

**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**  
**(GRADUATE PROGRAM)**  
**A MASTER'S THESIS ON**  
***FACTORS AFFECTING UNIMODAL CUSTOM CLEARANCE EFFICENCY,***  
***THE CASE OF ADDIS ABABA KALITY CUSTOMS BRANCH OFFICE***

***BY ROBEL GETAHUN (ID# GSD/0503/10)***

***A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF  
COMMERCE IN PARTIAL FULFILLMENT FOR THE REQUIRMENT OF  
MASTERS DEGREE IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT***

***ADVISOR DR.BUSHA TEMESGEN***

**JUNE, 2020**

**ADDIS ABABA, ETHIOPIA**



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**

**FACTORS AFFECTING UNIMODAL CUSTOM CLEARANCE  
EFFICENCY, THE CASE OF ADDIS ABABA KALITY CUSTOMS  
BRANCH OFFICE**

**BY ROBEL GETAHUN (ID# GSD/0503/10)**

**APPROVED BY BOARD OF EXAMINERS**

**Dr. Busha Temesgen**

\_\_\_\_\_

**Advisor**

**Signature**

**Dr. Shiferaw Mitiku**

\_\_\_\_\_

**Internal Examiner**

**Signature**

**Dr, Mengist Hailemariam**

\_\_\_\_\_

**External Examiner**

**Signature**

## ABSTRACT

*This study tries to identify and assess the factors that affect the Unimodal clearance efficiency, the case of Addis Ababa Kality customs branch office. The main objective of this study is to assess the challenges that affect the efficiency of Unimodal customs clearance procedure. When Unimodal customs clearance refers, it includes Djibouti port and customs clearance as the shipment is cleared from Djibouti port. Ethiopia is land locked country, a single transit permitted shipment must pass through transit permit process, Djibouti port and customs clearance procedure under the umbrella of Addis Ababa Kality customs branch Office. Many studies on customs clearance focused on local customs (Airport and multimodal) clearance challenges. This study tried to see the challenges of clearing goods from Djibouti by incorporating variables of Djibouti port and shipping agent performance with Kality customs branch office variables. To accomplish the objective of the study, Primary data were collected by Questionnaire s and interview. Secondary data's were reviewed. Qualitative and quantitative data sources were used. The study employed explanatory and descriptive statistics by frequency, mean, standard deviation and inferential statistics by correlation and regression. The finding of the study suggested that there is unnecessary prerequisite documents to issue transit permit which affect the efficiency of Unimodal clearance efficiency, Unimodal cargo Djibouti port and customs clearance procedure have many challenges in relation to service delivery, coordination, un transparent working procedure, unaligned working time and day. Extended transit time and very expensive costs is also a challenge for efficiency of Unimodal clearance. In addition shipping agent performance inefficiency in providing service has played significant share for inefficiency, coordination and cooperation of concerned government regulatory agencies is also found as one of the input for inefficiency, AAK customs service facilitation reveled as factors for inefficiency of Unimodal cargo customs clearance efficiency. Based on the findings, study recommended simplified transit permit, improvement on service delivery both in regulatory agencies, AAK and Djibouti, to have standard working procedure between stakeholders.*

**Key Words:** Unimodal Custom clearing efficiency, Transit permit process, transit time and cost, Unimodal Djibouti clearance procedure, shipping agent performance, coordination and cooperation of concerned government regulatory agencies.

## ACKNOWLEDGEMENTS

I would like to express my special and deepest gratitude and respect to my advisor Dr. Busha Temesgen for his continuous help, invaluable guidance and comments since the beginning of my study to end.

I would also like to thank my family for their encouragement and every support given to me throughout my master's study and this study as well.

Finally I want to thank all custom clearing agents who responded my Questionnaire. All my former colloquies working in Ethiopian shipping and logistics service enterprise for all their support by responding my Questionnaire , providing me all data's which I request. I am very much indebted to all of you for all your support for the completion of this study.

## STATEMENT OF DECALARATION

I, the undersigned, declared that this thesis entitled “factors affecting Unimodal customs clearance efficiency , the case of Addis Ababa Kality customs branch office” is my original work and has not been submitted by anybody for any degree or diploma in any university and all material used for the project work have been acknowledged .

Declared by

Name Robel Getahun Assefa GSD/0503/10

Signature \_\_\_\_\_

Date \_\_\_\_\_

This thesis has been submitted for examination with my approvals as university supervisor.

Name of Advisor Dr. Busha Temesgen

Signature \_\_\_\_\_

Date \_\_\_\_\_

## STATEMENT OF CERTIFICATION

This is to certify that Robel Getahun has carried out his work on the topic entitled “factors affecting Unimodal customs clearance efficiency, the case of Addis Ababa Kality customs branch office”. The work is original in nature and is suitable for the submission for the award of master’s degree in logistics and supply chain management (MA IN LSCM).

Name and Designation of the Advisor \_\_\_\_\_

Date of Submission \_\_\_\_\_

Place: Addis Ababa University School of Commerce.

## TABLE OF CONTENT

STATEMENT OF DECALARATION.....	iii
STATEMENT OF CERTIFICATION.....	iv
TABLE OF CONTENT .....	v
LIST OF TABLES .....	viii
LIST OF FIGURES.....	ix
LIST OF ACRONYMS .....	x
1.1 Background of the Study .....	1
1.2. Statement of the Problem.....	2
1.3. Research Questions.....	6
1.4. Objectives of the Study.....	7
1.4.1. General objective .....	7
1.4.2. Specific objectives of the Study .....	7
1.5. Significance of the Study .....	8
1.7. Limitation of the Study .....	9
1.8. Definition of Terms.....	9
1.9. Organization of the Study .....	10
CHAPTER TWO .....	11
REVIEW OF RELATED LITERATURE .....	11
2.1. Theoretical Literature .....	11
2.1.1. Customs .....	11
2.1.2. Customs Role.....	11
2.1.3. Customs Clearance .....	12
2.1.4 Customs Clearing Agent .....	14
2.1.5 Customs Clearance Procedure of Ethiopia .....	15
2.1.6. What is Unimodal Clearance in Ethiopia?.....	16

2.1.7 Required Documents for Unimodal Clearance Procedure.....	16
2.2 Factors Affecting Unimodal Customs Clearance Procedure and its Challenges.....	18
2.2.1 Unimodal Transit Permit meaning and Process /STEPS/.....	18
2.2.2 Unimodal Cargo Djibouti Clearance Procedure.....	19
2.2.3 Transit Time and Cost .....	21
2.2.4 Customs Service Facilitation .....	23
Trade Facilitation .....	23
Facilitation in customs.....	24
Customs Control .....	25
2.2.5 Shipping Agent Performance .....	27
2.2.6 Coordination and Cooperation of Different Concerned Government Regulatory Agencies .....	29
2.3. Empirical Literature .....	31
2.4 Conceptual Framework. ....	33
<b>CHAPTER THREE.....</b>	<b>34</b>
<b>RESEARCH DESIGN AND METHODOLOGY.....</b>	<b>34</b>
3.1 Description of the study .....	34
3.2 Research Approach .....	35
3.3 Research Design.....	36
3.4 Population and sampling.....	36
3.5 Data Collection Procedures .....	38
3.6 Validity and Reliability .....	38
3.7 Ethical Consideration.....	39
3.8 Data analysis.....	40
<b>CHAPTER FOUR .....</b>	<b>41</b>
<b>DATA PRESENTATION, ANALYSIS AND INTERPRETATION .....</b>	<b>41</b>
<b>Introduction.....</b>	<b>41</b>

<b>4.1 Response Rate .....</b>	<b>41</b>
<b>4.2 Demographic data of the Respondents .....</b>	<b>42</b>
<b>4.2.1 Sex and Age of the Respondents.....</b>	<b>42</b>
<b>4.2.2 Educational level and service years of the respondents.....</b>	<b>43</b>
<b>4.3 Descriptive Statistics and Qualitative Data's.....</b>	<b>44</b>
<b>4.3.1 Frequency Report on Independent Variable .....</b>	<b>44</b>
<b>4.3.1.1 Transit Permit Process .....</b>	<b>44</b>
<b>4.3.1.2 Djibouti Clearance Procedure.....</b>	<b>46</b>
<b>4.3.1.3 Transit Time and Cost .....</b>	<b>49</b>
<b>4.3.1.4 Customs Service Facilitation .....</b>	<b>52</b>
<b>4.3.1.5 Shipping Agent Performance .....</b>	<b>55</b>
<b>4.3.1.6 Coordination and Cooperation of Different Concerned Government Regulatory Agencies .....</b>	<b>56</b>
<b>4.3.2 Frequency Report on Dependent Variable .....</b>	<b>58</b>
<b>4.4 Summary of Ranking of Respondents .....</b>	<b>60</b>
<b>4.5 Correlation Analysis.....</b>	<b>62</b>
<b>4.6 Regression Analysis .....</b>	<b>64</b>
<b>CHAPTER FIVE .....</b>	<b>67</b>
<b>SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>67</b>
<b>5.1 Summary of Findings and Conclusions.....</b>	<b>67</b>
<b>Conclusion .....</b>	<b>70</b>
<b>5.2 Recommendation .....</b>	<b>71</b>

**APPENDIX**

**REFERENCE**

**QUESTIONNAIRES**

## LIST OF TABLES

Table 2.1 Time requirement for Unimodal clearance.....	21
Table 2.2 Djibouti port warehouse rate for normal container.....	23
Table 2.3 Djibouti port warehouse rate for special container.....	23
Table 3.1 Reliability statistics.....	39
Table 4.1 Sex and age data of the respondents.....	42
Table 4.2 Educational and work experience data of the respondents.....	43
Table 4.3 Descriptive Statistics on transit permit process.....	45
Table 4.4 Descriptive statistics on Djibouti clearance procedure.....	46
Table 4.5 Descriptive statistics on transit time and cost.....	48
Table 4.6 Descriptive statistics on customs service facilitation.....	49
Table 4.7 Descriptive statistics on shipping agent performance.....	51
Table 4.8 Descriptive statistics coordination and cooperation of different Concerned government regulatory agencies.....	53
Table 4.9 Descriptive statistics on dependent variable.....	56
Table 4.10 Descriptive statistics on ranking variables.....	57
Table 4.11 Correlation.....	58
Table 4.12 Significance and distribution .....	60
Table 4.13 coefficients.....	61
Table 4.14 Model summery .....	62
Table 4.15 ANOVA (Analysis of Variance).....	62

## **LIST OF FIGURES**

Figure 1.1 Multimodal Flow

Figure 1.2 Unimodal Flow

Figure 3.1 Conceptual Frame work.

## LIST OF ACRONYMS

AAK- Addis Ababa Kality

AEO – Authorized Economic Operator

ASYCUDA- Automated System for Customs Data

CPO- Cash Payment Order

DO- Delivery Order

ECC- Ethiopian Customs Commission

ECTP- Ethiopian Customs Trade Portal

ECVS- Ethiopian Customs Valuation System

EFDA- Ethiopian Food and Drug Administration

EFFSA- Ethiopian Freight Forwarding and Shipping Association

EMA-Ethiopian Maritime Authority

ERCA- Ethiopian Revenues and Customs Authority

ESL-Ethiopian Shipping Lines

ESLSE-Ethiopian Shipping and Logistics Service Enterprise

ICC-International Chamber of Commerce

IDF- Import Declaration Form

INSA- Information Network Security Agency

LCC-Land Locked Country

MORCC-Ministry of Revenue Customs Commission

SAD- Single Administrative Document

TC- Transit Country

UNECE-United Nation Economic Commission for Europe

UNCTAD- United Nation Conference on Trade and Development

WCO- World Customs Organization    WTO-World Trade Organization

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The World Customs Organization (WCO) defines Customs as “the government service which is responsible for the administration of Customs law and the collection of import and export duties and taxes and which also has responsibility for the application of other laws and regulations relating to the importation, transit and exportation of goods (WCO 1999). In Ethiopia, Ethiopian customs commission functions include the enforcement of the Customs Proclamation provisions governing the import and export of cargo, baggage and postal articles; the arrival and departure of vessels, aircrafts, and other means of transport; goods in transit; and the governance of any goods subject to customs control, including rights and obligations of persons taking part in customs formalities (ECC, 2012).

Custom clearance is essentially facilitated smooth import/export of goods and transportation of goods from one location to another within the same country. In fact, this transportation of goods is almost impossible without the services and aid of customs clearing agent. (Brocker,2018). custom clearance agent in Ethiopia is a person issued with custom clearing agent license pursuant to regulation issued on directive and includes an employee of a declarant issued by the Ethiopian revenues and customs with a certificate of professional competence in respect of custom clearance (ERCA, PROCLATION 859/2014) They are licensed by the Government to serve as an agent and are based in or out of the customs stations. Their primary duty is to ensure prompt and timely delivery of goods.

The clearance agent needs to provide efficient custom clearance service for their customers by respecting the law and regulation of the authority. In his relation to his customer the agent is expected to full fill all the requirements, calculate the duty and taxes as per the law regulation and procedure of the authority, let the importer pay the duty and tax and get final declaration from customs and hand over to the customer as per their agreement (ERCA, DIRECTIVE 64/2011).

There are three main types of customs clearance procedures. These are multimodal customs clearance, Unimodal customs clearance and air shipment clearance. The intended study will try to find out and examine the challenges, limitations and problems of Unimodal customs clearance procedures. Easy customs clearance procedures is very important for Authorized economic operators (AEO), government institutions and break bulk importers that are mostly factories as they played a main role in the country economy. The study was conducted to find out those challenges, problems and limitations within the scope of transit permit process, Djibouti port and customs clearance process, transit time and cost, shipping agent performance, customs facilitation and coordination of concerned government regulatory agencies .

## **1.2. Statement of the Problem**

Custom clearance service is the key service in international trade. International trade cannot be performed without the participation of custom clearance service. Import and export are the main category of international trade. Whether its import or export, the custom clearance procedure need to be efficient for successful international trade. There are many inputs that lead to the custom clearance procedure more efficient. Easy clearance facilitation, efficient service delivery, use of information technology, risk categorization, easy documentation can be considered as tools for efficiency. In Ethiopian context, the custom clearance service has its own impact on logistics performance in respect to time, cost and the government import duty and tax revenue collection. Inefficient customs clearing procedure will lead the importer to high demurrage and storage cost and will not meet the market expectation on time. These costs are paid to Djibouti in foreign currency. This also creates foreign currency shortage for international trade and other sector which need foreign currency. In addition, as one of the Ethiopian government revenue is import duty and tax, all import tax revenue is calculated by the transit company/custom clearance agents. In fact their work or each declaration which is filled by customs agent is evaluated by customs officers based the existed law, regulation and procedure of the authority and all incoming cargoes are cleared through these transit companies.

In relation to sea freight, there are two types of custom clearance procedure which is currently practiced in Ethiopia. These are multimodal and Unimodal clearance procedures. These

clearance procedures bases on the transport type that ESLSE is offering to the importers. These transport types are multimodal transport and Unimodal transport types.

According to (UNCTAD, 1981) the United Nations Conference on a convention on international multimodal Transport document, International Multimodal Transport is defined as the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country. The operations of pick-up and delivery of goods carried out in the performance of a Unimodal transport contract, as defined in such contract, shall not be considered as international multimodal transport”. (UNCTAD, 1981)

In another hand ESLSE defined multimodal is a service provided by Ethiopian shipping and logistics service enterprise from port of loading to local dry ports through Djibouti port by single administrative document (SAD). The sole carrier will take all the responsibilities (sea freight, Djibouti port and customs clearance, inland transportation to local dry ports). Unimodal transport service involves one mode of transport service. It can be sea, rail or road or airfreight of the cargo. The carrier responsibility is only the sea freight in case; the mode of transport is sea. In ESLSE case, the Unimodal service ends at port of Djibouti, after which the consignee will enter agreement with the appointed custom clearing agent and transporter to receive cargo in the specific place of inside the country.(ESLSE,2019)

Custom clearance is performed in both of the procedures. Multimodal customs clearance is performed from local dry ports; whereas Unimodal customs clearance is performed from Djibouti port as Ethiopia is land locked country. Customs clearing agent responsibility starts from local dry ports in case of multimodal procedure. In Unimodal custom clearance procedure the agent responsibility starts from Djibouti as the carrier/ESLSE/ discharge the containers in Djibouti. In multimodal procedure both sea and inland transport until local dry port is the sole responsibility of the multimodal operator. Both Unimodal and multimodal clearance procedure is illustrated below.

### Multimodal flow

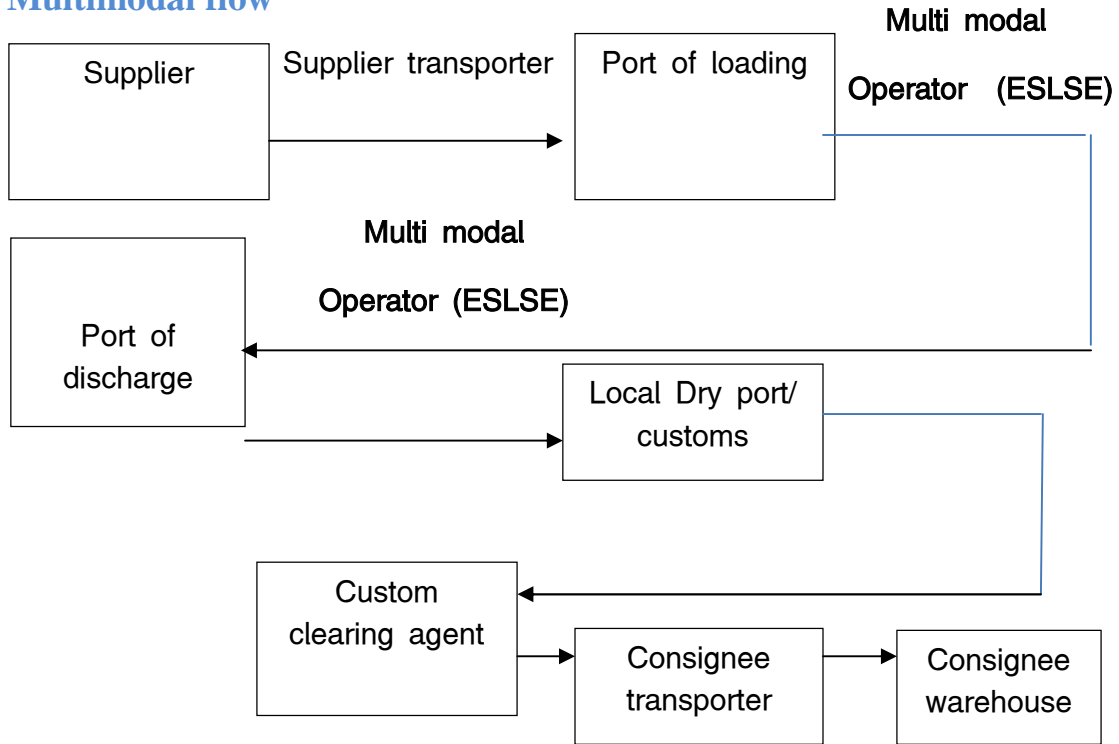
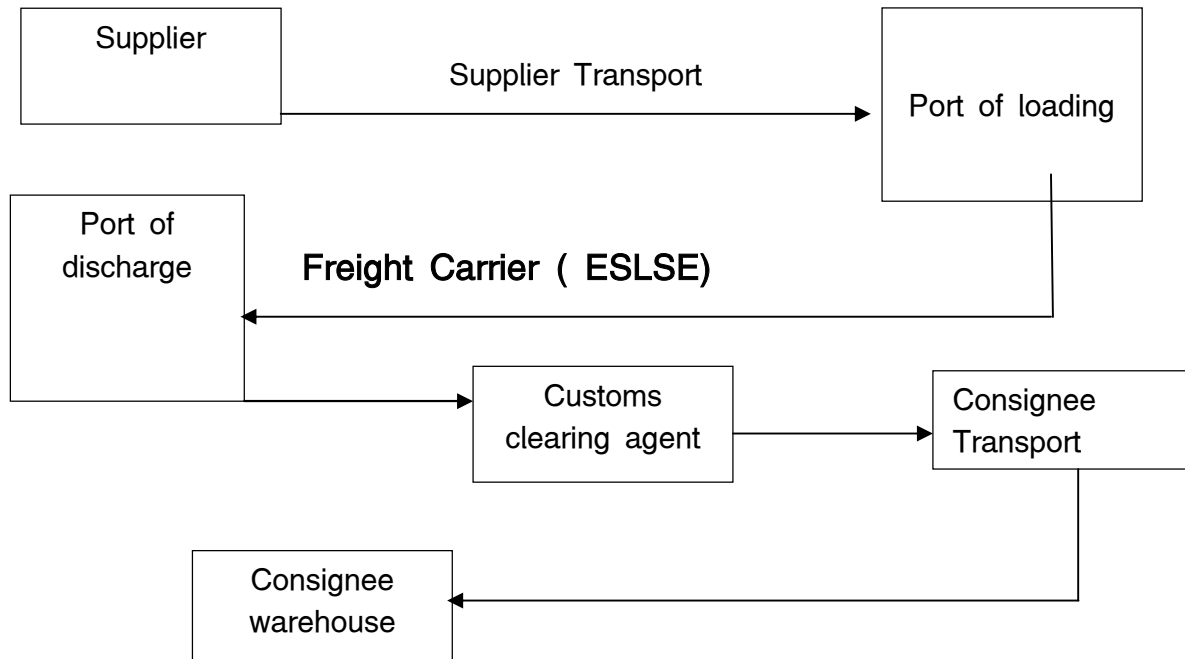


Figure 1.1 Multimodal Flow

Source –own flow mapping

### Unimodal Flow



## Figure 1.2 Unimodal Flow

Source –Own Flow mapping

By the first time multimodal transport is introduced in Ethiopia in 2012 after bilateral agreement signed between Ethiopia and Djibouti in November 2006, Assignment of ESLSE as sole multimodal operator, Customs Transit protocol Agreement Between The Republic of Djibouti and The Federal Democratic Republic of Ethiopia on November 2006, National bank of Ethiopia and ministry of finance and economic development endorsed different directives and procedures, The sole Multimodal operator ESLSE started the service with government owned containerized cargo and later all incoming containers and less than 3 Tone vehicles. All importers are subject to use multimodal procedure unless otherwise written waiver is granted by the sole operator ESLSE. Companies that are allowed to use Unimodal is factories, Authorized Economic Operators (AEO), government agencies and importers that import break bulk cargoes (Fertilizer, wheat, sugar, steam coal) and special containers. These companies have significant impact on the country economy as most of them are manufacturing companies and the commodities has also have direct impact on the vast majority of the society . This clearance procedure has to be efficient and factors that limit the efficiency of the procedure need to be identified and studied. If the clearance procedure is not efficient, the following effects are expected

- ) Cargo cannot be cleared on time this will create congestion in port and also shortage in the market.
- ) Extended transit time. This will lead most of the factories to run under their capacity
- ) Clearance procedure will create additional demurrage and storage costs in foreign currency as these costs are payable to Djibouti port when the procedure is Unimodal. This will go to the final user.
- ) Delay in clearance will create inflation on the price of goods as goods will not be available in the market especially vital items like fertilizer, wheat, sugar, steam coal.
- ) Government tax will not be collected on time.

According to Ethiopian maritime authority (EMA) national logistics strategy, Ethiopia logistics performance scored 145, 141,104 and 126 in 2010, 2012, 2014 and 2016 respectively by quoting World Bank logistics performance indicator. Ethiopia is also in the least row by World Bank logistics performance indicator by six major measurements that are Customs service,

infrastructure, volume of international shipment, logistics efficiency, trucking/tracing and on time delivery (EMA NLS, 2019)

The above data clearly shows that Ethiopia rank is in least raw in logistics performance. Customs clearance procedure is one of the major components of logistics and play significant role on logistics performance. In order to improve logistics performance each components of logistics has to be studied in detail. The study is contributing its share in examining the problems and challenges. In addition Most of the researches in custom clearance focused on multimodal clearance procedure. Unimodal customs clearance procedure was not studied in detail as same as multimodal. Thus the purpose of this study was to assess the factors that hinder the efficiency of Unimodal customs clearance at Addis Ababa Kality customs branch with a framework of transit permit process, Djibouti clearance procedures, problem that encounter in Djibouti during the clearance, transit time & transit cost, customs service facilitation, Shipping agent performance, co-ordination and co-operation of different concerned government regulatory agencies.

### **1.3. Research Questions**

Based on the above statement of the problem the study was tried to assess the factors that hinder the efficiency of Unimodal customs clearance and also the research answered the following questions.

1. What are the main factors that affect the efficiency of Unimodal customs clearance in local customs/ AAK/, Djibouti Ethiopian customs co-ordination office and Djibouti port?
2. What are the challenges in Unimodal customs clearance procedure and problems happen in Djibouti port clearance of Unimodal cargoes?
3. What are the consequences of these problems?
4. What are the effects of shipping agencies inefficiency on Unimodal custom clearance efficiency?

## **1.4. Objectives of the Study**

The study has general and specific objectives.

### **1.4.1. General objective**

General objective of the study was to identify and assess the challenges that affect the efficiency of Unimodal customs clearance procedure.

### **1.4.2. Specific objectives of the Study**

The following was the specific objectives of study

- To identify the problems that hold back Unimodal customs clearance to be efficient.
- To analyze the Unimodal customs clearance procedures in order to identify bottle necks for efficiency.
- To identify the transit time and cost which can be saved by efficient Unimodal custom clearance procedure.
- To identify the inefficiency of the shipping agent in Djibouti which are the main actor in Unimodal clearance procedure.
- To recommend the measure that need to be taken based on the identified problem and causes.

## 1.5. Significance of the Study

As stated above, sufficient study was not conducted in this clearance procedure, the study has the following significances to

**Ministry of revenue customs commission (MORCC)** -the study helps to MORCC to give attention on the problems and causes of Unimodal customs clearance procedure and use as an input for future drafting of policy, laws, procedures, guidelines and directives.

**To importers**- it helps to the importer to know the problems and consequences in advance while using Unimodal customs clearing procedure and to take the necessary measure against the findings.

**To Custom Clearing Agents**- It helps custom clearing agents to express their difficulties while clearing goods by Unimodal clearance procedures.

**To ESLSE and other liners and Djibouti Agents**- the study helps ESLSE and other carriers and Djibouti agents how any delay in clearance has an impact on transit time , transit cost and logistics performance.

In addition it helped the researcher to know more in depth about the Unimodal customs clearance procedure, challenge and opportunities. It also helps to as input for other researches on the subject matter. Policy maker will also use it as in input as problems that leads to inefficiency was discussed in details

## 1.6. Scope of the Study

The study was focus only on factors that affect Unimodal customs clearance procedure the case of Addis Ababa Kality customs branch office as the branch covers about 40% of the total import activities of the country and majority of cargos in uni modal transportation types are facilitated in this branch. Therefore, it is significant on the country import activities. (ERCA, 2004 and MESFIN BIREDA, 2017).Unimodal clearance procedure have many relation with different stakeholders like custom clearing agents , Djibouti custom brokers, Ethiopian customs , ESLSE , Djibouti Customs, Djibouti port ,Djibouti Government agencies, Shipping agents, transport

companies , independent surveyors but the study was also limit the scope on the clearance procedure from transit permit to release of goods within the scope of Ethiopian customs, Djibouti port and customs clearing process, transit time and cost , Customs service facilitation , shipping agent performance and coordination government regulatory agencies. In addition the study was only focus on containerized import cargoes transported by Unimodal system.

## 1.7. Limitation of the Study

The study has faced constraints as there is no sufficient reading /reference materials regarding the custom clearance practice especially in the case of Ethiopia and Unimodal customs clearance procedure. The researcher has tried to fill the gaps by referring companies' procedure manual, unprinted sources, proclamations and directives. As Unimodal customs clearance starts from Djibouti, it was expected to travel to Djibouti to collect data's particularly on port clearance shipping agent inefficiency problems but due to financial and time constraints, data's were collected from local customs clearing agents. As expected, some of the Questionnaire respondents were not willing to cooperate to reply questions and fill Questionnaire s properly.

## 1.8. Definition of Terms

- ) Problem: a matter or situation regarded as unwelcome or harmful and needing to be dealt with and overcome.(OXFORD,2020)
- ) Cause: a reason for an action or condition: motive, something that brings about an effect or a result. (OXFORD,2020)
- ) Custom clearing agent: a person issued with custom clearing agent license pursuant to regulation issued on directive and includes an employee of a declarant issued by the Ethiopian revenues and customs with a certificate of professional competence in respect of custom clearance (ERCA, PROCLATION 859/2014)
- ) Customs clearance: an act of fulfilling the required formalities to get released of goods from customs premises. (ERCA, PROCLATION 859/2014)
- ) Unimodal clearance: Clearing the goods from Djibouti(ESLSE,2019)
- ) Multimodal clearance: clearing the goods from local dry ports (ESLSE,2019)

- ) Land locked country: a sovereign state that is not connected to the World Ocean. (OXFORD,2020)
- ) Importer: a person or organization that brings goods or services into a country from abroad for sale.(OXFORD,2020)

## **1.9. Organization of the Study**

The study has tried to assess the problems, causes and identifies the factors that affect the Unimodal customs clearance procedure efficiency specifically in Addis Ababa Kaliti Customs branch office. The research paper has five chapters. Chapter one contains Background Information, Statement of the Problem, Research questions, general and specific objectives, significance of the study, scope of the study, limitation of the study, definition of terms and organization of the study. Chapter two discusses about literature review related to the subject matter. Chapter three contains research methodology. Chapter four deals with data presentation, data analysis and data interpretation & discussion of results. Finally, Chapter five mentioned Summary, Conclusion and Recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Theoretical Literature**

##### **2.1.1. Customs**

Customs is the oldest governmental authority or agency in a country which is responsible to generate income for government by collecting tariffs. However, the roll of customs turns out to be more vital and more complex due to tax base becomes extended, the occurrence of illegal trade, and the urge for balance between trade facilitation and control. Custom s controls needed in all countries for revenue generation, domestic economic interests, and national security purposes. Beside this Customs is responsible for controlling the flow of goods, including animals, transports, and hazardous items, into and out of a country (Mclinden, 2005). 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. Customs Role**

The roles and responsibilities of customs administration in most developing and least developed countries primarily focused on revenue collection to fill government budgetary requirements Therefore, revenue collection is one of the focal point that customs authority concentrated on among the others (Wondwossen, 2013). Since a significant amount of the national revenue gained from the collection of import duties and related taxes, in many developing and least developed countries, the focus of their Customs authority is, clearly, revenue collection. On the other hand in developed countries, with relatively little reliance on imports as a source of

government revenue, there is an increasing emphasis on border protection, with particular attention on the enforcement of import and export prohibition and restrictions, including those arising from free trade agreements. Each country has its own laws and regulations for the import and export of goods into and out of a country, which its customs authority enforces. The import or export of some goods may be restricted or forbidden (Widdowson, 2007). 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. However 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. Customs Clearance**

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 (RKC). 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).

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. 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).

The Ethiopian Customs Commission (ECC) is the body responsible for collecting revenue from customs duties and domestic taxes. In addition to raising revenue, the ECC is responsible to protect the society from adverse effects of smuggling and illegal imports. It seizes and takes legal action on the people and vehicles involved in the act of smuggling, any tax evasion and avoidance while it facilitates the legitimate movement of goods and people across the border (ERCA, 2010). The ECC has the following objectives:

- )] Establish modern revenue assessment and collection system to gather duties and taxes on imported goods , render fair, efficient and quality service;
- )] Assess, collect and account for all revenues in accordance with tax and customs laws set out in legislation;
- )] Equitably enforce the tax and customs laws by preventing and controlling contraband as well as tax fraud and evasion;
- )] Implement Laws and International Conventions related to its objectives;
- )] Control the importation or exportation of prohibited or restricted goods.

In order to attain its objectives, the Authority shall have the so many powers and duties, to list out some of them

- )] To assess duty paying values, collect duties and taxes, collect license and service charges;
- )] To inspect documents of importers or exporters so as to apply customs law;

- J To establish customs stations in any customs port, frontier post and transit routes;
- J To approve the place for the deposit of import and export goods, establish warehouses, give license for those who launch customs warehouse, administer the proper handling of deposited goods; suspend or revoke warehouse license
- J To prevent and control the importation or exportation of goods in contraband
- J To detain banned, restricted goods; and take the necessary measure;

### **2.1.4 Customs Clearing Agent**

Custom clearance agent in Ethiopia is a person issued with custom clearing agent license pursuant to regulation issued on directive and includes an employee of a declarant issued by the Ethiopian revenues and customs with a certificate of professional competence in respect of custom clearance (ERCA, PROCLATION 859/2014) They are licensed by the Government to serve as an agent and are based in or out of the customs stations. Their primary duty is to ensure prompt and timely delivery of goods.

The clearance agent needs to provide efficient custom clearance service for their customers by respecting the law and regulation of the authority. In his relation to his customer the agent is expected to full fill all the requirements, calculate the duty and taxes as per the law regulation and procedure of the authority, let the importer pay the duty and tax and get final declaration from customs and hand over to the customer as per their agreement (ERCA, DIRECTIVE 64/2011).

## 2.1.5 Customs Clearance Procedure of Ethiopia

The standard processes for the clearance of, for instance, imported goods, include the following steps:

- ) Declarant states his intent for import by completing an online(former ASYCUDA ++ and now ECTP) Import Declaration Form (IDF) on the Customs Server;
- ) Declarant lodges IDF with supporting documents. Pursuant to Proclamation Number 859/2014 and Revised 1160/2019, the following original supporting documents shall be supplied to Customs: Transportation document, Invoice, Bank Permit, packing list, Certificate of Origin; and Other relevant certificates/permits from relevant regulatory bodies. The traders/agents are required to complete the customs declarations. Beginning from the reorganization of the authority, it is the responsibility of agents to make sure that the declaration is fully and accurately completed and all supporting documents are produced and submitted to the customs office (Council of Ministers, 2014).
- ) The customs station captures the information on ECTP (Ethiopian Custom Trade Portal) the face vet officer receive and check the goods of declaration against the document produced whether it is as per the instruction or not, then accept or reject.
- ) The risk officer classifies them on the basis of risks into Green, Yellow and Red categories. Under the risk management system of Customs Commission, imported goods that fall under Green are low risk, Yellow and Red categories medium and high risk goods, respectively. The risk level of the documents identified using the ECTP /Ethiopian customs Trade Portal/ system to make risk based treatment or control (Customs proclamation no. 859, 2014). Previously it was identified on the ASYCUDA++ system. But now to identify the risk level of the documents, using a new system ECTP.
- ) An examination of goods and detail documents, this activity is undertaken by the examiner and assessor to assure that the goods and conditions of the declaration are the same with the nature, origin, quantity and value of the goods respectively. And also compliance in terms valuation (Price and HS code) is checked against the existing procedures (Council of Ministers, 2014).

- J Release of goods, this is the action taken by the customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned, after the fulfillments of all the formalities (ERCA, 2010).

### 2.1.6. What is Unimodal Clearance in Ethiopia?

The introduction of multimodal transport in Ethiopia is in 2012 after bilateral agreement signed between Ethiopia and Djibouti in November 2006, Assignment of ESLSE as sole multimodal operator, Customs Transit Protocol Agreement Between The Republic of Djibouti and The Federal Democratic Republic of Ethiopia on November 2006, National bank of Ethiopia and ministry of finance and economic development endorsed different directives and procedures (ESLSE,2013). Before multimodal was operational Unimodal clearance procedure was the only clearance procedure for the cargoes that are imported by sea. As Ethiopia is land locked country landlocked countries (LLCs) normally depend on more than one transit country (TC) for their overseas Import and imports. Since they do not have seaports, land locked countries must seek agreements with their adjacent and coastal neighbors to gain access to the sea. Consequently, landlocked countries' trade competitiveness is reduced when the transportation costs of their imports and exports are burdened by either charge over which they do not have direct control, such as port charges, road tolls, freight forwarding fees, Shipping agent fee. (WB, 1992) As the result of being landlocked country, Ethiopia was using Eritrean ports Asseb and Missewa and currently using Djibouti ports as transit country. In Ethiopian context clearing the goods from outside territory of sovereign state or clearing from Djibouti is Unimodal clearing procedure.

### 2.1.7 Required Documents for Unimodal Clearance Procedure

According to Customs commission proclamation 859/2014 and revised proclamation 1160/2019 Part 3 Article 10, on the presentation of goods declaration made written or electronic form original copies of the following supporting documents or electronic copies shall be submitted as required by the customs commission. The proclamation states that other documents necessary to ensure the compliance with customs laws prescribed by directives issued by the commission must be submitted along with customs declaration. The documents are **Bill of loading**

**/Transport Document**– a type of document which shows the quantity of containers and the number of package , gross and net weight of the cargo, shippers name , bankers name ,consignee bank name , name of port of loading , place of discharge, place of delivery, and other details of the cargo . This document is also serving as title of ownership. **Commercial Invoice**- it is a document that indicates the details of the buyer and seller agreement in terms of price, delivery time, place, payment terms, banking details. This document usually guided by international commercial terms (Incoterms). **Packing list** is a document which mentions number of package, gross and net weights, dimensions, number of packages inside the container, the detail content of the packages. **Certificate of origin** refers a document which specifies the origin or country of production of the goods that partially or fully produced or assembled. **Bank permit**- a document which proofs the transaction between the buyer and seller has passed through bank and foreign currency is allocated to the importer in proper way. **Insurance Receipt and policy** – deals with the document that shows the premium amount which is paid by the importer. Insurance policy documents contain the detail terms and conditions of the insurance coverage.

**Freight payment Request**- A document that is generated by ESLSE which shows the amount of freight service from port of loading to port of discharge. **Freight payment bank transfer Advice**- a bank advice that shows the freight payment request amount is transferred to ESLSE account. **Settlement Advice**- it is a receipt that shows the freight payment is settled by the importer. **Container Agreement**- it is an agreement document which entered between the importer and ESLSE which specifies different terms and conditions regarding the container including Demurrage free period, daily demurrage rates . This document will be issued to the importer after paying ETB 25,000 for 1x40” container and 15,000 ETB for 1x20” container as a guarantee until the container is returned to ESLSE. **Container Release**- A document from ESLSE which instruct slot carrier /shipping agent in Djibouti to release the container.

**Container Guarantee bank /insurance Bond or cash payment order/ CPO/** - a document which is issued to customs commission by the importer as guarantee to return the empty container to Djibouti. (ERCA 859/2014 AND 1160/2019 ) . Description the documents are by the researcher.

## **2.2 Factors Affecting Unimodal Customs Clearance Procedure and its Challenges.**

### **2.2.1 Unimodal Transit Permit meaning and Process /STEPS/.**

Unimodal customs clearance starts from requesting a transit permit from the respective customs office. Customs transit refers to customs procedures under which goods are transported under customs control from one customs office to the other. The Revised Kyoto Convention (RKC) provides standards for the application, formalities at the office of departure, customs seals, formalities en route and termination of customs transit. In line with this, the Customs Proclamation contains provisions related to the application of customs transit operation in Ethiopia. This includes the basic transit terms and concepts such as goods declaration for customs transit, sealing and identification of consignments, customs seal, procedures en route, termination of customs transit, etc. Importantly, according to Article 16(2) of the Proclamation goods being carried under customs transit shall not be subject to the payment of duties and taxes, provided the conditions laid down by ERCA are complied with and a security has been furnished for this purpose. Article 16 of the Proclamation prescribes that there are four types of Customs transit operations allowed in Ethiopia:

- Inward transit: from a customs station of entry to an inland customs station;
- Outward transit: from an inland customs station to a customs station of exit;
- Through transit: from a customs station of entry to a customs station of exit; and
- Interior transit: from one inland customs stations to another inland customs station. (ERCA, 2017).

In order to get transit permit an importer or his agent needs to fulfill all the required documentation and pass below steps.

- The importer needs to assign customs clearing agent and provide him above stated documents for duty and tax computation. Duty free items will also be declared for statistics and procedural purpose.
- The appointed customs clearing agent will compute the duties and taxes based on the regulations and procedures of customs by using the newly operational system ECTP ( Ethiopian Custom Trade Portal)

- The importer will issue cash payment order issued in the name of customs commission Kality customs branch office for the duties and taxes.
- Custom clearing agent will upload all the required above stated documents to ECTP (Ethiopian Customs Trade Portal System).
- Custom clearing agent pay the duties and taxes by cash payment order (CPO) issued by the importer.
- The clearing agent will also process container deposit to customs by providing bank or insurance bond guarantee to customs commission Kality customs branch office.
- The clearing agent will apply for transit team at Addis Ababa Kality customs to secure transit permit. (Flow list by Researcher)Transit permit is an important document which enable the clearing agent to commence port clearance at Djibouti through his Djiboutian agent (ERCA/ ECC, 2017)

Requiring all documents which can be requested after granting the transit permit, paying the duties taxes for transit goods despite world customs is not required to pay duties and taxes for transit cargoes, many documentation processes, continuous system malfunctions, communication gap between Addis Ababa Kality customs branch office and Ethiopian customs Djibouti coordination office , lack of easy facilitation and high control on transit goods are the major challenges in securing transit permit easily that affect the efficiency of Unimodal custom clearance procedure.

### **2.2.2 Unimodal Cargo Djibouti Clearance Procedure.**

Under Unimodal customs clearance, a local customs clearing agent required to appoint an agent in Djibouti. Clearing the container from Djibouti port by fulfilling all the requirements of Ethiopian customs coordination office in Djibouti port and Djibouti customs will be handled by a Djibouti counter parts. There are many challenges while clearing the goods from Djibouti port some of these are ;- seal discrepancy between the document and the container- every container has its own seal number which is affixed on it. This should be the same with all related documents. Seal discrepancy is happened between manifest, bill of loading, port and customs system, Custom declaration. Sometimes it takes 15 days to resolve the issue as it needs group survey which constitutes Ethiopian customs, Djibouti customs, shipping agent, Transit Company,

port and other stakeholders. This will take numbers of days to coordinate with the fact that all warehouse, demurrage and other logistics cost are counting on the importer. The other problem is discrepancy between manifest and bill of loading: - shipping agent manifest details should be the same with bill of loading in order to proceed with the clearance. Sometimes this will happen on number of boxes, container number, bill of loading number, consignee name, description of goods, and other important points. These problems require port of loading intervention in providing the correct information for the necessary amendment. This will take many days and it has significant impact on logistics cost and time. Container damage during yard operation, cross stuffing, repetitive system malfunction, surveying , damage compensation, multiple windows and places to get logistics services ,unsatisfactory customer service mentality lack of flexibility to accommodate new services, lengthy decision making processes , lack of taking responsibility for warehouse and demurrage resulted by the port and customs officials inefficient performance, abrupt issuance of new regulations without advance deliberation with stake holders and absence of standard operating procedure , none synchronized working hour between Ethiopia and Djibouti are the major factors affecting Unimodal clearance efficiency (EFFSA ,2019)

After getting the transit permit from Ethiopian customs clearing agent,

- Djibouti agent will apply to shipping/vessel agent to collect manual delivery order. Delivery order is a document that the clearing agent received from the vessel agent which enables to process the rest of port and customs formalities. The vessel/shipping agent will make sure that the interest of the vessel operators has fulfilled before providing manual delivery order.
- The clearing agent will pay the shipping agent service charge which usually called delivery order charge .The clearing agent will surrender one original bill of loading , freight invoice and receipt container release against collecting original delivery order both manual and electronic.
- Clearing agent takes the transit permit to Ethiopian customs coordination office for validation. Ethiopian customs coordination office validates the declaration and shipping agent document by checking all the required formalities are fulfilled and authenticating the originality and passed through proper procedure referring internal communication through ECTP.
- Djibouti customs clearing agent encode required data's to Djibouti customs system which is called SYDONIA and generate Djibouti customs declaration and Djibouti customs will validate the cargo is transit cargo and final destination is Ethiopia.

- the clearing agent apply to the port with all documents from Ethiopian clearing agent, the shipping agent, Ethiopian customs coordination office, and Djibouti customs to get port dues and storage payments and collect port dues and port storage payments.

-The clearing agent plans the cargo loading date and inputs truck plate numbers in customs system SYDONIA and generates truck manifest and subsequently will receive approved truck manifest and get pass to load and the truck is allowed to go to the port to load the container (ESLSE, 2013).

### **2.2.3 Transit Time and Cost**

Transit time and cost are the major factors that affect the performance of Unimodal clearance procedure. According to national logistics strategy drafted by Ethiopian maritime authority (EMA) in 2015 average import cargo dwelling time at port of Djibouti is about 40 days. Out of this, clearing process takes 13 days or 33% of the time is consumed by clearance and the remaining 27 days which is about 67% of the time is accounted for time spent to various reasons such as inefficiency in the trade system, logistics service providers, importer intent for delay to initiate and other factors ( EMA NLS,2015). By 2019 National logistics strategy document , Unimodal transit time has become 37 days out of this the transit time for containerized cargoes is 12 days. Transit time by Unimodal is illustrated below.

**Table 2.1 Time Required for Unimodal Clearance**

No	Activities	Time Required for Containerized cargoes
		Unimodal
1	Securing transit permit from Ethiopian customs	2
2	Finalizing Djibouti clearance	2
3	Finalizing port clearance	1
4	Finalizing shipment handover from port	1
5	Truck assignment , get pass processing	1
6	Loading and Documentation	1
7	Transportation	1
8	Local clearance at Destination	3
	Total	12 DAYS

Table Source EMA, NLS, 2019

EMA national logistics strategy document states that Djibouti port is more expensive than neighboring countries ports. For instance for shore handling service Djibouti port charges for 1x20 feet container is USD 272 but Mombasa port charges USD 85, Dare salaam USD 70, Port Sudan USD 40 . Average of the charges is USD 65. Djibouti port is 418% more expensive from the average shore handling service. For 1x40 feet container Djibouti port charges USD 544 while Mombassa charges USD 85, dare salaam USD 95, port Sudan USD 80 with the average of USD 87. It shows Djibouti is 525% expensive as compared to other ports (EMA NLS,2019)

Average terminal handling including all fixed expenses for 1x20 feet container is USD 512 and USD 849 for 1x40 feet container for Unimodal cargoes and USD 940/1x40 feet and USD 596/1X20 feet container for multimodal shipments .( ESLSE, 2019).

With regard to demurrage and storage charges ESLSE provides 30 days grace period for demurrage for Unimodal cargoes after vessel arrival at Djibouti and subject to demurrage charges afterwards with the rate of USD 6 /1X20 feet container per day and USD 11/1X40 feet

container per day. For special type of containers like flat rack and open top containers rate is USD 25/1X20 feet container and USD 35/1X40 feet container ( ESLSE, 2016). As ESLSE is serving the all import as sole national carrier due to FOB directives, ESLSE has the power to negotiate with other shipping line by providing economic scale of shipments. Other shipping line demurrage rates are more expensive than ESLSE.

Warehouse charge of Djibouti port is illustrated below.

**Table 2.2 Djibouti Port Warehouse Rate for Normal Containers**

No	Days	Rate for 1x20 Feet container Per day In USD	Rate for 1x40 Feet container Per day In USD
1	1-8 Days	Free	Free
2	From 9 <sup>th</sup> till 15 days	5.65	11.30
3	From 16 <sup>th</sup> till 20 <sup>th</sup> days	7.05	14.10
4	From 21 <sup>th</sup> till 25 <sup>th</sup> days	8.80	17.60
5	From 26 <sup>th</sup> till delivery	11.00	22.00

Source –Port of Djibouti tariff book ,2017

In addition there is no free time (grace period) for dangerous cargo, out f gauge (OOG) and Flat Rack (FR) containers. Storage for dangerous, out of gauges and flat rack containers are mentioned below

**Table 2.3 Djibouti port Warehouse rate for special types of containers**

No	Days	Rate for 1x20 Feet container Per day In USD	Rate for 1x40 Feet container Per day In USD
1	1-8 Days	10.50	21.00
2	From 9 <sup>th</sup> till Delivery	21.00	42.00

Source –Port of Djibouti tariff book ,2017

## 2.2.4 Customs Service Facilitation

### 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.

### **Facilitation in customs**

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 controlling 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).

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.

## **Customs Control**

Customs controls are measures applied by customs to ensure compliance with the duties and tax imposed on imports and exports and other laws that it is responsible for enforcing. The primary customs control is of course the inspection of goods and persons at the border by customs professionals. Facilitations is provisions for expediting the movement release and clearance of goods including goods in transit. It also set out measures for effective co-operation between customs and other appropriate authorities on trade facilitation and compliance issues. Most of developing countries import duties and related taxes represent a significant proportion of the national revenue. Thus revenue collection is the primary focus in developing countries. In

addition most of developing countries are more dependent on importation of goods from outside.

High revenue collection cannot be achieved by customs facilitation due to traders

- ) Incompliance with the customs laws, procedures and working manuals
- ) Un trusted traders
- ) Fraudulent actions
- ) Tax Invasion
- ) Under invoicing
- ) Over invoicing
- ) Under payment of duties and taxes

That is why developing country customs more focus on control than facilitation. There are many implications while developing countries focus on customs controls. Some of these are

- ) Poor service delivery
- ) Congestion at port
- ) Long process and service delivery time
- ) Unsatisfactory customs process and procedures
- ) Revenue Collection
- ) Safety and security
- ) Consumer protection
- ) Controlling Trade policy ( controlling offence on bilateral agreement to reduce or eliminate tax rate )
- ) Enforcement of various restrictions and prohibitions against threats of an economic, social or political nature.

Facilitation is important to

- ) Increase volume of international trade.
- ) Due to high demand on customs to produce more revenue.
- ) Due to high demand on simplified customs procedures.
- ) Due to importer demand faster, more standardized and uniform service.
- ) The need to risk management, risk classification and risk assessment.
- ) The need for automation. (WCO, 1999)

### 2.2.5 Shipping Agent Performance

Shipping agents play a very important role while clearing Unimodal cargoes from Djibouti. Djibouti clearing agent that are appointed by local customs clearing agent will first go to shipping agent to collect delivery order which is the first document to commence Unimodal clearance procedure . Shipping agents are the one who declare the number of containers, seal numbers, weight of each container, description of the goods, number of packages in the container, type of packages, name of the vessel, port arrival dates and other specific details in customs system SYDONIA for Djibouti customs approval. As the shipping agent is working by representing the vessel owner, the shipping agent is in charge of the following roles.

- Providing delivery order against collecting service charge
- Filling detail shipment data to customs system for Djibouti customs approval
- Opening manifest in the customs system
- Amending bill of loading, container, seal, package numbers, type , description of goods if there was an error in inserting the data.
- Securing the interest of the vessel owner is fulfilled (checking and confirming all freight related charges are paid)
- Undertaking group survey when there is discrepancy between documentation and physical observation (ESLSE, 2014)

Wikipedia define shipping agent as shipping agency or shipping agent is the designated person or agency held responsible for handling shipments and cargo, and the general interests of its customers, at ports and harbors worldwide, on behalf of ship owners, managers, and charterers. In some parts of the world, these agents are referred to as port agents or cargo brokers. There are several categories of shipping agents such as: port agents, liner agents, and own agencies, each rendering specific services depending on the shipping company they represent.

In other words, a ship agent is any person or company that carries out the functions of an agent, irrespective of whether they are in business as a ship agent, or they perform such functions as an adjunct to, or conjunction with, other activities such as ship owning or operating, providing cargo handling or similar.

Shipping agents expected to take care of all the regular routine tasks of a shipping company quickly and efficiently. They are required to ensure that essential supplies, crew transfers, customs documentation, and waste declarations are all arranged with the port authorities without delay. Quite often, they also provide the shipping company with updates and reports on activities at the destination port so that shipping companies have real-time information available to them while goods are in transit.

Roles of shipping agent includes

- ) Ensuring a berth for the incoming ship
- ) Drawing up the documents for the customs and harbor services
- ) Arranging for the necessary ship fresh water / provisions
- ) Arranging for the necessary doctor for the crew for any medical assistance
- ) Arranging for storage bunkers if these are needed
- ) Arranging for necessary repairs
- ) Conveying instructions to and from the ship owner
- ) Organizing the supply, transport and the handling of the goods
- ) Organizing the necessary contacts with the stevedores
- ) Collecting freights, cargoes
- ) Contacting shippers and the receivers of the goods
- ) Providing the necessary information concerning the freight rates and the publication of the sailing lists
- ) Looking for cargo via notices and sailing lists
- ) Booking of cargo and the conclusion of the agreements
- ) Drawing up, initiating and delivering the required documents (booking lists, shipping permits, delivery orders) related to the cargo
- ) Contacting the shippers/forwarders with regard to the deliveries for shipment
- ) Fulfilling the necessary formalities regarding the delivery and reception of the goods (customs etc.)
- ) Settling cargo claims with insurance companies (Wikipedia, 2019)

If the shipping agent did not perform well, Unimodal clearance will not be started as clearance procedure will be commenced from delivery order. Any documentation error committed by the shipping agent will have significant impact on the Unimodal clearing procedure despite demurrage and storage charges are counting on the importer.

### **2.2.6 Coordination and Cooperation of Different Concerned Government Regulatory Agencies**

Development and cooperation at policy and operational levels between the different national agencies and establishment of relationships with other administrations and agencies have ensured that information is exchanged effectively and efficiently. The establishment of effective internal communication and cooperation between the intelligence functions within the customs administrations is set in order to maintain the highest possible level of efficiency in customs services and create an environment where all customs administration staffs assume responsibility for managing risk (Rathor, 2005).

Although Customs is usually the most visible body at the international border, many more governmental agencies share responsibility for regulating and controlling imports, exports and transit of commercial goods. Agency cooperation addresses the requirements for interaction, sharing of responsibilities and communication amongst/between different agencies. The cooperation can expand to various areas including examining shipments and monitoring compliance, collecting and exchanging information, and risk-management. At the national level it is implemented through coordinated intervention, integrated risk management, integrated and shared facilities and equipment- including IT systems and Single Windows for trade facilitation , common data and messaging standards, and joint training activities. (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. 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 easing the pressure on staff, such as inspection officers (UNECE, 2012).

Where interaction with Customs is mediated by customs brokers, business people usually get the impression that delays are largely caused by customs authorities. This may be partly true in the case of delays caused by pre-shipment inspection companies sub-contracted by Customs to carry out verification of values, quantities and quality of goods. In other cases, customs usually have limited control over the activities of other government agencies responsible for checking goods standards, Phyto-sanitary and health inspection. Unless reform and modernization of Customs is done in tandem with modernization in these agencies, the gains from Customs may not benefit businesses to the optimum. This does not mean that businesses do not always see the value of the interventions made by other agencies. On the contrary, the intervention of Kenya Bureau of Standards in Pre-shipment Verification of Quality has significantly reduced importation of counterfeit goods into Kenya. According to World Customs Journal Up to 75% of the delays experienced by business can be controlled through actions by customs authorities, other government agencies and the private sector (UNECE, 2012).

AAK customs require entry permit from Ethiopian Food and Drug Administration (EFDA), Ministry of agriculture, standard and conformity authority, ministry of trade , Radiation protection, federal police , national lottery , ministry of transport , Ethiopian telecommunication agency , information network security agency , Ethiopian science and technology commission , and other government regulatory agencies based on the goods that the importer imported. But all these agencies do not have representative offices the customs premises and required many documentation to give an entry permit. Some agencies need physical inspection of the goods in order to give entry permit. This will take days and have significant effect on Unimodal clearance efficiency.

### 2.3. Empirical Literature

A number of studies have been made in relation to customs clearing challenges, the effect of customs clearing process on the performance of customs clearing process on the performance of customs clearing agent, import customs clearance procedure in relation to facilitation and control, customs trade facilitation, challenges with features of customs clearance at border and the impact of border clearance procedures on the cost of doing business in Ethiopia. The researcher's uses different dependent and independent variables. According to a research conducted by Andrew Gringer trade facilitation is the simplification by risk categorization, harmonization, standardization and modernization of trade procedures. It helps to reduce the cost of trade transactions by smoothing the relation between the government and the business community (Andrew, 2012).

Lemlem, 2016 studied the challenges on import customs procedure in relation to trade facilitation and control and find out that 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 Customs system 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 (Lemlem , 2018).

According to Anastasia a study about challenges with features of customs clearance at the border with independent variables of logistics, border clearance, cost of logistics, customs and customs clearance and identified the findings of lack of knowledge in the logistics sector, documentation problems, communication gap ,long and repeated procedure , huge logistics cost , expensive freight cost , supply chain problem , losses of business, inefficiency of customs service are the major components of the findings (Anastasia, 2017).

Research on the effects of customs clearing process on the performance of customs clearing agent with the elements of customs automation, human resource management, customs risk management, Information system application , use of classification and coordination among customs and other agencies . The finding of the research is the Custom clearing challenges had

significant impact on the Customs Clearing Agents' performance. Custom automation system, human resource, risk management and harmonized system had significant impact on the performance of the Customs Clearing Agent whereas valuation system & cooperation among Customs and other related agencies had insignificant impact on the performance of Customs Clearing Agent. The data analysis indicates that there are challenges on Custom clearing process due to these clearance is not facilitated and hence delay in delivery of shipments so that performance of agents decrease on time bases. The study recommended that the improvement on the Customs automation system, human resource, risk management and harmonized system will improve the Customs clearing process and this will lead to minimize the delay and increase the performance of custom clearing agents.(Essete, 2019).

According to Tsegaye and Endrias (2011) a research conducted on the impact of border clearance procedure on the cost of doing business in Ethiopia and find out that clearance delay due to delay in documentation, long clearance process, discrepancies, product classification, improper product valuation, lack of adequate technical competence of customs officers, high turnover of customs officer, lack of adequate bonded warehouse and handling equipment , misplacement of import consignment , inability to agents for the clearance of personal effects , lack of coordination , Non responsiveness are the main finding that have the impact of border clearance procedure (Tsegaye&Endrias, 2011)

Study conducted by Mesfin(2017) the challenges of customs import clearance and identified the findings of challenges of import clearance procedure on trade facilitation and control mainly depend on human resource management and development, cooperation and coordination, automation, customs valuations as well as customs risk management techniques.(Mesfin ,2017)

The intended study will examine the elements that limit the efficiency of Unimodal customs clearance procedure with the scope of long and bureaucratic transit permit process, complicated Unimodal cargo Djibouti clearance procedure, effects of the delay in terms of transit time and cost , customs service level facilitation , the impact of lack of coordination and cooperation of different government regulatory agencies and comparison of Unimodal and multimodal in terms of transit time and cost.

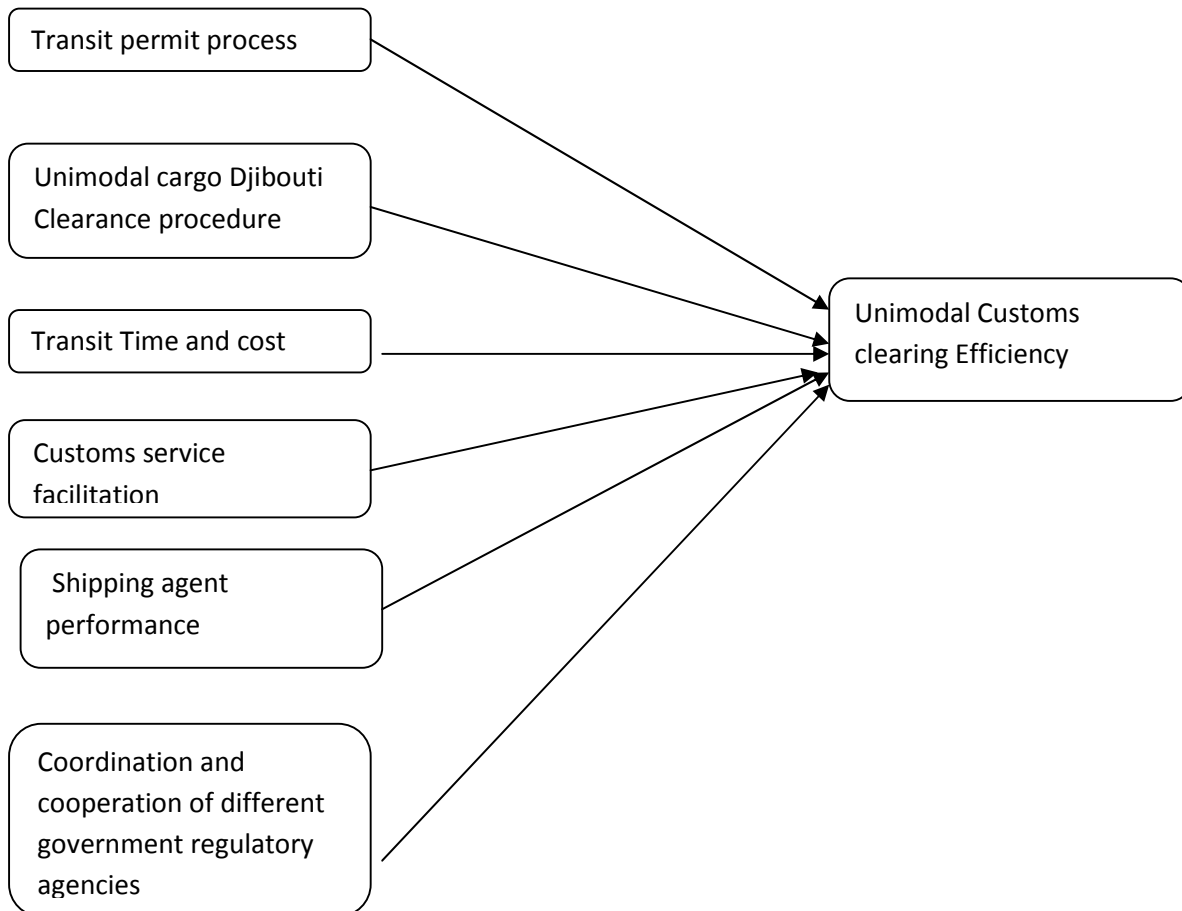
## 2.4 Conceptual Framework.

Based on the reviewed literatures, the conceptual framework for the Unimodal customs clearing efficiency in the case of Addis Ababa Kality customs branch office was developed. The framework contains six criteria that required detail view of the efficiency of Unimodal custom clearing. Transit permit process, Unimodal cargo Djibouti clearance process, Transit time and cost, customs service facilitation, Shipping agent performance, coordination and collaboration of different concerned government regulatory agencies are the criteria that were used in the analysis and discussion of study findings.

Dependent and independent variables are illustrated below

### Independent Variables

### Dependent Variable



**Figure 2.1 Conceptual Framework**

Source Researcher (2020)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter contains detail methodology that was employed to collect data and information for the study. It incorporates description of the study area, research approach, research design, population and sampling, data collection procedures, validity and reliability, ethical consideration and data analysis

#### **3.1 Description of the study**

Customs clearance agents mainly perform Multimodal, Unimodal, Airport and title transfer clearances. Multimodal customs clearance is fulfilling all the required customs and dry port formalities to get released of the goods. All these activities can be categorized in three parts that are pre clearance, clearance and post clearance activities. Pre clearance activities are mainly focus on requesting freight payment from ESLSE, settling freight payment, processing freight settlement , depositing container guarantee, processing container agreement and releases . clearance activities are filling customs declaration based on the existing tariff , valuation and tariff , computing the customs duty and taxes , filling valuation detail declaration (VDD) as per Ethiopian customs trade portal (ECTP) requirement , compiling the documents as per the customs branch guideline , submitting the document to the respective branch, follow up the risk level of the importer and get the release of the goods by fulfilling the formalities according to the risk level of the importer. A clearance activity is also related to dry port clearances by receiving the delivery order from the dry port and delivery of the cargo to the importer. Post clearance activities are mainly engaged is getting final declaration of goods from customs branch office and reconcile the declaration with national bank of Ethiopia to proof the foreign currency which the importer used is properly utilized. Another post clearance activity is to process the deposit return of the container guarantee by submitting container deposit receipt, copy bill of lading and document which show empty container is returned to dry port (empty in or interchange). Most of Ethiopian importers are obliged to use multimodal transport system and all are passing through multimodal clearance procedure. Airport clearance is the same with multimodal clearance both clearance and post clearance procedures except deposit return processes. With the exception of

container guarantee and release issues as there is no container in airport mode of shipment, there is no pre clearance activities except requesting air freight payment request from the airliner and paying the air freight to the airliner.

With regard to title transfer clearance, this clearance type is focused on transferring duty free imported goods /vehicles to other who has the same privilege or to the one that will pay government taxes.

Most part of the activities stated in the case of multimodal clearance procedures are the same with Unimodal customs clearance procedure except as Unimodal containers are discharged in Djibouti Port, the custom clearing agent need to apply customs transit permit and undertake Djibouti port clearance. Most of Unimodal procedure users in Addis Ababa Kality customs are authorized economic operators, manufacturing companies, and Government organizations and break bulk importers. The study was to examine the factors that affect Unimodal customs clearance procedure efficiency of Addis Ababa Kality customs as 40% percent of the total import activities of the country and majority of cargoes Unimodal transportation types are facilitated in this branch (ERCA,2004 and MESFIN. B,2017)

### **3.2 Research Approach**

The researcher used both quantitative and qualitative (mixed) research approaches. Using both qualitative and quantitative research approaches was helped the researcher to understand the research problems. Required data can be gathered by using both qualitative and quantitative research approaches to analyze the research problems and interpret the findings. The study has used primary and secondary data's. Primary data was gathered from interview, and questionnaire. Secondary data was gathered from procedure manual, guidelines, books, customs laws, regulations, other research findings and internet materials. Quantitative data was used to quantify the number of respondents and report was presented by tables, graphs and statistics.

### 3.3 Research Design

A research design refers to the overall strategy that a researcher chooses to integrate the different components of the study in coherent and logical way, ensuring well effectively address the research problems. It constitutes the blue print for the collection, measurement and analysis data (Singh, 2009). The study used both descriptive and explanatory research design. The main reason to use explanatory research design is the study intended to find out the cause factors that affect the efficiency of Unimodal customs clearance in local customs, Djibouti Ethiopian customs co-ordination office and Djibouti port and effects of the causes in terms of cost and transit time. The study has addressed the research questions of what are the main factors that affect the efficiency of Unimodal customs clearance in local customs, Djibouti Ethiopian customs co-ordination office and Djibouti port. What are the challenges in Unimodal customs clearance procedure and problems happen in Djibouti port clearance of Unimodal cargoes? What are the consequences of these problems? What are the effects of shipping agencies inefficiency on Unimodal custom clearance efficiency? And these were explained with cause and effect relationship. Response of the questionnaires also described by Frequency, mean and standard deviation

### 3.4 Population and sampling

The study was focused on Addis Ababa Kality customs branch office only. The target population of the study was customs clearing agent who are working in Addis Ababa Kality customs branch office. on the training document prepared by former Ethiopian Revenues and Customs Authority entitled Customs Procedure and Techniques, total number of customs clearing agents are 780 (ERCA,2018) . These customs clearing agents were the target population of the study.

A sample design is definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample (AAU, 2014) accordingly, 780 customs clearing agents are universe (total population) of the study. With the limitation of availability of inputs (time and financial resources) the sample was determined by probability sampling. Simple random sampling method was applicable for this study as every unit in the population was has an equal chance for being selected as a sample unit. In order to determine the sample size, the researcher was used Cochran's formula (Bartlett, J.2001)

$$n = z^2 PQ/e^2$$

Where :-

n is sample size

z is the confidence level

p is the population variability

e the desired level of precision

q is 1-p( p is assumption)

In this study case, we will have 95% confidence level (z value is 1.96)

e= 8% margin of error (sample error)

p=population variability is 0.7

q=1-p(assumption) q=1- 0.7=0.3

$$n = 1.96^2 \times 0.7 \times 0.3 / 0.08^2$$

$$n = 0.807 / 0.0064$$

$$n = 126$$

The Researcher has distributed 126 Questionnaire s to 126 custom clearing agents. In addition to this, the study has conducted an interview with ESLSE department manager who have firsthand information in Unimodal customs and port clearance.

Data was collected from primary and secondary sources. Primary data's were gathered from interview with the department manager and respondents of the distributed Questionnaire s within the scope of research objectives and research questions. Secondary data has also collected from books, journals, unpublished documents, ESLSE procedure manuals, training materials and internet sources. Data was both qualitative and quantitative data's. Both types of data were collected by distributing Questionnaire s to the respondents and direct interview with concerned ESLSE department manager.

### 3.5 Data Collection Procedures

Data collection procedure was questionnaire that was developed by a researcher and also interview with ESLSE department manager who have years of experience in Unimodal clearance procedure. The questionnaire that was filled by the respondents was self administered questionnaire and had both open and close ended questions. Open ended questions helped to get details and explanatory response from the respondents. It was helped to the researcher to get the respondents own idea, thoughts and feelings. Close ended (yes or no) questions were helped as it was easier and quicker for respondents to answer and helped the researcher to get maximum reply from respondents. It is also important to compare with others easily. (Vincent 2019)

Interview was conducted with ESLSE department manager to get in depth ideas. This interview was conducted by structured questions.

### 3.6 Validity and Reliability

Reliability and validity are concepts used to evaluate the quality of research. They indicate how well a method, Technique or test measures something. Reliability is about the consistency of a measure and validity is about the accuracy of measure (Finona M 2019) . In order to make the data valid and reliable the researcher has consult and take their valuable comment from research supervisor, professionals, reviewed prior researches, consulted academicians, throughout the study process and also use official and reliable secondary data sources like procedure manual, guidelines, books, customs laws, regulations, other research findings and trusted internet materials. In addition, the researcher has reviewed the questionnaires with professional in the sector before full scale data collection and takes the necessary correction on the questionnaires to avoid errors. With regard to the reliability cronbach's alpha system was used to test the reliability of the data as Coefficient alpha ranges in value from 0 to 1. All items will have corresponding values. Scales with a coefficient between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient between 0.70 and 0.80 are considered to have good reliability, and an value between 0.60 and 0.70 indicates fair reliability. When the coefficient is below 0.6, the scale has poor Reliability. (William G.Zikmund, 2010).

Accordingly, reliability of the data's has been tested by SPSS 2020 and taste illustrated by below table

**Table 3.1 Reliability Statistics**

<b>Factors</b>	<b>Cronbach's Alpha</b>	<b>No of Items</b>
Transit Permit Process	0.83	7
Djibouti Clearance Procedure	0.87	8
Transit Time and Cost	0.92	5
Customs Service Facilitation	0.94	10
Shipping Agent Performance	0.93	7
Coordination and Cooperation of Different Concerned Government Regulatory Agencies	0.84	5
Unimodal Clearance Efficiency	0.88	6
<b>Total</b>	<b>0.82</b>	<b>48</b>

As indicated from the above reliability test result the scale of reliability is in the range of 0.8 to 0.95 which is the data has good reliability.

### **3.7 Ethical Consideration**

The Questionnaire was prepared by promoting anonymity and confidentiality that the information they provided was not be used for other purpose and or was not be disclosed to the third party without their consent. Respondents name and other personal details were not requested. The researcher was used different books, journals, published and unpublished materials, manuals, directives, proclamations and other documents with proper citation and acknowledgment.

### 3.8 Data Analysis

The collected data both in quantitative and qualitative was organized, classified, analyzed and interpreted to reach to the conclusion. The questionnaire questions were categorized based on the research objectives and research questions and finally grouped on the basis of common characteristics. In the study, statistical descriptive and inferential method was used. Descriptive statistics describes what is going on in a sample population or data. Inferential statistics allow the researcher to take finding from a sample group and generalize them to a larger population. (Courtney, 2019). By the statistical descriptive, the study was use central tendency to describe sample groups by using mean, percentage, frequency and standard deviation. As the sample was random sampling and expected to represent the population, Descriptive statistics was help the researcher to take data from a sample and makes inferences about the larger population from which the sample was drawn. Correlation and regression was used to analyze the data to know the relationship between the dependent and independent variables and to know how independent variable is numerically related to the dependent variable (Asiam.j ,2018) The data was analyzed by using statistical packages for social studies (SPSS 20) and was presented by tables( Mean and standard deviation).

Data that was obtained from interview was summarized and interpreted, to get an over rounded understanding on the study's subject matter and to better generalize findings of qualitative data.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### Introduction

This chapter contains the presentation and interpretation of the data which are collected by responded questionnaires. The chapter is organized in three parts. The first part explains response rate and demographic data of the respondents. The second part discusses analysis of the respondents on each independent variables and qualitative data which is gathered by direct interview with ESLSE Unimodal Department Manager. Quantitative Data's are presented by mean and standard deviation with supplement of qualitative data's. The third part of the report deals with correlation and regression analysis to report the relationship and significance of independent and dependent variables.

#### 4.1 Response Rate

The sample size of the study was 126 custom clearing agents and interview with one Unimodal department manager. Questionnaires were distributed to the respondents and interview with Unimodal manager was conducted. Out of the 126 questionnaires, 110 responses were obtained. Accordingly, response rate of the study is 87.4% of the total respondents. Interview with Unimodal department was focused on the challenges and problems of Unimodal cargo clearance both local and Djibouti. The response rate is considered as excellent as Maganda (1999) explains 50% of the response is categorized as adequate, a range from 51% to 60% is good and response rate more than 60% considered as excellent to draw conclusion from the central tendency (Maganda, 1999).

## 4.2 Demographic data of the Respondents

### 4.2.1 Sex and Age of the Respondents

The following table summarizes the sex and age of respondents

**Table 4.1 Sex and Age data of the Respondents**

Category	Variables	Frequency	Percent
Sex	Male	72	65.5
	Female	38	34.5
	Total	110	100
Age of Respondents	18-27 years	11	10
	28-37 years	82	74.5
	38-47 years	13	11.8
	48 and above years	4	3.6
	Total	110	100

Source; survey result, 2020

As indicated on above table male respondents of the Questionnaire is 72 which represent 65.5 % of the respondents and the remaining 38 (34.5%) of the respondent are females. With regard to the age of the respondents, the majority of the respondents are in the age range of 28-37 which represent 82 (74.5%) of the respondents. 11.8% (13) of the respondent are in the range of 38-47 years old which hold the 2<sup>nd</sup> largest respondents. 11(10%) of the respondents were within the age range of 18 to 27. the least respondents are 4 (3.6%) which are more than 48 years old.

## 4.2.2 Educational level and service years of the respondents

**Table 4.2 Educational and Work Experience Data of the Respondents**

Category	Variables	Frequency	Percent
Education level	Diploma	9	8.2
	Advanced Diploma	17	15.5
	Degree	64	58.2
	Masters	20	18.2
	<b>Total</b>	<b>110</b>	<b>100</b>
Service year	1- 5 years	11	10
	6-10 years	45	40.9
	11-15	48	43.6
	Above 16 years	6	5.5
	<b>Total</b>	<b>110</b>	<b>100</b>

Source; survey result, 2020

As shown on the above table 64 (58.2%) of the respondents have BA degrees. 20 respondents (18.2%) acquire masters degree. 17(15.5%) of respondents have advanced diploma and the remaining 9(8.2%) have diploma. Having the majority of the respondents with BA degree and second largest respondents acquired masters degree helped the researcher to collect the data from the individuals that can have better understanding and gave more detail knowledge on the subject matter.

Concerning the service year, most of the respondents which are 48 (43.6%) have 11 to 15 years of experiences. 45 (40.9%) respondents are in the range of 6 to 10 years of experiences. 11 (10%) of the respondents have 1 to 4 years of experience. The remaining 6(5.5%) of the respondents have more than 16 years of experience. As we can see the majority of the respondents 93 (84.5%) have 6 to 15 years of experience in the sector. This helped the researcher to get experience based data on Unimodal Custom clearance.

## 4.3 Descriptive Statistics and Qualitative Data's

Unimodal custom clearance can be affected by many ways. As Unimodal clearance is mainly carried out in Djibouti, The researcher has taken two independent variables from Djibouti and four independent variables from Addis Ababa Kality Customs. From Djibouti the researcher was focused on Djibouti clearance procedure and shipping agent performance. On the other hand from Addis Ababa Kality Customs, transit permit process, transit time and cost, customs service facilitation, cooperation and coordination by concerned government regulatory agencies were taken.

Accordingly, respondents were asked to rate their response as 1= strongly Disagree, 2=Disagree, 3= Neutral 4- Agree and 5 = strongly Disagree. In order to draw a conclusion from the mean of the response of the sample, the mean analysis is categorized as up to 1.5 strongly disagree, from 1.6 to 2.5 disagree, from 2.6 to 3.5 neutral from 3.6 to 4.5 agree and the rest of the mean 4.6 to 5 is strongly agree. (This is based on rounding off to the nearest number of the response rate). Additionally, ESLSE has a department that is responsible for the local and Djibouti customs and port clearance for Unimodal cargoes. This department is engaged in providing clearance service for both containerized and non containerized cargoes. Ato Gezahgene Negash is a manager for Unimodal department. He was working in Djibouti for 6 years. he has also a good experience in Unimodal clearance procedure. I had an interview with him on the challenges and problems that usually encounter while clearing Unimodal cargoes. This qualitative data's also presented as supplement with quantitative data's.

### 4.3.1 Frequency Report on Independent Variable

#### 4.3.1.1 Transit Permit Process

Getting transit permit in Unimodal clearance is the first step to commence Unimodal custom clearance. Any sort of inefficiency in transit permit will have a direct impact on Unimodal clearance efficiency. The respondents were asked to rate 7 points under transit permit process to show how much transit permit process has an impact on the efficiency. Statistical description is mentioned by below.

**Table 4.3 Descriptive Statistics on Transit Permit Process**

<b>Variable 1 Transit Permit Process</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
AAK customs branch office transit permit process is very easy and does not have much process	110	1.5	0.59
AAK customs provide sufficient information regarding the required document for transit permit	110	1.97	0.66
AAK customs does not require all original documents to be presented for transit permit	110	2.01	0.58
AAK customs required all duties and taxes should not be paid before transit permit.	110	1.75	0.62
AA transit officers are willing to issue transit permit for minor document is missing or some modification on the document.	110	2.04	0.63
AAK customs transit officers have adequate knowledge about Djibouti port Demurrage , detention and storage costs.	110	2.02	0.64
AAK customs transit officers have adequate Knowledge which documents are required and which are not required for transit permit.	110	1.93	0.57

Source; survey result, 2020

As shown on the above table ,respondents were asked to rate the easiness and level of the process, the level of AAK customs in providing sufficient information on the required documents, the requirement of original documents, the prerequisite of payments of duties and taxes to grant transit permit, possibilities of getting declined to get transit permit for minor

document is missing or some modification on the document is required and AAK staffs knowledge about the effect of any delay and documentations. Accordingly, respondents rated on the elements under transit permit process appeared with the mean range of 1.5 to 2.04 and standard deviation 0.57 to 0.66. This mean is in the range of disagree which indicates that transit permit process has many challenges and problems which hinder the efficiency of Unimodal custom clearance procedure. Problems are related to easy facilitation to issue transit permit, providing sufficient information regarding the required document for transit permit, requirement of original documents , transit permit officers declined to issue transit permit for minor modification and document missing, knowledge gap about the effect of the delay in terms of demurrage, detention and storage costs and payment of duties and taxes despite goods in transit permit shall not pay duties in taxes but AAK customs is asking duties and taxes are to be paid in order to issue transit permit.

According to Ato Gezehenge , There are number of challenges to get transit permit from AAK customs branch office. The challenge starts from requiring all original documents like bill of loading, invoice, packing list, certificate of origin, bank permit, insurance, business license, tax payer identification number ( TIN certificates) and pre entry permits based on the items that are imported . Importers are also expected to pay the duties and taxes to get transit permit. In addition transit permit applicant is required to deposit ETB 26700 for 1x20 feet container and ETB 52400 for 1x40 feet container as container guarantee for duties and taxes of empty container to get transit permit. . He believes that transit permit should be allowed by copy documents without paying the duty and taxes. Customer may be required to present deposit as a guarantee for duties and taxes. There are also frequent system breakdowns, long document queue and communication gap between local customs and Ethiopian customs Djibouti coordination offices.

#### **4.3.1.2 Djibouti Clearance Procedure**

As Unimodal clearance is clearing the goods from Djibouti port via AAK customs, Djibouti clearance procedure was included as independent variable. The clearing procedure is one of the challenging area which has a direct impact on the efficiency of Unimodal clearance. Respondents were asked to evaluate the efficiency of Djibouti clearance procedure in different perspectives.

There were 8 questions to be rated by respondents. Response related to efficiency of Djibouti clearance procedure is illustrated by below table.

**Table 4.4 Descriptive Statistics on Djibouti Clearance Process**

Variable 2 Djibouti Clearance Procedure	Preferences		
	N	Mean	Std. Deviation
Djibouti port and customs clearance for Unimodal cargo is easy and does not have much process.	110	1.36	0.48
Djibouti port and customs notify its customers in advance when there is a change in procedures, fees and processes.	110	2.01	0.79
Customs clearing agents can Escalate to the port and customs managements when they encounter a problem while clearing the cargo.	110	2.05	0.58
Djibouti port and customs are working towards Unimodal cargoes in coordinated and collaboration manners.	110	2.22	0.82
Custom Clearing Agents can get updated progress report from the respective port and customs authority agency regarding Unimodal cargo.	110	1.99	0.77
Customs clearing agents can get Djibouti port officials, if they encounter a problem.	110	2.10	0.66
Djibouti Port office working time is convenient to Ethiopian customs clearing agents.	110	2.21	0.68
Ethiopian Customs coordination office is working with Djibouti port officials and Djibouti customs in coordinated way.	110	2.09	0.76

Source; survey result, 2020

Respondents were requested to rate the easiness of Djibouti port and customs clearance , advance notification of new tariffs ,procedure process, the possibility to escalate when they encounter problems , coordination and cooperation between port and customs , status update on the transit permitted cargo, convenience of working hour, Ethiopian customs coordination office in Djibouti with Djibouti port regarding transit permitted shipments. Accordingly, finding indicates that a mean range from 1.36 to 2.22 and standard deviation with the range of 0.48 to 0.82 is recorder

for all elements under Unimodal clearance procedure which indicate respondents are disagree on the factors that have an impact on efficiency of Unimodal clearance in respect to Djibouti port clearance procedure . This highly affects the efficiency of Unimodal clearance as Djibouti port clearance is the core process in Unimodal cargo clearance.

With regard to common problems that they faced while clearing goods from Djibouti port, Ato Gezahegne mentioned different problems. Some of the problems are

Documentation problems- there are many documentation problems which are created by seal, container, bill number discrepancies, and number of packages description errors. In order to solve the problem and amend the error, the port officers are not available as needed.

lack of coordination with stakeholders when the problem happen, there are many stakeholders involved to sort out the problem , port administration is the one major stakeholder but clearing agent usually face difficulties to coordinate different parties to figure out the problem.

Repetitive system malfunction – this is one of the frequently happened problem while clearing Unimodal cargoes from port

Repetitive port machinery failures

Unsatisfactory customer service.

Lack of accountability for the errors, delays caused by the port.

Lack of coordination for seal discrepancy, or no seal inspection, resealing.

Problems in facilitating escorting for the Unimodal shipment that requires escorting from port to galafi.

Lack of easy fast and coordinated cross stuffing service- some containers might be damaged during sea transport or port operation, these containers has to be changed by another container with new seal number. There is critical problem in coordinating respective stakeholders and supplying empty container.

Very long and bureaucratic damage compensation process- Djibouti port required lot of documents and long process to pass to get compensation for the cargoes that are damaged during the port operation.

Common challenges from Djibouti customs are, agents in Djibouti must fill transit declaration ( T1) and number 4 ( NO 4) declaration for transit cargoes which destination is Ethiopia by using Djibouti customs SYDONIA system. There are problems while filling declarations for Unimodal cargoes. Frequent system (SYDONIA) breakdown, document discrepancy, amendment penalty, long process to get declaration approval , high and time taking scrutiny on the shipping document is the problems that customs agent commonly faced while clearing Unimodal cargoes. Concerning Coordination and efficient information sharing between AAK customs transit department and Ethiopian customs coordination office in Djibouti, transit permit is secured from AAK transit team in Addis Ababa . The file /declaration which are granted transit permit information must pass to Ethiopian customs coordination office in Djibouti. If the information is not passed to Djibouti, Ethiopian customs in Djibouti will not allow or approve the goods to be shipped to Ethiopia. Sometimes this information did not sent from AAK customs or misfiled in Ethiopian customs coordination office in Djibouti, discrepancy, errors on the document and requires back and forth amending the information. Ethiopian customs coordination office in Djibouti will not approve if the office didn't get the information from their head office and if there is any discrepancy and error. Concerning a chance to escalate the case to higher management when the clearing agent encounter a problem while clearing Unimodal goods at Djibouti port , most of the time , port authority officials are not available to resolve the problem. Their intervention on day to day operation is limited. They usually assign officers to sort out operational problems.

#### **4.3.1.3 Transit Time and Cost**

Unimodal clearance efficiency can be evaluated by time and cost it takes to be finalized. When there is high efficiency, there will be minimum transit time and cost. If the clearance procedure is inefficient, there will be extended transit time and high cost. Respondents were requested to rate elements of transit time and cost. Elements were mainly focused on the time that Unimodal clearance it takes, entire transit time until delivering the cargo to customer, availability of unexpected and unofficial transit cost , expensiveness of detention demurrage and storage costs .

Based on the requested elements, the Outcome of the respondent's data's are summarized by below table.

**Table 4.5 Descriptive Statistics on Transit Time and Cost**

Variable 3 Transit Time and Cost	Preferences		
	N	Mean	Std. Deviation
Unimodal clearance procedure is taking longer time than expected.	110	4.15	0.63
Transit Time (delivering to the customer )is extended as compare to other clearance procedure	110	4.03	0.69
There are unexpected and unofficial transit costs both from the port and shipping agents.	110	4.21	0.62
Transit Cost in terms of detention , demurrage ,and storage is very expensive in case of Unimodal procedure	110	4.32	0.62
Unimodal clearance will take more than 10 days to clear the cargo from port	110	4.26	0.63

Source; survey result, 2020

From the table, we can understand that mean range is from 4.03 to 4.32 with standard deviation 0.62 to 0.69 . This means the mean is in the range of agree state to the questions. This indicates that transit time and cost is highly affected the efficiency of Unimodal clearance procedure in terms of Unimodal clearance is taking longer time, extended transit time compared to other clearance procedures , unexpected and unofficial transit cost , expensiveness of the detention, demurrage and storage costs and taking more that 10 days to clear the cargo from port.

Outcome of direct interview is also outlined; there are many types of costs when there is a delay and inefficiency in one of the stakeholders in the Unimodal clearing process. There is warehouse costs- cost which is paid as warehouse for containerized cargoes. There 8 days grace period after arrival of vessel. After that each container is subject to be charged as follows

9<sup>th</sup> till 15<sup>th</sup> days USD 5.65/ day per 20 feet container and USD 11.30 /day per 40 feet container

16<sup>th</sup> till 20<sup>th</sup> days USD 7.05/ day per 20 feet container and USD 14.10 /day per 40 feet container

21<sup>st</sup> till 25<sup>th</sup> days USD 8.80/day per 20 feet container and USD 17.60 /day per 40 feet container

26<sup>th</sup> till delivery USD 11/day per 20 feet container and USD 22 /day per 40 feet container.

With regard to Demurrage and detention, it varies from shipping agent to agent. ESLSE charges USD 6/day for one 20 feet container and USD 11 /day for one 40 feet container .averagely other agents are charging USD 10-20 per 20 feet container and USD 20-40 for 40 feet container. Regarding the challenges that create major delay in transit time, Ato Gezegene mentioned that there are different problems which create delay on transit time; the problem starts from getting transit permit from Ethiopian customs. As stated earlier Ethiopian customs requires all documents to be fulfilled, customs duties and taxes to be paid and deposit need to be paid, long and bureaucratic process to get transit permit, in addition, if there is an error on the declaration , the clearance process will be stacked until the declaration is amended . The amendment by itself will take a time. Another problem that creates major delay is seal, bill of loading number, number of package, Misdescription of the goods, consignee name and tax payer identification number discrepancy between the Ethiopian customs declaration and manifest , manifest and delivery order, manifest and delivery order, manifest and bill of loading , manifest and SYDONIA data which is filled by shipping agent . Manifest is commonly filled from port of loading. All documents following the manifest should be the same otherwise Djibouti customs require amendment of the data. This amendment require the involvement of different stakeholder like importer, exporter, exporter freight forwarder , importer clearing agent, shipping agent , port authority , Djibouti customs and Ethiopian customs . For a single discrepancy, clearing agents need to communicate all these stakeholders for the required amendment. This will definitely create a delay in transit time. Port operation is also another problem. Repetitive system interruption, long truck queue to load containers, bad customer service, unofficial or sudden tariff requests and increments for the service are the major port operation challenges. Very bad road condition from Djibouti port to galafi Ethiopian border is also another problem. It takes up to 2 days but 8-9 hours drive under normal circumstances. Mile scanning machine inspection is also take time due to the long queue.

In relation to working time difference between Djibouti and Ethiopia clearing agent, formerly Djibouti week end was Thursday afternoon and Friday full day but the government has changed

the weekend from Thursday afternoon and Friday to Friday and Saturday full day but the problem is employees on the shipping agent, customs, port and other related offices are closing their offices starting from Thursday afternoon to Saturday by taking previous trends. Most of the time working hours vary based on the weather condition of the country. In Djibouti there are 40 working hours during the week, in Ethiopia there are 44 working hours during the week but we have only 29 working hours together. The rest 11 hours are not aligned with Ethiopia working hours. Concerning the issue of medium of communication between customs clearing agent and Djibouti port and customs regarding the status of the cargo, customs clearing agent can get information regarding the status of the cargo from port administration. Cargo may be shifted to the other stores or may be confiscated if it's not cleared within six months. The where about of the cargo is known by port and information is provided up on proper request but there is no self assisted tracking facility both in port and customs.

#### **4.3.1.4 Customs Service Facilitation**

Service facilitation plays very important role for efficiency of AAK Unimodal custom clearance .AAK service can be facilitated starting from transit permit till end of the clearance and release and post release audit of the goods. There are many elements under customs service facilitation which easy the process of clearing goods under Unimodal clearing procedure. Narrowing controlling scope, risk categorization, application of information technology, knowledge about transit procedure, avoiding unnecessary documentation requests, easing segment of works after arrival of goods till release of the shipments, availability of enough inspectors are the main elements that helps to customs service facilitation at highest level. Respondents were requested to rate their feeling towards the elements of customs service facilitation. The following table summarizes the respondent data.

**Table 4.6 Descriptive Statistics on Customs Service Facilitation**

Variable 4 Customs Service Facilitation	Preferences		
	N	Mean	Std. Deviation
Importers can easily get outside inspection from AAK.	110	1.88	0.85
AAK Customs have updated and consistent risk category profile for the importer that you deal.	110	1.81	0.76
AAK customs transit office have adequate information technology systems to support way of working and easy transit procedure	110	1.86	0.76
AAK customs transit officers have adequate knowledge on transit procedure	110	1.82	0.74
AAK customs transit officers have not asked unnecessary documents for transit permit	110	2.01	0.85
AAK customs transit officers have adequate knowledge on Djibouti port Demurrage, detention and warehouse costs.	110	2.48	0.84
AAK office operations Way bill collection, document submission, risk categorization, inspection, releasing and spot inspectors stamp endorsement process is easy and does not have much process for Unimodal clearance procedure.	110	1.97	0.85
There is no inspectors' shortage at AAK customs office.	110	1.95	0.84
AEO (Authorized Economic Operators) Government cargoes, factory shipments in not inspected in detail by AAK customs	110	2.53	0.63
AAK customs office is facilitating easy clearance procedure.	110	1.9	0.85

Source; survey result, 2020

From the above table, we can note that in respect to get outside inspection from AAK which is part of customs service facilitation by narrowing the focus of control, respondent's rate with mean of 1.88 and standard deviation 0.85 which in the range of disagree. Regarding AAK risk management, respondents have not agreed with the statement that AAK have updated and

consistent risk category profile for the importers by rating 1.81 mean 0.76 standard deviation. With the mean and standard deviation 1.86 and 0.76 respectively, respondents take a position of disagree on AAK customs transit office have adequate information technology systems to support way of working and easy transit procedure. In this regard, we can understand that despite the fact that there is an effort to adopt information technology for example Automated system for customs data (ASYCUDA++) , Ethiopian customs trade portal ( ECTP) and Ethiopian customs valuation system (ECVS) , there is a problem in fully implementing information technology systems. Knowledge about transit procedure helps to provide efficient service. Respondents value as disagree by mean 1.82 and 0.74 standard deviation on rating the questions that AAK transit officers have adequate knowledge about transit procedure. Having knowledge about the procedure will not help to render efficient service. Implementation of the knowledge can only contribute to the efficiency. Regarding requiring unnecessary documents to provide customs service, they rated 2.01 mean and 0.85 standard deviation. Segments of activities in one work flow should be easy and coordinated. According to the respondents AAK customs efficiency in way bill collection, document submission, risk categorization, inspection, releasing and spot inspector stand Endorsement Service is weak as rated disagree on the efficiency of the service with the mean 1.97 and 0.85 standard deviation.

In relation to shortage of inspectors, respondents disagree on the availability of sufficient inspector staffs as AAK .they rated a mean of 1.95 and 0.84 standard deviation. Applying very low control on authorized economic operator organizations, government cargoes, and factory shipments is categorized as customs facilitation which creates opportunity to others to get customs service easily. Respondents rate the controlling tendency of the branch is high as they disagree on AEO (Authorized Economic Operators) Government cargoes, factory shipments in not inspected in detail by AAK customs with 2.53 and 0.63 mean and standard deviation respectively.

Interview result with Ato Gezahegne showed that , After the shipment has arrived at AAK customs, way bill collection, manifest closure, document submission, risk categorization, document scrutiny, physical customs inspection, valuation (tariff and price), release, spot inspection are creating considerable time delay on transit time. There is lack of coordination between these offices. Absence of information technology supported procedure, lack of clear and understandable working procedure, knowledge gap especially on tariff and price of the goods,

non availability of the customs officers, shortage of customs valuation and inspection officers is the major problems in related to customs service facilitations .

#### 4.1.3.5 Shipping Agent Performance

Next to transit permit issuance by AAK customs, customs clearing agents will go to shipping agents to collect the delivery order which is the main document to proceed with Unimodal customs clearance. Shipping agent plays a very important role in speeding up the clearance process by providing their service efficiently. In contrary, inefficient shipping agent service will have a direct negative impact on the efficiency of the Unimodal custom clearance procedure. Respondents were asked to rate their evaluation on the points of the efficiency of the shipping agent, the availability, of documentation error and measures to amend the documentation error, taking responsibility and accountability for the mistakes and consequences of mistakes . Based on these questions, respondent’s data’s are presented below.

**Table 4.7 Descriptive Statistics on Shipping Agent Performance**

Variable 5 Shipping Agent Performance	Preferences		
	N	Mean	Std. Deviation
Shipping agents in Djibouti providing efficient service	110	1.35	0.52
Shipping agents usually does not commit documentation error while entering data to customs database	110	1.27	0.47
Shipping agents are willing to amend their errors when immediately identified	110	1.5	0.52
Shipping agent is willing take responsibility for their documentation error	110	1.23	0.42
Shipping agent is willing to cover demurrage and storage charges for the delay that they created	110	1.42	0.51
There is procedure in Djibouti to accountable the shipping agent for their mistake	110	1.43	0.49
Shipping agent provide draft and electronic delivery order efficiently	110	1.47	0.52

Source; survey result, 2020

From the above table, we can understand that respondents clearly indicated that they did not agree on getting efficient service from the shipping agent with the range of mean from 1.23 to 1.47 and standard deviation 0.42 and 0.52. In the open ended questions respondents comment that shipping agent commits documentation errors frequently and they are neither to take accountability for their mistakes nor taking the consequences of their documentation errors. Regarding challenges with shipping agent, Djibouti customs clearance starts from collecting delivery order (DO) from shipping agent. Shipping agent requires original bill of loading and delivery order payments in order to issue delivery order. Information error on the delivery order which is originated from the carrier manifest is the most challenging error with shipping agent. As stated earlier there are seal, container, Bill of loading number, number of packages, description, and consignee name error. Most of the time, shipping agent is highly reluctant to amend their error as there is amendment penalty for the error they committed. Shipping agent usually ask importer appointed custom clearing agent to pay the penalty for amendment. A minor amendment may take 3 days despite the importer is paying the demurrage and storage costs. Sudden changes on the tariff from the port and shipping agent is well known in Djibouti. These changes come effective without deliberation with concerned stakeholders and reach on agreements.

#### **4.3.1.6 Coordination and Cooperation of Different Concerned Government Regulatory Agencies**

Government regulatory agencies give pre entry and entry permits for controlled goods. Chemical both industrial and agricultural, medicines, foods, medical, agricultural, and telecommunication equipments and supplies, radiation machines are among the goods that need entry approval from the respective government agencies. Some of the shipments required pre entry permit even to process the transit permit. Without their approval AAK customs will not process the transit permit which requires pre entry permit and release of shipments which need entry permits. Some of the shipments require more than one entry permits from more than one government institutions. These government institutions need to be efficient in order to increase the efficiency of AAK Unimodal customs clearance. Customs clearing agents were requested to rate the coordination and cooperation level of these government agencies on the points of their regulatory service, AAK customs requires pre entry and entry permits from these regulatory agencies, requiring entry permits for the goods that actually does not require entry permit, accessibility of these agencies and cooperation level of the agencies with customs.

Based on this, the study was provided different questions that can help to assess how these agencies are working in coordinated way.

The following table illustrates the central tendency of the respondent

**Table 4.8 Descriptive Statistics on Coordination and Cooperation of Different Concerned Government Regulatory Agencies**

<b>Variable 6</b> <b>Coordination and Cooperation of Different Concerned Government Regulatory Agencies</b>	<b>Preferences</b>		
	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
AAK Customs required pre entry and entry permit from concerned regulatory agencies (Ethiopian Food and Drug Authority /EFDA/, Information Network Security Agency/ INSA/ Tele Agency, Radiation Protection, standard agency.....)	110	4.30	0.46
Delays are usually happened by Government Regulatory Agencies in providing their services.	110	4.17	0.59
AAK customs transit officers require pre-entry and entry approval for the goods that actually does not require entry permit.	110	4.10	0.59
Regulatory Government agencies are not accessible to provide services.	110	4.07	0.65
There is no information sharing and co-ordination between AAK customs and regulatory bodies for efficient clearance procedure.	110	4.28	0.49

Source; survey result, 2020

As implied from the above table respondents agree that AAK customs required pre entry and entry permit from these government agencies with the mean level of 4.30 and standard deviation 0.46 . Respondents agree that delays are usually happened by these government regulatory agencies. They rated 4.17 and 0.59 standard deviation respectively. Respondents also agree that AAK customs transit officers require pre entry and entry approval for the goods that actually

does not require entry permit. This creates a major delay in Unimodal clearing process by back and forth documents. In addition respondents were also rated accessibility of these agencies as weak by rating 4.07 mean and 0.65 standard deviation. Respondents agree that there is no information sharing and coordination between AAK customs and regulatory bodies for efficient clearance procedure with mean 4.28 and standard deviation 0.49 levels.

Respondent for open ended questions also indicated their dissatisfaction on regulatory agencies specifically FMHACA, and Standard authorities.

### **4.3.2 Frequency Report on Dependent Variable**

Unimodal customs clearing efficiency is dependent variable of the study. Respondents were requested to rate on the factors that affect the efficiency of the Unimodal clearance. Those factors are efficiency of AAK customs in facilitating easy and short process in providing transit permit in order to minimize transit time and cost , well coordinated Djibouti clearance procedure for Unimodal cargo ,efficiency in terms of minimum transit time and cost , AAK customs service facilitation , shipping agent performance that help to the efficiency of Unimodal clearance and the efficiency of government regulatory agencies in rendering their service in coordinated and cooperative way. As explained in pervious part, transit permit process has significant impact on the efficiency of Unimodal clearance. It has direct relationship with efficient clearance procedure, if there is efficient transit permit process, there will be efficient customs clearing efficiency. But respondents disagree that they are getting facilitated transit permit from AAK with the mean value 1.95 and standard deviation 0.65. One of the main clearance part of Unimodal clearance is Unimodal cargo Djibouti clearance procedure. This process needs to be given in coordinated and easy way in order to make the clearing process efficient. However customs clearing agent rated 2.18 mean 0.64 standard deviation which means they are also disagree the coordinated and easiness of Djibouti clearance procedure . Efficiency can be measured by minimum transit time and cost. Transit time and cost have negative relationship with efficiency. If there is minimum transit time and cost, there will be high efficiency. Respondents disagree that there is efficiency in terms of minimum transit time and cost with mean value 2.08 and standard deviation 0.62.

In order to minimize time cost, customs facilitation plays a very important role. Customs facilitation can be expressed by adoption of information technology, adequate and trained human resource, easy and clear working procedure, coordinated working integration with stakeholders, coordinated service with regulatory agencies, high risk categorization in order to narrow the focus of customs controlling. Customs clearing agents were requested to rate their experience on the factors that believed to contribute the efficiency of Unimodal cargo clearance procedure with mean 2.05 and standard deviation 0.64 this means that customs clearing agent disagree on getting easy and enough AAK customs service facilitation.

Unimodal clearing cannot be successful without the involvement of shipping agent as the next step after getting transit permit is collected delivery order from shipping agent In order to proceed with the clearing process. Performance in providing delivery order, error free documentation, amending errors immediately, taking the responsibility for their documentation errors need to be efficient in order to make Unimodal cargo clearance efficient. Respondents rated as disagree on the shipping agent performance indicators with mean 2.11 and standard deviation 0.63. Coordination and cooperation of different concerned government regulatory agencies is one of the factors that affect the Unimodal clearing efficiency. Elements under this variable are facilitated pre entry and entry permits without any delay, requesting pre entry and entry permits for the goods that only actually required and information flow and sharing in coordinated manner with AAK customs. Accordingly customs clearing agents disagree on the factor that they are getting government regulatory agencies services in coordinated and cooperative government manner with mean rate 2.13 and standard deviation 0.58.

As the above details clearly indicates that factors that affect Unimodal clearance procedure have a mean value of disagree / lower than the mean/and have high significant impact in hindering the efficiency of Unimodal clearing procedure.

**Table 4.9 Descriptive Statistics on Dependent variable**

Dependent variable Unimodal Customs Clearing Efficiency	Preferences		
	N	Mean	Std. Deviation
AAK Unimodal Customs clearing is efficient in terms of facilitating transit permit easily	110	1.95	0.65
Unimodal cargo Djibouti clearance is well coordinated and easy	110	2.18	0.64
AAK Unimodal Customs clearing is efficient in terms of minimum transit time and cost	110	2.08	0.62
There is easy and enough AAK Customs service facilitation for Unimodal customs clearance	110	2.05	0.64
There is efficient Shipping agent performance In order to facilitate Unimodal cargo clearance procedure	110	2.11	0.63
There is efficiency in Coordination and cooperation of different concerned government regulatory agencies in AAK	110	2.13	0.58

Source; survey result, 2020

#### **4.4 Summary of Ranking of Respondents**

Based on the rank rated by the respondent from the most challenging 1 to least challenging to 6 least challenging to get efficient Unimodal custom clearing service, respondents rated as Djibouti port and customs clearing procedure is the most challenging part from the Unimodal clearance procedure with the mean of 1.63 . The second challenging is transit time and cost with mean value of 2.33. The third challenging area is given to different concerned government regulatory agencies by scoring 3.79. The forth most challenging area is shipping agent inefficiency with a mean value of 4.15. The fifth challenging area is customs service facilitation with 4.55 mean. The last challenging area is given to transit permit process with mean rate of 4.63.

**Table 4.10 Descriptive Statistics on Ranking Variables**

Challenging Areas	Ranks		
	N	Mean	Std. Deviation
Transit permit process	110	4.63	1.25
Djibouti port and customs clearing procedures	110	1.63	1.00
Transit time and cost	110	2.33	1.07
Customs Service facilitation	110	4.55	1.19
Shipping agent inefficiency	110	4.15	0.94
Coordination and cooperation of different concerned regulatory agencies	110	3.79	1.92

Source; survey result, 2020

## 4.5 Correlation Analysis

Table 4.11 Correlations

FACTORS		TPP	DCP	TTC	CSF	SAP	CCGA	UCCE
TPP	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	110						
DCP	Pearson Correlation	.192*	1					
	Sig. (2-tailed)	.045						
	N	110	110					
TTC	Pearson Correlation	-.271**	-.207*	1				
	Sig. (2-tailed)	.004	.030					
	N	110	110	110				
CSF	Pearson Correlation	.410*	.808**	-.655**	1			
	Sig. (2-tailed)	.002	.000	.000				
	N	110	110	110	110			
SAP	Pearson Correlation	.038	.597**	-.670**	.556**	1		
	Sig. (2-tailed)	.695	.000	.000	.000			
	N	110	110	110	110	110		
CCGA	Pearson Correlation	.142*	.571**	-.206*	.338**	.290**	1	
	Sig. (2-tailed)	.034	.000	.031	.000	.002		
	N	110	110	110	110	110	110	
UCCE	Parson Correlation	.643**	.732**	-.613**	.576**	.654**	.501**	1
	Sig.(2-tailed)	.001	.008	.003	.001	.000	.000	
	N	110	110	100	110	110	110	110

Source; survey result, 2020

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

KEY :TPP- Transit Permit Process, DCP- Djibouti Clearance Process, TTC – Transit Time and Cost, CSF – Customs Service Facilitation, SAP- Shipping Agent Performance , CCGP- Coordination and Cooperation of concerned Government regulatory Agencies, UCCE- Unimodal Customs Clearance Efficiency.

The correlation coefficient is statistical measures of the strength of the relationship between the relatives' movements of two variables. The value range between -1.0 and 1.0 .a correlation of -1.0 shows a perfect negative relation correlation while a correlation of 1.0 shows a perfect positive correlation. A correlation of 0.00 shows no linear relation between the movements of the two variables.

---

A low correlation coefficient 0.1 -0.29 suggests that the relationship between the items is weak or nonexistent. If  $r$  is between 0.3 and 0.49, the relationship is moderate. a high correlation coefficient  $> 0.5$  indicated a strong relationship between variables.(Evans,1996)

The direction of the independent variables change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent. If the coefficient is negative, the dependent variable will move in the opposite direction of the in dependent variable.

The above table indicates the direction and level of relationship of dependent and independent variables. Based on the findings relationship is found between Unimodal customs clearance efficiency with coordination and cooperation of different government regulatory agencies with the rate 0.501. The correlation relationship between Unimodal customs clearance efficiency and shipping agent performance is 0.654. Correlation between Unimodal customs clearance efficiency and customs service facilitation 0.576. Djibouti clearance process with Unimodal customs clearance efficiency scored a correlation of 0.732. The correlation result of Unimodal custom clearance efficiency and transit permit process becomes 0.643.

All the above independent and dependent variables have positive relationship each other. In another hand a negative correlation relationship is scored between Unimodal custom clearance efficiency and transit time and cost -0.613 as when efficiency increase transit time and cost decreases when transit time and cost decreases efficiency increases.

## 4.6 Regression Analysis

Regression analysis is a reliable method of indicating which variable have an impact of a topic of interest. The process of performing regression allows to confidently determining which factors matter most which factors can be ignored and how these factors influence each other. In addition regression helps to identify the effect of one or more independent variable on dependent variable. It also measures the individual contribution of each independent variable to change in the dependent variable.

Below table shows the regression analysis.

**Table 4.12 Significance and Distribution of Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
(Constant)	9.917	1.502		6.601	.000	
1	TPP	.068	.025	.154	2.705	.008
	DCP	.320	.055	.678	5.775	.000
	TTC	-.323	.041	-.471	-7.927	.000
	CSF	.390	.060	.065	.651	.000
	SAP	.420	.037	-.077	-1.132	.000
	CCCGA	.410	.080	-.347	-5.119	.000

Source; survey result, 2020

The Regression model is

$$UCCE=9.92+0.68TPP+0.32DCP-0.32TTC+0.39CSF+0.42SAP+0.41CCGRA$$

The relationship of the independent and dependent variables are illustrated below.

Transit permit process with UCCE 0.068 , p value 0.008

Djibouti clearance procedure with UCCE 0.320 , p value 0.000

Transit time and cost with UCCE -0.323 , p value 0.000

Customs service facilitation with UCCE 0.390 , p value 0.000

Shipping agent performance with UCCE 0.420 , p value 0.000

Coordination and cooperation of different concerned government regulatory agencies 0.410 , p value 0.000

Accordingly, all have positive relationship with independent variable Unimodal custom clearance efficiency significant at 5%(0.05) except transit time and cost have negative relationship due to transit time and cost increases Unimodal customs clearance efficiency decreases. Transit time and cost decreases, Unimodal custom clearance efficiency increases.

**Table 4.13 Coefficients**

Model	Collinearity Statistics		
	Tolerance	VIF	
1	Transit Permit Process	.827	1.209
	Djibouti Clearance Procedure	.156	6.396
	Transit Time and Cost	.502	1.991
	Customs Service	.289	3.459
	Shipping Agent	.613	1.631
	Coordination and cooperation of different concerned government regulatory agencies	.497	2.014
	a. Dependent Variable: Unimodal Customs Clearing Efficiency		

Source; survey result, 2020

The above table shows the collinearity statistics of the independent variables. The coefficient of VIF (variance inflation factor) less than 10 and the tolerance coefficient more than 0.2 is acceptable range. Accordingly, all variables are in acceptable range as VIF is < 10 and tolerance is >0.2

**Table 4.14 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840 <sup>a</sup>	.706	.689	1.19280

- a. Predictors: (Constant),  
Transit Permit Process ,Djibouti Clearance Procedure, Transit Time and Cost, Customs Service, Shipping Agent and Coordination and cooperation of different concerned government regulatory agencies
- b. Dependent Variable: Total\_Unimodal\_Costom\_Clearing\_Efficiency  
Source; survey result, 2020

In the above table, we can understand that 68.9% of the variance in the dependent variable is explained by the independent variables in the model. In another hand 31.1 % of the variance can be explained by other independent variables.

**Table 4.15 ANOVA (Analysis of Variance)**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	351.718	6	58.620	41.201	.000 <sup>b</sup>
	Residual	146.545	103	1.423		
	Total	498.264	109			

- a. Dependent Variable: Unimodal\_Coustom\_Clearing\_Efficiency
- b. Predictors: (Constant), Transit Permit Process ,Djibouti Clearance Procedure, Transit Time and Cost, Customs Service, Shipping Agent and Coordination and cooperation of different concerned government regulatory agencies  
Source; survey result, 2020

From the above table, we can conclude that independent variable is significant to predict the dependent variable as the significant values 0.000 which is the significant range of <0.05.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

This chapter presents summary of key data findings on the factor affecting Unimodal clearance efficiency the case of Addis Ababa Kality customs branch office. It presents the summary of findings and recommendations.

#### **5.1 Summary of Findings and Conclusions**

The objective of the study is to assess the challenges that affect the efficiency of Unimodal customs clearance procedure. In order to meet the objective of the study, the researcher constructed research questions. The researcher developed Questionnaires and undertake key informant interview with the points on transit permit process , Unimodal cargo Djibouti clearance procedure, transit time and cost, customs service facilitation ,shipping agent performance ,and coordination and cooperation of different government regulatory agencies.

The researcher takes 126 customs clearing agents as sample to respond the questionnaires and key informant from ESLSE.

Based on the data gathered from questionnaires and interview, the following findings and conclusions are drawn

Transit permit Process.

- ✓ Based on the data transit permit process is the challenge of Unimodal customs clearance efficiency due to pre conditions to be fulfilled to get transit permit. These preconditions are presenting original documents, paying the duties and taxes for transit cargoes, depositing guarantee for containers. These problems are confirmed by the response of the interview carried out with ESLSE manager and respondents of the Questionnaire as they rated the efficiency indicators under transit permit in the range of 1.5 to 2.04 mean and standard deviation 0.57 to 0.66. This mean is in the range of disagree which indicates that

transit permit process has many challenges and problems which hinder the efficiency of Unimodal custom clearance procedure.

#### Unimodal cargo customs clearance procedure

- ✓ Datas indicated that Djibouti clearance procedure for transit permitted cargoes is the challenging area. challenges starts from collecting delivery order, Djibouti port and customs service inefficiency , un transparent working procedure , coordination problem with port offices, lack of interactive information sharing, unaligned working hours and days , lack of options to escalate to the officials when there is a problem in the clearing process , weak coordination between AAK transit team and Djibouti coordination office. These problems are confirmed by respondents both by Questionnaire and interview. Questionnaire Respondents rated mean range from 1.36 to 2.22 and standard deviation with the range of 0.48 to 0.82 for all elements under Unimodal clearance procedure which indicate respondents are disagree on the factors that have an impact on efficiency of Unimodal clearance in respect to Djibouti port clearance procedure

#### Transit time and cost

- ✓ Extended transit time and cost is also a challenge in Unimodal clearance procedure as stakeholders in the process are inefficient in delivering the service. This inefficiency creates cost and time implications. Respondents rated there is extended transit time and high cost because of inefficiencies with the mean range from 4.03 to 4.32 with standard deviation 0.62 to 0.69 . This means the mean is in the range of agree state to the questions that possibly have an impact on transit time and cost. This indicates that transit time and cost is highly affected the efficiency of Unimodal clearance procedure in terms of Unimodal clearance is taking longer time, extended transit time compared to other clearance procedures

#### Customs service facilitation

- ✓ The result also revealed that there is low graded customs service facilitation at AAK. Outside inspection cannot be granted easily, risk category is inconsistent , lack of adequate information technology system, knowledge gap , back and forth of documents, lack of knowledge about the consequences of delay, inter office integration ,shortage of

human recourses are reported by the finding. Both respondents and interview have agreed on the problem of facilitation. Respondents rated the mean in the range of 1.81 to 2.5 and standard deviation 0.63 to 0.85 which is disagree that customs service facilitation is not provided satisfactorily.

#### Shipping Agent Performance

- ✓ Both the data gathered from the Questionnaire s and interview, shipping agent performance has significant impact on Unimodal clearance efficiency. One of the most challenging area in shipping agent performance is documentation errors which are created by the shipping agent, delays to amend the errors, service inefficiency, lack of interest to take responsibility for the errors are the main factors which contribute the inefficiency of shipping agent performance. Questionnaire respondent rated the shipping agent performance with mean range of 1.27 to 1.47 and standard deviation range from 0.49 to 0.52 by disagreeing on the performance indicators of the shipping agents.

#### Coordination and Cooperation of Different Concerned Government Regulatory Agencies

- ✓ Study presented that there is weak coordination and cooperation of different government regulatory agencies in providing pre entry and entry permits. There is a problem in efficient service delivery, information sharing and delays in service. Respondents agree with the mean range of 4.07 to 4.3 and standard deviation 0.46 to 0.65 that there is lack of coordination and cooperation of different concerned government regulatory agencies.

Ranking of the challenges revealed that Djibouti port and customs clearance is the most challenging (Mean 1.63), Transit time and cost is the second most challenging (Mean 2.33), coordination and cooperation of different concerned regulatory agencies is the third challenging area (Mean 3.79), shipping agent inefficiency take the forth place (Mean 4.15) , customs service facilitation and transit permit proves is takes the fifth and the sixth stages with mean value of 4.55 and 4.63 respectively.

Dependent variable of this study is Unimodal customs clearance efficiency. Respondents were rated Unimodal customs clearance efficiency with different elements. The elements were focused on transit permit facilitation, Coordinated Djibouti clearance, minimum transit time and cost, customs service facilitation, shipping agent performance in facilitation of Unimodal clearance

procedure, coordination and cooperation of different concerned government regulatory agencies in AAK. In all elements, the respondents rated disagree range with mean value of 1.95 to 2.13 and standard deviation of 0.58 to 0.65. Commutative mean is 2.08 and standard deviation 0.63. This indicates that respondent's rated Unimodal customs clearance is inefficient in all elements.

Correlation analysis indicated that, there is a strong relationship between variables except the negative relationship between transit time and cost and Unimodal customs clearance efficiency. Correlation coefficients are found with the range of 0.501 to 0.732. The negative correlation coefficient between transit time and cost and Unimodal customs clearance efficiency is -0.613.

Regarding the regression analysis, result shows the independent variable of transit permit process, Djibouti clearance procedure, transit time and cost, customs service facilitation, shipping agent performance, cooperation and coordination of concerned regulatory agencies are statistically significant to Unimodal custom clearance efficiency as all their p- values are less than alpha level of 0.05. The score of the adjusted  $R^2$  was 0.689 (68.9 %). This indicates that 68.9 % of dependent variable is explained by the independent variables (transit permit process, Djibouti clearance procedure, Transit time and cost, customs service facilitation, shipping agent performance, and coordination and cooperation of different concerned government regulatory agencies) and the rest 31.1 % of the variance can be explained by other factors.

## Conclusion

The objective of this study was to identify and assess the challenges that affect the efficiency of Unimodal customs clearance efficiency with the research questions of what are the main factors that affect the efficiency of Unimodal customs clearance? What are the challenges in unimodal customs clearance and problems happened in Djibouti port clearance of Unimodal cargoes, what are the consequences of these problems? What are the effects of shipping agent inefficiency on Unimodal customs clearance efficiency?

Both the response of the Questionnaire s, open ended questions and interview clearly shows that the variables have direct impact on the efficiency of Unimodal customs clearance procedure. As R square value indicated 68.9% dependent variable is explained by the 6 independent variable. The rest 31.1% can be explained by other independent variable.

Accordingly, the research identified and assessed the challenges and factors that have an impact on Unimodal customs clearance efficiency. Possible Recommendations are given below in order to improve the efficiency of Unimodal clearance procedure.

## 5.2 Recommendation

Based on the findings, the following recommendations have been provided

- ✓ One of the factors that critically affect Unimodal clearance is the preconditions to issue transit permits. Importer custom clearing agent required to present all original shipping documents, pay duties and taxes, settling container deposits, providing pre entry permits for specific goods. AAK customs should avoid these pre conditions to issue transit permits. Transit permit should be issued by copy documents, duty and tax should not be paid for transit cargo, and container deposit should not be placed as pre requisite for transit permits. Pre entry permits should be waived as all transit permitted goods are transported under customs control and will enter to customs premises for further customs clearance procedure. In fact customs need to build strong tracking and tracing procedure to follow up the transit permitted goods until the shipment arrive to transit permitted customs branch office.
- ✓ Djibouti port and customs clearance process is core part of Unimodal customs clearance procedure. Djibouti port and customs clearance should be efficient in order to minimize transit time and cost. Any effort to make easy transit permit will not have any result if Djibouti port and customs clearance process challenges are not addressed. Ethiopian customs in general, AAK customs specifically should discuss with concerned port and customs authority on the challenges that transit permitted shipments are encountered.
- ✓ AAK should discuss, draft and operational service level agreement which comprises specified days to resolve port and customs related issues. AAK customs coordination office in Djibouti should have standard working procedures which mitigate the Unimodal clearance challenges. AAK should develop sense of ownership of the problems that the customs clearing agents are facing on the transit permitted shipment by AAK. Djibouti port and custom clearing procedure is a bottle neck for Unimodal customs clearing procedure, AAK should take a major stake and associate itself in the effort to get a solution for the challenges.

- ✓ AAK customs should shorten the time it take to waybill handover, manifest closure, risk categorization, inspection and valuation(price and tariff) goods release in order to minimize the transit time and cost.
- ✓ Ethiopian customs in general, AAK customs specifically should work in a line with any party who fail to exert the responsibility fully should take the accountability for their failures.
- ✓ AAK customs should improve their service delivery in the area of outside inspection permits, updated and consistent risk category modernize and support the procedure by information technology, providing continuous training and capacity building of their employees , having clear and transparent required document for transit , creating awareness on demurrage and storage costs that is created by inefficient service . AAK customs should recruit and train sufficient inspectors in order to curb the inspectors shortage.
- ✓ AAK customs should avoid detail inspection on the low risk importers of AEO (Authorized Economic Operators) government, factory shipments in order to provide efficient service.
- ✓ Shipping agent play a major role in clearing AAK customs permitted shipments. As indicated on significance of the study, the shipping agent should provide efficient service in filling the correct information and avoiding documentation errors in customs system , errors should be amended in short period of time . Shipping agent need to be accountable by paying demurrage and storage charges for the time that they take to amend their errors.
- ✓ AAK customs should develop a database which clearly indicates which items are required entry permit from which government agencies.
- ✓ AAK customs should establish single window service to avoid coordination and cooperation problems of different concerned government regulatory agencies.
- ✓ AAK customs should more develop and upgrade a current ECTP( Ethiopian Customs Trade Portal ) which is used to communicate their coordination office in Djibouti

## References

- AAU(2014)*Research Methods, unpublished* Ethiopia .Addis Ababa .pp.91.
- Anastasiin,S.(2017).*Challenges with features of customs clearance at the Russian-Finland border; the case of GW Europe* . KYAMK university of applied science. Finland
- Andrew, G. (2012) *Customs and trade facilitation: from concepts to implementation*. University of Nottingham. UK
- Asiam,J,(2018) *Difference Between Correlation and Regression in Statistics*Availableat<https://www.datasciencecentral.com/profiles/blogs/difference-between-correlation-and-regression-in-statistics>. [Accessed 06 March 2020]
- Bartlett, J.(2001).*Organizational Research: Determining Appropriate Sample Size in Survey Research*.availableat<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.486.8295&rep=rep1&type=pdf>.Israel, G. (n.d.) Determining Sample Size. University of Florida IFAS Extension.[Accessed 24 December 2019]
- Brocker, (2018) *custom broker, Canada*.Available at <http://www.dhcbi.ca/duties-and-responsibilities-of-a-customs-clearing-agent>[Accessed 17 December 2019]
- Council of Ministers Regulation No. 859/2014.*Customs Clearing Agents Council of Ministers Regulation*Page 7758.
- Council of Ministers Proclamation No.548/2007.*Multimodal transport of goods.Ethiopia*.Addis Ababa
- Courtney ,T.(2019)*The Difference Between Descriptive and Inferential Statistics*. Available at <https://www.thoughtco.com/differences-in-descriptive-and-inferential-statistics-3126224>[Accessed 25 December 2019]
- EFFSA.(2019). *Challenges of Djibouti port clearance*. Ethiopian freight forwarder and shipping agent association. Addis Ababa, Ethiopia.
- EMA.(2015).*National Logistics Strategy*. Ethiopian Maritime Authority .Ethiopia: Addis Ababa.
- EMA.(2019).*National Logistics Strategy*. Ethiopian Maritime Authority .Ethiopia: Addis Ababa.

**ERCA (2011)**Directive 64/2011 administrative measures on customs clearing agents (as amended) Ethiopia. Addis Ababa.

**ERCA,(2017).**Ethiopian Customs guide.Ethiopia :Addis Abba

**Ethiopian Revenue and Customs Authority.(2010).**Training on Customs procedures and techniques for trader. Ethiopia: Addis Ababa.

**ESLSE.(2013).**Unimodal Clearing and forwarding operation manual. ESLSE (Unpublished).

**ESLSE(2019).**our services Ethiopia .Addis Ababa .Available at [http://www.eslse.et/ESL\\_Services.html](http://www.eslse.et/ESL_Services.html) [Accessed 21 December 2019].

**Essete,G. (2019).**The effects of customs clearing process on the performance of customs clearing agent in addisababa. (Unpublished).

**Evans,J.D.(1996).** Straight forward statistics for the behavioral sciences. Pacific Grove,CA: Brooks/Cole Publishing. California USA

**Fionna M (2019).**Reliability vs validity: what's the difference? Available at <https://www.scribbr.com/methodology/reliability-vs-validity/> [Accessed 2 January 2020]

**Jeker R.M. (2008).**Trade Facilitation and Public-Private Partnership in Africa.Africa Emerging Markets Forum 2008.

**Lemlem,D.(2018).**Assessment of challenges on import customs procedure in relation to trade facilitation and control in the case of ERCA Addis Ababa Kality branch.(Unpublished).

**Mclinden, g. (2005).**Integrity in customs. Chapter four (p.67-89) in luc de wulf and jose b. sokol (ed.) customs modernization handbook. Washington DC: the world bank

**Mesfin ,B (2017).**Assessment of the challenges of customs clearance, the case of Addis Ababa Kality customs branch office.(unpublished).

**OECD, (2011).**Transparency and Simplification Approaches to Border Procedure.Trade Directorate Trade Committee.

**Oxford (2020)** problem Available at <https://www.lexico.com/en/definition/problem> [Accessed . January 2020]

**Oxford (2020)**cause ? Available at <https://www.lexico.com/en/definition/cause> [Accessed 1 January 2020]

**Oxford (2020)** landlocked country? Available at [https://www.lexico.com/en/definition/landlocked country](https://www.lexico.com/en/definition/landlocked%20country) [Accessed 1 January 2020]

**Rathor, B. S. (2005)**,Export Marketing.2nd Ed. Mumbai: Himalaya Publishing House.

**Singh (2006)**Fundamental of Research Methodology and Statistics,india.delhi Pp. 37.

**Teweldeberhan, W.G. (2011)**Challenges of Customs on Trade Facilitation in Ethiopia: The case of Customs clearance in ERCA.(Unpublished).

**Tsegaye ,T. and Endris, N. (2011)**,the Impact of Border Clearance Procedures on the Cost of Doing Business in Ethiopia, Private Sector Development Hub.Addis Ababa Chamber of Commerce and Sectoral Associations

**UNCTAD.(1981)**,United Nation Conference on a Convention of International Multimodal Transport.Volume 1, Switzerland .Geneva.

**UNCTAD. (2006)**,Trust for Trade Facilitation and Negotiations. Technical note no. 9.  
Available at: [http://r0.unctad.org/ttl/technical notes/TN19\\_SeparateRelease.pdf/](http://r0.unctad.org/ttl/technical%20notes/TN19_SeparateRelease.pdf)  
[ Accessed 26 Jan 2020]

**UNCTAD. (2008)**,Post-Clearance audit: UNCTAD Trust Fund for Trade Facilitation Negotiations.Technical Note No.5 (2nd revision).

**UNCTAD, 2011**, Technical Notes on Trade Facilitation Measures, united nations, New York and Geneva. Accessed on Jan 19, 2020.

**UNECE. (2012)**. (United Nation Economic Commission for Europe) Trade Facilitation Implementation GuideAvailable at: <http://Tfig.Unece.Org/Contents/BorderAgency-Cooperation.Htm> [Accessed 12 JAN, 2020].

**Vincent,(2019)**open and closed ended questions. Available at <https://help.surveyanypolice.com/en/support/solutions/articles/35000042308-closed-ended-question> [Accessed 28 December 2019]

**WCO, (1999)**,International Convention on the Harmonization and Simplification of Custom Procedures (as amended), Revised Kyoto Convention, WCO, Brussels. Available at

[http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx) [Accessed 17 December 2019]

**Widdowson, D. (2007).** *The Changing Role of Customs: Evolution or Revolution?*

vol.1, no.1, <http://www.worldcustomsjournal.org/media/wcj/> [Accessed on 18 Jan 2020].

**Wondwossen, D. (2013)** *Assessment of the challenges of Customs Import Clearance Procedure on Trade Facilitation: the Case of Addis Ababa Airport Custom Branch Office*, Civil Service University .(Unpublished).

**World Bank.(1992).** *Landlocked countries, Evaluating alternative routes to the sea.* WB

**William G.Zikmund** (2010). *Business Research Methods, 8th Edition.* Mason. United States: South-Western Cengage Learning.

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

**QUESTIONNAIRE FOR CUSTOM CLEARING AGENTS**

**Dear Respondents,**

The objective of this questionnaire is to secure the necessary and relevant first-hand information that will be useful to conduct a Thesis entitled “**Factors Affecting Unimodal custom clearance efficiency; the case of Addis Ababa Kality Customs Branch Office**” which required for MA degree in Logistics and Supply Chain Management. Therefore, your response in this regard helps a lot to undertake the study. The result of this survey will be treated with at most confidentiality and will be strictly used for academic purpose only. The researcher thus appreciates in advance your cooperation and sparing your valuable time in filling this questionnaire and I thank you in advance for your genuine and timely response.

For any additional information, explanation and comment, you can leave your message through this phone number: +251 911 675689, email:robelgetahun5@gmail.com. There is no need to write your name on the questionnaire.

Thank you in advance!

Robel Getahun

**Section 1 -General Informations.**

Please use the box to put or X that best represent you in the selected box.

1. Gender Male  Female
2. Age 18-25  26-35  34-45  over 45
3. Current Educational Background Below Diploma  Diploma  Advanced Diploma  Degree Masters  PHD
4. Years of experience as the custom clearing agent 1-5 years  6-10 years  11-15  years above 16 years

**Section 2- Introduction** – please indicate your degree of agreement with the following statements by encircling the appropriate numbers (1- Strongly Disagree : 2 –Disagree 3-Neutral : 4 –Agree ;5 Strongly Agree)

Key words SD=Strongly Disagree ;D = Disagree; N =Neutral; A =Agree, SA= Strongly Agree.

No	Variable 1 Transit Permit Process	Preferences				
		SD	D	N	A	SA
1	AAK customs branch office transit permit process is very easy and does not have much process	1	2	3	4	5
2	AAK customs provide sufficient information regarding the required document for transit permit	1	2	3	4	5
3	AAK customs does not require all original documents to be presented for transit permit	1	2	3	4	5
4	AAK customs required all duties and taxes should not be paid before transit permit.	1	2	3	4	5
5	AA transit officers are willing to issue transit permit for minor document is missing or some modification on the document.	1	2	3	4	5
6	AAK customs transit officers have adequate knowledge about Djibouti port demurrage , detention and storage costs.	1	2	3	4	5
7	AAK customs transit officers have adequate Knowledge which documents are required and which are not required for transit permit.	1	2	3	4	5

5. What are the common challenges in respect to get transit permit Easley from AAK customs?  
Please explain

---



---



---

6. Do you think transit Permit process should be easy? Yes No Please specify how the process can be easy

---



---



---

No	Variable 2 Djibouti Clearance Procedure	Preferences				
		SD	D	N	A	SA
1	Djibouti port and customs clearance for Unimodal cargo is easy and does not have much process.	1	2	3	4	5
2	Djibouti port and customs notify its customers in advance when there is a change in procedures, fees and processes.	1	2	3	4	5
3	Customs clearing agents can Escalate to the port and customs managements when they encounter a problem while clearing the cargo.	1	2	3	4	5
4	Djibouti port and customs are working towards Unimodal cargoes in coordinated and collaboration manners.	1	2	3	4	5
5	Custom Clearing Agents can get updated progress report from the respective port and customs authority agency regarding Unimodal cargo.	1	2	3	4	5
6	Customs clearing agents can get Djibouti port officials, if they encounter a problem.	1	2	3	4	5
7	Djibouti Port office working time is convenient to Ethiopian customs clearing agents.	1	2	3	4	5
8	Ethiopian Customs coordination office is working with Djibouti port officials and Djibouti customs in coordinated way.					

7. Please specify what are the common challenges that you face both from Djibouti port and customs while clearing Unimodal cargoes?

---



---



---

No	Variable 3	Preferences				
	Transit Time and Cost	SD	D	N	A	SA
1	Unimodal clearance procedure is taking longer time than expected.	1	2	3	4	5
2	Transit Time (delivering to the customer )is extended as compare to other clearance procedure	1	2	3	4	5
3	There are unexpected and unofficial transit costs both from the port and shipping agents.	1	2	3	4	5
4	Transit Cost in terms of detention , demurrage ,and storage is very expensive in case of Unimodal procedure	1	2	3	4	5
5	Unimodal clearance will take more than 10 days to clear the cargo from port	1	2	3	4	5
No	Variable 4	Preferences				
	Customs Service Facilitation	SD	D	N	A	SA
1	Importers can easily get outside inspection from AAK.	1	2	3	4	5
2	AAK Customs have updated and consistent risk category profile for the importer that you deal.	1	2	3	4	5
3	AAK customs transit office have adequate information technology systems to support way of working and easy transit procedure	1	2	3	4	5
4	AAK customs transit officers have adequate	1	2	3	4	5

	knowledge on transit procedure					
5	AAK customs transit officers have not asked unnecessary documents for transit permit	1	2	3	4	5
6	AAK customs transit officers have adequate knowledge on Djibouti port Demurrage, detention and warehouse costs.	1	2	3	4	5
7	AAK office operations Way bill collection, document submission, risk categorization, inspection, releasing and spot inspectors stamp endorsement process is easy and does not have much process for Unimodal clearance procedure.	1	2	3	4	5
8	There is no inspectors' shortage at AAK customs office.	1	2	3	4	5
9	AEO (Authorized Economic Operators) Government cargoes, factory shipments in not inspected in detail by AAK customs	1	2	3	4	5
10	AAK customs office is facilitating easy clearance procedure.	1	2	3	4	5
<b>No</b>	<b>Variable 5</b> <b>Shipping Agent Performance</b>	<b>Preferences</b>				
		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
1	Shipping agents in Djibouti providing efficient service	1	2	3	4	5
2	Shipping agents usually does not commit documentation error while entering data to customs database	1	2	3	4	5
3	Shipping agents are willing to amend their errors when immediately identified	1	2	3	4	5
4	Shipping agent is willing take responsibility for their documentation error	1	2	3	4	5
5	Shipping agent is willing to cover demurrage and	1	2	3	4	5

	storage charges for the delay that they created					
6	There is procedure in Djibouti to accountable the shipping agent for their mistake	1	2	3	4	5
7	Shipping agent provide draft and electronic delivery order efficiently	1	2	3	4	5

8. What are the challenges while you deal with the shipping agents? Please specify\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

No	Variable 6 Coordination and cooperation of different concerned government regulatory agencies	Preferences				
		SD	D	N	A	SA
1	AAK Customs required pre entry and entry permit from concerned regulatory agencies (Ethiopian Food and Drug Authority /EFDA/, Information Network Security Agency/ INSA/ Tele Agency, Radiation Protection, standard agency.....)	1	2	3	4	5
2	Delays are usually happened by Government Regulatory Agencies in providing their services.	1	2	3	4	5
3	AAK customs transit officers require pre-entry and entry approval for the goods that actually does not require entry permit.	1	2	3	4	5
4	Regulatory Government agencies are not accessible to provide services.	1	2	3	4	5
5	There is no information sharing and co-ordination between AAK customs and regulatory bodies for efficient clearance procedure.	1	2	3	4	5

9. What are the challenges you face while dealing with government regulatory agencies that provide entry permits?

---



---



---

No	Dependent variable Unimodal Customs Clearing Efficiency	Preferences				
		SD	D	N	A	SA
1	AAK Unimodal Customs clearing is efficient in terms of facilitating transit permit easily	1	2	3	4	5
2	Unimodal cargo Djibouti clearance is well coordinated and easy	1	2	3	4	5
3	AAK Unimodal Customs clearing is efficient in terms of minimum transit time and cost	1	2	3	4	5
4	There is easy and enough AAK Customs service facilitation for Unimodal customs clearance	1	2	3	4	5
5	There is efficient Shipping agent performance In order to facilitate Unimodal cargo clearance procedure	1	2	3	4	5
6	There is efficiency in Coordination and cooperation of different concerned government regulatory agencies in AAK	1	2	3	4	5

10. Is Unimodal customs clearance is efficient? Please mention your recommendation to make Unimodal customs clearance efficient if your answer is Not Efficient

---

11. Would you please Rank the following points from the most challenging to the least challenging that limit the efficiency of Unimodal customs clearing procedure (Please give rank for Most Challenging 1 to Least Challenging 6).

No	Challenging Areas	Ranks
1	Transit permit process	
2	Djibouti port and customs clearing procedures	
3	Transit time and cost	
4	Customs Service facilitation	
5	Shipping agent inefficiency	
6	Coordination and cooperation of different concerned regulatory agencies	

Any comment, suggestion and concerns on Unimodal customs clearing procedure efficiency?

---



---



---

Thank You!

## Interview Questions.

1. What are the challenges to get transit permit from AAK customs branch office?
2. What are the common problems that you encounter while clearing Unimodal cargo from Djibouti port?
3. What are the common challenges that you face from Djibouti customs?
4. Is there a coordination and efficient information sharing between AAK customs transit department and Ethiopian customs coordination office in Djibouti?
5. What are the costs incurred when there is delay and inefficient procedure?
6. Is there any chance to escalate the case for higher management when the clearing agent encounters a problem while clearing Unimodal goods at Djibouti port?
7. Can Djibouti port officials are easily accessible for help and reply?
8. Which challenges is creating a major delay in transit time?
9. Is working time and date in Djibouti is convenient for Ethiopian customs clearing agent?
10. Is there any medium of communication between the customs clearing agent and Djibouti port and customs regarding the status of their cargo?
11. What are the challenges while you deal with shipping agents?
12. Can you easily get customs facilitation regarding outside inspection, risk categorization, inspectors, and inspection results from AAK? Explain in detail if NO
13. Did the port, the shipping agent and Djibouti customs communicate you in advance when there is service tariff or procedural changes?
14. How efficient AAK customs solve the problems that you encounter while clearing Unimodal cargo?
15. Anything you want to add regarding the efficiency of Unimodal clearance procedure?