**RELATED LITERATURE**

**FOREIGN LITERATURE**

Murphy et al., and Daley et al., (1992)5 explained in their article that the freight forwarders are referred to as international trade specialists offering a variety of services to facilitate the movement of international shipments. They also have studied the determinant factors of international freight forwarders selection and concludes that forwarder’s expertise and reliability of service are the most important selection criteria while forwarder size emerged as the least important one. Jacob Koshy (1999)6 In his study GAC strives to blend traditional excellence and trust with professional competence and state of the art technology to provide service in Marine and inter modal transport . The shipping industry as a whole at Cochin will experience more uplift because the trend in the foreign trade will increase in the coming years. It has also been noted that 5 Murphy, P.R., Daley, J.M Dalenburg, D.R., ‘Profiling International Freight Forwarders: A Benchmark’, International Journal of Physical Distribution and Logistics Management, Vol.22, 1992, pp.35-41. 6 Jacob Koshy. M., “A Study of the Clearing and Forwarding and Shipping Procedures in GAC Shipping (India) Pvt Ltd”, 1999. 42 the clearing and forwarding and shipping procedures, the custom formalities etc. is being more complex than that in Chennai, Mumbai etc. Therefore, the services of such accredited agents are very helpful and necessary. Mike W. Peng and Anne S. York (2001)7 Intermediaries perform an important “middleman” function by linking individuals and organizations that otherwise would not have been connected. Many smaller firms are intimidated by the challenges associated with exporting. Despite having more resources, many larger firms may be unwilling to commit to newer, nonessential markets. In such cases, export intermediaries may emerge as indirect distribution channels connecting domestic firms and foreign customers. A number of different “intermediaries” exist, ranging from freight forwarders, customs house agents, custom brokers, and trading companies (all in the exporting country) to manufacturers’ representatives and distributors (in the importing country). Our research focuses on “middlemen” located in the exporting country, who help exporters find customers or make sales for them – in short, “export intermediaries”. When exporting, manufacturers essentially have two channel options: direct export, or indirect export via export intermediaries. Therefore, to ensure that exporters choose the second choice, export intermediaries must lower their clients’ export-related transaction costs relative to those of the first choice. Their performance thus depends on how successful they are in lowering these costs. 7Mike W. Peng., Anne S. York., “Behind Intermediary Performance in Export Trade: Transactions, Agents and Resources”, Journal of International Business Studies, 32: 2001, pp.326 – 347.

# **LOCAL LITERATURE**

Since the ratification of the original Kyoto Convention in 1974, customs administration modernization has become a growing trend in the international arena. The convention was amended in 1999 to keep up with the technological advances and developments in international trade. The following are the purposes of the Revised Kyoto Convention (RKC): develop uniform customs practice and procedure around the world, meet the needs of international trade and customs for facilitation, through simplification of customs procedures and practices, ensure appropriate standards of customs control, enable customs to respond to major changes in business and administrative methods and techniques, and reduce the costs to traders and to governments of customs processing. The harmonization and simplification of customs administration across countries is supposed to remove non-tariff barriers. Ultimately, removal of non-tariff barriers will facilitate and liberalize international trade. The Philippine government ratified the RKC or the International Convention on the Simplification and Harmonization of Customs Procedures in 2010. According to the BOC, the Philippines has sent a strong message to the international trade community that the government is committed to ensuring that customs procedures will promote trade facilitation and secure movement of goods across territories. Stakeholders also believe that modernization will reduce logistics chain costs and will increase the country’s competitiveness in supporting current investments and attracting potential investors. The WTO ended its Ninth Ministerial Conference in Bali on December 2013, successfully concluding a Trade Facilitation Agreement designed to streamline customs procedures to provide greater predictability, simplicity and uniformity. The agreement is expected to be especially beneficial to U.S. companies, freight forwarders and logistics providers seeking to enter overseas export markets, particularly in developing countries where long delays and inefficiencies at the border raise transaction costs. Launched in 2004, the Trade Facilitation talks produced a document that creates binding commitments among member countries to implement basic, streamlined customs procedures, including: Transparency in publishing all import, export and transit procedures, Opportunity for public comment on proposed regulations, Advance rulings on classification and country of origin, Transparency in inspection, detention and audits, Streamlined entry procedures, including electronic entry, Pre-arrival processing of goods, Promoting risk management, Uniformity in border procedure and management, Promoting Use of Single Window. The requirements are modeled after the customs procedures already in place in the United States, Europe and other developed countries and will take effect in 2015. [2] [3] Of particular interest to National Customs Brokers & Forwarders Association of America (NCBFAA), the agreement prohibits any country from introducing the mandatory use of customs brokers after the agreement takes effect. This is intended to address a practice in some Latin American countries, where importations cannot occur without the use of a customs broker, including transactions performed by the importer or (in some countries) his in-house customs broker. The EU was the leading proponent of this provision. Originally, they sought to phase out the mandatory use of customs brokers in those countries, but that language was blocked by Panama. The final wording of the provision in effect “grandfathers” existing policies relating to the use of customs brokers. The agreement also requires that transparent and objective rules be applied in licensing customs brokers. The language, says U.S. Trade Representative, will not affect the law or commercial practices now employed in the U.S. Article 10 Rule 6 (Used of Customs Broker) of the Agreement on Trade Facilitation of the Bali Ministerial Conference held last December 3-6, 2013, states that “With regards to the licensing of Customs Brokers, Members shall apply rules that are transparent and objective. This only means that the member state of WTO having customs broker with respect to trade facilitation must be given the highest consideration, since customs broker is one of the governments’ regulated profession in some countries like the Philippines.