

The fifth Wave of the Annual Survey of Ukrainian Exporters and Importers

Topic 2. TRADE FACILITATION IN UKRAINE:
customs procedures, one-stop window and electronic document
management

Summary of key findings

The study was conducted by the Institute for Economic Research and Policy Consulting as a part of the implementation of the project Support of the Civil Society Initiative “For Fair and Transparent Customs” funded by the European Union, the Renaissance Foundation and the Atlas Network



Content

OVERVIEW.....	3
1. Structure of interviewed enterprises.....	4
2. Problems associated with certain procedures.....	4
2.1. Advance customs clearance procedure	5
2.2. Decision-making procedure on classification of goods	6
2.3. Procedure of decision-making regarding the customs value	7
2.4. Material and commodity sampling procedure	9
2.5. Procedure of issuing certificates of origin for goods at customs clearance	10
2.6. Customs inspection of goods procedure	11
2.7. Post-customs audit procedure.....	13
3. Delays of cargoes during customs control.....	14
4. Is it worth backing down at customs to avoid delays?	16
5. Appeal against the actions of customs authorities.....	17
6. One-stop window.....	21
7. AEO status.....	25
8. Joint customs control.....	26
9. Electronic document management.....	28
Survey methodology	30
Distribution of the respondents by customs offices.....	31
Customs posts where businesses obtain customs clearance	32

OVERVIEW

In this survey, the enterprises were asked what customs procedures they go through in the implementation of foreign economic activity and what difficulties they face in passing these procedures. As a result, 7 procedures faced by businesses with foreign trade were defined:

- (1) advance customs clearance;
- (2) decision-making on the customs value of the goods;
- (3) decision-making on the classification of goods;
- (4) material and commodity sampling;
- (5) provision of certificates of origin for goods at customs clearance;
- (6) customs inspection of goods;
- (7) post-customs audit (documentary checks after customs clearance).

For each procedure a list of difficulties that businesses with foreign trade may face was identified.

Except for certain procedures, the interviewed enterprises rarely report difficulties in customs clearance procedures.

Importers report difficulties with customs procedures more often than exporters.

Classification of goods and decision-making on their customs value are the most challenging customs procedures for the interviewed enterprises.

More than half of importers report difficulties during decision-making on the customs value of the goods. The overestimation of customs value, the requirement to provide many additional documents and different approach to the same legislation or goods are common difficulties for different customs procedures.

Almost 2/3 of exporters did not face cargo delays during customs control compared to less than half of importers. The main reason for such delays in exports and imports are queues at the border.

The success of business appeals against customs actions is improving. The share of companies with fully or partially successful appeal experience is the largest in the 4 waves of the survey since 2016.

The awareness about the appeal procedure remains low: only half of the respondents are familiar with it.

Only one in five respondents has the experience of appealing. What is most needed is to improve the validity of decisions and ensuring impartial, complete and fair complaint consideration.

More than 2/3 of respondents do not know what the AEO status is.

The idea of joint customs control with neighbouring countries has significant business support, especially at customs where there are long queues.

The share of businesses that submit documents while carrying out foreign trade in electronic form amounted to more than 80% in 2020. It has hardly changed since 2016 — the process of automatic performance at customs is not increasing. Payment orders for payment of duties are most frequently submitted only in electronic form.

1. Structure of interviewed enterprises

Among 1,045 interviewed enterprises in 2020, there are micro-sized enterprises (42.3%), small (28%), medium (21.4%) and large (8.2%) enterprises.

Businesses with foreign trade, which participated in the survey, are divided into three groups by the type of foreign trade:

- businesses engaged in only export (24.4 %) — hereinafter “exclusively exporters”,
- businesses engaged in only import (40.8 %) — hereinafter “exclusively importers”,
- businesses engaged in both exports and imports (34.8%).

The interviewed enterprises with foreign trade work in the sectors of agriculture, industry, trade and other service sectors (hereinafter “Services”).

86.8% of enterprises reported working with customs brokers.

The European Union is the most common destination for both exports and imports for the interviewed enterprises.

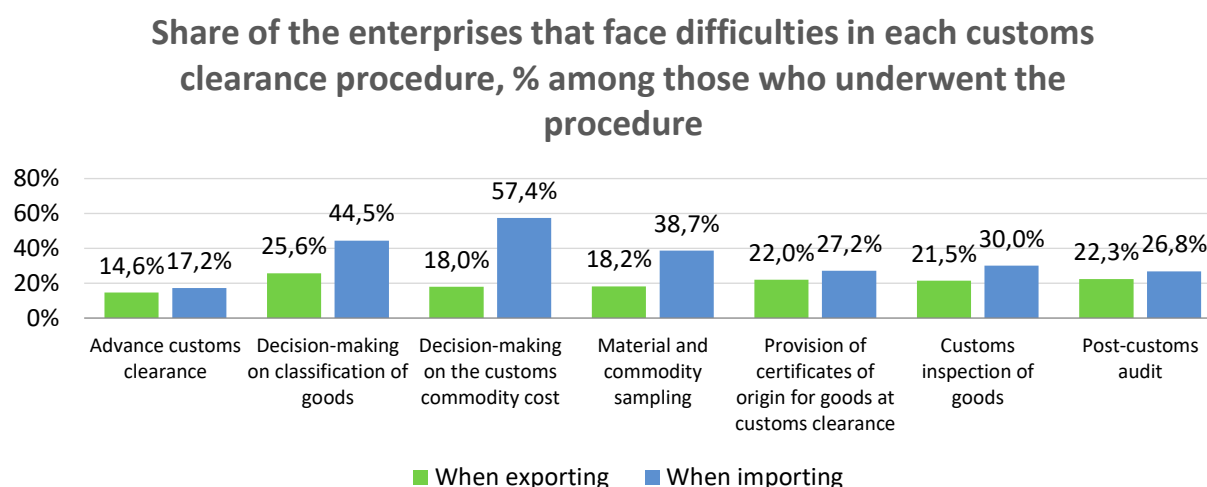
67.5 % of respondents were men, 32.5 % were women.

2. Problems associated with certain procedures

The enterprises that took part in the survey reported what customs procedures they went through in their foreign economic activity and what difficulties they face in each of these procedures.

Among all customs clearance procedures, the most problematic from the importers’ point of view are the procedures for **making decisions on the classification of goods, making decisions on the customs value and material and commodity sampling**.

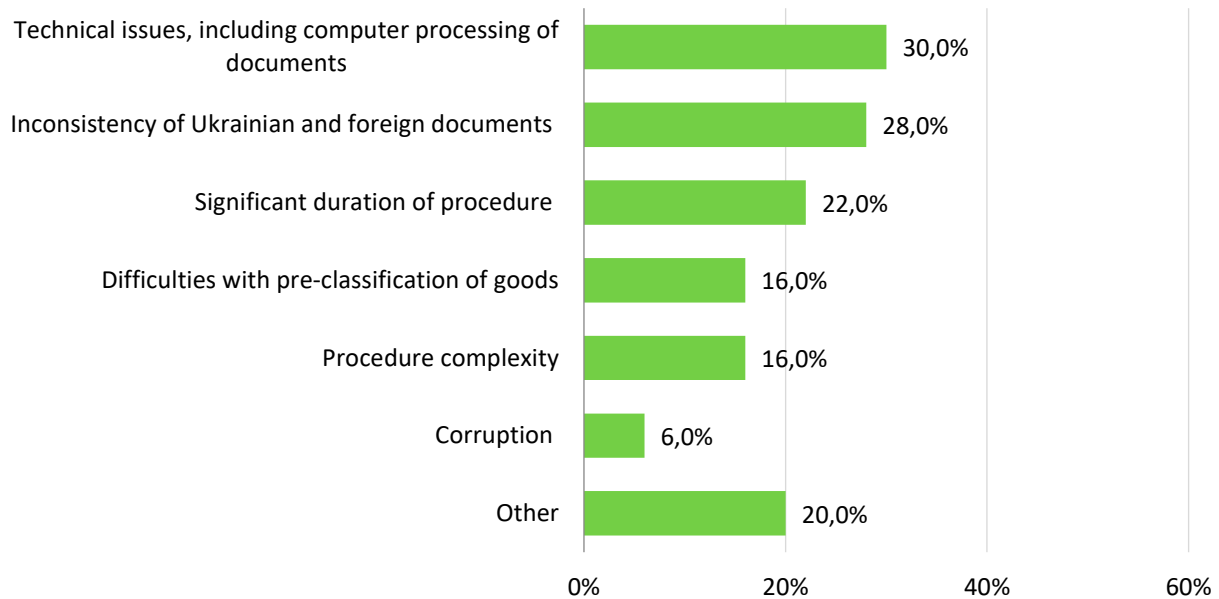
Fig. 1. Share of enterprises that face difficulties in these customs clearance procedures, %



2.1. Advance customs clearance procedure

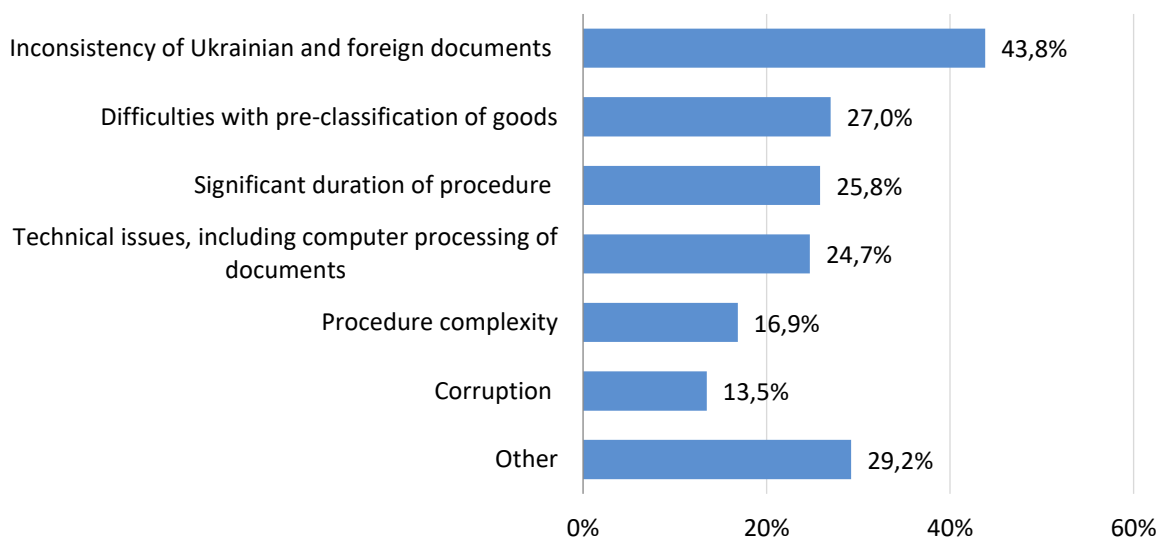
- According to exporters, the biggest problem at the pre-clearance stage is technical problems, including computer processing of documents.
- The next most important problem is the inconsistency of Ukrainian and foreign documents.

Fig. 2. Difficulties in the advance customs clearance from the exporters' point of view, % of respondents who reported difficulties



- The first problem in advance customs clearance for importers is the inconsistency of Ukrainian and foreign documents. Further, there are difficulties with pre-classification, procedure duration, and technical problems caused in particular by computer processing.

Fig. 3. Difficulties in the advance clearance procedure from the importers' point of view, % of respondents who reported difficulties

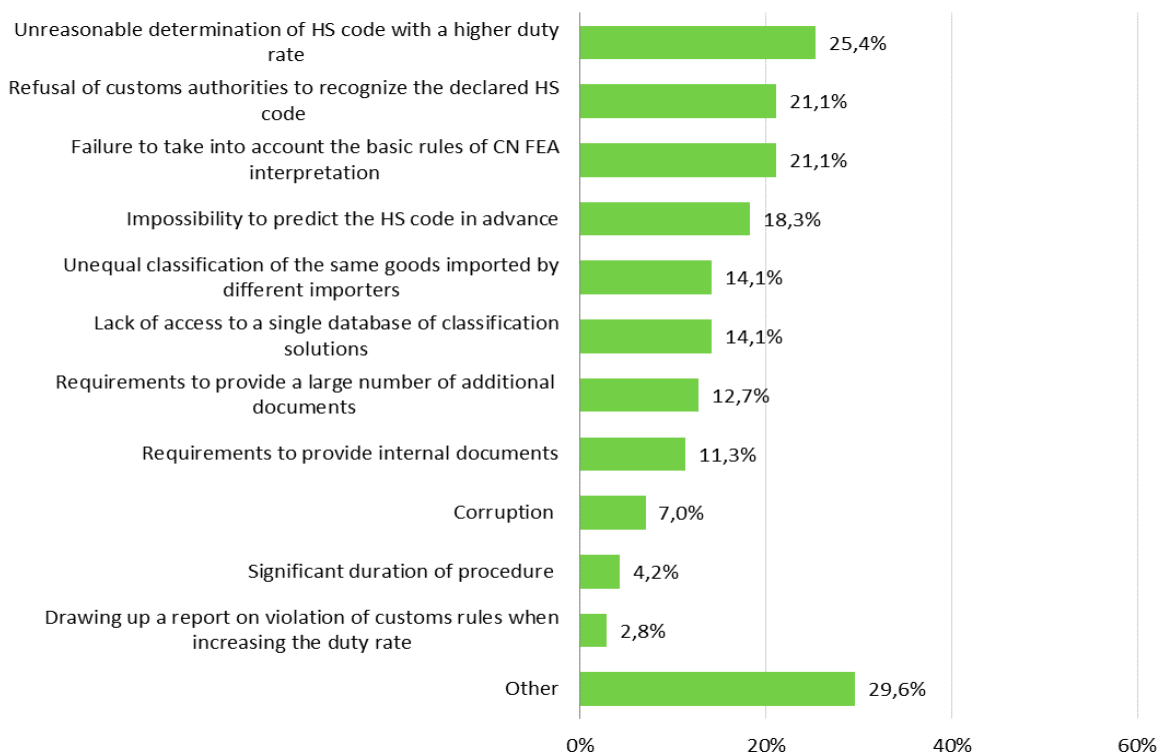


- Exporters are more likely than importers to report technical problems, and importers are more likely to point out inconsistencies between Ukrainian and foreign documents.
- Corruption is the least common problem in this procedure, but it is reported twice as often during import than in export.

2.2. Decision-making procedure on classification of goods

- The most often mentioned problems during classification of goods by exporters include: unreasonable assignment of a HS code with a higher duty rate, refusal of customs authorities to recognize the declared code and failure to take into account the basic rules of Ukrainian CN FEA interpretation.
- Corruption, duration of the procedure and drawing up a report on violation of customs rules when increasing the duty rate are at the end of the rating of exporters who assessed the difficulties associated with the decision-making regarding classification of goods.

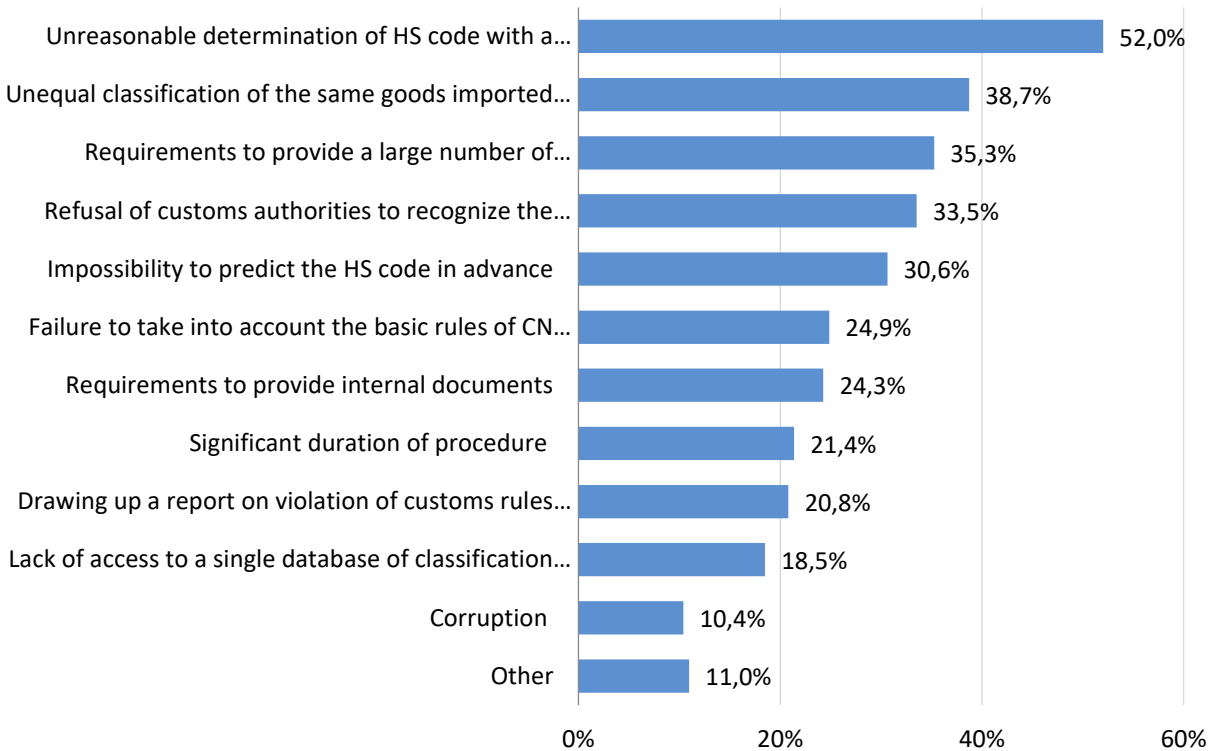
Fig. 4. Difficulties in decision-making procedure on the classification of goods from the exporters' point of view, % of respondents who reported difficulties



- The most common problem in the decision-making on the classification of goods from the importers' point of view is the unreasonable provision of a HS code with a higher duty rate.
- The 2nd place by a substantial margin is taken by the problem of unequal classification of identical goods. The 3rd place is occupied by the requirements to providing a large number of additional documents. The 4th and 5th are the problems associated with the HS codes — the refusal to recognize the declared code by the customs authorities and the inability to predict the product code in advance.

- Corruption ranks last (before the “other” option) in the rating of difficulties in decision-making on the classification of goods for the importers.

Fig. 5. Difficulties in decision-making procedure on the classification of goods from the importers’ point of view, % of respondents who reported difficulties



2.3. Procedure of decision-making regarding the customs value

- Exporters most often mention the following problems in the decision-making process on the customs value of the goods: the refusal of the customs to recognize the contract price of the goods and unreasonable (according to the businesses) overestimation of customs value at the customs.
- Important problems from the point of view of exporters are also related to the documents: these are the requirements to provide internal documents and the requirements to provide a large number of additional documents.
- Both problems are mentioned by about one in four exporters who reported difficulties in decision-making on the customs value.
- More than 60% of importers report an unreasonable increase in customs value and the customs refusal to recognize the contract price of the goods under these procedures.
- More than 50% of importers mention the non-transparency of customs value determination and the requirement for customs to provide many additional documents.

Fig. 6. Difficulties in decision-making procedure on the customs value from the exporters' point of view, % of respondents who reported difficulties

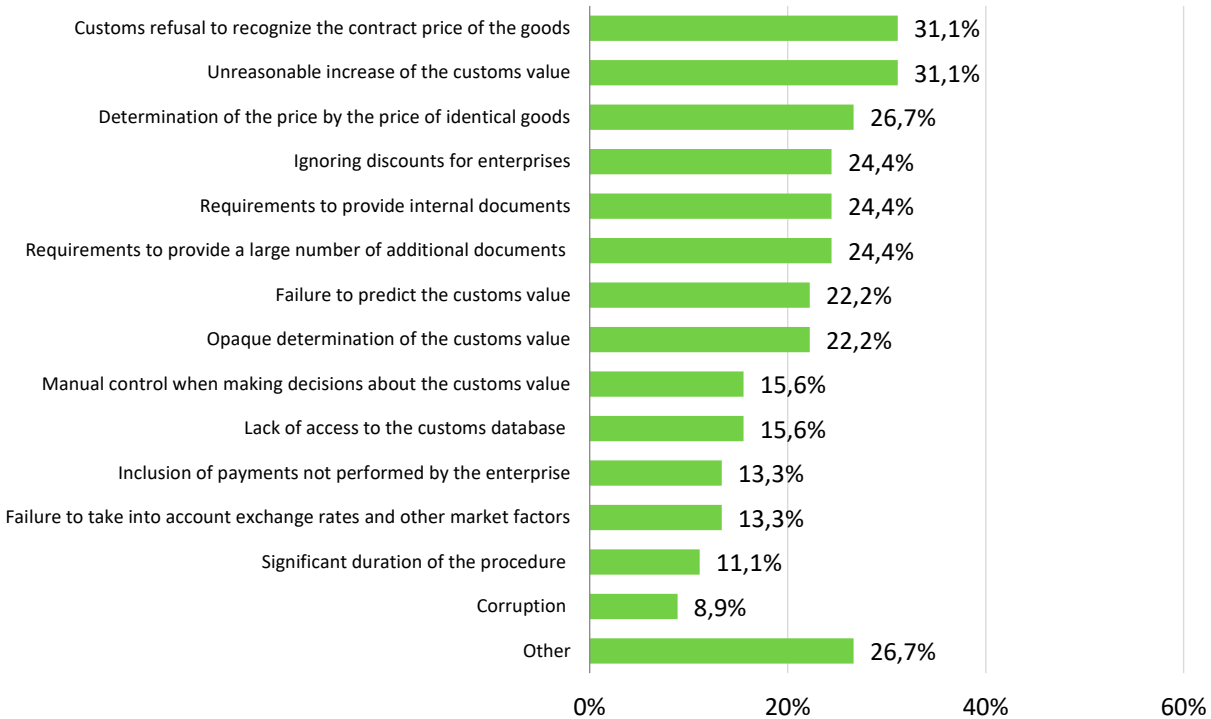
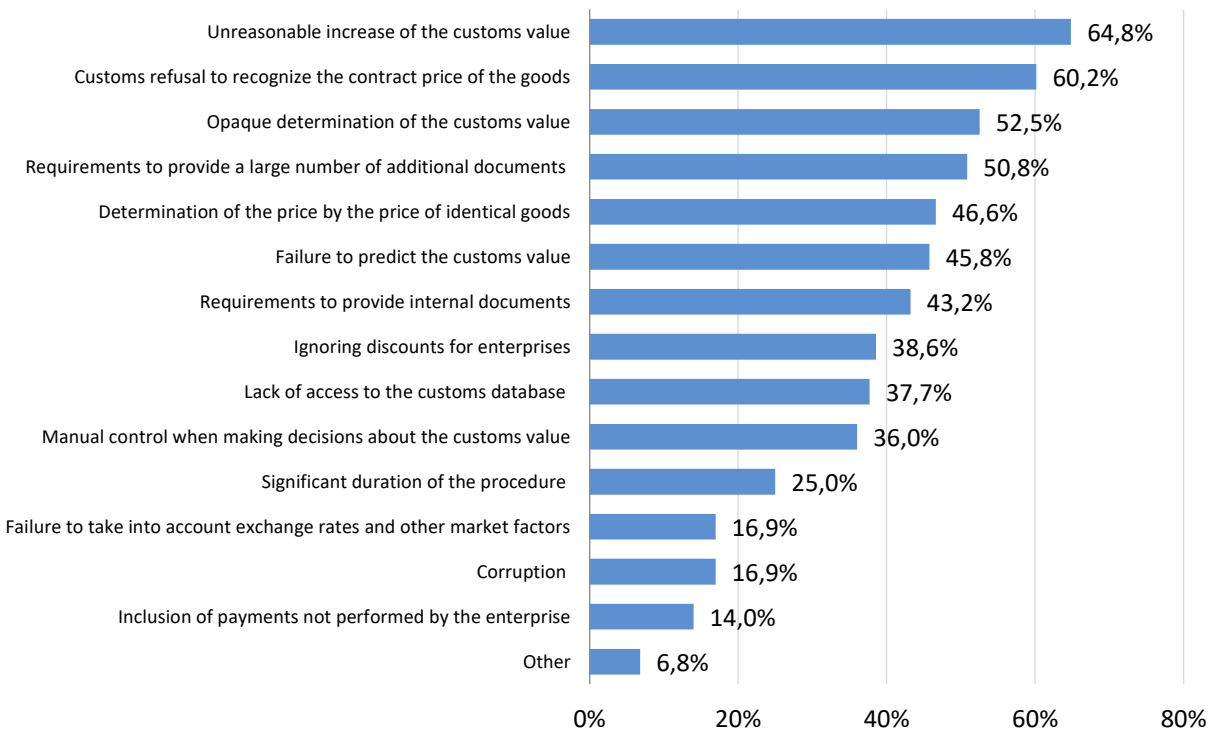


Fig. 7. Difficulties in decision-making procedure on the customs value from the importers' point of view, % of respondents who reported difficulties



2.4. Material and commodity sampling procedure

- More than 50% of the exporters who indicated difficulties with material and commodity sampling, however, did not select any out of the proposed list of difficulties.
- For those who pointed to specific difficulties, the main ones are the different approach to the same law by customs and the considerable duration of procedure.

Fig. 8. Difficulties during material and commodity sampling procedure from the exporters' point of view, % of respondents who reported difficulties

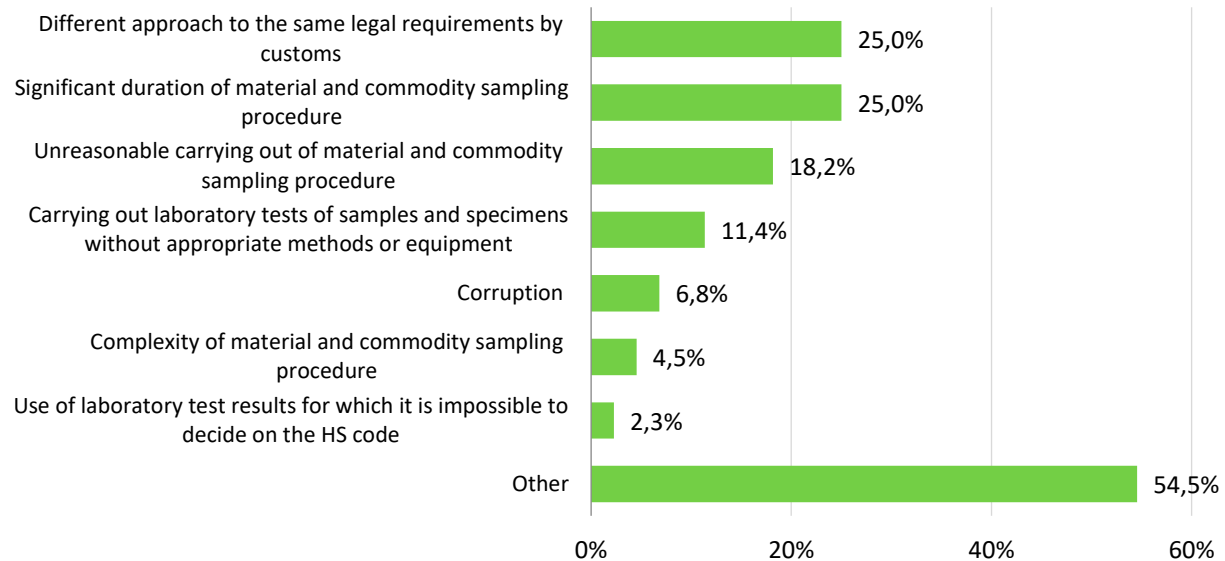
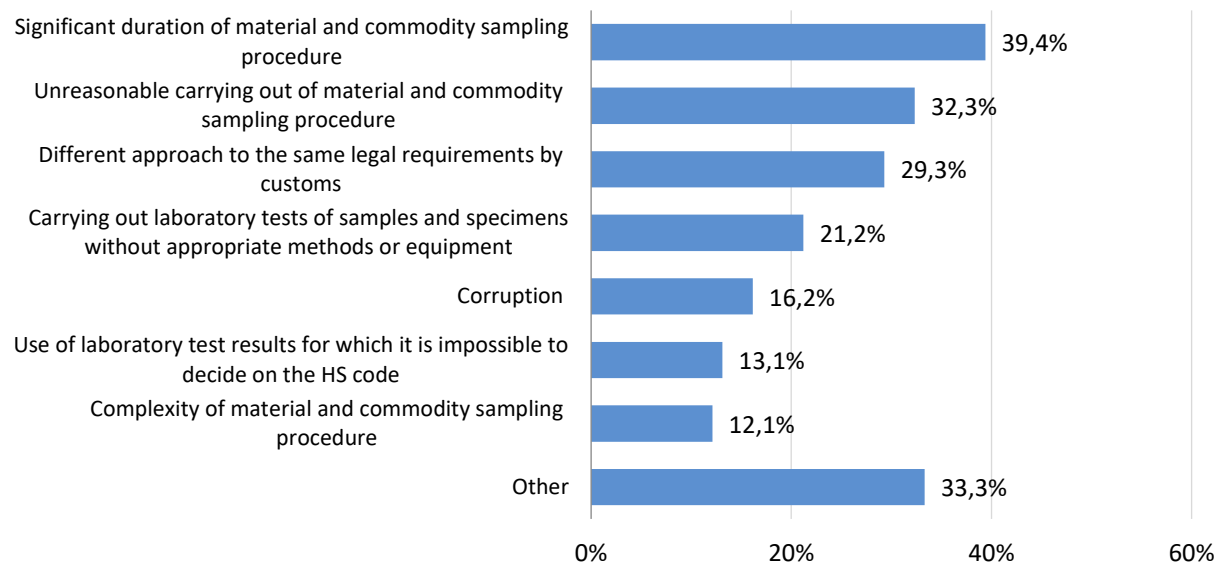


Fig. 9. Difficulties during material and commodity sampling procedure from the importers' point of view, % of respondents who reported difficulties



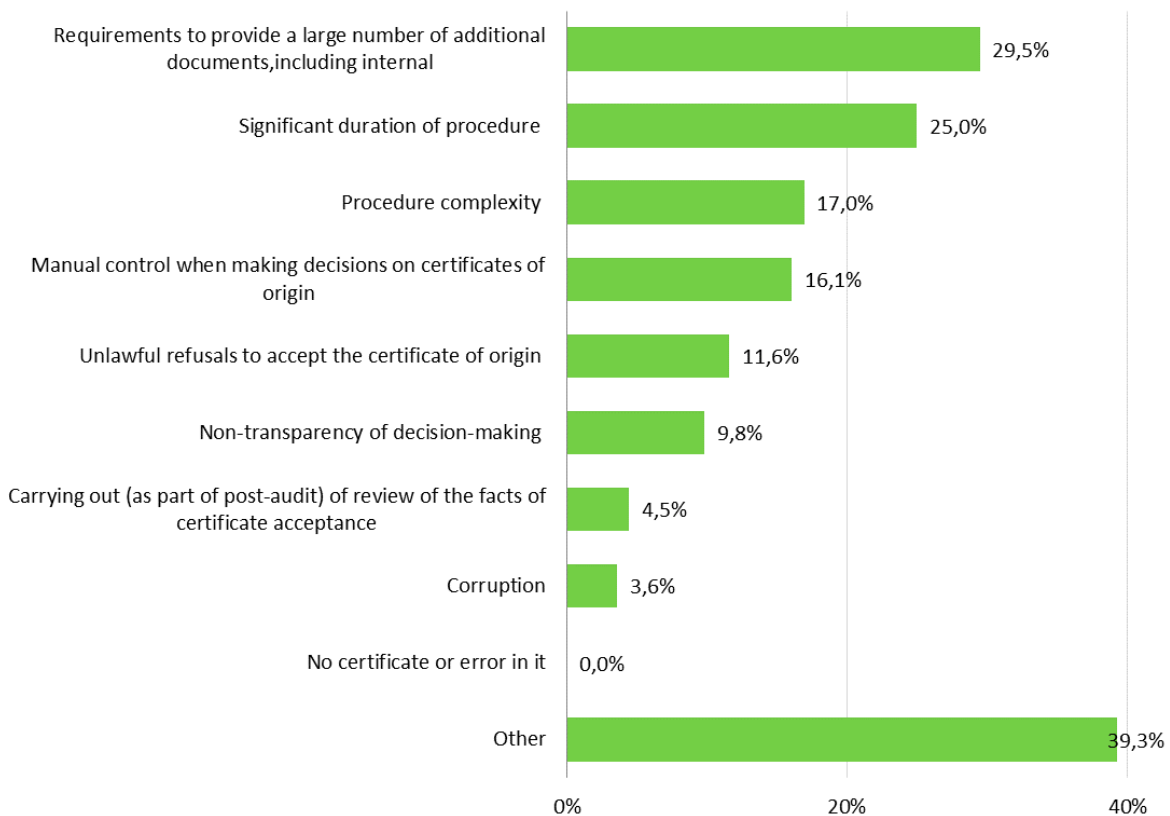
- The main problem for importers in the material and commodity sampling procedure is the significant duration of this procedure.

- Such problems as unreasonable conduct of this procedure and different approach to the same legal requirements by customs were placed the 2nd and the 3rd by the importers.

2.5. Procedure of issuing certificates of origin for goods at customs clearance

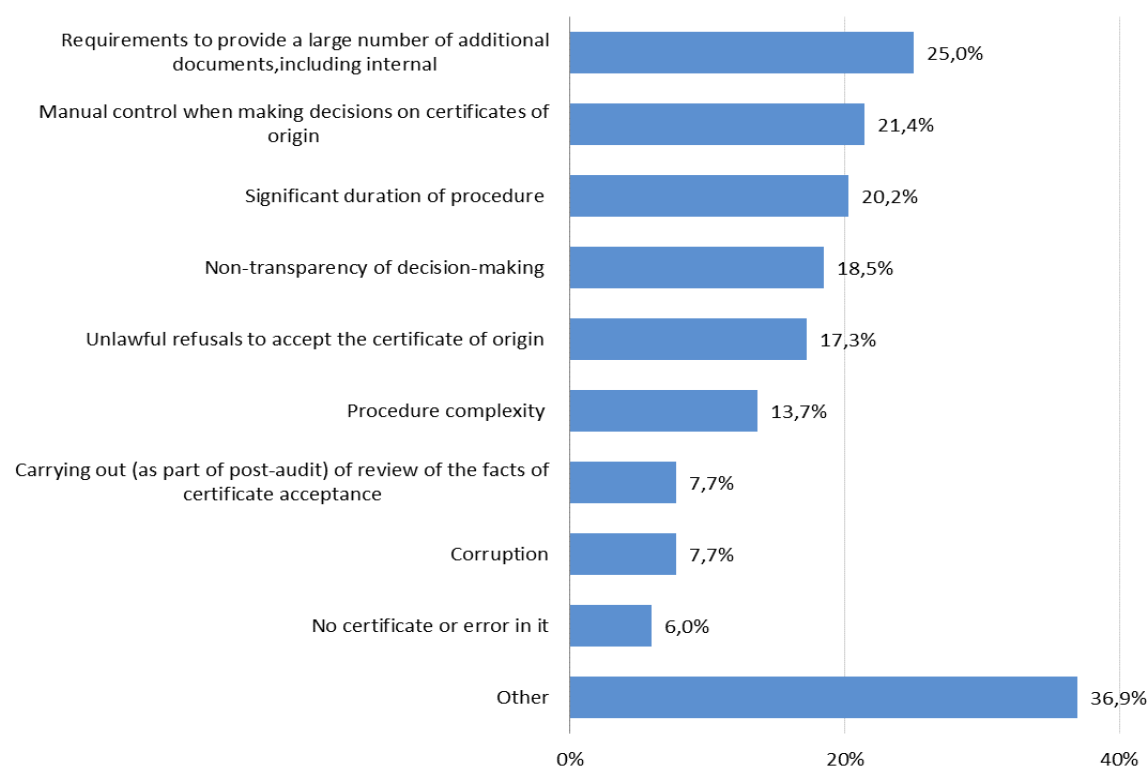
- The main problem stated by exporters in the procedure of issuing certificates of origin for goods is the requirement to provide many additional documents.
- The 2nd place for exporters is taken by the significant duration of this procedure.
- However, one third of exporters who reported difficulties in this procedure did not choose any of these issues.

Fig. 10. Difficulties during issuing certificates of origin for goods at customs clearance from the exporters' point of view, % of respondents who reported difficulties



- Speaking of difficulties in the procedure for issuing certificates of origin for goods, importers often report the problem of the customs requirements to provide many additional documents.
- About every 5th importer reports problems such as manual control when deciding on certificates of origin and the significant duration of procedure.

Fig. 11. Difficulties during issuing certificates of origin for goods at customs clearance from the importers' point of view, % of respondents who reported difficulties



2.6. Customs inspection of goods procedure

- Among exporters who reported obstacles at the stage of customs inspection of goods, more than 40% did not choose any of the listed problems during this procedure.
- The considerable duration of the customs inspection ranked first among problems for exporters in this procedure. The second place by a substantial margin is taken by the problem of unjustified customs inspection. The third and fourth places are occupied by such problems as different approach to the inspection of the same goods and packaging damage.
- Issues of fines, corruption, procedure complexity, and non-transparency of decision-making occupy the last positions in the ranking of difficulties from the exporters' point of view.
- Among importers who reported obstacles at the stage of customs inspection of goods, more than 30% did not choose any of the listed problems during this procedure.
- From the importers' point of view, the main problem in the procedure of customs inspection of goods is the significant duration of customs inspection. The second place is taken by the problem of damage to the packaging of goods and deterioration of their appearance. The problem of unjustified customs inspection is at the third place among the problems during the customs inspection (for every fourth importer).
- Unjustified fines, initiating a re-inspection and conducting a customs inspection more than once for one FEA operation occupies the last places in the rating of difficulties for the customs inspection from the importers' point of view.

Fig. 12. Difficulties in passing the customs inspection of goods from the exporters' point of view, % of respondents who reported difficulties

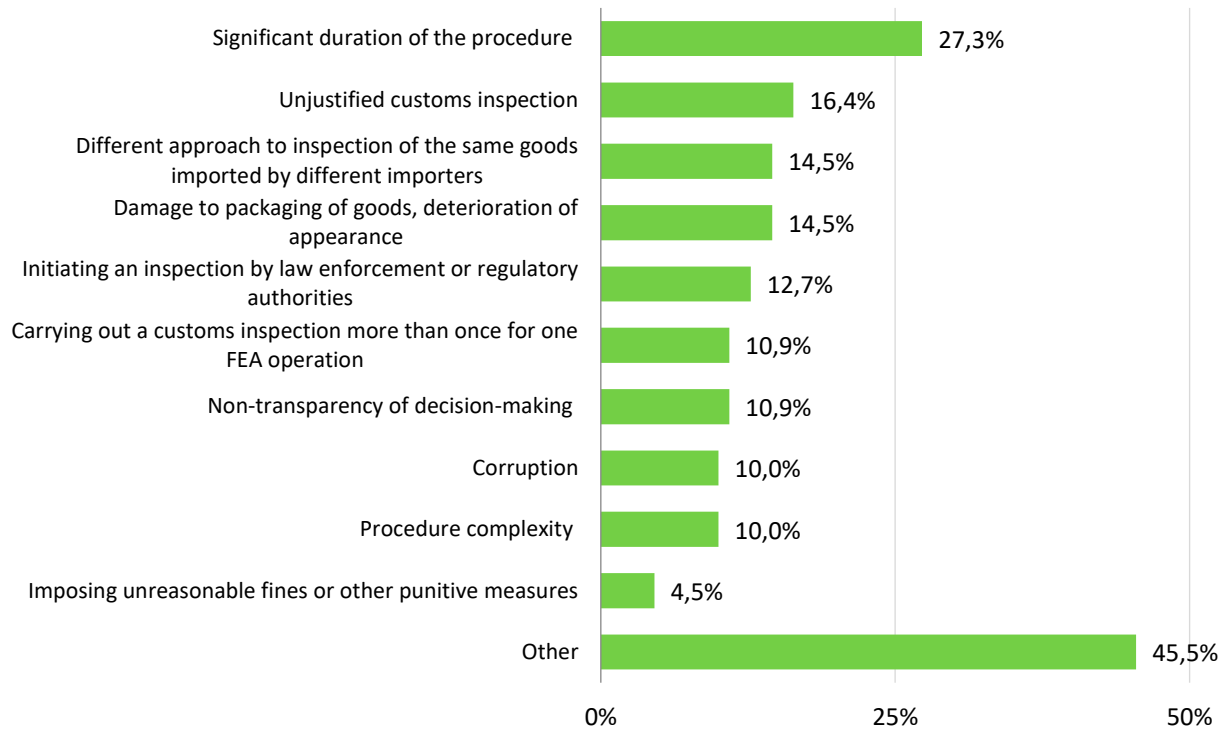
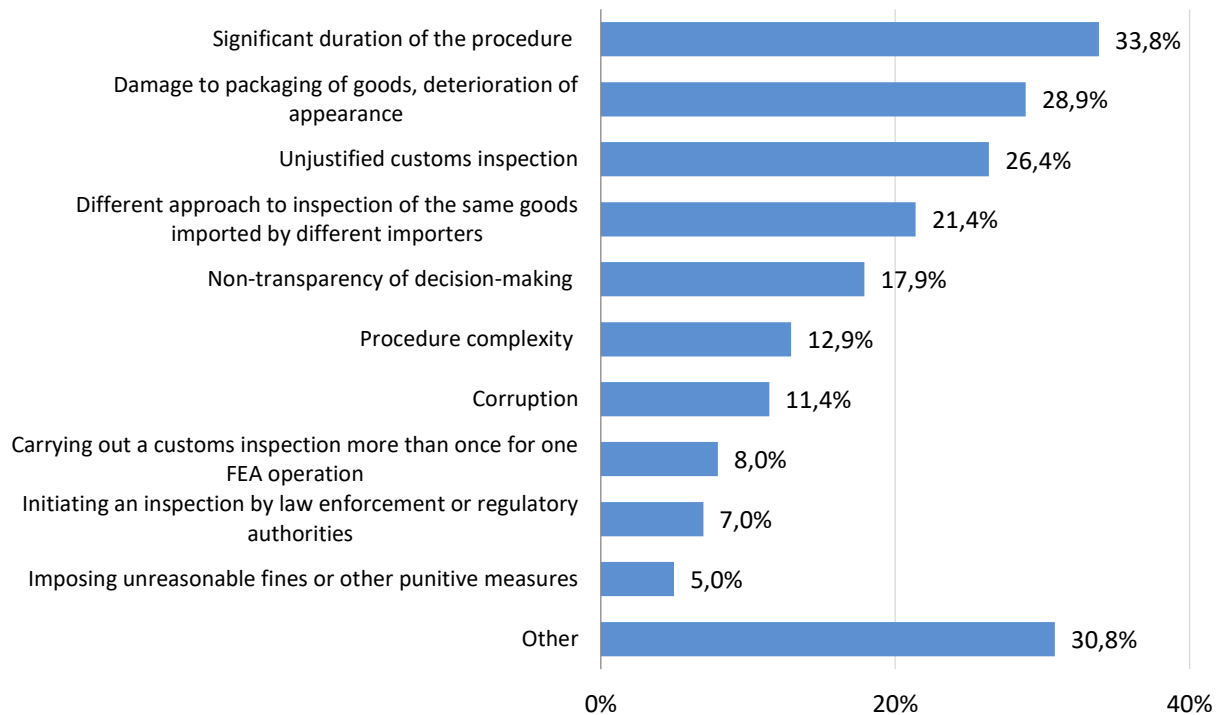


Fig. 13. Difficulties in passing the customs inspection of goods from the importers' point of view, % of respondents who reported difficulties



2.7. Post-customs audit procedure

- Almost half of the exporters did not indicate any of the problems listed in the questionnaire during the post-audit.
- Different approaches to the same legal requirements by customs officers and auditors are a major obstacle to this procedure, from the exporters' point of view.
- As for the exporters, next in the rating of difficulties are an unreasonable increase in customs commodity cost at the stage of post-customs audit and the significant duration of the post-audit procedure.
- More than 40% of importers did not indicate any of these problems in the post-audit.
- The main problem with the post-customs audit procedure for the importers is the different approach to the same legal requirements by customs officers and auditors.
- The second place is taken by the procedure complexity. Note that the complexity of post-audit procedure is on the 2nd place in the ranking of problems for importers, while for exporters — on the 5th. Importers report this problem almost twice as often as exporters.
- As for the importers, the 3rd and 4th places in the list of difficulties are shared by an unreasonable increase in customs value at the post-audit stage and the significant duration of the post-audit procedure.

Fig. 14. Difficulties in the post-customs audit procedure from the exporters' point of view, % of respondents who reported difficulties

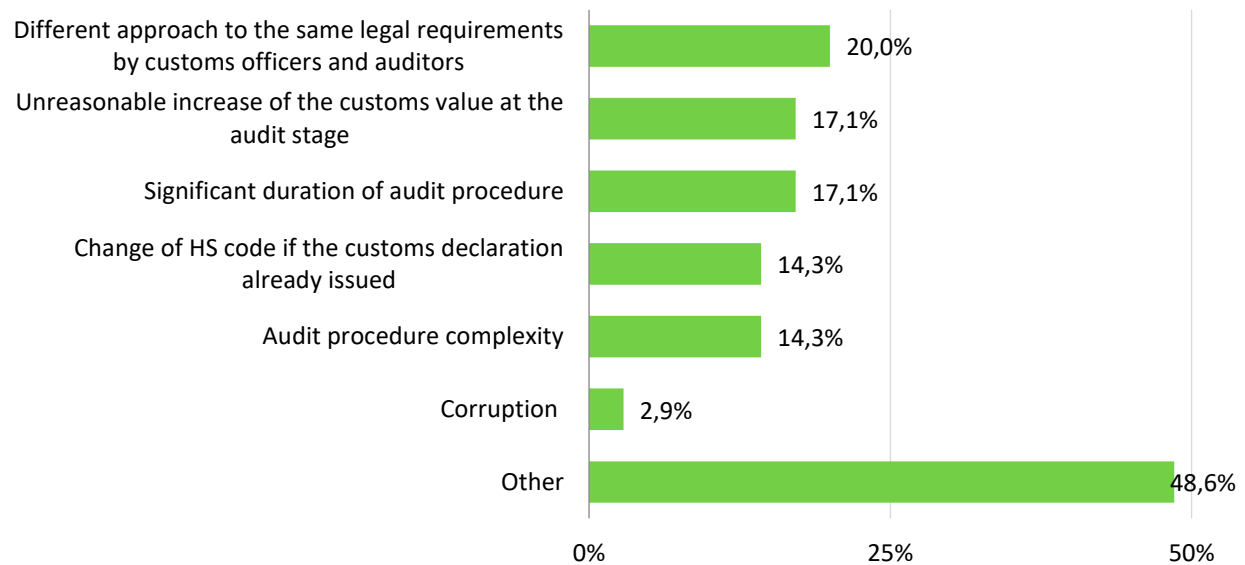
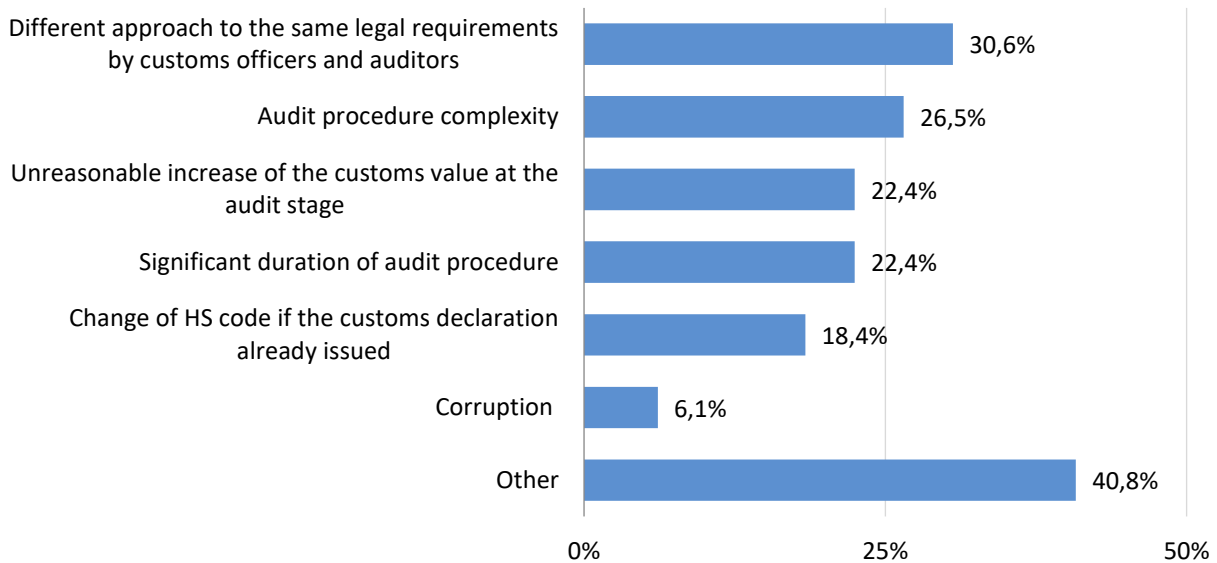


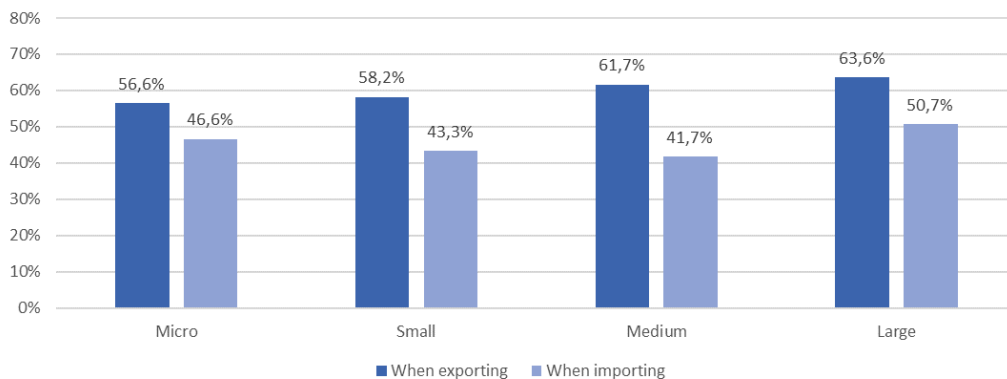
Fig. 15. Difficulties in the post-customs audit procedure from the importers' point of view, % of respondents who reported difficulties



3. Delays of cargoes during customs control

- The study results show that exporters face delays less often than importers. Almost 2/3 of exporters (59.6%) reported not experiencing cargo delays compared to less than half of importers (45.2%).
- Queues at the border remain the main cause of delays during customs control for both exporters and importers. This was reported by 69.8% of exporters and 65.4% of importers, respectively, who faced delays. In 2018, queues at the border were also the main cause of delays.
- For importers, important reasons for delays are also changes in the customs value, comments on documents and customs inspection at border crossings. Other important issues for exporters are customs inspections at border crossings, comments on documents and the lack of local inspectors.

Fig. 16. The share of enterprises without cargo delays, by size of enterprises, % of respondents



- The study results show that as the size of enterprise increases, the probability of delays during customs control decreases. Large enterprises suffer the least from delays at the border.

Fig. 17. Main reasons for the delay of customs goods during customs control for export, % of respondents with delays

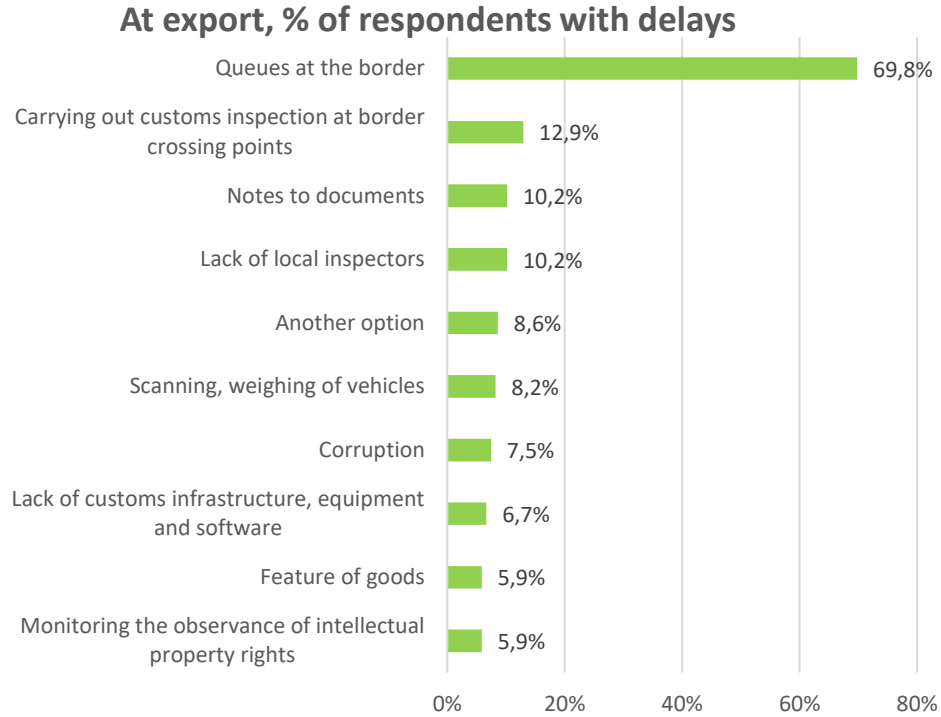
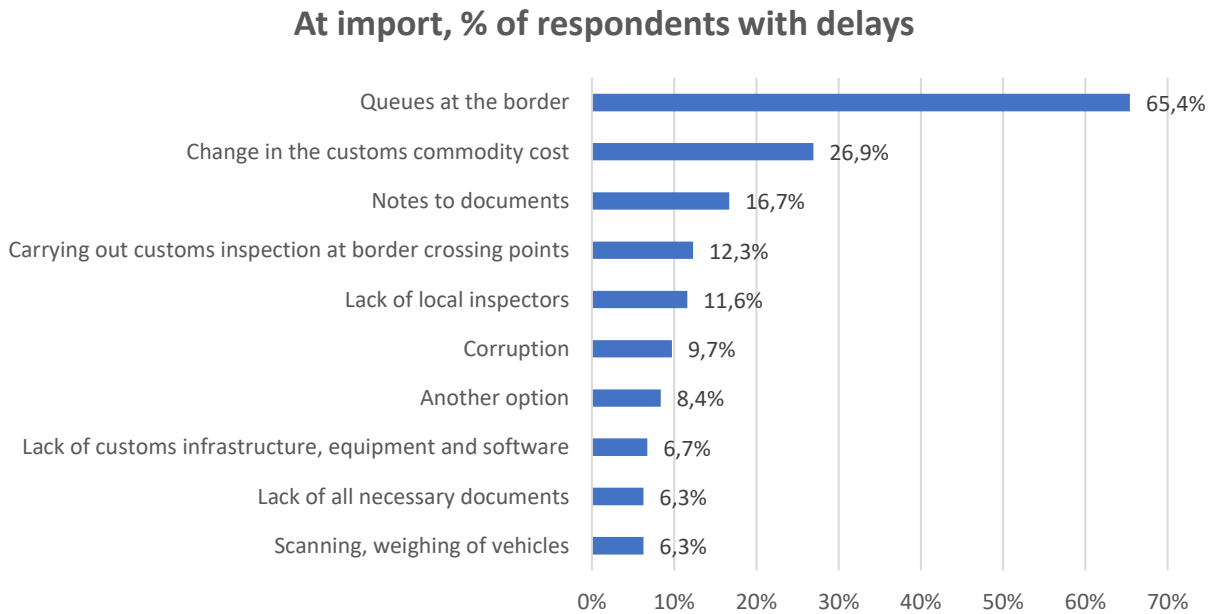


Fig. 18. Main reasons for the delay of customs goods during customs control for import, % of respondents with delays

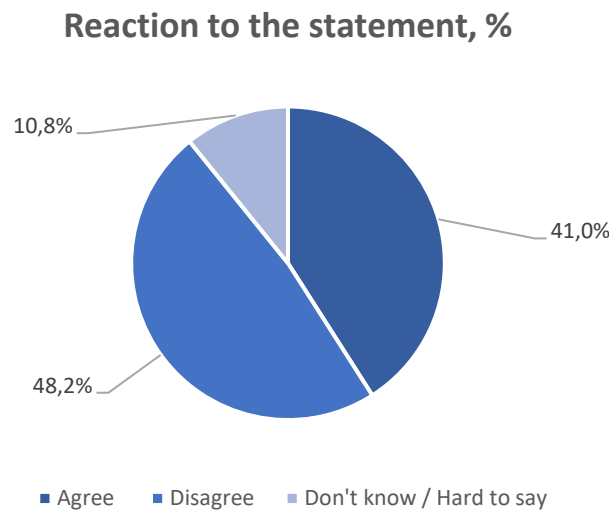


- In terms of sectors, agricultural and industrial enterprises face the least delays. At the same time, the share of enterprises that have never faced delays is lower in trade and services sector.

4. Is it worth backing down at customs to avoid delays?

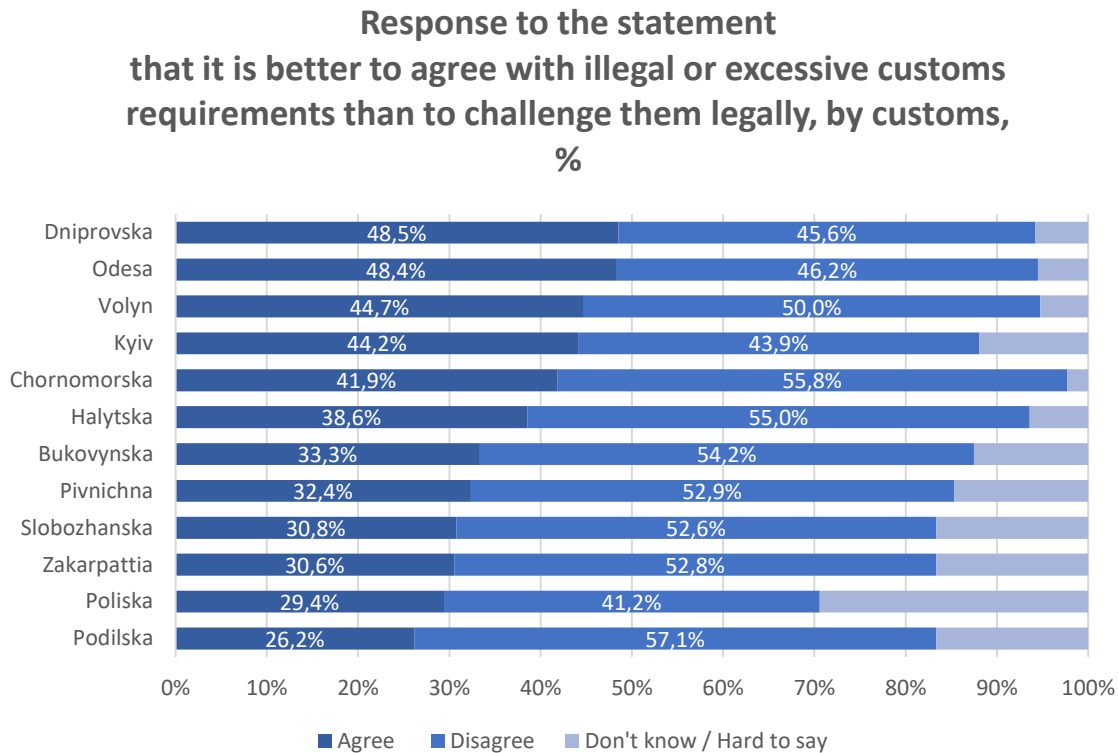
- The enterprise representatives were asked whether they agreed with the statement that in order to avoid delays in transportation of goods, it is better to agree with illegal or excessive, in their opinion, requirements of the customs, than to challenge them legally. 41% of respondents agreed with this statement.
- This indicates that long-term and complicated customs procedures create the risks of corruption and violations of the law. However, almost half of the respondents disagree with this statement.
- Exclusively importers as well as importing and exporting enterprises more often than exclusively exporters agree with this statement.
- Therefore, importers may be more vulnerable to the threat of holdbacks due to illegal or excessive customs requirements.
- Micro and small enterprises are more likely than medium and large enterprises to agree with this statement.

Fig. 19. Reaction to the statement that it is more appropriate to agree with illegal or excessive customs requirements than to challenge them legally, % of respondents



- Enterprises that are engaged in customs clearance at the Dniprovska and Odesa Customs Offices agree with this statement most often.
- Those who are engaged in customs clearance at Podilska and Poliska Customs Offices agree with this statement most rarely.
- There is the largest share of respondents who could not answer this question (29.4%) among the enterprises at the Poliska Customs Office. The lowest number of such respondents is at the Chornomorska Customs Office (2.3%).

Fig. 20. Reaction to the statement that it is more appropriate to agree with illegal or excessive customs requirements than to challenge them legally, by customs, % of respondents¹



5. Appeal against the actions of customs authorities

- In 2020, 53.5% of respondents said they were familiar with the possibility and procedure of administrative and judicial appeals against the actions of customs authorities. Thus, the figure is approximately at the level of 2018. Then, 51.5% of respondents were familiar with the procedure of administrative and judicial appeal.
- In 2020, 18% of respondents said they had the experience of appeals (in 2018 — 15.9%). Thus, the situation has remained almost unchanged in recent years.
- Exporting and importing businesses, as well as large enterprises, are better acquainted with the possibility of appeal and more often have such experience.
- Respondents at the Pivnichna Customs Office (64.7%) are best familiar with the possibility and procedure of administrative or judicial appeal against customs actions, and the worst — at the Bukovynska Customs Office (37.5%).
- The enterprises of the Dniprovska Customs Office (35.0%) had the most frequent experience of appeals, while the least frequent one was reported at the Volyn Customs Office (5.3%)

¹The answers of enterprises at the Azov and Skhidna Customs are not taken into account in the analysis due to the insufficient number of respondents.

Fig. 21. Awareness and experience of appeals by type of foreign economic activity, % of respondents

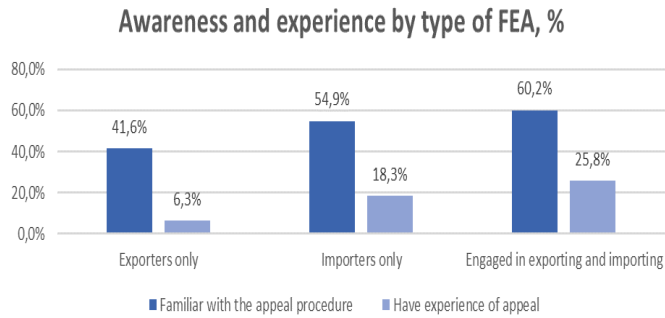


Fig. 22. Awareness and experience of appeals by size of enterprise, % of respondents

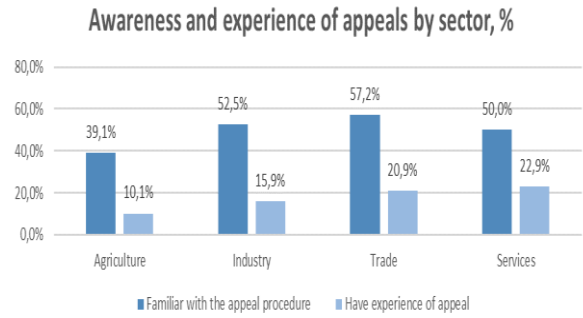
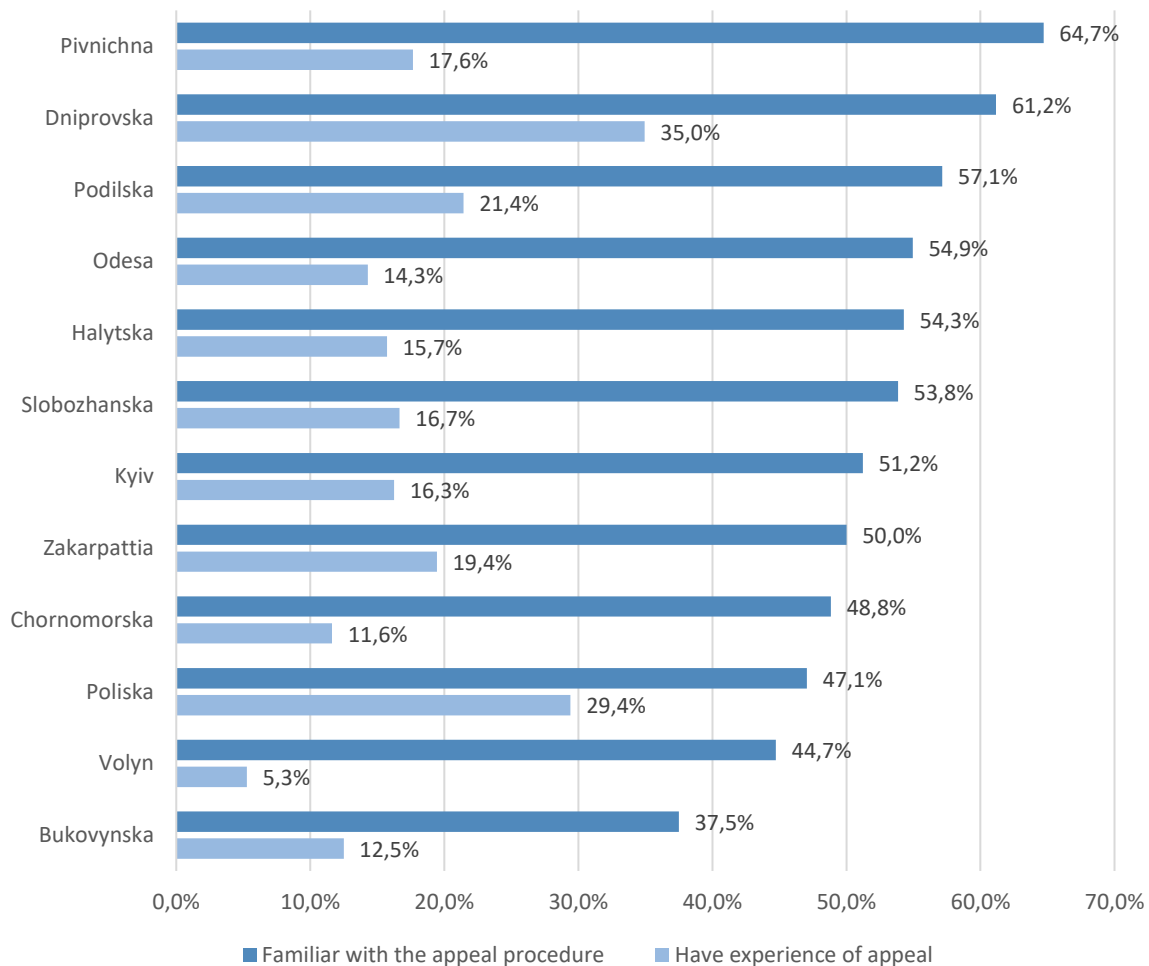


Fig. 23. Awareness of appeals and experience of appeals by customs, % of respondents²

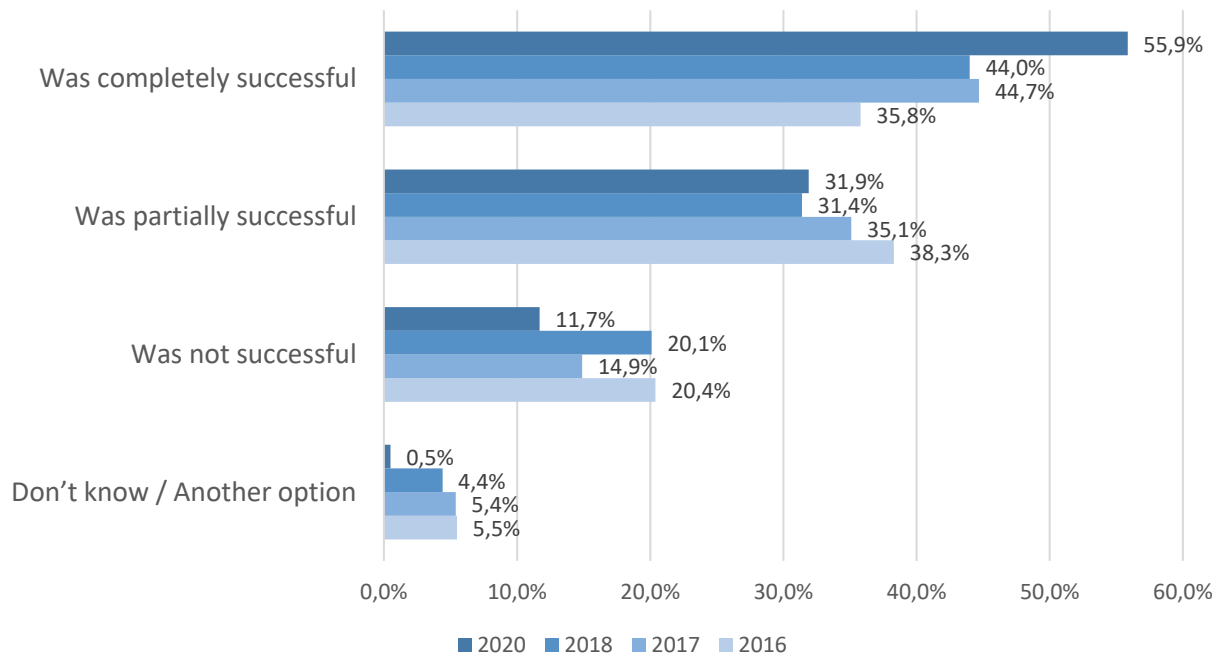


²The answers of enterprises at the Azov and Skhidna Customs are not taken into account in the analysis due to the insufficient number of respondents.

- Appeals against customs actions were partially or completely successful for 87.8% of enterprises that had such experience. This is the largest share in the 4 waves of the survey since 2016.
- According to the results of the survey, the share of respondents with unsuccessful experience has halved compared to 2018.
- The survey results show that the most positive experience in customs appeals have enterprises engaged only in export. In particular, 68.8% of exporters (who are engaged in export exclusively) who appealed the decisions of customs authorities had a completely successful experience, and among importers (who are engaged in import exclusively), this share is only 46.2%.

Fig. 24. Evaluation of the success of administrative or judicial appeals against the actions of customs authorities, % of enterprises with such experience³

Evaluation of the success of administrative or judicial appeals against the actions of customs authorities, % of enterprises with such experience

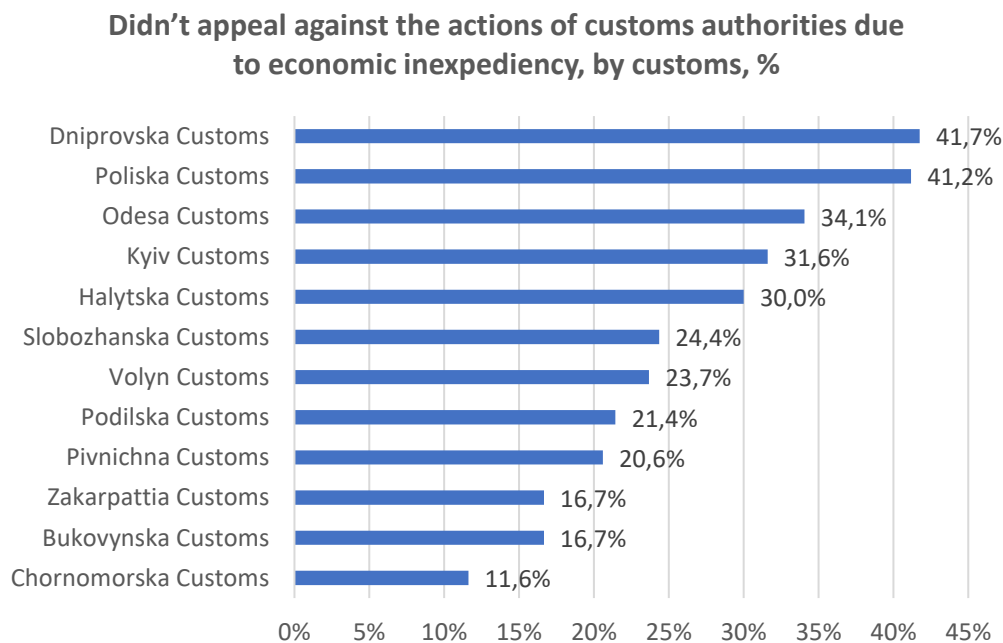


- According to the survey, only 51.1% of companies that challenged the actions of customs authorities indicated that they were guaranteed the right to be heard.
- The survey results indicate that only 36.2% of enterprises that have experience in customs appeals consider the response of the customs authority to the complaint justified.
- 29.7% of enterprises reported that they did not appeal against the actions of the customs authorities due to economic inexpediency (due to vehicle idle time, legal aid costs, etc.), although they considered the customs decisions and/or actions illegal.

³ Another option, in particular, may include complaints that are still pending.

- Importers, smaller enterprises and those in the trade sector are more likely to report economic inexpediency.
- The economic inexpediency is most often reported at the Dniprovska and Poliska Customs, and the least often at the Chornomorska, Bukovynska and Zakarpattia Customs Offices.⁴
- Businesses of Dnipropetrovsk and Odesa regions most often report cases of economic inexpediency of customs appeals. They are rarely reported in Kherson, Zhytomyr and Zakarpattia regions.
- In seven regions, the share of enterprises that did not appeal customs actions due to economic inexpediency is a third or more of respondents.

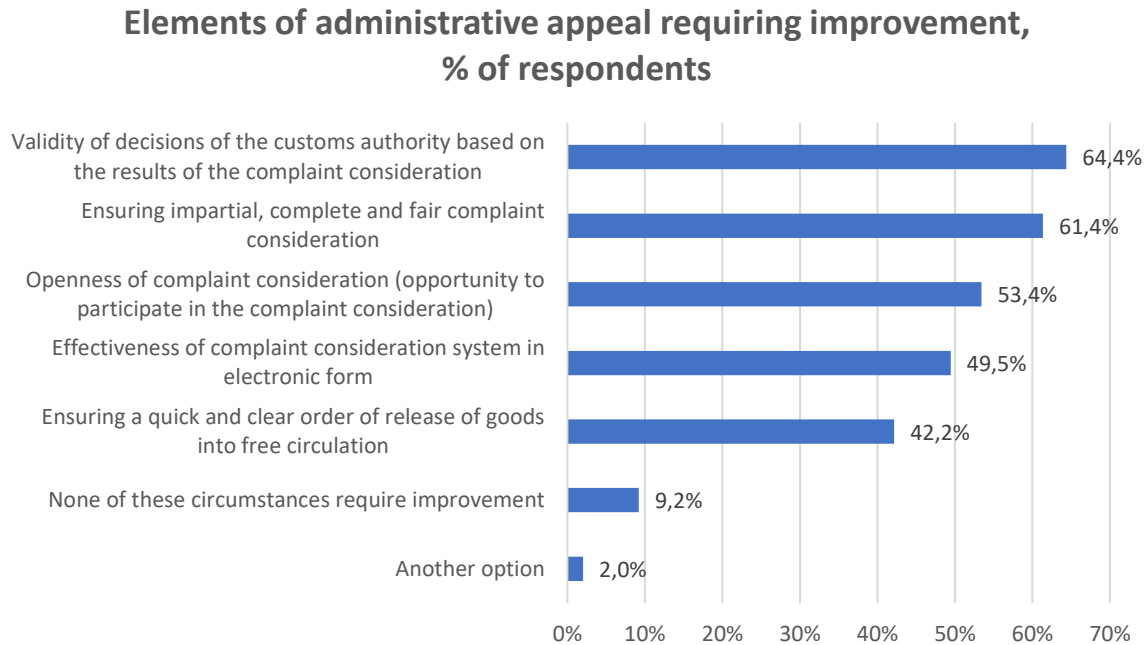
Fig. 25. Share of enterprises that did not appeal against the actions of customs authorities due to economic inexpediency, by customs, % of respondents



- According to the interviewed enterprises, the most required improvements in the field of appeals against the actions of customs authorities include: validity of decisions of the customs authority based on the results of the complaint, ensuring an impartial, complete and fair review of the complaint.
- According to the survey results, only one in ten respondents (less than 10% of respondents) believe that none of the aspects of the appeal needs to be improved.
- SMEs more often than large enterprises mention the need for open consideration of complaints and improvement of the validity of decisions. At the same time, large enterprises more often express the need for a quick and clear release of goods into free circulation.

⁴The answers of enterprises at the Azov and Skhidna Customs are not taken into account in the analysis due to the insufficient number of respondents.

Fig. 26. Elements of administrative appeal requiring improvement, % of respondents



6. One-stop window

- The customs law provides that all FEA entities, with rare exceptions, go through customs procedures through the "one-stop window" system.
- 18.9% of interviewed enterprises reported that they passed customs control through a "one-stop window".
- The majority of respondents (70%) work via customs brokers or could not answer the question of whether they have experience of passing customs procedures through a "one-stop window".
- If these respondents are not taken into account, the share of enterprises that used the "one-stop window" is 63.3%, which is much less than required by law.
- Exclusively exporters often report that they have no experience of passing customs procedures through a "one-stop window".
- The larger the size of enterprises, the more they use a "one-stop window": the share of enterprises operating through customs brokers is decreasing.
- Businesses at the Slobozhanska and Zakarpattia Customs Offices often report that they have experience of passing customs procedures through a "one-stop window".
- Businesses at the Volyn Customs Office are the least likely to report such an experience — here, the share of respondents who work through customs brokers or could not answer is the largest one (84.2%).
- At the Pivnichna and Odesa Customs Offices, businesses often reports that they do not have such experience.

Fig. 27. Experience of passing customs control measures through the "one-stop window", % of respondents

Experience of passing customs control measures through the "one-stop window", %

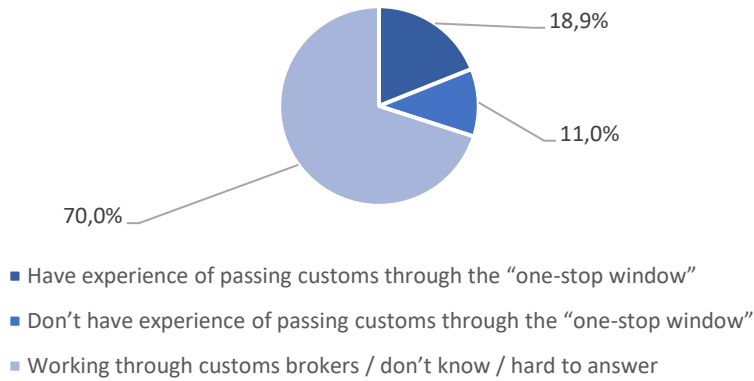
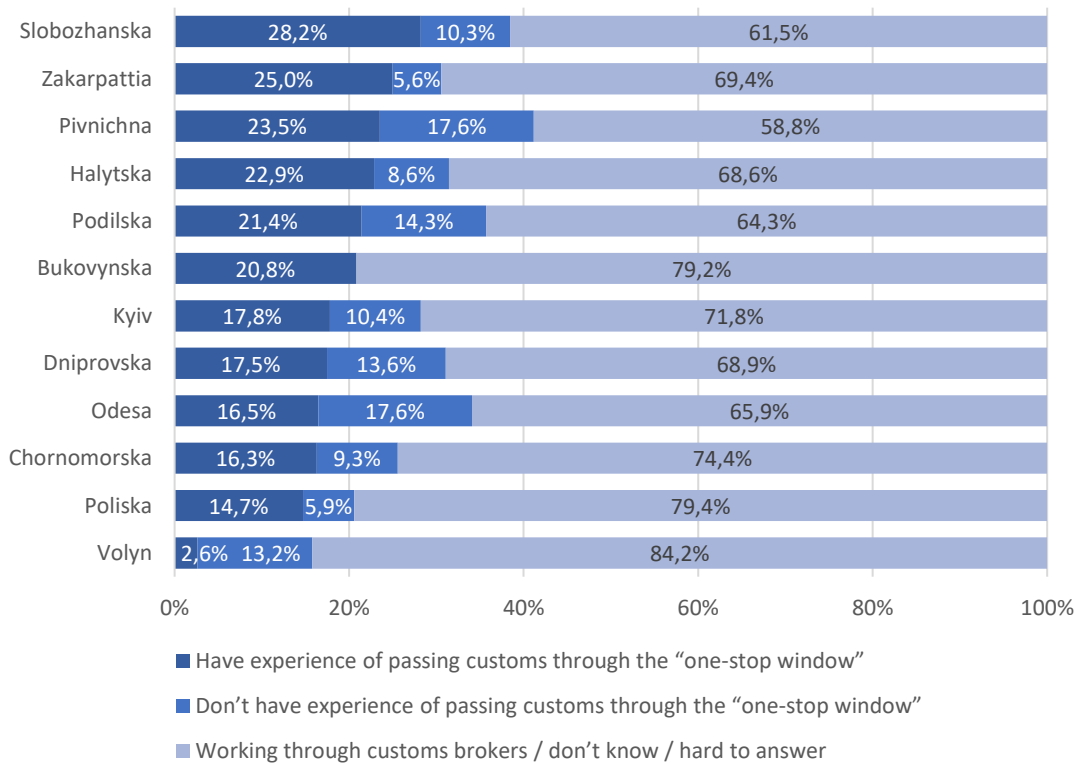


Fig. 28. Experience of passing customs control measures through the "one-stop window" by customs, % of respondents

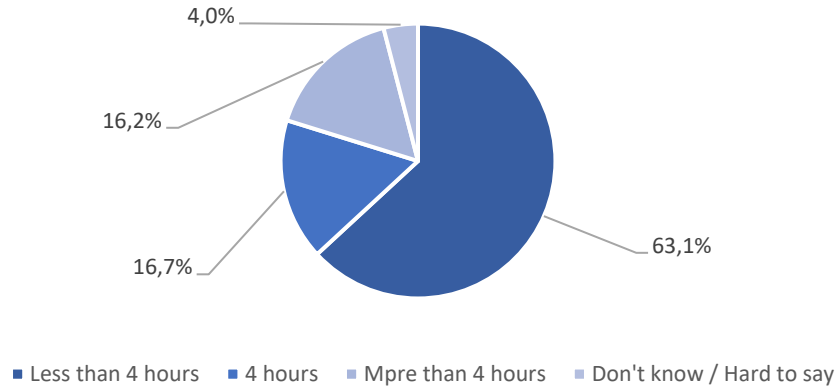
Experience by customs, %



- 63.1% of enterprises that passed customs control through the "one-stop window" said that the time of passing the control through the "one-stop window" is less than 4 hours.

Fig. 29. Evaluation of duration of passing customs control measures through the "one-stop window", % of respondents

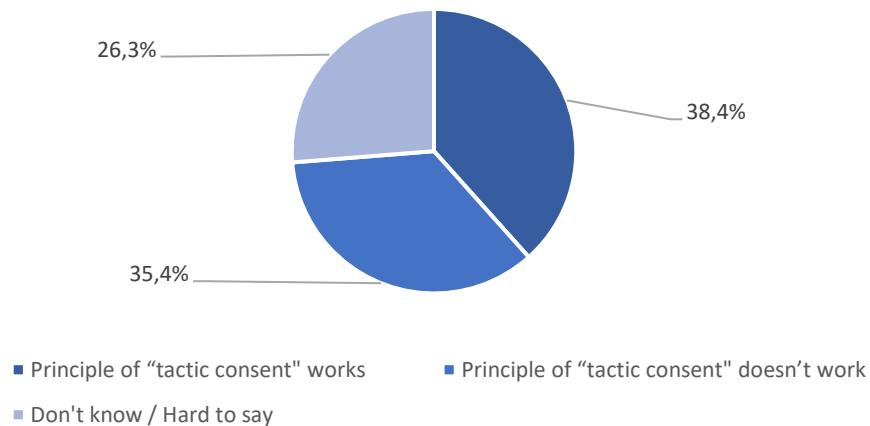
Evaluation of duration of customs control measures through the "one-stop window", %



- 16.7% said that it takes exactly 4 hours, and almost the same share of the respondents say that this control exceeds 4 hours.
- Exclusively importers more often than other enterprises report that this duration exceeds 4 hours. Large companies best rate the duration of "one-stop window" procedures: 72.7% say it takes less than 4 hours and only 4.5% say it takes more than 4 hours.
- In trade and services sector, the time of passing the "one-stop window" is rated the longest: about one in four respondents said it took more than 4 hours.

Fig. 30. Evaluation of whether the principle of tacit consent applies to the "one-stop window", % of respondents

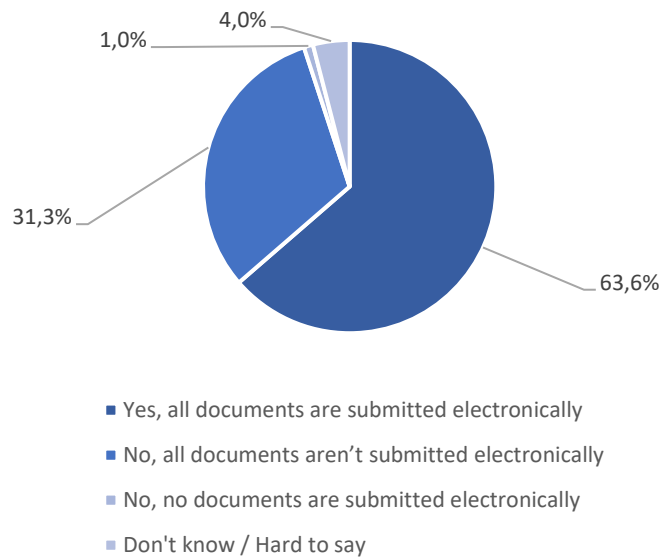
Evaluation of whether the principle of tacit consent applies to the "one-stop window", %



- 38.4% of enterprises that passed customs control through the "one-stop window" said that the principle of "tacit consent" applies to customs control through a "one-stop window". At the same time, almost the same share of respondents (35.4%) said that this principle does not apply.
- Only exporters often believe that the principle of "tacit consent" applies to the "one-stop window" (51.6%). On the other hand, only importers often do not agree with this (41.5%).
- Micro-sized enterprises are less likely than others to confirm that the principle of "tacit consent" applies to the "one-stop window" (21.2%).
- Enterprises in the trade sector are less likely than others to confirm that this principle applies.

Fig. 31. Evaluation of whether all documents are submitted through a "one-stop window" in electronic form, % of respondents

Evaluation of whether all documents are submitted through a "one-stop window" in electronic form, %

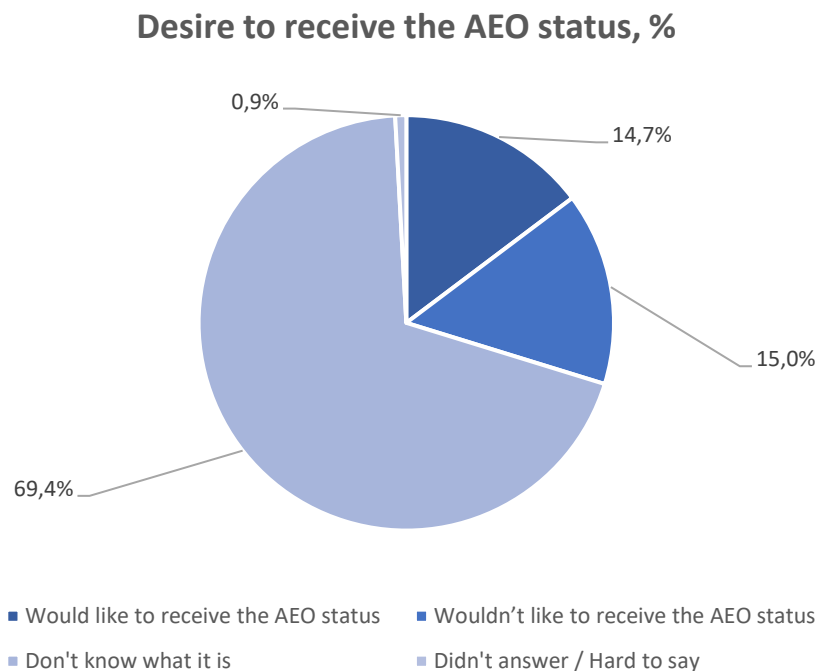


- 63.6% of respondents who passed customs control through a "one-stop window" confirmed that all documents are submitted through this system in electronic form.
- At the same time, twice the share (31.3%) of respondents said that not all documents are submitted through a "one-stop window" in electronic form.
- Exporting and importing businesses are less likely than others to indicate that all documents are submitted electronically (59.6%).
- Submission of all documents in electronic form is more often confirmed by micro-sized enterprises (69.2%) than others.
- In the service sector, this is confirmed less often than in other sectors (46.2%).

7. AEO status

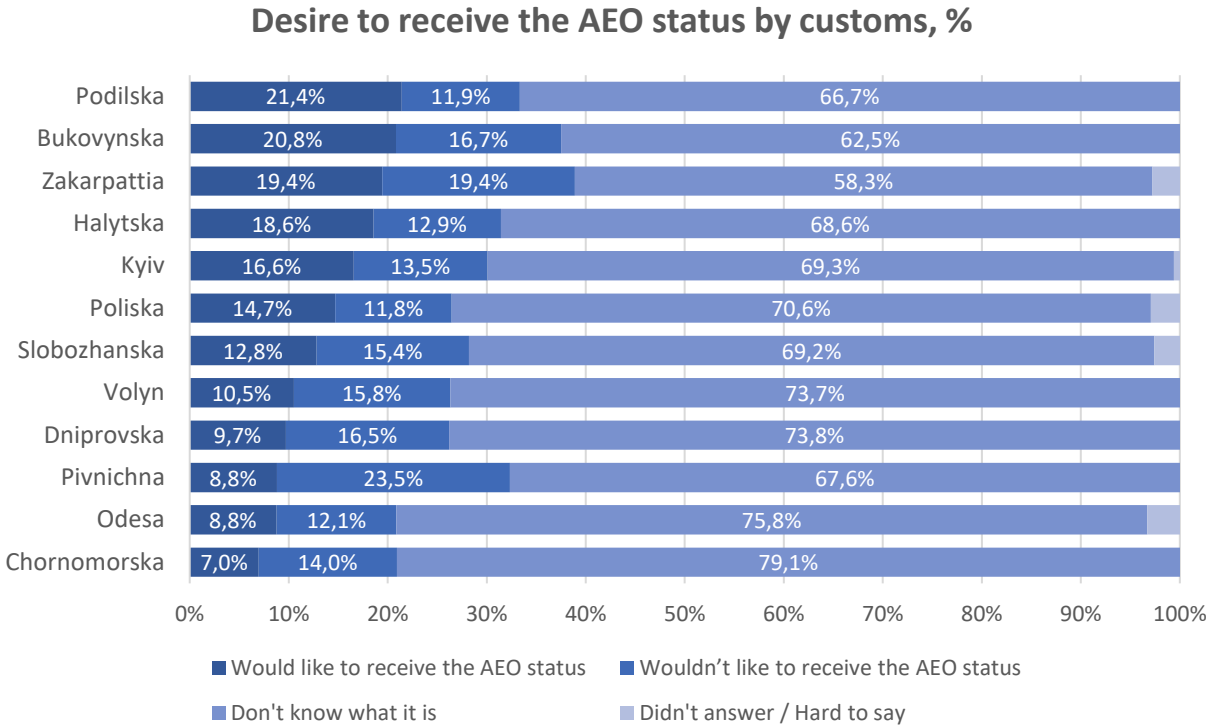
- Almost 70% of respondents do not know what the status of Authorized Economic Operator (AEO) is. 14.7% said they would like to receive AEO status. 15% said they did not want to receive this status.
- This indicates possible gaps in communication regarding this opportunity. This may also be a result of delays in the implementation of the AEO institute, which has reduced interest in it.
- Exporting and importing enterprises are most interested in obtaining the AEO status.
- Large enterprises are about twice as likely as small and medium enterprises and three times as likely as micro-sized enterprises to obtain AEO status.
- Among enterprises of different sectors, enterprises in the service sector are most interested in this status.

Fig. 32. Desire to receive the AEO status, % of respondents



- The desire to receive the AEO status is most often expressed by enterprises at the Podilska and Bukovynska Customs Offices.
- Rarely it is expressed at the Chornomorska Customs Office. At the same customs office, the respondents often do not know about this status (79.1%).
- The largest share of respondents who would not like to receive the AEO status is at the Pivnichna Customs Office.

Fig. 33. Desire to receive the AEO status by the customs, % of respondents



8. Joint customs control

- 68.1% of enterprises positively rated the idea of introducing joint customs control at the customs of Ukraine and neighbouring countries.
- It is likely that due to this, enterprises expect to get faster/better service at customs or to improve its transparency.
- Only 3.2% of enterprises rated this idea negatively.
- There are no significant differences in the perception of the idea of joint customs control between enterprises of different FEA types and sizes.
- Most often, positive ratings of the idea of joint customs control are expressed in the service sector (79.2%).
- The largest support for joint customs control is expressed by enterprises at the Volyn Customs Office, the least one, at the Dniprovska Customs Office.
- The most negative ratings of this initiative are at Bukovynska Customs Office.

Fig. 34. Evaluation of the idea of joint customs control at the customs of Ukraine and neighbouring countries, % of respondents

Evaluation of the idea of joint customs control at the customs of Ukraine and neighbouring countries, %

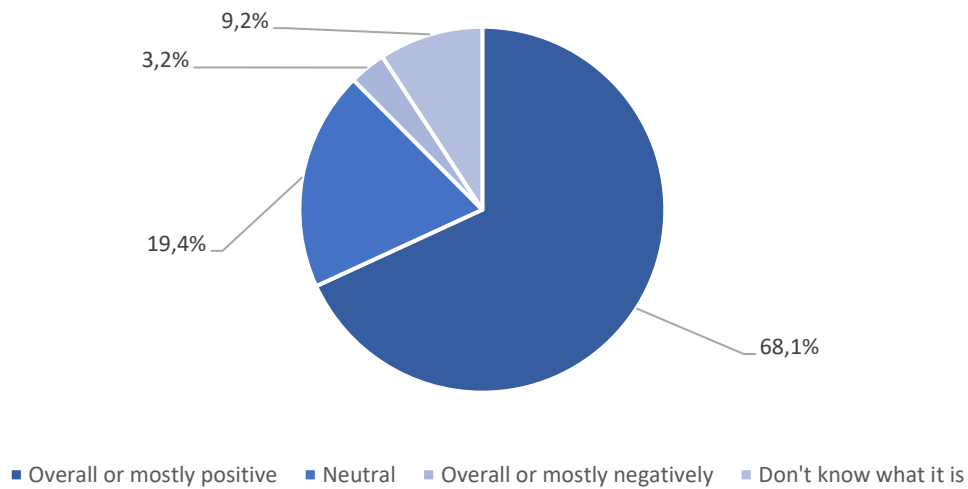
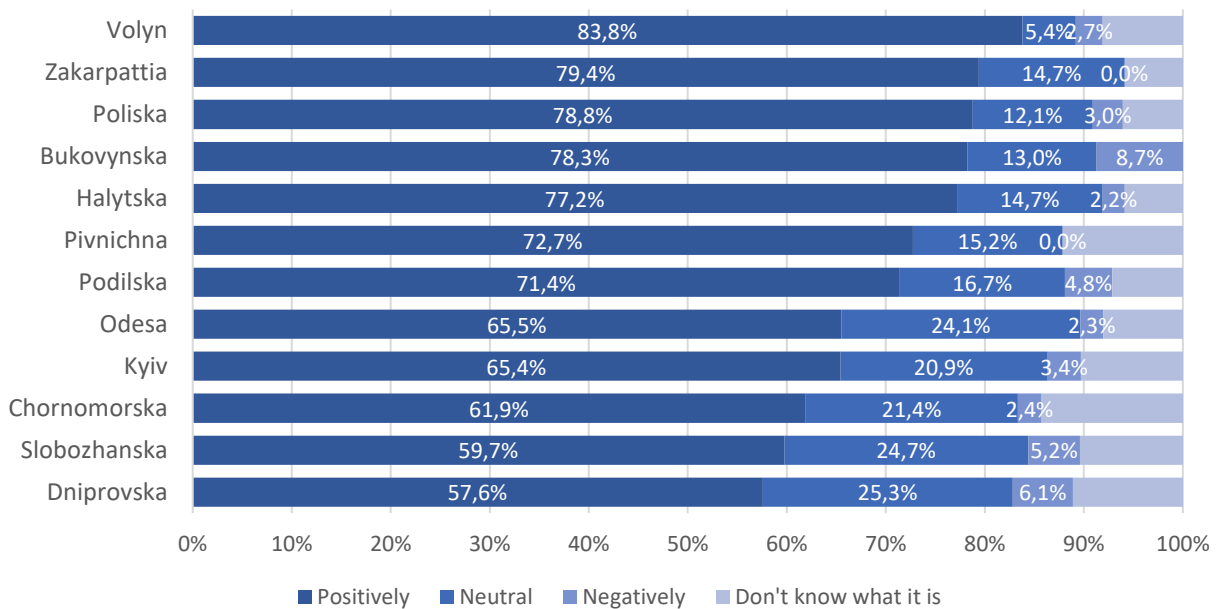


Fig. 35. Evaluation of the idea of joint customs control at the customs of Ukraine and neighbouring countries at customs, % of respondents

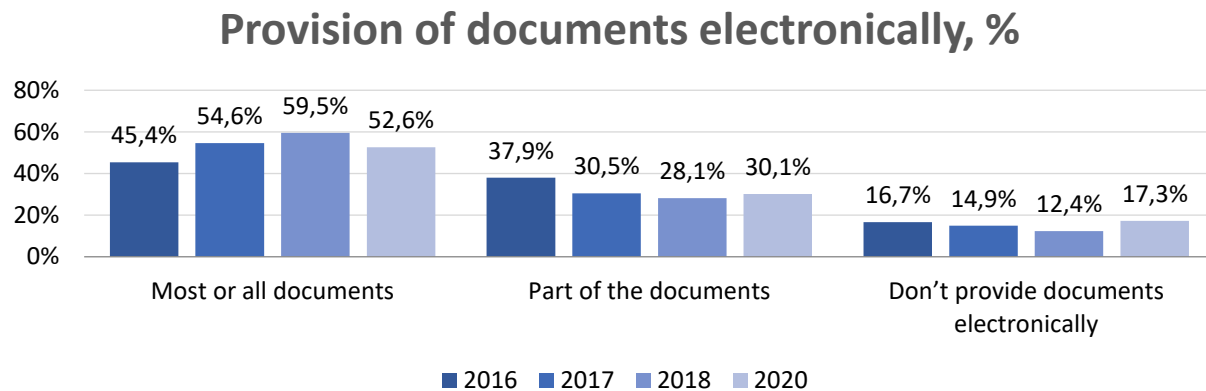
Evaluation of the idea of joint customs control at the customs of Ukraine and neighbouring countries by customs, %



9. Electronic document management

- About half of enterprises submit most or all documents electronically, while more than 30%, only part of the documents.
- The share of enterprises that do not provide documents in electronic form increased slightly in 2020 compared to previous waves of the survey.

Fig. 36. Use of electronic document management in foreign economic activity, %



- Exclusively importers provide documents in electronic form more often than exporting enterprises.
- The use of electronic documents increases with the size of enterprises.
- Electronic documents are most actively used by agricultural enterprises, and the least actively, in the service sector.
- At the Odesa and Pivnichna Customs Offices, enterprises often submit at least part of the documents in electronic form.
- At the Chornomorska and Volyn Customs Offices, enterprises rarely use electronic documents in foreign economic activity. More than 25% do not submit documents electronically at these customs offices.
- Payment orders for the payment of duties are provided exclusively in electronic form most often. The rarest case was with veterinary certificates.
- The frequency of submitting all documents exclusively in electronic form has increased compared to 2018. It's particularly true of the certificate of conformity/quality, certificate of origin and contract (+12 pp. and more).
- Veterinary certificate is more often than other documents submitted only in paper form.
- Documents that are often submitted exclusively in electronic format include: payment order for payment of duty, customs value declaration, etc. They are among those that are rarely submitted only in paper form.
- Invoice is more often than other documents submitted in both electronic and paper formats.

Fig. 37. Rating of documents by the share of exclusively electronic format, % of respondents who submitted these documents

Rating of documents by the share of exclusively electronic format, % of respondents who submitted these documents

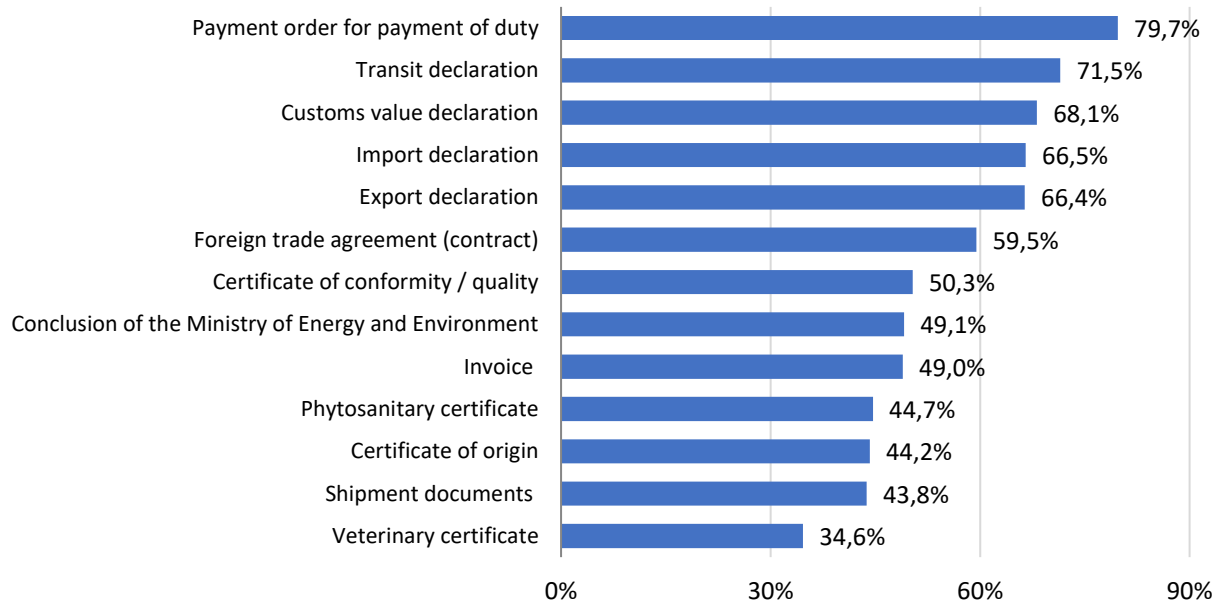
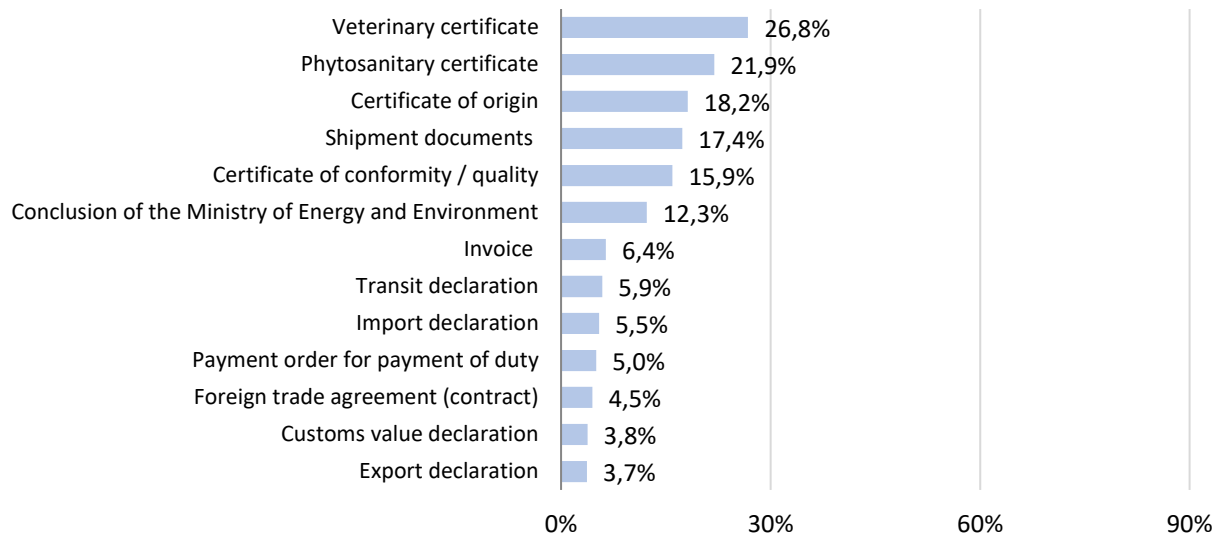


Fig. 38. Rating of documents by the share of exclusively paper format, % of respondents who submitted these documents

Rating of documents by the share of exclusively paper format, % of respondents who submitted these documents



Survey methodology

It is important to hear the opinion of business engaged in foreign trade (importers and exporters) in order to study the conditions of foreign economic activity in Ukraine, the challenges facing businesses, and the reforms and policy measures that are needed to solve the existing issues. The Institute for Economic Research and Policy Consulting conducts regular monitoring of business opinion on these issues through an annual survey of exporters and importers. This survey provides the “feedback” directly from business representatives who are engaged in import and export and can tell from their experience about the specifics and problems of this activity in Ukraine.

In 2015-2016, the Institute for Economic Research conducted such monitoring for the first time as a part of the Trade Facilitation Dialogue project. This wave of the survey was exploratory in nature and covered 381 businesses engaged in foreign trade. The fieldwork took place in April-August 2015. In the following years, the Institute for Economic Research conducted three more waves of this monitoring as a part of the Trade Facilitation Dialogue project:

- The second wave of the monitoring was conducted in 2016-2017. Information was collected in October-December 2016. 1044 businesses engaged in foreign trade were interviewed.
- The third wave of the monitoring was conducted in 2017-2018. Information was collected in November 2017 — February 2018. 1019 businesses engaged in foreign trade were interviewed.
- The fourth wave of the monitoring was conducted in 2018-2019. Information was collected in October-December 2018. 1012 businesses engaged in foreign trade were interviewed.

The fifth wave of this survey took place in 2020 as a part of the project “Support of the Civil Society Initiative “For Transparent and Fair Customs”. The fieldwork phase of the survey took place from 14 April to 9 June 2020. 1045 businesses engaged in foreign trade were interviewed.

The fieldwork of the second, the third and the fourth waves of the survey was conducted by GfK Ukraine, and the fieldwork of the fifth wave in 2020 was conducted by Info Sapiens research agency. The samples of the second, the third, the fourth and the fifth waves of the survey are representative in the national dimension.

The 2020 survey was conducted using computer assisted telephone interviews (CATI). All interviews were conducted with business representatives, who can assess the economic situation of the business and the conditions of foreign trade (owners, directors, deputy directors, chief accountants, heads of departments or deputy heads of departments related to exports or imports).

The survey covered companies from all over Ukraine except those located in the temporarily occupied Autonomous Republic of Crimea and the city of Sevastopol, as well as certain areas of Donetsk and Luhansk regions that are not controlled by the Ukrainian government.

The number of observations for each sampling option was monitored at the data analysis stage. If the number of observations was insufficient for statistical analysis, such analysis was not performed and, accordingly, is not presented in the report. For more information on sampling parameters, see the Sampling section.

To carry out this monitoring, the IER developed a standardized questionnaire to survey businesses. This report compares the findings of surveys in different waves on a number of questions, the wording of which in the fifth wave of the survey has not changed compared to the previous waves of the survey in 2016-

2018. At the same time, some questions are also compared with the findings of the first wave of the survey in 2015-2016. However, it must be noted that the sample of this wave of the survey was different from the following ones, which may factor in the difference in indicators.

Distribution of the respondents by customs offices

The businesses that took part in the survey indicated at which customs they mainly obtain customs clearance for their goods. In 2019, 16 customs offices were established within the State Customs Service, including 14 regional customs offices, as well as the Energy Customs Office and the Coordination and Monitoring Customs. The largest share of interviewed businesses (326 or 31.2 % of the total sampled information) obtains customs clearance at the Kyiv Customs Office, which consolidated the Zhytomyr, Kyiv, Kyiv city and Cherkasy Customs of the SFS. The next largest share of respondents obtains customs clearance at the Halytska Customs Office, which consolidated three customs: Ivano-Frankivsk, Lviv, and Ternopil. The 140 interviewed businesses or 13.4% of the sample use the services of this customs.

The Dniprovsk Customs Office is in the third place with the largest number of interviewed businesses, which indicated the customs for exporting or importing of their goods. At this customs, which consolidated the Dnipropetrovsk, Zaporizhia, Kirovohrad and Poltava Customs, the customs clearance is obtained by 103 respondents, which is almost 10% of the total number of the respondents. Somewhat less businesses (91 or 8.7% of the sample) indicated that they obtain customs clearance at the Odesa Customs Office. 78 businesses obtain customs clearance at the Slobozhanska Customs Office, which consolidated the Sumy and Kharkiv Customs. These businesses account for 7.5% of the sample.

The services of other customs are used by smaller shares of the interviewed businesses. In addition, 36 businesses (almost 3.5% of the sample) indicated that they obtain customs clearance at other customs offices or did not name the customs offices where they obtain such clearance.

Table 1. Distribution of businesses interviewed by customs, where they mainly obtain customs permit

	Number of businesses	Sample proportion
Azov Customs Office (Donetsk Customs of the State Fiscal Service of Ukraine)	13	1.2 %
Bukovynska Customs Office (Chernivtsi Customs of the SFS)	24	2.3%
Volyn Customs Office (Volyn Customs of the SFS)	38	3.6%
Halytska Customs Office (Ivano-Frankivsk Customs of the SFS, Lviv Customs of the SFS, Ternopil Customs of the SFS)	140	13.4%
Dniprovsk Customs Office (Dnipropetrovsk Customs of the SFS, Zaporizhia Customs of the SFS, Kirovohrad Customs of the SFS, Poltava Customs of the SFS)	103	9.9%
Zakarpattia Customs Office (Zakarpattia Customs of the SFS)	36	3.4%
Kyiv Customs Office (Zhytomyr Customs of the SFS, Kyiv Customs of the SFS, Kyiv City Customs of the SFS, Cherkasy Customs of the SFS)	326	31.2%

	Number of businesses	Sample proportion
Odesa Customs Office (Odesa Customs of the SFS)	91	8.7%
Pivnichna Customs Office (Chernihiv Customs of the SFS)	34	3.3%
Podilska Customs Office (Vinnytsia Customs of the SFS, Khmelnytskyi Customs of the SFS)	42	4.0%
Poliska Customs Office (Rivne Customs of the SFS)	34	3.3%
Slobozhanska Customs Office (Sumy Customs of the SFS, Kharkiv Customs of the SFS)	78	7.5%
Skhidna Customs Office (Luhansk Customs of the SFS)	7	0.7%
Chornomorska Customs Office (Mykolaiv Customs of the SFS, Customs Office of the SFS in Kherson region, Crimea and Sevastopol)	43	4.1%
Other customs office	5	0.5%
Did not specify their customs offices	31	3.0%
Total	1045	100%

Customs posts where businesses obtain customs clearance

Some of the respondents (352 businesses) indicated a customs post at which they mainly obtain customs clearance. The customs posts most often mentioned by the interviewed businesses are Krakovets, Yahodyn and Boryspil Airport. More than 30 interviewed businesses or more than 3% of the sample obtain customs clearance at each of these customs posts. 693 businesses or 66.3 % of the sample did not name the post where they obtain customs clearance.

Table 2. Distribution of businesses interviewed by customs, where they mainly obtain customs permit

	Number of businesses	Sample proportion
Boryspil Airport Customs Post	34	3.3%
Zhytomyr-Central Customs Post	10	1.0%
Zakhidnyi Customs Post, Kyiv	11	1.1%
Stolychnyi Customs Post	19	1.8%
Sviatochyn Customs Post	12	1.1%
Yahodyn Customs Post	39	3.7%
Ternopil-Central Customs Post	10	1.0%
Chornomorskyi Customs Post	14	1.3%
Shcherbakivka Customs Post	12	1.1%
Zakhidnyi Customs Post	21	2.0%

	Number of businesses	Sample proportion
Krakovets Customs Post	48	4.6%
Lutsk Customs Post	17	1.6%
Pivnichnyi Customs Post	19	1.8%
Odesa-Central Customs Post	18	1.7%
Rava-Ruska Customs Post	13	1.2 %
Uzhhorod Customs Post	10	1.0%
Other customs post	45	4.3%
Did not specify their customs post	693	66.3%
Total	1045	100%