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Monitoring of Customs Work in Ukraine from Business Perspective - 2024

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Kyiv, 4 March 2025

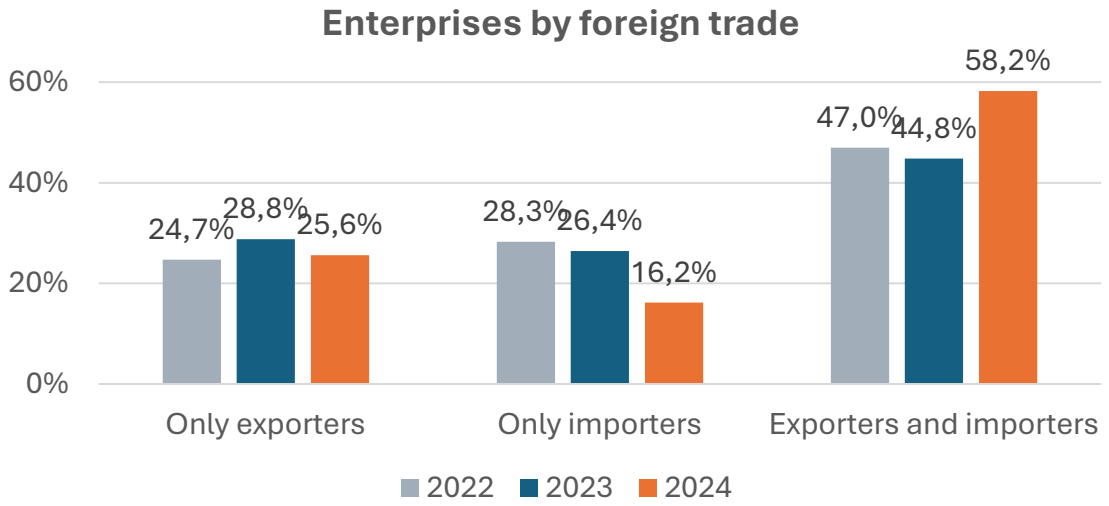
9th Annual Survey: Topics

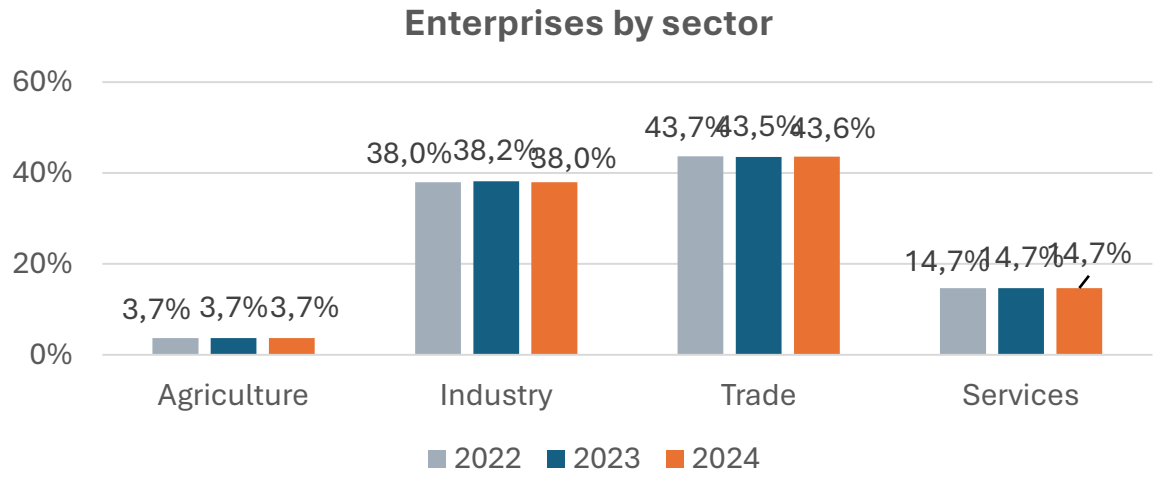
How business assesses the effectiveness of customs and the need for reforms	How business assesses the work of customs over the past year	How the efficiency of customs has changed over the year	How business assesses different types of control
What are the biggest problems in the work of customs	How business assesses various aspects of the work of customs	What are the quantitative and qualitative assessments of the duration of foreign trade procedures	What results does business expect from the customs reform
What business thinks about "smuggling" / "gray imports"	How actively does business participate in the work of business associations	Where do enterprises get information from?	Does the business use the Diia.Business platform?

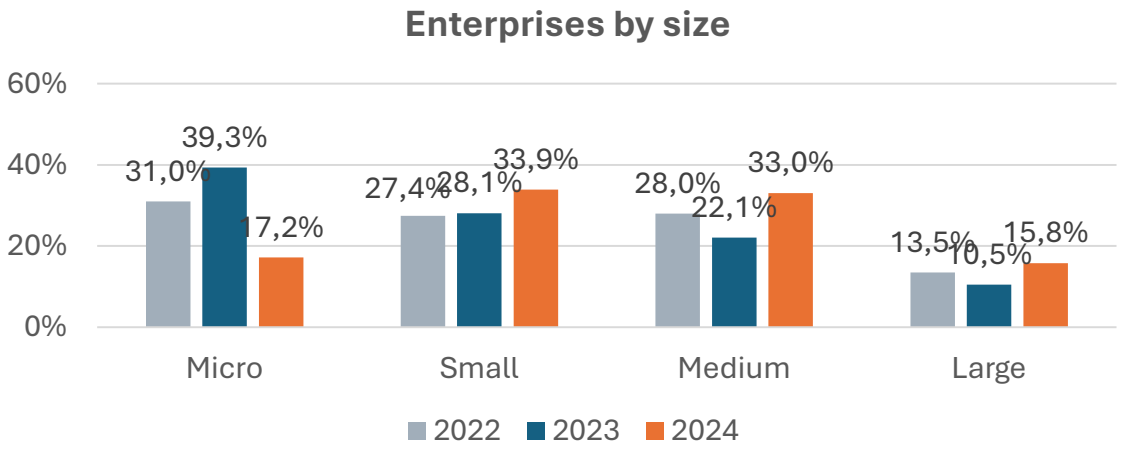


Who was interviewed: Survey sample

Sample: Businesses surveyed in 2024







Note: Data weighted by enterprise sector

- In 2024, 344 enterprises engaged in export and/or import were surveyed
- As in 2022-2023, in order for the sectoral structure of the 2024 sample to match the structure of 2021, the data was weighted
- Compared to 2023, the share of small, medium and large enterprises increased, while the share of micro-enterprises decreased (weighted data)

Key findings 1

The **Customs Perfomance Perception Index (CPP)**, which is based on performance assessments and reform needs, is 0.30, on a scale where -1 is bad and +1 is good. Although the value has slightly decreased compared to 2023 (0.32), the analysis of its components indicates not so much a deterioration as an increase in business expectations for reforms.

In 2024, the **assessments of efficiency and the need for changes at customs changed** due to a decrease in the share of representatives of enterprises who believe that customs is effective and does not need to be changed, and an increase in the share of those who consider customs to be generally effective, but in need of change. The share of the latter rose to the highest level since 2016 (66.5%), while the share of the former decreased to the lowest level since 2016 (10.1%). Therefore, probably a part of those who believed that customs was effective and did not need to be changed changed to a less categorical one, that "customs is generally effective, but one that needs to be changed."

The **assessments of different stakeholders differ** – exporters and large enterprises assess the work of customs higher, while importers - worse. Enterprises that export and import goods by **railroad** evaluate the **efficiency** of customs **better** than those that use road.

Key findings 2

Queues at the border remain in **1st place** on the list of problems in the work of customs according to the surveyed exporters and importers, but the importance of this problem has decreased compared to 2023. This indicates that measures to resolve queues at the border, in particular the introduction of the eQueue, have a **positive result**.

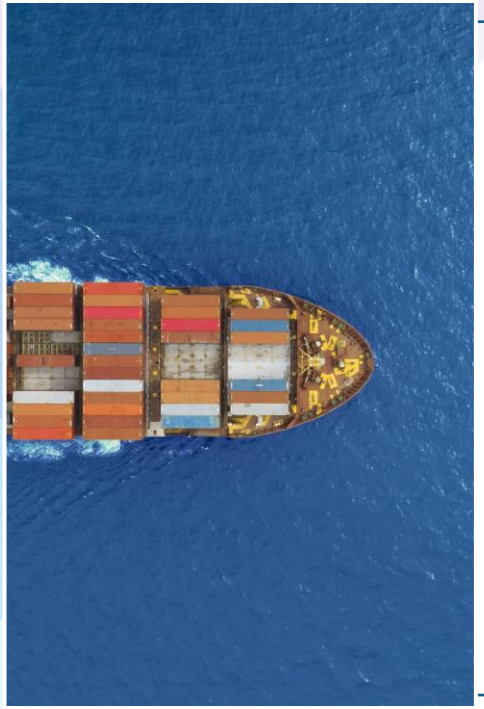
The **2nd place** is occupied by the problem of "**insufficient transparency and openness in the work of customs authorities**", and the 3rd place is occupied by "**flawed customs legislation**".

Speaking about **imperfect customs legislation**, the majority of respondents associate this with the **inconsistency (in their opinion) of the norms of domestic legislation with European norms**, which, according to the respondents, also includes, in the opinion of the respondents, the **unequal application** of this legislation and the possibility for **subjective interpretation** of the norms

The importance of **corruption** as a problem at customs **decreased** in 2024 compared to 2023, the indicator is approaching the pre-war level.

In 2024, enterprises estimated the average **share of "gray imports"** at **11.6**%, which is **the lowest figure in all years** of observations. This **figure** continues to **decrease for 5 waves** of the survey in a row (in particular, it was 13.4% in 2023, 17.3% in 2022, and 21.1% in 2021).

Key findings 3



In 2024, the **main expected results of customs reform** would be
(1) reducing the time during customs procedures

(2) reduction of financial costs during customs procedures

(3) automation of procedures

(4) improving the technical equipment of customs

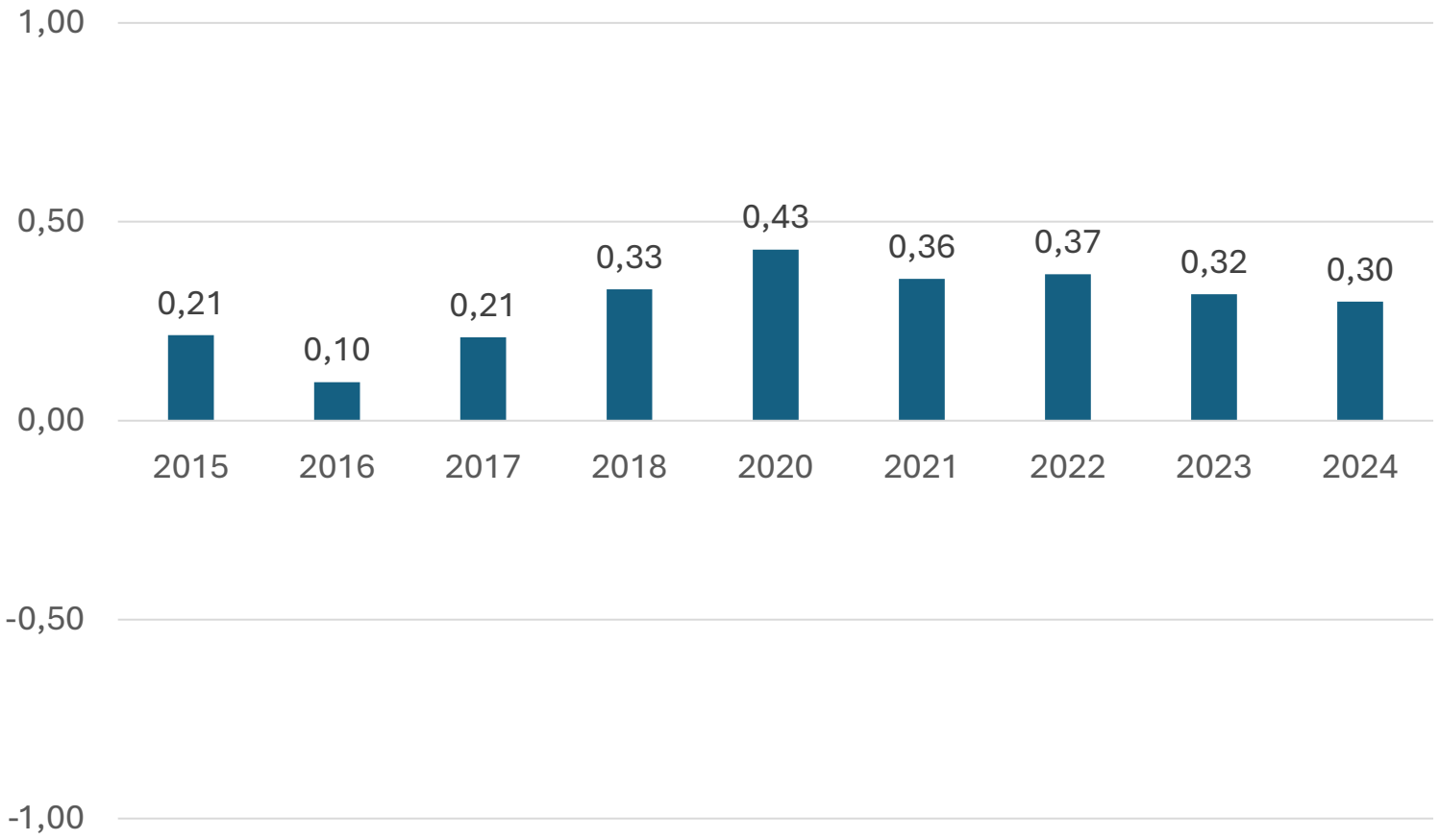
(5) reducing the level of corruption

(6) strengthening the security functions of customs

Customs reform through the eyes of business



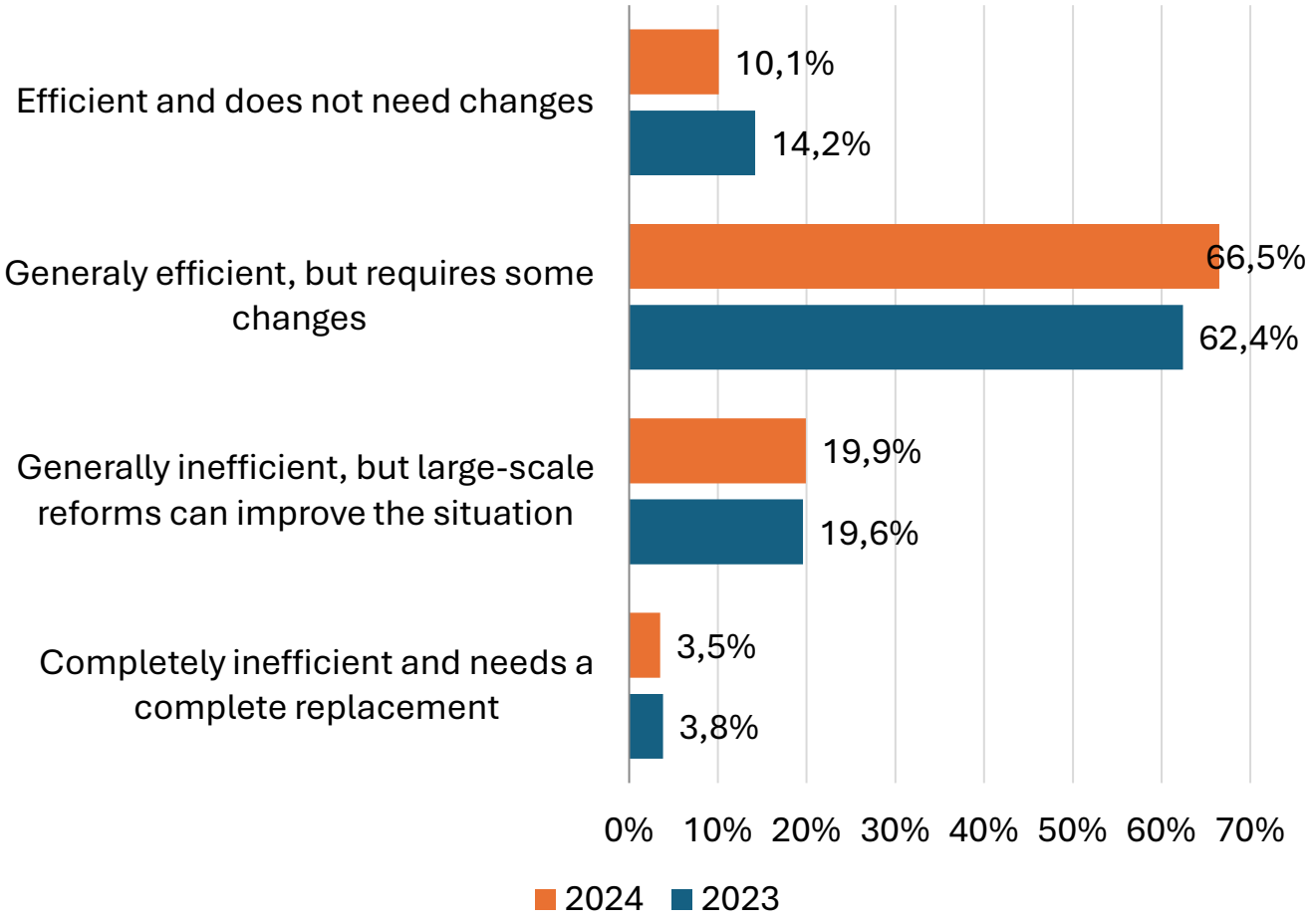
Customs Perfomance Perception Index (CPP)



- The **Customs Performance Perception Index** in 2024 was 0.30 on a scale from -1 to 1
- The **value** of the index has **decreased** slightly since 2023, when it was 0.32
- This reflects an **increase in the demand for customs reform** from business

Assessment of customs work: what is behind the CPP Index

Assessment of customs efficiency, 2024 and 2023



- In 2024, the % of respondents who indicated that the work of customs is **generally efficient, but requires some changes**, increased from 62.4% in 2023 to 66.5% in 2024.

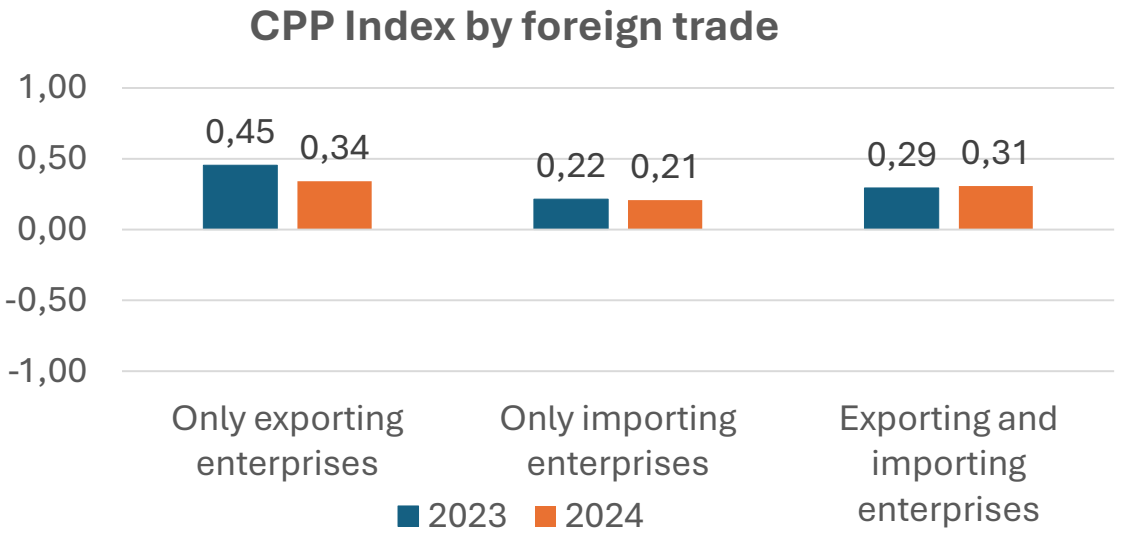
INSTEAD

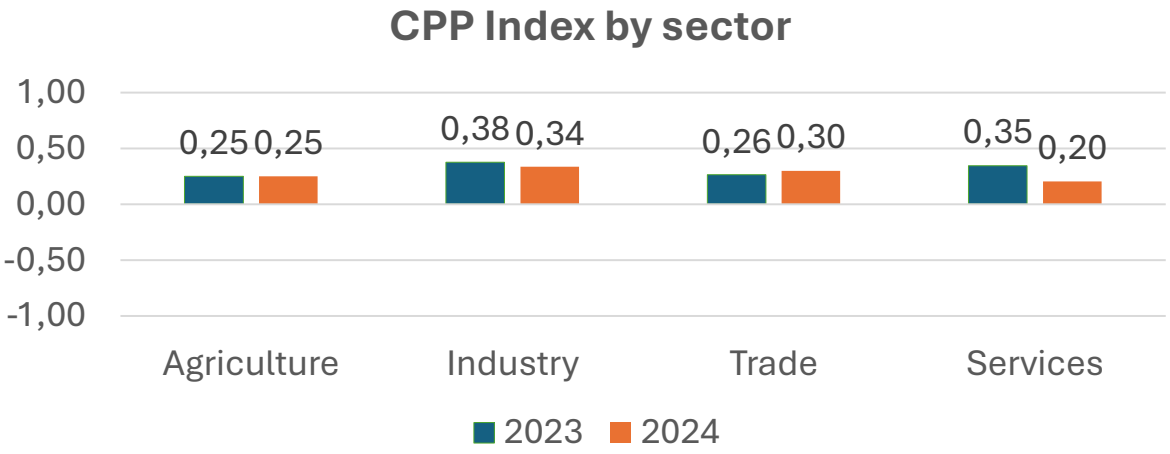
- The % of those who consider customs to be **efficient and not in need of change** decreased from 14.2% in 2023 and 10.1% in 2024.

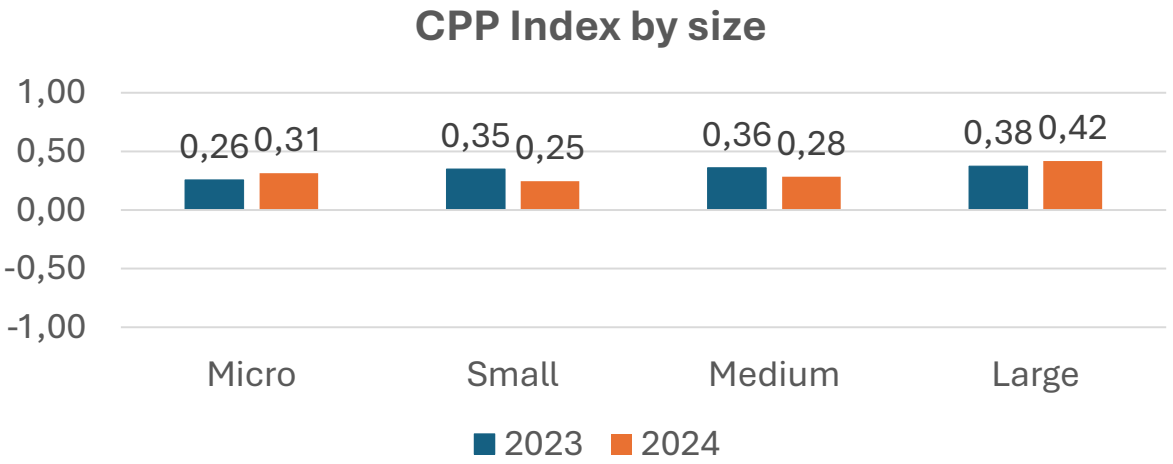
AT THE SAME TIME

- % of those who say that customs is **inefficient, but large-scale reforms can improve the situation**, and those who believe that **customs needs to be completely replaced**, have not changed much

CPP Index: Comparison by Type of Enterprise

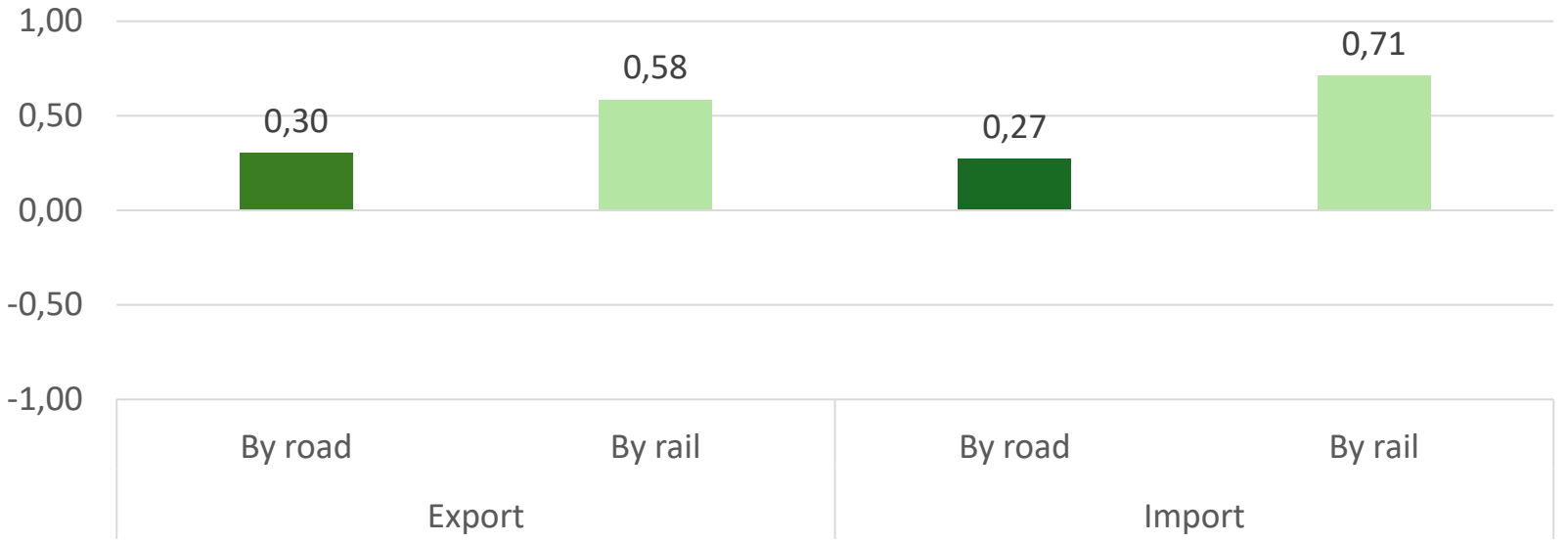






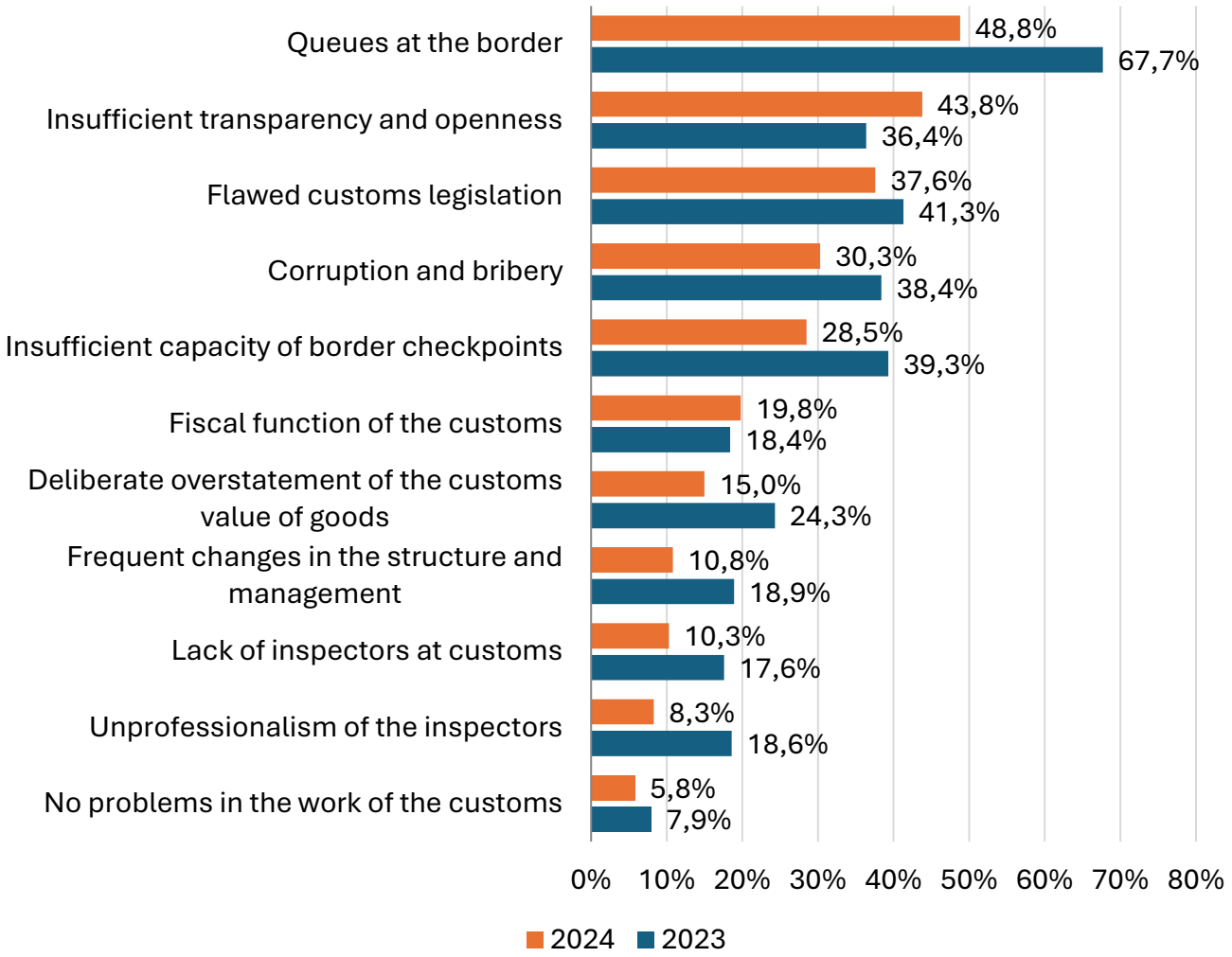
- **Exporting enterprises** and **those that combine export and import** assess the efficiency of customs work better compared to importers. They are also more likely to believe that customs is effective and does not need to be changed
- Estimates of customs work are **lower among SMEs** than among large businesses
- **Logistics** companies ("services" on the graphs) assess the work of customs **worse** compared to other industries

CPP Index: comparison by type of transport



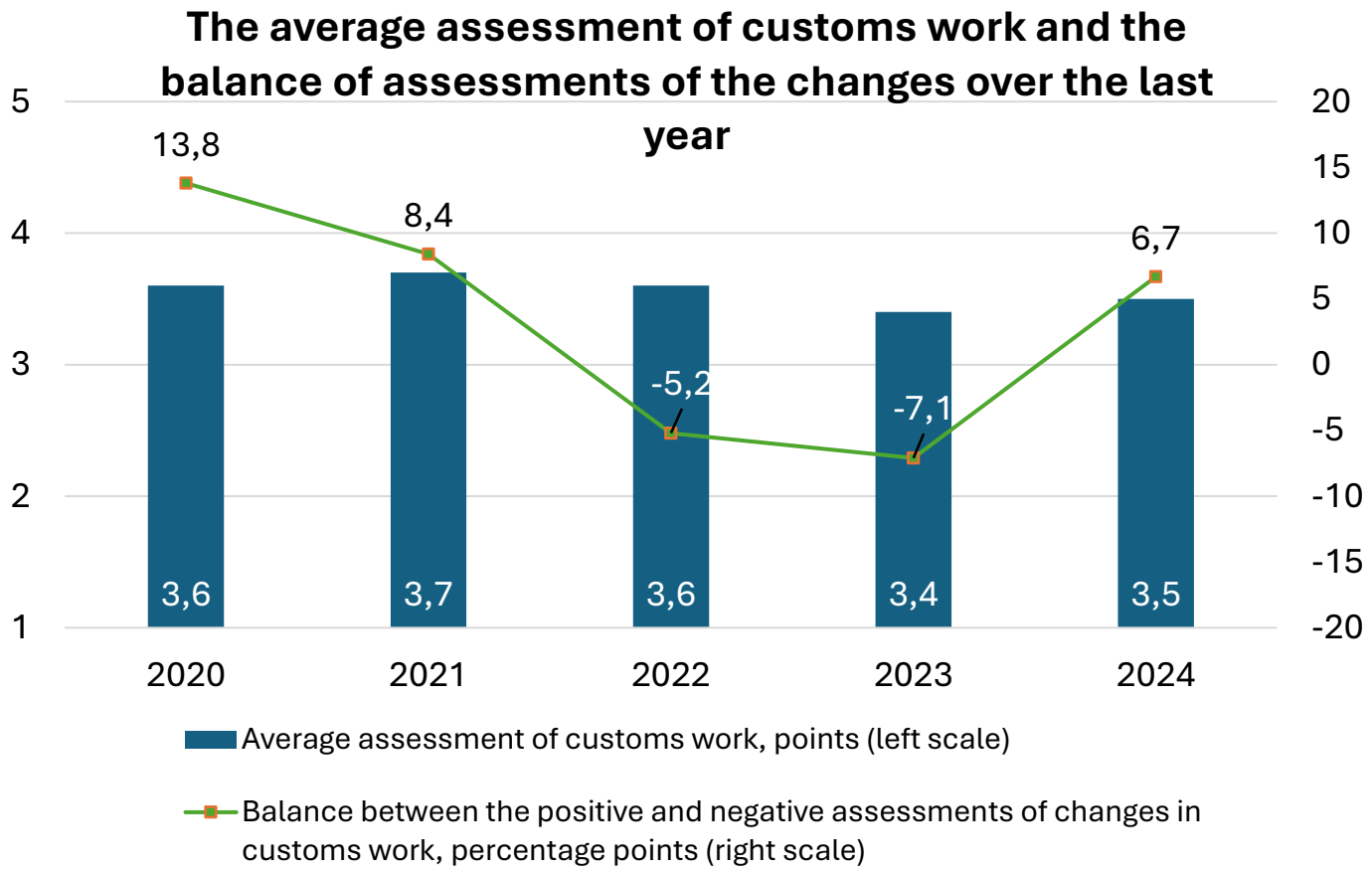
- Enterprises that export and import goods **by rail assess** the efficiency of customs **better** than those that use road transport for foreign trade

Problems in the work of customs



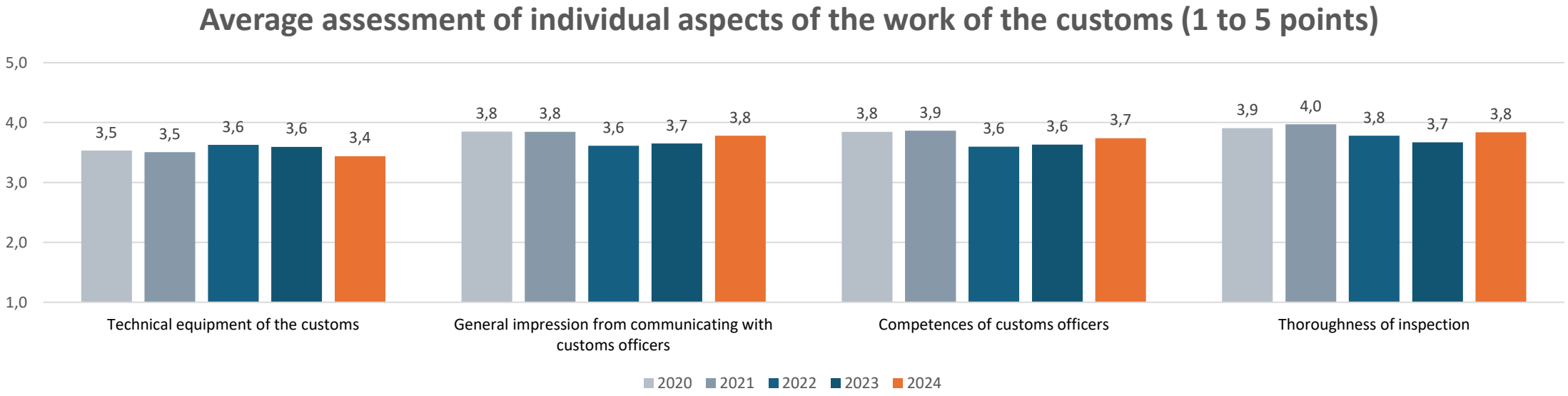
- **Queues at the border** are the main problem (48.8% of respondents), but its significance has decreased significantly (67.7% in 2023).
- **Lack of transparency of customs authorities** became the second most important problem (43.8%), rising from 4th place in 2023 (36.4%).
- Businesses associate **flawed customs legislation** (37.6%) with inconsistency with EU norms, unequal application of rules and the possibility of their subjective interpretation.
- **Corruption** dropped to 4th place (30.3% in 2024 versus 38.4% in 2023), gradually returning to pre-war levels (24.7% in 2021).
- The relevance of the **insufficient capacity of checkpoints** has decreased (from 39.3% in 2023 to 28.5% in 2024)

Assessment of customs work in 2024



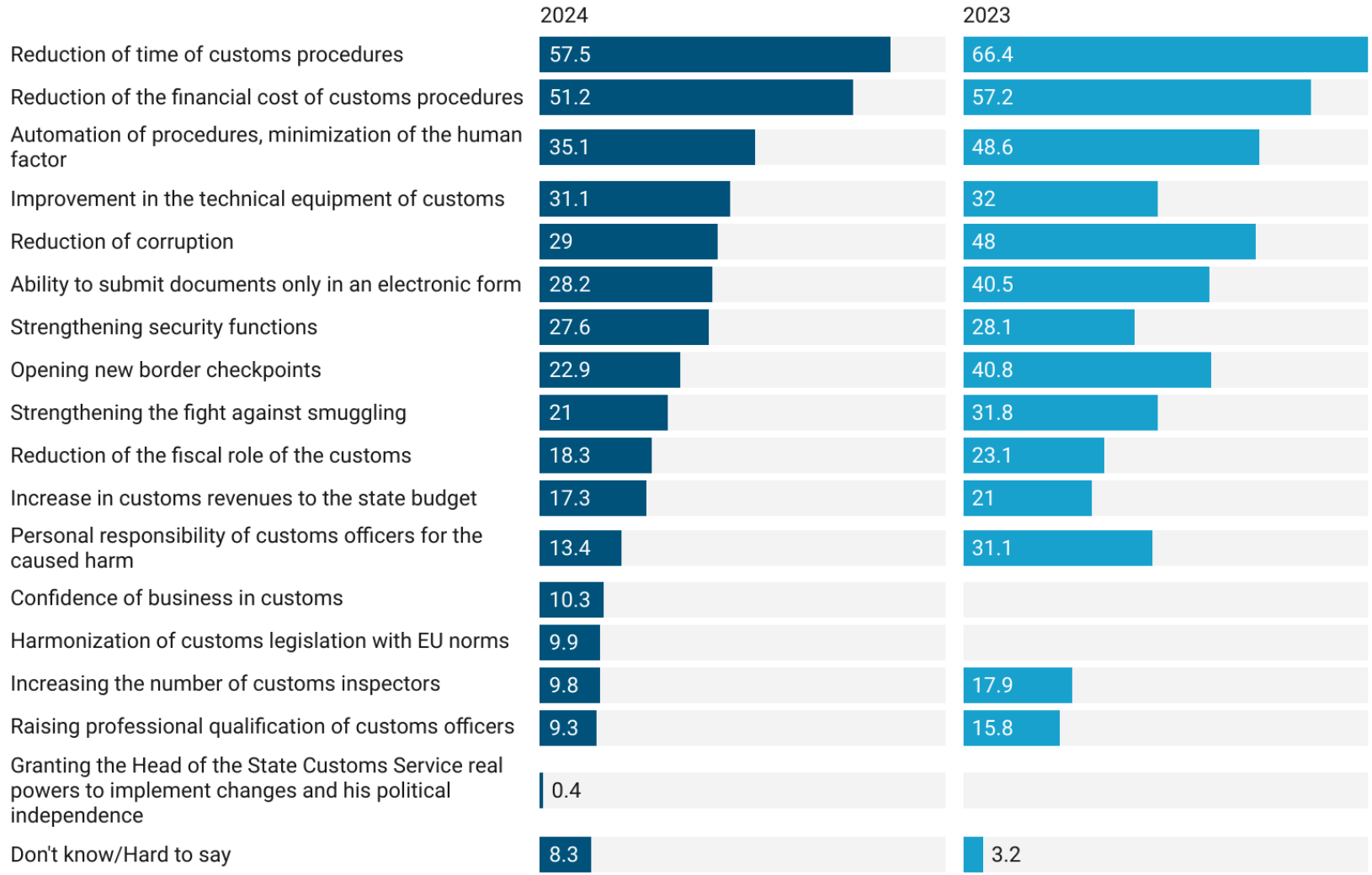
- 47.7% of respondents rated the work of customs **well** and **excellently**. 6.3% gave **low marks**.
- The **average assessment of the work of customs** was 3.5 points in 2024. This is slightly higher than in 2023 (3.4), but lower than before: in 2020, the average assessment of customs work was 3.6 points, in 2021 – 3.7, and in 2022 – 3.6.
- 68.9% of respondents believe that the **efficiency** of customs has **not changed** compared to the same period in 2023. 9.8% believe that the work of customs has worsened, and 16.4% believe that it has improved.
- The **balance between positive and negative assessments** of changes **became positive** (6.7 pp), while in the first 2 "war" years it was negative (-5.2 in 2022 and -7.1 in 2023)

Assessment of individual aspects of customs work



- Assessments are made on a **scale from 1 to 5**, where 1 is a negative assessment, 5 is a positive one. In 2024, enterprises rated such aspects of customs work as the overall impression of communication with customs officers, the competence of customs officers and the thoroughness of customs inspections by an average of 3.7-3.8 points out of five
- The **technical equipment** of the customs was assessed **worse** - by an average of 3.4 points
- **Assessments** have **improved for all** aspects of customs operations, **except** for **technical equipment**, where the assessment has decreased
- Businesses that import or export **by rail** have **rated all aspects** of customs operations **better** than those that import or export by road

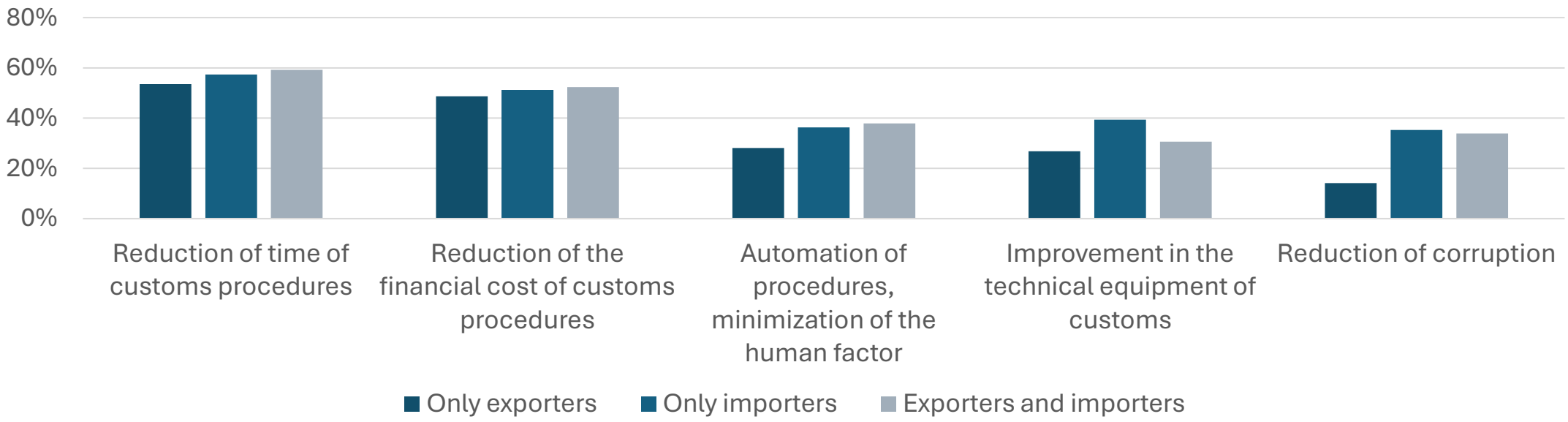
Business expectations from customs reform



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Business expectations from customs reform

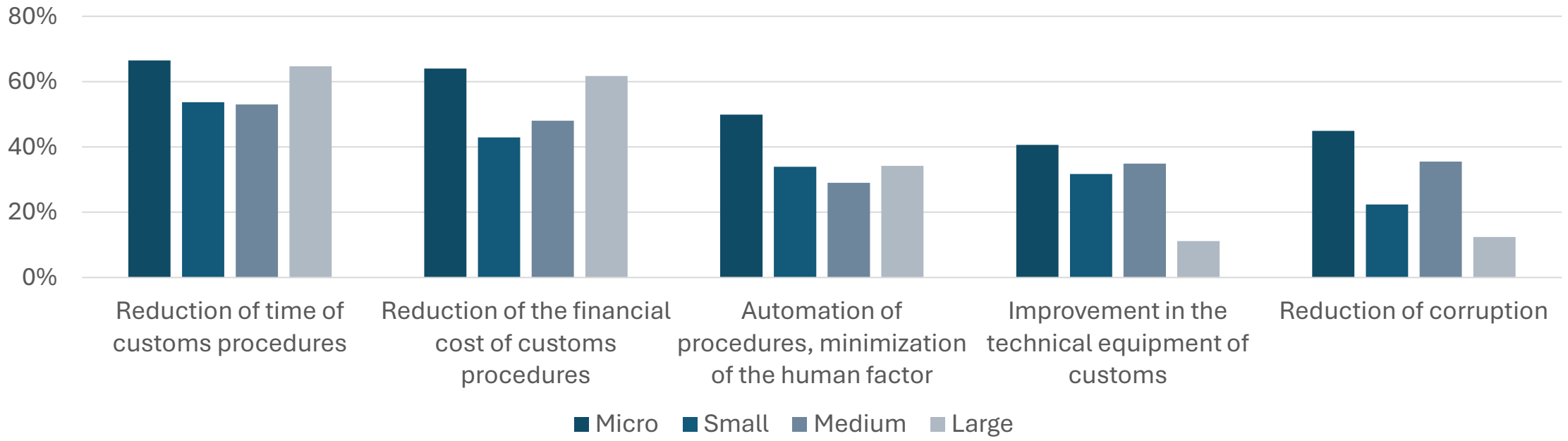
MAIN EXPECTATIONS BY TYPE OF FOREIGN ECONOMIC ACTIVITY (2024)



- Representatives of enterprises that **combine exports and imports** especially often talk about reducing the time of customs procedures and reducing the financial costs of business during these procedures
- Especially noticeable is the difference in mentions of such a priority as **reducing corruption at customs**, to which importers pay much more attention than enterprises with exports

Business expectations from customs reform

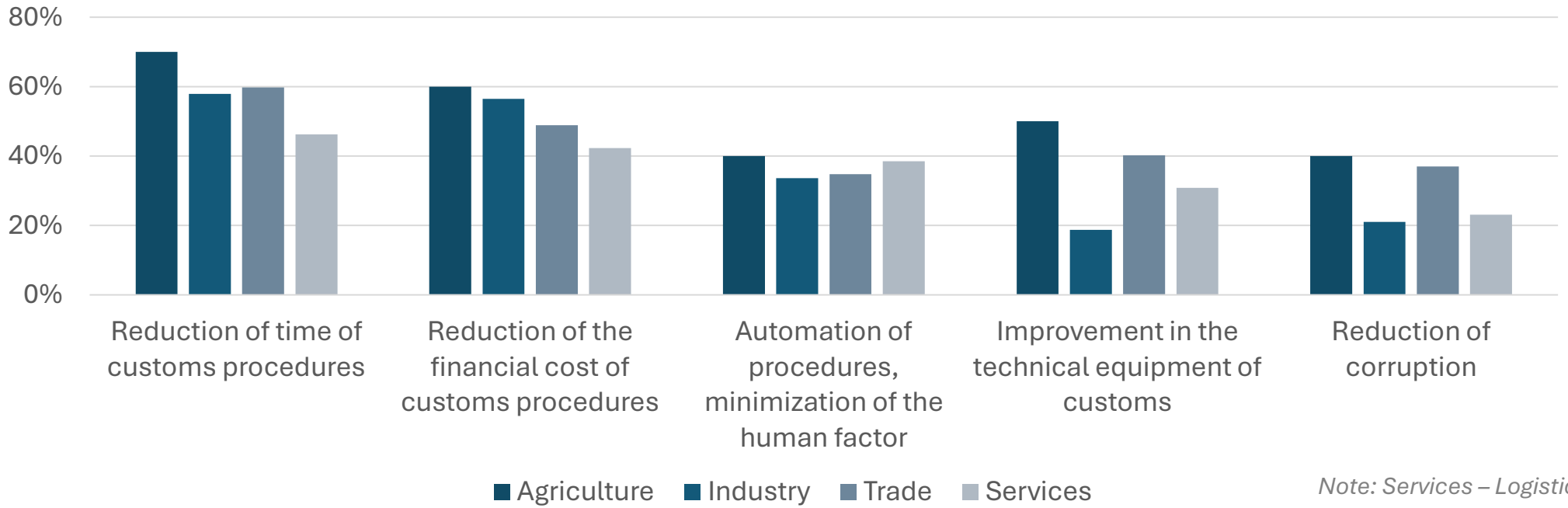
BASIC EXPECTATIONS BY SIZE OF ENTERPRISES (2024)



- The need for **two main** expected **results** (reduction of time during customs procedures and reduction of financial costs during these procedures) is most often mentioned by micro and large enterprises
- **Microenterprises** are more likely than larger businesses to indicate the expectation of all possible changes
- **Large business** most often talks about reducing corruption and improving the technical equipment of customs

Business expectations from customs reform

KEY EXPECTATIONS BY SECTOR (2024)



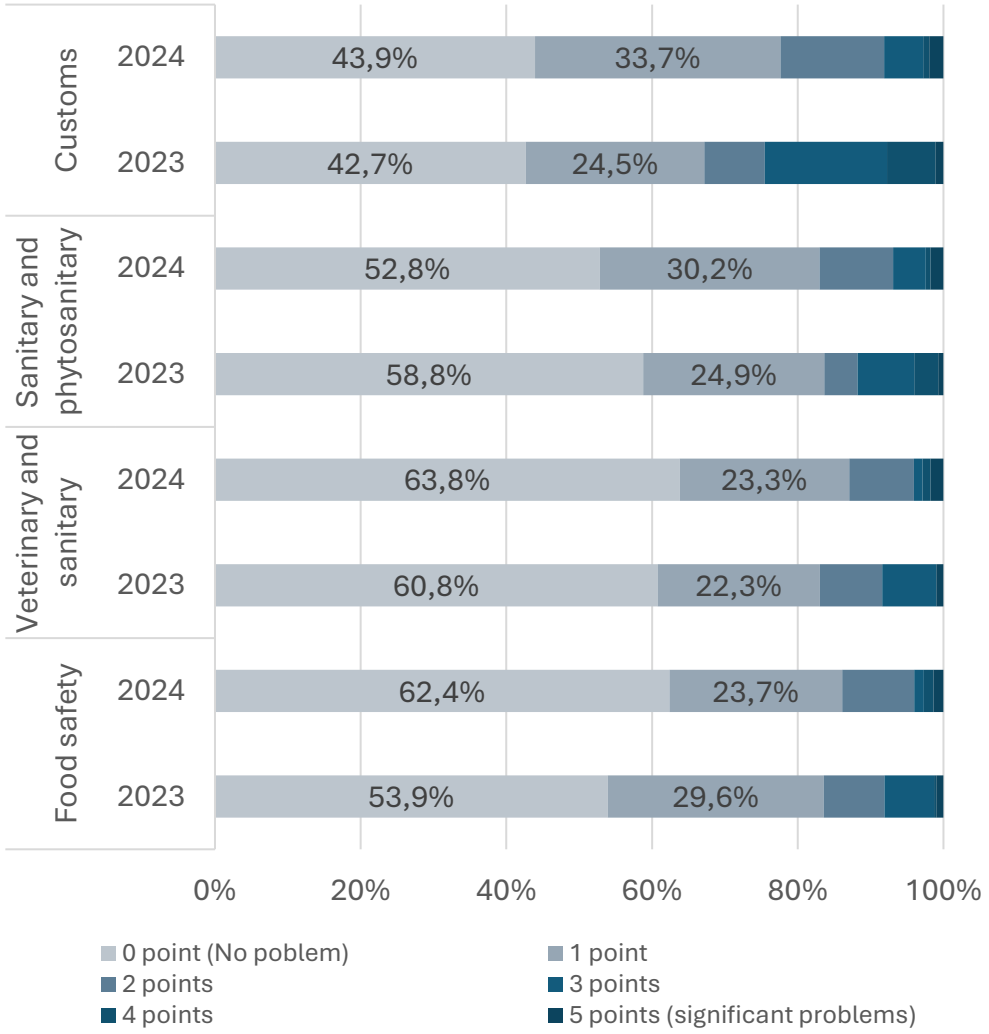
Note: Services – Logistics Companies

- The **agricultural sector** is more expected than others that customs reforms will reduce the time required to go through customs procedures and that these reforms will reduce the cost of these procedures
- **Industry** representatives are less likely to expect improvements in technical equipment and a decrease in the level of corruption

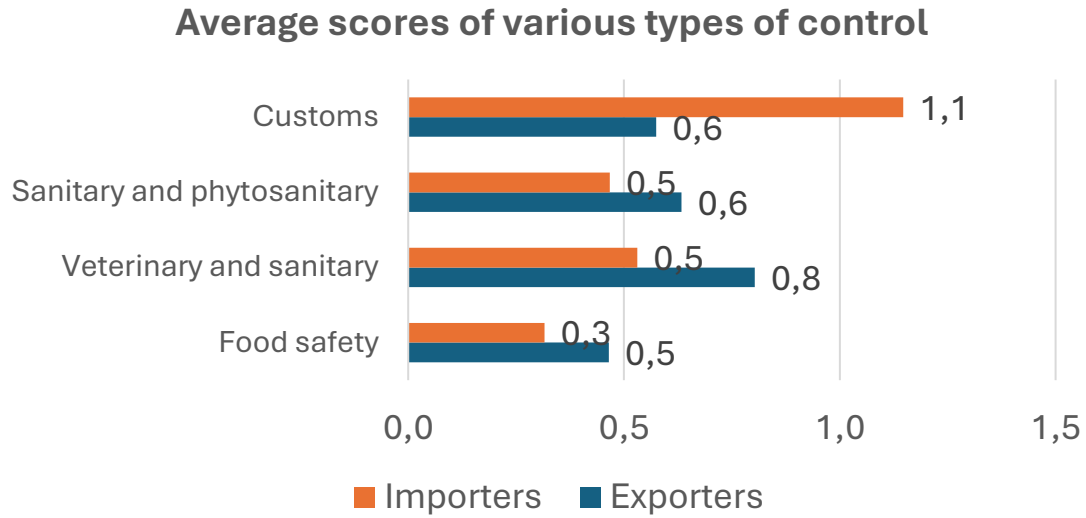
Time costs when passing procedures at customs



Assessment of various types of control



- The **level of issues** with all types of control remains **low**: from 43.9% (customs control) to 63.8% (veterinary and sanitary control) of respondents did not have any problems in 2024
- Passing **all types of control** remains the **more problematic for importers**, as in 2023 (in 2022, customs and phytosanitary were more problematic for importers, and veterinary-sanitary and food safety for exporters)

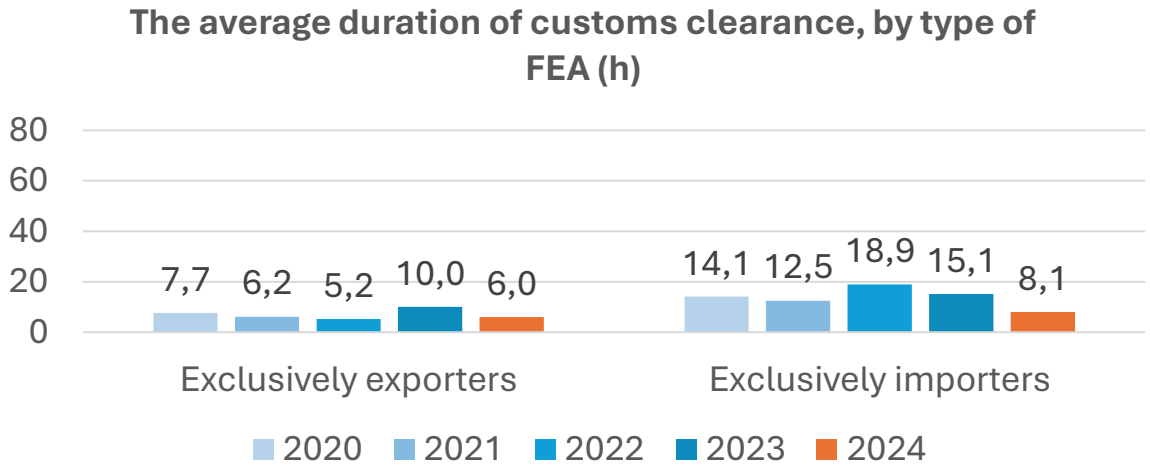


Speed of customs clearance

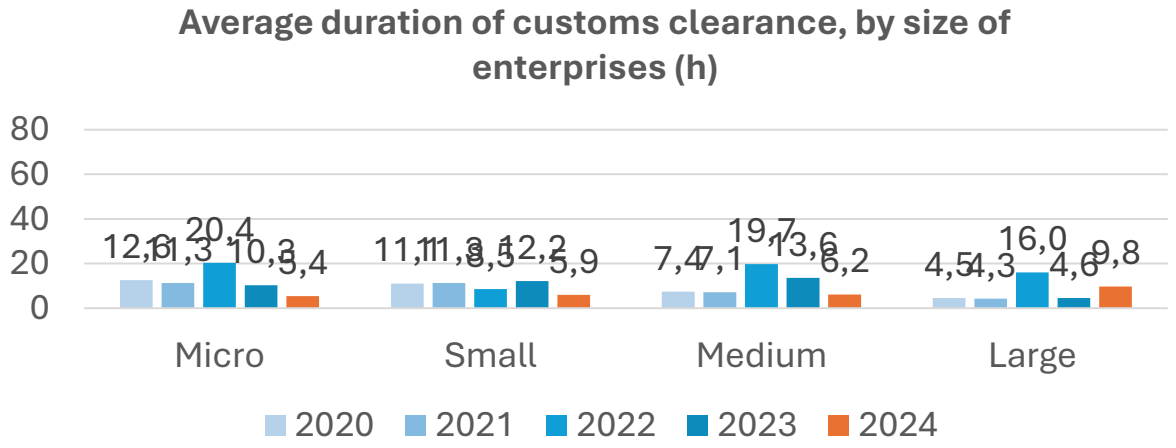
Speed of customs clearance: (1) duration in hours and (2) assessment of respondents.

- **Duration of customs clearance in 2024: 6.5 hours (9.8 hours in 2023)**
- Respondents' rating: 3.4 points out of 5 possible (3.2 in 2023)

The difference between the valuations of different types of enterprises is insignificant.





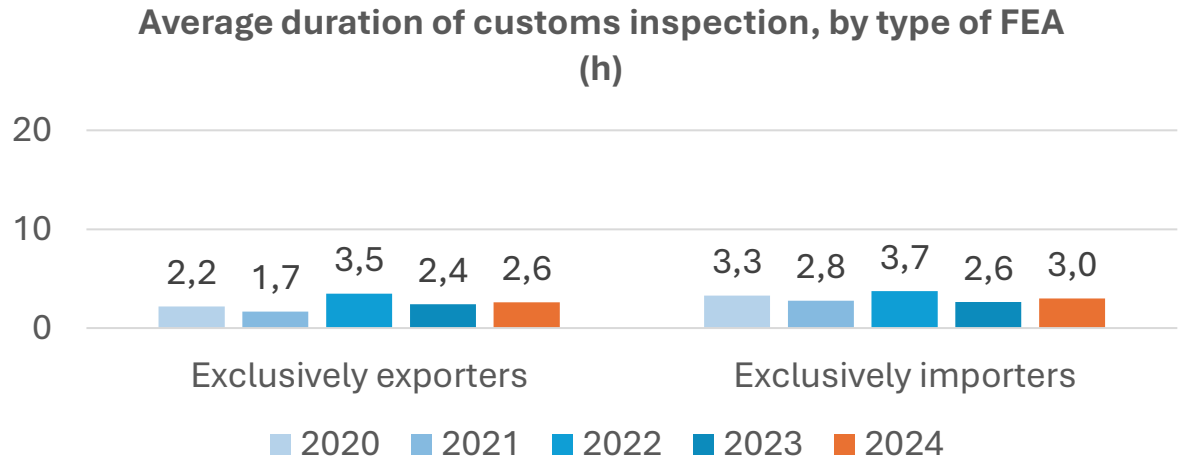


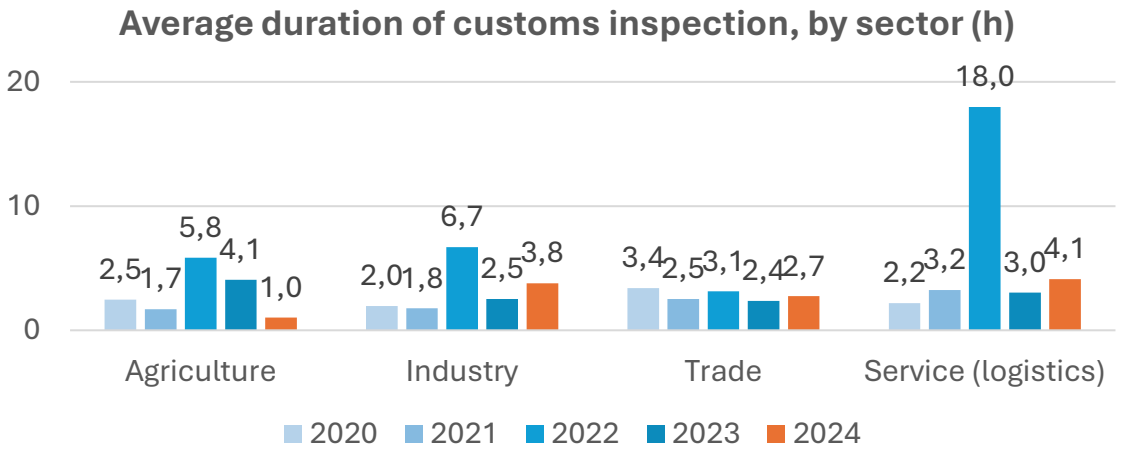
Speed of customs inspection

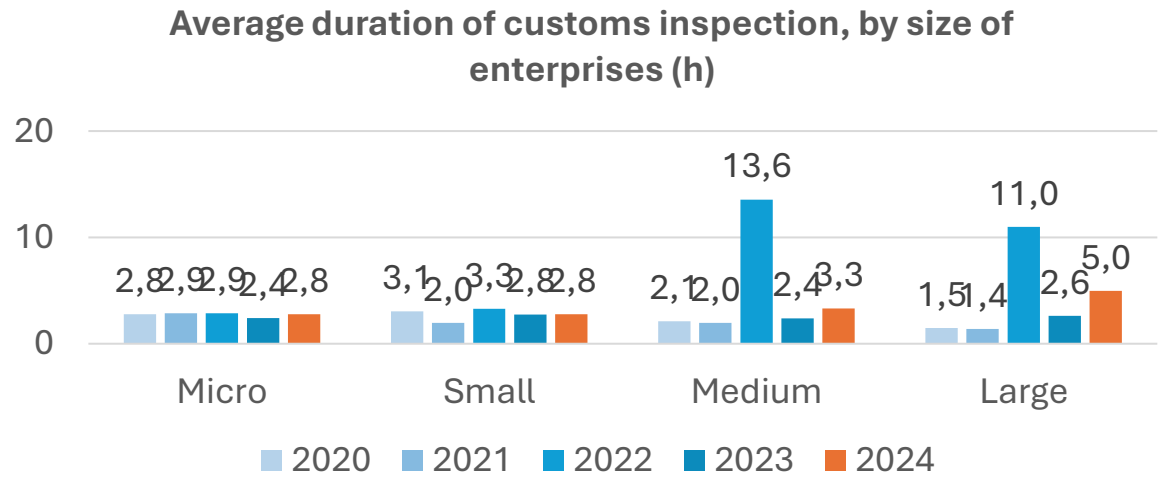
Speed of customs inspection: (1) duration in hours and (2) assessment of respondents.

- **Duration of customs inspection in 2024: 3.2 hours (2.5 hours in 2023)**
- Respondents' score: 3.6 points out of 5 possible (3.4 points in 2023)

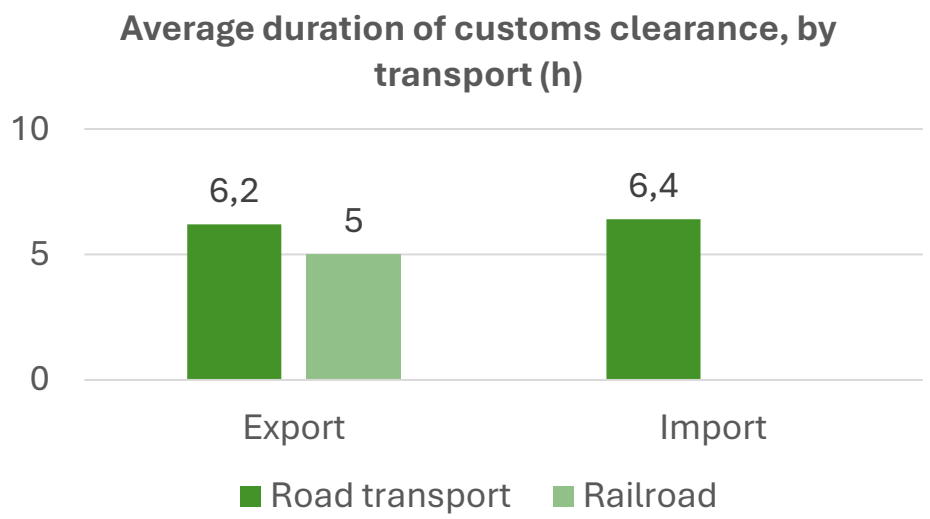
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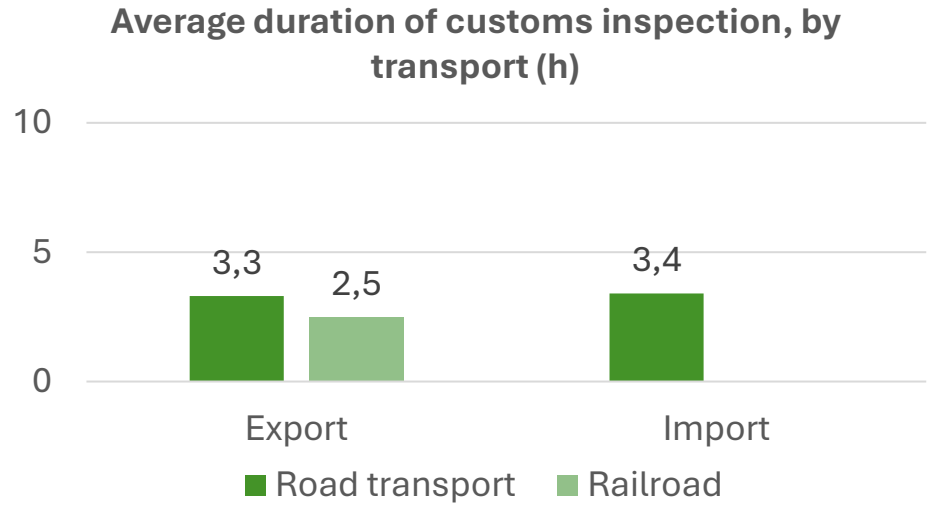






Speed of customs clearance and inspection by different modes of transport

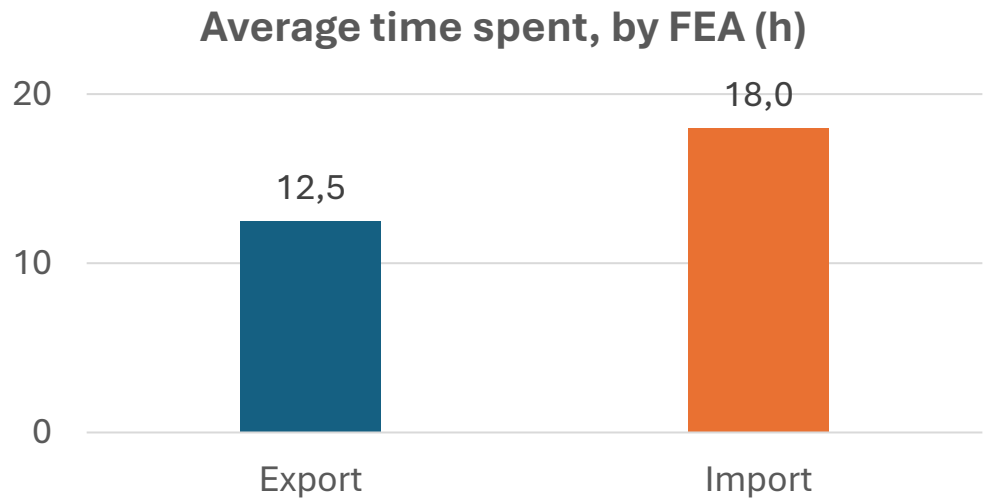


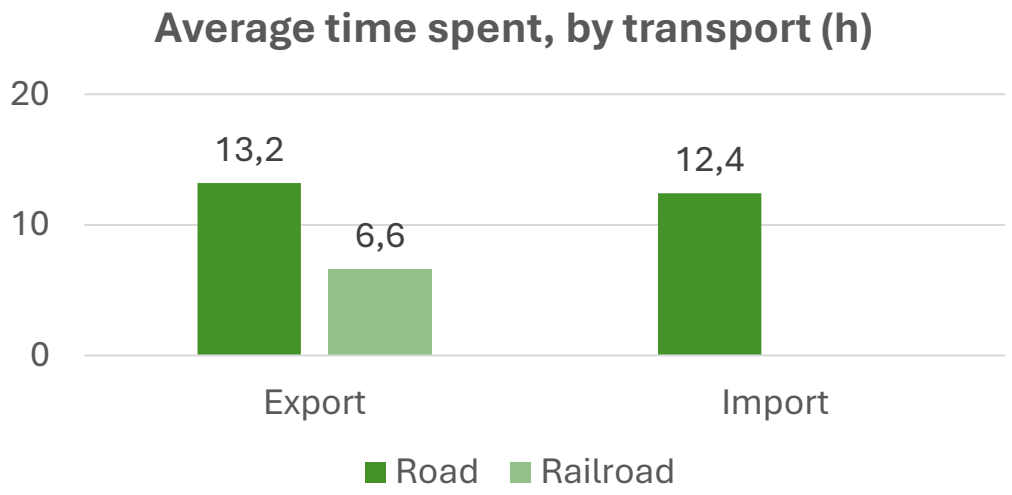


Note: Data on imports by rail are not available due to low subsample size

- In 2024, when **exporting**, **customs clearance** was **faster** when using **rail** transport (5 hours) than road transport (6.2 hours)
- When **importing**, the average duration of **clearance** by road is slightly **higher**
- As for **customs inspection**, **identical patterns** are observed

Total time spent during customs procedures (1)

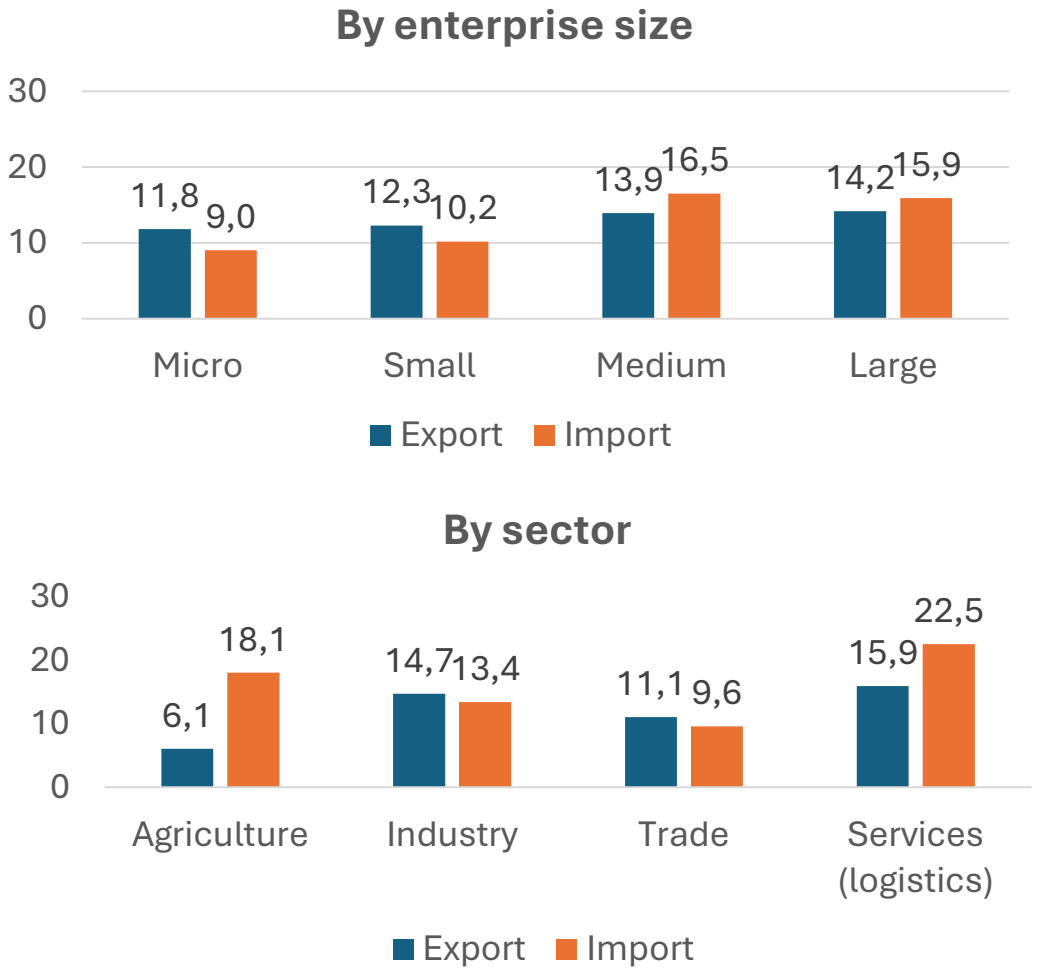




- **In 2024, for the first time, respondents were asked to estimate the approximate time costs for passing all customs procedures** (including all types of controls and costs associated with entering the customs terminal and other related services) for one export or import operation
- **Importers** spend **1.5 times more time** going through customs procedures than exporters (18 hours versus 12.5 hours)
- **Road** transport requires **twice as much time** for export operations as rail transport (13.2 hours versus 6.6 hours)

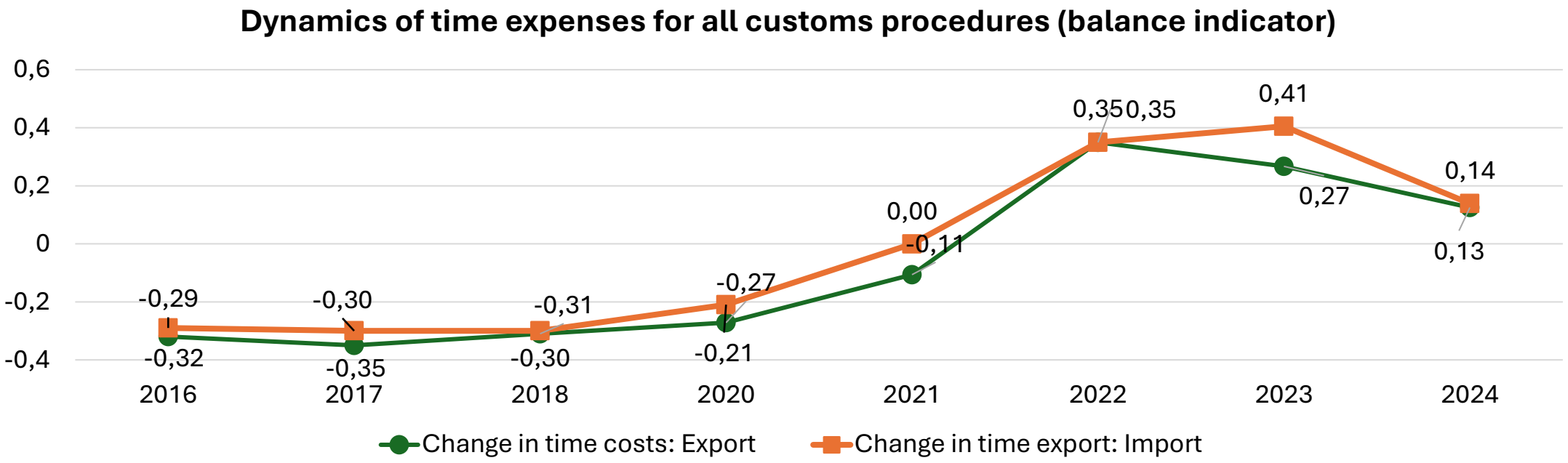
Note: Data on imports by rail are not available due to low subsample size

Total time spent during customs procedures (2)



- **Time costs increase with the size of the enterprise**: large and medium-sized enterprises spend more time on customs procedures than micro and small ones
- The **services** sector (logistics companies) has the **highest time costs** for customs procedures – 15.9 hours for export and 22.5 hours for imports

Change in time costs during customs clearance procedures compared to the previous year

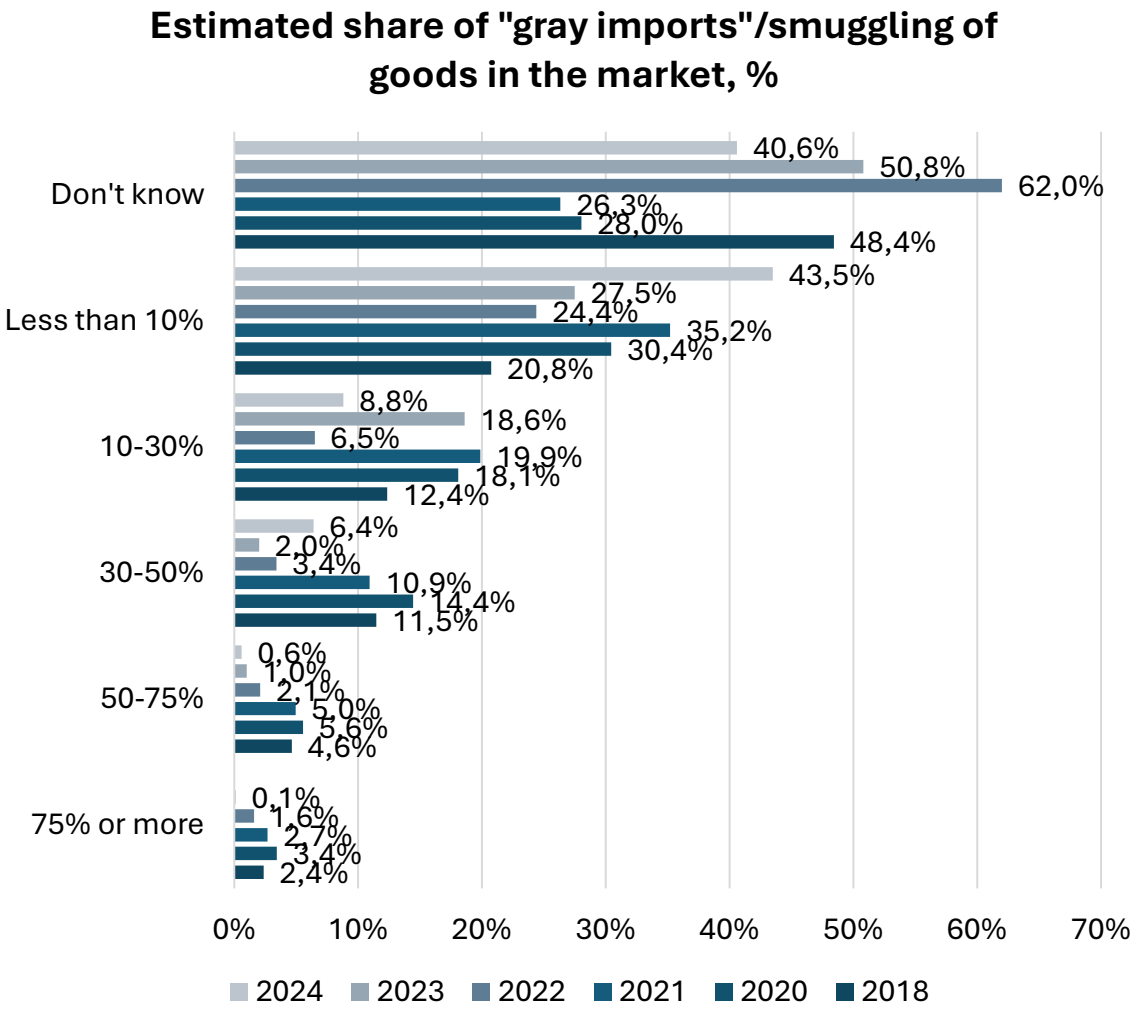


- **Time costs for exports continued to grow, but at a slower pace than in 2022 - 2023**. The share of enterprises for which the duration of export procedures increased again exceeded the share of those for which it decreased, but the difference between these two groups of respondents decreased.
- The growth rate of time costs for customs procedures during import has also decreased. In 2024, the proportion of businesses reporting an increase in the time they spend on customs clearance of imports decreased for the first time in four years.

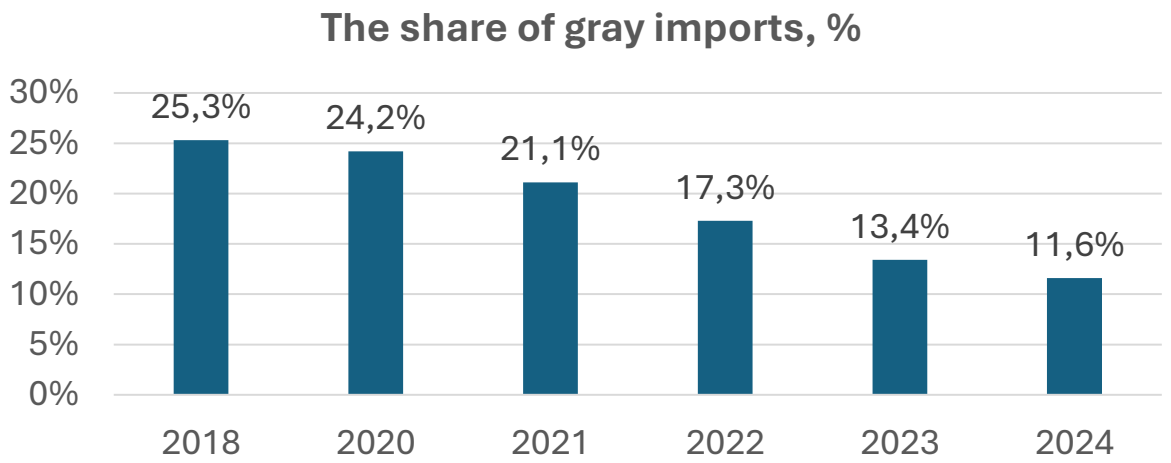
"Gray import": Prevalence



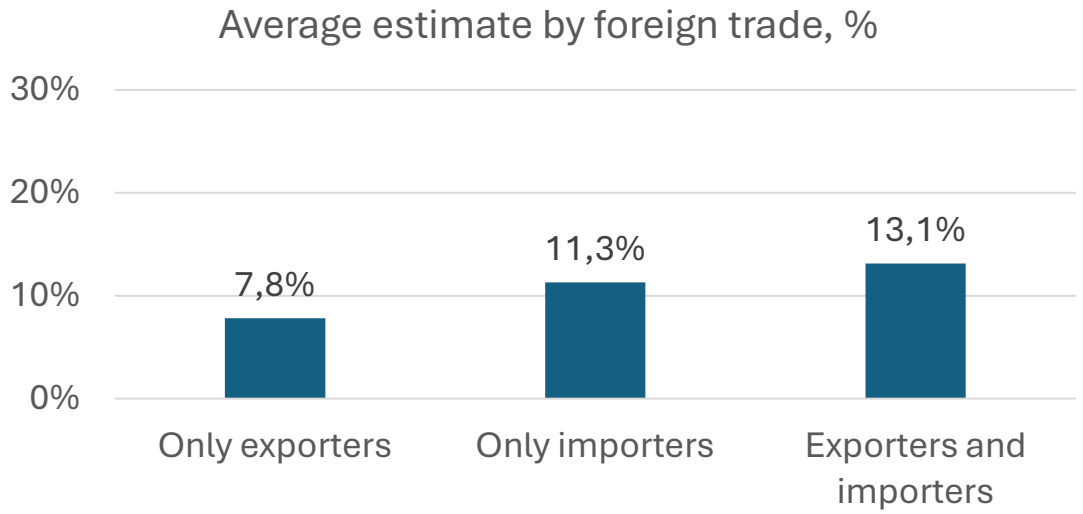
Estimation of the share of "gray imports"



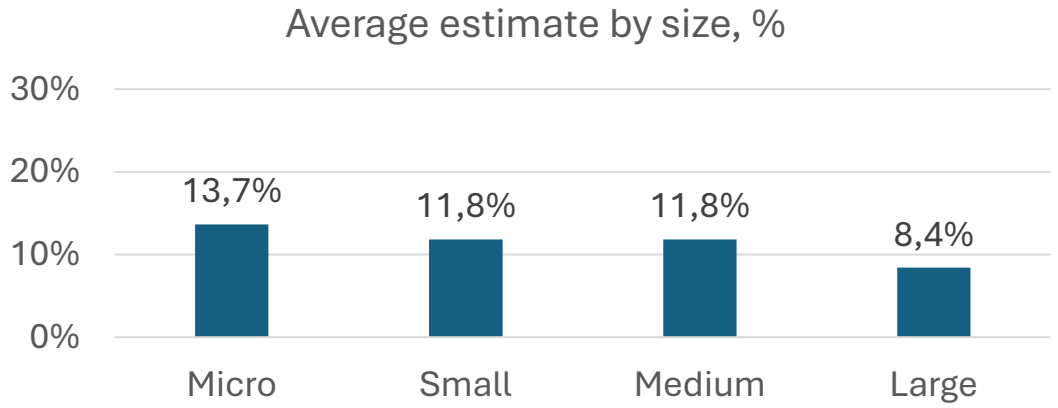
- In 2024, on average, the **share of "gray imports"** was estimated at **11.6%** (in 2023 - 13.4%)
- The estimate of the **share of "gray imports" has more than halved** compared to 2018 (it was 25.3%)
- **40.6%** of respondents **cannot estimate** the share of gray imports / commodity smuggling during the war; The share of such respondents decreased in 2024 compared to 2023

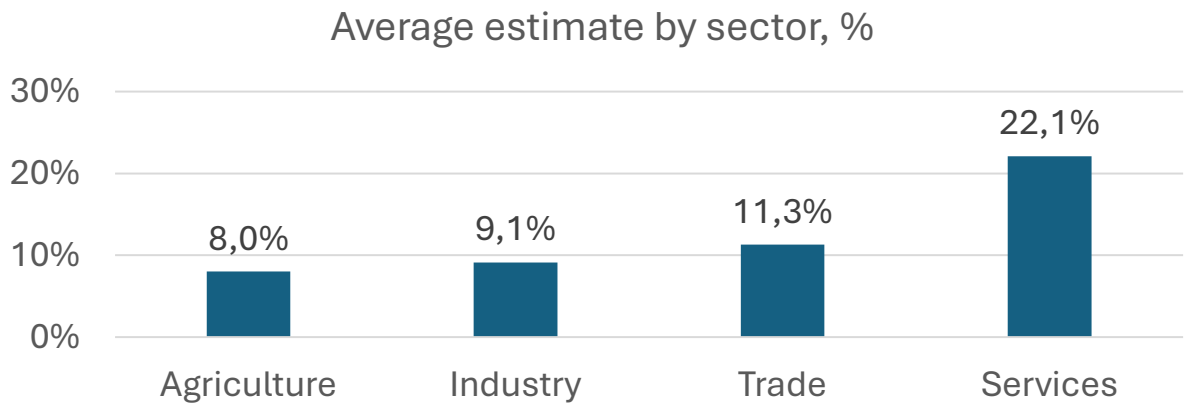


Assessment of the level of "gray imports": different dimensions



- **Exclusively exporters** estimate the share of "gray imports" **lower** than enterprises that carry out only imports
- **Large enterprises** estimate the share of "gray imports" at a **lower** level than representatives of SMEs
- In the **services sector**, respondents are more likely than others to estimate the share of "gray imports" (52.9% of respondents)
- In most regions, results on the level of "gray imports" are not available due to the high share of "don't know" answers. However, among the available results, the highest share of gray imports is in the Volyn region (36.8%)



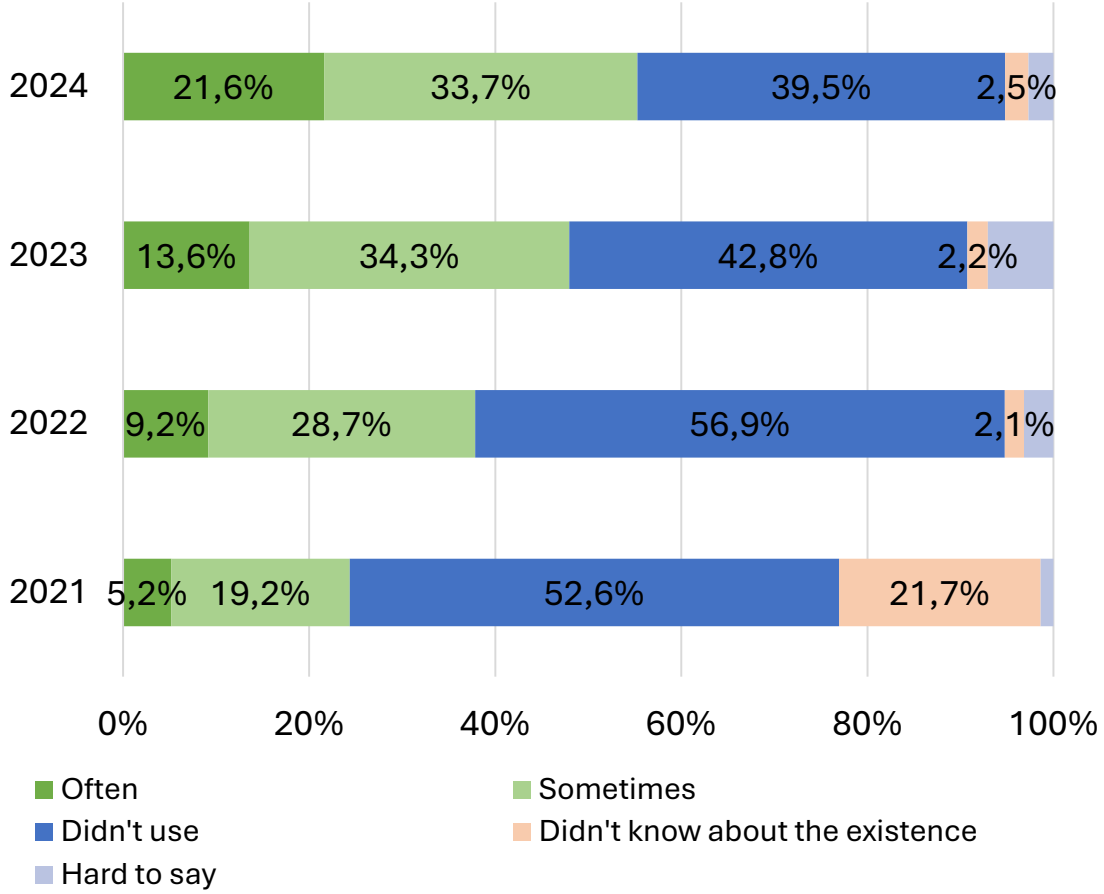


Note: Services – Logistics Companies

Information support for exporters and importers



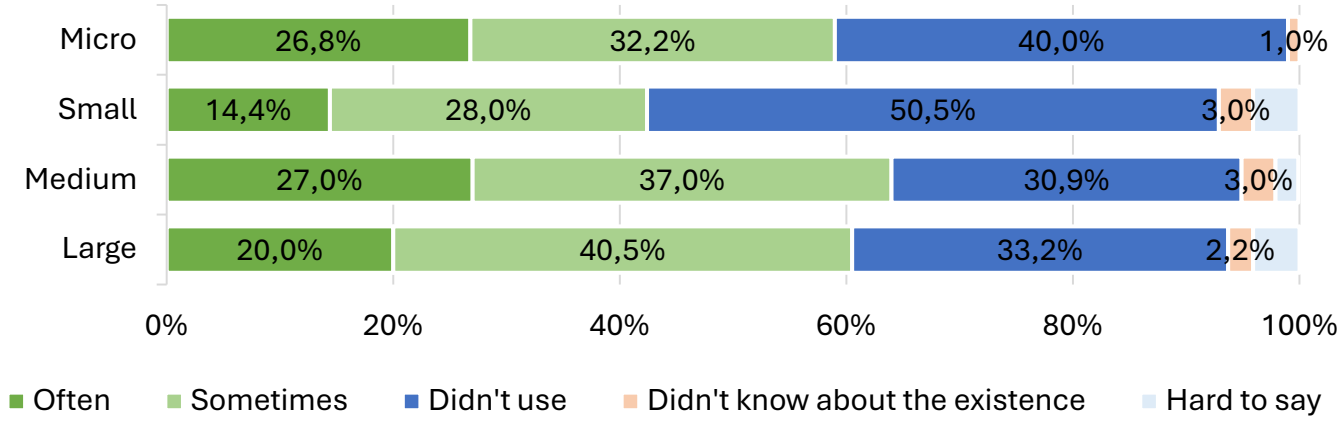
Does business use Diia.Business? (1)



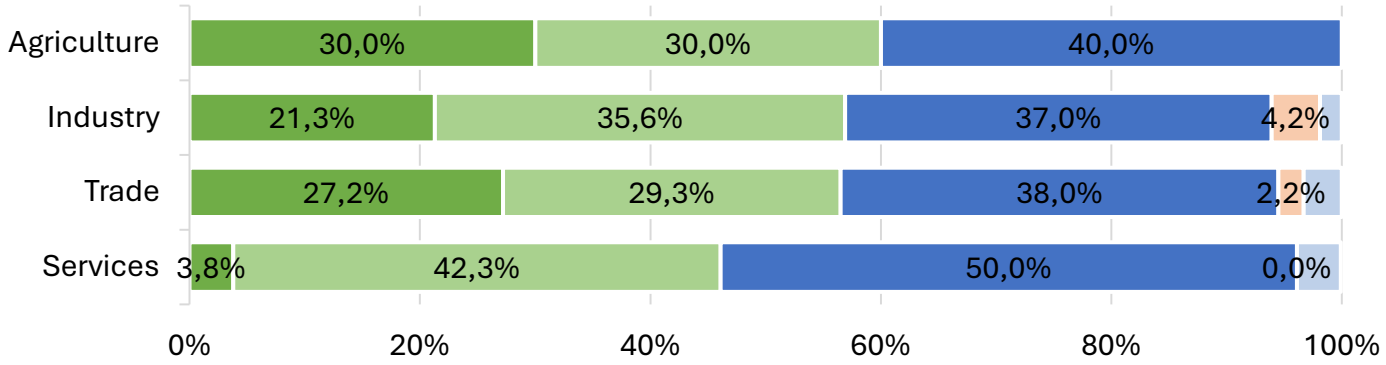
- **In 2024, the trend towards more active use of the Diia.Business portal continued**. About **55%** of the surveyed exporters and importers **often** or **sometimes** used the Diia.Business portal (24% in 2021, 38% in 2022 and 48% in 2023)
- **Almost all businesses are aware** about the platform's operation. **Only 2.5%** of enterprises **did not know** about its existence (22% in 2021 and 2% in 2022-2023)
- **About 40%** of respondents **know** about the platform **but do not use** it
- Businesses that **combine exports and imports** have a **higher level of awareness** of the platform and also use the platform more frequently

Does business use Diia.Business? (2)

By size, %



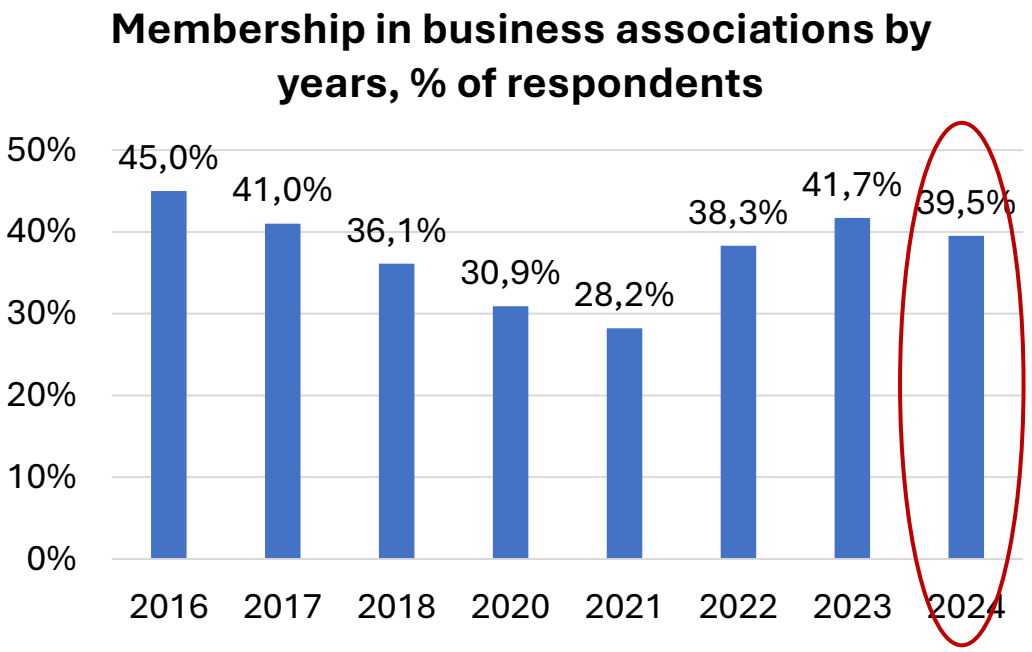
By sector, %



- **Representatives of agriculture are most active users** (industry in the previous wave)
- The **services** have the **highest share of respondents who know but do not use** Diia.Business (50%)
- **Agriculture** companies **all know** about the existence of Diia.Business
- Representatives of **industry** and **trade** are **the least informed** about Diia.Business
- Representatives of **medium-sized businesses used** the portal **more often** than others
- **Microbusiness** is **best informed** about the existence of Diia.Business

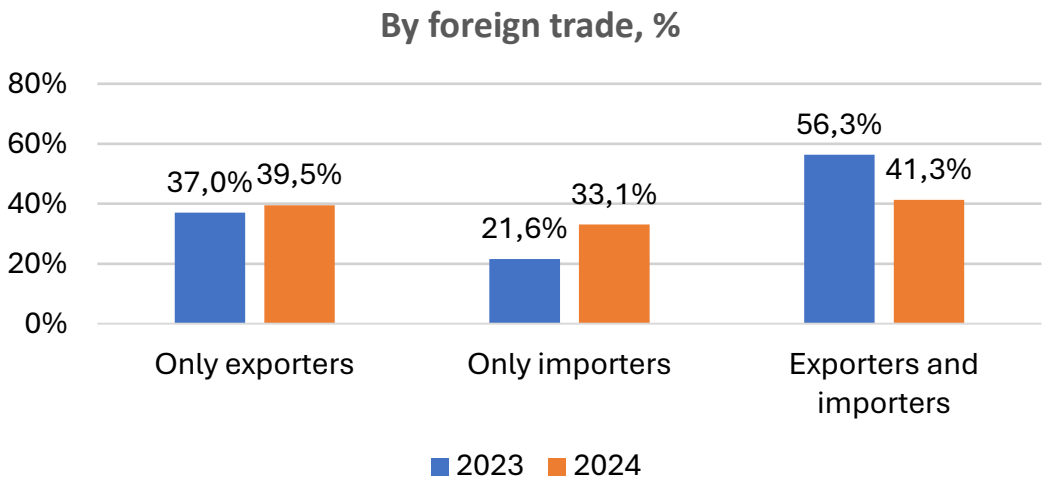
Are businesses members of business associations? (1)

Enterprises were asked whether they were members of at least one business association, including chambers of commerce and industry, employers' unions, small business unions, etc. Business associations are important for information support of foreign economic activity and communication with authorities, in particular customs.

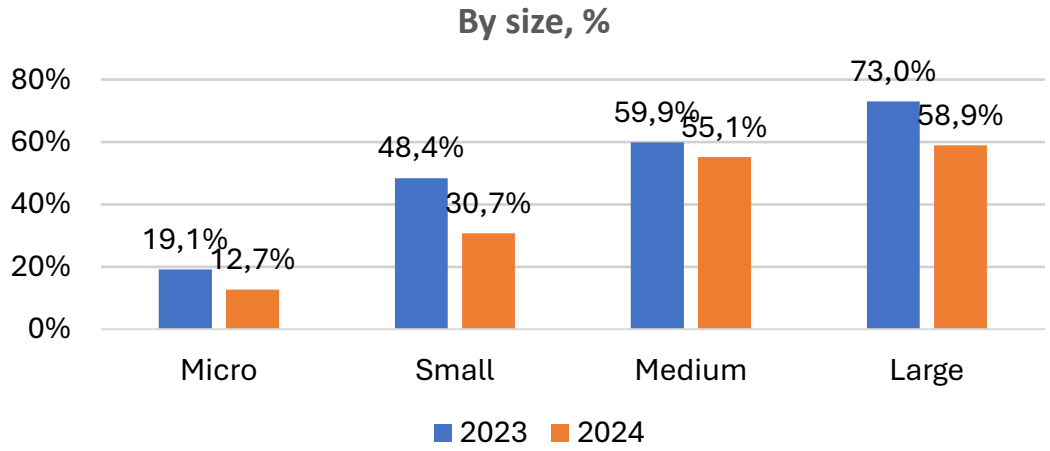


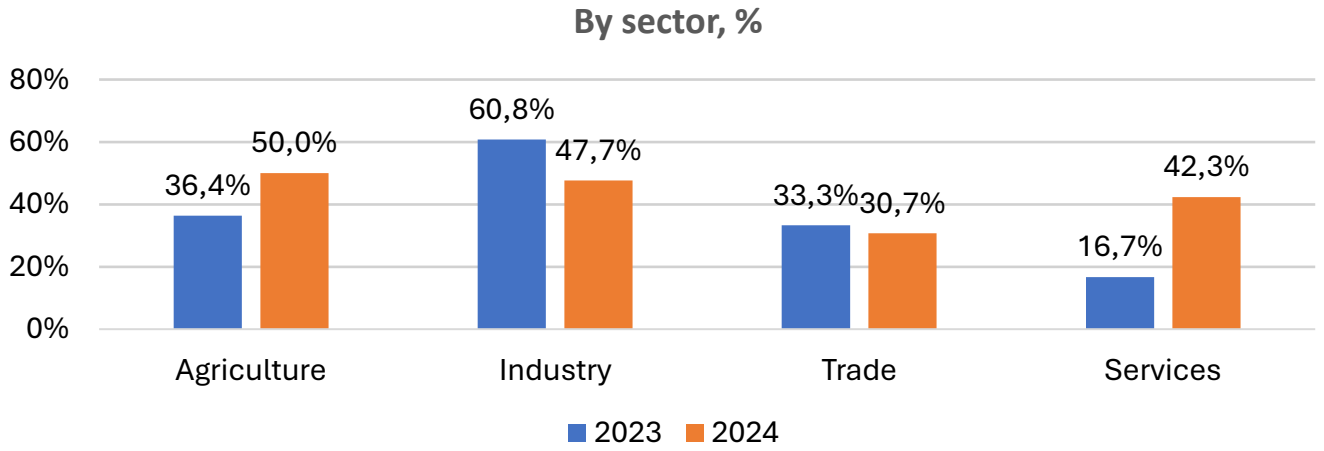
- In 2024, **four out of ten** (39.5%) enterprises participating in foreign economic activity are **members of at least one business association**
- The **share** of businesses that are members of business associations **has stopped the growth** seen since 2021
- Thus, the share of enterprises that are members of business associations **remains** approximately **at the level of 2022 – 2023**
- **Companies** that are **members of business associations** may be **more active** and able to overcome the challenges of war, which may be reflected in the high share of business association members among respondents

Are businesses members of business associations? (2)

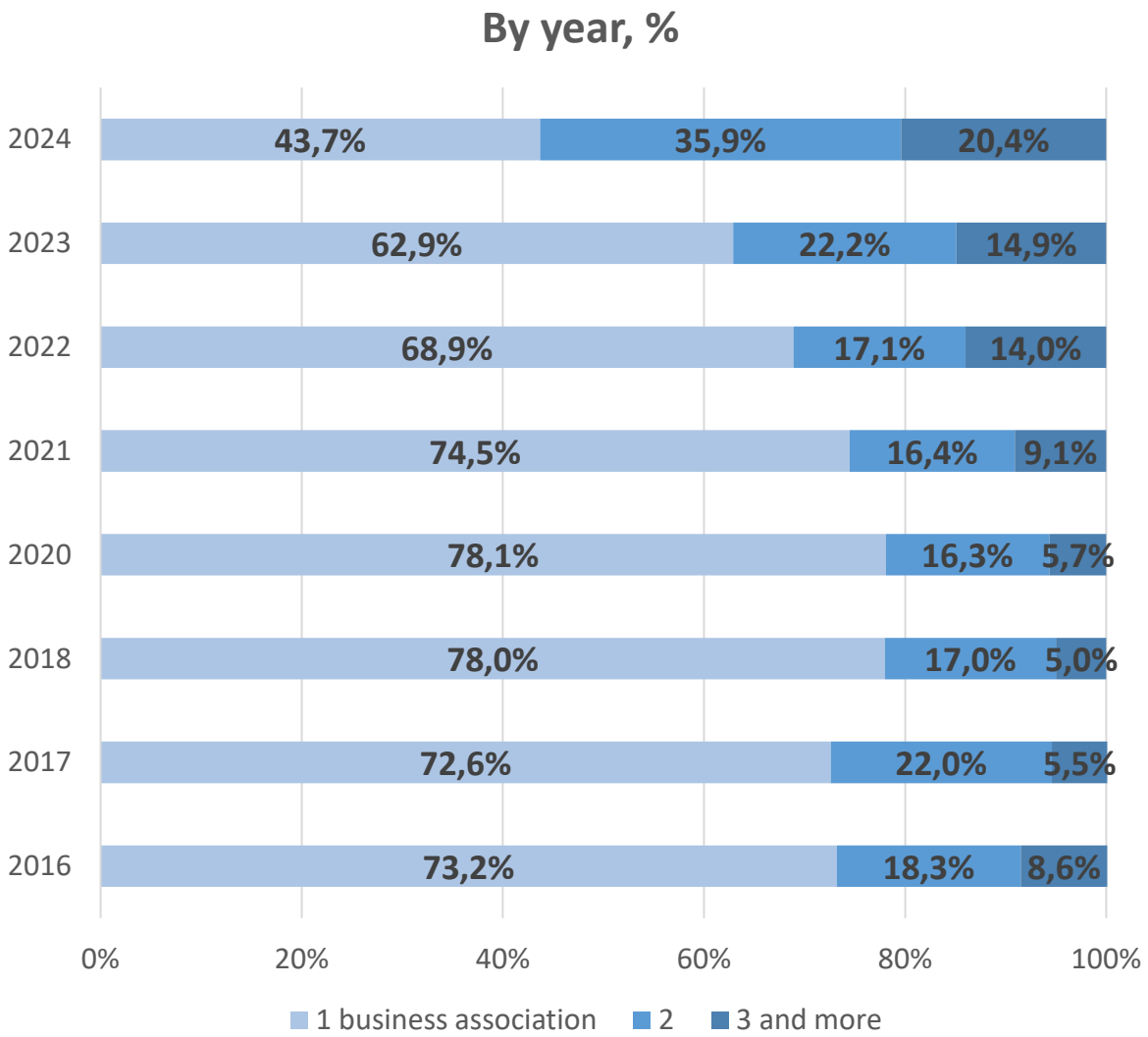


- Businesses that **combine exports and imports** are **more likely** to be members of business associations
- Compared to 2023, the participation rate in business associations **increased only for** enterprises that **only export** or **only import**
- As the **size** of the enterprise **grows**, the **likelihood** of membership in business associations **increases**
- **Agricultural** and **industrial** enterprises are **members of business associations** more often than enterprises in other sectors



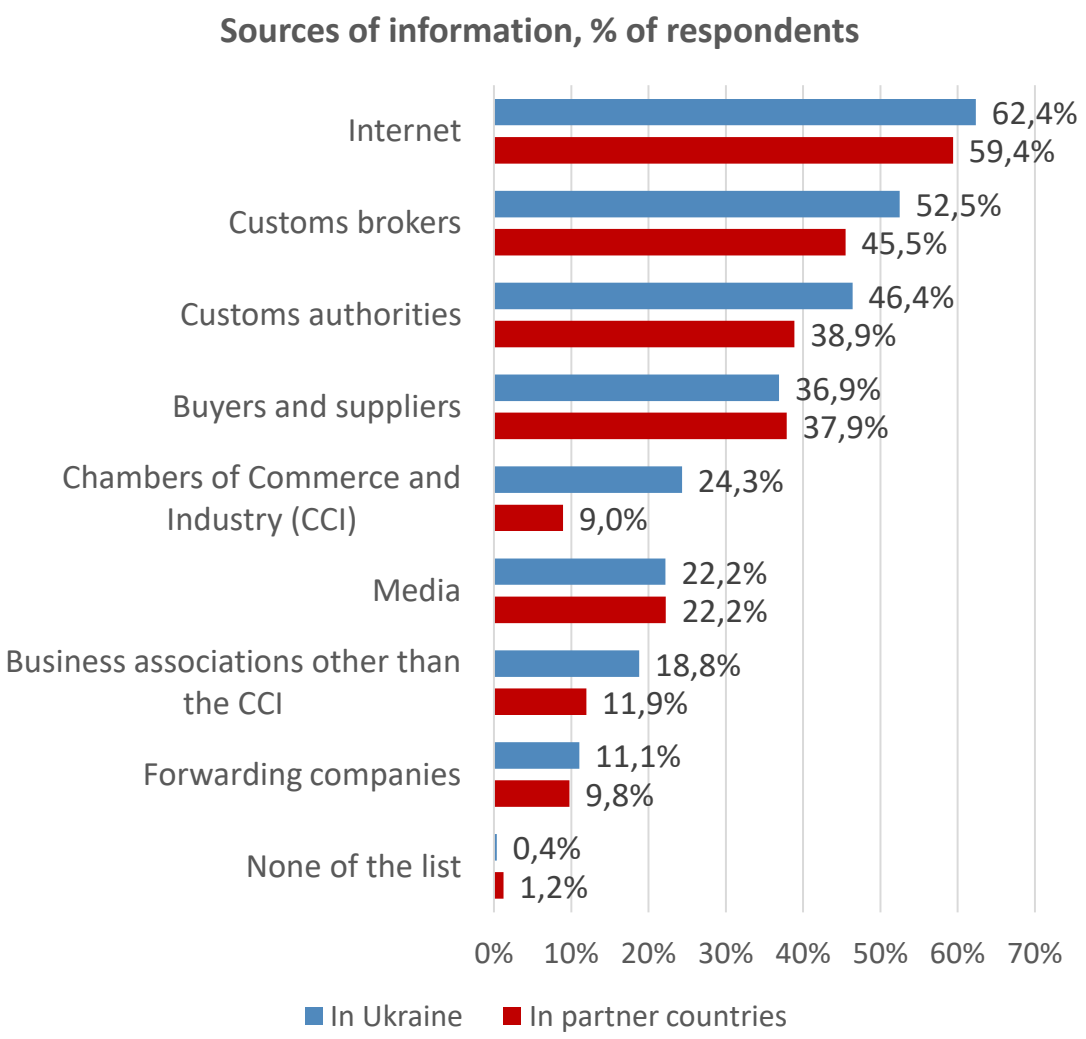


How many business associations do businesses participate in?

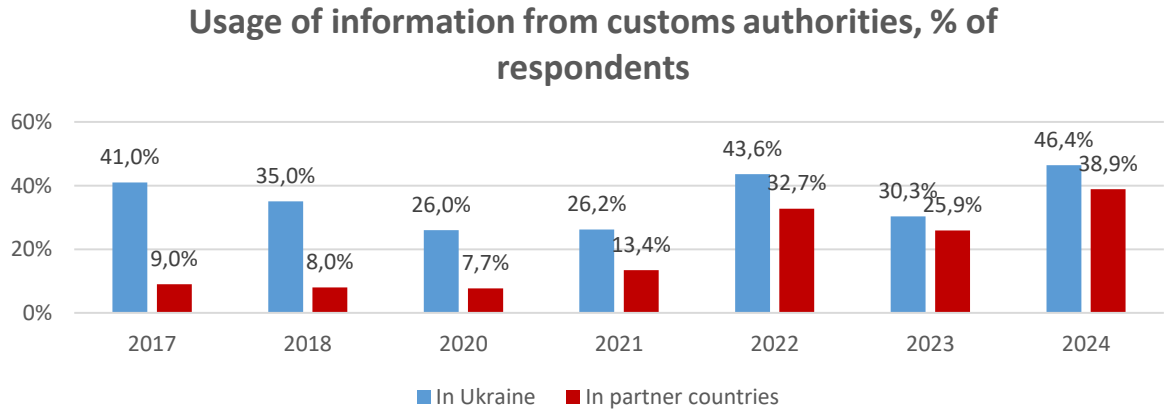


- **For the first time in all waves of the survey, the majority of enterprises participate in more than one business association**, including chambers of commerce and industry, employers' unions, small business unions, etc. (as in previous years) – 56.3% of respondents
- **43.7%** of enterprises are members of **only one business association**
- **Exporters** are **more likely** to participate **in** only **one** association, while **importers** may also be more likely to participate in **2-3 or more**
- **Large enterprises** are most **often** members of **several business associations**
- **Agricultural** enterprises are most **often** included in **more than one business association** (all respondents)

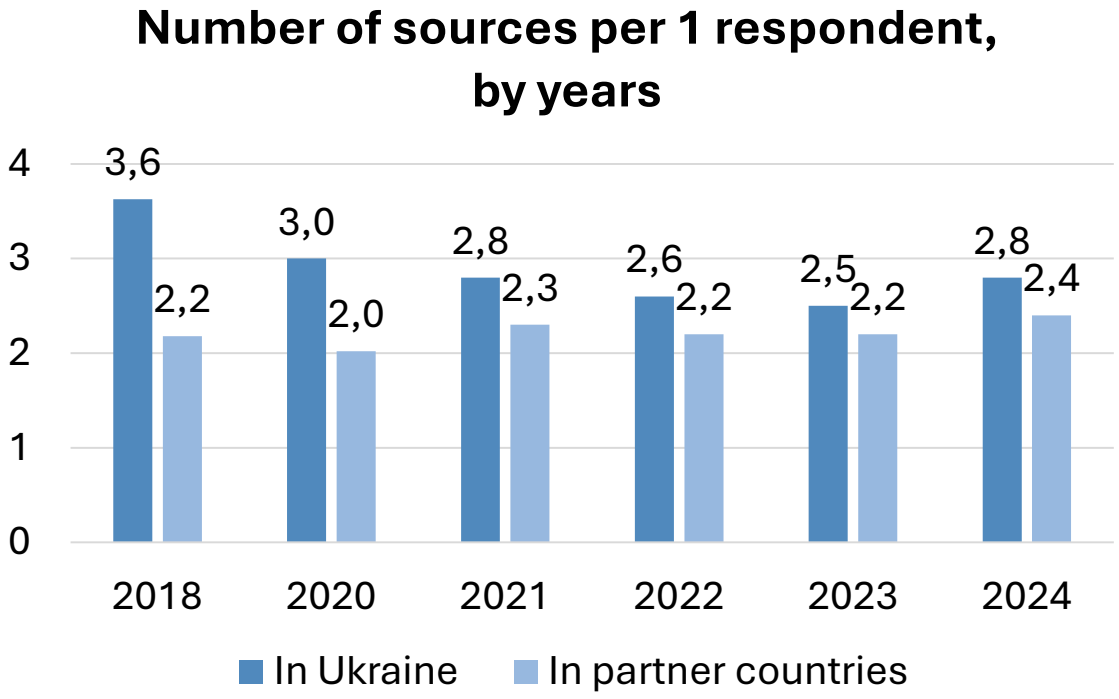
Sources of information on the regulation of foreign economic activity in partner countries and in Ukraine: comparison



- The **Internet is in the first place in terms of popularity** when searching for information on the regulation of foreign economic activity in partner countries and in Ukraine
- **Customs brokerage** services are in **second place** in popularity for information on foreign economic activity in partner countries and Ukraine
- **Customs authorities** are among the **top 3** sources, which may indicate the importance of official sources of information in conditions of uncertainty during the war. At the same time, customs authorities have significantly increased their role as a source of information about activities abroad



Frequency of use of sources on the regulation of foreign economic activity



- On average, participants in foreign economic activity continue to use **more sources** to obtain information **about** the regulation of foreign economic activity **in Ukraine than** in **partner countries**
- The **increase** in the average number of sources used to search for information on the regulation of foreign economic activity in Ukraine and abroad **may indicate** an **increase in the activity** of exporters and importers
- Representatives of the **agricultural sector** use on average **more sources of information** than representatives of other sectors, while representatives of the service sector use the least sources
- **Large** and **medium-sized** enterprises use, on average, **more** sources than small and micro

ACHIEVEMENTS AND POSITIVE CHANGES

The eQueue system has significantly reduced delays at the border

The level of corruption is decreasing, which indicates effective anti-corruption measures

Customs clearance has become faster, which has had a positive effect on business

The decrease in "gray imports" is evidence of the strengthening of the fight against illegal trade



KEY CHALLENGES

The need to increase the transparency of customs procedures

Harmonization of legislation with EU norms

The infrastructure of checkpoints needs further improvement

Digitalization of procedures will help minimize the impact of the human factor



Monitoring Trade Facilitation as a Tool for Ensuring Transparency and Controllability of Customs Reform

The IER has developed and has been applying since 2015 a special national policy monitoring and evaluation tool "Trade Facilitation Monitoring".
It is a tool for measuring progress in the field of facilitation and facilitation of international trade procedures and customs work, which is based on assessments of direct participants in the process of policy implementation — business representatives.
There were 9 annual surveys: 2015, 2016, 2017, 2018, 2020, 2021, 2022, 2023 and 2024. The IX wave of the survey was conducted from October 14 to November 21, 2024.
In 2020, the state recognized the need to assess business satisfaction with the level of service provided by customs authorities and conduct annual surveys in the form of independent surveys, which was reflected in paragraph 30 of the action plan for reforming and developing the system of bodies implementing customs policy, approved by the Cabinet of Ministers of Ukraine No. 569 dated 13.05.2020.
The results of these surveys for 2020, 2021 and 2022 were posted by the State Customs Service on its website.

THANK YOU!

QUESTONS?

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