What is international trade

Economics, Trade

International Trade is the Trade between different countries. Purchase from and sale of goods and services outside the country is called international Trade/foreign Trade. Foreign Trade plays an important role in accelerating the process of economic growth of a country. Foreign Trade can be divided in to the following three categories: Import Trade-when goods are purchased from a foreign country, Export Trade-when goods are sold to other countries and Enter port Trade-when goods are imported from one country with the purpose of exporting them to some other countries (Krugnan, 1997).

Import Trade is Important for the acquisition of goods and services, reduction of cost of production, increasing of income and employment, learning about advanced technical methods used abroad and security of raw materials are significant advantages of Import Trade (Robert, 2004).

Today, Customs administration around the world are responsible for the inbound and outbound movement of international Trade together with other government policies in areas as diverse as:-border security; Revenue collection, Trade facilitation; protection of society; cultural heritage; intellectual property; collection of Trade data and environmental protection (ECG, 2017).

Customs has been described for a century starting from human civilization as " gatekeeper", a government service with Customs authorities are barrier of international Trade flow and the only route through which international Trade must pass to protect social and economic interests of the country (Widdowson, 2006).

The World Customs Organization (WCO) defines Customs as " the government service which is responsible for the administration of Customs law and the collection of Import and export duties and taxes and which also hasresponsibilityfor the application of other laws and regulations relating, inter alia, to the Importation, transit and exportation of goods (ECG, 2017).

Revised Kyoto convention also defined Customs as " the government service which is responsible for implementation and administration of national and international laws, conventions and agreements related to Importation and exportation that the country is signed". Additionally the roles and responsibilities of Customs administration in most developing and least developed countries primarily focused on Revenue collection to fill government budgetary requirements.

In a number of countries, Customs administration plays a leading role and regarded as a key border agency responsible for all transactions related to issues arising from border crossings. In the process of executing prominent responsibilities at the border, Customs mostly encounter challenges to ensure appropriate Trade facilitation. When examining the issue of Trade facilitation, it is Important to recognize the difference in needs and expectations of Customs administration and trading community. On one hand Traders are looking for the simplest, quickest, and most reliable way of getting goods into and out of the county.

This simply shows that they are looking for certainty, clarity, flexibility, and timeliness in their dealing with Customs procedures. In short Traders are looking for the most effective ways of doing business and they are driven by commercial imperatives. On the other hand Customs authorities are seeking to ensure regulatory control of the border related to Importation, exportation and movements of people and they are driven by law (Widdowson, 2005).

The term " Trade facilitation" has emerged as a focus of studies aimed at reducing transaction costs imposed through international Trade. The World Trade Organization (WTO) defines Trade facilitation as " the simplification and harmonization of international Trade procedures covering the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international Trade" (OECD, 2005).

Hence, Trade facilitation has been recognized worldwide as a significant means of reducing trading costs. It has been strongly promoted by international organizations and the trading community since it is expected that Trade facilitation can increase international Trade volume and reduce the cost of business at the same time. It is clear that Customs administrations form a Significant part of the supply chain.

The simplification and harmonization of Customs procedures is, therefore, Important in contributing to the increase in the volume of international Trade, the development of economies and the prosperity of the international trading community. It is expected that improvement in Customs systems and processes can also lead to a decrease in the time and the cost of international Trade transactions (Puengpradit, 2010).

Conscious of this imperative, in June 1999 the Council of the World Customs Organization (WCO) approved the revised International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention), which was developed in the face of mounting pressure from the international trading community to minimize the level of Customs intervention in cargo movements and to maximize the level of Trade facilitation through transparent and predictable Customs procedures (Grainger, 2007).

The Revised Kyoto Convention (RKC) defines Customs clearance as " the accomplishment of the Customs formalities necessary to allow goods to enter home use, to be exported or to be placed under another Customs procedure" and release as " the action by the Customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned."

Although African countries have acknowledged the Importance of Trade facilitation through transparent and predictable Customs procedures, sub-Sahara African countries' Customs administrations are characterized by, complex Customs Laws; lack of automation and insignificant use of informationtechnology; lack of proper implementation of Risk management Techniques; lack of transparency and consistency; lack of cooperation with other government and non-government agencies; lack of professional man power; lack of customereducation; as well as corruption. This results in the waste of enormous amount of time andmoney(ECA, 2004).

Like other sub-Sahara African Countries, the Ethiopian Customs administration has similar features and characterized by complex Customs Laws; lack of automation and insignificant use of information technology; lack of proper implementation of Risk management Techniques; lack of transparency and consistency; lack of cooperation with other government and non-government agencies; lack of professional man power; as well as lack of customer education.