home use from the warehouse. If the goods are re-exported, then there is a waiver of import duties and taxes. It also affords the person warehousing the goods sufficient time to negotiate their sale, either on the home market or abroad, or to arrange for the goods to be processed or manufactured, transferred to another Customs procedure or otherwise disposed of in an authorized manner. Customs warehousing managements have their own distinctive features. First, they differ from Customs brokers who are parties essentially concerned with presenting and processing Customs documentation on behalf of importers or exporters. While Customs brokers are mainly responsible for Customs declarations.

Bonded Warehousing is a facility granted by Customs to traders according to the provisions of common customs law that allows them to defer the payment of duty on goods they import into the facility for storage until it leaves the facility either for home consumption or for export.

2.1.12. Bonded Warehouse

Bonded warehouse regimes allow specified imported goods into Customs approved and bonded warehouses without payment of import duty/tax for a limited period of time (normally until such goods are either re-exported or entered into home use at which time duty/tax becomes payable). The Customs law must set out the requirements and conditions by which a bonded warehouse may be approved and licensed to operate. This normally involves the operator submitting an application to Customs containing detailed drawings of the proposed building, its security features, location, proposed inventory control systems, etc. Customs will review the application and undertake meet all Requirements. The operator must post security to cover all the total duty/tax to be deferred on the goods resting in the warehouse (World Bank, 2007).

2.1.13. Temporary Storage

Temporary storage means the storing of goods under Customs control in premises and enclosed or unenclosed spaces approved by the Customs pending lodgment of the goods declaration (WCO, 1999). For a variety of reasons, sometime may elapse between the arrival of the goods and the lodgment of the relevant goods declaration. In these circumstances Customs require the goods to be kept under Customs control and they are usually placed in a specified area where they are stored pending lodgment of the goods declaration. These areas are termed temporary stores (bonded warehouse) and may consist of buildings or enclosed or unenclosed spaces. The Customs shall lay down the requirements as regards the construction, layout and management of temporary stores and the arrangements for the storage of goods, for stock-keeping and accounting and for Customs control (WCO). Customs may, where they do not themselves manage the temporary storage facility, require the person operating the temporary store to maintain stock accounts that will enable the movements of goods to be tracked. Temporary stores can be open to all importers and other persons entitled to dispose of goods being imported, or their use may be restricted to specified persons. For the purposes of control Customs may, in particular:

- Keep or require to be kept, accounts of goods placed in the temporary store (by Using either special registers or the relevant documentation);
- Keep the temporary store under permanent or intermittent supervision;
- Require that the temporary store be double-locked (secured by the lock of the person concerned and by Customs lock); or
- Take stock of the goods in the temporary store from time to time (WCO, 1999).

2.1.14. Functions of Warehouses

Warehousing is an age-old phenomenon, which in modern international context constitutes the dynamic phase of commercial storage and marketing coupled with training of personnel in scientific warehousing techniques. The warehouses can serve as insurance against different kinds of contingencies (Descart, 2011). They provide protection to goods against heat, wind, storm, moisture, etc. and also cut down losses due to spoilage, wastage etc. This is the basic function of every warehouse. In addition to this, warehouses now-a-days also perform a variety of other

functions. Warehouses perform the following functions Storage of goods, Protection of goods, Risk bearing, Financing, Processing, Grading and branding.

2.1.15. Customs Clearance

Expedite Customs clearance relates to Article VIII of GATT 1994, in particular Art.VIII.1(c): “The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements”. Release in the Customs context means the action by Customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned. Clearance means the accomplishment of the Customs formalities necessary to allow goods to enter home use, to be exported or to be placed under another Customs procedure. The key measures proposed aim to expedite the clearance and release of goods at the borders. These measures include, inter alia, pre-arrival clearance, separate release from clearance, authorized trader schemes, risk management, and post-clearance audit. Customs modernization through automation and ICT use is a useful step in implementing such procedures (UNCTAD, 2008).

Likewise, the WCO revised Kyoto convention also defines customs clearance as “the accomplishment of the customs formalities necessary to allow goods to enter the home as to be exported or to be placed under another customs procedure”. And release as “the action by the customs to permit goods undergoing clearance to be at the disposal of the person concerned (UNCTAD, 2006).

2.1.16. Factors of Trade Facilitation

2.1.16.1. Customs Modernization

Customs modernization refers to comprehensive streamlining of processes, formalities, procedures and documents handled by an improved legal and regulatory framework, the optional application of IT solution, and the implementation of human resource management policy. Customs modernization relates to the full range of Custom operations. Its main objective is to ensure that Customs administrations constantly keep pace with developments in international trade, whether of a technological, legal or economic nature. This modernization programs for Customs service’s seeks to develop a competent and efficient administration, determine the optimum management of staff and available technical resources, and instill a culture of good governance and integrity to facilitate the crucial role played by Customs in the global trading system. The Customs modernization program is accelerated by the parallel introduction of a

customized capacity building plan to enable a Customs administration to implement the necessary changes to its management and operational environment (World Bank, 2008).

2.1.16.2. Risk Management in Customs Context

Risk management in customs can be defined as; a technique for the systematic identification and implementation of all the measures necessary to limit the likely hood of risk occurring (USAID, 2004). International and national strategies can be effectively implemented by collecting data and information, analyzing and assessing risk, prescribing action and monitoring outcomes. Risk is generally characterized by the following: it is partially unknown, it changes with time-as trade laws, importers, and industries change, it is possible to anticipate, and it is manageable (WCO, 2009).Therefore, to minimize the occurrence of risks, customs can use risk management as a technique to more effectively set priority and more effectively allocate resources. When it is implemented properly, risk management techniques can ensure benefits such as better humanresource allocation following implementation of risk-based customs clearance; improved compliance with laws and regulations becauseit is a general experience that the improved efficiency in Customs together with the traders´ incentive to achieve faster release through the green channel; reduced release timeand lowered transaction costfocusing on only 10-20 percent of the goods are examined under efficient risk-based clearance.

2.1.16.3. Coordination and Cooperation among Customs and Other Agencies

International trade involves a number of stakeholders including manufacturers, suppliers, customers, exporters, importers, freight forwarders, carriers, banks, insurance companies, transport operators, customs, health authorities, port authorities, licensing authorities and inspection agencies. They can be divided into three main types: government agencies, service providers and traders (USAID, 2006).

The term Integrated Border Management (IBM) is often used in the national context to describe Different forms and levels of border agencies coordination and cooperation aimed at facilitating Legitimate trade and increasing operational efficiency. Coordination and cooperation can encompass different components that include joint, coordinated or delegated the conduct of inspections, the exchange of data to allow traders and agents unique data entry through (e.g. A

single window platform); operation of integrated procedures and joint or delegate inspections; and joint management of the border post and related facilities as well as the sharing of infrastructure, facilities and equipment may be viewed as an indicator of the level of cooperation between Customs and other governmental agencies, particularly at the national level (UNCTAD, 2008). However, border crossing clearance procedures often involve lengthy formalities. Throughout the clearance process, traders may have to prepare various sets of data or documents and make them available in different formats or use separate access channels for each of the relevant agencies. When goods arrive at the border, traders have to undergo multiple formalities with multiple national agencies who conduct document and physical checks of the goods, means of transport, and persons accompanying the goods (Teweldeberhan, 2011).

This often leads to a duplication of effort and processes, such as the presentation of documents and the conduct of inspections. It is common that agencies have different operating hours and are located at different places. Often, specialized agencies, such as veterinary services face staffing problems and delaying necessary inspections until an inspector can be dispatched. This lack of coordination also leads to inefficiencies for the public authorities. The agencies must maintain different systems for collecting data. This is inefficient, since the sharing of intelligence and information on consignments across borders would allow a better targeting of risks. Border Agency Cooperation attempts to identify and implement solutions to improve cooperation amongst border agencies. It also provides opportunities for financial savings for governments by sharing equipment and facilities, and alleviating the pressure on staff, such as inspection officers (UNECE, 2012).

International trade involves a number of stakeholders including manufacturers, suppliers, customers, exporters, importers, freight forwarders, carriers, banks, insurance companies, transport operators, customs, health authorities, port authorities, licensing authorities and inspection agencies. They can be divided into three main types: government agencies, service providers and traders (USAID, 2006). Government agencies such as ministries of trade, finance/customs, transport, health, agriculture, ICT, veterinary, plant and quarantine agencies are responsible for devising trade facilitation strategies, reform program, and laws and regulations to ensure the smooth flow of goods and information in a secure environment. Customs authorities have a specialized role here, which traditionally was to control the entry and exit of goods and

collect revenues. Later, this role was extended to ensure border security and port administration. Recently, the focus has shifted from enforcement to trade facilitation with the use of pre-arrival clearances, the authorized operators' concept, green lanes and post-clearance audits, increasingly employing ICT applications and advanced cargo information. Service providers such as customs brokers, freight forwarders, third party logistics operators, and carriers, provide trade and transport solutions in accordance with national and international regulations and practices. Traders not only depend on the services provided by these enterprises, but also must meet the regulatory requirements of government agencies for moving goods across borders. Therefore, customs administration as it is the main player in the administration of most of these responsibilities must undergo basic reforms that focus on the trade facilitation program.

To achieve the objectives of trade facilitation Customs administration should establish a partnership with the private sector in order to involve it in ensuring the safety and security of the international trade supply chain (WCO, 2012). Modern trading system has brought about a dramatic increase in cross border trading. As a result, there has been an equally important focus placed on trade and regulatory processes conducted at the border to ensure they are optimized and the time required for trade-related procedures reduced where appropriate. Just-in-time delivery of goods has become important for businesses and brings significant benefits to all parties involved in the supply chain (WCO, 2011).

According the above mentioned study, the time period for which Customs and/or other border agencies require these controls, thereby halting the overall movement of the goods, has gained great importance for all international traders and their customers. It is now a crucial operational or commercial concern for governments, just-in-time business operators, intermodal carriers and the cargo industry, as well as providing for a focused opportunity to gain an invaluable insight into standards of Customs efficiency.

Governments and the trading community have a powerful common interest in this regard Customs to release goods can provide pertinent information to guide any necessary process improvements or identify desirable regulatory changes to ensure the effective Facilitation of trade. According to the study of Addis Ababa Chambers of Commerce (2010) the following agencies/ministries involve in the international trade of the country:

- a) Ethiopian Road Transport Authority: For imports of motor vehicles and transport machinery.
- b) Ethiopian Food, Medicine and Health Care Administration and Control Authority (EFMH): For human and animal drugs and medical equipment.
- c) Ministry of Agriculture: For pesticides, seeds, plants and other articles which are liable to be infested or infected with plant pests, live animals and animal products.
- d) Quality and Standards Authority of Ethiopia provides import accreditation by inspecting and certifying products for which relevant Ethiopian standards have been established and are made mandatory under the Council of Ministers Regulation No. 13/1990.
- e) National Bank of Ethiopia issues import/export permits involving foreign exchange therefore, activities that relate to the calculating and recording of the time needed by On the other hand the following goods are exclusively imported by the following institutions:
 - a) The Ethiopian Telecommunications Corporation; Communication apparatus and similar Equipment like radio receivers.
 - b) Gaming machines, lottery tickets and games, by the National
 - c) Lottery Administration;
 - d) Armaments, dynamites and firearms, by the national security organs;
 - e) Cigarettes by the Ethiopian Tobacco Enterprise; and,
 - f) Petroleum, by the Ethiopian Petroleum Enterprise

2.1.16.4. Level of Automation in Customs

Automation (the use of information and communication technology) is one of the facets of Modern customs administration. Because, it helps to support the entire customs clearance process: from lodging, acceptance and processing of cargo and goods declarations for import, export and transit, payment of duties and taxes; to the release of goods from customs control. The most ICT system used in Africa and Asia is that of Automated System for Customs Data (ASYCUDA)++, which classifies imports depending on their risk under Green, Yellow blue and Red (Kafeero, 2009).

Automated systems in Customs provide one of the most important tools for facilitation of trade procedures. Customs automation results in increased transparency in the assessment of duties and taxes, substantial reduction in customs clearance times, and predictability, all leading to direct and indirect savings for both government and traders the higher the level of automation of

customs procedures in a country, the greater the possibility of detailed inspections, detection of fraud, and firm action including prosecution in court (WCO, 2012). Many trade procedures are becoming more and more computerized and even if this development in the long run is very important for developing countries like Ethiopia, it can, if implemented untimely and wrongly, be very costly and counter-effective. Yet, there is a need for Ethiopia to at least prepare for basic computerization, primarily with a focus on at least being able to receive key data messages from the business sector. It has in recent years, as an effect of the exploding IT-development and the growth of the Internet, become easier and cheaper to build a computerized system without lowering the level of efficiency. Examples of possible measures (The National Board of Trade, 2002): Increasing the possibilities for electronic data submission; Implementation of global standards, for example UN/EDIFACT, for adoption of basic tools of electronic communication; Creation of a central Internet accessible site or database where all relevant information can be found, preferably in conjunction with a downloading function of international forms and documents.

2.1.16.5. Human Resource Development and Management

According to EC (2007); effective development of a human resource management system which Supports the achievement of the customs administration's objectives is an integral duty of top, middle level management and the system should explicitly recognize that people are the Organization's most valuable resource. USAID (2004) stated that human resource management is the single most important issues affecting the ability of customs to achieve its assigned objectives effectively and efficiently. As per Wulf and Sokel (2005), Human Resource Management (HRM) can be broken down into several phases: (i) staff profile, (ii) recruitment (iii) training, (iv) staff compensation (v) merit based promotion, and (vi) integrity and sanctions (USAID, 2004). The aim of this section is not to discuss about the elements of WCO Revised Arusha Declaration rather to see the relationship of customs integrity with human resource management and development. Accordingly, the implementation of sound human resource management policies and procedures plays a major role in the fight against corruption in the Customs. Customs employees are more likely to act with integrity when morale is high, where human resource management practices are fair and where there are reasonable opportunities for career development and progression (WCO, 2005).

2.1.16.6. Capacity Building and Professional Service Culture

Customs administrations need to ensure that they have the capacity and skills across all dimensions of the operating model to perform all Customs functions most efficiently and effectively. It also goes without saying that the concept of networked Customs relies on professional and competent Customs administrations, and that intensified and focused capacity building efforts are required to achieve this objective. The Columbus Program of the WCO is an ambitious international effort to build customs capacity. Some of the challenges that need to be addressed include how to manage scarce resources to deliver a sustainable capacity building, how to promote effective performance criteria, monitoring and follow-up, how to avoid duplication of efforts and how to manage impediments in the recipient country. Leadership from both developed and developing country Customs administrations as well as a true partnership are critical to ensure sustainable capacity building (WCO, 2004). The future orientation of Customs requires moving towards a knowledge-based and customer-orientated model. Staff competencies need to support timely customer-focused processes and services that minimize the administrative burden on legitimate trade. Training and organizational culture should support high levels of integrity, demonstrating consistency, transparency, honesty and fairness. Effective change management and leadership skills also need to be developed (WCO, 2004).

2.1.16.7. International Convention on the Simplification and Harmonization of Customs

Procedures In Kyoto Convention the Contracting Parties in the member of WCO develop agreement on established under the support of the Customs Co-operation Council, to eliminate difference between the Customs procedures and practices of Contracting Parties that can hinder international trade and other international exchanges, to contribute effectively to the development of such trade and exchanges by simplifying and harmonizing Customs procedures and carry out and by encouragement international co-operation, that large benefits of facilitation of international trade may be achieved without compromising appropriate standards of Customs control, that such simplification and harmonization can be accomplished by applying the following principles: the implementation of program aimed at continuously modernizing Customs procedures and practices and thus enhancing efficiency and effectiveness. The

application of Customs procedures is in a predictable, consistent and transparent manner. Exchange information regarding to Customs laws, regulations, administrative guidelines, procedures and practices. And also, the adoption of modern techniques such as risk management and audit-based controls and the maximum practicable use of information technology are important for Customs reforms and sustainable adaptation in the challenging environment. Moreover, co-operation wherever appropriate with other national authorities, other Customs administrations and the trading communities.

2.1.16.8. Simplifying Trade Document

The need for simple and transparent documents, procedures and formalities to facilitate cross border transactions has long been recognized as for example in the revised Kyoto Convention of the World Customs Organization or in Article VIII: 1 (c) of the GATT 1994 (Fees and Formalities connected with Importation and Exportation). Trade documents are the core means for exchanging data and information on import, export and transit transactions. Traders face a large number of documents and forms (40 on average), often containing redundant data and information (200 data elements on average). These documents are frequently not standardized, hence complex and cumbersome to fill in by traders or to check by authorities. Particularly, if they exist only in a foreign language, such documents and forms might be difficult to understand. Excessive paperwork may significantly increase the time involved in import/export and transit procedures and requires more human resources of both authorities and traders, thus raising trade transaction costs. Based on UNCTAD the most obvious benefits of simplification of documents are: Based on (UNCTAD, 2006). The most obvious benefits of simplification of documents are:

- Fewer documents and forms, easy to complete Reduced time, money and human resources, hence reduced total transaction costs
- Harmonized data, facilitating the documents transmission between the nations, and removing language barriers
- Easy reproduction and fewer mistakes, as data is entered only once Improved administration controls
- Smoother transition to automation and electronic documents submission (UNCTAD, 2006).

2.1.16.9. Measures of trade facilitation

In order to better understand what trade facilitation is about, it is useful to look at some examples of trade facilitation measures. Typical measures can be entire concepts (Single Window), IT solutions (EDI), standardization (electronic or paper-based) or simplified procedures (Authorized Economic Operator (AEO)). Furthermore, customs techniques such as risk analysis can speed up Customs procedures and thereby facilitate global trade. The Single Window, for example, is a concept based on the idea that a trader undertaking to move goods internationally needs to turn to One government agency only, either in person or via the Internet, which then forwards the required information provided by the trader to all other relevant government agencies. Such a single entry point simplifies the process for the trader who, in most countries, currently has to turn to several different agencies in order to comply with national trade regulations. Often, the trader has to present the same information several times and in different forms, sometimes paper Based, sometimes electronically. This results in a major bureaucratic effort (OECD, 2005). The Single Window has the advantage that it can be created in an e-environment as well as in a less advanced environment, for example, in a developing country where the window is not a web interface but a counter window in a (government) agency. Another typical trade facilitation measure is the introduction of simplified procedures for traders who have acquired a special status, such as the AEO of the European Union (EU). The granting of such status usually depends on one's compliance record in the past or on the outcome of a risk analysis. In the case of the European AEO, a figure established within the framework of the European Commission's (EC) customs security program (CSP), the status is granted when certain criteria relating to the Operators' control system, financial solvency and compliance record are met. Once conferred by One EU country, these criteria will not be re-examined in another member country, but this does Not automatically confer the right to simplified procedures. It is possible that additional national Criteria have to be met in order to benefit from them (UNECE, 2012).

2.2. Empirical Review of Trade Facilitation

OECD (2011) analysis shows that trade facilitation measures can benefit all countries in their role as exporters as well as importers, permitting better access to inputs for production and greater participation in the global value chains that characterize international trade today. The major summary of this study regarding the benefits of trade facilitation for any national economy include Simplifying transit formalities and ensuring transit co-operation are the most effective facilitation measures for landlocked countries to boost their trade flows. Therefore, simplifying transit formalities, establishing advance ruling on customs matters, ensuring the trade related information, automation customs process and procedures, streamlining the customs procedures, harmonizing and simplifying the trade documents, reforming and modernization of customs administration and reduction of trade costs are the main components that can enhance and achieve trade facilitation objectives in customs administration. Introducing and implementing trade facilitation measures involves costs and challenges in one or more of the following areas: diagnostics, new regulation, institutional changes, training, equipment and infrastructure, and awareness-raising and change management. Of these, equipment and infrastructure are often the most expensive. However, training appears to be the most significant, as trade facilitation is primarily about changing the way border agencies do business.

Another research conducted by OECD (2011) trade facilitation aims to simplification of trade documents, reducing document and data requirements and aligning them to international standards. According this study, simplified and standardized trade documentation yields tangible benefits including: fewer documents and forms that are easier to complete; reduced time, money and human resources resulting in lower total transaction costs; harmonized data elements that facilitate the document transmission between country and remove language barriers; easier reproduction and fewer mistakes as data is entered only once; Improved administrative controls; and smoother transition to automation and electronic document submission.

Similarly, Buyonge and Kireeva (2008) studied that; Customs, administrations in Africa are going through a period of rapid changes, which requires a distinctive shift in Customs operation. There are ongoing positive developments by Customs to reform and modernize procedures and processes, as well as creditable initiatives by the private sector to take a more proactive approach

To improve Customs administration particularly clearance procedures for the benefits of government and the business.

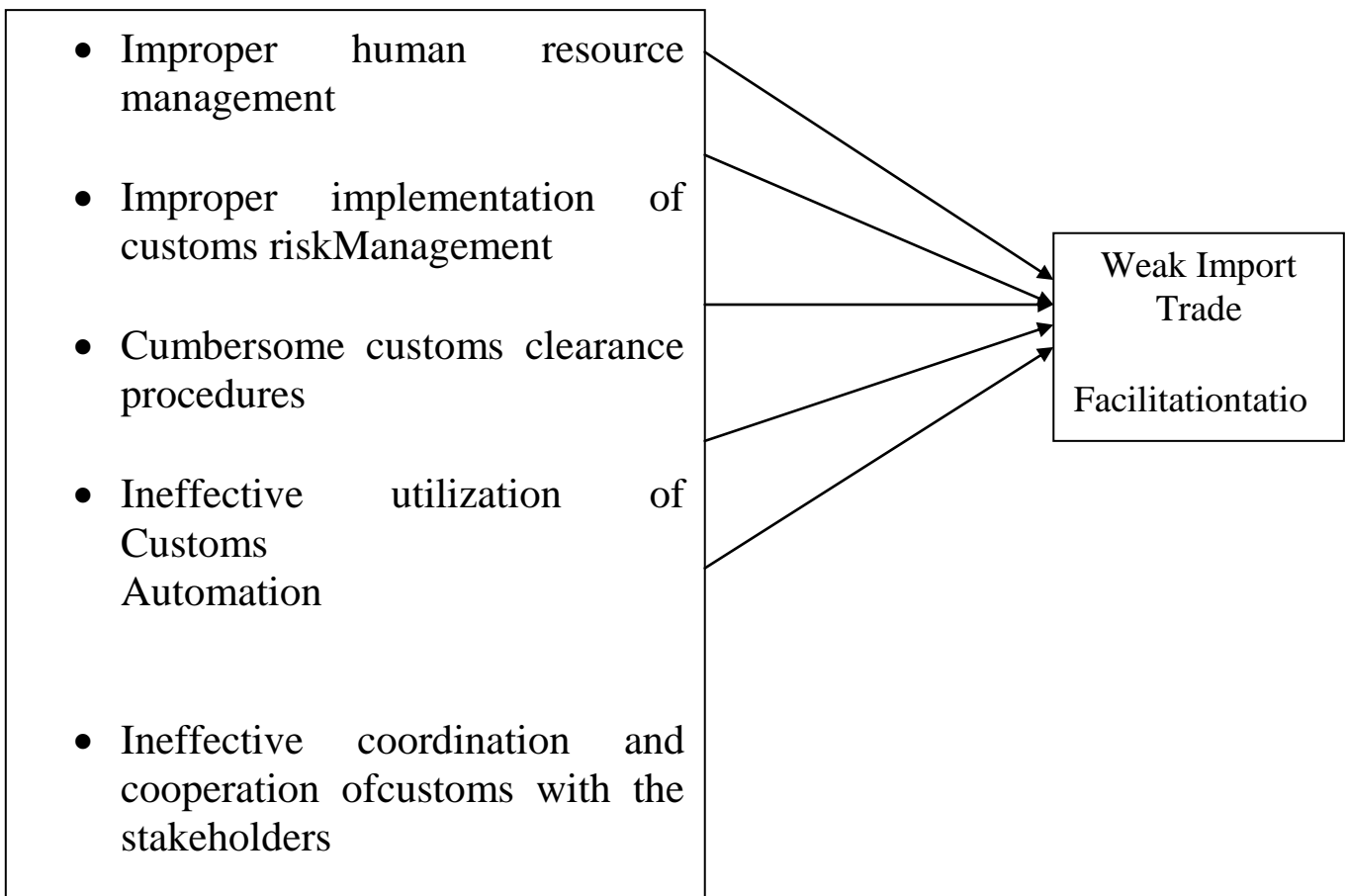
In the Ethiopian context, a survey conducted in (2011) by Teweldeberhan on challenges of customs on trade facilitation revealed that there is a delay in Customs clearing and most of the customers are dissatisfied with the service provided. Furthermore, the authority did focus on controlling and revenue generation, this implies that there is a lack of effort to balance control with trade facilitation, which is the direct opposite of the objectives of the authority itself and the WCO's interest. Additionally Getu(2011), Teklewoyni(2012), and Kidist (2010), concluded that risk management and customs automation are the two main tools among others to ensure modern and effective Customs administration which can balance trade facilitation with customs control.

However, in practice these tools have problems in the Ethiopian context because of poor human resource development effort, lack of clear and predictable legal framework, and lack of cooperation and coordination with stakeholders that are involved in international trade transactions. For effective application of risk management techniques and customs automation, international standards and conventions are integral customs procedures in general and export clearance procedure in particular.

2.2.1. Conceptual Framework

Based on the reviewed literatures the conceptual framework for the challenges of import customs procedures in import trade facilitation is developed. The framework comprises the five criteria required for the examination of customs' challenges in achieving import trade facilitation: risk management, customs procedures, customs automation or information technology, human resource development and management, and the customs' cooperation with other governmental, none governmental, national and international agencies or organizations. These criteria were used in the analysis and discussion of the research findings. It is illustrated in figure1.

Independent variable dependent variable



Source: Researcher 2018

CHAPTER THREE

RESEARCH METHODOLOGY

The purpose of this Chapter is to present the research design and the method employed to undertake the actual research work. Research design is the main plan that guides on how to approach a specific research topic; the main purpose of this chapter is to present the underlying principle of research design and methodology, sampling design, the selection of appropriate research data collection techniques and method of data analysis in line with research questions proposed before the study.

3.1. Study Design

A research design is “a plan or blueprint of how you intend to undertake the research” (Mouton, 1996:165). Descriptive research design was adopted by this research. The descriptive research, aims to present a complete description of a subject within its context. Descriptive researches are often used when an amount of knowledge about the subject already exists, this knowledge can be used to categorize into models and frameworks. Consequently, the approach with in-depth Interviews and use of questionnaire as data collection techniques will be very useful in the study of the major constructs. To accomplish the objectives of this study, a mixed method research approach. Research design merging both qualitative and quantitative research methods was applied.

3.2. Population of the Study

The first step in developing any sample design is to clearly define the set of objects, technically called the Universe, to be studied. The target population for the research, the group to which the findings are applicable should be defined, consistent with the statement of the problem and objectives. The target population of the study comprises two target sets of units from which the sample unit is selected. The first set of sampling unit was taken from the clearing and forwarding agents. Among them the target population was 42 Customs Clearing Agents were drawn based on the location of their permanent office in Ethiopian shipping lines transport and logistics' service in kality branch office which were previously owned by comet transport share company and

The second set of sample is drawn 186 customs employees currently working at the three departments of the branch office.

3.3. Sample Unit and Sample Frame

As literatures, due to many reasons researchers select specific sampling unit which can fit their study. Following the same fashion, in this study the researcher selected sample unit of the study. Hence, the sample unit of this study was selected those Customs clearing and forwarding agents and customs employees from three functional area of Addis Abeba kality customs branch office which are individuals.

Sample frame is one of the elements in the sample design from which potential respondents are to be chosen ought to be representative of the population. The sample frame should be comprehensive enough and there must be equal probability of selection so that to enhance representativeness of the sample. This was the actual list of sampling units from which the sample or some stages of the sample, was selected. It is the list of the study population. Hence, the sample frame/targeted population (N) for this research was clearing and forwarding agents' and the employees from three functional area of the branch office were taken as sample frame.

3.4. Sample Techniques and Sample Size

The selection of the population were clients of customs called clearing agents and forwarders who process the clearance of goods for both importer and exporter from Djibouti port up to the final customs destinations and all acts on behalf of those importer and exporters.

given the limitation of availability of time and other resources the sample size was determined as follows even if, To determine the sample size of respondents the researcher used census for clearing agents and forwarders who has permanent office in Ethiopian shipping lines transport and logistics' service compound (based on the data from ESLS) which are 41 Clearing agent and forwarders. Secondly to determine the sample size for employee from three functional units the researcher used Taro Yamane's sample size formula (1967) case of finite population ($n = \frac{N}{1 + Ne^2}$) where N= target population, e= error of the sample z=confidence level (95%).total population from three functional are 186 employees from transit units warehouse unit and customs clearing units of AAK.

Based on the above sample size, the researcher get 127 employee of customs after the researcher use the method of proportional allocation under which the sizes of samples from the different strata are kept proportional as shown below.

- Transit team = $27 * 127 / 186 = 18$
- Costume clearance team = $113 * 127 / 186 = 77$
- Custom warehousing team = $47 * 127 / 186 = 33$

Hence $127(18+33 +77=127)$. Questionnaires were distributed to the selected custom employees from selected departments using convenience sampling technique.

In this study due to the fact that the study focus on specific part of the organization. Perhaps stratified sampling technique was employed to select the sample from the target population which includes, employee from transit department, warehousing department and clearance units. Moreover the sample size was allocated proportionally respective to the total number of the population in each stratum.

The objective of using such approach in this inquiry is to gain additional insights about challenges of import customs procedure in relation to trade facilitation and control from the department of selected strata of employees in the selected organization employees as well custom clearing agents. Additionally, interview with key informants (which includes team coordinators from the three departments) and personal observation were conducted to gather required information. With this method, the researcher has been convinced that the use of semi-structured interviews and questionnaires helped to best understand the problem and to achieve the research objective

3.5. Measurement Instruments and Their Validity and Reliability

3.5.1. Measurement Instruments

The challenges of customs were measured through collecting and analyzing data concerning usage of automation or information technology, application of risk management system on import procedures, human resource development and management, customs procedures, and cooperation with other stakeholders to facilitate export trade and to give prompt customs clearance services to the customers in general through, interviews, questionnaires and

observation. In order to achieve the objectives of this study, the researcher has used both qualitative and quantitative (mixed) research methods concurrently.

Generally, both quantitative and qualitative research approaches employ interview, observation and questionnaire as data collection techniques. Interview is an important data collection technique involving verbal communication between the researcher and the interviewee. There are a number of approaches to interviewing; from completely unstructured in which the interviewee is allowed to talk freely, to highly structured, in which the interviewee responses are limited to only answering direct questions, (Nigel et al. 1998).

For reasons of the above, the researcher has selected semi structured interview for the qualitative data collection, and questionnaire for the quantitative data collection. The questionnaire helps to cover larger target groups than the interview, given the quality and chance of no response. The questionnaire has three parts, the first part explains the purpose of the questionnaire; the second part comprises of profile of respondents while the third part comprises of actual questions of the research. The questionnaire is prepared using Likert-Scale approach (i.e., from “strongly Agree” to “strongly Disagree”, “yes” and “no”, and open-ended questions. In this regard, Creswell (2007) noted that open-ended questionnaires are appropriate when the objective is to discover opinions, attitudes accordingly, respondents were asked to indicate their level of agreement on a five point Likert scale. The numbers were indicated in the questionnaires to provide a feel of ordinal scale measurement and to generate data suitable for quantitative analysis. According to Hole (2011) the permissible descriptive statistics that can perform on ordinal data is median or average response and mode or more frequent responses. To elicit additional information, the respondents were also requested to provide open-ended responses if they have opinions which they feel would strengthen their responses.

3.5.2. Validity

Validity is the accuracy of a measure or the extent to which a score truthfully represents a concept. It refers to the extent 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).in the process of questionnaires formulation, proper attention will be given to answer the research questions in line to the research objectives.

Therefore, the researcher worked properly in the process of data collection by providing clarification about the questions for the respondents to collect valid data throughout the data

collection time. In addition data collection instrument was determined through discussing the research instrument with the research experts in the field of study, academicians, and especially the researcher’s supervisor. The valuable comments, corrections, suggestions given by the research experts, academicians, and researcher’s supervisor assisted the validation of the instrument.

3.5.3. 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). To measure the reliability of the data collection instruments, an internal consistency technique using Cronbach's alpha was used in this study. Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalization (Zinbarg 2005). Coefficient alpha ranges in value from 0, meaning no consistency, to 1, meaning complete consistency (all items yield corresponding values).

Generally speaking, scales with a coefficient α between 0.80and 0.95 are considered to have very good reliability. Scales with a coefficient α between 0.70and 0.80 are considered to have good reliability, and an α value between 0.60 and 0.70 indicatesfair reliability. When the coefficient is below 0.6, the scale has poor reliability. Most statisticalsoftware packages, such as SPSS, will easily compute coefficient (Zikmundet al, 2011). Asshown in table 3.5.1 the Cronbach’s alphas coefficients for 5 items is listed on the table 3.1 below expected scale item are **0.90** Therefore, the expected scales used in this study demonstrate very good reliability. Thefollowing Table shows the SPSS result on the Cronbach Alpha.

Table 3.5.1. Reliability Statistics of the Instrument

Items	Cronbach's Alpha	No of Items
Utilization of Customs Automation	0.890	5
Customs Procedure	0.866	5
Risk Management	0.799	5
Human ResourceManagement	0.871	3
Cooperation and Coordination among Customs and Other Agencies	0.733	6

Source:researcher 2018

3.6.Sources of data

In case of the descriptive type studies and perform surveys, whether sample surveys or census surveys, primary data can be obtained either through observation or through direct communication with respondents in one form or another or through personal interviews.

To make the study reliable and accurate, the researcher sued undertaken both the primary and secondary sources of data. Primary Data are collected through questionnaires, interviews and secondary data source are collected from Customs proclamations, and different books, magazines, and reports, internet, and other related unpublished and published written documents.

3.7.Method of data Analysis

Both qualitative and quantitative data collected have been organized, classified, analyzed and Interpreted in the chapter four of this paper to arrive at conclusions. Each question in the questionnaire was categorized based on the study's research objectives and finally grouped on the basis of common characteristic. The data were analyzed in the descriptive frequency using Statistical Packages for Social Studies (SPSS v16.0).Then data also organized and presented using different tools such as percentages, tables, chart, and figures in an easily understandable way. As result interpretation was made using percentage of respondents' frequencies.

3.8.Ethical Consideration

To undertake the research, necessary approval and permit has been obtained from the Addis Ababa University, school of Graduate studies and a covering letter were attached to the questionnaire ensuring participant's anonymity and confidentiality that information obtained from them will not disclose to the third party. Hence, when questionnaire were distributed the researcher informed respondents on the introduction part of the paper about the title an objective of the study. Moreover to develop respondents' confidence, they were informed that their responses would be kept confidential and the information uses only for academic purpose the respondent's rights to privacy, to be fully informed consent, confidentiality, and anonymity will address individually. Respondent's name and other identifying information will not use in the study. Finally the research used numerous works of others and made appropriate acknowledgement.

CHAPTER FOUR

ANALYSIS AND DISCUSSIONS OF RESULTS

This chapter deals with the content of data organization and analysis of results based on challenges customs procedure on the 5 framework of automation, of risk management, on human resource management, Customs procedure and cooperation coordination with other stakeholders for two categories of respondents of 127 employees and 42 agents. Profiles of respondents and findings from questionnaire are also discussed

4.1. Result of the Survey

As indicated in chapter three, the respondents are categorized into two groups which are employees of Adis Ababa kality from Transit Customs process teams, warehouse process teams import clearance process teams, and customs clearance agents those who have a permanent office at the Branch office. Data related to their profile was collected and analyzed to know the respondent's level of education, sex and work experience.

4.1.1 Profile of Customs Employees from Transit Customs process teams, warehouse process teams import clearance process teams.

To collect required data and facts about customs import procedure challenges 127 questionnaires were distributed and 127 (100%) were collected. Hence, the analysis and interpretation of employee opinion were carried out based on 127 (100%) of the collected questionnaires

Table 4.1: Profile of Import Customs Employees**Age, Educational Level, and Work Experiences of the Respondents**

Age Ranges	Below 25	25-35	More than 35	Above 50	
Frequency	8	101	18	–	
%	6.3	79.5	14.21	–	
sex	Male	Female			
Frequency	73	54			
%	57.5	42.5			
Level of Education	certificate	Diploma	BA/BSC	MA/MSC	PhD
Frequency	–	2	108	17	
%	–	1.6	85	13.4	
Work Experience	< 3 Years	3-5 Years	6-10 Years	More than 10 years	
Frequency	14	47	50	16	
%	11	37	39.4	12.6	

Source: Field Survey, 2018

From (Table 4.1), the Branch Office import Transit Customs process teams, warehouse process teams import clearance process teams, contains young and energetic employees 101 (79.5%) from total with age range 25-35 and majority 108(85%) of them are first degree holders. The remaining 17(13.4%) have masters holder. This indicates the branch office has an advantage of using the potential of young and well educated human power in order to achieve its objectives related to customs responsibilities. Regarding respondents work experience, 50 (39.4%) have between 6-10 years customs work experience; 16(12.6%) of them have more than 10years' work experience. This implies that 66(52%) have a work experience in customs more than six years so that there is a good opportunity to handle large and complex transactions at the branch by balancing trade facilitation and customs regulatory control.

Table 4.2 Profile of customs clearing agent**Age, Educational Level, and Work Experiences of the Respondents**

Age Ranges	Below 25	25-35	More than 35	Above 50	
Frequency	14	18	10	–	
%	33.3	42.9	23.8	–	
sex	Male	Female			
Frequency	23	19			
%	54.8	45.2			
Level of Education	certificate	Diploma	BA/BSC	MA/MSc	PhD
Frequency	3	25	14		
%	7.1	59.5	33.3	–	
Work Experience	< 3 Years	3-5 Years	6-10 Years	More than 10 years	
Frequency	9	12	7	14	
%	21.4	28.6	16.7	33.3	

Source: Field Survey, 2018

According to the (Table 4.2) above; customs clearing agents respondents aged 14(33.3%) below 25; 18 (42.9%) of the respondents age range; 10 (23.8%) were above 35. When we were seen the sex of the respondent 23(54.8%) are male and 19(45.2) are Female. Regarding the respondents' level of education, 3 (7.1%) have certificate, 25(59.5%) have Depiloma, and the remaining14 (33.3%) have a first degree holder. As described in table 4.2 the respondents' work experience; 9(21.4%) have less than three years work experience; 14(28.6%) of them have 3-5 years'work experience, 7(16.7%) have 6-10 years work exprience and the remaining 14(33.3%) of the respondents have more than 10 years work experience. From this the fact and opinion of clearing agents is relevant for the study.

4.2. Challenges of Import Customs Procedure

To ensure appropriate balance between trade facilitation and regulatory control in customs procedures specifically in import custom procedure, Transit Customs process, warehouse process, import clearance process, 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. Human resource management and development is the single most important issues affecting the ability of customs to achieve its assigned objectives effectively and efficiently (EC, 2007 and USAID, 2012). In order to collect information on import procedure challenges, questionnaires were prepared for Customs employees from three functional units and clearing agents that focuses on particular areas like customs automation, risk management, human resource development, and cooperation and coordination among customs other government agencies at the Branch Office.

4.3 Utilization of Automation at Addis abeba kality Customs Branch Office

Currently most African countries are using Automated Systems such as Automated Systems for Customs Data (ASYCUDA) for trade facilitation. However, it is not effectively utilized because of technical inability of the users to implement the system functionality successfully as intended. The technical inability of customs employees, agents, traders and other professional within the trade community are the main obstacles to fully exploit services offered by such system and to modify or upgrade the system for national needs (EC, 2007).

Table 4.3.Utilization of Customs Automation in the Branch Office Result Table.

statements	Respondents	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
-ASSYCUDA ++ is effectively utilized to ensure fast custom procedure	Employees	10.21%	8.7%	15%	59.8%	6.3%
	Agents	-	26.2%	-	40.5%	33.3%
Customs information technology system allows electronic data exchange with external users.	Employees	2.3%	33.9%	6.3%	55.9%	1.6%
	Agents	4.8%	33.3%	16.7%	-	45.2%
-The IT system (ASYCUDA ++) properly supports application of modern warehousing procedures	Employees	9.4 %	36.2%	15.7%	37%	1.6%
	Agents	2.4%	23.8%	4.8%	40.5%	28.6%
-Customs mostly arrange training program that make user familiar to modern IT application (ecvs,ecms, asycuda ++ or others)	Employees	2.4%	59.8%	12.6%	21.3%	1.6%
	Agents	14.3%	19%	11.9%	38.1%	16.7%
-The import clearance activity are properly supported by modern information Technology	Employees	11.8%	45.7%	9.4%	31.5%	1.6%
	Agents	21.4%	4.8%	28.6%	-	45.2%
-Customs mostly arrange training program that make user familiar to modern IT application (ecvs, ecms, asycuda ++ or others	Employees	28.3%	34.6%	7.8%	27.6%	1.6%
	Agents	2.4%	19%	4.8%	66.7%	7.1%

Source: Field Survey, 2018

According to Table 4.3 above 40.5 percent of the respondents agreed and 33.3 percent strongly agreed on effective utilization of existing customs automation to ensure fast import clearance service whereas 26.2 percent of the respondents are agreed on effective utilization of customs automation at the Branch Office. This accounts about 74 percent which means customs automation for trade facilitation is significantly utilized at addis abeba kality Branch. 26.2% of the respondents disagreed. Here, the result of the survey shows that the existing customs automation system is not fully utilized by the Branch Office.This is supported by the interview

made with team leaders in import clearance functional unit and Information Technology section that the current automation system is not effectively utilized.

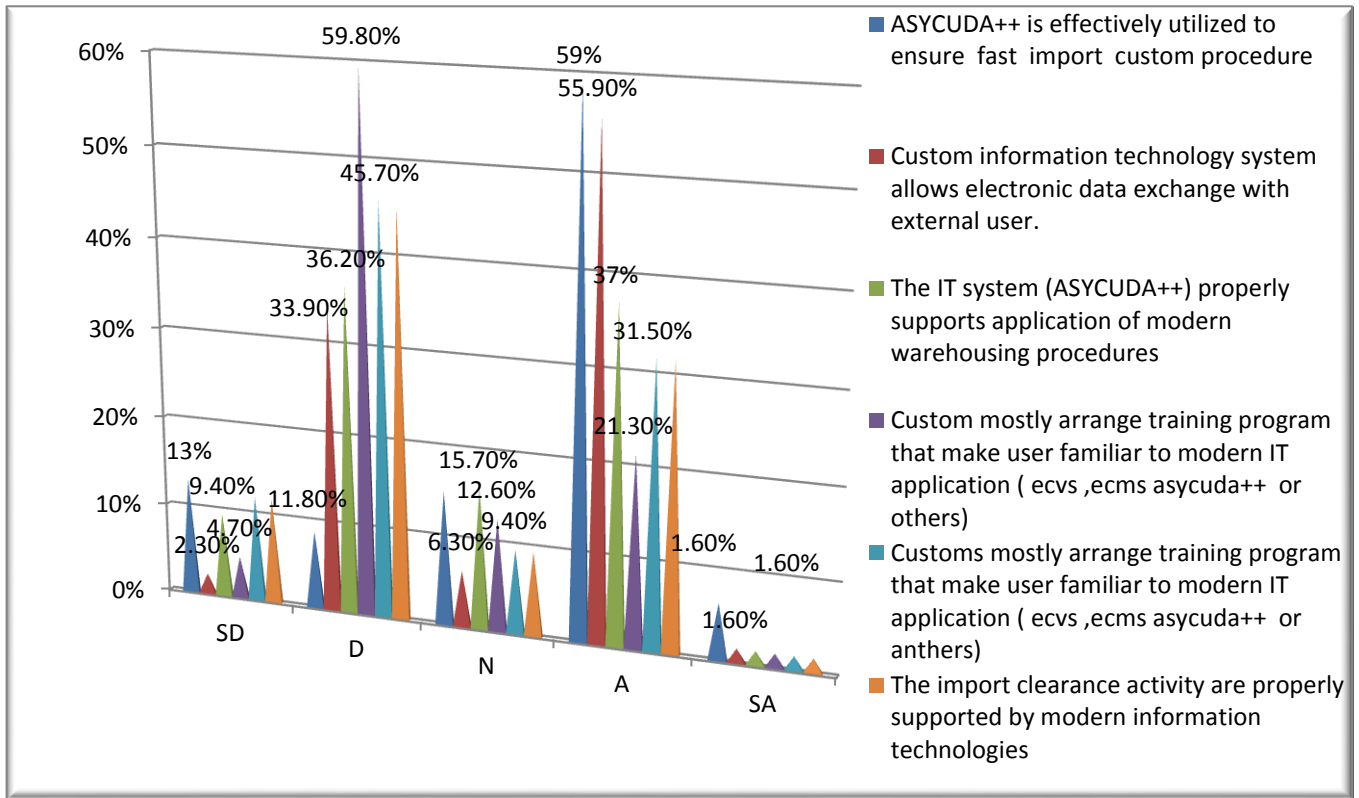
Because, there is lack of ICT infrastructure, lack of adequate and experienced IT staffs and also lack of training in customs automation. This was also supported by Kidist (2010) that automation is not adequately utilized. Thus, the Branch Office faces challenge to facilitate import trade. As observed by the researcher, frequent network failure is common in the branch office due to Ethio-Telecom network problem. This theMaine challenges customs facing in facilitating import trade / international trade. The respondents were also asked to express their degree of consent on the ability of ASYCUDA++'s in precisely labeling the level of risk of import cargoes at submission of the import documents. Accordingly, 55.9 percent of them agreed and 1.6 percent of them strongly agreed on the positive statement presented. This means 57 percent of the cargoes risks are labeled by ASYCUDA++ system. The remaining 43 percent are expressed their consent as strongly disagree, disagree, and neutral which accounts 2.3 percent, 33.9 percent and 6.3 percent respectively. This implies that there are cargoes their risks manually labeled by customs employees. The participants were also answered the question provided to check the automation of import activities. Accordingly, 37% percent of the respondents agreed, 1.6% percent strongly agreed on the properly supporting of (warehouse activities by modern information technologies. The remaining 36.2 percent 9.4 percent and 9.4 percent of the respondents were disagreed, strongly disagree and neutral respectively. This means there are warehouse activities that are not supported by modern information technology or customs automations. This is supported by the interview made with warehouse process owner of the branch office that current warehouse procedure is not supported with Information Technology even assycuda has not support the operation so that current automation system is not effectively utilized in warehouse import activities.

As shown in Table&Figure 4.3, 28.3 percent of the respondents strongly disagreed and 34.6 percent of them disagreed on the availability of well-organized trainings that make the users familiar to Customs automation (ASYCUDA++) with 7.9 percent of them neutral. The remaining 27.6 percent and 1.6 percent agreed and strongly agreed respectively. This shows the branch is not providing sufficient training to the ASYCUDA++ users. In the case of electronic data exchange capacity of existing Customs automation, 4.8 percent of the respondents strongly

disagreed and 33.3 percent disagreed while 16.7 percent neutral choice respectively. The rest 45.2 percent respondents strongly agreed on the positive statement presented. Here the respondents' perception indicates that well organized trainings to make employees familiar to ASYCUDA++ not properly arranged at national as well as at the branch office level and which is bottlenecked for effective utilization existing automation by modifying or developing supporting software to meet national requirements. Consequently, lack of well-trained IT experts and employees and some functionality system to ensure effective electronic data exchange may be the reasons for ineffective utilization of Customs automation for trade facilitation.

Based on the interview, the problems of customs automation are not only related to training and lack of system functionality, but also related to lack of adequate IT infrastructure, lack of experienced system supervisors, weak performance of Telecommunication network connection are the common obstacle in order to utilize Customs automation effectively. The interviewees also explained that there are no optional functions that carry out assessment, payment, and other customs operational function like a risk selectivity system at the time of network failure. Furthermore, the interviews that have made with the deputy branch manager and IT section team leader shows that system functionality of ASYCUDA++ lacks guarantee accounts for temporary exports and warehouse guarantee management, lack of suitable system for internal cooperation among departments, lack of software to interface customs systems with other national and international institutions for effective electronic information exchange. Aware of this limitation the ERCA tries to get the next generation of ASYCUDA++ i.e. ASYCUDA World that is free from Telecom network and designed to support e-customs and e-commerce.

Figure 4.3. Utilization of Customs Automation at the Branch Office Result



4.4 Implementation of Risk Management

Risk management technique is a process that is used to route goods through blue, green, yellow and red channels based on the predefined criteria built in the system. To apply proper routing of goods based on risk level, there should be a sound profile development system that relies heavily On gathering, charting and analysis of information from different national and international organizations. In addition to sound development of risk profile, there should be effectively updated risk profile database for proper risk management technique that reduces trade transaction Costs by releasing vast majority of shipments (80-90) immediately after the clearance document has been lodged (EC, 2007). In order to assess proper implementation of risk management techniques in import customs procedure at Addis Abeba kality Customs Branch Office; Customs employees, and clearing agents were asked to express their opinion and the result is given in the table & figure 4.4 bellow.

Table 4.4 Respondents perception on Utilization of risk management in the branch office.

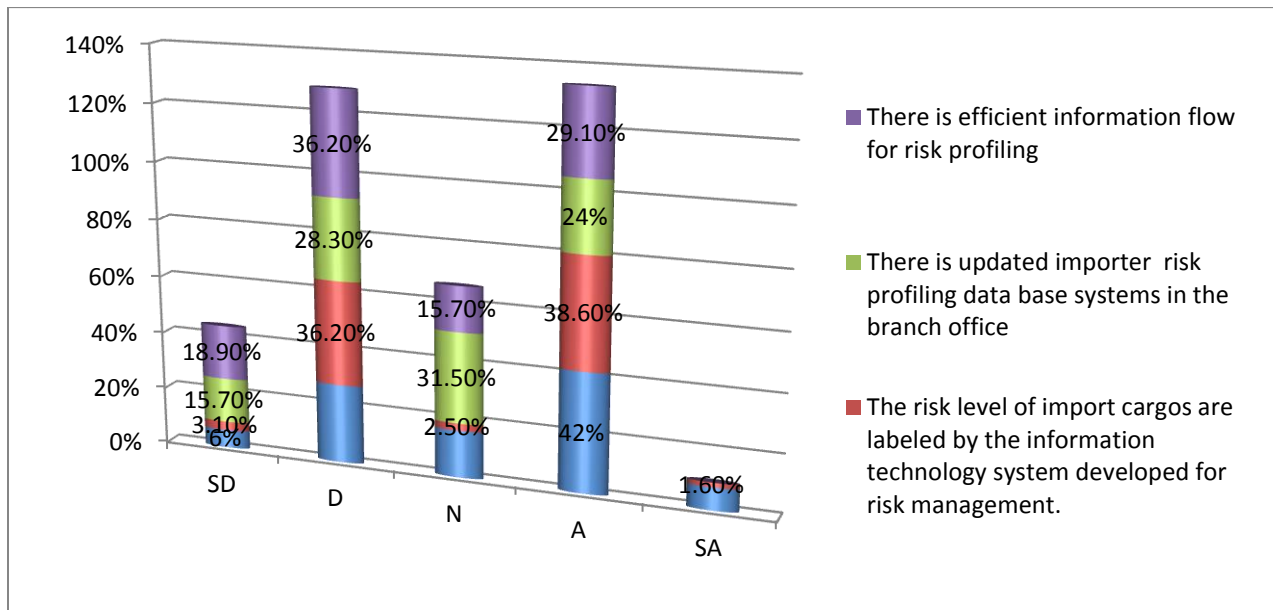
statements	Respondent	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Risk management system is properly implemented on customs import procedures	Employees	6.3%	27.6%	16.5%	41.7%	7.9%
	Agents	16.7%	16.7%	16.7%	28.8%	21.4%
The risk level of import cargos are Labeled by the information technology system developed for risk management.	Employees	3.1 %	36.21%	20.5%	38.6%	1.6%
	Agents	2.4%	4.8%	14.3%	66.7%	11.7%
There is updated importer risk profiling data base systems in the branch office.	Employees	15.7%	28.3%	31.5%	24.4%	0
	Agents	-	45%	-	9.5%	45%
There is efficient information flow for risk profiling	Employees	18.9%	36.2%	15.7%	29.1%	0
	Agents	7.1%	26%	.-	54.8%	-
The /ASSYCUDA ++/SYSTEM could precisely label the level of risk at submission of import documents	agents	-	40.5%	4.8%	54.8%	-

SOURCE: Field Survey 2018

Risk analysis examines and evaluates all available information gathered from various sources, such as arrest and seizure records, locally and internationally, other law enforcement agencies, traders and other governmental authorities apply proper routing of goods through blue, green, yellow, and red channels. To implement those risk management techniques in import clearance procedure, proper information flow for risk profiling and updated risk data base are the central issues among others (USAID, 2004, and EC, 2007). In order to collect data about application implementation of risk management techniques in import customs procedure at Addis Ameba Customs Branch Office, Customs employees and clearing agents were asked questions concerning information flow and availability of efficient and updated risk profile database. According to Table above, the respondents were asked about efficient information flow for risk profiling. 36.2 percent of the participants disagreed and 18.9 percent of them strongly disagreed while 15.7 percent neutral and the remaining 29.1 percent agree on effective information flow for risk on the matter respectively. In the case of the availability of efficient and updated risk profile database, 15.7 percent and 28.3 percent of the participants strongly disagreed and disagreed respectively when 31.5 percent responded neutral and 24.4 percent agreed. This implies that there is a lack of efficient information flow and efficient and updated profile database in order to implement risk management principles in import customs procedures at the

Branch Office. When there is a lack of efficient information flow and updated profile database, proper implementation of risk management techniques in customs procedure will be difficult. The risk profile information is used as the profiling data at the branch office. Simply, profiles are developed as a means of putting risk management into practice at the operational level (UNCTAD, 2006). The profile needs timely and regular monitoring and review of the import and the results of the profile with a view to determining the best implementation. The interview has been made with a risk management revealed that the problems related to risk management practices in import customs procedures depend on human resource competency, training given about risk management techniques and cooperation with different departments, national security and other international institutions to ensure proper information flow and effective risk profile development. In addition to the interview, the researcher was carried out an observation in import clearance procedure to see the process of risk management techniques. Accordingly, there is high intervention to change documents from yellow to red and risk officers write manually risk level on the document when the document submitted to customs to make it for physical inspection.

Figure 4.4: Application of risk management system at the Branch Office



Source: Field Survey, 2018

4.5 Human Resource Management and Development in Customs

Developing effective human resource management system which supports the achievement of customs administrations objectives and the system that explicitly recognize those people are the organization's most valuable resource is an integral duty of top and middle level management (EC, 2007). USAID (2012) also stated that human resource management is the most important issues affecting the ability of customs to achieve its assigned objectives effectively and efficiently. So that human resources should be considered and managed as the most important elements of the organization. To assess the level of recognition given to human resource in Addis Abeba kality customs Branch Office; respondents were asked to suggest their opinion on the availability of proper human resource development and management system.

Table 4.5 Respondents perception on Human Resource Management in the branch office.

statements	Respondents	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
-Officers get adequate training periodically that helps to understand transit operation.	Employees	7.1%	40.9%	16.5%	28.8%	8.7%
-Officers have appropriate office and other related resources to execute their duty.	Employees	6.3%	54.3%	7.1%	32.3%	-
	Agents	14.3%	-	26.2%	33.3%	26.2%
Officers get adequate training periodically that helps to understand the movement and storage of goods.	Employees	4.7 %	59.8%	12.6%	21.3%	1.6%
	Agents	-	33.3%	16.7%	11.9%	38%
The existing performance measurement system enables employees to perform their duty efficiently	Employees	15.7%	22.8%	20.5%	39.9%	1.6%
There is efficient employee capacity building program in the branch office	Employees	15%	60.6%	11.8%	12.6%	-
	Agents	4.8%	23.8%	4.8%	48.6%	19%
There is merit based promotion system that encourages efficient performance and competition among staffs	Employees	17.3%	42.5%	10.2%	29.9%	-

SOURCE: Field survey 2018

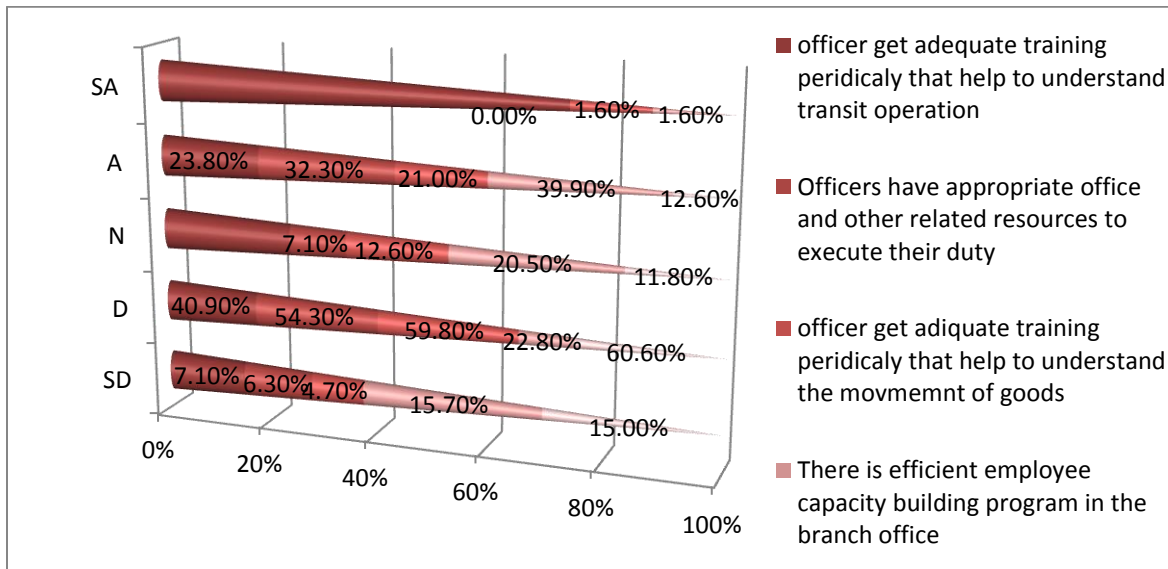
According to Table 4.5& figure 4.5 above, 15% percent of respondents strongly disagreed on the availability of effective capacity building whereas 60.6 percent of them disagreed on the case and 11.8 percent of the participants were neutral. The remaining 12.6 percent respondents agreed on the availability of efficient capacity building program at the branch office. This means the

branch has inefficient capacity building program. Concerning the availability of merit based promotion system that encourages efficient performance and competition among the staffs only 29.9 percent of the respondents agreed and the rest of them strongly disagreed, disagreed, and neutral with respective percentage of 42.5, 17.3 and 10.2. This implies that majority of employees in import transit, import clearance and warehouse were not satisfied with the current pay structure and capacity building programs as well as merit based promotion system which is the pillars for effective human resource management and development. In addition, the respondents were asked to rate the availability of appropriate office and material for the employees to execute their duties. Accordingly, they expressed their consent as 6.3 percent strongly disagreed, 54.3 percent disagreed, 7.1 percent neutral, 32.3 percent agreed with the availability of the necessary office and working resources for personnel to perform their jobs. They were also requested to give answer on the existence of efficient performance measurement that allows employees to perform efficiently. As per their responses 15 percent strongly disagreed, 22.8 percent disagreed, 20.5 percent rated neutral, 39.9 percent agreed and 1.6 percent strongly agreed. On the issues of training the participants were asked to prove the provision of adequate training by the branch office periodically that helps the employees to understand the nature of import goods and give fast clearance service to facilitate the trade and they responded as 4.7 percent strongly disagreed, 59.8 percent of the participants disagreed, 12.6 percent of them neutral, only few 21 percent and 1.6 percent agreed and strongly agreed respectively. This shows that the branch office is not giving adequate training for employees that equip them for the job they are assigned to do and the majority of employees specially transit and warehouse functional units are also not satisfied with the office and resources allocated for the execution of their tasks this are supported with interview with transit and warehouse processes owners.

To make the information reliable, the respondents were asked to give their opinion about customs employees' competency and cooperativeness. The results are summarized in the Table and figure 4.5 below, the majority 85.7 percent of the respondents disagreed on the competency of Customs employees for service delivery and 14.3 percent of the respondents agreed on the competency of customs staffs. Hence, customs employees have problems of capacity limitation to provide effective service and they were not willing to cooperate with external customers at the time of service delivery. This indicates that the staffs at the branch were not well trained

according to their work position and capacity limitation they have and also the staffs were not motivated to deliver effective service in cooperative manner. Both competency and cooperativeness problem related to effective human resource development and management programs.

Figure 4.5 Respondents perception on Human Resource Management in the branch office.



Source: Field Survey, 2018

4.6 Import Customs Procedure challenges on Trade Facilitation

Customs procedures are a significant factor that needs to be taken into consideration in relation to trade facilitation. Customs administrations should strengthen their customs operations by simplifying customs procedures and implementing risk management and audit-based control in order to enhance the capacity for revenue collection, improve the efficiency of customs clearance and controls, and reduce the time and costs for customs administrations and the trading community. The simplification and harmonization of customs procedures is essential to support the clearance of goods with effective measures such as advanced lodgments, electronic declaration and payment, standardization of required documents and reduction of the number of copies needed for goods declaration. This needs to be based on appropriate customs legislation.

The reasons for customs procedure challenges differ from country to country depending on social, political and economic situation. In the Ethiopian in Addis Abeba kality customs branch office context reasons were discussed based on the available data gathered using various data collecting instruments such as questionnaire, interview, observation and documentary review in the following sections.

Table 4.6 Import Customs Procedure challenges on Trade Facilitation

statements	Respondents	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The import clearance team(Functional unit) is independently organized that allows the importer to get efficient import service	Employees	2.4%	33.9 %	6.3%	55.9%	1.6%
	Agents	4.8%	23.8%	4.8%	40.5%	26.2%
The document requirement for import clearance is simple & clear to understand.	Employees	5.5%	51.2%	11.8%	29.1%	2.4%
	Agents	2.4%	14.3%	11.9%	28.6%	42.9%
The existing custom procedure is well articulated to ensure facilitation	Employees	10.2%	41.4%	15%	29.9%	3.1%
	Agents	7.1%	45.2%	21.4	-	26.2%
The criteria to obtain import clearance is reasonably attainable	Employees	7.1%	21.4%	4.8%	66.7%	-
	Agents	10.2 %	41.7%	15%	29.9%	3.1%
The import customs procedures functional units are adequately staffed with skilled personnel to develop fast and quality service	Employees	11%	32.3%	24.4%	30.7%	1.6%
	Agents	-	28.6%	11.9%	31%	28.6%
The document requirement for import clearance is simple and clear to understand	Agents	2.4%	14.3%	11.9%	28.6%	42.9%
The import customs clearance procedures are transparent and predictable.	Agents	19%	7.1%	61.9%	11.9%	-

SOURCE: Field survey 2018

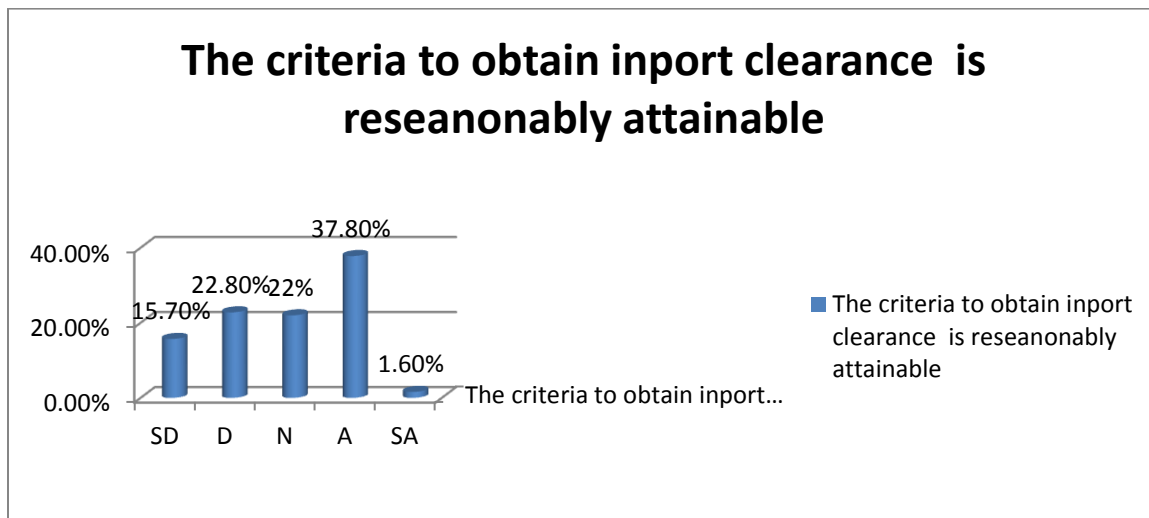
In the Table 4.6 above or figure below, the respondents were asked to ascertain with respect to The document requirement for import clearance is simple & clear to understand., about 51.2 percent of the respondents disagreed, 5.5 percent strongly disagreed, 11.8 percent neutral, 29 percent agreed and 2.4 percent of them strongly agreed on the availability simple & clear import document. Functional unit for import clearance team to allow the importer to get efficient services. respondents were asked ascertain the existent of independent functional unit which handle import cargoes 33.9 percent disagree 2.4 percent strongly disagreed, 6.3 percent neutral,

55.9 percent agreed and 1.6 percent of them strongly agreed This shows the branch office has an adequate and less facility of offices that undertake the import functional units transit,warehouse and clearance functional unit is not well organized to trade facilitation this is also supported with interview with the branch corporate dumpty branch manager .how much emphasis the branch office are not gave much attention forimport trade facilitation. But Such arrangements could help the traders benefit from Importcustom Clearance procedure.

Similarly, as can be seen from the figure 4.6. 37.8 percent of respondents agreed on the reasonably attainability of criteria to obtain import clearance service,15.7 percent of respondents strongly agreed, 22 percent neutral, only few 22.8 percent disagreed and 1.6percent of them are strongly agree.. This means the branch import custom clearance requirement are reasonably attainable by the customers but there are some efforts to make by the branch office to minimize & simplify the import custom criteria.

Figure 4.6 Import Customs Procedure on Trade Facilitation

Source: Field Survey, 2018



4.7 Cooperation and Coordination among Customs and Other Agencies

The term Integrated Border Management (IBM) is often used in the national context to describe Different forms and levels of border agencies coordination and cooperation aimed at facilitating Legitimate trade and increasing operational efficiency. Coordination and cooperation can encompass different components that include coordinated or delegated conduct of inspections; the exchange of data to allow traders and agents unique data entry through single window platform; operation of integrated procedures; and joint management of the border post and related facilities as well the sharing of infrastructure, facilities and equipment may be viewed as an indicator of the level of cooperation between Customs and other governmental agencies, particularly at national level (UNCTAD, 2008). In order to examine the level cooperation and coordination among customs and other agencies at the branch office, Customs employees, and customs clearing agents were asked to express their opinion on the effectiveness of cooperation and coordination at the branch level.

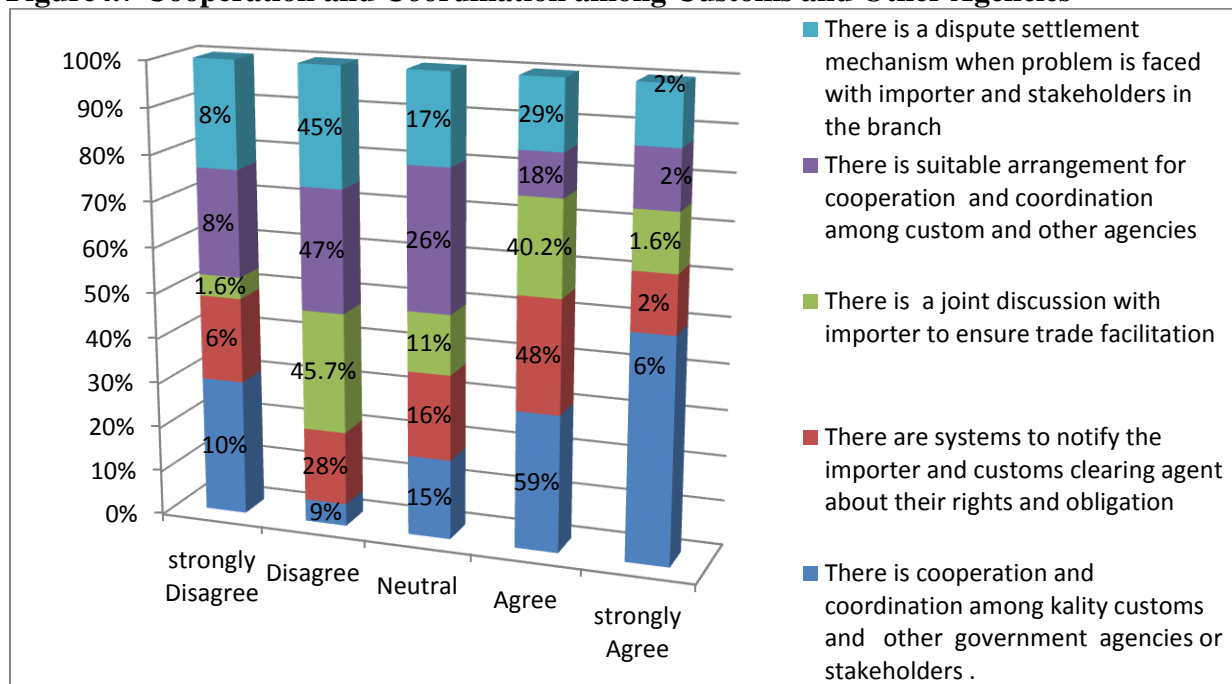
Table 4.7 Cooperation and Coordination among Customs and Other Agencies

	Respondent	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There is cooperation and coordination among Kality customs and other government agencies (stakeholders)	Employees	10.2%	8.7%	15%	59%	6.3%
	Agents	-	13%	-	57.1%	11.9%
There are systems to notify the importer and customs clearing agent about their rights and obligation	Employees	6.3%	28.3%	15.7%	48%	1.6%
	Agents	42.9%	7.1%	-	42.9%	7.1%
There is joint discussion with importer to ensure trade facilitation	Employees	1.6%	45.5%	11%	40.2%	1.6%
	Agents	40.5%	-	11.9%	21.4%	26.4%
There is suitable arrangement for cooperation and coordination among custom and other agencies	Employees	7.9%	46.5%	26%	18.1%	1.6%
	Agents	23.8%	31%	9.5%	35.7%	-
There is dispute settlement mechanism when problem is faced with importer and stakeholder in the branch.	Employees	7.9%	44.9%	16.5%	29.1%	1.6%
	Agents	11.9%	16.7%	26.2%	28%	16.7%
Suggestion boxes and other devices that customers can use for their comments are placed in visible area	Agents	4.8%	28.6%	28.6%	21.4%	16.7%

Source: Field Survey, 2018

As can be seen from Table 4.7 above/figure 4.7 below, 13% percent of the respondents disagreed, 57.1 percent agreed and 11.9 percent strongly agreed on the availability of effective cooperation and coordination of Customs and other agencies at the branch to facilitate legitimate trade. Considering these views and answers from respondents, it is evident that cooperation and coordination of the branch office are considerably high to facilitate international trade as well as to ensure regulatory control. In addition to the questionnaire, the researcher has been made an interview with Customs employees including the deputy manager. Their view shows that the level of cooperation and coordination among customs and other agencies is inefficient and they considered ineffective cooperation and coordination is the cause of majority custom import challenges that the branch office encountered. This also supported by the survey conducted by World Bank, 2014, which ranks Ethiopia at 166th in the logistics index out of 189 countries surveyed due to the 44 days length of time it takes to export from the countries. As Tsegay and Indris (2011), also cited by Mengistu (2016). The survey also specifies that cooperation and coordination problem in customs are the root causes for cumbersome customs clearance at border posts and ultimately make the cost of doing business in Ethiopia is very high.

Figure 4.7 Cooperation and Coordination among Customs and Other Agencies



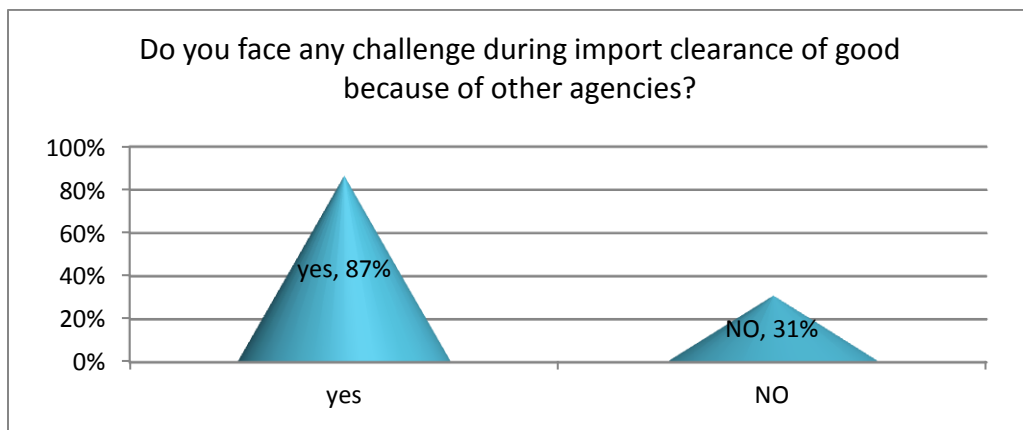
Source: Field Survey, 2018

According to figure 4.7 above, 45.7 percent of the respondents disagreed, 1.6 percent strongly disagreed, 11 percent neutral and 40.2 and 1.6 percent agreed and strongly agree on the availability of Joint discussions with importer to ensure trade facilitation for cooperation and coordination among customs and other agencies that are involved in international trade for better cooperation and coordination. This indicates that there is lack of suitable infrastructure for effective coordination and cooperation among customs branch office and other agencies. Consequently, traders may face challenges to clear their consignments timely with minimum transaction costs and delivery the order on time.

In addition to the questionnaires, the researcher has been made an interview with team leaders in Import clearance team and. During the interview team leader including the manager argued that there are some improvements in service delivery in import clearance procedure especially after BPR implementation. However, there are challenges related to other agencies like the Ministry of Agriculture, Ministry of Trade, Ministry of Industry, Road and Transport Authority, Ministry of Forest Development, Banks etc. As stipulated in Article 2 of the Body of the Kyoto Convention, (WCO, 1999) Customs may always grant facilities for appeals. Any person who is directly affected by a decision or omission of the Customs shall have a right of appeal. This provision ensures the right of appeal to any person directly affected by a decision or omission of Customs. It is up to each individual Customs administration to define in its legislation what constitutes a person who is directly affected for purposes of appeal rights. In order to avoid confusion over what types of decisions and omissions can be appealed; the national legislation must set forth the specific types of decisions and omissions that are subject to appeal. In order to assess the existence of this appeal procedure the respondents were asked to speak their mind regarding dispute settlement mechanism in the branch. As clearly presented in the Table 4.7, 7.9 percent of the respondents were strongly disagreed the existence of the dispute settlement mechanism in the branch and 44.9 percent disagreed existence of a mechanism to solve dispute settlement in import clearance procedure, 16.5 percent of the respondents put themselves in neutral, 29.1 percent of respondents agreed and 1.6 percent strongly agreed with the issue. Which means 56% percent of respondents did not approve the existence of the dispute settlement mechanism so they did not know about what they do when affected by the decision of Customs. Similarly the study also tried to find out the branch office's eagerness to know its customer satisfaction in services delivery process. Accordingly, the respondents were asked the availability of suggestion boxes

for customers' comments in the branch office. Based on the survey 28.6 percent of the respondents strongly disagreed, 16.2 percent disagreed in easily accessibility of the suggestion boxes, 20 percent neutral, 33.8 percent agreed, and only 13.8 percent of the respondents strongly agreed on the availability of the suggestion boxes. This shows that when customers want to comment on the Customs service means of forwarding is not accessible easily. In addition, respondents were asked to express their consent on the availability of systems to notify the importers and customs clearing agents about their rights and obligations in order to make them have sufficient knowledge about their rights and obligations. As a result they responded as 42.9 percent strongly disagreed, 7.1 percent disagreed, 42.9 percent agreed and 7.1 percent strongly agree with case. This depicts that there is no sufficient system to notify the customers about their responsibilities which helps them to come up with the necessary requirements for service. Similarly the respondents were asked their opinion in mutual dialogue and cooperation with the branch office. 40.5 percent of the respondents disagreed, 7.1 percent disagree while 42% agreed and 7.1 percent of them strongly agreed with the customs mutual dialogue and cooperation. This shows that there is no significant and continuous joint discussion programs that will help both parties to resolve the problem faced before it happens.

Figure: 4.8 Response on delay of clearance because of other agencies



Source: Field Survey, 2018

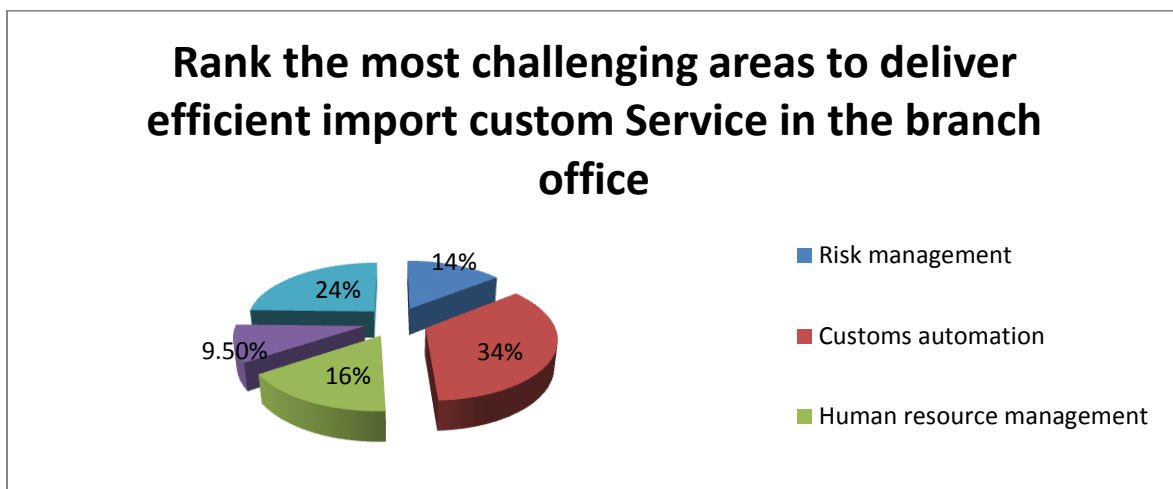
As shown in the above (figure 4.8); majority of the respondents 86% agreed that they have been facing delays because of other agencies. In the open-ended question, clearing agents commenced their opinion about import clearance delay and warehouse facility problems such as a lack of

cooperative service culture among customs administration and other agencies, lack of suitable communication and physical infrastructure, excessive document requirements. This shows that clearing agents face delays because of other agencies at the Branch office during processing custom import activities. Furthermore, the clearing agent also argued that the transit & warehouse at the Branch Office is not suitable for clearance, which is transit & warehouse facility of the branch, 66.7 percent and 69 percent respectively, of the respondents disagreed that the transit & warehouse office at A. A. KALITY Customs Branch Office is not convenient for trade facilitation and control. Based on researchers own experience branch Customs do not have convenient office to process import process which are the three import functional units are located in three different places or compound that very far one from another. This also approved at the time of interview with Customs official and customers. This shows that transit and warehouse facility is not convenient to provide efficient service to its customer and balance trade facilitation and control.

4.9. Prioritizing the Most Challenging Areas in Customs Procedures

Prioritizing or ranking the challenges of customs import procedures based on their seriousness plays a significant role to solve problems in an orderly manner and it also supports the researcher to suggest suitable recommendation based on the assigned priority. Hence, employees from three functional units at the Branch Office request to rank those challenge

Figure: 4.8 prioritizing the Challenging Areas by custom clearing agent



Source: Field Survey, 2018

According to (Figure 4.8), above; clearing agent requested to the challenges of import custom procedure on trade facilitation and control, 34 % the respondents use custom automation as the most serious challenge for import custom procedure while 24% of them rank cooperation and coordination with stakeholders as the second serious challenge for customs where as 16% of the respondents rank human resource management & development as the third challenge from the alternatives, 14% of the respondent rank risk management as the fourth challenge and the remaining 9.5 of them rank automation custom procedure last challenge for the branch office customs. Here, even if the priority has been assigned to each challenge, all of them significantly affect customs procedures. So that the priority was assigned for the sleek prioritize those challenges at the time of financial and other resource limitation occurred. Unless and otherwise all the challenges need due attention by concerned body.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

In the previous chapter the researcher has presented and analyzed the collected data as per the study questions. In this chapter the researcher presents the conclusion and recommendation of the finding based on the research objective and research questions. The first section deals with the conclusion, and the second section presents the recommendations possible recommendation to overcome the challenges and for improvements.

5.1. Summary of findings

The main purpose of the study was to assess the challenges of custom import procedure in transit, warehouse and clearance functional unit from the five frameworks that are risk management. Customs procedure, automation and cooperation & coordination with other stakeholders. This was done in detail in Chapter 4, which included a questionnaire information and interview analysis to provide a detailed description and analysis of challenges of import customs procedure. This was followed by an assessment of potential areas for future development. This paper has tried to discuss those aspects by discussing the challenges on import customs procedure broader areas of discussions such as: Custom Procedure Challenge on Automation, Analysis on Customs procedure challenge on Risk management, Customs Procedure challenge on Human Resource Management, Customs procedure Challenges on Custom Procedure, Analysis on Customs procedure challenge cooperation and coordination with other stakeholders.

Based on the discussion of the previous chapter, the following summaries of findings were drawn: The result of this study shows that that The IT system (ASYCUDA ++) does not properly support application of modern transit & warehouse procedures. At observation time researcher assured that automated Customs warehouse management module could not apply in the branch Customs. By this reason branch Customs could not keep information on imported goods and accounts, tracking all movement and activity, and unable accurate and timely electronic release of cargos.

The study also revealed that, even if there is some improvement in managing risk by developing Trader Risk Data Profile (TRDP) software, risk management is still the most challenges of

transit, warehouse & customs import clearance procedure on trade facilitation and control due to lack of efficient information flow for risk profiling in the branch office. Although ASSYCUDA ++ /Customs information technology system has not been utilized to ensure electronic data exchange with external users.

The result of this study also show that, human resource management and development is among the most challenges of customs import clearance procedure on trade facilitation due to lack of adequate training and capacity building programs of the staff in the branch office. Human resource development and management was also prioritized as the most problematic area by 34 percent of the respondents in import trade facilitation.

According to the survey and document analysis existing Customs procedures document requirement and its simplification clarification to some extent about is weak to administer and rendering efficient import service. Unclear, inconsistent, unpredictable, non-harmonized and complicated criteria to obtain import customs formalities has significant impact on customs import clearance procedure as observed in The findings of the study. It is clear from the study that cumbersome customs clearance procedures were identified as a challenges for customs in import trade facilitation due to lack of simplified, clear, well-articulated procedures with inadequate trained manpower that provide a significant degree on the branches to apply import trade facilitation. Alongside the cooperation and coordination among customs and other agencies hamper the function of Customs at the Branch office.

5.2. Conclusion

The modern Customs administration should respond to changes in the business of international trade by facilitating trade and providing adequate control without sacrificing Customs objective of revenue generation and protection of national security. A number of theoretical and empirical literatures reviewed showed that many least develop SubSaharan Africa countries have inefficient customs administrations that make traders suffer from delayed and unreliable delivery, costly customs clearance and missed business opportunities. This paper has examined the challenges of customs in import trade procedure in relation to trade facilitation Addis Abeba Kality Customs Branch Office.

Risk management in import clearance procedure considered as a major challenge for import clearance procedures in the branch office due to lack of organized and up-to-date risk database, lack of proper information flow for risk profiling purposes, lack of cooperation with other departments in the Branch Office as well as lack of coordination with the national intelligence unit for third party information sharing for risk profiling. Even the principles of risk management in customs procedures properly stated on the Proclamation No. 859/2014 article 6/1 indicates that the customs procedures prescribed in the Proclamation shall be applied to effect customs control in a manner assuring transparency and accountability based on appropriate information and the principles of risk management to conducive condition for trade facilitation, but practically risk management process in the Branch Office highly depend on manual process rather than automation based and highly focused on regulatory control.

Customs Automation often considered as enabling instrument for customs procedures to African countries like Ethiopia which is the challenge of import clearance procedures because of unavailable system functionalities, lack of experienced and trained customs employees, lack of skills in order to utilize ASYCUDA++ for trade facilitation, lack of ICT infrastructure and ineffective telecommunication network connections are the reason behind ineffective utilization of customs automation.

Thus, insufficient use of automated processes and information technology is a major source of delays, costs and inefficiencies of Customs procedures in the facilitate international trade. ASYCUDA++ is commonly used Customs Automation by most IT system (ASYCUDA ++). It does not properly supports application transit & warehouse import customs procedures in the branch office.

Unclear, inconsistent, unpredictable, non-harmonized and complicated criteria to obtain import customs formalities because those laws and regulations are difficult to interpret by customs employees, traders and customs clearing agents. Lack of uniformity, predictability and consistency in customs laws and regulations imposes burdens on the trading community in order to deliver their responsibility. Lack of cooperation and coordination among customs and other agencies in Branch Office is another serious challenge as identified earlier that hinder import trade facilitation. This problem escalates international trade transaction cost and it also makes cost of doing business in Ethiopia and this affect the country's investment opportunity.

5.3. Recommendation

Traders must be given the opportunity to reduce their costs, through fewer delays in the movement of goods, faster Customs clearance and a more transparent framework for competition. Lack of economical efficient Customs warehousing procedure in one country may affect doing business in that country and hinder to attract local investors and foreign investment.

To minimize the problem of human resource management, in the branch office should improve and assure a sound human resource management system that is suitable for employees and grant appropriate capacity program, additional incentives, merit based promotion, safety and security, and job related trainings.

In the absence of adequate automation and customs warehousing procedures unable to deliver expected service. To resolve this problem, the branch should significantly implement automation system that supports the warehousing procedure. And also warehouses should be supported by modern technology.

To overcome the problems of improper implementation of risk management techniques, Customs administration should design effective cooperation and coordination mechanisms through the aid of modern technology to ensure effective and efficient information flow for risk profiling and for the development of organized and updated risk profile database. This also should be supported by proper learning and training, performance evaluation programs that improve staff competency in risk management.

In order to ensure effective cooperation and coordination among Customs and other governmental agencies at the Branch Office, Customs should launch suitable ICT infrastructure that support electronic data exchange for trade facilitation and control. And customs should establish a good communication, coordination and consultation system for all stakeholders.

Customs should establish a continuous training program on customs laws and regulation to make them easy and simple to interpret for both employees and traders. As much as possible customs should inform the trading community and other stakeholders about any changes and modifications of laws and regulations immediately to ensure consistency and predictability.

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Appendix

ANNEX I

Addis Ababa University School of commerce
Department of logistics & supply chain management
Questionnaires to be filled by Employees of Addis Ababa
Kality Customs Branch Office

Dear Respondent;

This survey is designed to obtain data for the study entitled “*The assessment of challenges of customs import procedure on trade facilitation in case of Addis Ababa kality Customs Branch Office.*” for the partial fulfillment of master’s degree in logistics and supply chain management.. The data will be stored in personal files to which the researcher will only have an access. Therefore your genuine and timely response is appreciated and has significant value for achievement of the study objective.

Note for Respondent:

- You can use Amharic language to explain your idea.
- Please tick “√” mark in the boxes which represents your answer

For further information and comments you can contact through phone no: 0913099817
Lemlem desta

Thank you in advance. !

Part I: Background Information

1. Sex: Male Female

2. Age(year)

A. below 25 B. 25 – 35Years C. More than years 35

3. Educational background

Certificate BA/BSC PhD
Diploma MA/MSc

4. Years of Work Experience in the Customs Administration

1. Less than 3 years 3. 6-10years
2. 3-5 years 4. More than 10 year

5. The department you are working in?

1. Transit team 2. Warehouse team 3. import Clearance team

Part II. Challenges of Customs transit Procedures on Trade Facilitation

Please put “√” mark on the box below that best represents how you feel about customs warehousing activities on trade facilitation.

No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral	Agree (4)	Strongly Agree (5)
1.1	ASYCUDA++ is effectively utilized to ensure fast import custom procedure					
1.2	The import clearance team (functional unit) is independently organized that allows the importer to get efficient import service					
1.3	Officers get adequate training periodically that helps to understand transit operation					
1.4	Risk management system is properly implemented on customs import procedure					
1.5	There is cooperation and coordination among kality customs and other government agencies or stakeholders .					
1.6	Officers have appropriate office and other related resources to execute their duty					
1.7	Custom information technology system allows electronic data exchange with external user.					
1.8	There are systems to notify the importer and customs clearing agent about their rights and obligation					

1.9. Is the import Transit procedure in Addis Ababa kality custom branch office convenient for the trading community to ensure trade facilitation and control?

A. No B. Yes

If your answer for question No 1.9. is” No”, please specify the reason

1.10. What measures do you suggest to improve the efficiency of Transit procedure for a better trade facilitation?

2. Challenges of Customs Warehousing Procedures on Trade Facilitation

Please put “√” mark on the box below that best represents how you feel about customs warehousing activities on trade facilitation.

No	statement	Strongly Disagree (1)	Disagree (2)	Neutral	Agree (4)	Strongly Agree (5)
2.1	The IT system (ASYCUDA++) properly supports application of modern warehousing procedures					
2.2	Officers get adequate training periodically that helps to understand the movement and storage of goods.					
2.3	The risk level of import cargos are labeled by the information technology system developed for risk management.					
2.4	There is a joint discussion with importer to ensure trade facilitation					
2.5	The document requirement for import clearance is simple & clear to understand					
2.6	The existing customs import procedure is well articulated to ensure trade facilitation.					
2.7	The existing performance measurement system enables employees to perform their duty efficiently					
2.8	Custom mostly arrange training program that make user familiar to modern IT application (ecvs,ecmsasycuda++ or others)					
2.9	There is suitable arrangement for cooperation and coordination among custom and other agencies					

2.10. Do you believe that the current customs warehouse procedure (temporary storage in Comet Warehousing) service sufficient to facilitate the trade?

a) Yes b) No

Would you please explain how? _____

2.11. What measures do you suggest to improve the efficiency of customs warehousing management for a better trade facilitation?

3. Challenges of Customs clearing Procedures on Trade Facilitation

Please put “√” mark on the box below that best represents how you feel about customs Clearing activities on trade facilitation.

No	statement	Strongly Disagree (1)	Disagree (2)	Neutral(3)	Agree (4)	Strongly Agree (5)
3.1	There is efficient employee capacity building program in the branch office					
3.2	The import clearance activity are properly supported by modern information technologies					
3.3	There is updated importer risk profiling data base systems in the branch office					
3.4	The criteria to obtain import clearance is reasonably attainable.					
3.5	Customs mostly arrange training program that make user familiar to modern IT application (ecvs,ecmsasycuda++ or anthers)					
3.6	There is a dispute settlement mechanism when problem is faced with importer and stakeholders in the branch					
3.7	The import custom procedures functional units are adequately staffed with skilled personnel to deliver fast and quality services.					
3.8	Suggestion boxes and other devices that customers can use for their comments are placed in a visible area.					
3.9	The /ASYCUDA++ system could precisely label the level of risk at submission of import documents					
3.10	There is efficient information flow for risk profiling					
3.11	There is merit based promotion system that encourages efficient performance and competition among staffs					

3.12..Would you specify any challenges to provide fast import clearance service to the customers?

3.13. What measures do you suggest to improve the efficiency of import custom procedures for a better trade facilitation?

3.14. DO you face delay for import customs procedures during import clearance services because of other agencies ?

a) Yes b) No

3.15. Would you please rank the following most challenging areas to deliver efficient import custom procedure in relation with trade facilitation and control?(pleas rank 1-5)

Challenge	Rank
Customs automation	
Risk management	
Human resource management and development	
Customs Procedures	
Cooperation and coordination with the stakeholders	

Thank you!!

ANNEX II

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF LOGISTICS & SUPPLY CHAIN MANAGEMENT

QUESTIONNAIRES TO BE FILLED BY CUSTOM CLEARING AGENT

Dear Respondent;

This survey is designed to obtain data for the study entitled “*The assessment of challenges of customs import procedure on trade facilitation in case of Addis Ababa kality Customs Branch Office.*” for the partial fulfillment of master’s degree in logistics and supply chain management.. The data will be stored in personal files to which the researcher will only have an access. Therefore your genuine and timely response is appreciated and has significant value for achievement of the study objective.

Note for Respondent:

- You can use Amharic language to explain your idea.
- Pleas tick “√” mark in the boxes which represents your answer

For further information and comments you can contact through phone no: 0913099817 (or you can use email address (idlemdes@gmail.com) Lemlem Desta

Thank you in advance. !

Part I: Background Information

1.Sex: Male Female

2.Age(year)

A. below 25 B. 25 – 35Years C.More than years 35

3.Educational background

. Certificate BA/BSC PhD

Diploma MA/MSC

4. Work experience as customs clearance agent

.1 Less than 3 years 3. 6-10years

2. 3-5 years 4. More than 10 year

Part II. Challenges of Customs transit Procedures on Trade Facilitation

Please put “√” mark on the box below that best represents how you feel about customs warehousing activities on trade facilitation.

No	statement	Strongly Disagree (1)	Disagree (2)	Neutral	Agree (4)	Strongly Agree (5)
1.1	ASYCUDA++ is effectively utilized to ensure fast import custom procedure					
1.2	The import clearance team (functional unit) is independently organized which allow the importer get efficient service					
1.3	Customs import clearance procedure is transparent and predictable					
1.4	Risk management system is properly implemented on custom import procedure					
1.5	There is cooperation and coordination with AAK and other government agencies or stakeholders .					
1.6	Officers have appropriate office and other related resources to execute their duty					
1.7	Customs information technology system allows electronic data exchange with external user.					
1.8	There are systems to notify the importer and customs clearing agent about their rights and obligation					

1.9. Is the import Transit procedure in Addis Ababa kality custom branch office convenient for the trading community to ensure trade facilitation and control?

A. No B. Yes

If your answer for question No 1.9. is” No”, please specify the reason

1.10 Do you face any challenge during import clearance of goods because of other agencies?

A. No B. Yes

If your answer is ‘Yes’, for the preceding question, please, state the reasons of the delay?

2. Challenges of Customs Warehousing Procedures on Trade Facilitation

Please put “√” mark on the box below that best represents how you feel about customs warehousing activities on trade facilitation.

No	statement	Strongly Disagree (1)	Disagree (2)	Neutral	Agree (4)	Strongly Agree (5)
2.1	The IT system (ASYCUDA++) properly supports application of modern warehousing procedures					
2.2	Officers get adequate training periodically that helps to understand the movement and storage of goods.					
2.3	The risk level of import cargos are labeled by the information technology system developed for risk management.					
2.4	There is a joint discussion with importer/agents to ensure trade facilitation					
2.5	The document requirement for import clearance is simple & clear to understand					
2.6	The existing custom import procedure is well articulated to ensure trade facilitation.					
2.7	Custom mostly arrange training program that make user familiar to modern IT application (vdd ,ecmsasyCUDA++ or others)					
2.8	There is suitable arrangement for cooperation and coordination among custom and other agencies					

2.9. Does customs employees competent for service delivery?

Yes No

If your answer is ‘No’ for the preceding question, please, state the reasons?

2.10. Do you believe that the current customs warehouse procedure (temporary storage in Comet Warehousing) service sufficient to facilitate the trade?

a) Yes b) No

If your answer is ‘No’ Would you please explain how?

3. Challenges of Customs clearing Procedures on Trade Facilitation

Please put “√” mark on the box below that best represents how you feel about customs Clearing activities on trade facilitation.

No	statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
3.1	There is efficient employee capacity building program in the branch office					
3.2	The import clearance activity are properly supported by modern information technologies					
3.3	There is updated importer risk profiling data base system in the branch office					
3.4	The criteria to obtain import clearance is reasonably attainable.					
3.5	Custom mostly arrange training program that make user familiar to modern about its IT application.					
3.6	There is a dispute settlement mechanism when facing with exporter and stakeholders in the branch					
3.7	The import custom procedures functional units are adequately staffed with skilled personnel to deliver fast and quality services.					
3.8	Suggestion boxes and other devices that customers can use for their comments are placed in a visible area.					
3.9	The /ASYCUDA++ system could precisely label the level of risk at submission of import documents					
3.10	There is efficient information flow for risk profiling					

3.11..Would you specify any challenges to provide fast import clearance service to the customers?

3.12 Any thing you want to add about existing import custom procedure at Addis Ababa kality customs branch office? -----

3.13. Would you please rank the following most challenging areas to deliver efficient import custom procedure in relation with trade facilitation and control? (pleas rank 1-5)

Challenge	Rank
Risk management	
Customs automation	
Human resource management and development	
Customs Procedures	
Cooperation and coordination with the stakeholders	

Thank you!

Interview Guide Line

1. What are the challenges of customs in import procedure on trade facilitation?
Please specify?
2. Are the current customs procedures sufficient to support trade facilitation?
3. Are customs laws and regulations easy to understand and make practical on import ?
4. Is Addis Ababa Kality Customs Branch office applying efficient modern information technology on import procedure (Transit? Warehouse and clearance) in all functional area of the branch to support trade facilitation.
5. Is the current import procedure simple, clear and short that helps to give fast import clearance service? (Does it align with low and regulation)?
6. Anything that you want to add about customs import procedure challenges on trade facilitation? Please, specify?