EFFECTS OF AUTHORISED ECONOMIC OPERATOR (AEO) FRAMEWORK ON TRADE FACILITATION IN KENYA

ARNOLD EDDIE NJOKA NJAGI

A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE, SCHOOL OF BUSINESS IN PARTIAL FULFILMENT FOR THE REQUIREMENT FOR THE AWARD OF A POST GRADUATE DIPLOMA IN CUSTOMS ADMINISTRATION AT JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

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Declaration

This project is my original work and has not been presented for a post graduate diploma in any other academic or non-institution

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Arnold Eddie Njoka Njagi   Date

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Signature

This project has been submitted for examination with my approval as the Supervisor

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Dr. Doris Gitonga PHD   Date

ABSTRACT

Kenya Revenue Authority (KRA) among the various government agencies tasked with trade facilitation. It plays a critical role not only in providing expedited clearing processes but also in implementing effective controls that secure revenue, ensure compliance with national laws and ascertain security and protection of the society. In Kenya the prevailing inefficiency of trade documentation processes and lack of consultations with stakeholders when it comes to implementation of new policies has also been seen as a hindrance to trade facilitation.

This study sought to determine the effect of the AEO programme on Trade facilitation in Kenya. The target population under study here was Clearing and Forwarding firms that were AEO compliant, out of which the researcher drew a sample of 23 firms using Simple random sampling. Data was collected using a well-structured questionnaire which sought to employ a Likert scale in its questions so as to ensure objectivity and straight forward answers. The data collected was analysed using SPSS and STATA, which are statistical softwares. The data analysed showed that the AEO programme had a positive effect on Trade facilitation in Kenya and the researcher recommended that Customs strengthens its collaboration with businesses so as to promote Trade facilitation.

Regular communication on matters, customs, security and compliance was the most effective aspect of the AEO programme when it comes to Trade facilitation. This is due to the fact that it caused an increase of 31% to trade facilitation as compared to preferential treatment (27%) and mutual recognition (31%). The researcher recommended that Customs strengthens its collaboration with businesses so as to promote Trade facilitation.

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List of Abbreviations

AEO:	Authorized Economic Operator
EACCMA:	East African Community Customs Management Act
EU:	European Union
KEBS:	Kenya Bureau of Statistics
KPA:	Kenya Ports Authority
KRA:	Kenya Revenue Authority
SAFE:	Security and Facilitation in a global Environment
TFA:	Trade facilitation Agreement
WCO:	World Customs Organisation
WTO:	World Trade Organisation

Definition of Terms

Authorized Economic Operator- A party/Organisation involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO (World Customs Organisation) or equivalent supply chain security standards (Danet, 2007)

Trade facilitation- 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. (Moïsé, Orliac, & Minor, 2011)

Mutual Recognition- A broad concept whereby an action or decision taken by one administration is recognized and accepted by another customs administration. (Aigner, 2010)

Research design- This is a plan and structure of investigation so conceived to obtain answers to the research questions (Cooper & Schindler, 2008)

Target population- This is the specific population about which information is desired since; in most cases it is not possible to study the entire population. (Onyancha L., 2012)

Simple random sampling- A sampling technique where every element has an equal chance of getting selected. (Singh, 2018)

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

(Danet, 2007) defines an Authorised Economic Operator (AEO) as a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO (World Customs Organisation) or equivalent supply chain security standards. These AEOs include importers, exporters, carriers, manufacturers, warehouse keepers, freight forwarders that have implemented required security measures and Best Practices. The rationale for AEO in customs is enshrined in the concept of mutual recognition whereby an action taken by a customs administration regarding AEO Validation is recognised and accepted by another customs administration thus creating an international standardized system.

1.1.1 Authorized Economic Operator (AEO)

After the September 2001 terrorist attacks, it became evident that the security of global trade and supply chain was highly at risk. This heightened awareness of the need to secure the supply chain at the global level was epitomised by several high level global summits that took place thereafter, where leaders announced that they would cooperate to develop and implement global measures to identify and nullify these risks. In June 2005, the High Level strategic meetings resulted in the formation of the SAFE (Security and Facilitation in a global Environment) Framework of standards, under which the concept of the Authorized Economic Operator (AEO) was born. (Mikuriya, 2007)

The AEO concept represents a partnership arrangement between Customs and Industry that is designed to provide incentives for businesses that meet defined supply chain security standards.

According to the WCO, ‘AEOs will reap benefits, such as faster processing of goods by Customs, e.g. through reduced examination rates… These processes will ensure that AEOs see a benefit to their investment in good security systems and practices, including reduced risk-targeting assessments and inspections, and expedited processing of their goods (Widdowson, 2014).

1.1.2 Trade Facilitation

Trade facilitation refers to policies and measures aimed at easing trade costs by improving efficiency at each stage of the international trade chain. According to the World Trade Organisation (WTO) definition, trade facilitation is 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. This may include customs, transport and transit issues, banking and insurance, business practices and telecommunications (Moïsé, Orliac, & Minor, 2011).

From these definitions, trade facilitation is affected by import & export duties, Customs Valuation, Import Licensing, Pre-shipment Inspection, Rules of Origin, Technical Barriers to Trade and other measures employed to test the quality of goods. Customs are under pressure to enforce various security and import restrictions, in particular those concerning environmental, sanitary and phytosanitary matters and at the same promote adherence to Rules of origin attached to preferential trading arrangements. This therefore means that while undertaking their duties, customs may cause delays in international movement of goods (Engman, 2005).

The losses that companies suffer through delays at borders, lack of transparency and predictability, complicated documentation requirements and other outdated customs procedures are seen as setbacks towards. Most manufacturers are heavily dependent on frequent and timely delivery of raw material and intermediary goods for their production processes. Inefficient customs services add to costs and delivery times, which in turn lowers the competitiveness of a country's producers. Poor infrastructure and capacity at seaports and airports is also seen as to be a problem facing players in the global trade. (OECD, 2004) when conducting a study on Indian Textile exports realized that Indian companies suffer a 37 percent cost disadvantage in shipping containers of clothing products from Mumbai/Chennai to the east coast of the United States, relative to similar container shipments originating from Shanghai. This was due to delays and inefficiencies in Indian ports.

So as to promote the interests of its citizens and traders, governments have undertaken key reforms in various areas in terms of capacity and legislation to enable smooth flow of trade and thus trade facilitation. These reforms include efficient customs and border processes, efficient port operations and bilateral trade agreements.

By undertaking these reforms, governments gain because efficient border procedures make them able to process more goods and improve control of fraud, thus increasing government revenue. Businesses also become more competitive as they can deliver goods to their customer quickly. Trade facilitation also brings more efficient and reliable tax collection which is very beneficial to developing countries as they depend on trade taxes to finance their public administrations.

However despite all these benefits, governments can be reluctant to enhance trade facilitation as they will have to fund these reforms and the benefits such as increased revenue and trade may be long term. Governments may feel that trade facilitation may require new legislation or amendments to existing laws, requiring time and staff specialized in regulatory work which can be time consuming and expensive. (OECD, 2005)

1.1.3 Global Perspective of AEO Programme

The World Customs Organization's (WCO) SAFE Framework of Standards to Secure and Facilitate Global Trade is widely recognised as an international standard and currently 167 countries have either commenced implementation of the SAFE Framework or expressed their intention to do so. The initial focus of the SAFE Framework was to secure the international supply chain in a manner that also facilitates trade and the AEO or 'trusted trader' is at the heart of this.

The European Union (EU) was the first to embrace and adopt the AEO concept by setting the requirements needed to become an AEO. These requirements were should have; records of demonstrated compliance with customs procedures; a system of managing commercial records which allow appropriate customs controls; where appropriate, proven financial solvency; where applicable, appropriate security and safety standards. These criteria go beyond the security agenda which originally triggered the development of the SAFE Framework, and introduce a layer of complexity which results in a coupling of two quite different concepts i.e. that of a compliant trader and that of a secure supply chain (Widdowson, 2014). As at the end of 2018, there are 77 operational AEO programmes and 17 which are still under developments worldwide. Kenya is one of the 77 countries that have implemented and fully rolled out the AEO programme (World Customs Organisation, 2018).

1.1.4 Becoming an AEO

Firms (Economic Operators) are in the best position to prepare their own application for AEO status. However, at the request of the applying company, Customs administrations may provide assistance for preparing their application. Once application form has been submitted, the Customs Administration will review it making sure all relevant information is available. To ensure valid information is available, a Self-Assessment Questionnaire (SAQ) is usually filled by the applying company and submitted together with the application form. If additional information is needed, the Customs Administration must request it from the application as soon as possible. The customs administration should then inform applicant about acceptance of the application or non-acceptance together with reasons for that.

If application is accepted, the AEO validation process begins and here Customs must test all aspects of the applicant’s business that is involved in international trade as well as all customs activities carried out by the applicant. The applicant’s business is studied to identify and analyse any potential risks under two aspects; the likelihood that an event will occur and its potential impact.

The potential risks analysed should include: security/safety threats to premises and goods, customs and fiscal risks, reliability of information related to Customs operations and logistics in respect of the goods, IT security, reliability of the firms employees, visible audit trail and prevention and detection of fraud and errors and security/ safety of business partners in the supply chain. Customs will now be tasked with assessing how effectively the economic operator covers these potential risks and if measures taken are adequate to reduce these risks to acceptable levels.

Once these risks and their mitigating tools have been assessed, Customs then prepares validation of the operator's application. Here customs strives to understand the business entity through the self-assessment questionnaires, partner's supply chain, logistical processes, service providers and internal controls. Customs will also then conduct on site visits where they will conduct interviews and meetings at the operator's premises to ensure all the controls and checks indicated in the self-assessment questionnaires are actually being implemented on the ground. Customs needs to ensure that the applicant fully supports the AEO programme.

The Economic operator's record of compliance with necessary governing customs laws and requirements is also considered to ensure the applicant does not have a history of breaking customs or any other taxation laws. The economic operator should also have maintained a good accounting system as well as exhibited sound financial viability. The customs administration should then conclusively report findings of the analysis of the operator's application and a decision on whether to grant or not to grant AEO status. If AEO status is granted, Customs must subsequently provide continuous monitoring of the operator's activities in line with the Customs-Business partnership arm of the SAFE Framework through understanding, regulating and inspecting activities of the AEO. (World Customs Organisation, 2018)

1.1.5 AEO Programme in Kenya

The AEO programme in Kenya was launched in November 2011 and it was backed by the East African Community Customs Management Act 2004 (EACCMA). The Kenya Revenue Authority (KRA), being the government agency mandated with Kenya's customs services, launched the programme in line with the SAFE Framework and so as to establish global best practices in its operations. The types of operators in Kenya's AEO programme are importers & exporters, transporters/shippers and clearing agents (World Customs Organisation, 2018). The

AEO programme is anchored in the WCO SAFE Framework of Standards, World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) article 7.7 and EACCMA Compliance Enforcement Regulations (Kenya Revenue Authority, 2019).

As at February 2019, there are 208 AEOs in Kenya which are broken down as 130 importers and exporters, 76 clearing agents and 2 transporters/shippers (Kavata, 2019). KRA intends to increase this number by 40% annually and they are rolling out programmes aimed at sensitizing major stakeholders such as importers, clearing agents, port authorities and many others. It also intends to appoint more liaison officers to service existing AEOs and ensure these AEOs enjoy easy access to information from Customs Services Department. (World Customs Organisation, 2018)

1.2 Statement of the problem

Various agencies in Kenya have been tasked with trade facilitation. These include Kenya Revenue Authority (KRA), Kenya Ports Authority (KPA), Kenya Bureau of Standards (KEBS), Police, Ministry of Roads and many others. Their roles range from revenue collection, port services, facilitating transport of goods to checking for security and providing security services. With cooperation in trade liberalization being one of the key pillars of Kenya's trade policy, trade facilitation is therefore a paramount issue to the Kenyan government. Kenya's Customs Administration plays a critical role not only in providing expedited clearing processes but also in implementing effective controls that secure revenue, ensure compliance with national laws and ascertain security and protection of the society.

In Kenya the prevailing inefficiency of trade documentation processes continues to inflict delays on the trade community in terms of clearance of goods at the various exit and entry points. The frequent system outages in the Simba system have been seen as a contributor towards high transaction costs as a result of delayed documentation. Lack of consultations with stakeholders when it comes to implementation of new policies has also been seen as a hindrance to trade facilitation. There has been no research study that has been conducted on AEO in Kenya as a framework for Trade Facilitation and therefore this presents a study gap which the researcher intends to fill.

1.3 Objectives of the Study

1.3.1 General Objective of the study

The study has the following general objective: To determine the effect of AEO programme on trade facilitation in Kenya

1.3.2 Specific Objectives of the study

The Study has the following Specific Objectives:

i. To determine the effect of Preferential Treatment of AEOs on Trade Facilitation in Kenya.
ii. To explore the effect of Communication on Trade Facilitation in Kenya.
iii. To find out the effect of Mutual Recognition on Trade Facilitation in Kenya.

1.4 Research Questions

The study seeks to answer the following questions:

i. What effect does Preferential Treatment of AEOs have on Trade Facilitation in Kenya?
ii. What effect does Communication have on Trade Facilitation in Kenya?
iii. What effect does Mutual Recognition have on Trade Facilitation in Kenya?

1.5 Justification of the study

This study is going to be of significance to the following parties:

Kenya Revenue Authority

This study will be significant to KRA as it will show the effects AEO has had on trade facilitation. This will enable KRA to determine the extent to which they should carry out this AEO programme and its impact towards trade facilitation.

The Government

This study will be relevant to the government of Kenya as it will show the contributions AEO has made towards trade facilitation and thus the government will be able to assess the amount of support AEO will need, i.e. financial support, legislative support.

Business Community

This study will be relevant to the business community as they will be enlightened of the benefits AEO programme has and therefore deliberate on whether to seek AEO status.

1.6 Scope of the study

The study is going to focus on the effect of AEO programme on Trade Facilitation in Kenya. The Geographical location for this study is Kenya and target groups in the study are the Accredited AEOs and KRA.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter entails a thorough review on literature about the subject under study presented by various researchers, authors, analyst and scholars. It begins with the theoretical review and further highlights the theories on Trade Facilitation. This chapter will also discuss a number of studies that have been done in Kenya and other parts of the world with a focus on the effect of AEO programme on Trade Facilitation in Kenya.

2.2 Theoretical Review

The main aim of theoretical review is to review the critical points of current knowledge including finding as well as theoretical and methodological contributions to a certain topic. It entails a collection of related concepts which will guide the researcher in determining what will be measured and in drawing relationships between the variables. Theoretical review establishes the importance of the topic by providing information needed to understand the study (Onyancha L. , 2012).

This research focuses on the effects of AEO programme on Trade Facilitation in Kenya. Trade facilitation aims to reduce trade costs, which in their broadest definition include all costs, apart from the cost of production, incurred in getting a good from a producer to a final consumer. They include the costs of transportation, tariffs, nontariff measures and inefficient trade procedures (Anderson & Wincoop, 2004).

This literature review entails a number of theories put forward to explain and provide an explorative view of the relationship. The following are the theories:

2.2.1 Adam Smith's Theory of International Trade

This theory is also referred to as the 'Theory of Absolute Advantage. (Smith, 1776) viewed trade as a positive-sum game where all trading partners can benefit. Adam Smith encouraged free trade whereby he interpreted production of goods in a country in relation to division of labour. He set out to give an example of a pin factory where one worker working on his own could make one pin in a day by doing all the production processes himself. However if the production process is broken into many parts let's say ten processes, where one worker handles only one process in the making of the same pin, production could increase to 48,000 pins a day. This was as a result of division of labour and encouraging each work to specialize and focus on one process of production which was contributing to the completion of the product. (Smith, 1776)

This idea was then extended to international trade whereby countries specialize in one area just as the pin makers did. This would be more or less an international division of labour and it would lead to world progress as there was specialization, cooperation and exchange just as was seen in the pin making factory (Cho & Moon, 2000). (Smith, 1776) further interpreted his theory by stating that '*It is the maxim of every prudent master of a family, never to make at home what it will cost him more to make than buy. The tailor does no attempt to make his own shoes but buys them from the shoemaker'*. Smith used this logic to state that this reasoning should be extended to a Kingdom whereby a country is better off buying goods which are expensive to produce from another country where it produces cheaply.

The kingdom would use part of its produce of its own industries to buy the goods which it deems costly or unable to make. With his statement, Smith justified that some countries have natural advantages in producing goods to the extent that it would be ridiculous to compete with them in making them. This was what he termed as a country having 'Absolute Advantage' on production of a particular good. This would encourage countries to specialize and develop the products in which they had absolute advantage and buy from other countries what they do not have. This way, there would be world progress as countries would specialize, cooperate and gain from trade the same way the workers in the pin factory did (Cho & Moon, 2000).

2.2.2 Ricardian Trade Theory

This Theory is also referred to as the 'Theory of Comparative Advantage'. (Ricardo, 1817) stated that countries should focus on producing goods in which they are most efficient in regarding production. This means that they should focus on goods which will require fewer inputs instead of those which will require more inputs of production. This will encourage countries to focus on the goods which they can efficiently produce and buy from other countries those which require higher productions costs. This inevitable results in international trade as countries will specialize on the goods which they are best at producing and import other goods from countries which can produce them efficiently.

(Ricardo, 1817) gave an example of England and Portugal when it comes to Cloth and wine. In England, it takes 10 men to produce cloth and 14 men to produce wine and in Portugal it takes 7 men to produce wine and 8 to produce cloth. England will prefer to focus on producing cloth and buy the wine it needs from Portugal as opposed to producing it locally (Policonomics, 2017). This theory led to the development of international trade as we know and even today, countries still opt to focus on producing what they are good at and buying from other countries whatever else they might need.

2.2.3 Factor Endowments Theory

This theory was developed by two Swedish economists, Heckscher and Ohlin in their HO model. The theory states that comparative advantage arises from differences in factors of production and countries differ from each other in terms of the factors of production they possess. (Heckscher & Ohlin, 1919) in their model stated that a country will export that which the production of the country is naturally endowed and has lower factor costs.

Production here is determined by two factors; labour and capital unlike Ricardian Theory which only recognised Labour. The HO model assumes that technology is identical but production methods are different between countries (Cho & Moon, 2000). Different production methods indicate different combinations of labour and capital. Different countries may choose different production methods depending upon factor prices in those countries. This further implies that patterns of production and trade are justified by different factor endowments or factor prices. (Cho & Moon, 2000)

2.2.4 The Iceberg Model of trade

The iceberg model is useful in analysing the effect of trade costs on international trade. It states that inefficient procedures increase the cost of trade and affect the price paid by an importer and price received by an exporter of goods in the same country. These inefficient procedures could be poor infrastructure, punitive taxes, ineffective customs processes, trade barriers and quotas, poor production techniques and many others. In this case, importers pay high prices for their imports and exporters receive low prices for their goods as they are not competitive in the global market.

This wedge in the prices paid by the two players in international trade i.e. importers and exporters represent a pure loss which is akin to part of an iceberg that melts away as it drifts in the ocean (Samuelson, 1954). As a country employs trade facilitation measures so as to mitigate against this loss, the country's costs of trade reduces. Importers benefit from a low price for imports and exporters benefit from a high price for their exports. The quality of trade in the country improves and thus more tax revenue is collected.

Increase in trade means more goods crossing borders thus resulting in having to comply with more stringent customs formalities to enhance quality of trade. Therefore as a country seeks to reduce its costs of trade, customs administrations are tasked with ensuring that trade is not only facilitated but that borders are secured through checks and measures to safeguard the trade.

2.3 Empirical Review

2.3.1 Preferential treatment of AEOs

AEOs in their nature of being 'trusted traders' receive preferential treatment from Customs as compared to non AEOs. As a results of their satisfying key customs criteria, (Tweddle, 2008) states that AEOs are entitled to various trade facilitation benefits. These benefits include their consignments may be fast-tracked through customs controls and may encounter very minimal controls. Their lower risk score will determine the frequency of physical and documentary checks by customs and whenever they are selected for examination, they will always receive priority over non AEOs. AEOs also enjoy pre-arrival declaration and clearance and exempt them to certain elements in declaration.

The AEO programme in itself seeks to distinguish certified firms in terms of their meeting WCO or equivalent standards (Danet, 2007). These firms need to have shown a history of exemplary compliance to customs processes, satisfactory systems of management and record keeping, financial solvency and security and safety standards. These terms, once adhered to, portray a firm that is well equipped to compete both locally and globally with a view of securing trade. Achievement of AEO certification by a firm is seen as prestigious as the firm is regarded to as a ‘trusted’ partner in regards to customs as they have demonstrated that they have a high level of control as well as transparency in their operations.

This preferential treatment is seen as a source of competitive advantage when it comes to trade and commerce. AEO Certification allows faster and easier access to facilities such as centralised customs clearance, guarantee waiver, lower control rates and limited information transmissions to meet safety and security requirements (Houé & Murphy, 2018). This results in low port charges as AEO consignments are not subjected to strict verification and checks as compared to non AEOs. This results in efficiency in terms of delivery of goods to customers as they are not hindered by complicated customs procedures at points of entry.

(Aigner, 2010) states that due to this preferential treatment AEOs tend to prefer to trade with other AEOs thus increasing profitability among AEO firms and thus making certification a critical competitive advantage. This certification is a key distinguishing factor over non certified firms whenever there is a need to select between different suppliers or service providers. AEO certified companies might prefer an already AEO certified partner, as Customs regard them as a lower risk if all members of their supply chain have AEO status (Schramm, 2015). Companies participating in global trade are always keen to have their goods reach their customers in good time so it is paramount to them that have suppliers or partners that enjoy expedited customs processes so as to avoid disruptions in their supply chain. AEO certification signals that the company is a trustworthy partner and customer in international trade. It also sends a message of being a reliable operator with a proven and clear view of its' supply chain processes.

2.3.2 Communication

The WCO SAFE Framework states that customs and the AEO should consult regularly on matters that regard security of the supply chain and trade facilitation. Customs is mandated to regularly communicate with the AEO on issues regarding trade facilitation and hold consultations regarding any new policies prior to implementation. Being that the basis of AEO programme is to facilitate and secure trade, businesses see AEO certification as an added advantage as they are able to constantly engage Customs on matters that regard to the their supply chain.

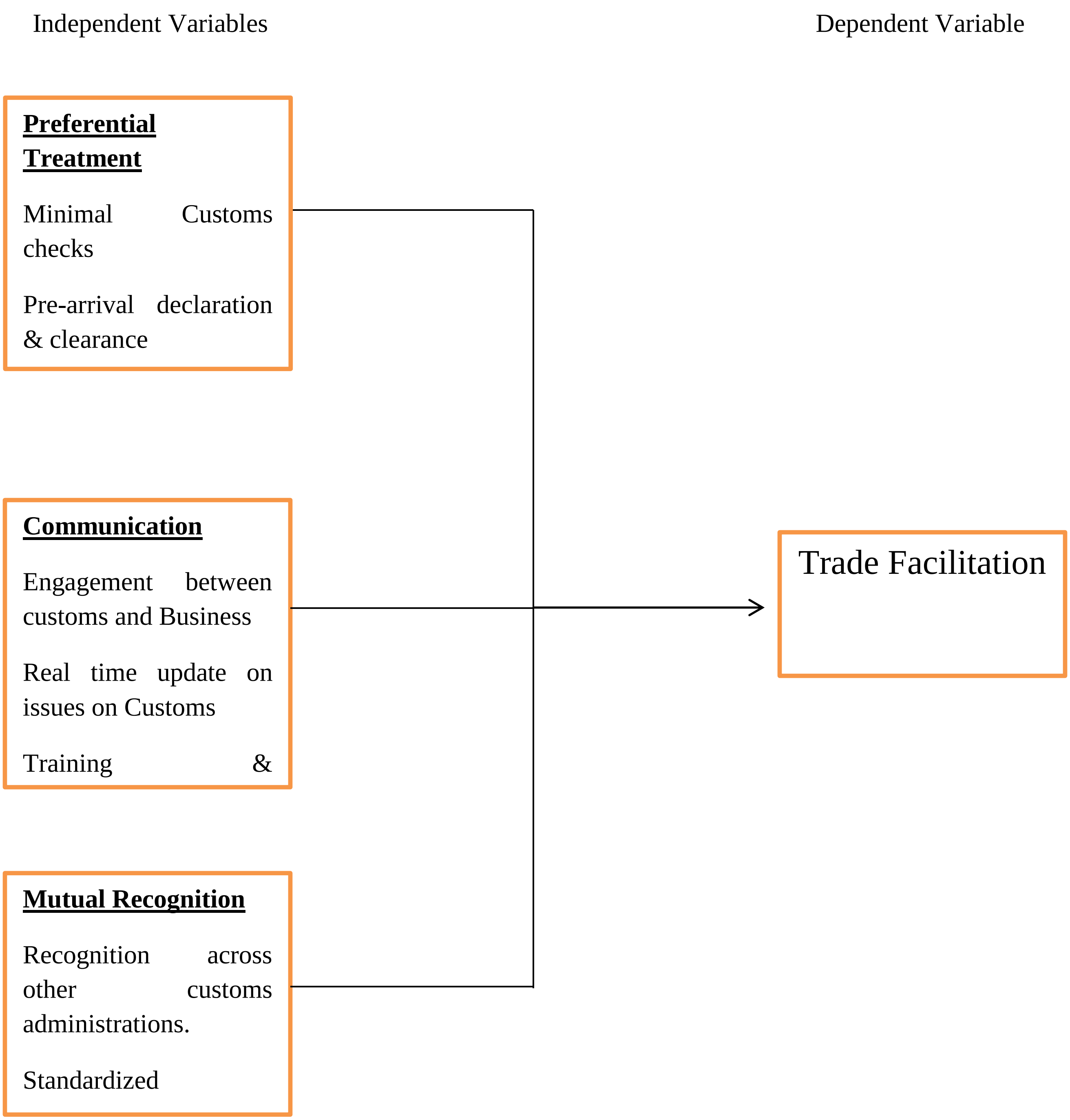
A study by (Hughes, 2017) showed that being made aware of the risks and security issues concerning trade will transpire positively in regards to a company's operations. A company will be able to use this first-hand information, made available to them due to their AEO certification, and align their operations to ensure their supply chain is not exposed to security threats and disruptions. This will be very important to companies that operate globally and have subsidiaries or other business units located nationally and globally. While conducting a study on Logistics Service Providers, (Houé & Murphy, 2018) also noted that informational resources gained as a result of AEO certification are a key competitive advantage to a firm.

2.3.3 Mutual Recognition

(Aigner, 2010) refers to Mutual Recognition as a broad concept whereby an action or decision taken by one administration is recognised and accepted by another customs administration. In line with WCO's approach mutual recognition is seen as an arrangement between two or more customs administrations (or governments) that recognise each other's audits, controls and authorizations as equivalent and therefore provide reciprocal benefits to AEOs which means that AEOs in one partner country are deemed as secure as those authorized by in another and will therefore receive benefits such as reduced customs checks when importing in one customs territory. According to (Aigner, 2010), traders suggest that customs administrations should include a clause in mutual recognition agreements that a company which is an AEO in country 'x' does not have to become an AEO in country 'y' since the former country already recognises it as a secure partner. Customs doesn't share this same notion as they believe that an AEO in country 'x' is a different legal entity from that in country 'y' even though they are owned by the same multinational.

The European Union (EU) is a great example of a bloc of countries that has fully implemented the concept of mutual recognition. Once an AEO is certified in one EU member state, its certification is automatically recognized across all 27 EU countries (Szelp, 2010). This is as a result of all EU states having uniform audit checks, controls and systems when it comes to authorizing AEO status. This is very beneficial to AEOs in the EU as they enjoy benefits of being AEO certified not only in their home country but across the EU as a result of mutual recognition. Achieving mutual recognition is however very difficult and it takes a very long time. (Aigner, 2010) states that mutual recognition is based on trust between two countries and governments tend to announce signing of any agreements publicly and this can be embarrassing if a security lapse in cargo security in one country facilitates an attack in another country after announcing of joint agreements. Governments may hesitate to commit to mutual recognition due to this and also due to their own political and economic interests as they may want to enjoy some level of autonomy when it comes to decisions on trade.

2.4 Conceptual Framework



2.5 Research Gaps

Studies have been done on AEO programme with a view of gauging their benefits and seeing who is most beneficial to it. Majority of these studies have been done in the European Union and Asia. These studies have been limited to showing who benefits in terms of the industry and very few studies have been done in Africa particularly Kenya. There being insufficient studies of AEO programme in Kenya has led to the researcher choosing to study it and see its effects on trade facilitation.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

Chapter 3 brings out the research methodology. Research methodology is the methods, procedures and means through which the researcher works to gather and collect data for his research study which he will concert into orderly and useful information. This chapter deals with the research design, target population, sample and sampling procedure, data collection and analysis technique to be used.

3.2 Research Design

Research design is a plan and structure of investigation so conceived to obtain answers to the research questions (Cooper & Schindler, 2008). This study employed Descriptive research design which was chosen as the study seeks to establish the effects AEO programme has had on Trade Facilitation in Kenya. A descriptive study is carefully designed to ensure complete description of the situation, making sure that there is no bias in data collection and interpretation (Chesire, 2009). Descriptive research design makes it possible to investigate relationship between two or more variables (Githua, 2012). A descriptive study attempts systematically to describe a problem or provide information on a phenomenon and therefore a descriptive research design is appropriate for this study (Ranjit, 2014).

3.3 Target Population

A population is a well-defined set of people, services, elements, events and group of things or households that are being investigated. Target population in statistics is the specific population about which information is desired since; in most cases it is not possible to study the entire population (Onyancha L. , 2012). The population here was made up of companies which are considered for the AEO programme under the SAFE Framework. These include importers & exporters, clearing & forwarding firms, manufacturers, transporters and shipping agents. The study will use the 76 AEO accredited Clearing and Forwarding firms in Kenya as the target population. This target population was chosen because clearing & forwarding firms are at the fore front when it comes to liaising with KRA during importation of goods and they experience first hands all the frustrations brought about by the inefficiencies that the AEO programme seeks to resolve.

3.4 Sampling Frame

Out of the 3 categories of firms that are usually accredited in the AEO programme, the researcher chose clearing & forwarding firms as the sample. The 76 clearing & forwarding firms which are AEO compliant are listed in Annex 1.

3.5 Sample & Sampling Technique

Out of the 76 clearing and forwarding firms, the researcher drew a sample of 23 firms where questionnaires were administered. This number was chosen as it represents more than 30% of the total population and the researcher couldn't draw a census sample on the sample due to time, financial and logistical reasons. This sample was determined using simple random sampling which is a sampling technique whereby every element has an equal chance of getting selected (Singh, 2018). This technique was used because there is no prior information regarding the population aside from them being clearing firms. There was a bias towards picking AEO clearing firms which operate regionally in the East African Community (EAC) i.e. companies that operate in other countries other than Kenya in the EAC. The researcher used this bias so as to gain deep insights on the relationship of the independent and dependent variables and to also test the independent variables appropriately.

3.6 Data Collection Instruments

This study involved Primary data which was collected via a questionnaire. The questionnaire contained closed ended questions as this data was quicker to analyze and it enabled the researcher to collect factual data that does not have an opinion. A questionnaire was chosen as the main instrument of data collection as it is not time consuming, offers high response rate and does not pressurize the respondent in any manner.

3.7 Data Collection Procedure

The questionnaires were issued to the respondents by the researcher and the respondents were given 5 days to fill in the questionnaire. This was done so as to give the respondents adequate time to fill the questionnaire and so as to collect reliable data as the respondents were given the opportunity to keenly read through and ponder all the questions without pressuring them. The data was then collected by the researcher for analysis.

3.8 Data Presentation and Analysis

3.8.1 Data Presentation

The data collected was presented using pictorial diagrams such as tables, pie charts and graphs.

3.8.2 Data Analysis

The data collected from questionnaire was analysed using descriptive and inferential statistics. Descriptive statistics included mean, median and standard deviation. Inferential statistics included correlation and regression analysis which were done through SPSS and STATA. The following multiple regression model was applied for data analysis:

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$$

Y= Trade Facilitation

β_0= Constant

β_1 to β_3= Regression coefficients

e= Error term

x_1= Preferential treatment

x_2= Communication

x_3= Mutual recognition

CHAPTER 4: STUDY FINDINGS AND DISCUSSIONS

4.1 Introduction

This section presents the study findings. It comprehensively analyses factors which affect trade facilitation in Kenya. This chapter objectively evaluates the effects Authorized Economic Operators (AEOs) have on trade facilitation in Kenya. It mainly explores the relationship that preferential treatment, communication and Mutual recognition have on Trade facilitation and the extent of their effects. The study utilizes data derived from a sample of 23 questionnaires in performing the descriptive and inferential statistics. Lastly, the results are presented mainly in form of charts and tables.

4.2 Socio-Demographic of Respondents

The demographic of respondents is indicated in terms of gender as shown in the figure 1 below. Generally, male dominated in participation of filling the questionnaires with 87% participation rate with female having 13%.

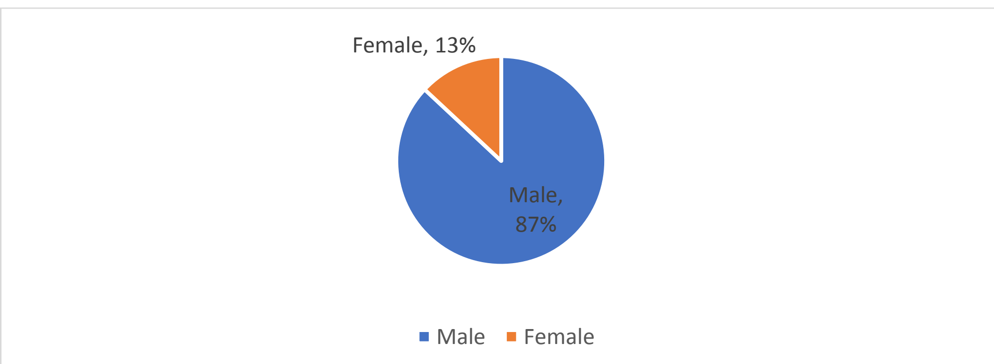


Figure 4.1 Gender of Respondents

With regards to age of respondents, majority of participants in filling of the questionnaires tool were aged between 31-40 years with a participation rate of 65% followed by participants aged between 18-30 years who had a participation rate of 22%. Participants aged between 41-60 years had the lowest participation rate of 13%. This is clearly shown in the Figure 4.2 below.

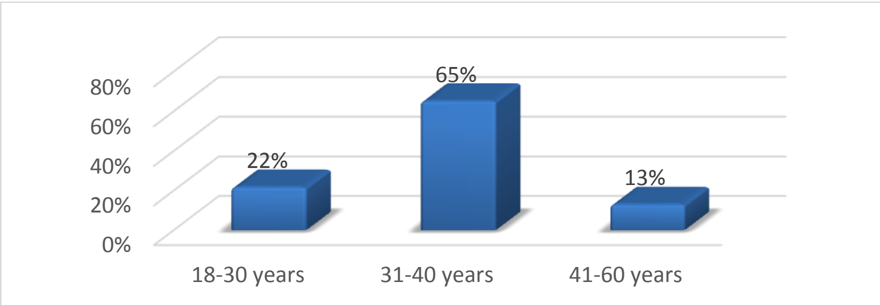


Figure 4.2 Age of the Respondents

Most Lucrative aspect that convinced organizations to apply for AEO accreditation.

91% of the respondents considered that the most lucrative aspect that convinced their organization's to apply for AEO accreditation was the expedited release of cargo due to minimal or fast-tracked customs control while 9% of the respondents considered that recognition as 'trusted trader' was the most lucrative aspect that convinced their organization to apply for AEO accreditation.

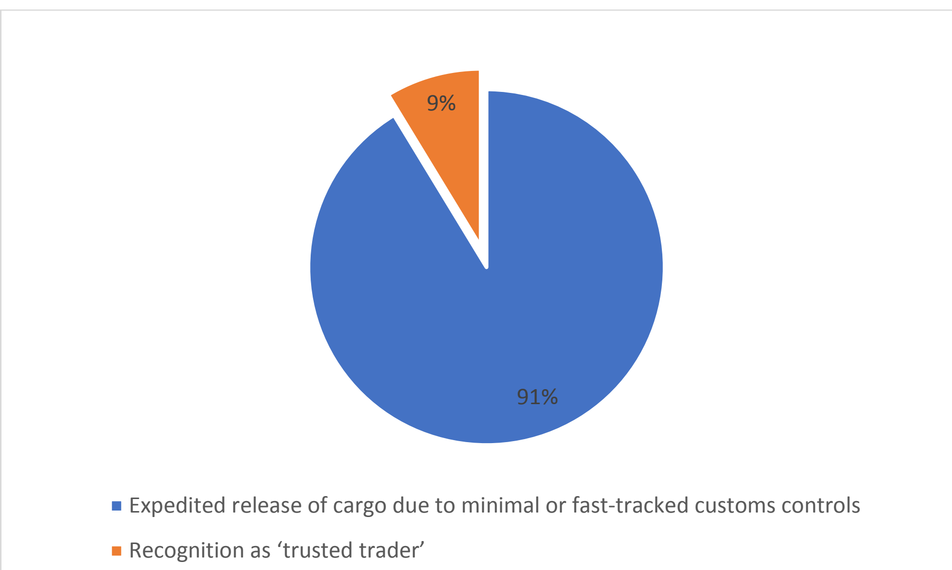


Figure 4.3 Most lucrative aspect that led organizations to join AEO.

4.3 Descriptive Statistics

The summary statistics under consideration are mean, standard deviation, minimum and maximum. The mean is the average value of the variables in the model, the standard deviation is a measure of variability, and the minimum is the least value while maximum is the highest value. Based on the summary analysis of respondents, all the respondents agreed, represented by 4, on the various factors relating to each of the variables i.e. Trade Facilitation, Preferential Treatment of AEOs, Communication and Mutual Recognition. This can be clearly observed on the Table 4.1 below which give the visualization of the summary statistics.

Table 4.1 Descriptive statistics table

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Regular communication on matters, customs, security and compliance	23	4	5	4.12	.291
Mutual Recognition	23	4	5	4.03	.244
Preferential Treatment of AEOs	23	4	5	4.25	.329
Valid N (listwise)	23				

From this table, each of the independent variables tested had a minimum score of 4, which is the questionnaire was ‘Agree’ and a maximum of 5 which was ‘Strongly Agree’. Out of all the independent variables tested, Preferential Treatment had the highest mean score of 4.25 as compared to Regular communication (4.12) and Mutual recognition (4.03) which also was the lowest score. This means that respondents felt that Preferential Treatment had the highest effect on Trade Facilitation while Mutual Recognition had the lowest effect. However, a Multiple Regression Analysis will give more concrete findings on the relationship and effects the 3 independent variables have on Trade Facilitation.

4.3.1 Trade Facilitation

Based on analysis done on the questionnaires, 83% of the respondents agreed and 17% strongly agreed that being an AEO has eased documentation procedure that you undergo during cargo clearance as shown on figure 4.4 below.

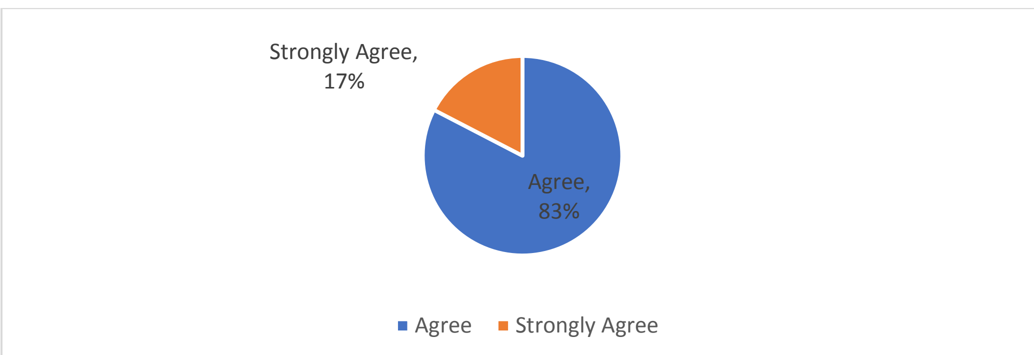


Figure 4.4 Being AEO has eased cargo clearance documentation clearance

83% of the respondents agreed while 17% of the respondents strongly agreed that simplified customs procedure have resulted in significant costs in cargo clearance as represented in the figure 4.5 below.

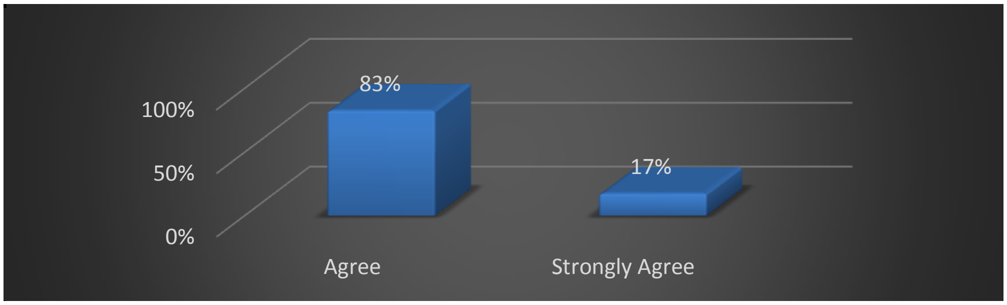


Figure 4.5 Simplified customs procedures have resulted in significant costs in cargo clearance

Regarding time in clearance of goods, 70% agreed while 30% strongly agreed that reduced time in clearance of goods has improved organization's efficiency as shown in the figure 4.6 below.

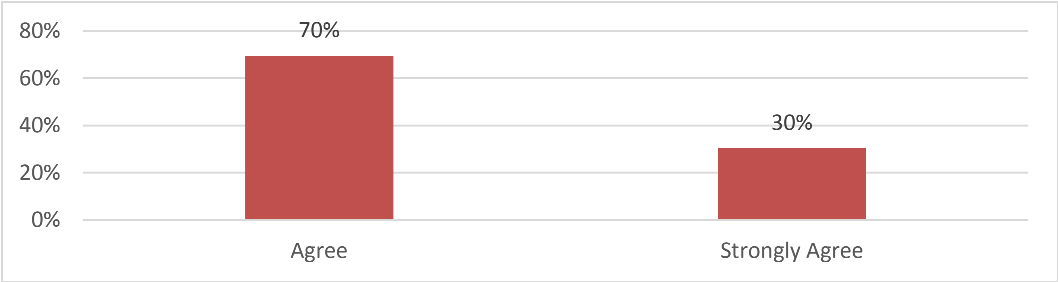


Figure 4.6 Reduced time has improved organization's efficiency

4.3.2 Regular communication on matters, customs, security and compliance

Regarding analysis made on regular communication on matters, customs, security and compliance, 57% agreed, 39% neither agreed nor disagreed and 4% fully disagreed that customs usually engages one on matters to do with customs procedures and that customs considers your feedback before coming up with new regulations on trade.

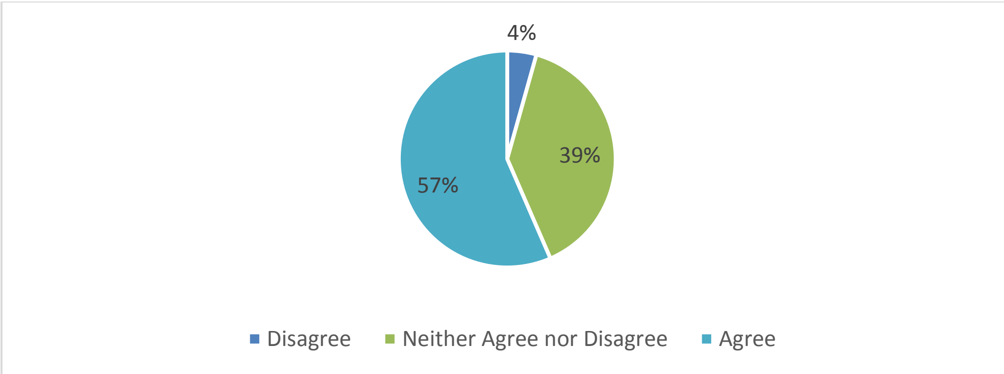


Figure 4.7 Customs engages you on procedural matters and considers your feedback before changing regulations

74% of the respondents agreed and 26% of the respondents strongly agreed that receiving constant real time updates on issues of customs compliance is important for efficient movement of goods as clearly shown in the figure 4.8 below.

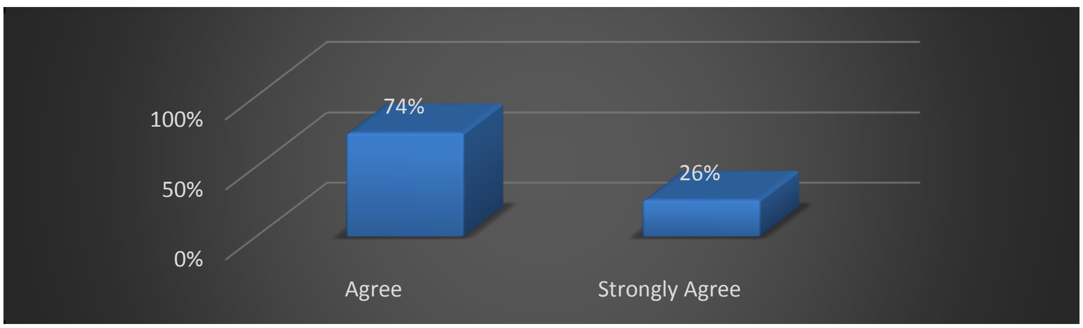


Figure 4.8 Receiving real time updates is important for efficient movement of goods

Regarding operation efficiency, 91% of the respondents agreed, 4% strongly of the respondents agreed and 4% of the respondents neither agreed nor disagreed that participating in customs training and consultative meetings has greatly improved the organization's operational efficiency as shown in figure 4.9 below.

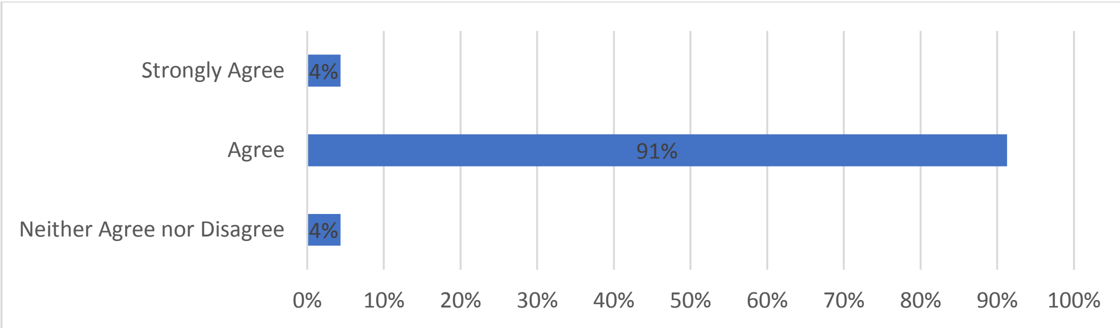


Figure 4.9 Participation in training and consultative meetings improves operational efficiency

70% of the respondents strongly agreed and 30% agreed that regular communication with customs on matters of compliance is a key tool that helps their organization gain a competitive advantage over non-AEO clearing firms as shown in figure 4.10 below.

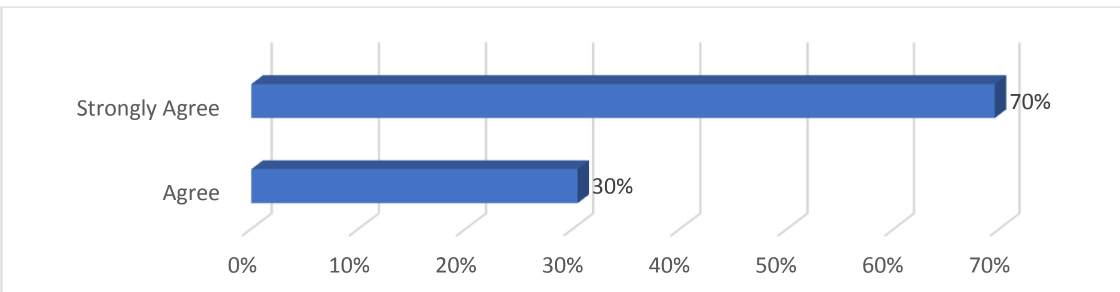


Figure 4.10 Regular communication helps gain a competitive advantage over non-AEO clearing firms

4.3.3 Mutual Recognition

Regarding mutual recognition, 83% of the respondents agreed, 13% of the respondents neither agreed nor disagreed and 4% of the respondents strongly agreed that there are adequate cooperation efforts among customs administrations within the EAC when it comes to facilitating trade as shown in figure 4.11 below.

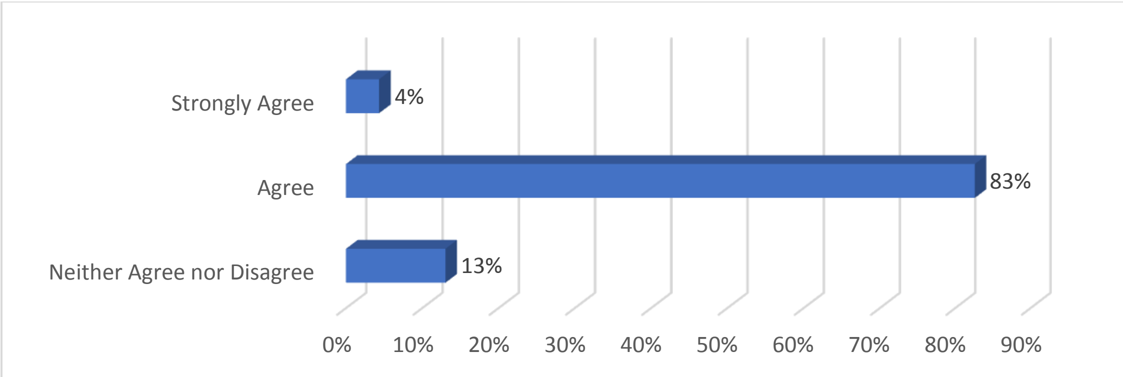


Figure 4.11 There are adequate efforts among customs administrations

96% of the respondents agreed and 4% of the respondents strongly agreed that standardized customs procedures across the EAC when it comes to AEOs has improved their organization's efficiency as an AEO as shown in figure 4.12 below.

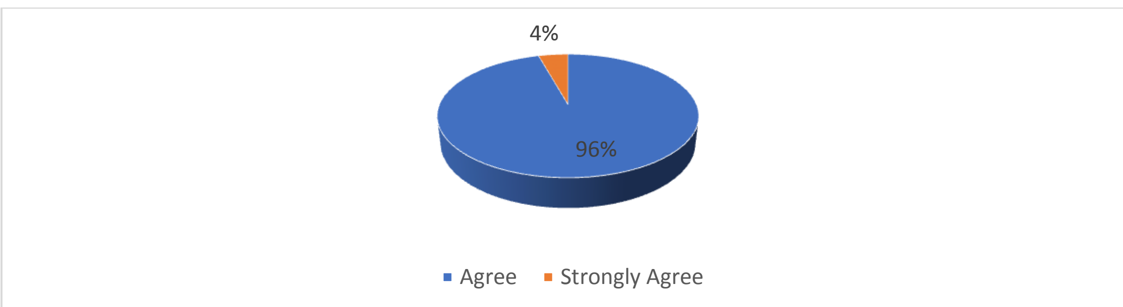


Figure 4.12 Standardized customs procedures has improved organization's efficiency as an AEO

87% of the respondents agreed while 13% of the respondents strongly agreed that standardized customs procedures within the EAC has greatly improved the flow of goods within the region as represented in figure 4.13 below.

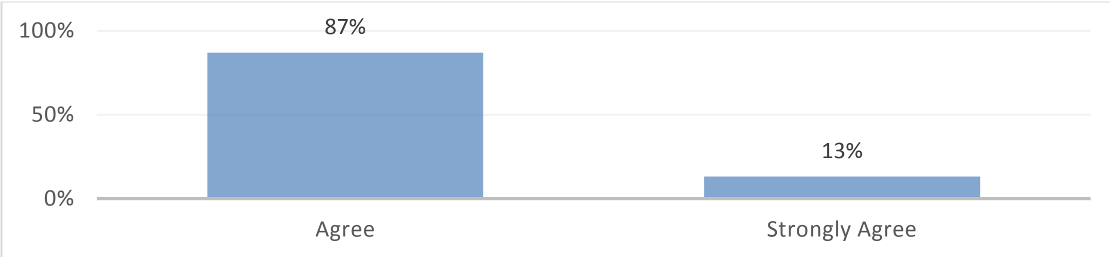


Figure 4.13 Standardized customs procedures has greatly improved flow of goods

4.3.4 Preferential Treatment of AEOs

Regarding preferential treatment of AEOs, 65% of the respondents agreed and 35% of the respondents strongly agreed that preferential treatment has fast-tracked cargo clearance for AEOs at the ports entry in Kenya as shown in figure 4.14 below.

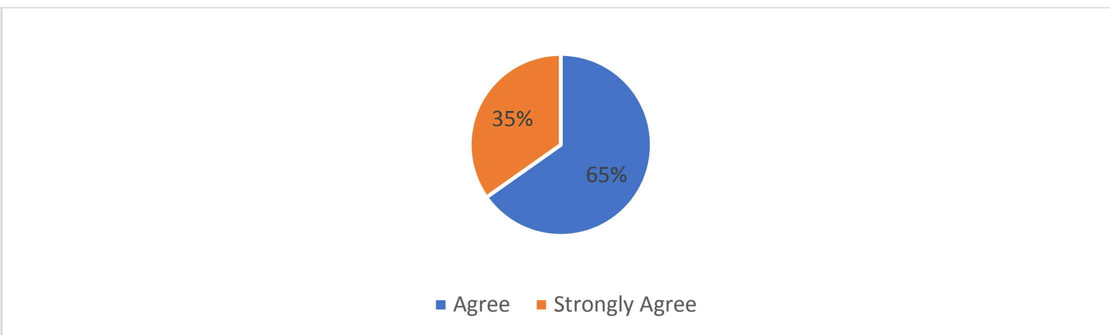


Figure 4.14 Preferential Treatment has fast-tracked cargo clearance for AEOs

74% of the respondents agreed, 22% of the respondents strongly agreed and 4% of the respondents neither agreed nor disagreed that being AEO certified has resulted in a significant fall in the time to clear cargo as shown in the figure 14 below.

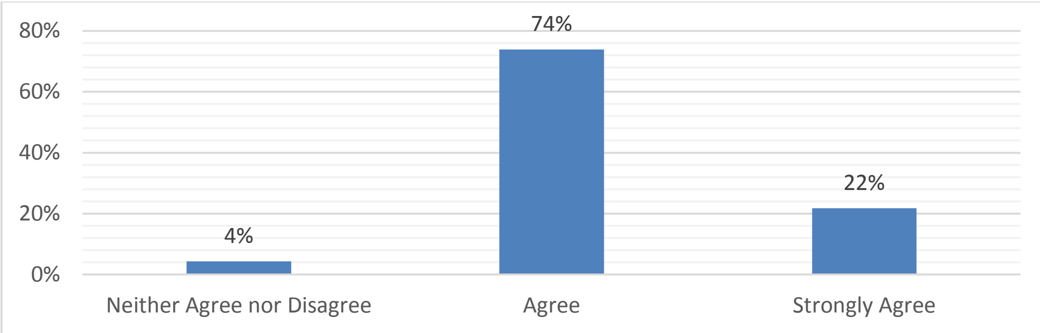


Figure 4.15 Being AEO certified has resulted in significant fall in time taken to clear cargo

87% of the respondents agreed and 13% of the respondents strongly agreed that preferential treatment has reduced cargo turn-around time for AEOs as shown in figure 4.16 below.

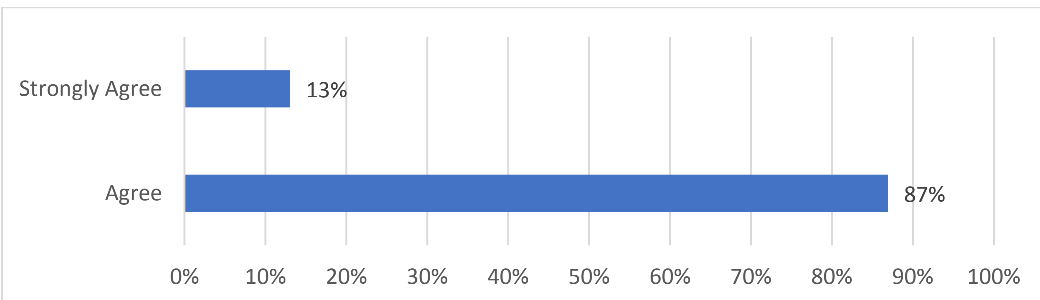


Figure 4.16 Preferential treatment has reduced cargo turn-around time for AEOs

57% of the respondents agreed, 39% of the respondents strongly agreed and 4% of the respondents neither agreed nor disagreed that being AEO certified has simplified customs procedures as shown in figure 4.17 below.

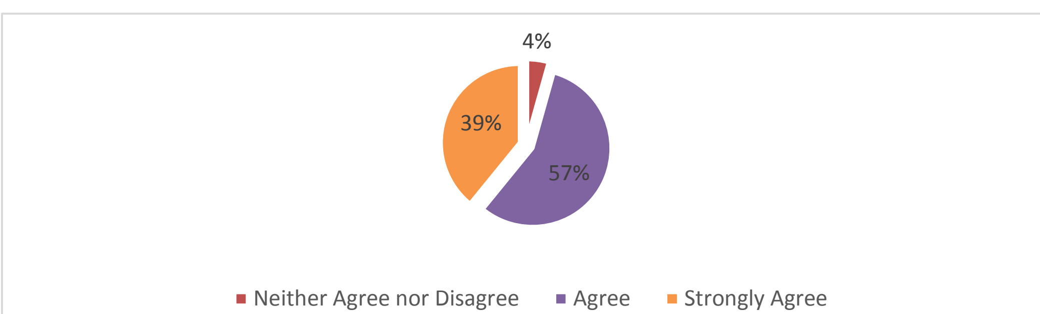


Figure 4.16 Being AEO certified has simplified customs procedures

4.4 Regression Analysis

A linear regression analysis was done using STATA to identify the effects of Authorized Economic Operators on the framework of Trade Facilitation.

4.4.1 Correlation Analysis

Correlations					
		Preferential Treatment of AEOs	Mutual Recognition	Regular communication on matters, customs, security and compliance	Trade Facilitation
Preferential Treatment of AEOs	Pearson Correlation	1	.189	.238	.355
	Sig. (2-tailed)		.389	.274	.096
	N	23	23	23	23
Mutual Recognition	Pearson Correlation	.189	1	.482*	.388
	Sig. (2-tailed)	.389		.020	.068
	N	23	23	23	23
Regular communication on matters, customs, security and compliance	Pearson Correlation	.238	.482*	1	.432*
	Sig. (2-tailed)	.274	.020		.040
	N	23	23	23	23
Trade Facilitation	Pearson Correlation	.355	.388	.432*	1
	Sig. (2-tailed)	.096	.068	.040	
	N	23	23	23	23
*. Correlation is significant at the 0.05 level (2-tailed).					

Table 4.2 Correlation Analysis

In correlation analysis, the independent variables were tested against the dependent variables and the correlation coefficients were obtained as shown in the table above. The correlation coefficient is a statistical measure that calculates the strength of the relationship between the relative movements of two variables. The values range between -1.0 and 1.0. A calculated number greater than 1.0 or less than -1.0 means that there was an error in the correlation measurement. A correlation of -1.0 shows a perfect negative correlation, while a correlation of 1.0 shows a perfect positive correlation. A correlation of 0.0 shows no relationship between the movement of the two variables (Ganti, 2019). 0.5 to 1 is deemed to have strong correlation, 0.49 to 0.3 is medium correlation, less than 0.29 is small correlation and 0 is no correlation.

The variables were also run through a 2-tailed test to test the level of statistical significance. In statistics, a two-tailed test is a method in which the critical area of a distribution is two-sided and tests whether a sample is greater than or less than a certain range of values. It is used in null-hypothesis testing and testing for statistical significance (Hayes, 2019). It bases the level of statistical significance (p) against 0.05 or 5% whereby if p is less than .05, the correlation is said to be statistically significant and if it is more, it is deemed statistically insignificant.

From the correlation analysis that was run through our linear regression model, the 3 independent variables (preferential treatment, mutual recognition and regular communication) all had positive correlation coefficients to the dependent variable (trade facilitation). Preferential treatment has a medium positive correlation coefficient of 0.355, while mutual recognition had a medium correlation of 0.388 and regular communication had a correlation of 0.432. Regular communication had the strongest correlation among the variables tested against trade facilitation which can be interpreted as trade facilitation would increase more with an increase in regular communication as compared to the other variables.

The 2-tailed test resulted in preferential treatment having a p value of 0.096 (9.6%), mutual recognition 0.068 (6.8%) and regular communication having 0.040 (4%). This means that among the 3 variables, it was only Regular communication that was statistically significant when tested against trade facilitation as it had a p value of 0.04 (4%) which was less than 0.05 (5%) which was the lowest acceptable value for statistical significance. Both preferential treatment and mutual recognition had values of 0.096 (9.6%) and 0.068 (6.8%) deeming them statistically insignificant.

4.4.2 Model Summary

Table 4.3 Model Summary

Number of obs	=	23
F(3, 19)	=	2.56
Prob > F	=	0.0856
R-squared	=	0.2876
Adj R-squared	=	0.1751
Root MSE	=	.32413

In this model there were 23 observations based on the 23 questionnaires that were analyzed. The three independent variables could not statistically significantly predict Trade facilitation, F (3,19) =2.56, P=0.0856. R-squared is used to measure overall goodness of fit of the model. Due to low number of observations adjusted R-squared is best fit to measure the goodness of fit. In this case, the model explains 17.51% of the variability of the response data around its mean. The Root Mean Squared Error, Root MSE = 0.32413, is essentially the standard deviation of the residual in this model. It is the Square root of the Mean Squared Error.

4.4.3 ANOVA Analysis

Table 4.3 ANOVA Analysis

Source	SS	df	MS
Model	.80581208	3	.268604027
Residual	1.99612029	19	.105058962
Total	2.80193237	22	.127360562

The model sum of squares, SS = 2.80193237, is the sum of the squared deviations from the mean of trade facilitation variable that the model does explain. The mean sum of squares for the model and residual, MS= 0.127360562, is the sum of squares for those parts divided by degrees of freedom, df=22.

4.4.4 Linear Regression

Table 4.4 Linear Regression

Trade_Facilitation	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
Preferential_Treatment_of_AEOs	.2729644	.2173652	1.26	0.224	-.1819861	.7279149
Mutual_Recognition	.3061431	.323993	0.94	0.357	-.3719819	.9842682
Regular_communication	.3326572	.2754343	1.21	0.242	-.2438335	.9091479
_cons	.4534434	1.3869	0.33	0.747	-2.449371	3.356258

The following linear regression model was used in the analysis.

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$$

Y= Trade Facilitation

β_0= Constant

β_1 to β_3= Regression coefficients

e= Error term

x_1= Preferential treatment of AEOs

x_2= Regular Communication

x_3= Mutual recognition

After analysis, the new linear regression model with the coefficients is:

$$y = 0.45 + 0.27x_1 + 0.33x_2 + 0.31x_3$$

From Table 2 it is clear that Trade facilitation as a dependent variable is affected significantly by its independent variables which are; Preferential treatment of AEOs, Regular communication and mutual recognition.

It is clearly depicted that a unit change in Preferential treatment of AEOs leads an increase in trade facilitation by 27% holding other factors constant. Regarding Regular communication, a unit change in regular communication on matters, customs, security and compliance in general leads to an increase in trade facilitation by 33% holding other factors constant. Lastly, a unit change in mutual recognition leads to an increase in trade facilitation by 31% holding other factors constant.

CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Summary of findings

From the analysis of the data collected during the study, it is evident that the AEO programme has a significant effect on trade facilitation in Kenya. The AEO programme was designed as a tool to secure international trade supply chain against any disruptions brought by terrorism in the aftermath of the September 11 Terrorist attacks. As countries sought to secure their borders and trade in the wake of the terrorist attacks, they in avertedly caused delays in international movement of goods as Customs enforced various security and import restrictions all in a bid to secure borders.

With the introduction of the AEO programme, customs administrations are able to enforce their countries' import and security laws whilst still facilitating legitimate trade. In Kenya, the study has discovered that through preferential treatment, AEOs enjoy expedited clearance of goods which leads to low cargo turnaround time and a fall in port charges paid. This in avertedly results in high efficiency in terms of competitiveness in manufacturing firms as they will be able to get their cargo expedited and cleared quickly which will then enable them produce their goods efficiently as they no longer have to worry about their goods stuck at the port.

The AEO programme has effectively facilitated trade in Kenya as it has enabled standardized treatment of AEO firms across the EAC which has boosted trade confidence as traders are able to send goods across the EAC and still have it expedited at borders across the EAC. The AEO programme has also facilitated trade as it has enabled engagement with businesses through the Customs-Business partnership pillar of the SAFE framework in which the AEO is embodied. This has enabled collaboration between customs and businesses which results in businesses being alerted and trained on issues of customs compliance and customs also receives feedback on issues stakeholders have.

5.2 Conclusions

From the study, we can conclude the following:

The AEO programme has an effect on Trade facilitation. As seen from the analysis of secondary data collected, each of the independent variables has a positive effect on trade facilitation in Kenya. These independent variables are all aspects of the AEO programme which means that this programme is a key tool which can be used to promote and facilitate trade in Kenya.

Regular communication on matters, customs, security and compliance is the most effective aspect of the AEO programme when it comes to Trade facilitation. This is due to the fact that it caused an increase of 31% to trade facilitation as compared to preferential treatment (27%) and mutual recognition (31%).

There are other factors that influence Trade facilitation in Kenya. This is due to the fact that the three independent variables that have been studied did not yield effects of 100% thus drawing the conclusion that other factors affect trade facilitation.

5.3 Recommendations of the study

From the study, the following recommendations can be made:

Customs needs to improve its service when it comes to fast-tracking of AEO cargo. This can be said due to the fact that 91% of the respondents chose to join the AEO programme due to ‘expedited release due to minimal or fast tracked clearance of cargo yet preferential treatment which entails fast tracking cargo had the lowest effect among the variables tested. This shows that AEO clearing firms do not believe that they fully enjoy fast-tracked release of cargo and yet that is the major reason that led many of them to join the programme. Customs needs to liaise with other government agencies that are involved in international trade to ensure that AEO goods are fast tracked. Customs should sensitize the other government agencies on the status of AEO firms and their high degree of reliability and trustworthiness to ensure that they are also accorded preferential treatment.

Customs needs to put more efforts on Regular communication on matters compliance, security and customs as it has the greatest effect on trade facilitation as per the study. Customs needs to engage AEO firms more frequently through workshops and trainings and they should also appreciate and consider feedback they receive from AEO clearing firms regarding customs, security and compliance.

5.4 Areas for future research

From the study, it is evident that there are other factors affecting trade facilitation. These other factors can be considered as areas for future research so as to understand what else affects trade facilitation.

This same study can also be replicated across other EAC partner states that have the AEO programme. The study could be conducted in Burundi, Uganda, Rwanda and Tanzania so as to see the effect AEO programme has on Trade Facilitation in those countries. This will also bring out a clearer picture on the aspect of Mutual Recognition as a component of AEO programme as there will be findings on the effect of this component on Trade Facilitation. This will also bring to light the strength and level of Mutual Recognition across the EAC states.

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APPENDICES

i. Questionnaire

Tick in the appropriate boxes where necessary

Section 1: Background Information on respondent

1. Company Name …………………………………..
2. Name of Respondent and gender (optional)……………………..........

☐ Male ☐ Female

3. What age group are you? ☐ 18-30 ☐ 31-40 ☐ 41-60 ☐ 60 and above

Section 2: General information on AEO

4. What year did your organisation become AEO Certified? ………………….
5. How did you come to learn about the AEO programme?

☐ *KRA* ☐ *Another Organisation i.e clients, partners, competitors* ☐ *Media outlets i.e TV, newapapers, radio*

☐ Other: Please Specify:………………………………………

6. What would you consider among the below options as the most lucrative aspect that convinced your organisation to apply for AEO accreditation? (Tick one only)

   ☐ *Expedited release of cargo due to minimal or fast tracked customs controls.*

   ☐ *Mutual recognition of AEO status by customs administrations worldwide.*

   ☐ *Regular communication by customs on matters of compliance and security.*

   ☐ *Recognition as 'trusted trader'.*

   ☐ *Other. Specify:*

7. Has attaining AEO certification increased the number of your clients?

☐ Yes ☐ No

8. How satisfied are you with the AEO programme in Kenya?

☐ Dissatisfied ☐ Satisfied ☐ Highly satisfied

Section 3: Preferential treatment of AEOs

The following are statements that relate to preferential treatment of AEOs. On a scale of 1-5 (where 1 - Strongly disagree, 2 – Disagree, 3 – Neither agree nor disagree, 4 – Agree, 5- Strongly agree), kindly tick one of the boxes against each statement to indicate the extent to which the statement describes preferential treatment of AEOs.

		1	2	3	4	5
1	Preferential treatment has fast-tracked cargo clearance for AEOs at the ports of entry in Kenya.					
2	Being AEO certified has resulted in a significant fall in the time taken to clear cargo.					
3	Preferential treatment has reduced cargo turn-around time for AEOs.					
4	.Being AEO certified has simplified customs procedures.					

Section 4: Mutual Recognition

The following are statements that relate to Mutual Recognition of AEOs. On a scale of 1-5 (where 1 - Strongly disagree, 2 – Disagree, 3 – Neither agree nor disagree, 4 – Agree, 5- Strongly agree), kindly tick one of the boxes against each statement to indicate the extent to which the statement describes Mutual Recognition of AEOs.

		1	2	3	4	5
1	There are adequate cooperation efforts among customs administrations within the EAC when it comes to facilitating trade.					
2	Standardized customs procedures across the EAC when it comes to AEOs has improved your efficiency as an AEO.					
3	Standardized customs procedures within the EAC has greatly improved the flow of goods within the region.					

Section 5: Regular communication on matters customs, security and compliance

The following are statements that relate to regular communication on matters customs, security and compliance. On a scale of 1-5 (where 1 - Strongly disagree, 2 – Disagree, 3 – Neither agree nor disagree, 4 – Agree, 5- Strongly agree), kindly tick one of the boxes against each statement to indicate the extent to which the statement describes regular communication on matters customs, security and compliance.

		1	2	3	4	5
1	Customs usually engages you on matters to do with customs procedures and customs considers your feedback before coming up with new regulations on trade.					
2	Receiving constant real time updates on issues of customs compliance is important for efficient movement of goods					

3	Participating in customs training and consultative meetings has greatly improved your operational efficiency.					
4	Regular communication with customs on matters of compliance is a key tool that helps you gain competitive advantage over non-AEO clearing firms.					

Section 6: Trade Facilitation

The following are statements that relate to Trade Facilitation. On a scale of 1-5 (where 1 - Strongly disagree, 2 – Disagree, 3 – Neither agree nor disagree, 4 – Agree, 5- Strongly agree), kindly tick one of the boxes against each statement to indicate the extent to which the statement describes Trade Facilitation.

		1	2	3	4	5
1	Being an AEO has eased documentation procedures that you undergo during cargo clearance.					
2	Simplified customs procedures have resulted in significant costs in cargo clearance.					
3	Reduced time in clearance of goods has improved your organisation’s efficiency.					

ii. List of AEO Accredited Clearing Firms

LIST OF ACCREDITED AEO COMPANIES	
COMPANY NAME	**CATEGORY**
VISION ENTERPRISES LIMITED	CLEARING AGENT
MITCHELL COTTS FREIGHT LIMITED	CLEARING AGENT
BAHARI FORWARDERS LIMITED	CLEARING AGENT
DHL WORLDWIDE EXPRESS KENYA LIMITED	CLEARING AGENT
ACCELER GLOBAL LOGISTICS	CLEARING AGENT
KUEHNE +NAGEL LIMITED	CLEARING AGENT
GENERAL CARGO LIMITED	CLEARING AGENT
SPEEDEX LOGISTICS LIMITED	CLEARING AGENT
BOLLORE AFRICA LOGISTICS (K) LIMITED	CLEARING AGENT
PRECISE LOGISTICS LIMITED	CLEARING AGENT
FAMO FORWARDERS LIMITED	CLEARING AGENT
DAMCO LOGISTICS (K) LIMITED	CLEARING AGENT
DHL GLOBAL FORWARDERS (K) LIMITED	CLEARING AGENT
CONVENTIONAL CARGO CONVEYORS LIMITED	CLEARING AGENT
FREIGHT IN TIME LIMITED	CLEARING AGENT
KENYA AIRWAYS LIMITED	CLEARING AGENT
OCEAN-LINE FREIGHT FORWARDERS LIMITED	CLEARING AGENT
FREIGHT FORWARDERS KENYA LIMITED	CLEARING AGENT
SIGINON GROUP Ltd	CLEARING AGENT
MURANGA FORWARDERS LIMITED	CLEARING AGENT
KENSCO BUSINESS SOLUTIONS LIMITED	CLEARING

	AGENT
TRANSOCEANIC PROJECT DEVELOPMENT (KENYA) LIMITED	CLEARING AGENT
UFANISI FREIGHTERS (K) LIMITED	CLEARING AGENT
SPEDAG INTERFREIGHT KENYA LIMITED	CLEARING AGENT
AGILITY LOGISTICS LTD	CLEARING AGENT
URGENT CARGO HANDLING LIMITED	CLEARING AGENT
INTRASPEED ARCPRO (KENYA) LIMITED	CLEARING AGENT
KENFREIGHT EAST AFRICA LIMITED	CLEARING AGENT
JAMES FINLAYS MOMBASA LIMITED	CLEARING AGENT
UNION LOGISTICS LIMITED	CLEARING AGENT
FREIGHTWELL EXPRESS LIMITED	CLEARING AGENT
RAPID-KATE SERVICES LIMITED	CLEARING AGENT
STARWAYS INTERNATIONAL FREIGHT & FORWARDERS LIMITED	CLEARING AGENT
CARGILL KENYA LIMITED	CLEARING AGENT
SUPERSONIC FREIGHTERS (K) LIMITED	CLEARING AGENT
EXPRESS KENYA LIMITED	CLEARING AGENT
FOX INTERNATIONAL LOGISTICS LIMITED	CLEARING AGENT
CORNERSTONE LTD	CLEARING AGENT
GLOBAL FREIGHT LOGISTICS	CLEARING AGENT
MID AFRICA SERVICES LTD	CLEARING AGENT
BEACHLINES	CLEARING AGENT
MARKS ENTERPRISES LIMITED	CLEARING AGENT
SMART CHOICE SERVICES LTD	CLEARING AGENT

LOGISTICS 365 LTD	**CLEARING AGENT**
UMOJA RUBBER PRODUCTS LTD	CLEARING AGENT
CONTINENTAL LOGISTICS NETWORK LTD	CLEARING AGENT
KATE FREIGHT & TRAVEL LTD	CLEARING AGENT
OCEANSKY CLEARING AGENTS LTD	CLEARING AGENT
PANAL FREIGHTERS LTD	CLEARING AGENT
RISING FREIGHT LTD	CLEARING AGENT
RIPE FREIGHT LTD	CLEARING AGENT
CORRUGATED SHEETS LIMITED	CLEARING AGENT
TRANSFREIGHT LOGISTICS LTD	CLEARING AGENT
DSV Air and Sea Ltd	CLEARING AGENT
INDUS LOGISTICS LTD	CLEARING AGENT
STEEL STRUCTURES LTD	CLEARING AGENT
VINEP FORWADERS	CLEARING AGENT
EXPOLANKA FREIGHT LTD	CLEARING AGENT
INT.COMMERCIAL COMPANY K LTD	CLEARING AGENT
MAKIWAN LOGISTICS LTD	CLEARING AGENT
DAVIS AND SHIRLIFF LTD	CLEARING AGENT
REGIONAL ENTREPRENEURS KENYA LTD	CLEARING AGENT
ARAMEX KENYA LTD	CLEARING AGENT
SKYLIFT CARGO LTD	CLEARING AGENT
UNITED CLEARING COMPANY LTD	CLEARING AGENT
SEACON K Ltd	CLEARING AGENT

CARJET KENYA LTD	CLEARING AGENT
KAWAISON KENYA LIMITED	CLEARING AGENT
BEEGEEKEY INVESTMENTS KENYA LIMITED	CLEARING AGENT
LOW SEA INTERNATIONAL AGENCIES LIMITED	CLEARING AGENT
JIHAN FREIGHTERS LTD	CLEARING AGENT
ONE TO ONE LOGISTICS KENYA LIMITED	CLEARING AGENT
SCHENKER LIMITED	CLEARING AGENT
LABORATORY AND ALLIED LIMITED	CLEARING AGENT
CAR AND GENERAL	CLEARING AGENT
TOP LINK LOGISTICS SERVICES LTD	CLEARING AGENT