



**Assessing the performance of Ethiopian Customs Commission in  
Reference to Import Trade Facilitation: Perspective of Wheat and  
Palm Oil Importer**

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and Supply Chain Management**

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## **DECLARATION**

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted at any university for a degree.

Declared by:

Name: **Tekeba Girma**    Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## STATEMENT OF CERTIFICATION

This is to certify that the thesis prepared by **Tekeba Girma**, entitled “**Assessing the Performance of Ethiopian Customs Commission in Reference to Import Trade Facilitation: Perspective of Wheat and Palm Oil Importer**” submitted in partial fulfillment of the requirements for the degree of Degree of Master of in Logistics and Supply Chain Management (M.A in LSCM) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## ABSTRACT

*The latest reports designed to monitor and evaluate country's performance on trade facilitation metrics revealed Ethiopia's performance through Ease of Doing Business, Logistics Performance Index, Trade Facilitation Index, and Enabling Trading Index was at lower level. With this deprived status no studies had been conducted in Ethiopia on the limitation defined (most studies particularly focused on Organization for Economic Cooperation and Development countries). The main intent of this work was to evaluate the trade facilitation instruments proposed by World Trade Organization with the ongoing activities in Ethiopia's import trade, thereby identifying existing gaps, assessing the overall consistency of the activities and delineate potentials for improving the business environment through prioritizing Trade facilitation measures. In assessment of this descriptive type of research and find solution for the problem the researcher used quantitative approach and presents the analyzed data through latest version of Statistical Package for Statistical Software 20 of semi-structured questionnaire collected from judgmentally selected 56 representatives of importers, Customs Clearing Agent and Ethiopian Customs Commission. The finding of the study revealed that the performances of Ethiopian Customs Commission in facilitating import trade have at deprived level. Among the indicators assessed appeal procedure, risk management, post clearance audit and authorize economic programs had implemented in better of other measures. The reasons indicated that the institution's poor system on accessing information in all customs related matters, lack of transparency to involve public and stalk holders at their level of content and less concerns made to automate the formalities. Finally to enhance trade facilitation through Ethiopian Customs Commission the study recommended: the commission to establish a system which enable to consult on changes made through public media and efficiently designed website; furnish its website and feed any changes; design the program to implement automation system as prompt as possible and revitalize the existing system and transform it in best practice of Organization for Economic Cooperation and Development or any succeeding countries.*

**Key Words:** *Ethiopian Customs Commission, Trade facilitation, Trade facilitation Indicators*

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## **ACRONYMS AND ABBREVIATIONS**

APEC	Asia-Pacific Economic Cooperation
CCA	Customs Clearing Agent
CEFACT	Center for Trade Facilitation and Electronic Business
ECA	United Nations Economic Commission for Africa
ECC	Ethiopia Customs Commission
ECMS	Ethiopian Customs Management System
ESLSE	Ethiopian Shipping and Logistics Service Enterprise
ETI	Enabling Trading Index
GAAT	General Agreement on Tariffs and Trade
ITC	International Trade Commission
LPI	Logistics Performance Index
OECD	Organization for Economic Co-operation and Development
SPSS	Statistical Software for Social Science
TFA	Trade Facilitation Agreement
TFI	Trade Facilitation Indicators
WCO	World Customs Organization
UNCTAD	United Nations Conference for Trade and Development
WCO	World Customs Organization
WEF	World Economic Forum
WTO	World Trade Organization

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Trade facilitation refers to policies and measures aimed at reducing trade costs by improving efficiency at each stage of the international trade chain. WTO define trade facilitation as the “simplification of trade procedures”, understood as the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade” (OECD, 2011). As indicated in the study, UNCTAD extend their explanation on the definition of trade facilitation in a way that; trade facilitation may cover measures regarding: formalities, procedures and documents and the practice through standard and electronic data communication in trade.

Trade facilitation enables the systems in trade structure more simplified and harmonized through smoothing the flow of goods or logistic system at ports and customs. Additionally it integrate and enhance efficiency of agencies involved in customs, border management, transport infrastructure, information technology, regulatory environment, product standards, Technical Barriers to Trade (TBT) and lower cost of moving goods between destinations and across international borders (Roy, J. and Bagai, S., 2005).

Studies shows that measures to actively facilitate trade are increasingly seen as essential to assist developing countries in expanding trade and benefiting from globalization. As it assure to ease and speed up procedures and costs emerge at customs; efficiencies at transportation, distribution and communication are also the gain received from trade facilitation (TF) that incorporates issues (Milner, C., Morrissey, O. and Zgovu, E., 2008).

For developing countries like those finds in Africa trade facilitation contribute for economic growth and poverty reduction through removing expediting to have open trade, addressing to remove non-tariff trade barriers, lowering stubbornly high trade costs and enabling to create competitive trade environment (Rippel, B., 2011).

In the rapidly changing globalized world, increased connectedness between all agencies/parties involved in international trade and supply chains is essential. In this system of facilitating trade to better serve the trade communities' customs authority and then port have significant role (Uzzaman, M.A. and Yusuf, M.A., 2011). In this regard Ethiopian Customs Commission is designated by the national law and plays an integral role in the facilitation of movement of goods entering the border of the country.

The study undertook to understand the relative economic importance and relevance of trade facilitation measures for Ethiopia particular since others had focused mostly on OECD member countries and rarely included nonmember developing countries as well as missed getting particular study on Ethiopia. So that this study could fill this gap provide a basis for prioritizing trade facilitation actions by governments.

This research therefore assessed the performance of the country from the inference of ECC to uplift import trade facilitation in association with international TFI and measurements (which initially develop by WTO and improved through OECD and other researches).

## **1.2 Ethiopian Customs Commission**

Ethiopian Customs Commission (ECC) is established by law following the organizational structure changes in the federal government executive's organs under national proclamation of 1097/2018; and from December, 2018 onwards customs commission become an independent organization. As clearly defined on regulation number 437/2018 the powers and duties of the commission are:

- To assess duty paying value, collect duties and taxes, collect license and service charges in accordance with laws;
- To inspect and examine documents of importers, exporters or any other person, for the purpose of enforcing customs laws;
- To carry out studies for the establishment of customs station in any customs port, frontier posts and transit routes and implement same up on approval by the Ministry;

- To establish customs warehouse and approve the place for the deposit of import and export goods, establish warehouse, give license for those who establish customs warehouse, supervise the proper handling of deposited goods;
- To prevent and control the import or export of contraband goods and seize, take any legal actions on such goods and means of transportation of such goods;
- To inspect and search any goods and means of transport entered/depart from Ethiopia through customs ports, frontier posts, and other customs stations, assure that they are being accustomed;
- To seize goods which are prohibited by the law not to be imported or exported, restricted or unaccustomed goods and take the necessary legal measures;
- To collect, organize and disseminate data of imported and exported goods;
- To carry out studies for efficient system of levying, valuation, and collection of customs duties and taxes as well as ways systems of combating and repression of contraband activities and implement the same approval;
- To sale, dispose, administer goods without owner, abandoned or forfeited;
- To issue, renew, suspend, or cancel various types of license in accordance with the customs laws;
- To apply and implement modern system and method for valuation, assessment and collection of taxes and duties and financial accounting and other related activities;
- To provide training to employees that enable s the commission to obtain efficient, customs professional expertise;
- To provide efficient, equitable and quality service with in the sector based on the principles of transparency and accountability, and enforce the proper implementation of the incentives and tax exemption granted to investors and ensure that the privileges are used for their intended purposes;
- To organize and compile statistical data on customs criminal offences and disseminate the information to others as may be necessary;
- To plan and implement awareness programs that ease the enforcement of the customs law;
- To organize and operate customs laboratory;

- Plan, implement, evaluate in collaboration with federal police concerning the deployment of the police force organized pursuant to this regulation and other relevant laws to prevent criminal offences in violations of customs laws;
- To make international agreement regarding the customs administration To own property, enter into contract, sue and be sued in its own name;
- Perform such other related activities required for the attainment of its objectives.

As we can look above details of duties designated to the commission, it is the prominent organization delegated to take part in facilitating trade in cooperation with other agencies.

### **1.3 Problem Statement**

One of the main outcomes of the World Trade Organization's 9th Ministerial Conference in Bali, Indonesia, in December 2013 was an agreement on Trade Facilitation. They concerned on the issue in connotation of its consequent impact gain through implementation different trade facilitation measures on reducing trade transaction costs, delay at the border control and slowing of trade flows (Agreement, W.T.F., 2013).

The agreement on Trade Facilitation (WTO, 2013); which is the basis for most trade facilitation metrics; dealing with trade facilitation measures and obligations and describe detail description of the twelve families of measures. OECD re-organized these twelve families of measures in a way that make ease to measure the status of trade facilitation in a country and cross country. The reorganized twelve indicators are: Information availability; Involvement of the trade community; Advance Rulings; Appeal Procedures; Fees and charges; Documents Formalities; Automation Formalities; Procedure Formalities; Internal Cooperation; External Cooperation; Consularization and Governance and Impartiality (Indicators, T.F., 2011).

The latest report of the organizations dedicated to monitor and evaluate country's performance on trade facilitation metrics showed Ethiopia's rank to Ease of doing business is 159th from 190 countries (World Bank 2020 report); its rank on Logistics Performance Indicators is 126<sup>th</sup> from 160 countries (World Bank 2020 report); score of TFI is 1.5 from best score value of 2.0 (OECD 2017 report) and rank 128<sup>th</sup> from 136 countries on Enabling Trading Index ETI (WEF 2016 Report).

As these metrics used the trade facilitation indicators as a variable to measure, these results revealed current position of the country in trade facilitation is at discouraged level. The fine performance in the trade facilitation benefits our country to remove non-tariff trade barriers, attracting foreign direct investment, facilitating inter-African free trade and assist negotiations in accession to World Trade Organization. In contrast the current situations in the metrics assure the country to cost the possible benefits expected to get. With this deprived status no studies have been conducted in Ethiopia on the limitation defined here (most studies particularly focused on OECD countries), as far as the knowledge of the researcher.

As explicitly defined on Ethiopian Customs Regulation No. 437/2018, the Commission is the foremost agency at the border, plays a prominent performance in the release of goods and the roles designated to the commission directly relates with indicators of trade facilitation.

Ethiopia can use the result of the assessment to remove trade barriers and support its accession to WTO negotiations as it was set as priority beyond review the current level of performance on the measures. Thus, the study envisioned investigating the country's performance through ECC in uplifting import trade facilitation.

#### **1.4 Research Questions**

In an effort to investigate the performance of the defined government institution to trade facilitation; the study attempted to answer the following basic questions:-

- What is the performance of ECC in facilitating import trade?
- Which TFI (Information availability, Involvement of trade community, Appeal procedures, Fees and charges, Formalities – documents, Formalities – automation, Formalities – procedures and Internal Agency Co-operation) importantly implemented and which don't through ECC?
- What are the reasons behind lower performance in the international trade facilitation?

## **1.5 Research Objectives**

### **1.5.1 General Objective**

The main intent of this work was to evaluate implementation of trade facilitation indicators proposed by WTO with the ongoing activities in Ethiopia's import trade, thereby assessing the overall consistency of the activities, identifying existing gaps and delineating potentials for improving the business environment through prioritizing trade facilitation measures.

### **1.5.2 Specific Objectives**

As per the main objective stated initially, the research met the following specific tasks:

- To assess the performance of ECC in facilitating import trade.
- To explore the TFI predominantly contribute for existing practice of import trade facilitation through ECC.
- To explore the reasons behind our lower performance in the international trade facilitation metrics.

## **1.6 Significance of the Study**

As far as knowledge of the researcher is concerned no research has done on the role of salient government institution (Ethiopian Customs Commission) in uplifting of country's trade facilitation. Hence, the finding of this paper assumed to contribute for the following academic and organizational values:

- Provided insight and information for administrators, practitioners, and researchers about the performance of ECC in facilitating import trade.
- ECC could be benefited from the survey findings and feedback, and could implement in playing its part in enhancing national trade facilitation
- Contributed favorably for the existing limited empirical work on the trade facilitation in the country; serve as a springboard for future and further research in the area to other researchers.

## **1.7 Scope of the Study**

Due to most indicators for trade facilitation measurements are under the responsibility scope of ECC, the study was focused and delimited on assessing the performance of the defined government institution in enhancing import trade facilitation. The study used wheat and palm oil importers and their customs clearing agents to represent the sector since the two product line comprise 5% of total country's total and 8% of consumable goods import; they use both multimodal and unimodal custom clearance system as well as the researcher able to get accurate data from all importers since their number is delimited by government as well as long time experience developed in the sector.

In addition, WTO has developed twelve indicators in measuring trade facilitation and it consider priory in accession to membership. Scholars used these measures in undertaking of studies on WTO members and developing countries. As well Ethiopia is on the way to accede WTO since 2003 and the measures are priory relate with the role of the defined institution in our practice, so that the researcher customized the indicators to study end.

Therefore, In consultation with expertise on the area, from these twelve indicators the study used nine in assessing the performance of the role of ECC including information availability, involvement of trade community, appeal procedures, fees and charges, document formalities, automation formalities, procedures formalities, internal agency co-operation and governance and impartiality.

## **1.8 Limitation of the Study**

Although this study tried to cover to assess the performance of ECC on respect of trade facilitation indicators it faced some difficulties in carrying out of this study. One challenge was lack of well-organized reference materials and previously conducted studies; which was by the reason that most of the previous studies on the area had importantly been focused on OECD member countries and rarely includes non-member developing countries as well as getting particular study on Ethiopia.

The other challenge was getting primary data from ECC and the importer representatives to respond to the questionnaire by the reason of confidentiality, personal will and unwillingness to communicate due to fear of physical contact in relation with the global

epidemic of Covid 19. To protect the limitation the researcher approached and convened officials at the institution and importer for the confidentiality and cooperation to the research data by his familiarity for the sector.

### **1.9 Definition of Terms**

**Trade Facilitation:-** is an activity, practice and formality involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade. It also includes for the measures regarding: Formalities, procedures and documents and the use of standard and electronic messages for trade transactions (Indicators, T.F., 2011).

**Ethiopian Customs Commission (ECC):-** is government institution responsible for administration of customs law and collection of import and export duties and taxes and which also in charge for the application of other laws and regulations relating to the importation, transit and exportation of goods as designated under national proclamation of 1097/2018.

**Trade Facilitation Indicators (TFIs):-** are the twelve measures of the WTO included in the negotiations to consolidate in determining, developing trade facilitation matrices and negotiating trade facilitation, which are composed of variables.

**Customs Clearing Agent (CCA):-** is a person who carries on the business of arranging for the Customs clearance of goods and who deals directly with the Customs for and on behalf of importer.

### **1.10 Organization of the study**

This study has organized in five chapters. The first chapter consisted of introduction and it included the study background, statement of the problem, and objective of the study, significance of the study, scope and limitation. The second chapter dealt on the review of the related literature the third chapter deals regarding research method. Chapter four explained about the data analysis, presentation and findings and finally chapter five presented conclusion and recommendations

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Theoretical Literature**

##### **2.1.1 Trade Facilitation**

There is no standard definition of trade facilitation in public policy discourse. In a narrow sense, trade facilitation efforts simply address the logistics of moving goods through ports or more efficiently moving documentation associated with cross-border trade. In recent years, the definition has been broadened to include the environment in which trade transactions take place, to include transparency and professionalism of customs and regulatory environments, as well as harmonization of standards and conformance to international or regional regulations. These move the focus of trade facilitation efforts inside the border to “domestic” policies and institutional structures where capacity building can play an important role. In addition, the rapid integration of networked information technology into trade means that modern definitions of trade facilitation need to encompass a technological concept as well (Wilson, J., Mann, C. and Otsuki, T., 2003).

Common to all trade facilitation definitions drawn from concerned different institutions and scholars that, it’s evolving definition is the desire to improve the trade environment and reduce or eliminate any transaction cost between business and government. The main objectives of trade facilitation is to develop and enhance simplification, harmonization and standardization of trade procedures to ease, quick and economize the trade system by eliminating all unnecessary elements and duplications in formalities, process and procedure. Aligning national formalities, procedures, operations and documents with international conventions, standards and practices also part of the practice. At this end, trade facilitation is now become the issue for country’s politics, economy, business, administration, and technology at once (Grainger, A., 2011).

##### **2.1.2 Measures/Indicators of Trade Facilitation**

Different organizations dedicated on trade facilitation design different measures and indicators to evaluate the performance of countries as well as institutions performance in enhancing trade facilitation. IEG/WB Group study (Eugenia Go, 2017) reveals for, many

of the specific TFIs of interest to policy makers are not routinely nor systematically developed. As referred in the study, Wilson, Mann, and Otsuki are some of the earlier studies that conducted surveys to develop indicators on port efficiency, customs environment, regulatory environment, and e-business usage for economies of the Asia and Pacific Economic Cooperation, and later on, to a larger set of countries. Over time, the recognition of the importance of these indicators gave rise to the development of institutionalized, regular, and internationally comparable indicators compiled by the World Bank, World Economic Forum (WEF), and later by the OECD. Like that of other metrics World Bank has also been conducting the surveys through LPI every two years, covering 160 countries by 2014. The LPI has six components that can be grouped according to trade facilitation inputs – customs, infrastructure, ease of arranging shipments; and outcomes – international shipments, timeliness, and tracking and tracing and the participant in the survey are agents engaged in trade logistics (WTO 2015). The other metric to measure indicators is Enabling Trading Index (ETI) of WEF. The index comprises seven pillars from 56 indicators collected from international organizations complemented by information from the responses of CEOs and top business leaders through the WEF Executive Opinion Survey (WEF 2016). The ETI covers 138 countries and has been updated annually since 2010. Finally, the OECD launched the TFIs in 2012, which was updated in 2015 to cover 152 countries.

The above described metrics are relating with and directly measure and evaluate rank with trade facilitation in one or another way. Among others the measures and indicators developed by WTO to measures trade facilitation are predominant and better to look them in detail.

As explicitly presented on the ITC Business Guide for Developing Countries (Agreement, W.T.F., 2013) WTO develop measures that indicate the status of trade facilitation. As indicated in agreement details of the guide; the current structure of the WTO negotiation process follow closely in order to maintain the relevance of the resulting indicators for negotiators, implementing authorities and donors. The Section I of the Agreement on Trade Facilitation (WTO, 2013b) dealing with trade facilitation

measures and obligations and describe detail description of the twelve families of measures. The indicators includes for

Article 1: Publication and availability of information

Article 2: Prior publication and consultation

Article 3: Advance rulings

Article 4: Appeal or review procedures

Article 5: Measures to enhance impartiality, non-discrimination and transparency

Article 6: Fees and charges imposed in connection with import and export

Article 7: Release and clearance of goods

Article 8: Border agency coordination

Article 9: Movement of goods under customs control intended for import

Article 10: Formalities connected with importation and exportation and transit

Article 11: Freedom of transit

Article 12: Customs cooperation

The guiding book discussed that the first group of articles, Articles 1 -5, essentially address transparency issues, and expand on GATT Article X and The next group of articles, Articles 6-12, are concerned mainly with fees, charges and formalities for import, export and transit, expanding on GATT Articles V and VIII.

According to the study undertook on the Impact on Trade Costs—covering OECD member countries (Indicators, T.F., 2011); these twelve families of measures have been re-organized, to take into account similarities between measures, underlying shared components, as well as areas where further distinctions were warranted. This reorganization result in the following twelve indicators:

- a. Information availability [Art.1+2+11]
- b. Involvement of the trade community [Art.2+11]
- c. Advance Rulings [Art.3]
- d. Appeal Procedures [Art.4]
- e. Fees and charges [Art.6+11]
- f. Formalities – Documents [Art.7+10+11]
- g. Formalities – Automation [Art.7+10+11]

- h. Formalities – Procedures [Art.5+7+10+11]
- i. Cooperation – Internal [Art.9.1+11]
- j. Cooperation – External [Art.9.3+11+12]
- k. Consularization [Art.8]
- l. Governance and Impartiality

The study (Indicators, T.F., 2011) extend its discussion through, the above defined indicators have important in investigating a nationwide trade facilitation measures whereas; in undertaking of cross-country studies and drawing general conclusions about the most effective trade facilitation tools other concepts has developed and being implemented.

Among all matrices and measures practiced by the institutions; the twelve indicators and measures early initiated by Wilson, Mann, and Otsuki and later developed by OECD are comprehensive and better with some modification to align with country does position actually exist. This is as the foregone context was importantly focused and aligned with the member countries. Since any countries can enhance to facilitate at their pace of change and rational customizing the indicators in a way to measure and support the facilitation then are critical and rational.

#### **2.1.2.1 Variables in Measuring of Trade Facilitation**

The TFIs are consistent with the twelve articles of the WTO consolidated negotiating text. These twelve indicators are composed of some variables and the number of variables not necessarily demand to be fixed, possibly exceed or go below in such a way that the study on Indicators, T.F., 2011 used Ninety Eight and the other study by Moisé, E. and Sorescu, S., 2013 used Seventy Eight.

In measuring every performance and status of trade facilitation in every country, customizing from perspectives of the country to be investigated in consultation with expertise is essential. This study used variables customized from these two works to the specific topic end.

### **2.1.2.2 Trade Facilitation in Africa through WTO Indicators**

As stated on study by Valensisi, G. and Lisinge, R.T., (2013), there is ample evidence that African countries and Regional Economic Communities, to a varying degree, are already implementing some trade facilitation measures aligned to those of the WTO indicators. For instance, most of the regional economic communities are implementing several initiatives, in the areas of:

- Customs (regional customs guarantee schemes, harmonized customs documents, customs information sharing, interconnectivity of customs systems, introduction of Single Customs Territory, and Authorized Economic Operators - AEOs);
- Integrated/ coordinated border management (One Stop Border Posts, harmonization and extension of working hours);
- Transit transport (harmonized road transit charges, Carrier's License Schemes, Third Party insurance schemes, harmonized axle load limits); and
- Information technology (national and regional Single Windows, regional cargo tracking), among others.

The above defined study envisaged that the result of these indicators will assist negotiators and policy makers in identifying areas to channel capacity building efforts in the context of the World Trade Organization negotiations on trade facilitation. In addition the indicators are important to implement trade facilitation measures to remove barriers to trade, at their own pace and with their own priorities regardless of the World Trade Organization negotiations. The measures are initial condition for country human and institutional capacity development requirements for effective implementation of trade facilitation and funded by development partners. And finally the improvement in the variables of the measures correspondingly impact on country performance of trade facilitation through measures of matrices (WTO Ease of doing business and LPI, OECD TFI and WEF ETI).

## **2.1.3 Stakeholders in Trade Facilitation**

### **2.1.3.1 Customs**

With an increased emphasis on administrative reform, governance, and security, the need for an efficient and effective customs administration is felt urgently. 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, inter alia, to the importation, transit and exportation of goods”(Ethiopian Customs Guide, 2017).

Customs is an intrinsic element of any cross border movement of goods and services, and yields significant influence on the national economy. It is the unique vantage point, where it has a good understanding of the supply chain as well as routine access to trade intelligence and data. Beyond facilitating trade, Customs performs other important functions such as revenue collection and protection against dangerous goods. The time taken for clearance of goods has an impact on the competitiveness of countries (Roy, J. and Bagai, S., 2005).

The World Bank’s LPIs suggest that customs authorities are only responsible for approximately one-third of the delays that the trading community encounters at the border, and that a number of other government institutions are responsible for the majority of the problems traders face at the border (Uzzaman, M.A. and Yusuf, M.A., 2011).

### **2.1.3.2 Other Government Institutions**

Aside from Customs, other institutions are also in charge for the overall undertaking and delays in border trade. Thus, for trade facilitation to be achieved, a whole-of-government approach to border management is pivotal where other government agencies involved in international trade flow need to become efficient and responsive in the global trade facilitation effort (as recognized by the Revised Kyoto Convention and referred to in Widdowson, 2007).

In Ethiopian practice also governments and the trading community have a powerful common interest in this regard. As denoted from the study of Addis Ababa Chambers of Commerce (2010) the below listed agencies/ministries have involvements in the international trade of the country:

- a. Ethiopian Road Transport Authority: For imports of motor vehicles and transport machinery.
- b. Ethiopian Food, Medicine and Health Care Administration and Control Authority (EFMH): For human and animal drugs and medical equipment.
- c. Ministry of Agriculture: For pesticides, seeds, plants and other articles which are liable to be infested or infected with plant pests, live animals and animal products.
- d. Quality and Standards Authority of Ethiopia provides import accreditation by inspecting and certifying products for which relevant Ethiopian standards have been established and are made mandatory under the Council of Ministers Regulation No. 13/1990.
- e. National Bank of Ethiopia issues import/export permits involving foreign exchange therefore, activities that relate to the calculating and recording of the time needed,

As indicated on the source the following goods are exclusively imported by the following institutions: The Ethiopian Telecommunications Corporation on Communication apparatus and similar equipment like radio receivers; National Lottery Administration on Gaming machines, lottery tickets and games; national security organs on Armaments, dynamites and firearms; Ethiopian Tobacco Enterprise on Cigarettes; and Ethiopian Petroleum Enterprise on Petroleum.

## **2.2 Customs in Ethiopia**

In align with the context of WTO definition on customs, the function of ECC 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. Customs operations involve the administration of customs law relating to the importation, exportation, movement or storage of goods and the collection of duties and

taxes. In this regard, customs operations are central for trade facilitation and economic development of a country. The inferred reference also presented that ECC is currently developed different modern technologies like Electronic Single Window System, Electronic Customs Management System (ECMS), Cargo Trucking and modern cargo scanning technologies to facilitate the international trade and to support foreign direct investment (Ethiopian Customs Guide, 2017).

### **2.2.1 Ethiopian Import Processes**

According to the study by UNCTAD (2018) on The Djibouti City – Addis Ababa Transit and Transport Corridor: Turning Diagnostics into Action; the Enhanced Integrated Framework, a joint effort by international organizations to bring together resources to help the world's least developed countries state the process for importing goods into Ethiopia. As it presented on the study many stake holders involve in the process and from those the main which operate by the customs involves for:

The Djiboutian freight forwarder registers and validates the import declaration (“IM8”) and generates the transit document T1 through the Sedona Word System from its headquarters.

The Djiboutian customs authority verifies this document, validates it, and, and issues three copies that are then transmitted to the Djiboutian freight forwarder.

The driver receives copies of the T1 with the custom's seal for each means of transport and submits the T1 at the exit gate of the port, at checkpoint and at different checkpoints on national territory.

At the checkpoints, the Djiboutian Customs verify the compliance of the T1 with the means of transport, the container and the seals. Then, the T1 is scanned with a barcode reader. The T1 is cleared at the Galafi Gallile border.

The truck with its cargo then crosses no-man's land (a few kilometers) and enters into the Ethiopian Galafi customs control zone.

On leaving Galafi the cargo travels to the first customs checkpoint at Mille. The truck enters the customs yard, the seals and the particulars of the cargo and truck inspected, and

the time is recorded. The truck then leaves the yard. If the cargo consists of vehicles, the transporter does not enter the customs yard. Instead, inspectors check all the engine numbers and chassis numbers of the vehicles on the transporter and, when this is done, the truck departs.

On leaving Mille, the truck proceeds to Awash, where the truck and cargo are weighed on a weighbridge. The truck and cargo then proceed to the customs checkpoint, where the particulars of the cargo and truck, and the time, are recorded. (The customs checkpoint was still being constructed in early 2017, and so the recording systems were manual and the queuing time and checking time amounted to four to five hours.)

On leaving Awash, the truck and cargo proceed to an inland container depot, either Modjo or Kaliti, on the border of Addis Ababa. There, the clearance and warehouse process takes place. In this extended process of importing goods the role of ECC is indispensable and the lion share of all agencies,

## **2.3 Empirical Literatures**

As per the study presented by Andrew G. in his PhD thesis on 2007 and accessed on World Custom Journal on 2012 about ‘Trade Facilitation and Supply Chain Management: a case study at the interface between business and government’; the evaluation of trade facilitation is multidisciplinary in nature. In contrary with its broadening and vital nature of the concern the research undertook were little in number. The obstacles and forces inhibiting the implementation of TF are far less understood (Grainger, A., 2011).

### **2.3.1 Trade facilitation Indicator in OECD Countries**

As indicated below The OECD undertook trade facilitation measures impact on trade cost to forward idea that support the country in enhancing to facilitate their trade. The study used the twelve indicators developed by the institution at its conference in Bali 2013. The work on developing TFIs in undertaken to date has allowed us to build a set of indicators covering the different dimensions of trade facilitation. Despite some problems with missing data and a few ambiguous results, the indicators appear robust and almost all tested for their impact on trade flows or trade costs (Indicators, T.F., 2011).

The main findings indicated on the study that some indicators have a larger impact than others on trade flows and trade costs, at least in the current data and country sample. Sector specific results show that the indicators are especially valuable for manufactured goods. This conclusion is consistent with the way the indicators are built, as agricultural goods specificities (especially the perishable/non-perishable nature of goods) are poorly accounted for the indicators due to the lack of replies to the questionnaire in this particular area.

Though the use of the indicators should enable countries to better assess the implementation of trade facilitation measures in the countries and which trade facilitation dimensions deserve priority, it is unable to undertake such comprehensive investigation and measure the level each indicators for those countries owed for data constraints or has no such organized data like Ethiopia and non-member states of OECD and WTO. In such countries getting basic data on some variable is difficult and non-mandatory like on measure of Advance ruling, Consularization, External agency cooperation and some others.

### **2.3.2 Priority Measure to Trade Facilitation in Bangladesh**

The study by Uzzaman and Yusuf, 2011, has identified seven important areas where measures for trade facilitation are needed. Which are Further simplification of documentation requirements in Customs; Capacity building in Ports and Customs through adequate logistics, manpower, training; Establishment of testing laboratories in Ports/Customs houses; Improvement in customs inspection, assessment and control procedures (to avoid writ petition and litigation by importers); Computerization and automation of trade procedures in both Customs and Ports; Timely publication and dissemination of trade rules and regulations and establishment of enquiry points and Consultation with business/stakeholders for proper implementation of regulations, mutual trust and cooperation.

As it looked above the result delivered from the study and elements used to measure the trade facilitations are not comprehensive, where as it tried to observe the variables actually looks through the researcher on a way to get solution for the problems got at the country's situation on the period the study undertook. The study shows that to make

investigation on trade facilitation using all variables developed by WTO is not mandatory and possible to customize.

### **2.3.3 The OECD Analysis of Indicators Impact on Non-OECD Countries**

The study prominently aimed to assess the relative economic and trade impact of specific trade facilitation measures on non-OECD countries. The analysis constructed and used the twelve TFIs, those corresponds to the main policy areas under negotiation at the WTO, in order to estimate the impact of those policy areas on trade volumes and trade costs in all WTO member countries and observers. The econometric analysis reveals that enhancing trade facilitation has a positive impact on trade flows. The result of the analysis indicates that some indicators have a larger impact than others on trade flows and trade costs. Sector specific results show that the indicators are especially valid for manufactured goods. This conclusion is consistent with the way the indicators are built, as agricultural goods specificities (especially the perishable/non-perishable nature of goods) are poorly accounted for by the indicators due to the lack of available information in this particular area (Moisé, E. and Sorescu, S., 2013). Overall, the indicators that seem to have the greatest impact on trade volumes and trade costs for trade flows are: information availability, documents formalities, automation formalities, procedures formalities and governance and impartiality.

When seeking to assess the relative importance of the different dimensions of trade facilitation at the manufacturing sector level, some consistent results are obtained also for: involvement of the trade community, advance rulings and appeal procedure.

The study aimed to assess the relative economic and trade impact of specific trade facilitation measures on non-OECD countries and have tried most countries but some variables were applicable only for OECD countries. Designing the instrument and measures in a way to align for most developing countries was the limitation.

## **2.4 Literature Gaps**

Many researcher use different category of indicators to measure the trade facilitation whereas the analysis construct and use the twelve TFIs, which developed by WTO because African countries are already stepping up efforts to facilitate trade are largely consistent with the proposed WTO provisions and additionally Ethiopia is on the way to accede WTO since 2003 (Valensisi, G. and Lisinge, R.T., 2013).

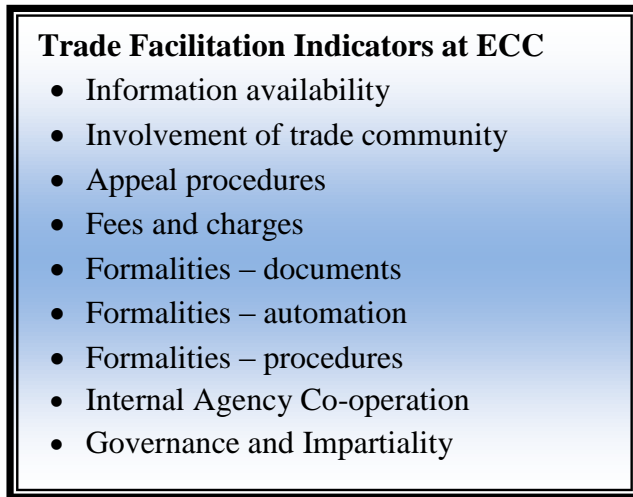
The report extend its explanation that trade facilitation is one of the clusters in African Union's Action Plan on Boosting Intra-African Trade, and the renewed attention to trade facilitation is expected to consolidate ongoing efforts by Regional Economic Communities and their member States, whose activities are largely consistent with the proposed WTO provisions. Evaluate the performance and filling the gaps of ongoing activities at the national level is the main purpose of the study.

The study by Indicators, T.F., (2011) on TFI in OECD Countries shows the study used twelve variables with designated measures; OECD's investigation (2012) on the Indicators Impact on Non-OECD countries used the same variables with limitation of data getting from non OECD countries and study by Uzzaman and Yusuf, 2011 on trade facilitation in Bangladesh has considered seven important measure in evaluate country's trade facilitation level and priority. These studies indicates to use the indicators developed by OECD in 2013 Bali conference are viable to measure performance of trade facilitation of a country while to tackle the limitation looked in the consistency of the study result customizing the variables from actual status of the country being studying is expecting. So that validate the developing countries reality from Ethiopian practice is other effect of the study.

## 2.5 Conceptual Framework

As scholars define customs Authority is the most important body in trade facilitation, and in Ethiopian case the legally designated institution to manage these responsibilities is ECC. Therefore from the literature we explained above and detail responsibility defined for the institution, the construct develop looks for:

**Figure 2.1: Conceptual framework adapted from OECD study (Moisé, E. and Sorescu, S., 2013)**



*Source: Researcher, 2020*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presented the research design and the method employ in undertaking of the actual research work. Research design and method is the main plan that guides on how to approach a specific research topic and set of methods and procedures used in collecting and analyzing measures stated in research problem part of the study. In this part the researcher outlined the research approach, the research method, survey type, the methods of data collection, the methods used and types of data analysis and the ethical considerations deployed in conducting of the research through answering research questions depicted in introductory part of the study.

#### **3.1 Description of the Study Area**

The study ultimately intended to evaluate the performance of ECC in trade facilitation and scrutinize their degree of impact. Accordingly, the research assessed the contemporary status of import customs practice in relation to trade facilitation with the aim of comparing the trade facilitation instruments proposed by WTO with the ongoing activities in Ethiopia's import trade.

#### **3.2 Research Approach**

From several strategies in which the research approaches to be presented qualitative, quantitative and mixed approaches are prominent. Quantitative research approach is generally associated with the positivity paradigm and it usually involves collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn. Whereas, the qualitative research approach usually associated with the social constructed nature of reality and it gone to uncover the deeper meaning and experience of emotions. Lately the mixed approach type uses the mix of the two.

The study variables were defined and made to be numerical and statistical calculation and analysis has deployed. The researcher has also designed a questions that need to address and investigated. So that the research approach applied was quantitative research approach type.

### **3.3 Research Design**

The research design could be exploratory, descriptive or explanatory. Exploratory studies intend for developing well-grounded picture of the situation and basic knowledge within the problem area.

Descriptive research is appropriate when a problem is clearly structured but demand to describe the situation in terms of its characteristics and clarify the background information behind the problem. As well it aimed at casting light on current issues or problems through data collection that enables them describe the situation more completely in the interest to own one dependent variable. Explanatory research is useful for studying relations between causes and symptoms or when the problem demands to substantiate (support or refute by evidence) an explanation or prediction. Exploratory research intends to explore the research problems that has not been clearly defined yet; without objective to find solution to the problem.

Thus, the problem of the study has defined clearly and the possible cause reviewed by the theoretical and empirical assessments while demanding to investigate the fact on the proposed situation. Therefore, in purpose of accurate portraying of the fact on variables and to discover the association among selected variables and to answer the questions on the ongoing events of the present, descriptive design preferred among others. Therefore, this study employed descriptive research design.

### **3.4 Data Sources and Types**

To assure reliability and accuracy of the study, the researcher used both the primary and secondary sources of data. The primary data are collected from the targeted population through questionnaires and secondary data from published material in academic and practitioner journals, proclamations, books, reports and internet. The secondary data from published material in academic and practitioner journals contributed to develop constructs and to support data collection instrument and result presentations.

### **3.5 Target Population of the Study**

The target populations for the research, the group to which the findings are applicable were defined, consistent with the statement of the problem and objectives. The target

populations of the study were strictly confined to: palm oil and wheat importers and their corresponding custom clearing agents as well as ECC. As data received from Ministry of Trade and Industry the importers are 15 organizations engaged in importing of palm oil and wheat in the country. The selected product were representative for the import sector since they constitute 8% of total consumable and 5% of total national import volume; they use both multimodal and unimodal custom clearance system as well as the researcher able to get accurate data from all importers since their number is delimited by government as well as long time experience developed in the sector (ECC import export data, 2018). The data collected from representatives of the organizations through designed instrument for the questionnaire.

The participants in the survey were all representatives from targeted population. The members were all the expertise that have special relationship with the fact under investigation, sufficient and relevant work experience in the practice as well as adequate understanding on the subject develop through design data collection instrument. The target population for the study consisted from:

- The 15 palm oil and wheat importers authorized to import Palm oil and wheat in 2018,
- The 14 Customs Clearing Agent (of the above defined importer) and
- Ethiopian Customs Commission

The table below shows the distribution of possible respondents (target distribution).

**Table 3.1 Target Population**

Target group	Size	Strata
Customs	16	27%
Importer	30	50%
CCA	14	23%
<b>Total</b>	<b>60</b>	<b>100%</b>

*Source: Researcher, 2020*

### **3.6 Data Collection Procedures**

The basic guidelines of a research wrote by Kabir, S.M.S., (2016) indicated that data collection is the process of collecting, assessing and computing information on variables of interest, in a designed technique that enables one to answer stated research questions and evaluate outcomes. Data collection is primarily vital stage in undertaking research and it starts with determining what kind of data required followed by the selection of a sample from a certain population. The Quantitative data collection methods rely on structured data gathering instruments which aligned with equipped and prearranged response categories. Of these instrument questionnaire is the most commonly used method.

As far as a data collection tool is concerned, the conduction of the research involved the use of structured questionnaire in collecting of quantitative data. The questionnaires development considers the trade facilitation measures/indicators developed by WTO in 2013 and different literature reviews. Each question was reviewed on the research objective then the entire question tested by customs experts. To elicit additional information, the respondents were also requested to provide open-ended responses to reflect their opinions which they felt to strengthen their responses. Questionnaires collected from the respondents through the method of mailing and self-administer ways.

### **3.7 Data Analysis**

Data analysis is the way that the researcher destined to meaningful intuitions from collected a mass of data. The first stage of analyzing data is data preparation, where the aim is to convert raw data into something meaningful and readable through validate edit and code the raw data to be collect by the design instrument. The prepared date then analyzed through the most commonly used descriptive analysis.

The data collected through questionnaire had checked about correct completion, consistency and accuracy. Then it was arranged to simplify coding and tabulation descriptive statistics was used by way of percentages, mean, standard deviation, tables and frequency distributions to analyze the data by the help of statistical software called SPSS version 20.

### **3.8 Reliability & Validity**

To enhance the validity and trustworthiness of the data collected and results presented in case studies:

- Consistent measurement procedures to evaluate evidence related to the inferences have employed triangulation from several parallel studies of the same nature use.
- Questionnaire has prepared very carefully so that it prove to be effective in collecting the relevant information.
- Modification on the questions has deployed for those questions experts' rose claim and advice to increase reliability of the instrument.
- The collected data has crosschecked through a triangulation process which combine the two research methods (survey result and inference from literatures)

In addition, the researcher used the Cronbach Alpha testing tools, of the mostly applied by social researcher (Sekaran, 2003). In Cronbach's Alpha reliability analysis; the closer to 1.0 is the higher the internal consistency reliability. Reliability less than 0.6 considered poor; Reliability in the range 0.7 is considered to be acceptable and Reliability more than 0.8 are considered to be good. In this study, all trade facilitation indicating variables met the above requirement. The alpha value for the total variable was 0.871, which assures the variables used in in undertaking of the research are reliable.

Content validity has ensured through an extensive literature review of published material in academic and practitioner journals, and by discussion with experts and scholars in this field.

The researcher used five-point scale to measure the level of the factors; score 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 for strongly agree.

### **3.9 Ethical Considerations**

Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data. This relates to moral standards that the researcher considered all research methods in all stages of the research design. In the research approach the researcher has followed three principles; namely beneficence "above all does no harm", respect for human dignity "share the aim and purpose of study

and giving the right to self-determination” as well as justice “right to fair treatment and privacy”.

The researcher assured the purpose of the research paper and confidentiality of any information gathered through questionnaire on the introductory part of the paper and the researcher approached and explained the purpose and assured the confidentiality to the respondents during data gathering.

## CHAPTER-FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

In this chapter the data obtained from the structured questionnaires were analyzed, presented and interpreted by percentages, proportions, tables and frequency distributions via SPSS version 20.

Among the distributed 60 questioners 30 for representative of 15 importer (at each company the officials and experts on the operation of import had accompanied); 14 representative of 14 CCA and for 16 representatives of ECC (customs official and expertise those concerned on import customs procedure management) and the returned questionnaires had compiled and analyzed.

#### 4.2 Demographic Characteristics of the Participants

To collect required data and facts about ECC performance in facilitating import trade 60 questionnaires were distributed and 56 (response rate was 93%) collected. Hence, the analysis and interpretation of participant opinion were carried out based on 56 (93%) of the collected questionnaires.

**Table 4.1: Frequency Distribution Demographic Characteristic**

<b>Age Ranges</b>	<b>Below 25</b>	<b>26 - 35</b>	<b>36 - 50</b>	<b>Above 50</b>
Frequency	3	15	26	12
%	5%	27%	46%	21%
<b>Sex</b>	<b>Male</b>	<b>Female</b>		
Frequency	45	11		
%	80%	20%		
<b>Level of Education</b>	<b>Diploma</b>	<b>BA/BSc</b>	<b>MA/MSc</b>	<b>PhD</b>
Frequency	4	41	11	
%	7%	73%	20%	0%
<b>Work Experience</b>	<b>&lt; 5 Years</b>	<b>6 - 10 Years</b>	<b>11 - 15 Years</b>	<b>More than 15 years</b>
Frequency	5	21	22	8
%	9%	38%	39%	14%

*Source: Field Survey, 2020*

From (Table 4.1), the ECC, importers and CCA organizations teams, contained most active and proper working aged employees 44 (79%) from total with age range 25-50.

Majority 41(73%) of them are first degree holders and the remaining 11(20%) have masters holder and only 4(7%) have diploma. Regarding respondents work experience, 21 (38%) have between 6-10 years of experience on customs and import work; 30(53%) have more than 11 years of work experience. This implies that 51(95%) have more than six years work experience in import trade sector implies equipped to understand the international business and the way to manage trade facilitation and the activities to be done through customs.

### 4.3 Reflection on the Indicators

In this section, the data collected from all selected respondent has entered and analyzed through SPSS and the reflection of each indicators presented and interpreted. The discussion used the frequency distribution value, mean value and standard deviation of each indicator and the items defined to measures them. It highlights the level of most important trade facilitation areas, the performance level of the organizations, as well as interpreting issues raised by the different variables. The frequency distribution importantly shows the respondents reflection to score on the measures of the variable, the mean value demonstrate the extent of the variables practice and standard deviation value consistency of respondents reflection from mean through its measure at the defined import sector.

#### 4.3.1 Information Availability

Information availability measures refer accessibility of adequate and traceable information on the rate of duties, procedures, rules, required forms and documents, transparency through accessible (one or more) enquiry points and policy making, possibility to ask questions on customs related matters as well as legislation and enforcement of customs related laws and regulations, and their entry into force.

**Table 4.2 Frequency Distribution of Information Availability**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	There is adequate and traceable information on the rate of duties, procedures, rules, required forms and documents	Strongly Disagree	10	17.9	17.9
		Disagree	24	42.9	60.7
		Neutral	14	25.0	85.7
		Agree	8	14.3	100.0

		Total	56	100.0	
2	There are accessible (one or more) enquiry points	Strongly Disagree	6	10.7	10.7
		Disagree	22	39.3	50.0
		Neutral	12	21.4	71.4
		Agree	16	28.6	100.0
		Total	56	100.0	
3	There is possibility to ask questions on Customs related matters	Strongly Disagree	16	28.6	28.6
		Disagree	20	35.7	64.3
		Neutral	10	17.9	82.1
		Agree	8	14.3	96.4
		Strongly Agree	2	3.6	100.0
		Total	56	100.0	
4	There is no interval between the publications of new or amended trade related laws and regulations, and their entry into force	Strongly Disagree	19	33.9	33.9
		Disagree	29	51.8	85.7
		Neutral	8	14.3	100.0
		Total	56	100.0	
5	International agreements relating to importation are available on the official customs website	Strongly Disagree	8	14.3	14.3
		Disagree	23	41.1	55.4
		Neutral	23	41.1	96.4
		Agree	2	3.6	100.0
		Total	56	100.0	
6	Government policymaking is transparent	Strongly Disagree	18	32.1	32.1
		Disagree	30	53.6	85.7
		Neutral	4	7.1	92.9
		Agree	4	7.1	100.0
		Total	56	100.0	

*Source: Field Survey, 2020*

Accessibility of adequate and traceable information on the rate of duties, procedures, rules, required forms and documents is of the prominent item used to measure information availability. The respondents took parts in the study evaluated the accessibility through ECC and 86% have assured it to be inaccessible.

The efficiency in enhancing potential of enquiry points seems now well understood around the world and our national practices too. Due to non-automated custom practice of the commission the inquiry points are offices of ECC which found anywhere in the country. Currently these points evaluated as they were not accessible in most part of the country and confined at Addis Ababa and some emerging regional state investment corridor. The disagreement on the accessibility of 71% of respondents assured this condition.

The enquiry points offer the possibility to ask questions on customs-related issues, either by telephone or personal visit. Most countries also offer the possibility to inquire for supplementary information. The non-accessibility of these inquiry points has directly relate with the possibility to ask questions and the response also show this exactly. More than 82% of respondents disagreed on the possibility to ask the question whatever the end to be.

The other information availability measurement questioned to the respondent was about interval between the publications of new or amended trade related laws and regulations, and their entry into force. All respondents (100%) are agreed on the gap on the publication and entry into force, in some occasions waiting years to get into force are normally practiced.

Around a half of the respondents looked unable to get international agreements relating to import on the customs website; whereas, some local regulations, laws and procedures are accessed on. Meanwhile the policy making was not transparent because it developed through some expertise and approved by the decision of the government execution organ.

**Table 4.3 Descriptive Statistics of Information Availability**

Description	N	Min.	Max.	Mean	Std. Deviation
There is adequate and traceable information on the rate of duties, procedures, rules, required forms and documents	56	1	4	2.36	0.743
There are accessible (one or more) enquiry points	56	1	4	2.68	0.511
There is possibility to ask questions on customs matters	56	1	5	2.29	0.410
There is no interval between the publications of new or amended trade related laws and regulations, and their entry into force	56	1	3	1.80	0.672
International agreements relating to importation are available on the official customs website	56	1	4	2.34	0.769
Government policymaking is transparent	56	1	4	1.89	0.824
Group Mean				2.33	

*Source: Field Survey, 2020*

Above table 4.2 indicates, the groups mean value (2.33) is below average and possible to generalize that the information availability of the national customs practice are not in worthy circumstance and needs for much effort to improve for the customers and institutional and national customs improvement. The standard deviation of all mentioned measures criterions have low variation of the standard deviation which is <0.9 it directs that respondents were unanimous on the result of the metrics designed to measure the availability of information availability in ECC regarding to facilitating trade.

#### 4.3.2 Trade Community Involvement

Measures aiming to ensure the involvement of the trade community refer mainly to the consultations between traders and the government to inform in making change on regulations, consultation in the scope, contents and outcomes of issuing or amendment and consideration of feedback in the development.

**Table 4.4 Frequency Distribution of Trade Community Involvement**

S/n	Items	Measurement	Freq	Percentage	
				Valid %	Cum.%
1	Adequate and timely information on regulatory changes has provided adequately	Strongly Disagree	2	3.6	3.6
		Disagree	34	60.7	64.3
		Neutral	12	21.4	85.7
		Agree	8	14.3	100.0
		Total	56	100.0	
2	There are regular consultations when introducing or amending trade related laws, regulations and administrative rulings of gen. application	Strongly Disagree	6	10.7	10.7
		Disagree	40	71.4	82.1
		Neutral	10	17.9	100.0
		Total	56	100.0	
3	Public and stakeholders comments and consultation are taken into account	Strongly Disagree	4	7.1	7.1
		Disagree	32	57.1	64.3
		Neutral	14	25.0	89.3
		Agree	6	10.7	100.0
		Total	56	100.0	

*Source: Field Survey, 2020*

As indicated in the above table, publicly available information was difficult to find as regards regulatory changes. Only 14.3 % were agreed to get the information on update.

Nearly all respondents (100%) in the sample seem not to have any consultations between traders and the administration in drafting or amendment of trade related laws, regulations and rules. Which is due to the system experienced by the commission was through some delegated expertise develop and government execution organ approve it.

Not surprisingly, in the absence of consultation there is no possibility to consider comment of the public or stake holders. As ensured by 89% of the respondents the government probably consider some comments by its internal reviewing of the issue, after the policy publicized through public media or taken into force and stock holders informed by any means of communication.

**Table 4.5 Descriptive Statistics of Trade Community Involvement**

Description	N	Min.	Max.	Mean	Std. Deviation
Adequate and timely information on regulatory changes has provided adequately	56	1	3	2.46	0.785
There are regular consultations when introducing or amending trade related laws, regulations and administrative rulings of gen. application	56	1	3	2.07	0.535
Public and stakeholders comments and consultation are taken into account	56	1	4	2.39	0.779
Group Mean				2,31	

*Source: Field Survey, 2020*

As per the above table the group mean of trade community involvement is below the average (2.31) and this specifies the public does not involved custom related changes and of the gaps to be fill by the designated institution. Congruently, all of the respondents disagreed on the listed measures of trade community involvement. The low variation of the standard deviation which is < 0.9 pledged the respondents were consistent on indicators of effective involvement of trade community in customs related matters which contribute for facilitating trade improved.

### **4.3.3 Appeal Procedure**

The indicator on appeal procedures refers to a number of basic characteristics of the appeal system in concerned institution, such as the presence of appeal mechanism,

transparency on the motives of decisions, fairness/independency from government influence, timeliness of decision and effectiveness of the applicable rules and of outcomes.

**Table 4.6 Frequency Distribution of Appeal Procedure**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	There is appeal mechanism for Customs matters or the related laws and publicly available on the customs website	Disagree	14	25.0	25.0
		Neutral	30	53.6	78.6
		Agree	12	21.4	100.0
		Total	56	100.0	
2	There is time limit for deciding such appeals	Neutral	8	14.3	14.3
		Agree	44	78.6	92.9
		Strongly Agree	4	7.1	100.0
		Total	56	100.0	
3	Information about the motives of the administration's decision is provided	Disagree	2	3.6	3.6
		Neutral	2	3.6	7.1
		Agree	42	75.0	82.1
		Strongly Agree	10	17.9	100.0
		Total	56	100.0	
4	Legal framework in challenging regulations is efficient	Disagree	10	17.9	17.9
		Neutral	16	28.6	46.4
		Agree	30	53.6	100.0
		Total	56	100.0	
5	Judiciary is independent from government influence	Strongly Disagree	2	3.6	3.6
		Disagree	20	35.7	39.3
		Neutral	34	60.7	100.0
		Total	56	100.0	

*Source: Field Survey, 2020*

Drawing on the information provided through questionnaire, it would seem that many of the respondents surveyed reported for not easily accessibility of appeal related laws and procedure on the customs website. Only 21 % are accessed it from the commission may be in nonpublic/web-based ways through regulation and procedures. Except 14% those not informed about the time limits for deciding appeals all the remaining (86%) of the respondents have knowledge on the time limit and it clearly shown on the customs regulation and procedures. The result also indicated, more than 92% of the respondents believed that information about the motives of the administration's decision are provided for the customers.

In the ECC practice administrative appeals are a prerequisite for the legal/judicial stage and more than half (53%) of the sample confirmed that the legal framework implementing to challenge the regulation or administrative customs decision is efficient. As per the result obtained participants, about independency of judiciary from government influence, more than half 60% of the respondents' neutral side and the rest on the opposite its independency.

**Table 4.7 Descriptive Statistics of Appeal Procedure**

<b>Description</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Deviation</b>
There is appeal mechanism for Customs matters or the related laws and publicly available on the customs website	56	2	4	2.96	0.687
There is time limit for deciding such appeals	56	3	5	3.93	0.462
Information about the motives of the administration's decision is provided	56	2	5	4.07	0.599
Legal framework in challenging regulations is efficient	56	2	4	3.36	0.773
Judiciary is independent from government influence	56	1	3	2.57	0.568
There is high enforcement and speed in implementation of court rulings in commercial matters	56	1	4	2.32	0.897
<b>Group Mean</b>				<b>3.2</b>	

**Source: Field Survey, 2020**

The result (table 4.7) showed, the customs appeal procedure is the major challenge in some aspects of the measures in such a way that, effective implementation of custom

appeal system has been hindered through publicly unavailability of the procedure on customs website, independency of judiciary from government influence and limitation on enforcement and speed to implement court rulings.

All of the respondents agreed on the listed activities being done to assure appeal procedure except the above three mentioned variables of publicity of appeal mechanisms, independency from government influence and implementation of court ruling. The low variation of the standard deviation which is <0.9 designates the respondents were common on the defined measures performance of the commission about appeal procedure.

#### 4.3.4 Customs Fees and Charges

In ECC fees and charges levied on import is only scanning charge. It is insignificant (0.07%) in amount and not aligned with the service rendered by the commission, whereas the tax and duties levied on import items is considerate all benefits the government to get through the commission.

**Table 4.8 Frequency Distribution of Customs Fees and Charges**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	Information is available on applicable fees and charges(other than duties and charges) in paper publication and custom websites	Strongly Disagree			
		Disagree	26	46.4	46.4
		Neutral	22	39.3	85.7
		Agree	8	14.3	100.0
		Strongly Agree			
		Total	56	100.0	

*Source: Field Survey, 2020*

As respondents replied through questionnaire more than 85% are not informed about the applicable fees and charges. It indicates information on applicable fees and charges is very scarce and not accessible. The scarcity or poor visibility and accessibility of publicly available data on fees and charges are of the significant gap that demands for improvement. Even though, it's not our current concern of discussion various fees and

charges are levied on import item importantly by ESLSE (e.g. port handling charges, storage charges, container demurrage charges) transporter and customs clearing agents service fee, which are informed to importer with consistent rate.

**Table 4.9 Descriptive Statistics of Customs Fees and Charges**

Description	N	Min.	Max.	Mean	Std. Deviation
Information is available on applicable fees and charges(other than duties and charges) in paper publication and custom websites	56	2	4	2.68	0.716

*Source: Field Survey, 2020*

The lower standard deviation (0.716 which is lower than 0.9) indicated in the above table 4.9 exhibited, the respondents replay about accessibility of applicable fees and charges for the trade communities is consistent by the respondents.

#### 4.3.5 Automation Formalities

This indicator covers a series of very important dimensions of trade facilitation, including automated procedures, electronic interchange of documents and the application of risk management procedures. From four items designed to measure the performance of the variable risk management procedure has operationalized with poorest national IT system whereas EDI/electronic data interchange and fully automated customs process are yet not implemented. In this regard there is a progress to partially automate (since no let out the document presentation) electronic customs clearance system with only integration and system privileges of customs clearing agents and ECC.

**Table 4.10 Frequency Distribution of Automation Formalities**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	Risk Management is fully and efficiently operational at Custom	Strongly Disagree			
		Disagree	5	8.9	8.9
		Neutral	18	32.1	41.0
		Agree	31	55.4	96.4

		Strongly Agree	2	3.6	100.0
		Total	56	100.0	
2	EDI/electronic Data Interchange/ is functional at customs	Strongly Disagree	14	25.0	25.0
		Disagree	20	35.7	60.7
		Neutral	18	32.1	92.9
		Agree	4	7.1	100.0
		Total	56	100.0	
3	There is full-time/uninterrupted/ automated processing at Customs	Strongly Disagree	5	8.9	8.9
		Disagree	17	30.4	39.3
		Neutral	18	32.1	71.4
		Agree	16	28.6	100.0
		Total	56	100.0	
4	The quality of telecommunications and IT in the custom is efficient	Strongly Disagree	15	26.8	26.8
		Disagree	31	55.4	82.1
		Neutral	10	17.9	100.0
		Total	56	100.0	

**Source: Field Survey, 2020**

As indicated in the above table the result of the data that gather from the respondents; 59% of the respondents believed that risk management is fully and efficiently operational at custom whereas 9% of the respondents against on the majority of the respondents and the rest 32% didn't know its level and efficiency of the measure.

On the side of functioning of EDI/Electronic Data Interchange/, 61% of the respondents said EDI/electronic Data Interchange/ is not functioning at customs. From the rest 32% have no adequate understanding on the measure and its applicability.

Regarding about the full-time/uninterrupted/ automated processing at customs 39% disagree, 32% being neutral and 29% those informed about the system in the custom clearance ECMS agree its application. Only 18% of the respondents do not believe on the quality of telecommunications and IT in the custom is efficient, the remaining all disagree on the efficiency.

**Table 4.11 Descriptive Statistics of Automation Formalities**

Description	N	Min.	Max.	Mean	Std. Deviation
Risk Management is fully and efficiently operational at Custom	56	2	5	3.54	0.713
EDI/Electronic Data Interchange/ is functional at customs	56	1	4	2.21	0.909
There is full-time/uninterrupted/ automated processing at Customs	56	1	4	2.80	0.961
The quality of telecommunications and IT in the custom is efficient	56	1	3	1.91	0.668
Group Mean				2,62	

*Source: Field Survey, 2020*

As per the above table 4.10 marks, the Automation Formalities are impractical except some development realized on operation of risk management. The low variation of the standard deviation (which is  $< 0.9$ ) on implementation of risk management and efficiency of IT in customs declares respondents were dependable on the evaluating formalities of automation. However, the high variation of the standard deviation which is  $> 0.9$  indicates the respondents were inconsistent on functionality of Electronic data interchange, and fulltime automated processing of customs. This shows most of these is irregularity among respondents in evaluating implementation of automation formalities.

#### **4.3.6 Procedure Formalities**

This indicator comprises for vital measurements of trade facilitation including single window service, pre-arrival clearance, physical inspections procedure, post-clearance audits, separation of release from clearance and the concept of authorized traders, all of them central aspects in the operation of Customs agencies.

**Table 4.12 Frequency Distribution of Procedure Formalities**

S/n	Items	Measurement	Freq	Percentage	
				Valid %	Cum. %
1	There is single window service at custom points	Strongly Disagree	24	42.9	42.9
		Disagree	29	51.7	94.6
		Neutral	3	5.4	100
		Total	56	100.0	
2	Pre-arrival clearance processing is implemented	Strongly Disagree	14	25.0	25.0
		Disagree	42	75.0	100.0
		Total	56	100.0	
3	Physical inspections procedure being functional is effective	Strongly Disagree	4	7.1	7.1
		Disagree	33	58.9	66.1
		Neutral	17	30.4	96.4
		Agree	2	3.6	100.0
		Total	56	100.0	
4	The customs clearance process in the delivery of imports is efficient (minimum time, good service)	Strongly Disagree	2	3.6	3.6
		Disagree	42	75.0	78.6
		Neutral	12	21.4	100.0
		Total	56	100.0	
5	Post-clearance Audits (PCAs) is implemented	Neutral	8	14.3	14.3
		Agree	46	82.1	96.4
		Strongly Agree	2	3.6	100.0
		Total	56	100.0	
6	Release of goods and payment of Customs duties are separated	Strongly Disagree	26	46.4	46.4
		Disagree	28	50.0	96.4
		Neutral	2	3.6	100.0
		Total	56	100.0	
7	Authorized Economic Operators (AEO) program is realized	Neutral	6	10.7	10.7
		Agree	42	75.0	85.7
		Strongly Agree	8	14.3	100.0
		Total	56	100.0	
8	Procedures are being simplified and improved in previous years (in time and cost)	Neutral	20	35.7	35.7
		Agree	36	64.3	100.0
		Total	56	100.0	
9	Customs personnel adjust their working hours to commercial needs	Strongly Disagree	4	7.1	7.1
		Disagree	38	67.9	75.0
		Neutral	12	21.4	96.4

	Agree	2	3.6	100.0
	Total	56	100.0	

*Source: Field Survey, 2020*

Single window services are a very important trade facilitation measure, the characteristics and implementation of which can vary considerably among countries. In hope to make customs procedure easily predictable and reachable the Government has launched to start an electronic platform in beginning of this year 2020. But it hasn't been practical as of the date of collecting the data from representatives of importer, customs clearing Agent and ECC. The response from the respondents of the questionnaire also assure that nearly 95% are disagree for the presence of the service and the remaining 5% respond for neutral by absence of updated information on the substance.

Pre arrival clearance has induced in the Ethiopian customs regulation to be implementing through ECC, whereas it wasn't practical and fully implemented. All respondents (100%) also have agreed that the process is impractical in our country's context. The rate of physical inspections is directly related with automation procedure through effective risk management and use of electronic data management system of the institution/country. In this concern risk management is practical at average level but the electronic customs process is impractical and correspondingly the physical inspection procedure is not effective. From the total respondents 96% are assured its ineffectiveness.

More than 78% of the targeted constituency disagree efficiency of customs clearance process in the delivery of import through perspectives of time and services. Only 21% are noted the services efficiency as an average. 86% of the respondents agreed on implementation of post clearance audit (PCA); the remaining 14% has replied as neutral due to their reservation on the consistency and accessibility of the program as it designed in the procedure and regulation.

Although authorized traders(AEO) are a limited percentage of total traders; the commission has incorporate in the regulation, established procedure to execute the program and it's practical except its inadequacy on the service support delivered to the operators do to many reasons on the ECC and collaborate agencies. Except 6% of the respondents other all 90% have assured the implementation too.

Among all measures of procedure formalities of ECC none of respondents disagree on procedures are being simplified and improved in previous year, in such a way that 64% agreed and 36% are neutral. Finally the response from the respondents on flexibility of customs personnel to adjust their working hours to commercial needs is that 75% disagree on their adjustment and 21% neutral on the flexibility.

**Table 4.13 Descriptive Statistics of Procedure Formalities**

Description	N	Min.	Max.	Mean	Std. Deviation
There is Single Window service at custom points	56	1	4	1.84	0.949
Pre-arrival clearance processing is implemented	56	1	3	1.93	0.657
Physical inspections procedure being functional is effective	56	1	4	2.30	0.658
The customs clearance process in the delivery of imports is efficient (minimum time, good service)	56	1	3	2.18	0.471
Post-clearance Audits (PCAs) is implemented	56	3	5	3.89	0.412
Release of goods and payment of Customs duties are separated	56	1	3	1.57	0.568
Authorized Economic Operators (AEO) program is realized	56	3	5	4.04	0.503
Procedures are being simplified and improved in previous years (in time and cost)	56	3	4	3.64	0.483
Customs personnel adjust their working hours to commercial needs	56	1	4	2.21	0.624
Group Mean				2.62	

*Source: Field Survey, 2020*

Analogous to the most indicated TF variables; ECC performance on procedure formalities is also below average. The only good practices has made on implementation of Post-clearance Audits (PCAs), realization of Authorized Economic Operators (AEO) program and efforts made to simplify the procedures in previous years.

Except the high variation of standard deviation which is  $> 0.9$  for the criteria of single window service implementation all the other mentioned criterions have low variation of

the standard deviation which is <0.9 it indicates that respondents were acknowledged on the criteria in performing formalities of procedures.

#### 4.3.7 Document Formalities

Measures relating to document requirements refer both to the extent of harmonization of trade documents, through reliance to international standards and the simplification of documentary requirements, by accepting to use copy documents and reduce number of document demand in clearance of goods.

**Table 4.14 Frequency Distribution of Document Formalities**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	Copy documents are accepted in customs clearance	Strongly Disagree	12	21.4	21.4
		Disagree	38	67.9	89.3
		Neutral	4	7.1	96.4
		Agree	2	3.6	100.0
		Total	56	100.0	
2	Number of documents required for import process are small in number	Strongly Disagree	6	10.7	10.7
		Disagree	30	53.6	64.3
		Neutral	18	32.1	96.4
		Agree	2	3.6	100.0
		Total	56	100.0	

*Source: Field Survey, 2020*

As indicated on table 4.13, the commission may only accept copy commercial documents if and only if authenticated by banks or some government agencies. 96% of the respondents also assured non acceptance of the copy document for customs clearance.

Concerning the number of documents necessary for importing process 96% of the respondents agreed on the numbers of the documents are not small. This may relate with implementation of Electronic Data Interchange (EDI) and Single Windows systems. Even if this measure of the variable is open for subjectivity of the respondents currently number of documents required in import process of Ethiopia are more than 10/ten/ in

numbers /vary by type of product item and origin to be imported/. For illustration most OECD countries require 5/five/ documents and average of east African countries requires 9 /nine/.

**Table 4.15 Descriptive Statistics of Document Formalities**

Description	N	Min.	Max.	Mean	Std. Deviation
Copy documents are accepted in customs clearance	56	1	4	1.93	0.657
Number of documents required for import process are small in number	56	1	4	2.29	0.706
Group Mean				2,11	

*Source: Field Survey, 2020*

As per the above table the individual and group mean of document formalities of customs practice are below the average (2.11) and this demonstrates the government through ECC demands to make lots of effort to make improvement on the issue.

#### 4.3.8 Cooperation of ECC with Agencies

The internal border agency cooperation is another important factor for reducing import lead time. A little more than half (57%) of the sample respondents provide evidence for inefficiency of agency co-operation those relate in goods import. 46% also disagree and 36% also have doubt the agencies to have regular meeting and seminars to enhance their cooperation and integration.

**Table 4.16 Frequency Distribution of Cooperation of ECC with Agencies**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	Customs cooperate efficiently with agencies relating with goods import	Strongly Disagree	4	7.1	7.1
		Disagree	24	42.9	50.0
		Neutral	22	39.3	89.3
		Agree	6	10.7	100.0
		Strongly Agree			

		Total	56	100.0	
2	Customs undertake regular meetings and seminars with Agencies	Strongly Disagree			
		Disagree	26	46.4	46.4
		Neutral	20	35.7	82.1
		Agree	8	14.3	96.4
		Strongly Agree	2	3.6	100.0
		Total	56	100.0	

*Source: Field Survey, 2020*

**Table 4.17 Descriptive Statistics of Cooperation of ECC with Agencies**

Description	N	Min.	Max.	Mean	Std. Deviation
Customs cooperate efficiently with agencies relating with goods import	56	1	4	2.54	0.785
Customs undertake regular meetings and seminars with Agencies	56	2	5	2.75	0.837
Group Mean				2,64	

*Source: Field Survey, 2020*

#### 4.3.9 Governance and Impartiality of ECC

Governance and impartiality measures refers to an assortment of good governance characteristics, including clearly established and transparent structures and functions, the existence of a Code of Conduct and an ethics policy, internal monitoring as well as control mechanisms to assure transparency and consistency of the administration.

**Table 4.18 Frequency Distribution of Governance and Impartiality of ECC**

S/n	Items	Measurement	Freq.	Percentage	
				Valid %	Cum. %
1	Structures and functions of the Customs administration are evidently described to the public	Strongly Disagree	12	21.4	21.4
		Disagree	38	67.9	89.3
		Neutral	4	7.1	96.4
		Agree	2	3.6	100.0

		Strongly Agree			
		Total	56	100.0	
2	The information on misconduct and measures (penalties) taken for noncompliance available to the public	Strongly Disagree	2	3.6	3.6
		Disagree	36	64.3	67.9
		Neutral	12	21.4	89.3
		Agree	4	7.1	96.4
		Strongly Agree	2	3.6	100.0
		Total	56	100.0	
3	Annual Customs reports published consistently. (sufficient information on budget and duties collected complaints or efficiency indicators)	Disagree	28	50.0	50.0
		Neutral	27	48.2	98.2
		Agree	1	1.8	100.0
		Total	56	100.0	

*Source: Field Survey, 2020*

The customs commission has its website but doesn't clearly describe the structures and functions of the customs administration and no other means of publication also established for the public in this regard. 89% of the respondents have guaranteed this by disagreement and 7% not being informed on the publication.

The information on the implementation and transparency of sanctions against misconduct remains scarce in such a way that more than 89% of the respondents didn't believe that the information on misconduct and measures (penalties) taken for noncompliance are not available to the public. Half (50%) of the respondents didn't agree on regular publish of and 48% from the remaining also no idea and informed about it.

**Table 4.19 Descriptive Statistics of Governance and Impartiality of ECC**

Description	N	Min.	Max.	Mean	Std. Deviation
Structures and functions of the Customs administration are evidently described to the public	56	1	4	1.93	0.657
The information on misconduct and measures (penalties) taken for noncompliance available to the public	56	1	5	2.43	0.828
Annual Customs reports published consistently	56	2	4	2.52	0.539

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Group Mean

2,29

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***Source: Field Survey, 2020***

The findings in table 4.19 outlined the mean of all the three variables defined to measure the indicator are below average which are 1.93, 2.43 and 2.52 consecutively. As indicated through the values of standard deviation, the variation is below 0.9 which point out the respondents were consistent on the disagreement implementation of each measure of the trade facilitation measures defined by the research.

## **CHAPTER-FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the results and the findings based on the analysis conducted throughout the entire study. Suggestions are also presented in order to guide future researchers examining the implementation of trade facility measures in Ethiopia through ECC. Subsequently the chapter ends with conclusions and some relevant recommendations for both the management as well as for future researchers.

#### **5.2 Summary of the Major Findings**

Based on the data analysis and interpretation made in the preceding chapter the most important findings are summarized as follows.

##### **Findings related to assess the performance of ECC in facilitating import trade:**

- The response of survey participant on the indicators designed to measure information availability of customs related matter are below average, which insured through group mean of 2.33 and more than 70% being not agreed on the availability.
- Likewise; more than 82% agree on noninvolvement of the trade community at each measures of the variable and customs related changes is not satisfactory valued with mean value of 2.31 by the respondent.
- Among measures indicate ECC performance on trade facilitation, efficiency on appeal procedure is on better level with having average mean of 3.2 and more than half of respondent agreed on efficiency measure, except on publicity of appeal mechanisms (25% disagree and 53% neutral) and independency judiciary from government influence (39% disagree and 60% neutral).
- Implementation of ECC on the indicator of Customs Fees and Charges is assessed to be mean value of 2.68. which is through customs administrations have provide services only at the normal working hours meanwhile information on applicable custom fees and charges was very scarce and not accessible.

- Automation Formalities are impractical and rated with group mean of 2.62. Meanwhile among designed four measures 59% agreed operation and efficiency of risk management at the institution and significantly disagreed on other measures.
- Like that of indicated most TFI, the ECC performance on procedure formalities is unimportant by score of group mean value of 2.62. The only good practices has performed on implementation of Post Clearance Audits (recognized by 86%), realization of Authorized Economic Operators (recognized by 89%), program and efforts made to simplify the procedures in previous years(recognized by 65%).
- One important aspect to harmonize trade documents, through reliance to international standards and the simplification of documentary requirements was realization of document clearance using copies and the reduction of the number and complexity. In this regard all the formalities are impractical, as evidenced by average mean of 2.11 and more than 64% are disagreed on each measures.
- Even if cooperation between agencies take part in release of goods was an important factor for reducing import lead time, the researcher explored that the relation to cooperation was inefficient (group mean of 2.64).
- The research result on Governance and Impartiality of customs showed that all measures of the variable were ineffective with an average mean of 2.29 from expected and practiced in such a way to deprive the trade facilitation.
- Except high variation of standard deviation, 0.909, 0.961, and 0.949 (which are > 0.9) observed on functioning of Electronic Data Interchange, presence of uninterrupted automated process and implementation of single window service system; the respondents reflection on all the other 33 measures developed to measure performance of trade facilitation are aligned and not significantly vary from the mean value of each consecutive variable.

**Findings related to assess TFIs predominantly contribute for existing practice of import trade facilitation through ECC:**

- The only good practices has performed contributed in better for existing practice of TF in relation with procedure formalities are PCA with implementation of 86%, AEO with realization of 89% and with progress on simplification 65%;

- 59% agreed operation and efficiency of risk management at the institution and significantly disagreed on other measures;
- Appeal procedure is of the variables having better performance at ECC by the implementation of measures of time limited for deciding appeals (mean:3.93); providing information about the motives of decision (mean:4.07) and presence of efficient legal framework in challenging regulations (mean:3.36).

**Findings related to assess reasons behind lower performance in the international TF metrics:**

- More than 70% being not agreed on information availability of customs related matter;
- 82% of respondents also agree on noninvolvement of the trade community in customs related changes;
- Provide services only at the normal working hours;
- Automation Formalities are impractical;
- Procedure formalities is unimportant valued with the mean of 2.62;
- Using copy documents is unbearable and the number of documents to be present for import clearance is large in number which made the clearance system complex. 64% of the respondents assured it in their response;
- Cooperation of ECC with other agencies involved in import of goods was inefficient with a group mean of 2.64;
- Governance and Impartiality of customs is ineffective valued with mean of 2.29.

### **5.3 Conclusions**

Based on the major findings explained in the above, the following conclusions were drawn.

- The customs lacks for transparency through involving the trade communities on development and change made on the custom related, matters in their scope and content.
- Information on most custom procedures was not easily accessible on customs websites. The public found these information from custom regulation, procedures and this contributed for inefficiency of most (information availability, trade

community involvement, information on appeal procedure of the customs) trade facilitation variable through customs.

- The rate of physical inspections, flexibility on document formalities and traceability of information on different aspects of customs are directly related with automation procedure through effective risk management and use of electronic data management system of the institution/country. In this concern risk management is practical at average level but the electronic customs process is impractical and correspondingly the physical inspection procedure is not effective.
- Measures relating with use copies and reduction the number to ease complexity on documentation requirement were impractical and this was related with implementation of Electronic Data Interchange (EDI) and Single Windows systems.
- The research result on Governance and Impartiality of customs showed that all measures of the variable were ineffective and practiced in such a way to deprive the trade facilitation.
- Among all indicated variables designed to measure trade facilitation level of the country through ECC, appeal procedures has implemented in better of the remaining variables and contribute for the existing trade facilitation level. In addition, from the total 36 measures developed to evaluate the performance of trade facilitation through nine defined indicators; Risk Management, Post-clearance Audits, Authorized Economic Operators, time limit for deciding appeals, availing information on the motives of the administration's decision and efficiency of Legal framework in challenging regulations are implemented in better of others and positively contribute for the existing performance.

#### **5.4 Recommendation**

As the result of the analysis in this study proved the performances of ECC in facilitating import trade are at deprived level. Among the indicators assessed in the study the progresses has shown at appeal procedure and on critically looking for the remaining indicators of the specific measures risk management, post clearance audit, authorize economic programs implemented in better of other measures. The indicated reasons demonstrates the institution's poor system on accessing information in all customs related matters, lack of transparency to involve public and stalk holders at their level of content

and less concerns made to automate the formalities. Thus, on the basis of this look and detail of findings of the study, the following recommendations are made in order to enhance trade facilitation through ECC:

- To overcome the problem of transparency to involve public and stake holders at their level of content the customs commission should established a system which enable to consult on changes made or to be made public media and or efficiently designed website.
- Even if information is basis for all tasks to be made in relation with trade facilitation the institution not efficiently develop and utilize to alleviate such issues. So, in order the commission to make the information on customs issues to be accessible it should furnish its website and feed any updated changes made and planned to be made in this regard.
- Because the automation procedure through effective risk management and use of electronic data management system is critical to implement most indicators of trade facilitation, the commission should design the program to implement automation system as prompt as possible.
- Although implementation of Electronic Data Interchange (EDI) and Single Windows Systems completely and mandatory to implement the system, the commission can ease complexity through allowing to use copies and reduction the number of documentation with a little effort and discussion stallholders.
- As Ethiopia has already been made an effort in stepping up trade facilitation and additionally on the way to accede WTO membership; the government at large and ECC specifically should revitalize the existing system and transform it in best experience of OECD or any succeeding country's practice.

### **Recommendation for Future Research**

Future research can be carried out to determine the cost impact of each trade facilitation indicators in import trade, and explore the integration of agencies taking part in Custom process.

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## Appendix – Questionnaire

### Dear Respondent;

This survey is designed to obtain data for the study entitled “Assessing the Performance of Ethiopian Customs Commission in Reference to Import Trade Facilitation: Perspective of Wheat and Palm Oil Importer” for the partial fulfillment of Master’s Degree in Logistics and Supply Chain Management. The data will be stored in personal files to which the researcher will only have an access. Therefore your genuine and timely response is appreciated and has significant value for achievement of the study objective.

### Note for Respondent:

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

For further information and comments you can contact through email: tekebagirma@gmail.com.

Thank you in advance. !

**Part One: For each of the following questions choose the correct answer. Please rate the related items enlisted under each variables and put “√” mark on the box you choose.**

SN	QUESTION ITEM	Strongly Disagree	Dis-agree	Neu-tral	Ag-ree	Strongly agree
<b>1</b>	<b>Item Related to "Information Availability"</b>					
1.1	There is adequate and traceable information on the rate of duties, procedures, rules, required forms and documents					
1.2	There are accessible (one or more) enquiry points					
1.3	There is possibility to ask questions on Customs related matters					
1.4	There is no interval between the publications of new or amended trade related laws and regulations, and their entry into force					
1.5	International agreements relating to importation are available on the official customs website					
1.6	Government policymaking is transparent					
<b>2</b>	<b>Item Related to "trade community involvement"</b>					
2.1	Adequate and timely information on regulatory changes has provided adequately					
2.2	There are regular consultations when introducing or amending trade related laws, regulations and administrative rulings of gen. application					

SN	QUESTION ITEM	Strongly Disagree	Dis-agree	Neu-tral	Ag-ree	Strongly agree
2.3	Public and stakeholders comments and consultation are taken into account.					
<b>3</b>	<b>Item Related to "appeal procedure"</b>					
3.1	There is appeal mechanism for Customs matters or the related laws and publicly available on the customs website					
3.2	There is time limit for deciding such appeals					
3.3	Information about the motives of the administration's decision is provided					
3.4	Legal framework in challenging regulations is efficient					
3.5	Judiciary is independent from government influence					
3.6	There is high enforcement and speed in implementation of court rulings in commercial matters					
<b>4</b>	<b>Item Related to "customs fees and charges"</b>					
4.1	Information is available on applicable fees and charges in paper publication and custom websites					
<b>5</b>	<b>Item Related to "automation formalities"</b>					
5.1	Risk Management is fully and efficiently operational at Custom					
5.2	EDI/electronic Data Interchange/ is functional at customs					
5.3	There is full-time/uninterrupted/ automated processing at Customs					
5.4	The quality of telecommunications and IT in the custom is efficient					
<b>6</b>	<b>Item Related to "procedure formalities"</b>					
6.1	There is Single Window service at custom points					
6.2	Pre-arrival clearance processing is implemented					
6.3	Physical inspections procedure being functional is effective					
6.4	The customs clearance process in the delivery of imports is efficient (minimum time, good service)					
6.5	Post-clearance Audits (PCAs) is implemented					
6.6	Release of goods and payment of Customs duties are separated					
6.7	Authorized Economic Operators (AEO) program is realized					
6.8	Procedures are being simplified and improved in previous years (in time and cost)					
6.9	Customs personnel adjust their working hours to commercial needs					
<b>7</b>	<b>Item Related to "document formalities"</b>					

SN	QUESTION ITEM	Strongly Disagree	Dis-agree	Neu-tral	Ag-ree	Strongly agree
7.1	Copy documents are accepted in customs clearance					
7.2	Number of documents required for import process are small in number					
<b>8</b>	<b>Item Related to "cooperation of ECC with agencies"</b>					
8.1	Customs cooperate efficiently with agencies relating with goods import					
8.2	Customs undertake regular meetings and seminars with Agencies					
<b>9</b>	<b>Item Related to "Governance and Impartiality of ECC"</b>					
9.1	Structures and functions of the Customs administration are evidently described to the public					
9.2	The information on misconduct and measures (penalties) taken for noncompliance available to the public					
9.3	Annual Customs reports published consistently (with sufficient information on Customs activities). ( <i>Sufficient information means there are sufficient information on budget and duties collected complaints or efficiency indicators</i> )					

**Part Two: For each of the following questions describe your opinion.**

1. What are the main problems associated with trade facilitation in the processing of import trade? Please identify the main gaps of ECC in import trade processing. \_\_\_\_\_

\_\_\_\_\_

2. If there is anything you would like to add regarding the ECC strength, weakness and challenges in its role to facilitate import trade in terms of time, quality and cost: \_\_\_\_\_

\_\_\_\_\_

***Thank you for your cooperation!***