Determinants of OIC Countries’ Customs Revenue vis-à-vis Implementation of WTO Customs Valuation Agreement

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This paper scrutinizes the determinants of customs revenue in the context of WTO member OIC countries. An econometric model of OLS, fixed effect and random effect calculations is employed with panel data of 1995-2007. The results suggest that increasing tariffs might increase customs revenue for big countries but not for small countries. Besides, the implementation of WTO Customs Valuation Agreement does not decrease customs revenue as its indirect undervaluation effect would be surpassed by its direct effect of less incentive for tax evasion. This paper suggests implementing information and communications technologies in the form of integrated single windows to tackle undervaluation issue as an alternative to Preshipment inspection course.

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