

# EFFECT OF IMPORT CUSTOMS PROCEDURE ON TRADE FACILITATION THE CASE OF ADAMA CITY

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## Abstract

The purpose of the study was to investigate the effect of import customs procedure on trade facilitation. The research design for this study was descriptive and explanatory research design was employed with mixed approach. A sample of 110 respondents was selected using a simple random sampling technique. Descriptive and inferential statistics were used. The data were analyzed using SPSS version 24. Findings suggested that Custom automation system, customs risk management, customs human resource management and development had positive and significant effect on trade facilitation, on the other hand customs law and regulation has significant effect but, negatively correlated whereas customs cooperation and coordination from other government agencies had insignificant effect on trade facilitation but positively correlated. It was recommended that the improvement in customs automation, customs risk management, customs law and regulations will facilitate trade this will lead to minimize delay in import customs procedure.

**Keywords:** Import Customs procedure, Trade facilitation. Adama City

## 1. INTRODUCTION

### 1.1 Background of the study

Customs is one of the governmental institutions established for the collection of customs duty and taxes, control of prohibited and restricted goods and the implementation of customs related international law in line with national context that has a significant effect on national as well as international border crossing trade activities. As per the revised Kyoto convention(1999), Customs is defined as the government service which is

responsible for the administration of Customs law and the collection of duties and taxes and which also has the responsibility for the application of other laws and regulations relating to importation, exportation, movement or storage of goods.

Milner(2013) explains that developing countries like Ethiopia to expand their trade and benefiting from globalization they must have to actively facilitate their trade by overcoming the challenges that arises from different factors. Trade Facilitation is important to development enhances

countries competitiveness by allowing them to trade goods and services on a timely basis with lower transaction costs. Conversely, inefficient logistics, procedures and infrastructure can pose high obstacle to trade, by making it difficult for countries to tap new market opportunities or improve their overall competitiveness in the trading system.

The term „trade facilitation“ is largely used by institutions that seek to improve the regulatory interface between government bodies and traders at national borders (Grainger, 2008). Customs Procedures usually consist of Transit, Warehousing, and Clearance of both Imports and export cargoes.

The modern Customs administration should response change in the business of international trade by facilitating trade and providing adequate control without sacrificing Customs objective of revenue generation and protection of national security and overall competitiveness in the trading system. Since, today’s economy is driven by information technology. By its nature IT is dynamic and up dated day to day so, to cope up with this dynamism situation the customs commission must react for the changes to facilitate trade effectively and efficiently.

In Ethiopian case ECC is governmental institution established to generate income for government through collect revenue from customs duties and taxes. In addition to this ECC has an obligation to protect the public from incidence of illegal trade, and

also to balance between trade facilitation and control.

The Ethiopian government has been undertaking various reforms and structural adjustments including the issuance of the recent “Customs Proclamation No. 1160//2019”. This Proclamation has been enacted fundamentally to establish modern customs legal framework compatible to the contemporary international trade practice, and international, continental and regional trade agreements to which the country is a member. The ECC is the one who responsible for the implementation of the proclamation and issuing compatible regulations, policies and procedures which streamline the customs system for expedient import/ export clearance and international trade facilitation.

Customs has tremendous effect on trade facilitation all over the world specially, when customs controlling systems is stronger than its facilitation as a result trade activities become in great challenge. If trade facilitation are bounded by many challenges arises from customs procedure the overall economic activity affect accordingly because, for every delayed arises from the customs procedure it has an additional cost on the imported goods and it is added to the consumer finally create inflations. So, to protect such challenges and smooth the ground for effective trade facilitation customs commission in line with other stakeholder must have to play a vital role by adjusting themselves with the dynamic economic situations.

This study was tried to investigate the effect of import custom procedures on trade facilitation that may hinder the improvement of the customs operations and effective facilitations of trade. Through the five frameworks of customs automations, customs risk management, customs human resource management and development, customs law and regulation and customs cooperation and coordination from other governmental agencies.

## **1.2 STATEMENT OF THE PROBLEMS**

Trade facilitation and regulatory control are the challenging issues in most African countries and a cause of delays and high transaction cost because, the implementation of trade facilitation are surrounded by many challenges emanate from the customs itself as well as from other regulatory governmental organizations. A number of empirical researches suggest that many customs authorities in both developed and developing countries have recognized that simplify custom procedures, adopt modern technologies, proper human resource development and management, effective utilization of risk management, proper implementation of customs law and regulations and productive interaction with business and other stakeholder are essential for effective and efficient customs administrations to facilitate international trade through transparent and predictable customs procedures (Wunwimon , 2010).

Effective and efficient customs administration contributes to facilitating legitimate trade and implementing proper customs control, which are engines of

sustainable economic development. A number of empirical researches suggest that many customs authorities in both developed and developing countries have recognized that simplify customs procedures, adopt modern technologies, proper human resource development and management, effective utilization of risk management, and productive interaction with business and other stakeholders are essential for effective and efficient customs administrations to facilitate international trade through transparent and predictable customs procedures (Mikuriya, 2012).

According to Desta(2018) &Girma (2016) focus on practice of import customs procedure and its effect on trade facilitation and their research findings shows that inefficient implementation of custom automation, improper risk management system and human resource problem due to lack of skill are the main challenges of customs procedure that affect trade facilitation.

A research finding by Weldegebriel(2011) and Tefera (2016) shows that, import customs process is characterized by clearance delays due to misclassification, wrong origin of goods and corruption that may adversely affect trade facilitation, improper implementation of customs law and regulation due to complexity and lack of consistency in its implementation was affect trade facilitation.

The research that previously conducted had concentrated only on the clearing process but, this study different in that it was conducted to fill the gap that are faced by

the transit process and the warehouse process and its effect on trade facilitation using the five frame works. Therefore, the purpose of this study was to investigate the effect of import customs procedures on trade facilitation in ECC Adama Branch Office on clearance process, transit process and warehouse process using the five frame works.

### 1.3 RESEARCH HYPOTHESIS

Relying up on empirical evidences such as; Tefera (2016) , Desta (2018), Legesse (2011), Girma (2016), Kumbi (2010), Weldegebriel (2011) ,Tsegaye and Endris (2011) and Wondwossen(2013) the researcher developed the following alternative hypothesis.

**Ha1:** Customs automation systems have positive and significant effect on trade facilitation.

**Ha2:** Customs risk management systems have positive and significant effect on trade facilitation.

**Ha3:** customs human resource management and development practice have positive and significant effect on trade facilitation.

**Ha4:** customs law and regulation have positive and significant effect on trade facilitation

**Ha5:** customs cooperation and coordination from other government agencies have positive and significant effect on trade facilitation.

### 1.4 OBJECTIVE OF THE STUDY

The general objective of the study is to investigate the effect of import custom procedures on trade facilitation in the case of Ethiopian customs commission Adama branch office.

#### Specific Objectives

1. To determine the effect of customs automation system on trade facilitation.
2. To describe the effect of customs risk management system on trade facilitation.
3. To investigate the effect of customs human resource management and development on trade facilitation.
4. To analyze the effect of customs law and regulation on trade facilitation.
5. To verify the effect of customs cooperation and coordination from other government agencies on trade facilitation.

### 1.5 SCOPE OF THE STUDY

The study was conducted out in ECC Adama branch office found in Adama City Lugo Sub City Kebele 03 around TikurAbay. It was cover employee of the branch and clearing agent that servicing in the branch. The study delimits itself on contents related to effect of import customs procedure on trade facilitation through clearance procedure, transit procedure and warehousing procedure.

## II. LITERATURE REVIEW

### CONCEPTS OF CUSTOMS

According to World customs organization (2009). "Customs" means the Government Service Which is responsible for the administration of Customs law and the collection of duties and taxes and which also has the responsibility for the application of other laws and regulations relating to the importation, exportation, movement or storage of goods.

### CUSTOMS PROCEDURES

The term Customs procedures refers to the treatment of goods by Customs administrations which is enshrined in national legislation. Customs procedures cover the whole spectrum of the Customs system of control and facilitation of imported and exported goods, the movement of passengers, and goods in transit. Customs Procedures usually consist of Transit, Warehousing, and Clearance of both Imports and export cargoes. The modern Customs administration should response change in the business of international trade by facilitating trade and providing adequate control without sacrificing Customs objective of revenue generation and protection of national security (Desta, 2018).

#### Transit Procedure

Customs transit, which is "Customs procedures under which goods that are temporary suspended from the payment of taxes and duties are transported under Customs control from one Customs office to another" is a procedure which implies that:

Customs normally allow goods to be transported under Customs transit in their territory: (a) from an office of entry into the Customs territory to an office of exit from the Customs territory (through transit); 9

(b) from an office of entry into the Customs territory to an inland Customs office (inward transit); (c) from an inland Customs office to an office of exit from the Customs territory (outward transit); (d) from one inland Customs office to another inland Customs office (interior transit). Customs transit movements as described in (a) - (d) above are termed "international Customs transit"(UNCTAD,2016).

Goods under Customs transit may not be used in the territory being transited. If the goods are brought into use, a further Customs procedure is first necessary. In fact, transit is always followed by another Customs procedure, such as clearance for home use, warehousing, temporary admission or a new transit procedure.

#### Destination Transit Procedures

Upon arrival of the cargo, the customs inspector receives the T1 from the trucker, verifies that the cargo is as was loaded at the port of entry, the seal is intact, and passes the document to the transit officer. The transit officer compares the information registered in the T1 against the information registered in the electronic customs management System and closes the automated transit manifest. The transit officer permits the temporary warehousing of the cargo until final procedures are completed for customs clearance.

Finally the transit officer provides receipt to the trucker after assigning a parking lot for the cargo truck or a warehouse for the cargo (ERCA manual, 2017).

### **Customs Transit Management Standard In Ethiopia**

Customs goods shall be transported under customs control from one customs office to another or from entry to exit or clearance office. Goods in transit should be transported through the prescribed routes designated by customs within a given limited standard time period as set by customs. Ethiopia's import and export promotion strategy is expected to facilitate through promoting effective and efficient transit system in all modes of transport in the corridors.

### **Customs Warehousing Procedures**

Customs warehousing procedure means the Customs procedures under which imported goods are stored under Customs control in a Customs warehouse without payment of import duties.

As stated in the introduction to the Annex, it is in the nature of international trade practice that in a great many cases it is not known at the time of importation how imported goods will finally be disposed of. This means the importers are obliged to store the goods for more or less long periods (WCO, 2009). In many developing countries, there is no automated inventory control over bonded warehouses, with Customs instead relying on cumbersome manual ledgers that can be easily manipulated in collusion with

Customs officers posted almost permanently at these warehouses.

The main purpose of the Customs warehousing procedure is to facilitate the trade to a great extent. Goods deposited in a Customs warehouse do not become liable to the payment of import duties and taxes until the goods are cleared for home use from the warehouse. Bonded Warehousing is a facility granted by Customs to traders according to the provisions of common customs law that allows them to defer the payment of duty on goods they import into the facility for storage until it leaves the facility either for home consumption or for export.

### **Functions of Warehouses**

Warehousing is an age-old phenomenon, which in modern international context constitutes the dynamic phase of commercial storage and marketing coupled with training of personnel in scientific warehousing techniques. They provide protection to goods against heat, wind, storm, moisture, etc. This is the basic function of every warehouse. In addition to this, warehouses now-a-days also perform a variety of other functions. Warehouses perform the following functions Storage of goods, Protection of goods, Risk bearing, Financing, Processing.

### **Customs Clearance**

The WCO revised Kyoto convention also defines customs clearance as "the accomplishment of the customs formalities necessary to allow goods to enter the home as to be exported or to be placed under

another customs procedure”. And release as “the action by the customs to permit goods undergoing clearance to be at the disposal of the person concerned (UNCTAD, 2016). Release in the Customs context means the action by Customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned.

Clearance means the accomplishment of the Customs formalities necessary to allow goods to enter home use, to be exported or to be placed under another Customs procedure. The key measures proposed aim to expedite the clearance and release of goods at the borders. These measures include, inter alia, pre-arrival clearance, separate release from clearance, authorized trader schemes, risk management, and post-clearance audit. Customs modernization through automation and ICT use is a useful step in implementing such procedures (UNCTAD, 2016).

## **VIEWS ON TRADE FACILITATION**

There are different views that describe trade facilitation. The predominantly traditional view of trade facilitation focuses on the removal of barriers to the international movement of goods and in particular, on the procedures in and around the borders (e.g., simplification of customs procedures). The trade facilitation part of the WTO negotiations, for example, focus on transactions at the border, such as documentary requirements, transparency of customs clearance and transit procedures, and disciplines on fees and taxes. This traditional view of trade facilitation is motivated to improve border and transit

management procedures and their implementation and thereby remove obstacles to trade in goods at the border; less attention is paid to “behind and between the border” issues.

In more recent years, trade facilitation has grown above and beyond “fixing borders” and includes a comprehensive examination of the costs that traders and producers face from production until the delivery of their goods and services to the overseas buyer and thereby includes all the transaction costs both directly and indirectly associated with the trading process.

According to Jeker (2008), trade facilitation as “the adoption of a comprehensive and integrated approach to simplifying and reducing the cost of international trade transactions, and ensuring that the relevant activities take place in an efficient, transparent and predictable manner based on internationally accepted norms and standards and best practices”.

## **RELATIONSHIP BETWEEN CUSTOMS PROCEDURE AND TRADE FACILITATION**

### **Customs Law and Regulation**

Tax and Customs laws, regulations, administrative guidelines and procedures should be harmonized and simplified to the greatest extent possible. So that Tax and Customs administration formalities can proceed without undue burden. This process involves the adoption of internationally agreed conventions, standards and other instruments Practices should be reviewed and redeveloped to eliminate red tape and

reduce unnecessary duplication. Tax and duty rates should be moderated where possible and exemptions to standard rules be minimized. Systems and procedures should be in accordance with the internationally agreed Conventions and standards, generally accepted accounting principles, and implement them as stated in the paper.

Complex regulations, procedures or administrative guidelines allow corrupt practices to develop and flourish and that create negative impact on import clearance procedures in the process of facilitating legitimate trade. The elimination of red tape includes cumbersome processes that may involve duplication of effort or unnecessary processing procedures. Hence, to make customs laws and regulations predictable, simple, transparent and harmonized adoption of internationally agreed standards including Generally Accepted Accounting Principles (GAAP); HS Tariff Convention; WTO Valuation Agreement; and WCO Revised Kyoto Convention on the Harmonization and Simplification of Customs is an important strategy (WCO, 2005).

### **International Standards and Conventions**

Currently customs administrations have placed emphasis on trade facilitation in response to the needs of the trading community while at the same time maintaining an appropriate level of regulatory control in accordance with government requirements. In this regard, most Customs departments have aimed to simplify and harmonize their customs

systems and procedures for the efficient and expeditious clearance of consignments, in accordance with the international standards, guidelines and recommendations.

In essence, the World Customs Organization (WCO) International Convention on the Simplification and Harmonization of Customs Procedures (as amended), known as the revised Kyoto Convention, is the international framework for modern, efficient and effective customs procedures. In addition to this, Customs administrations subscribe to a number of other conventions and standards, the main ones being:

(1) the Harmonized Commodity Description and Coding System (HS code); (2) the WCO agreement on Customs Value (ACV); (3) the revised Arusha Declaration on Customs Integrity; (4) Immediate Release Guidelines and (5) more recently the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE) program. Those standards and conventions can provide a base for efficient and effective customs procedures specifically for trade facilitation and control when properly implemented (IMF, 2011)

### **Risk Management in Customs Context**

Risk management in customs can be defined as; a technique for the systematic identification and implementation of all the measures necessary to limit the likely hood of risk occurring (USAID, 2012). International and national strategies can be effectively implemented by collecting data and information, analyzing and assessing risk, prescribing action and monitoring outcomes. Therefore, to minimize the



occurrence of risks, customs can use risk management as a technique to more effectively set priority and more effectively allocate resources.

When it is implemented properly, risk management techniques can ensure benefits such as better human resource allocation following implementation of risk-based customs clearance; improved compliance with laws and regulations because it is a general experience that the improved efficiency in Customs together with the traders' incentive to achieve faster release through the green channel.

### **Coordination and Cooperation among Customs And Other Agencies**

International trade involves a number of stakeholders including manufacturers, suppliers, customers, exporters, importers, freight forwarders, carriers, banks, insurance companies, transport operators, customs, health authorities, port authorities, licensing authorities and inspection agencies.

They can be divided into three main types: government agencies, service providers and traders (USAID, 2012). for example to get customs release the goods may need other regulatory agencies permit like standard , health , agriculture ,telecommunication etc. so facilitation is not only dependent on only customs rather it is accumulative effect of other regulatory agencies too. So the customs in collaboration with other regulatory agencies have play an important role in facilitating trade for the benefit of the country , the consumer as well as for the trade community

### **Automation in Customs**

Automation (the use of information and communication technology) is one of the facets of Modern customs administration. Because, it helps to support the entire customs clearance process: from lodging, acceptance and processing of cargo and goods declarations for import, export and transit, payment of duties and taxes; to the release of goods from customs control. The most ICT system used in many country of the world is electronic custom management system which classifies imports depending on their risk under Green, Yellow blue and Red (ERCA Manual, 2017).

Automated systems in Customs provide one of the most important tools for facilitation of trade procedures. Customs automation results in increased transparency in the assessment of duties and taxes, substantial reduction in customs clearance times, and predictability, all leading to direct and indirect savings for both government and traders the higher the level of automation of customs procedures in a country, the greater the possibility of detailed inspections, detection of fraud, and firm action including prosecution in court (WCO, 2012).

### **Human Resource Management and Development**

According to OECD, (2011) effective development of a human resource management system which supports the achievement of the customs administration's objectives is an integral duty of top, middle level management and the system should explicitly recognize that people are the Organization's most valuable resource.

Accordingly, the implementation of sound human resource management policies and procedures plays a major role in the fight against corruption in the Customs.

Customs employees are more likely to act with integrity when morale is high, where human resource management practices are fair and where there are reasonable opportunities for career development and progression (WCO, 2005).

### **III. Research Methodology**

#### **3.1 RESEARCH DESIGN**

For the purpose of this study descriptive and explanatory research design was employed as a main research design for the realization of intended objectives using a mixed research approach. Descriptive research design was used to describe the existing situation under study. Explanatory research design was used to find the causal relationship between the independent variables and the dependent variables under study. The study was also cross-sectional which implies that relevant data of the paper would be collected at one point in time.

#### **3.2 SOURCES OF DATA**

The researcher was used both primary and secondary source of data for the purpose of getting adequate information under the study. Primary data source is what the researcher originally collected from the sample population of the study that are permanent employee of the branch and declarant agents. For the purpose of this study the researcher was used report, journals, articles and for statistical data

customs data base system was used as a main source of secondary data.

#### **3.3 POPULATION AND SAMPLE**

The population size for the study was 150 from these 120 are permanent employee of the branch including the three keys customs officials from the three main functional unit of transit unit, warehouse unit and clearance unit the remaining 30 are declarant agents. The sample technique used for the study was both probability and non-probability sampling technique was employed. For employee and clearing agent that is simple random sampling technique were applied because the researcher had the list of all customs employees and clearing agents who have permanent office in the customs compound, on the other hand for key customs official's researcher was used a non – probability sampling technique that is purposive sampling technique was employed for each functional unit officials. The sample size of this study was 110 and it is determined by using Yamane (1967) sample size determination formula.

#### **3.4 DATA COLLECTION TOOLS**

This study has been designed to investigate the effect of import customs procedure on trade facilitation. Data was collected from both the employee of the branch and declarant agent using questionnaire and interview.

#### **3.5 RELIABILITY AND VALIDITY**

The reliability of the questionnaire items was checked using cronbach's alpha coefficients and it was in acceptable range. In addition to this content validity was

employed by using two subject matter expert in the field based on their comments some adjustments were made on questionnaire items before going to data collection.

### 3.6 DATA ANALYSIS TOOLS

For the purpose of this study for data analysis both descriptive and inferential statistics were used. Descriptive statistics

was used to describe the existing situation under study whereas inferential statistics like correlation analysis and regression analysis was used to determine the casual relationship between variables and the effect of independent variables on dependent variable. The data was analyzed using SPSS Ver. 24 software.

### IV. Results and discussion

Table 4.1 Correlations For Independent and Dependent Variables

		CAST	CRMST	CHRMT	CLART	CCOPT	TRFT
CAST	Pearson Correlation	1					
CRMST	Pearson Correlation	.025	1				
CHRMT	Pearson Correlation	.033	.186	1			
CLART	Pearson Correlation	-.151	.000	.165	1		
CCOPT	Pearson Correlation	.223*	.396**	.104	-.057	1	
TRFT	Pearson Correlation	.316**	.513**	.239*	-.229*	.405**	1

**Source:** Field survey data, (2020.)

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

## DISCUSSION

The correlation result ( $r = 0.405$ ,  $p < 0.01$ ) shows that customs cooperation and coordination from other government agencies have strong relationship with trade facilitation. Regression analysis shows customs cooperation and coordination from other government agencies have insignificant effect on trade facilitation with a standardized beta value ( $\beta = 0.149$ ,  $p > 0.05$ ). In general by triangulating the secondary source, the interview and the open ended questions revealed that all the five variables with a mean score of not far from average mean score and it implies that there was a small extent of adoption in the branch.

Regression analysis shows customs human resource management and development

practices have moderate significant effect on trade facilitation with a standardized beta

value ( $\beta = 0.173, p < 0.05$ ). The correlation result ( $r = - 0.229, p < 0.05$ ) shows that customs law and regulation practices have weak and negative relationship with trade facilitation.

Regression analysis shows customs law and regulation practices have negative but, moderate significant effect on trade facilitation with a standardized beta value ( $\beta = - 0.217, p < 0.05$ ).

H<sub>a2</sub>: Customs risk management system have positive and significant effect on trade facilitation

Multiple regression Accepted

H<sub>a3</sub>: Customs human resource management and development practice have

Multiple regression Accepted

Table 4.2 Effect of import customs procedure on trade facilitation

Model	Unstandardized Coefficients		Standardized Coefficients Beta	Sig.	Collinearity Statistics Tolerance	Accepted
	B	Std. Error				
1 (Constant)	5.947	2.472				
CAST	.216	.075	.232	2.405	.018	1.081
CRMST	.390	.081	.412	2.891	.005	1.223
CHRMT	.157	.072	.173	4.829	.000	1.070
CLART	-.217	.081	-.214	2.167	.033	1.057
CCOPT	.149	.080	.160	2.699	.008	1.256

Source: Field survey, (2020.)

a = Dependent Variable: TRFT

R = 0.663, R<sup>2</sup> = 0.44, Adjusted R<sup>2</sup> = 0.41, Durbin-ANOVA = 14.782, p = 0.000

positive and significant effect on trade facilitation

H<sub>a4</sub>: Customs law and regulation have positive and significant effect on trade facilitation

H<sub>a5</sub>: Customs cooperation and coordination from other government agencies have

positive and significant effect on trade facilitation

Source: survey data, 2020

**FINDINGS**

Based on the discussion of data, the following summaries of findings were drawn from the five independent variables customs automation system, customs risk management system and customs human resource management and development practice have positive and significant effect on trade facilitation with (  $r = 0.316, p <$

**Summary of hypothesis testing**

Hypothesis	Statistical test	Result
H <sub>a1</sub> : Customs automation system have positive and significant effect on trade facilitation	Multiple regression	Accepted

0.05), ( $r = 0.513$ ,  $p < 0.05$ ), ( $r = 0.239$ ,  $p < 0.05$ ) respectively. Customs law and regulation has negatively correlated with trade facilitation but, it was a significant effect on trade facilitation with ( $r = - 0.229$ ,  $p < 0.05$ ).

On the other hand customs cooperation and coordination from other government agencies has a positively correlated with trade facilitation but, has not significant effect on trade facilitation with ( $r = 0.405$ ,  $p > 0.05$ ).

According to the R square value, the factors considered in this study contribute to trade facilitation represent 41 % which is by explained by the independent variables. The researcher believes rest 59 % may be explained by other factors variable

## CONCLUSION

It can be concluded that except one independent variable the combinations of the other four independent variables have a positive and significant effect on trade facilitation, while customs law and regulations has affect trade facilitation in opposite direction. Thus, improving the implementation on these areas will facilitate trade facilitation by improving transit process, clearance process and warehouse

process. On the other hand customs cooperation and coordination from other government agencies has not significant effect on trade facilitation but, positively correlated.

## RECOMMENDATION

Based on the study findings the following recommendations are forwarded to facilitate trade by overcoming or minimizing the challenges of import customs procedure.

- ✓ In the absence of adequate automation system in customs transit procedure, customs clearance procedure and in customs warehousing procedures unable to deliver expected service. To overcome the problems of ineffective use of customs automation system Customs Commission should able effectively use the system by improving its capacity to process without frequent interruption with collaborating other related agencies like Ethio Telecom and to significantly implement automation system that supports the three customs procedure.
- ✓ To overcome the problems of improper implementation of risk

management techniques, Customs should design a modern technology to ensure effective information flow for risk profiling and often updated the risk profile database. Then the system will provide a better service which facilitate trade facilitation and risk assessment will also fairly implement without involvement of officers personal judgment.

- ✓ To minimize the problem of human resource management, Customs Commission has to hire adequate number employees who will be enough to cover the load of the work & frequent rotation of officers from one station to other which leads officers to lack of knowledge will be minimized so that officer will be specialized on the area they work and facilitate trade in addition to these the branch has to give attention in the area like incentives, merit based promotion, safety and security, and job related trainings.
- ✓ Customs establish a continuous training program on customs laws and regulation to make them easy and simple to interpret for both employees and traders. As much as possible customs should inform the

trading community and other stakeholders about any changes and modifications of laws and regulations immediately to ensure consistency and predictability.

- ✓ In order to ensure effective cooperation and coordination among Customs and other governmental agencies at the branch office, Customs try to find a way to work in collaboration with them and also provide a system which is used to share information among them, launch suitable ICT infrastructure that support electronic data exchange for trade facilitation.

Finally the branch has to balance the facilitation and control mechanism for the purpose of benefiting from international trade. The research findings shows that the branch was concentrated on control than facilitation majority of the deceleration are passed through the red channel with the intervention of personal judgment which leads to delay in the three functional unit and affect the effectiveness of trade facilitation. so, the branch try to give attention and make the operation smooth by balancing both trade facilitation and control by minimizing the delay of clearance

process time , transit process time and ware house process time.

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