



ENGAGING THE TRADE COMMUNITY: BUILDING TRUST AND TRANSPARENCY IN CUSTOMS OPERATIONS

Dinma Nmaele-Afam

DNA Imprints, Nigeria. Email: nmaeledinma@gmail.com (penulis berkorespondensi)

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ABSTRACT

"Transparansi adalah satu-satunya bahan terpenting dalam resep kesuksesan karena membangun kepercayaan." —Denise Morrison. Dalam dunia bisnis dan tata kelola, transparansi bukan hanya sebuah nilai, tetapi juga komponen vital untuk mencapai kesuksesan. Transparansi berarti bersikap terbuka dan jujur, sementara kepercayaan adalah keyakinan yang kuat terhadap keandalan dan integritas seseorang atau sesuatu. Keduanya tidak dapat dipisahkan—transparansi membuka jalan bagi kepercayaan, dan kepercayaan dibangun melalui mata uang transparansi. Makalah ini membahas hubungan krusial antara kepercayaan dan transparansi dalam operasi kepabeanan serta pentingnya hal tersebut dalam menjalin hubungan yang efektif dengan seluruh anggota komunitas perdagangan. Dengan meneliti strategi untuk mengembangkan komunikasi dan kolaborasi yang kuat antara otoritas bea cukai dan pelaku perdagangan, studi ini bertujuan untuk menunjukkan bagaimana transparansi dapat mentransformasi operasi kepabeanan. Fokusnya adalah pada bagaimana otoritas bea cukai dapat menciptakan lingkungan di mana undang-undang, peraturan, dan kebijakan tidak hanya dapat diakses, tetapi juga diterapkan secara seragam. Penerapan praktik regulasi yang konsisten dapat mengurangi kesalahpahaman dan membangun hubungan yang lebih kooperatif dengan komunitas perdagangan.

"Transparency is the single most important ingredient in the recipe for success because it builds trust." —Denise Morrison. In the realm of business and governance, transparency is not just a value but a vital ingredient for success. Transparency means being open and honest, while trust is the firm belief in the reliability and integrity of someone or something. You cannot have one without the other—transparency paves the way for trust, and trust is earned through the currency of transparency. This paper delves into the critical interplay between trust and transparency within customs operations and their significance in engaging effectively with all members of the trade community. By examining strategies to cultivate robust communication and collaboration between customs authorities and traders, the study seeks to illustrate how transparency can transform customs operations. The focus is on demonstrating how customs authorities can create an environment where laws, regulations, and policies are not only accessible but are uniformly enforced. Consistent application of regulatory practices can mitigate misunderstandings and build a more cooperative relationship with the trade community.

1. INTRODUCTION

In 2010, my family's life took an exciting turn when my dad returned from a business trip to China. We had moved to a new area in 2009, and as we settled into this fresh start, we were excited about the possibility of opening a new business. My dad, who had spent countless hours commuting to the bustling Trade Fair market in Lagos to source goods from importers, was eager for a change. He envisioned a smoother, more profitable venture that would allow him to sell imported goods to wholesalers in Lagos.

With dreams of transforming our family's business fortunes, he embarked on a two-week journey to China with his in-law. Their mission: to find products with high profit margins. The anticipation upon his return was palpable. We were on the brink of a new beginning—no more grueling bus rides, heavy

lifting, or exhausting storekeeping. We eagerly awaited the arrival of his container, which was set to dock in Cotonou before making its way to Nigeria.

However, the excitement quickly turned to disappointment. Nigerian Customs threw a wrench in our plans, and to this day, the fate of those goods remains a mystery. The container's journey from Cotonou to the Nigerian border was shrouded in uncertainty, with no trace of what happened along the way.

This first—and so far, only—experience with Nigerian Customs left me with a lingering sense of bitterness. The lack of trust and transparency in the process left a deep impression on me, highlighting the critical need for reforms in customs operations.

This paper aims to address pivotal questions:

- How can Customs effectively collaborate with the people they serve?
- How can the Trade Community be assured that Customs does not inadvertently share in the contraband that Customs seizes?
- What happens to records of seized goods?
- Without transparency, how can we trust the officials in green uniforms stationed at our borders?

The study also underscores the manifold benefits of transparency in customs operations, including reduced delays, enhanced compliance, and stimulated economic growth. By analyzing case studies and best practices, this paper provides valuable insights into how customs can better engage with the trade community, aligning efforts to achieve the shared goals of efficient and secure trade.

2. LITERATURE REVIEW AND HYPOTHESIS

Customs administrations face significant challenges when seeking to implement effective anti-corruption programs, particularly in developing countries. The motivation behind these initiatives often stems from internal and external perceptions that Customs is a corrupt organization, leading to low expectations from the trade community, the government, and even Customs officers themselves. Addressing these perceptions is crucial for any reform initiative to succeed.

Commitment to Organizational Change: To combat corruption, Customs must demonstrate a firm commitment to transforming the organization's culture. The workforce and the trade community must perceive that Customs is serious about this change. If they believe the effort is half-hearted, the program will fail to gain the necessary support. Therefore, the strategy for change must be implemented swiftly and visibly, with no signs of hesitation or lack of motivation. Research shows that tangible and immediate changes are essential to maintain momentum and confidence in the reform process (Holler, 2005).

Public Perception and the Role of Customs: The literature indicates that Customs administrations are often viewed negatively by the public, who associate them with bureaucratic inefficiencies and corruption. This perception extends to the trading community as well, where Customs officers are frequently viewed with suspicion, and their integrity is questioned. Customs managers must address these perceptions while simultaneously rooting out corruption within the organization. Effective anti-corruption strategies must therefore include measures to improve public and trade community perceptions of Customs (Holler, 2005).

Establishing Clear Anti-Corruption Policies: The first step in any anti-corruption program is for management to unequivocally communicate that corruption will not be tolerated. This message should be clearly conveyed to both Customs employees and

external stakeholders. Changing long-standing behaviors within a large and dispersed workforce is challenging but not impossible. The workforce must see the anti-corruption program as a genuine effort to enhance the organization's reputation, effectiveness, and professionalism. If the program is perceived as merely a disciplinary measure or a political stunt, it is unlikely to succeed (Holler, 2005).

Addressing Systemic Corruption: Systemic corruption is rarely a secret within organizations. Most employees are aware of it, but they may not speak out due to fear of retaliation or because such behavior has been tolerated for so long. Customs must create an environment where junior officers and staff feel safe to report corrupt activities. This could involve offering immunity for minor past offenses in exchange for cooperation in identifying ongoing corruption. However, there must be clear distinctions between minor infractions and more serious crimes, with the latter being dealt with harshly (Holler, 2005).

Corruption Challenges in Developing Countries: Corruption is one of the biggest challenges facing Customs services in developing countries, including Nigeria. According to Adetunji (2017), the integrity to which the Nigeria Customs Service (NCS) aspires includes not merely effective anti-corruption efforts but also high overall expectations of the level of service provided. NCS is pursuing this aim through a realistic and multi-faceted set of policies, including better promotion policies, a focus on discipline, preventive and investigative measures, an enforced code of conduct, and increased automation. These measures are intended to address low public trust, revenue loss, low staff morale, and other issues that arise from low integrity (Adetunji, 2017, p. 25).

Strategies for Enhancing Integrity: Integrity in Customs is not just about detecting and punishing corruption but also about reducing opportunities and temptations for it. Adetunji (2017) suggests that greater use of risk management, automation, and simplified procedures offers optimism for the future. However, several areas still require attention, such as the need for consistent communication and transparent processes in recruitment and advancement. Additionally, the introduction of effective rewards and penalties for compliance and non-compliance, modern management risk profiling, and organizational controls are crucial steps for enhancing integrity (Adetunji, 2017, p. 25).

The Need for Stronger Anti-Corruption Measures: Adetunji (2017) also emphasizes the importance of a good communication strategy and concrete anti-corruption measures. He advocates for the Federal Government of Nigeria to create a special court dedicated to handling corruption cases, particularly those involving Customs officers. Such measures are critical for addressing the deep-rooted challenges that undermine the effectiveness and credibility of Customs in Nigeria (Adetunji, 2017, p. 25).

Public Service Charters as a Tool for Integrity:

Another key component of an anti-corruption strategy is the establishment of a Public Service Charter. This document outlines the minimum service standards that clients can expect from Customs. It includes a mission statement, a description of services provided, and clear service standards. By making these standards public, Customs can demonstrate its commitment to transparency and accountability. The Charter also provides a mechanism for clients to lodge complaints or suggestions, further enhancing the integrity of the organization (Holler, 2005).

Collaborative Assessment and External Oversight: To ensure the effectiveness of the anti-corruption program, Customs should conduct a thorough self-assessment, possibly involving a task force led by a high-ranking manager. Including representatives from prestigious trade organizations can add credibility to the process and demonstrate a willingness to work in partnership with the trade community. This collaborative approach can help build trust and ensure that the reforms are aligned with the needs and expectations of all stakeholders (Holler, 2005).

Government Support and Legal Authority: Finally, securing government support is vital for the success of any anti-corruption initiative. Customs must have the legal authority to conduct internal investigations, either through specific legislation or by delegation from a central anti-corruption agency. Without this authority, efforts to combat corruption within Customs are likely to be ineffective (Holler, 2005).

In summary, the literature highlights that successful anti-corruption programs in Customs require a combination of clear communication, visible commitment to change, collaboration with external stakeholders, and strong government support. These elements are essential for transforming the culture of Customs and restoring trust with the trade community and the public.

3. RESEARCH METHODOLOGY

3.1. Research Design

Qualitative Approach: This study adopts a qualitative research design, utilizing both secondary data and personal experience to examine the impact of transparency and engagement in customs operations.

3.2. Data Sources

Secondary Data:

Literature Review: The research is grounded in an extensive review of existing literature, including scholarly articles, customs authority reports, and publications from international bodies like the World Customs Organization (WCO). These resources offer valuable insights into transparency practices, regulatory consistency, and their effects on the trade community.

Expert Insights: The study incorporates professional experiences and observations from involvement in the

trade community and customs operations. These insights add practical examples and provide a deeper understanding of transparency and trust-related issues.

Reflective Analysis: My Father's personal experiences were also utilized to interpret and reflect upon the findings from secondary data, enabling a more nuanced discussion of their implications for customs operations.

3.3. Data Analysis

Thematic Analysis: The study employs thematic analysis to extract key themes related to transparency, trust, and engagement in customs operations from the secondary data. Personal experiences were used to validate and enrich these themes.

3.4. Ethical Considerations

Data Integrity: The credibility, relevance, and accuracy of all secondary data sources were meticulously evaluated. Personal experiences were presented with transparency, clearly distinguishing subjective insights from objective findings.

This methodology integrates the comprehensive analysis of secondary data with the practical insights from personal experience, offering a thorough examination of the topic.

4. FINDINGS AND DISCUSSIONS

4.1. Findings

- Importance of Transparency in Customs Operations:

Secondary Data Findings: The analysis of existing literature and case studies consistently highlighted the importance of transparency in customs operations. Studies show that when customs regulations, policies, and procedures are clearly communicated and accessible, they lead to higher compliance rates and foster trust between customs authorities and the trade community. For example, reports from regions that have implemented transparent customs practices, such as the European Union, demonstrate reduced instances of corruption and increased efficiency in customs clearance processes.

Personal Experience: In practice, transparency was observed to significantly reduce misunderstandings and disputes between traders and customs authorities. My personal experience supports the notion that traders who are well-informed about customs requirements are more likely to comply, leading to smoother operations and fewer delays.

An interview with my father (Benjamin Nmaele, personal communication, August 10, 2024) also highlighted issues such as corruption and lack of tracking technology, which align with the study's findings. When discussing this topic with my father, who has firsthand experience dealing with customs

while tracking his goods, several troubling issues surfaced:

- Bribes were often necessary to get goods through customs.
- There was a complete lack of technology for tracking incoming goods, which resulted in his goods being lost without a trace.
- The fate of seized goods was shrouded in secrecy, including the auctioning of these goods among a select few.

These experiences led to lingering questions, such as:

- How do contraband goods manage to pass through customs in the first place?
- Once seized, are these goods destroyed or repurposed? If sold, who buys them, and is it legal to resell contraband in the open market?
- Where do the proceeds from these auctions go?

Addressing these questions transparently could significantly enhance the trade community's trust in customs authorities.

- **Role of Consistency in Regulatory Practices:**

Secondary Data Findings: The literature consistently pointed to the need for consistent enforcement of customs regulations. Inconsistent practices were identified as a major challenge, leading to increased transaction costs and uncertainty for traders. Case studies from developing countries highlighted how inconsistent enforcement often resulted in unequal treatment of traders, fostering mistrust and reducing the overall efficiency of customs operations.

Personal Experience: My experience in the trade community confirms that consistency in customs operations is critical. When customs authorities apply regulations uniformly, it levels the playing field for all traders and enhances the predictability of the trade environment. This consistency was particularly valued by smaller traders who might otherwise be disadvantaged by arbitrary enforcement practices.

- **Engagement with the Trade Community:**

Secondary Data Findings: The analysis of secondary data showed that successful engagement strategies, such as regular consultations and feedback mechanisms, lead to more cooperative relationships between customs authorities and the trade community. Case studies from countries like Singapore and South Korea, where customs authorities actively engage with traders, demonstrated a higher level of compliance and satisfaction among traders.

Personal Experience: In my professional experience, active engagement with the trade community has been crucial in identifying and addressing concerns before they escalate into major issues. Regular dialogues between customs officials and traders not only improve trust but also lead to the development of more practical and effective customs policies

4.2. Discussions

- **Balancing Transparency with Security Concerns:**

The findings suggest that while transparency is essential for building trust, it must be balanced with the need for security in customs operations. The challenge lies in ensuring that transparency does not compromise the ability of customs authorities to detect and prevent illicit activities. The discussion emphasizes the importance of establishing clear guidelines on the level of information that should be shared and maintaining robust security measures to safeguard the integrity of customs operations.

- **The Impact of Technological Innovation on Transparency:**

The role of technology, as highlighted in the findings, is pivotal in enhancing transparency and consistency in customs operations. The adoption of digital platforms and automated systems, such as blockchain, has been shown to improve information sharing and reduce opportunities for corruption. However, the discussion also highlights the need for capacity building to ensure that both customs authorities and the trade community can effectively utilize these technologies.

- **Recommendations for Policymakers:**

Based on the findings, the study recommends that policymakers prioritize transparency and consistency in customs operations. This includes adopting international best practices, such as those promoted by the World Customs Organization, and ensuring that customs regulations are communicated clearly and enforced uniformly. Additionally, the study suggests that engaging the trade community in the policymaking process can lead to the development of more practical and widely accepted regulations, ultimately enhancing compliance and trust.

- **Limitations and Areas for Future Research:**

The study acknowledges certain limitations, particularly the reliance on secondary data and personal experience, which may not fully capture the diversity of experiences across different regions. Future research could benefit from primary data collection, such as interviews or surveys with a broader range of stakeholders, to provide a more comprehensive understanding of the challenges and opportunities in customs operations.

Additionally, further research could explore the impact of cultural differences on perceptions of transparency and trust in customs operations, as these factors may influence the effectiveness of transparency initiatives.

5. CONCLUSIONS AND RECOMMENDATION

5.1. Conclusions

This study concludes that transparency, consistency in regulatory practices, and active engagement with the trade community are essential pillars for building trust and cooperation in customs operations. The integration of secondary data analysis with personal experiences reveals the following key insights:

1. **Transparency:** Effective communication of customs laws, regulations, and policies is crucial in minimizing misunderstandings and disputes. Transparency not only ensures compliance but also plays a vital role in reducing corruption and enhancing the overall efficiency of customs operations.
2. **Consistency:** Uniform application of customs regulations is necessary for creating a fair and predictable environment for all traders. Inconsistent enforcement can erode trust, increase transaction costs, and disproportionately impact smaller traders who may struggle to navigate arbitrary practices.
3. **Engagement:** Ongoing, active engagement with the trade community is key to developing customs policies that are practical and widely accepted. Regular consultations and feedback mechanisms enable customs authorities to identify and address concerns, thereby fostering a collaborative relationship between traders and customs officials.

Collectively, these elements contribute to more efficient and effective customs operations, benefiting both the authorities and the broader trade community.

5.2. Recommendations

Based on these conclusions, the following recommendations are proposed for policymakers and customs authorities:

1. **Enhance Transparency:**
 - Develop and disseminate clear guidelines on customs procedures, ensuring they are easily accessible to all members of the trade community.
 - Invest in digital platforms that promote transparent information sharing, such as online portals that provide real-time updates on customs regulations and procedures.
2. **Ensure Consistency in Enforcement:**
 - Standardize the enforcement of customs regulations across all regions to ensure that traders are subject to the same rules and procedures, regardless of location.
 - Conduct regular training for customs officers to ensure consistent application of standardized procedures and to maintain uniform enforcement practices.

3. Foster Engagement with the Trade Community:

- Create regular forums and feedback mechanisms where customs authorities and trade community members can discuss challenges and propose improvements to customs operations.
- Involve the trade community in the policymaking process to ensure that new regulations and policies are practical, relevant, and broadly supported.

4. Leverage Technology:

- Adopt and integrate technological innovations, such as blockchain and automated customs processing systems, to enhance transparency and reduce opportunities for human error and corruption.
- Provide training and resources for both customs authorities and traders to ensure they can effectively utilize these new technologies.

5. Balance Transparency with Security:

- Develop a framework that balances the need for transparency with the imperative to maintain security in customs operations. This includes setting clear guidelines on the types of information that can be shared publicly while ensuring that sensitive data remains protected.

6. Ongoing Research and Monitoring:

- Conduct continuous research to monitor the effectiveness of transparency and engagement initiatives in customs operations. This research should focus on identifying best practices and emerging challenges, ensuring that customs policies remain adaptive and responsive to the evolving needs of the trade community.

By implementing these recommendations, customs authorities can build a more trustworthy and efficient system that benefits all stakeholders in the trade community, ultimately contributing to smoother international trade and sustained economic growth.

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